BAQUS

Construction Consultancy

BAQUS GROUP plc

Annual Report and Accounts

for the year ended 30 June 2010

Personal commitment guaranteed

Welcome to Baqus Group plc

Baqus is a Building and Quantity Surveying consultancy group which operates across the UK and is experienced in every sector of the construction industry.

Working in Partnership

Contents

2010 Overview

Above: Affordable Housing Development – Vanquish Close, Twickenham

Above right: The Fish House Restaurant, Chilgrove

Our Strategy

- Focus on the medium term – while preparing for an upturn
- Increase investment in the training and retention of skilled staff
- Right people in the right places
- Grow organically
- Increase geographical and sector footprint through acquisition

Financial

- Loss before tax of £823,000
- Cash balances of £214,000 at 30 June 2010
- Turnover down 8% to £7,262,000
- Prepared for a challenging period
- Implemented improved credit control procedures
- Pressure on margins

Operational

- Moved to cost effective modern offices in London, Bournemouth and Basingstoke
- Previous offices in Cheltenham, London, Poole, Warrington, Winchester and Wokingham closed
- Integration of Nigel Rose Group (acquired June 2009)
- Expanded services in transport and environmental sectors
- Introduction of individual office budgets
- Maximise long term clients and repeat business

Group Overview

Baqus was established to build a national Quantity Surveying group offering construction cost consultancy, project management and buildng surveying services.

Group Operations

Founding Firm: Baqus Boxall Sayer
Tracing its history back to the nineteenth century, Boxall Sayer's principal clients operated predominately in the health, education, housing, public buildings, leisure, commercial and conservation sectors. Work was undertaken for HM Government, Local Authorities, NHS Trusts, Housing Associations, universities, colleges, schools and voluntary bodies as well as numerous developers and private sector companies.

Founding Firm: Baqus Denley King
Denley King, founded in 1946, provided building contract procurement and cost management services for many local, national and international clients. Denley King had a diverse client base with particular expertise in the affordable housing sector.

Founding Firm: Baqus Fletcher McNeill
Fletcher McNeill was founded in Liverpool in 1984 to provide quantity surveying and other associated services. Whilst Fletcher McNeill had a broad spread of clients and services, it developed a particular expertise in the leisure sector, particularly budget hotels, pubs and bar groups. Its clients included Whitbread, Merlin Entertainments Group, Travelodge, Spirit Group and Punch Pub Company.

Joined in August 2008: Baqus Sworn King
Sworn King & Partners was a chartered quantity surveying practice established in the 1950s as Sworn Litchfield and Partners. The firm opened an Oxford office in the early 1960s and changed the name to Sworn King & Partners. In the 1990s they consolidated into a single office situated on the Oxford ring road.

Joined in June 2009: Baqus Nigel Rose
Nigel Rose Group was established in 1964 as a firm of chartered quantity surveyors operating from four offices in London, Cheltenham, Wokingham and Warrington. In recent years the majority of work was in residential, healthcare transport and education sectors.

Services

Quantity Surveying/Cost Management
- Feasibility Studies
- Whole Life Costings
- Value Engineering
- Tender Documents
- Construction Cost Management

Project Management
- Employers Agent
- Client Representative
- Project Coordinator
- Construction Manager
- Risk Management

Building Surveying
- Building/Condition Surveys
- Party Wall advice
- Dilapidations
- Refurbishment and Conversions
- Design/Contract administration
- Maintenance programmes

CDM Coordination
- Pre-construction information
- Advice/guidance for Client compliance
- Health & Safety file preparation

Access Consultancy
- Access audits of existing properties
- Improvement works, design and costings
- Access reviews of designs for new schemes

Dispute Resolution
- Expert Witness and Expert Adviser – technical, cost and contracts
- Adjudication, arbitration and mediation
- Preparation and negotiation of claims

Technical Advisors
- Advisory services to funders
- Client advisors on PFI/PPP/LIFT etc.
- Lottery applications

Services to Building Contractors
- Specialist cost planning
- Tendering assistance
- Whole life costings
- Site health and safety audits
- Design and specification development

Sectors

Arts, Leisure, Sports
- Leisure/Swimming Centres
- Theatres, centres for visual and performing arts
- Museums and art galleries

Commercial/Industrial
- Urban regeneration
- Office and retail developments
- Industrial engineering and infrastructure
- Pharmaceuticals and food manufacturing
- Warehouses and distribution centres

Education
- University developments
- Further Education Colleges
- Secondary and primary education

Academies & Free Schools
- Student accommodation
- Pre-school and nursery provision

Healthcare
- NHS Trusts – primary care, acute care and mental health
- Private sector – health centres, hospitals and secure units
- Nursing and care homes

Heritage/Conservation
- Scheduled ancient monuments, Grade I, Grade II* and Grade II listed buildings
- Ecclesiastical buildings
- Museums and Exhibitions
- Listed landscapes and country estates

Hotels & Hospitality
- Hotels and public houses
- Hotel, restaurant and bar chains
- Visitor centres

Residential
- Affordable housing for RSLs and Local Authorities
- Key worker accommodation
- Elderly and special needs provision
- Housing developments
- Top of the market individual residences

Transport
- Development and delivery of rail assets and service
- Underground light rail and trams
- Airport and ferry terminal developments
- Transport interchanges
- Bus stations and guided busways

Locations

Baqus will actively pursue selective acquisitions of practices that meet its investment criteria and, once acquired, will seek to further develop those practices to produce strong organic growth.

This will provide an excellent platform from which to further develop the Group and offer a strong presence in a number of cities and regions across the country.

10 Reasons to Choose Baqus Group

01
Our People
Our greatest strength is the quality of our staff. We work hard to find, develop, motivate and retain the finest calibre of personnel at all levels. Staff loyalty is exceptional and the result is clear to see; services provided with professionalism, enthusiasm, skill and integrity.

02
Market expertise
Our client base is broad, with a blend of private and public sector organisations, both large and small, many of whom have retained us for several years. We have an enviable record of working within the commercial, education, healthcare, heritage, sports & leisure and residential sectors.

03
Professional
Every commission is important to us. Every client is in personal contact with at least one of our Directors. Every project is regularly reviewed at Director level. All our services are quality assured and follow a framework laid down in the firm's ISO 9001 certification.

06
Green Solutions
We have great regard for the protection of the natural environment and the promotion of sustainable solutions. Our staff include Chartered Environmentalists and we have represented our profession in the global promotion of sustainability issues. Successfully completed schemes include a variety of sustainability demonstration projects.

07
Collaborative
Baqus is committed to working and engaging as a truly 'collaborative team' on building projects – effectively saving money, maximising innovation, securing the best service for our clients and delivering well-designed buildings for our end-users.

08
Innovation
Driven by innovation, we continually identify solutions that provide value and benefit to our clients. This is acknowledged by the significant number of retained clients and repeat business within our portfolio.

04

Proven track record

Baqus brings together a group of surveying consultancies experienced in every sector of the construction industry with roots back to the nineteenth century. Our history has been prolific, being commissioned for some of the most significant buildings of each generation. Today, we are at the cutting edge of our profession; award-winning, forward-looking and striving for continued success.

05

Socially responsible

We recognise our responsibilities to all our stakeholders, including clients, staff, communities, investors and the wider environment. We believe our commitment to a corporate social responsibility policy and strategy is an integral part of the success of the Company.

09

The Future

We strategically plan for the future. We are investing in the development of our people, our services and our technology to respond to client needs.

10

Quoted Company

With corporate governance we have a set of values, rules, procedures and operational practices to ensure the sound and proper management of the firm, transparency of operational choices, identification of the powers and responsibilities of the Company's governing bodies and its management, together with an appropriate balancing of the different powers.

LISTENING
to our clients

UNDERSTANDING
their needs and perceptions

PLANNING
and co-ordinating our work

DELIVERING
our services on time and to the highest quality

ACHIEVING
and exceeding client expectations

Chief Executive Officer's Statement

"The challenging trading environment for the construction industry looks set to continue for the foreseeable future. However, Baqus has reduced its costs, increased its client and sector base and has cash in the bank. Combined with an excellent team of people, I am confident about the long term future for the business."

I am pleased to introduce my review for the year ended 30 June 2010. The Financial Director's Report, and trading statements made during the year, have all shown that it has been a very challenging time for the Group and the construction industry in general. This has resulted in a loss for the year of £823,000 before exceptional costs which is close to market expectations. The figure including exceptional costs is £1,118,000.

Last year I said that we had concentrated on trimming costs and improving efficiencies and, whilst at times short term actions have to be taken, it is essential to keep a focus on the medium term to ensure that the business is in a strong enough position to accelerate forward as the market outlook improves.

We have redoubled our efforts to cut costs, resulting in redundancies and the closure and merging of certain offices. With the expiration of the leases on both the Winchester and Wokingham offices, we decided to merge them into one office in Basingstoke. Following the acquisition of Nigel Rose we reduced our costs by closing our former London office and moving the team into the Nigel Rose London offices whilst the Warrington and Cheltenham offices were closed with some staff being transferred to our other remaining offices.

As a result of our cost reduction initiatives, we are now trading profitably. We have introduced new budgetary control procedures devolving more accountability to managers in each office to give greater visibility as to where profits are earned and costs incurred.

As a Group we have revised our strategy to adapt to wider challenges in the sector. In addition to cutting costs and improving efficiencies we have also worked hard to keep our teams motivated and invested further in the training of our staff.

The Group continues to manage costs and increase efficiencies between the founding and acquired firms. Recent acquisitions have also enabled the Group to work across a broader range of clients and have increased our exposure to sectors where we have not previously been well represented. The acquisition of the Nigel Rose Group, for example, has increased the Group's exposure to the public transport sector, notably the rail and bus industry, and the Group is now successfully winning new business in these areas.

