

Reception

**BAQUS GROUP plc**  
**Annual Report and Accounts**  
for the year ended 30 June 2009

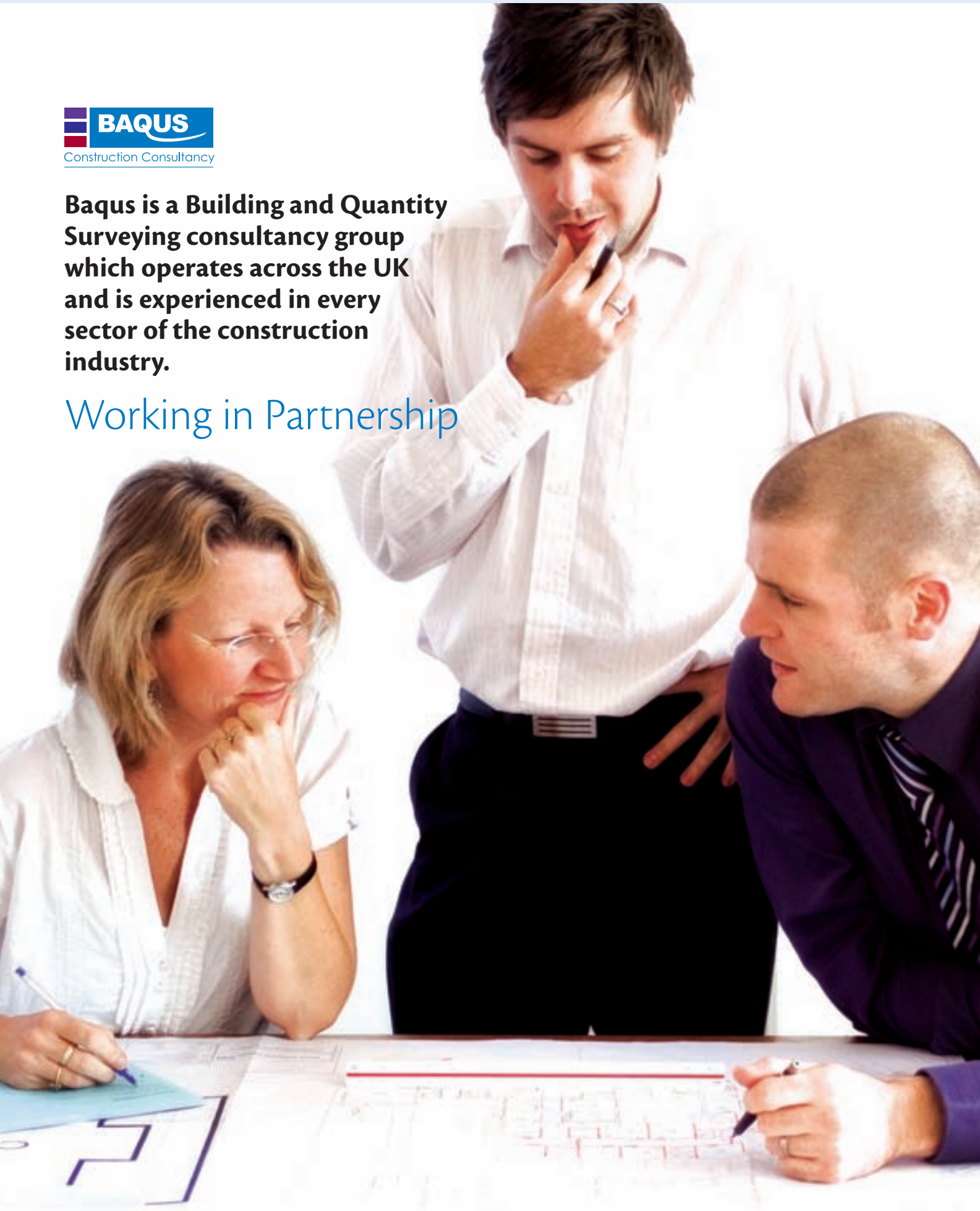
PERSONAL COMMITMENT GUARANTEED

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



## 2009 Overview



### Our Strategy

- Focus on the medium term — while preparing for the upturn
- Increased investment in the training and retention of skilled staff
- Right people in the right places
- Grow through acquisitions and organic growth
- Increase geographical footprint through acquisition