Over the last year much of our focus has been on improving the performance of the Group, implementing cost control measures, optimising resources and continuing to win work against increasingly ferocious competition. The Group's marketing strategy has worked successfully and we have won commissions from both new and existing clients in a number of sectors in which we operate.

We have also extended the Group Quality Assurance certification (ISO 9001) to cover most offices and some offices have now achieved certification under the Environmental Standard ISO 14001. This is an important step in protecting our workload in the public and corporate sectors where this independent accreditation is increasingly sought.

I remain convinced that the difficult business climate will also create a number of opportunities for Baqus to consider acquiring other quality firms at competitive prices, many of which would not have been available in easier times.

Results

The loss before taxation allowances was £1,118,000 (2009: profit £739,000) for the year to 30 June 2010 on turnover of £7.262 million (2009: £7.853 million). Loss per share was 0.72p (2009: profit 0.46p).

Cash balances at 30 June 2010 stood at £214,000 following a payment of £600,000 on 14 December 2009 for partial redemption of the outstanding loan notes.

Dividend

The Board has previously stated that its intention is to pay out approximately 30% of profits as dividends, subject to this being prudent. As the Group was loss making in the calendar year no dividend is being recommended.

Project Management and Quantity Surveying. *Barking Town Square, London – Joint venture between the private and public sectors transforming tired 1970s concrete framed library structure into mixed use amenity and constructing two new six storey blocks on top comprising 246 apartments with distinctive balconies and a shared rooftop garden.*

Chief Executive Officer's Statement continued

Future outlook

The Group saw a good level of new contract wins this year, which was gratifying given the on-going difficult climate across the construction industry. We have engaged in a proactive, highly targeted marketing campaign across our existing, and, as a result of acquisitions, into new sectors. However, we are experiencing reduced margins on existing and new business, which we expect to continue in the short to medium term. Many of the projects that we have won are also moving forward at a much slower pace than historically has been the case due to a variety of issues including funding delays and investor uncertainty.

A substantial portion of our work is derived from the public sector, which has suffered cut-backs and delays, and this is a situation which may worsen following the Comprehensive Spending Review and one we are preparing for. The Group is working hard to remain the consultant of choice for existing clients, whilst also making every effort to gain new client wins. It has been a 'quiet' period with many of our private sector clients over the past year but we remain in close contact so we can resume our work together once the economic climate improves. We are beginning to notice some increase in activity in some sectors.

Non-Executive Directors

Roger Knowles, our founder Chairman and a Non-Executive Director, resigned on 31 August 2009 and Norman Cave, our other Non-Executive Director, resigned on 31 August 2010. Roger formed the initial idea behind Baqus and worked closely with myself and Patrick Lineen, our Finance Director to lead the flotation process. Norman has provided exceptional business experience and acumen, helping guide the business through difficult times. The Board is very grateful to them both for their work and support and wishes them well in their future endeavours.

We are in the process of recruiting a new Non-Executive Director.

Staff

Our enthusiastic staff have consistently maintained their high standards, in spite of the difficult economic climate which has regrettably led to pay freezes and some redundancies. I should like to personally thank each team member for all their continued hard work and dedication in these challenging times.

Clive Sayer
Chief Executive Officer
5 November 2010

Service: Quantity Surveying Luton Sixth Form College

This particular project which was completed in the summer of 2010 involved the construction of a major new education facility of some 16,870m². The work included demolition of an outmoded existing building within the Campus to make room for the new building. The project had to be carefully managed to allow the safe and efficient operation of the College to continue whilst construction took place. Work has now commenced on the external landscape including car parking and new sports areas.

Baqus were appointed as Quantity Surveyors for the main works set under an amended JCT Design & Build 2005 Contract incorporating Amendment 1 (Issued April 2007).

As Quantity Surveyor we provided a full range of pre and post contract services including:

- ratification of the Two-Stage Tender Process,
- agreeing the Contract Lump Sum, whilst achieving 95% cost certainty in line with the funders guidelines,
- preparation of Budget prices in relation to anticipated Client Changes and agreeing the Valuation of the Contractor's assessment of the same,
- monthly cost reporting both to the project team and the Client's Project Management Group,
- advising the Client on their Contractual obligations.

Financial Director's Report

"The Board believes that its continued focus on cost reduction and cash conservation will stand the Company in good stead to weather the downturn and be ready to take advantage of the upturn, when it arrives."

The loss before taxation and exceptional costs for the year ended 30 June 2010 was £823,000 (2009: profit £739,000) which is broadly in line with market expectations on turnover that decreased by 8% from £7,853,000 to £7,262,000. The loss per share was 0.72p (2009: earnings per share of 0.46p).

This loss reflects the very difficult market conditions which the Company, and the industry as a whole, face as a result of the recession in the UK economy. A shortage of work has led to gross profit margins falling from 29% in 2009 to 14% in the current year.

However, we have responded to the difficult conditions by closing two offices and merging two offices in London following the acquisition of Nigel Rose on 30 June 2009. We have also reduced our workforce by 26 through redundancies or staff leaving and not being replaced. The costs of shutting and merging offices as well as making staff redundant totalled £295,000 and have been treated as exceptional costs in the accounts.

As a result of these measures, we estimate that we have reduced our cost base by circa £857,000 in the last year, although almost half of these savings have been made in Nigel Rose, which we acquired on 30 June 2009.

Despite the above losses, the Board has concluded, following a review, that goodwill is not impaired.

We are continuing to look at ways of reducing our working capital requirement and improving cash generation. We have sought to reduce work-in-progress by increasing the frequency of billing and have sought to reduce our receivables through vigorous credit control. As a result, we have reduced our trade and other receivables by £1,000,000 (28%) from £3,599,000 at 30 June 2009 to £2,599,000 as at 30 June 2010. Whilst some of this fall reflects the fall in turnover, a large part is a result of our own efforts, which has helped to conserve cash.

On 14 December 2009, we made a further repayment of £600,000 plus interest (at base rate plus 2.5%) of loan notes owed to former shareholders of subsidiaries. The balance still owed to loan note holders is £349,000 and this was due for repayment on 14 December 2010. However, the Board is in discussion with the loan note holders, to defer as much as possible of the final repayment for one year until 14 December 2011, in order to conserve cash. The loan notes will however continue to incur interest.

Prior to any repayment in December 2011, the Board will review the Company's cash position.

In view of the Company's losses and in order to conserve cash, no dividend is being paid.

The Company's cash balances at the year end were £214,000 and the Company also has overdraft facilities agreed with its Bank of £300,000.

The Board believes that its continued focus on cost reduction and cash conservation will stand the Company in good stead to weather the downturn and be ready to take advantage of the upturn, when it arrives.

Patrick Lineen
Financial Director
5 November 2010

Refurbishment of swimming pool at Basingstoke Leisure Centre

Questions & Answers

New Perinatal unit, Homerton University Hospital, London

Q Is Baqus still looking to acquire other firms during the recession?

Answer from Clive Sayer:
The recession could generate attractive opportunities for acquisitions, however over the last year the main effort has been concentrated on cutting costs, matching resources to workload, keeping up staff morale and marketing the business to obtain as large a share of work as possible in a very difficult market.

Q How does the Group propose to finance future acquisitions?

Answer from Patrick Lineen:
Given our cash position, we can adopt a flexible approach to financing potential acquisitions. However, we prefer to incentivise the vendors of businesses by offering them payment in shares and deferred considerations based on future profits.

Q Will the Group consider earn-out deals as part of an acquisition agreement?

Answer from Patrick Lineen:
We will consider earn-out deals but are mindful that such deals can prove an obstacle to early integration of the business being acquired and so would weigh these up carefully.

Q What impact has the recession had on Baqus Group Plc?

Answer from Clive Sayer:
The Group has seen a tightening of margins due to intense competition from rival firms, both large and small, and the fact that many fees are based on construction costs, which have also fallen. Work in some sectors has been postponed or cancelled which has forced us to reconsider our resource base.

Q Have you cut investment in staff?

Answer from Clive Sayer:
No. We have cut numbers of staff but see it as very important to have the business in the right shape and with the right staff, properly trained and equipped to take the practice forward as Britain emerges from recession. We have also continued to invest in business development and marketing to maintain our market share.

Q Will you move into other services such as engineering consultancy?

Answer from Clive Sayer:
The intention is to continue to specialise in Quantity Surveying/Cost Management, Building Surveying, Project Management and Construction Design and Management coordination.

Q Is it your intention to grow your activities internationally?

Answer from Patrick Lineen:
We've always said we would start with UK and Ireland where we understand the culture and it is easier to "keep an eye" on what's going on. However, we do work internationally for a range of British clients where we know our fees are secure and work can be UK based.

Corporate Social Responsibility

"Corporate Social Responsibility is embedded in Baqus' culture. It is part of our business strategy and is at the heart of the service we provide for our clients, our people and the community."

Cobnor Activities Centre, Chichester Harbour

Introduction

At Baqus we recognise our responsibilities to all our stakeholders – clients, staff, shareholders, communities and the wider environment. To ensure we provide a framework for delivery of our CSR policies, Chief Executive Officer Clive Sayer leads the development, although we believe CSR issues are a matter for the Board and Management Team as a whole. We guide and direct our senior managers throughout our business to embrace corporate responsibility in all we do.

Our People

Baqus aims to be an employer of choice and to provide an environment in which our staff can succeed and thrive. We currently have a number of staff studying part-time for BSc, MSc, RICS, APS, NEBOSH, CIM and other qualifications as well as younger school leavers studying National Certificates courses. Each member of staff has their own CPD record with an annual appraisal during which individual performance is discussed, training needs assessed and career aspirations established. We arrange a number of CDP events in house as well as funding staff to attend external courses. We also run social and team building events and have several enthusiastic sports teams.

Equality and Diversity

As an equal opportunities employer, it is our policy to achieve a diverse workforce and provide equal employment to all employees. We do not tolerate discrimination on grounds of gender, marital status, race, colour, nationality, disability, sexual orientation or religious belief.

Health & Safety

Baqus gives highest priority to achieving and maintaining high standards of Health & Safety, and take all appropriate action to comply with Health & Safety best practice and legislation with a clearly defined Health & Safety policy relating to our operations both on site and within offices. We have a specialist health and safety consultant to assist us but also expect total commitment from all staff for successful implementation of the policy and have therefore appointed a Health & Safety manager for each office. The Chief Executive Officer ensures that the Board is kept fully informed and "buys in" to the processes. The firm is accredited under "CHAS", Construction Health & Safety scheme.

The Environment

As professional consultants to the industry, we are committed to highlighting adverse environmental impact as well as promoting opportunities for environmental enhancement. Baqus has an established working relationship with the Building Research Establishment (BRE) in taking forward various sustainability "Green" Building initiatives. This work has included preparing a complete Cost Book for the BRE's Envest2 Environmental Assessment Software.

The firm has been working as project managers for one of the first major housing schemes in the UK using "Passivhaus" principles for energy use and carbon emissions reduction. We have also been working on one of the first carbon neutral hotels and are currently commissioned to undertake feasibility studies and review design options for the complete refurbishment of a complex of Grade I listed Government buildings in and around Whitehall. The project is required to demonstrate excellence in all areas and adherence to Government initiatives on sustainability. During the last year Baqus has been successfully assessed for ISO 14001 (environmental) accreditation. Audits have commenced and it is intended to obtain full accreditation during 2010. Within the office environment we constantly monitor our supplies and source environmentally friendly products, with an aim to use the most economical materials, supplies and energy sources and whenever possible using renewable or recyclable materials.

The Community

All of the Baqus team are committed to making a positive contribution to the community. It is a high priority across the development schemes we are involved with that we maintain good relationships with the local community. We achieve this by adopting initiatives such as local employment schemes and attending resident liaison groups. We enthusiastically support colleagues and others in their participation in charity events, as well as our clients' charity raising initiatives.

Directors

Clive Sayer
BSc(Hons), MSc(Arch), CEnv, FRICS, MCIOB, MAPM, RMaPS
Chief Executive Officer

Following the completion of a Surveying BSc at University of Reading and a Master's Degree at Bartlett School of Architecture, UCL, Clive completed his Quantity Surveying training in the family business of Alex Sayer and Partners. He managed that firm's expansion, including its move into related services of project management and building surveying. In 2000 he instigated the merger of Alex Sayer with Boxall Davenport to create Boxall Sayer and in 2005 the acquisition of Ash Preston. In 2007 he played a key role in the creation and flotation of Baqus and was appointed the Group's CEO.

Patrick Lineen
MA, FCA
Financial Director

Patrick qualified as a Chartered Accountant with Price Waterhouse in 1982 before joining Short Brothers in Belfast as financial controller. In 1986 Patrick joined James R Knowles Limited where he was responsible for group-wide financial control functions and the wider day-to-day management of that group. Patrick resigned from James R Knowles (Holdings) plc in December 2002 and has since set up his own accountancy practice and advises a small portfolio of private clients.

Senior Management

Paul Hurford
FRICS, ACIArb, MAPM (CPM)
Operations Director

Paul qualified as a Chartered Surveyor in 1976 and principally focuses on major public sector developments. During 2010 he has also assumed responsibility for the Business Development team and with Andy Welch manages the St Albans office.

Syd Marsden
MRICS
Operations Director

Syd qualified as a Chartered Surveyor with Tetley Walker Limited, a subsidiary of Allied Domecq plc, in 1977. In 1984 he joined Fletcher McNeill and has over 35 years' experience in the leisure sector. He is responsible for the professional standards of Fletcher McNeill.

Jim West
FRICS
Operations Director

Jim has over 35 years' experience as a Quantity Surveyor, qualifying in 1971 and becoming a Fellow of the Royal Institution of Chartered Surveyors in 1988. Jim specialises in the project management of design & build contracts, mainly in the affordable housing sector.

John King
FRICS
Operations Director

John has more than 35 years' experience as a Project Manager and Chartered Quantity Surveyor in private practice.

He continues to undertake the role of Project Manager on major schemes for clients mostly in the private sector.

Peter Wakefield
Financial Controller (Group Operations)
Assistant Company Secretary

Peter trained with Malpas Simmons, a firm on Certified Accountants, before moving into the commercial sector where he gained experience in the engineering, timber merchant, retail, service and estate agency sectors as company secretary and financial controller before joining Denley King in April 2006.

New technology and media facilities at Parliament Hill School, London

Robert McNeill
FRICS, MCIArb, MaPS
Executive Director

Rob qualified as a Chartered Surveyor in 1978 before establishing Fletcher McNeill in 1984. He has been instrumental in developing Fletcher McNeill into a sustainable and profitable firm focused on the leisure and hospitality sector. He has overseen the opening of regional offices and a move into other sectors as well as supervising the implementation of the diverse range of services that Fletcher McNeill now provides.

Graham Williams
ABEng, MaPS
Executive Director

Graham trained with Denley King and John Laing Construction in the 1970s and became a Director of Denley King in 1995, responsible for a full range of construction services. During the last 15 years Graham has specialised in the Affordable Housing Sector and advised on partnering and Government supported demonstration projects, as well as widening the range of services to include BRE Sustainability Assessments, Expert Advisory services and expanding the practice into London and abroad. Within Baqus, Graham focuses on new business and opportunities.

Atlas House, St Helens Council Offices

Offices

During 2009-10 the financial reporting structure of Baqus was altered for the year 2010/11 so that the performance of each office could be readily monitored, with individual office Directors managing their own budgets. These Directors are:

Basingstoke	**Chris Newman**
Bournemouth	**Toby Welstead**
Canterbury	**David Dunne**
Chichester	**Rob Owen**
Lichfield	**Syd Marsden**
Liverpool	**Ray Palmer**
London	**David Gattey/Peter Lloyd**
Manchester	**Jim O'Brien**
Oxford	**Steve Busby**
St Albans	**Paul Hurford/Andy Welch**

Advisors

Secretary
Patrick James Lineen

Registered Office
2/3 North Mews, London, WC1N 2JP

Nominated Adviser and Broker
Seymour Pierce Limited
20 Old Bailey, London, EC4M 7EN

Solicitors
Neil Myerson LLP
The Cottages, Regent Road,
Altrincham, Cheshire, WA14 1RX

Public Relations
Cubitt Consulting Limited
30 Coleman Street, London, EC2R 5AL

Auditors
Alexander & Co
17 St Ann's Square, Manchester, M2 7PW

Registrar
Capita Registrars PXS
The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

Directors' Report

The Directors present their annual report on the affairs of the Group together with the financial statements and auditors' report for the year ended 30 June 2010.

Principal activities

The Group's principal activity was the provision of construction consultancy services to an extensive range of private and public sector clients.

The subsidiary undertakings are listed in note 13 to the financial statements.

Business review

The Company is required by the Companies Act 2006 to include a business review in this report. The information can be found within the Chief Executive's Review on pages 6 to 8 and the Financial Director's report on page 9. A description of the principal risks and uncertainties facing the Group is contained within the directors' report below.

The Group recorded a loss before taxation of £1,118,000 in the year to 30 June 2010 [2009: profit of £739,000]. The Group recorded a basic loss per share of 0.72p [2009: profit of 0.46p].

The Group's strategy is to reduce its cost base and to promote itself intensively in order to return to profitability and increase its market share.

The Chief Executive's review reports on the activities during the year and the likely future developments.

Dividends

In view of the loss for the year, the directors do not recommend the payment of a dividend. During the year a final dividend of 0.06 pence per share was paid in respect of the year ended 30 June 2009. Total dividends for the year were nil (2009: 0.11 pence per share).

Acquisitions

No acquisitions were made during the year.

Post balance sheet events

There have been no material post balance sheet events.

Substantial shareholdings

On 3 November 2010 the Company had been notified in accordance with sections 791 to 828 of the Companies Act 2006, of the following interests in the ordinary share capital of the company;

	Number of ordinary shares	Percentage held
S Marsden	16,279,313	14.37%
PM Hurford	9,847,278	8.70%
J West	6,523,177	5.76%
TRM Denley	8,900,581	7.86%
PC Hurford	3,637,836	3.21%
Calculus Capital (holding in name of HSBS Global Custody Nominees as nominee).	5,000,000	4.42%
Williams De Broe (holding in name of Pershing Nominees Limited as nominee).	4,084,000	3.61%

Other than the above holdings and those of the directors (see page 21) the Board is not aware of any beneficial holdings in excess of 3% of the issued share capital.

Directors

The Board comprises the following Executive and Non-Executive Directors who bring significant experience to the Group's operations and activities. All Directors, except Roger Knowles, served throughout the year 2009/10:

Clive Sayer	Chief Executive Officer
Rob McNeill	Executive Director
Graham Williams	Executive Director
Patrick Lineen	Financial Director
Norman Cave	Non-Executive Director (resigned 31 August 2010)
Roger Knowles	Chairman, Non-Executive Director (resigned 31 August 2009)

The Board is seeking to recruit a new Non-Executive Director to replace Norman Cave.

The interests of the Directors and their families in the shares of the Company are disclosed in the Directors' remuneration report.

Under the provisions of the Group's Articles of Association, Mr Graham Williams retires by rotation and, being eligible, offers himself for re-election at the Annual General meeting.

No Director had, during the year or at the end of the year, a material interest in any contract which was significant in relation to the Group's business, except as disclosed in the notes to the financial statements.

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 25. The Company has only one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

There are no specific restrictions on the size of a holding or on a transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or voting rights.

Details of employee share schemes are set out in note 29.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles of Association, the Company has authority to issue further ordinary shares up to an aggregate nominal amount of £2,750,000.

Key Performance Indicators

The Directors consider the KPI's to be profit before taxation, operating profit margin and liquidity and these are commented on in the Financial Director's Report on page 9.