### Financial

- Profit before tax of £739,000
- Cash balances of £1.158 million at 30 June 2009
- Turnover up 2% to £7,853,000
- Prepared for a challenging period
- Recommending a dividend
- Implemented improved credit control procedures
- Pressure on margins

### Operational

- Introduction of time recording and management system
- Maximise long-term client frameworks
- Investing in staff training for environmental, sustainability and Health & Safety
- Moved to modern efficient new offices in London and Bournemouth
- Acquired Nigel Rose Group on 30 June 2009

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**Pictured:**

**Above:** Chester city centre, new build and fit-out Premier Inn; Student accommodation, Worcester College, Oxford.

**Left:** Baqus team members, St Albans office.

**Front Cover:** Mixed use regeneration, Barking Town Square, LB Barking & Dagenham.

**Back Cover:** Affordable housing, Corfe Castle, Dorset; Refurbishment, Basingstoke Sports Centre; New store fit-out, Westfield Shopping Centre, White City.

## Group Overview

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

### Group Operations



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.



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.



Incorporating  
Brian Hannaby

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, The Tussauds Group, Travelodge, Spirit Group and Punch Pub Company.



Acquired by Baqus in August 2008, 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.



Acquired by Baqus on 30 June 2009, the 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 & 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 and costings
- Access reviews of designs for new schemes

#### Dispute Resolution

- Expert Witness and Expert Adviser — technical, cost and contracts
- Adjudicators, arbitrators and mediators
- Preparation and negotiation of claims

#### Technical Advisors

- Advisory services to funders
- Client advisors on PFI/PPP
- Lottery applications

#### Services to Building Contractors

- Specialist cost planning
- Tendering assistance
- Whole life costings
- Site health and safety audits

## 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 campus developments
- New generation further education colleges
- Secondary and primary education including BSF and Academies
- 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
- Private and public sector extra care homes

### Heritage/Conservation

- Scheduled ancient monuments, Grade I, Grade II\* and Grade II listed buildings
- Ecclesiastical buildings
- 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
- Private developments
- Top of the market individual residences

### Transport

- Development and delivery of rail assets and service
- Underground and light rail
- 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

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

## 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 many years. We have an enviable record of working within the commercial, education, healthcare, heritage, sports & leisure and residential sectors.



## 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.



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.



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.



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.



09 ✓

## The Future

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



10 ✓

## Listed 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.



Our Business

Our Performance

Our Governance

Our Financials

## Chief Executive Officer's Statement

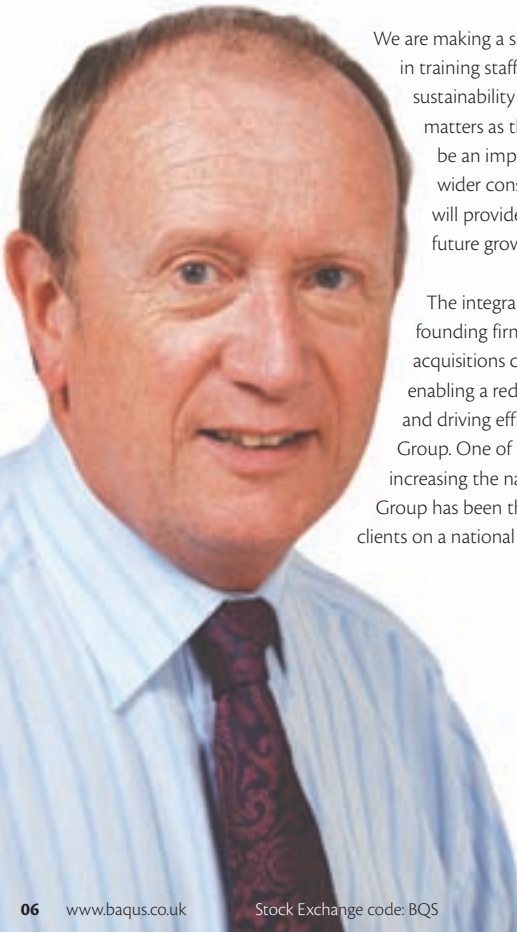
“In the current financial year, we believe that the construction industry will continue with a subdued level of activity and we have therefore budgeted for another challenging period. However, our cash position is strong, the acquisitions have been successfully integrated and we have excellent people throughout the Group, which gives me confidence in the long-term future of Baqus.”