Risks and Uncertainties

The Group faces the following risks and uncertainties which it manages in the following ways:

Credit risk

The Group has no significant concentration of credit risk. This risk is managed by implementing appropriate credit control procedures in the conduct of its business.

Commercial Risk

The Group provides services to the construction industry. In order to minimise exposure to falls in demand from individual sectors within the industry the Group seeks to serve a broad range of clients operating in diverse sectors of the industry.

Liquidity Risk

The Group has no major liquidity risk as it has reasonable cash balances and a significant overdraft facility, although in order to conserve cash the Group is seeking to defer some of the final loan note payments.

Foreign Currency Risk

The Group has no foreign currency risk as it does not trade in foreign currencies.

Directors' Report continued

Interest Risk

The Group has no material exposure to interest risk, except for interest payable on loan notes owed to former shareholders of subsidiaries which varies with base rates; otherwise the Group has no borrowings. The Group keeps this risk under regular review and would seek to eliminate or hedge against this risk if the exposure became too great, in the Board's opinion.

Capital Risk

The Group's objectives, when managing capital, are to safeguard the Group's ability to continue as a going concern, in order to protect returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Social policies and employee involvement

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group.

This is achieved through staff briefings and divisional operations meetings.

Employees are encouraged to participate in the share ownership of the Company by, for example, joining the Sharesave scheme.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

The activities of the group have a minimal impact on the environment and its energy consumption is modest.

Payment policy and practice

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors due at the year end amount to 41 days purchases [2009: 60 days].

Related party transactions

Details of transactions with related parties undertaken by the Group during the year are disclosed in the notes to the financial statements.

Auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Alexander & Co offer themselves for reappointment at the forthcoming Annual General Meeting.

By order of the Board

Patrick Lineen
Company Secretary
5 November 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have also elected to prepare the parent company financial statements in accordance with IFRSs. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit and loss for that period.

In preparing the financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The directors confirm to the best of their knowledge that:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The business review, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the board of directors and signed on behalf of the board:

Clive Sayer	**Patrick Lineen**
Chief Executive	Financial Director
5 November 2010	5 November 2010

Corporate Governance Statement

The board is committed to high standards of corporate governance and seeks to adhere to best corporate governance appropriate to a company of its size.

The Board

The Board comprises the Executive Directors. The Board is looking to appoint a new Non-Executive Director.

The Board has a schedule of regular meetings together with ad hoc meetings when required and a strategy review. The Board focuses on strategic issues and financial performance. The matters reserved for the Board's approval include major capital expenditure, acquisitions and disposals, treasury and dividend policy and Group budgets and business plans. Other responsibilities are delegated to the Committees of the Board within a framework of delegated authorities.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed.

Given its size and stage of development the Board considers that the appointment of a single Non-Executive Director, who acts independently of the Executive Directors, is adequate for the time being.

Committees of the Board

The Board's Committees meet when necessary to enable them to discharge their responsibilities. Each committee has written terms of reference, which are reviewed annually by the Board.

Audit Committee

The Audit Committee is chaired by the Chief Executive until a new Non-Executive Director is appointed.

The Committee meets periodically. The Chief Executive and Finance Director and the external auditors attend the meetings.

The Audit Committee is responsible for reviewing the external audit process, including the effectiveness of the audit, and considering any major accounting issues.

Remuneration Committee

The Remuneration Committee is chaired by the Financial Director until a new Non-Executive Director is appointed. The Chief Executive also attends meetings by invitation. The Committee meets periodically and is responsible for determining the remuneration packages of the Executive Directors. The Directors' remuneration report includes details of the Remuneration Committee and its work.

Risk management and internal control

The Board has accountability for reviewing and approving the adequacy and effectiveness of internal controls operated by the Group, including financial, operational and compliance controls and risk managements. It is the role of management to implement the agreed policies on risk, compliance and control. This is effected by the Operations Board.

The system of internal financial and operational control is designed to meet the Group's particular needs and aims to facilitate effective and efficient operation, to safeguard the Group's assets, ensure proper accounting records are maintained and that the financial information used within the business, and for publication, is reliable.

Such systems of internal control can only be designed to manage rather than eliminate risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement and loss.

Key features on the system of the Group's internal control are as follows.

Control Environment

The Group's management systems include financial and business policies and procedures, quality assurance manuals and corporate health and safety procedures. These procedures are subject to ongoing review and improvement.

Acquisitions

The Group operates a system of internal controls over business acquisitions. This is achieved through due diligence of the target company and business cases presented to the Board. Following acquisitions, the Board is presented with an integration plan and financial targets are set for the newly acquired business. Performance is monitored and reported to the Board as normal.

Investor Relations

The Board encourages communication with its institutional and private investors. All Board members attend the Company's AGM. Throughout the year the Chief Executive and relevant Executive Directors hold regular meetings with investors, analysts and brokers.

A range of information is available from the Group's website including copies of presentations, press releases and the latest annual and interim financial reports.

Remuneration Committee Report

The Company is not obliged to comply with the provisions of the 'Directors' Remuneration Report Regulations 2002' and the information below does not constitute a 'Directors' Remuneration Report' within the meaning of those regulations.

Remuneration Committee

The Remuneration Committee is chaired by the Financial Director, until a new Non-Executive Director is appointed. The Chief Executive also attends meetings by invitation.

Executive Remuneration Policy and Structure

The Group's aim is to provide sufficient levels of remuneration to attract, retain and motivate Executive Directors, but to avoid paying more than is necessary for this purpose. Remuneration packages are structured so as to link rewards to corporate and individual performance and they incorporate a combination of fixed and variable elements.

The table below includes a summary of the remuneration of the Directors.

Share Schemes

The company operates two share schemes and these are detailed below. Details of the Executive Directors' participation in these schemes are set out below.

EMI Option Scheme

Options on 6,930,363 shares were granted to twenty five senior managers under the EMI scheme at 21 April 2008. These are exercisable between the second and the fifth anniversary of grant at the exercise price of 8.38 pence per share.

Sharesave Scheme

Options on 4,065,894 shares have been granted to employees who applied under the scheme. Employees under the scheme save by way of monthly contributions from the employee's post-tax salary and can then exercise the options to purchase shares out of the savings at 5.8pence after three or five years. However, employees with options over 401,075 shares have ceased to save under the scheme and so these options have lapsed.

Directors' Contracts

All Executive Directors have rolling contracts with 12-month notice provision.

Non-Executive Director

The Financial Director has a rolling contract with a 12-month notice provision.

Directors' Remuneration

	Salary and fees 2010 £'000	Other Benefits 2010 £'000	Total 2010 £'000	Total 2009 £'000
Clive Sayer	75	12	87	85
Rob McNeill	75	11	86	85
Graham Williams	75	13	88	85
Patrick Lineen	35	-	35	33
Norman Cave (resigned 31 August 2010)	20	-	20	20
Roger Knowles (resigned 31 August 2009)	11	-	11	25
	291	36	327	333

The Group makes a contribution to Directors' pension schemes and does not provide a company car, but pays a car allowance (both included in 'other benefits'). Mr Graham Williams had a company car in lieu of an allowance until January 2010.

Sharesave Scheme

	Date of Grant	Exercise price	Exercise period	No. of options as at 30/06/10	No. of options as at 30/06/09
Clive Sayer	30/6/08	5.8p	3-10 years	162,068	162,068
Rob McNeill	30/6/08	5.8p	3-10 years	162,068	162,068
				324,136	324,136

Directors' Interests in Shares

	Ordinary shares held
Clive Sayer	18,190,054
Rob McNeill	16,279,313
Graham Williams	6,629,727
Patrick Lineen	1,681,500

The market price of any ordinary share of 5p in the Company at 30 June 2010 was 2p [30/06/2009: 3.75p] and the highest and lowest market prices during the year were 6.75p and 2p.

This report has been approved by the Board of Directors and has been signed on behalf of the Board by:

Patrick Lineen
Chairman of the Remuneration Committee

Independent Auditors' Report to the Members of Baqus Group plc

We have audited the group and parent company financial statements (the 'financial statements') of Baqus Group plc for the year ended 30 June 2010, which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and as regards the parent company Financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ('APBs') Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or by error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2010 and the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Jolley (Senior Statutory Auditor)
For and on behalf of Alexander & Co
Chartered Accountants and Statutory Auditors
17 St Ann's Square
Manchester M2 7PW
16 November 2010

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

Continuing operations	Note	**Year ended 30 Jun 10 £'000**	Year ended 30 Jun 09 £'000
Revenue	4	**7,262**	7,853
Cost of sales		**(6,213)**	(5,588)
Gross profit		**1,049**	2,265
Operating expenses		**(1,846)**	(1,510)
Exceptional costs	8	**(295)**	-
Operating (loss)/profit		**(1,092)**	755
Investment revenue	9	**1**	51
Finance costs	9	**(27)**	(67)
(Loss)/profit before taxation		**(1,118)**	739
Taxation	10	**302**	(220)
(Loss)/profit for the year attributable to equity holders of the parent		**(816)**	519
Total comprehensive (loss)/profit for year attributable to equity holders of the parent		**(816)**	519
Basic earnings per share (pence)	12	**(0.72p)**	0.46p
Diluted earnings per share (pence)	12	**(0.66p)**	0.42p

The notes on pages 29 to 47 form part of these accounts

Consolidated Balance Sheet

As at 30 June 2010

	Note	As at 30 Jun 10 £'000	As at 30 Jun 09 £'000
Non-current assets			
Intangible assets	14	8,516	8,516
Property,plant and equipment	15	341	332
Deferred tax asset	23	249	-
		9,106	8,848
Current assets			
Trade and other receivables	16	2,599	3,599
Cash and cash equivalents	17	214	1,158
		2,813	4,757
Current liabilities			
Trade and other payables	18	(1,233)	(1,243)
Current income tax liabilities		(126)	(218)
Financial liabilities	19	(20)	(35)
Borrowings	20	(349)	(600)
		(1,728)	(2,096)
Net current assets		1,085	2,661
Total assets less current liabilities		10,191	11,509
Non-current liabilities			
Borrowings	20	-	(349)
Trade and other payables	21	-	(127)
Financial liabilities	19	(19)	(40)
Deferred income tax liability	23	(31)	(5)
Provision for other liabilities and charges	24	(42)	-
Net assets		10,099	10,988
Equity			
Share capital	25	5,663	5,663
Share premium account	26	4,690	4,690
Retained earnings	27	(254)	635
Total equity		10,099	10,988

The financial statements were approved by the board of directors and authorised for issue on 5 November 2010.
They were signed on its behalf by:

Clive Sayer
Chief Executive Officer

Patrick Lineen
Financial Director

The notes on pages 29 to 47 form part of the financial statements.

Company number: 06013357

Company Balance Sheet

As at 30 June 2010

	Note	As at 30 Jun 10 £'000	As at 30 Jun 09 £'000
Non-current assets			
Investments	13	-	3,947
Intangible assets	14	8,516	5,410
Property,plant and equipment	15	341	229
Deferred tax asset	23	249	13
		9,106	9,599
Current assets			
Trade and other receivables	16	2,599	3,117
Cash and cash equivalents	17	214	801
		2,813	3,918
Current liabilities			
Trade and other payables	18	(1,430)	(1,558)
Current income tax liabilities		(126)	(187)
Financial liabilities	19	(20)	(34)
Borrowings	20	(349)	(600)
		(1,925)	(2,379)
Net current assets		888	1,539
Total assets less current liabilities		9,994	11,138
Non-current liabilities			
Borrowings	20	-	(349)
Trade and other payables	21	-	(127)
Financial liabilities	19	(19)	(37)
Deferred income tax liability	23	(31)	-
Provision for other liabilities and charges	24	(42)	-
Net assets		9,902	10,625
Equity			
Share capital	25	5,663	5,663
Share premium account	26	4,690	4,690
Retained earnings	27	(451)	272
Total equity		9,902	10,625

These financial statements were approved by the Board of Directors and authorised for issue on 5 November 2010.
They were signed on its behalf by:

Clive Sayer
Chief Executive Officer

Patrick Lineen
Financial Director

The notes on pages 29 to 47 form part of the financial statements.

Company number: 06013357

Consolidated and Company Statement of Cash Flow

for the year ended 30 June 2010

	Note	Group Year ended 30 Jun 10 £'000	Company Year ended 30 Jun 10 £'000	Group Year ended 30 Jun 09 £'000	Company Year ended 30 Jun 09 £'000
Net cash (outflow)/inflow from operating activities	29	**(84)**	**(729)**	(168)	725
Investing activities					
Interest received		**1**	**1**	51	29
Proceeds on disposal of property, plant and equipment		**21**	**21**	8	7
Purchase of property, plant and equipment		**(177)**	**(177)**	(94)	(134)
Purchase of intangible assets		**-**	**-**	(9)	(9)
Acquisition of businesses		**-**	**-**	(373)	(373)
Net cash used in investing activities		**(155)**	**(155)**	(417)	(480)
Financing activities					
Finance lease obligations		**(32)**	**(32)**	15	10
Dividends received		**-**	**1,002**	-	318
Dividends paid		**(73)**	**(73)**	(181)	(181)
Repayments of loan notes		**(600)**	**(600)**	(602)	(602)
Proceeds of issue of shares		**-**	**-**	45	45
less issue costs		**-**	**-**	(11)	(11)
Net cash (used in)/generated from financing activities		**(705)**	**297**	(734)	(421)
Net decrease in cash equivalents		**(944)**	**(587)**	(1,319)	(176)
Cash and cash equivalents at beginning of year		**1,158**	**801**	2,477	977
Cash and cash equivalents at end of year		**214**	**214**	1,158	801

The notes on pages 29 to 47 form part of the accounts.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2009	5,663	4,690	635	10,988
Equity dividends paid	-	-	(73)	(73)
Total comprehensive loss for the year attributable to equity holders of the Parent Company	-	-	(816)	(816)
As at 30 June 2010	**5,663**	**4,690**	**(254)**	**10,099**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2008	5,625	4,693	297	10,615
New shares issued	38	7	-	45
Issue costs	-	(10)	-	(10)
Equity dividends paid	-	-	(181)	(181)
Profit for the year attributable to equity holders of the Parent Company	-	-	519	519
As at 30 June 2009	**5,663**	**4,690**	**635**	**10,988**

The notes on pages 29 to 47 form part of these accounts.

Company Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2009	5,663	4,690	272	10,625
Equity dividends paid	-	-	(73)	(73)
Loss for the year attributable to equity holders of the Parent Company	-	-	(650)	(650)
As at 30 June 2010	**5,663**	**4,690**	**(451)**	**9,902**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Changes in equity				
As at 1 July 2008	5,625	4,693	-	10,318
New shares issued	38	7	-	45
Issue costs	-	(10)	-	(10)
Equity dividends paid	-	-	(181)	(181)
Total recognised income and expense for the period	-	-	453	453
As at 30 June 2009	**5,663**	**4,690**	**272**	**10,625**

The notes on pages 29 to 47 form part of these accounts.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2010

1. General information

Baqus Group plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006.

The address of the registered office is 2/3 North Mews, London, WC1 2JP. The principal activities of the Group are set out in the Director's Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2. Accounting Policies

The principal accounting policies adopted in the financial statements are set out below and have been applied consistently.

Basis of accounting

The Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as they apply to the Group for the year ended 30 June 2010 applied in accordance with the Companies Act 2006. The Financial statements have been prepared in accordance with IFRSs adopted for use in the European Union including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on the historical cost basis.

Going concern

The Group's business activities, together with factors likely to affect its future development, are set out in the Chief Executive's Statement. The financial position of the Group and its cash flow, liquidity position and borrowing facilities are described in the Financial Director's Report. Furthermore, the Directors Report sets out the Group's objectives and policies for managing its capital and its exposure to various risks. In carrying out their duties in respect of going concern, the directors have completed a review of the Group's current financial position and completed cash flow forecasts for a period of 12 months from the date of signing these financial statements. This review included sensitivity analysis to determine the potential impact on the Group of reasonably possible scenarios. Under all modelled scenarios, including deferment of some or all of the loan notes payments, the Group's banking facilities were sufficient.

Basis of Consolidation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating polices of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisitions of subsidiaries are accounted for using the purchase method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisitions is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is immediately recognised in profit and loss.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

Revenue

Revenue represents the invoiced value of services provided net of value added tax. It comprises the amounts billed to clients in respect of the provision of quantity surveying services together with the movement in revenue recognised but not invoiced.

Investment revenue

Investment revenue is recognised on an accrued basis.

Revenue recognition

Revenue is recognised as contract activity progresses to reflect the Group's performance of its contractual obligations. The right to consideration, by reference to the value of the work performed, is included in the accounts as accrued income under receivables. Where the amount which the client will accept or be able to pay is uncertain, provision has been made to reduce the accrued income to its net realisable value. Where the substance of a contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs. Where fees on a project are invoiced in advance, the income is treated as deferred and included in payables.

Retirement benefit costs

Retirement benefits to employees are provided by defined contribution schemes that are funded by the Group and employees. Payments are made to pension trusts that are financially separate from the Group.

Intangible assets

Goodwill arising from the purchase of subsidiary undertakings, represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, and is capitalised as an intangible asset in accordance with the requirements of IFRS 3.

Goodwill is measured at cost less any accumulated impairment losses and will be reviewed annually for any impairment losses. Any impairment losses are recognised through the income statement.

Other intangible assets are measured initially at cost and are amortised over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary. Intangible assets are not amortised until they are brought into use.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful economic life, as follows:

Motor vehicles	25%-33.33% per annum
Fixtures, fittings and equipment	10-20% per annum
Computer	33-50% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks.

Trade payables
Trade payables are initially measured at fair value and subsequently at amortised cost.

Borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. After initial recognition borrowings are measured at amortised cost. Borrowing costs are recognised in profit and loss in the period in which they are incurred.

Equity
Equity instruments issued by the Group are recorded at the proceeds received net of direct costs.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals paid under operating leases are charged against profits on a straight line basis over the period of the lease.

Taxation expense
The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its currents tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group has only one class of share in existence.

Finance costs

Finance costs are recognised in the income statement in the year in which they are incurred.

Share-based payments

Where equity investments are granted to persons other than employees, the Statement of Comprehensive Income is charged with the fair value of the goods and services received, except to the extent to which such goods or services form part of the cost of the acquisition of an asset. In such cases the fair value of goods and services received is added to the cost of the asset or treated as a cost of issuing the equity instrument.

The Group issues equity-settled share based payments to certain employees. Equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The Board believes that the current quoted market price in the long run is the best estimate of fair value. As the current market price is below the share option price no charge has been made to the income statement.

Critical accounting estimates and judgements

The Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are:

- Revenue recognition policies in respect of contracts which straddle the year end;
- Valuation of intangible assets.

These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances and are discussed, to the extent necessary, in more detail in their respective notes.

3. Adoption of new and revised standards

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS1 'First time adoption-additional exemptions' – effective 1 February 2010
- IFRS1 'First time adoption-financial instrument disclosures' – amendments – effective 1 July 2010
- IAS24 'Related party disclosures' – effective 1 November 2011
- IFRS9 'Financial instruments – classification and measurement' – effective 1 January 2013
- IFRIC19 'Extinguishing financial liabilities with equity instruments' – effective 1 July 2010
- IFRIC14 'Prepayments of a minimum funding requirement' – effective 1 January 2011
- IFRS 2 'Group cash – settled share based payment transactions' – effective 1 January 2010
- IAS 32 'Classification of rights issues' – amendments – effective 1 February 2010
- IFRS 7 'Transfer of financial assets' – amendments – effective 1 July 2011
- Improvements to IFRSs – effective mostly 1 January 2011
- IAS 32 'Annual improvements (2008-2009)' – effective 1 January 2010

The Directors anticipate that the adoption of these Standards and Interpretations in future periods commencing on or after the effective dates will have no material impact on the financial statements of the Group.