I am pleased to introduce my Review for the Annual Report for the year ended 30 June 2009. As can be seen in the Financial Director's Report, profits and earnings per share are close to market expectations and the Group has a healthy balance sheet with cash of £1.158 million.

In last year's Annual Report, I set out the opportunities and challenges that we faced in a rapidly changing market.

We knew that we were already into a recessionary situation and 'credit crunch' and that the years ahead were likely to be difficult. As a Group, we prepared for the challenges and faced up to them. Whilst sometimes short-term actions have to be taken, it is essential to keep a focus on the medium-term so as to have the business trim, fit and ready to accelerate forward as the business environment improves.

As a result, the Group concentrated on trimming unnecessary costs and improving efficiencies whilst keeping the team motivated and continuing to invest in training for up and coming staff. We have managed to avoid the wholesale redundancies imposed by some of our rivals which have led to demotivated staff, unhappy clients and heavy redundancy costs at those firms.



We are making a significant investment in training staff for environmental, sustainability and health and safety matters as these areas continue to be an important focus for the wider construction industry and will provide opportunities for future growth.

The integration of the three founding firms and recent acquisitions continues apace, enabling a reduction in overall costs and driving efficiency across the Group. One of the major benefits of increasing the national reach of the Group has been the ability to service clients on a national scale.

**Clive Sayer**  
Chief Executive Officer

The acquisition of Nigel Rose Group on 30 June 2009 brings another set of opportunities for rationalisation savings as well as opportunities to work in sectors in which we have not previously been represented.

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

### Results

The profit before taxation was £739,000 (2008: Pro forma £1,062,000) for the year to 30 June 2009 on turnover of £7.853 million (2008: Proforma £7.7 million). Earnings per share were 0.46p (2008: Pro forma earnings per share were 0.56p).

The cash balances at 30 June 2009 were strong at £1.158 million following paying £600,000 on 14 December 2008 for partial redemption of the outstanding loan notes. Some cash has been used for the acquisition of Nigel Rose LLP and Nigel Rose Management Limited but this has been largely offset by cash generated from trading activities.

### Dividend

An interim dividend of 0.05p was paid on 27 April 2009 and the Board is now recommending that a final dividend of 0.06468p is paid on 18 December 2009 to those on the share register on 6 November 2009.

### Board

Roger Knowles stood down from the Board of the Group on 31 August 2009 for personal reasons having served as Chairman since the Group was admitted to trading on AIM in December 2007. It was his vision that laid the foundations for Baqus to become one of the first publicly quoted quantity surveying companies in the UK and we are delighted that he has agreed to continue to act as a consultant to the Group.

The Board now operates under the firm guidance of Norman Cave, the senior Non-Executive Director, and I would like to thank him for his contribution over the past year.

### Staff

Baqus has an excellent team of people who have continued to work enthusiastically despite the lack of pay reviews and an atmosphere of depression in the construction industry generally. I would like to pay tribute to them and send my thanks for a job well done.

### Future Outlook

I am pleased to report that, despite the economic climate, we are continuing to win new work in the public sector, albeit often at reduced margins. We acknowledge that the largest projects are facing cutbacks and delays — a situation which may get worse after the General Election. However, we have secured appointments on long-term framework contracts, which have already led to a series of new acute and



**Pictured:**

Cosham Interchange, Portsmouth. Multi-storey mixed tenure building, which includes the provision of 84 new dwellings including associated communal areas and external works, along with the construction of ground floor retail units.

## Chief Executive Officer's Statement continued

### Service: Quantity Surveying

#### ▼ Finsbury Park, London

This scheme involved the upgrading of multi-modal interchange facilities at Finsbury Park. The phased programme included a new cycle park facility, upgrading of the bus terminal at Wells Terrace and major enhancements to the Station Place interchange including a new landmark gallery structure, an enlarged National Rail and underground entrance to the station with improved ticketing, passenger security and waiting facilities, better passenger access to buses, and the refurbishment of bus operation and staff facilities.

Baqus were appointed as Contract Administrator for the main works let under a JCT Standard Form of Building Contract following a two-stage method of procurement.

As Quantity Surveyor we provided a full range of pre and post-contract services including initial feasibility studies, cost planning, tender procurement and two-stage contract negotiations, strict cost management during the construction stage and early settlement of final accounts to achieve tight budgetary constraints.



mental health commissions. We have expanded our team working on NHS Procure 21, succeeded in winning term contracts for hard facilities management consultancy services on Private Finance Initiative (PFI) projects and received a number of commissions as a result of our specialist expertise acting as Technical Advisor to funders on PFI projects.

There has been a reduced level of activity from many private sector clients over the past year but we are actively maintaining our strong relationships for when activity picks up. Nevertheless, we benefit from having a diverse client base and workload across both private and public sectors and we continue to work hard with existing clients to remain the consultant of choice whilst also endeavouring to win new clients.

#### **Some ongoing schemes include:**

A number of appointments in the affordable housing sector, including a £14 million high profile gateway project at the Mayflower Theatre, Southampton, working collaboratively with the Theatre Trust, Local Authority and Atlantic Housing Group to provide a major upgrade of the Theatre and 115 apartments.

A series of ongoing projects for a number of Local Authorities to expand and refurbish primary schools. The increase in birth rate is set to drive demand in this sector and we expect further commissions to follow.

All London theatres are now charging a 'restoration levy' on each seat sold and we have been appointed to work on the first major refurbishment under this initiative at the Palace Theatre, Shaftesbury Avenue, commissioned by the Really Useful Theatre Company.

Building on our reputation for involvement in sustainability issues, we have been appointed to work on the new build Portsmouth Continental Ferry building, due to be operational by Spring 2011. This project will incorporate advanced sustainable features and ground breaking environmental technology.

We continue to work on a number of hotel projects across the country for leading operators and specialist developers such as Travelodge and Whitbread (Premier Inn), an example of which is the £7.5 million 141 room new build Travelodge Hotel for Patten Properties on the historic world heritage site, The Strand, Liverpool.

We are already working on a number of HM Government projects on Grade I buildings of national importance. Members of the same team have been commissioned for the refurbishment of The Royal Academy, London.

In the current financial year, we believe that the construction industry will continue with a subdued level of activity and we have therefore budgeted for another challenging period. However, our cash position is strong, the acquisitions have been successfully integrated and we have excellent people throughout the Group, which gives me confidence in the long-term future of Baqus.

#### **Clive Sayer**

Chief Executive Officer  
18 November 2009

## Financial Director's Report



**Pictured:**

**Left:** Communication, Command and Control Centre, Metropolitan Police Service. **Right:** Building Schools for the Future programme, Harrow.



The profit before taxation for the year ended 30 June 2009 was £739,000 (2008: Pro forma £1,062,000) which is broadly in line with market expectations on turnover that increased by 2% from £7,702,000 to £7,853,000. Earnings per share fell 21% to 0.46p (2008: Pro forma earnings per share of 0.56p).

Our operating profit margin of 9.61% (2008: 12.33%) dropped from the previous period reflecting the increased competitive pressures that we faced in the very difficult market conditions that persisted throughout the year under review.