4. Revenue

Analysis of the Group's revenue is as follows:

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Continuing operations		
Provision of professional services	7,262	7,853
Investment income	1	51
	7,263	7,904

For the year ended 30 June 2010, the Group has adopted IFRS 8 'Operating Segments'. IFRS8 replaces IAS 14 'Segment Reporting'.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker(CODM) to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard(IAS 14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. We report on our segment information on the same basis as our internal management reporting structure, which drives how the Group is organised and managed.

The Group is principally engaged in the provision of quantity surveying services in the UK. The CODM has been identified as the Board. Operational and financial information, which is primarily at an individual unit level, is received by the CODM on a monthly basis. Baqus does not distinguish between geography or brand. The unit information does not meet the quantitive thresholds as required by IFRS 8, as such management have judged it appropriate to aggregate the financial information relating to all units into a single reportable segment.

5. (Loss)/Profit for the year

(Loss)/Profit for the year has been arrived at after charging:

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Depreciation of property, plant and equipment:		
• Owned assets	107	90
• Under finance assets	24	12
Operating lease rentals:		
• Plant and machinery	12	50
• Property	307	284

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

6. Directors and employees

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Wages and salaries	4,402	3,824
Social security costs	516	425
Other pension costs	94	68
	5,012	4,317

The average number of employees (including Executive Directors) was:

Fee earning	85	82
Support	23	21
	108	103

Directors' remuneration and benefits in kind	322	333

7. Auditor's remuneration

The analysis of Auditors' remuneration is as follows:

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Fees payable to the Company's Auditors for the audit of the Company's annual accounts	33	20
Fees payable to the Company's Auditors for the audit of the Company's subsidiaries pursuant to legislation	0	10
Total audit fee	33	30
Corporate finance services	0	22
Other services	4	5
	37	57

8. Exceptional Costs Restructuring

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Redundancy costs	112	-
Office reorganisation costs	183	-
	295	-

During the period the Group closed some loss-making offices, mainly arising from the acquisition of Nigel Rose and Partners as at 30 June 2009.

9. Investment revenue and finance costs

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Investment income:		
Bank deposits	1	51
Finance costs:		
Interest on loan notes	(17)	(65)
Interest on bank borrowings	(10)	(2)
	(27)	(67)

10. Taxation

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Current tax (credit)/charge	(80)	218
Deferred tax (note 23)	(222)	2
Corporation tax is calculated at 28% (2009:28%) of the estimated assessable profit for the year	(302)	220
The charge for the year can be reconciled to the profit per the income statement as follows:		
(Loss)/Profit before taxation	(1,118)	739
(Loss)/Profit before taxation multiplied by the standard rate of corporation tax in the UK	(313)	207
Timing differences	5	(41)
Expenses not deductible for tax purposes	6	54
	(302)	220

11. Dividends

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 June 2009 of 0.06 pence per share (2008: 0.11p)	73	125
Interim dividend of 0.05 pence per share for the year ended 30 June 2009	-	56
	73	181

There is no proposed final dividend for the year ended 30 June 2010.

12. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS33:

	Year ended 30 Jun 10 £'000	Year ended 30 Jun 09 £'000
Earnings		
Earnings for the purpose of the earnings per share being net (loss)/profit attributable to equity holders of the parent	(816)	519
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	113,250,000	113,186,301
Weighted average number of ordinary shares for the purpose of diluted earnings per share	124,256,257	124,182,558

Basic earnings per share includes shares subject only to time as if they had been issues at the beginning of the period.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

13. Investments

Company Investments in Group companies	30 Jun 10 £'000	30 Jun 09 £'000
Cost		
As at 1 July 2009 and 30 June 2010	10,715	10,715
Provision		
As at 1 July 2009	(6,768)	-
Change in the year	(3,947)	(6,768)
As at 30 June 2010	(10,715)	(6,768)
Carrying value	-	3,947

Details of principal operating subsidiaries are set out below. These undertakings are included in the Group consolidated accounts and are all 100% owned.

Subsidiary undertaking	Nature of Business
Boxall Sayer Limited	Quantity Surveying to 31 January 2009
Denley King Construction Consultants Limited	Quantity Surveying to 31 January 2009
Fletcher McNeill & Partners Limited	Quantity Surveying to 1 July 2009
Baqus Limited	Dormant

The trade and assets of Fletcher McNeill & Partners Limited were transferred to the Parent Company on 1 July 2009. Since the transfer of the trade and the assets the subsidiary has not traded. The trade and assets of Boxall Sayer Limited and Denley King Construction Consultants Limited were transferred to the Parent Company during the year ended 30 June 2009.

14. Intangible assets

Group	30 Jun 10 £'000	30 Jun 09 £'000
Goodwill		
As at 1 July 2009	8,507	8,276
Recognised on acquisitions	-	231
As at 30 June 2010	8,507	8,507
Other Intangibles		
As at 1 July 2009	9	-
Cost of acquisition of share option	-	9
As at 30 June 2010	9	9
Total as at 30 June 2010	8,516	8,516
Goodwill and other intangible assets comprises the following amounts:		
Boxall Sayer	3,263	3,263
Fletcher McNeill	3,107	3,107
Denley King	1,894	1,894
Other	21	21
Sworn King	208	208
Nigel Rose	23	23
	8,516	8,516

The Group tests intangible assets annually for impairment. The recoverable amounts of the cash-generating units (CGUs) are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in selling prices and direct costs. Management estimates discount rates on the basis of current market assessments of the time value of money and the risks specific to the CGUs. Anticipated growth rates, changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group has prepared forecasts over the next five years, which have then been extrapolated for a further eleven years using estimated growth rates for each CGU, which average 4.5%. These rates do not exceed the long term growth rates for the relevant markets. The rate used to discount the forecast cash flows from all CGUs is 5%.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

14. Intangible assets

Group	30 Jun 10 £'000	30 Jun 09 £'000
Goodwill		
As at 1 July 2009	5,401	-
Transferred from subsidiary	3,106	5,170
Recognised on acquisition	-	231
As at 30 June 2010	8,507	5,401
Other intangibles		
As at 1 July 2009	9	-
Cost of acquisition of share option	-	9
As at 30 June 2010	9	9
Total as at 30 June 2010	8,516	5,410

Goodwill comprises the following amounts:

	30 Jun 10 £'000	30 Jun 09 £'000
Transferred from subsidiaries:		
Boxall Sayer	3,276	3,276
Denley King	1,894	1,894
Fletcher McNeill	3,106	-
	8,276	5,170
Recognised on acquisitions		
Sworn King	208	208
Nigel Rose	23	23
	231	231
Total Goodwill	8,507	5,401

15. Property, plant and equipment

Group	Computers £'000	Fixtures £'000	Motor Cars £'000	Total £'000
Cost				
As at 1 July 2009	158	122	151	431
Additions	68	85	24	177
Disposals	-	(64)	(76)	(140)
As at 30 June 2010	**226**	**143**	**99**	**468**
Depreciation				
As at 1 July 2009	43	43	13	99
Charge for the year	59	29	43	131
Disposals	-	(50)	(53)	(103)
As at 30 June 2010	**102**	**22**	**3**	**127**
Net book value as at 30 June 2010	**124**	**121**	**96**	**341**
Net book value as at 30 June 2009	115	79	138	332

Group	Computers £'000	Fixtures £'000	Motor Cars £'000	Total £'000
Cost				
As at 1 July 2008	67	92	110	269
Acquisitions of businesses	35	8	75	118
Additions	63	31	-	94
Disposals	(7)	(9)	(34)	(50)
As at 30 June 2009	158	122	151	431
Depreciation				
As at 1 July 2008	15	15	9	39
Charge for the year	35	35	32	102
Disposals	(7)	(7)	(28)	(42)
As at 30 June 2009	43	43	13	99
Net book value as at 30 June 2009	115	79	138	332
Net book value as at 30 June 2008	52	77	101	230

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

15. Property, plant and equipment

Company	Computers £'000	Fixtures £'000	Motor Cars £'000	Total £'000
Cost				
As at 1 July 2009	180	324	148	652
Additions	68	85	24	177
Disposals	(22)	(266)	(73)	(361)
As at 30 June 2010	**226**	**143**	**99**	**468**
Depreciation				
As at 1 July 2009	117	249	57	423
Charge for the year	59	29	43	131
Disposals	(74)	(256)	(97)	(427)
As at 30 June 2010	**102**	**22**	**3**	**127**
Net book value as at 30 June 2010	**124**	**121**	**96**	**341**
Net book value as at 30 June 2009	63	75	91	229

Group	Computers £'000	Fixtures £'000	Motor Cars £'000	Total £'000
Cost				
As at 1 July 2008	11	-	-	11
Acquisitions	163	312	148	623
Additions	13	21	-	34
Disposals	(7)	(9)	-	(16)
As at 30 June 2009	180	324	148	652
Depreciation				
As at 1 July 2008	1	-	-	1
Acquisitions	111	240	52	403
Charge for the year	12	16	5	33
Disposals	(7)	(7)	-	(14)
As at 30 June 2009	117	249	57	423
Net book value as at 30 June 2009	63	75	91	229
Net book value as at 30 June 2008	10	-	-	10

16. Trade and other receivables

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Trade receivables	1,541	1,541	1,538	1,110
Allowance for doubtful debts	(85)	(85)	(86)	-
	1,456	1,456	1,452	1,110
Other receivables	1	1	174	174
Other taxes	-	-	23	23
Prepayments and accrued income	1,142	1,142	1,950	1,810
	2,599	2,599	3,599	3,117

Trade receivables comprise amounts receivable from the provision of services. The Directors consider that the carrying value of trade and other assets approximates to their fair value.