The benefits to the Group from the acquisition of Sworn King on 1 August 2008 for a maximum consideration of £377,000 have been offset by the impact of the recession in reducing fee income. Cost of sales rose by 9% from £5,116,000 to £5,588,000, mainly as a result of the acquisition of Sworn King staff. In contrast, overheads have only risen by 1.75%



**Patrick Lineen**  
Financial Director

from a pro forma figure of £1,485,000 in 2008, to £1,510,000, which reflects the Sworn King acquisition less cost savings achieved.

As a result of the review of goodwill arising from the acquisitions, we have concluded that the goodwill is unimpaired. The integration of our businesses, including the new acquisitions, is ongoing with cost savings of *circa* £100,000 per annum being achieved through this process.

We are continuing to look at ways of reducing our working capital and improving cash generation. Following the first repayment of £600,000 plus interest (at base rate plus 2.5%) of loan notes owed to former shareholders of subsidiaries on 14 December 2008, cash balances at the year end were £1,158,000. Further repayments of £600,000 plus interest are due on 14 December 2009 and £351,000 plus interest on 14 December 2010. We have also used, in aggregate, £340,000 of our cash balances in acquiring Sworn King and Nigel Rose during the year.

The Group is well advanced with the introduction of a time recording and management system, which is due to be completed in the current financial year. This will give senior management better visibility of staff productivity, job profitability and work-in-progress and enable us to manage the business more effectively.

The Group is continuing to evaluate potential acquisitions. Our approach in the current climate is to offer competitive prices with, normally, a significant element of deferred, performance-related consideration.

Although trading in the markets in which we operate remains highly competitive, we are fortunate in having a strong balance sheet, which should sustain us through this difficult period.

**Patrick Lineen**  
Financial Director  
18 November 2009

## QUESTIONS&ANSWERS

### Q What are your future strategic plans?

*Answer from Clive Sayer:*

To expand both organically and through acquisition to cover geographic gaps in our office network, to increase the size of small offices and to move into sectors where we are not currently represented at present.

### Q How does the Group propose to finance future acquisitions?

*Answer from Patrick Lineen:*

Given our strong 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 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. However, the chill wind of the recession has encouraged firms to consider their long-term futures and to consider joining a larger group such as Baqus Group.

### Q Have you cut investment in staff?

*Answer from Clive Sayer:*

No. We 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 maintained our expenditure on business development/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 Clive Sayer:*

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.

### 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.



**Pictured:**

Mixed use city centre redevelopment, new retail and office space, Maidenhead.

## Corporate Social Responsibility

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

### 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 for BSc, MSc, RICS, APS, NEBOSH and other qualifications as well as younger school leavers studying National Certificates courses where full-time education was not appropriate. 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 social and team building events (sometimes including partners) and have a number of competitive and enthusiastic 5-a-side football and cricket teams, as well as go-karting days, bowling, etc.

### 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 we therefore have 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 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. During the last year the firm has been appointed by Raven Housing Trust to act 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 are currently commissioned by the Cabinet Office to undertake feasibility studies and review design options for the complete refurbishment of a complex of Grade I listed Government buildings in and around



#### Pictured:

Inter region cricket tournament held at Ibstone cricket ground, June 2009.

Whitehall. The project is required to demonstrate excellence in all areas and adherence to Government initiatives on sustainability.

We are currently reviewing our environmental management system and in the process of ISO 14001 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 on development schemes we are involved with that we maintain good relationships with the local community and regularly achieve this by adopting initiatives such as local employment schemes, attending resident liaison groups, etc. 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, MCIQB, 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 what was then 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, during the 1980s whilst playing a very active role in looking after a range of clients. In 2000 he instigated the merger of Alex Sayer with Boxall Davenport to create Boxall Sayer and in 2005 the acquisition of Ash Preston, a central London-based Quantity Surveyor. 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.



### Robert M cNeill

FRICS, MCI Arb, 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 sector. He has overseen the opening of regional offices and supervised the implementation of the diverse range of services that Fletcher McNeill now provides.