As at 30 June the analysis of trade receivables that were not impaired is as follows:

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Up to 30 days	847	847	578	505
31 - 90 days	450	450	493	381
More than 90 days	159	159	381	224
	1,456	1,456	1,452	1,110

Movement in the allowance for doubtful debts

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Balance at 1 July 2009	86	86	77	-
Amounts written off during the year	(16)	(16)	(46)	-
Increase in allowance recognised in profit & loss	15	15	55	-
Balance at 30 June 2010	85	85	86	-

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

17. Cash and cash equivalents

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Cash at bank	214	214	1,158	801

18. Trade and other payables

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Trade payables	358	358	371	325
Amounts due to Group undertakings	-	197	-	548
Other payables	170	170	224	224
Other taxes and social security	400	400	389	321
Accruals	305	305	259	140
	1,233	1,430	1,243	1,558

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period is 41 days (2009: 60 days). The Directors consider the carrying amounts recognised in the balance sheet to be a reasonable approximation of their value. Included in other payables are amounts the Directors estimate are payable on the deferred element of the consideration payable for businesses that have been acquired.

19. Financial liabilities

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Current				
Obligations under finance leases and hire purchase contracts	20	20	35	34
Non-current				
Obligations under finance leases and hire purchase contracts	19	19	40	37

The present value of finance liabilities is as follows:

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
Amounts payable under finance leases and hire purchase contracts:				
Within one year	23	23	37	36
In the second to fifth years	23	23	43	39
	46	46	80	75
Future finance charges in finance leases and hire purchase contracts	(7)	(7)	(5)	(4)
Present value of finance lease liabilities	39	39	75	71

It is the Group's policy to lease certain of its vehicles under finance leases. The average lease term is 3 years. For the year ended 30 June 2010, the average effective borrowing rate was 7.5%. Interest rates are fixed at the contract date.
All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.
All lease obligations are denominated in sterling. The fair value of the Group's lease obligations are secured by the lessors' rights over the leased assets.

20. Borrowings

	30 Jun 10 £'000	30 Jun 09 £'000
Loan notes as at 1 July 2009	949	1,551
Loan notes repaid	(600)	(602)
Loan notes as at 30 June 2010	349	949

	Total £'000	Total £'000
Less than one year	349	600
Between one and two years	-	349
	349	949

The loan notes were issued on 14 December 2007 following the acquisition by the Group of the three subsidiaries for cash. The vendors loaned the cash element received back to the Group. Loan notes bear interest at National Westminster Bank base rate plus 2.5%.

21. Non-current liabilities

	Group/Company 30 Jun 10 £'000	Group/Company 30 Jun 09 £'000
Trade and other payables	-	127

Last year non-current liabilities represented amounts the directors estimated were payable on the deferred element of the consideration payable for businesses acquired during the year ended 30 June 2009.

22. Retirement benefit obligations

Pension costs represent amounts payable into the Baqus Denley King Construction Consultants, Baqus Sworn King and Baqus Nigel Rose group personal pension plans. During the year, £93,978 was recognised as a pensions expense.

23. Deferred Tax

	Group 30 Jun 10 £'000		Company 30 Jun 10 £'000		Group 30 Jun 09 £'000		Company 30 Jun 09 £'000	
	Accelerated tax depreciation	Tax losses	Accelerated tax depreciation	Tax losses	Accelerated tax depreciation	Tax losses	Accelerated tax depreciation	Tax losses
Balance as at 1 July 2009	4	-	(13)	-	3	-	-	-
Charged/(credited) to Income Statement	27	(249)	44	(249)	2	-	(13)	-
Balance as at 30 June 2010	31	(249)	31	(249)	5	-	(13)	-

At the balance sheet date, the Group has unutilised tax losses available for offset against future profits. A deferred tax asset has been recognised in respect of these losses. Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 28% (2009: 28%). The Board has looked at forecasts for the next two years which give them confidence that these tax losses are likely to be utilised over that period.

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

24 Provision for other liabilities and charges

	30 Jun 10 £'000	30 Jun 09 £'000
Obligations under onerous lease		
As at 1 July 2009	-	-
Charged to the income statement	42	-
As at 30 June 2010	42	-

This provision represents the cost of the remainder of a lease of offices to 24 March 2012 at Kidlington, which the Group no longer occupies and have been unable to sub-let.

25. Share Capital

	30 Jun 10 £'000	30 Jun 09 £'000
Authorised:		
250,000,000 ordinary shares of 5p each	12,500	12,500
Issued and fully paid		
113,250,000 ordinary shares of 5p each	5,663	5,663

During the year ended 30 June 2009 750,000 shares in Baqus Group amounting to £37,500 were issued upon the acquisition of Sworn King & Partners on 1 August 2008.

The company has one class of ordinary shares that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

26. Share premium account

	30 Jun 10 £'000	30 Jun 09 £'000
As at 1 July 2009	4,690	4,693
Premium on issue of shares	-	8
Expenses of 2007 issue	-	(11)
As at 30 June 2010	4,690	4,690

27. Retained earnings

	Group 30 Jun 10 £'000	Company 30 Jun 10 £'000	Group 30 Jun 09 £'000	Company 30 Jun 09 £'000
As at 1 July 2009	635	272	297	-
(Loss)/profit for the year after tax	(816)	(650)	519	453
Dividends	(73)	(73)	(181)	(181)
As at 30 June 2010	(254)	(451)	635	272

28. Share based payments

Type of arrangement	Date granted	Option price	Number granted
EMI Share Options	21/04/2008	8.38p	6,930,363
Share Save Scheme:			
Three Year Scheme	18/06/2008	5.8p	1,315,986
Five Year Scheme	18/06/2008	5.8p	2,749,908
Share Save Options forfeited during the year			(401,075)
			10,595,182

	2010		2009	
	Number of options 000'S	Weighted average exercisable price	Number of options 000'S	Weighted average exercisable price
Outstanding as at 1 July 2009	10,996	-	10,996	-
Forfeited	401	-	-	-
Outstanding as at 30 June 2010	10,595	-	10,996	-

The EMI options are exercisable by a cash payment between the second and the fifth anniversary of grant at the exercise price of 8.38pence per share.

Employees who applied under the Sharesave scheme save by way of monthly contributions from the employee's post-tax salary and can then exercise the options to purchase shares out of the savings at 5.8pence after three or five years.

29. Notes to the cashflow statement
for the year ended 30 June 2010

	Group Year ended 30 Jun 10 £'000	Company Year ended 30 Jun 10 £'000	Group Year ended 30 Jun 09 £'000	Company Year ended 30 Jun 09 £'000
(Loss)/profit for the period	(816)	(650)	519	454
Adjust for:				
Income tax (refund)/expense	(302)	(302)	220	25
Investment revenue	(1)	(1)	(51)	(29)
Dividends receivable from Group undertakings	-	(1,002)	-	(1,765)
Write down in value of investment in Group undertakings	-	840	-	1,638
Finance costs	27	27	67	67
Depreciation of property, plant and equipment	131	131	102	26
Operating cash flows before movements in working capital	(961)	(957)	857	416
Decrease/(increase) in receivables	1,000	518	(216)	(737)
(Decrease)/increase in payables	(96)	(263)	(219)	1,113
Cash (absorbed)/generated by operations	(57)	(702)	422	792
Income taxes paid	-	-	(523)	-
Interest paid	(27)	(27)	(67)	(67)
Net cash (absorbed)/generated from operating activities	(84)	(729)	(168)	725

Notes to the Consolidated Financial Statements continued

for the year ended 30 June 2010

30 Capital Commitments

	30 Jun 10 £'000	30 Jun 09 £'000
Contracted but not provided for	-	4

31. Operating lease arrangements – minimum lease payments

The Group as lessee

Annual Group and Company obligations under operating leases are as follows:

	30 Jun 10 £'000	30 Jun 09 £'000
Minimum lease payments under operating leases recognised as an expense in the year		
Leased movable assets	96	50
Rent	307	284
	403	334

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Within one year	338	95
Between one and five years	610	466
More than five years	51	556
	999	1,117

Operating lease payments primarily represent rentals payable by the Group for its office properties.

32. Post balance sheet events

There were no material post balance sheet events.

33. Financial instruments

Financial risk management objectives and control.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, finance leases and hire purchase contracts, cash and cash equivalents and equity distributable to equity holders of the parent, comprising issued capital, reserves and retained earning as disclosed on the balance sheet.

The Group is not subject to externally imposed capital requirements.

There are no material differences between book value and fair value of financial instruments as at 30 June 2009 and June 2010.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Interest rate risk – the Group partly finances its operations by loan notes at contracted rates of interest. As noted in note 20 on borrowings, all loan notes are linked to National Westminster Bank plc base rates. The Group does not seek to fix interest rates on those borrowings as the Board currently considers the exposure to interest risk acceptable.

Credit risk – The Group has no significant concentration of credit risk in terms of large amounts due from individual clients. The Group monitors trade receivables and applies vigorous credit control as part of its efforts to maximize cash generation.

Liquidity risk – in addition to positive cash balances of £214,000 the Group has an unutilised overdraft facility of £300,000 and the directors consider that the Group's banking facilities are adequate going forward.

The tables below summarise the maturity profile of the Group's financial liabilities at 30 June 2010 based on contractual payments:

As at 30 June 2010	**Group £'000 Within one year**	**Group £'000 Between one and five years**	**Group £'000 Total**	**Company £'000 Within one year**	**Company £'000 Between one and five years**	**Company £'000 Totals**
Hire purchase	20	19	39	20	19	39
Trade and other payables	528	-	528	725	-	725
Total	**548**	**19**	**567**	**745**	**19**	**764**

As at 30 June 2009	Group £'000 Within one year	Group £'000 Between one and five years	Group £'000 Total	Company £'000 Within one year	Company £'000 Between one and five years	Company £'000 Totals
Hire purchase	35	40	75	34	37	71
Trade and other payables	595	-	595	1,097	-	1,097
Total	630	40	670	1,131	37	1,168

34. Related party transactions

34.1 S Marsden and R McNeill, Directors of Fletcher McNeill and Partners Ltd, leased the premises of 46 Manchester Road and 23 Roscoe Street to Baqus Group plc. The cost to the Company in the financial year to 30 June 2010 was £40,000.

34.2 On 14 December 2007 C Sayer, R McNeill and G Williams, Directors of the Company, acquired loan notes from the Company, for cash consideration of £420,997, £345,665 and £5,965 respectively. These loan notes bear interest at National Westminster Bank base rates plus 2.5% and are due to be repaid by 14 December 2010. During the year £166,715, £131,268 and £1,342 of the loan notes were repaid to C Sayer, R McNeill and G Williams respectively. At 30 June 2010 amounts due to C Sayer, R McNeill and G Williams were £84,725, £65,972 and £3,281 respectively. Since 30 June 2010 the Directors have agreed to postpone payment of the loan notes until 14 December 2011.

34.3 On 14 December 2007 P Hurford, S Marsden and J West, who are key managers of the Group, also acquired loan notes in the Company for cash consideration of £336,798, £345,664 and £5,965, on the same terms as the Directors above. During the year £133,372, £131,268 and £1,342 of the loan notes were repaid to P Hurford, S Marsden and J West respectively.

35. Control

In the opinion of the directors, there is no single controlling party of the Group.

Notice of Annual General Meeting

21st December 2010

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Baqus Group plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser, transferee, stockbroker, bank or any other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Baqus Group plc

(Incorporated and registered in England and Wales with Company Number 6013357)
Registered Office: 2-3 North Mews, London WC1N 2JP

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of Baqus Group plc (the "**Company**") will be held at the offices of Seymour Pierce at 20 Old Bailey, London, EC4M 7EN on 21 December 2010 at 12.00 noon.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution.

In order to be passed, ordinary resolutions require more than 50% of votes to be cast in their favour. Special resolutions require at least 75% of votes to be cast in their favour in order to be passed.

The resolutions are set out below along with explanatory notes in italics.

The Directors unanimously recommend all members vote in favour of all the resolutions, as the Directors intend to do in respect of their own shares. The Directors consider that the passing of the resolutions will be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole.

Resolutions
Ordinary Resolutions

1. To receive the Company's annual accounts for the financial year ended 30 June 2010 together with the directors' report, the directors' remuneration report and the auditors' report on the accounts and the auditable part of the directors' report and the directors' remuneration report.

   Explanatory note: The directors are required by law to present to the shareholders of the Company at a general meeting the report of the directors and auditors, and the annual accounts of the Company. The report of the directors and the annual accounts have been approved by the directors, and the report of the auditors has been approved by the auditors, and a copy of each of these documents may be found in the Annual Report of the Company. The Company also seeks shareholder approval of the directors' remuneration report, as set out in full in the Annual Report.

2. To re-appoint the following director who retires by rotation: Graham Williams

   Explanatory note: The Company's articles of association require that directors shall retire by rotation at the Annual General Meeting held in the third calendar year following the year they were elected or re-elected. As this is the third Annual General Meeting of the Company, Graham Williams retires by rotation and a resolution is being proposed to reappoint him as a director of the Company.

3. To re-appoint Alexander & Co as the Company's auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

   Explanatory note: The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the auditors on behalf of the Board, which now proposes their reappointment as auditors of the Company.

4. To authorise the directors to agree the remuneration of the auditors.

   Explanatory note: The resolution authorises the directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board. The Audit Committee has reviewed the effectiveness, independence and objectivity of the auditors on behalf of the Board, which now proposes their reappointment as auditors of the Company.

5. That the Company may continue to send or supply documents or information to members by making them available on a website or by other electronic communication or means.

   Explanatory note: This will permit the Company to take advantage of provisions relating to website and other electronic means of communication. Before doing so, the Company will ask each member to agree that the Company may send or supply documents or information by such means and the Company must either receive a positive response or no response within 28 days from the request. The Company will notify the member (either in writing or by other permitted means) when a relevant document or information is placed on the website. A member may also request a hard copy version of the document or information.

6. That the directors be generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution) in accordance with section 551 of the Companies Act 2006 (the "2006 Act") up to an aggregate nominal amount of £10,200,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 December 2010 or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted 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 resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

   Explanatory note: The directors are seeking to renew the authority under section 551 of the 2006 Act to allot Relevant Securities. The authority is limited to a maximum nominal amount of £10,200,000 which is approximately 180% of the current issued ordinary share capital of the Company. The authority will expire on 31 December 2010 or, if earlier, the date of the next Annual General Meeting of the Company. This resolution will allow the directors of the Company flexibility to act in the best interests and promote the success of the Company and its shareholders by allotting new shares in appropriate circumstances.

   [The directors have no present intention to exercise this authority.]

   Relevant Securities means:

- shares in the Company other than shares allotted pursuant to:
  - an employee share scheme (as defined by section 1166 of the 2006 Act);
  - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
  - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; and
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Notice of Annual General Meeting continued

Special Resolution

7. That, subject to the passing of the previous resolution 8, the directors be and they are empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the 2006 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 by way of rights issue 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, record dates, or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

   (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £2,750,000.

   and shall unless renewed, varied or revoked by the Company, expire on 31 December 2010 or, if earlier, the date of the next Annual General Meeting of the Company, save that the Company may, before such expiry make offers or agreements 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.

   This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

   Explanatory note: The directors of the Company are seeking to renew the authority under section 570 of the Act to allot equity securities pursuant and, subject to the passing of resolution 8, as if statutory pre-emption rights did not apply to such an allotment. The authority is limited to an aggregate nominal amount of £2,750,000, representing approximately 48.6% of the current issued ordinary share capital of the Company. The authority shall expire on 31 December 2010, or, if earlier, the date of the next Annual General Meeting of the Company. The Company does not currently hold any shares as treasury shares.

   [The directors have no present intention to exercise this authority.]

By order of the Board

Patrick James Lineen
Company Secretary
Baqus Group plc
2-3 North Mews, London WC1N 2JP
5 November 2010

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
   - 19 December 2010 at 6.00pm,
   - if this Meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting,

   shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy in writing to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the form of proxy. Alternatively you should contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the enclosed proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
   - received by Capita Registrars Limited no later than 19 December 2019 at 12.00 noon.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting 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 made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the 19 December 2010 at 6.00pm. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the 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.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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.

Notes to the Notice of Annual General Meeting continued

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

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars Limited on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open Mon-Fri 8.30am to 5.00pm).

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Registrars no later than 19 December at 12.00 noon.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Voting

11. Voting on all resolutions will be conducted in accordance with the Company's Articles of Association, namely by way of a show of hands rather than on a poll unless a poll is demanded as follows:

    At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll is demanded (subject to the Companies Act 2006):

    - by the chairman of the meeting
    - by not less than two members having the right to vote on the resolution;
    - by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or
    - by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

    Unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

    The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand or join in demanding a poll and, for the purposes of the preceding text, a demand by a person as proxy for a member shall be the same as a demand by the member.

    If a poll is duly demanded, it shall be taken in such manner as the chairman of the meeting may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

Documents on display

12. The following documents will be available for inspection at 2-3 North Mews, London WC1N 2JP from 26 November 2010 until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting and during the Meeting:

- Copies of the service contracts of executive directors of the Company.
- Copies of the letters of appointment of the non-executive directors of the Company.

Communication

13. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

- Telephone Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open Mon-Fri 8.30am to 5.00pm)
- Email Capita Registrars at ssd@capitaregistrars.com
- Write to Capita Registrars at the Registry, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0GA.

You may not use any electronic address provided either:

- in this notice of Annual General Meeting; or
- any related documents (including the chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Form of Proxy

BAQUS GROUP plc (Company Number: 6013357) (the "Company")

Annual General Meeting on 21 December 2010 at 12.00 noon at the offices of Seymour Pierce, 20 Old Bailey, London, EC4M 7EN

Before completing this form, please read the explanatory notes below

I/We……………………………………………………of……………………………………………….............. being a member of the Company appoint the Chairman of the meeting or (see note 3)

....in respect of ………………………..……Ordinary Shares

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 21 December 2010 at 12.00 noon and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

☐ Please mark with an 'X' if this proxy is one of multiple appointments (see note 4)

RESOLUTIONS	For	Against	Vote withheld
ORDINARY RESOLUTIONS 1 To receive the Company's annual accounts for the financial year 30 June 2010.			
2 To reappoint the following Director who retires by rotation: Graham Williams.			
3 To re-appoint Alexander & Co as the Company's auditors.			
4 To authorise the Directors to agree the remuneration of the auditors.			
5 That the Company may send or supply documents or information to members by making them available on a website or by other electronic communication or means.			
6 That the Directors be authorised to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £10,200,000.			
7 That, subject to the passing of the previous resolution 8, the Directors be empowered to allot equity securities wholly for cash, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £2,750,000.			

Signature . . . . Date . . . .

Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple being given. All Proxy Forms must be signed and, to be effective, must be lodged with Capita Registrars Limited so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
   • completed and signed;
   • sent or delivered to Capita Registrars PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
   • received by Capita Registrars no later than 19 December 2010 at 12.00 noon.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Capita Registrars Limited (ID RA10) by 19 December 2010 at 6.00pm. See the notes to the notice of meeting for further information on proxy appointment through CREST.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
13. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
14. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

Second fold

Business Reply
Licence Number
RSBH-UXKS-LRBC

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PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

First fold

Third fold
and tuck in flap opposite

Designed by: Wilson Design Associates www.wilsondesign.uk.com

Quantity Surveying/Cost Management
Project Management
Building Surveying
CDM Health & Safety Co-ordination
Access Consultancy
Project Monitoring
Dispute Resolution

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