## Senior Management

### Paul Hurford

FRICS, ACI Arb, MAPM (CPM)  
Operations Director

Paul qualified as a Chartered Surveyor in 1976, principally focused on major public sector developments. In 1981 he joined Arthur Boxall & Partners (later Boxall Sayer) as a senior surveyor, responsible for public and private sector projects including education and health. He became a managing Director in 2000 with additional responsibility for PFI projects in healthcare and education.

In 1993 Paul became the first Chartered Surveyor to be awarded the status of Certificated Project Manager by the Association for Project Managers and has recently served a four-year term as the sole Quantity Surveyor representative on the RICS Presidential Commission for Sustainability. Paul was Managing Director of Boxall Sayer at the time of creation of Baqus.

### Sydney 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.

During his time with Denley King Jim spent a number of years in Dubai, Jordan and Saudi Arabia, being responsible for Denley King's overseas projects.

Invited to become a Partner/Director of Denley King in 1995, Jim has been responsible for the south coast office in Poole and for the past 15 years has specialised in the provision of Employers Agent or Client.

Representation in the project management of design and build contracts, mainly in the affordable housing sector. He has also provided services as a partnering adviser.



**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 specialized 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 will focus on new business and opportunities.



**Norman Cave**

BSc, CEng, MIET  
Non-Executive Director

Norman qualified as a Chartered Engineer with Cutler Hammer (latterly Eaton Yale Corporation) in 1976. He joined the Dowty Group plc in 1980 working in various sales and marketing positions before becoming a Director and general manager of Dowty Circuits Limited in 1984. In 1989 Norman moved to The Morgan Crucible Company plc ("Morgan Crucible") and was appointed managing Director of a number of electronic businesses before becoming Chief Executive of Emblem Technology PLC in 1994, a wholly owned subsidiary of Morgan Crucible. Since leaving Morgan Crucible in 2000 Norman has set up his own consultancy and, in 2003, was appointed chairman of The Farplants Group Limited.

**Advisers**

**Secretary**

**Patrick James Lineen**

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**Registrar**

**Capita Registrars**

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**John King**

FRICS  
Operations Director

John has more than 35 years' experience as a Chartered Quantity Surveyor in private practice and has worked on a wide range of projects in both private and public sectors. He joined Nigel Rose and Partners (now Baqus Nigel Rose) in 1976 and became an Equity Partner in 1992. Soon after he became the Managing Director of Nigel Rose Management Ltd., (now Baqus Nigel Rose) and continues to undertake the role of Project Manager on major schemes for clients in the private sector.

He is a strong advocate of structured management processes, which has led to his appointment on diverse schemes including Cost Leader of the Civil Asset Knowledge Support Team as part of London Underground's Public Private Partnership tender.

He is a past Branch Chairman of the RICS Quantity Surveying Division.

**Peter Wakefield**

Financial Controller (Group Operations)  
Assistant Company Secretary

Peter trained with Malpas Simmons, a firm of 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.

**Yvonne Wood**

Director of Business Development  
(Group Operations)

Yvonne joined Boxall Sayer in 2000 as a dedicated business development manager, joining the Board in 2007. She works alongside the plc Board to formulate and implement an agreed business development strategy of organic and acquisition growth, whilst managing a small team responsible for new opportunity and tender submissions, literature, branding, PR and marketing. She has particular expertise in public sector procurement, including frameworks, PFI and other funding initiatives and is looking to gain further successes across the Baqus Group.

## 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 2009.

### Principal activities

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

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 12 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 achieved profits before taxation of £739,000 in the year to 30 June 2009 (2008: £516,000). The Group achieved basic earnings per share of 0.46p (2008: 0.58p).

The Group maintains a strategy of increasing profitability and shareholder value by a combination of targeted acquisitions and organic growth within its existing subsidiaries.

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

### Dividends

The Directors have proposed payment of a dividend at 0.06p per ordinary share which, together with the dividend of 0.05p per ordinary share already paid, makes a total of 0.11p per ordinary share for the financial year. The dividend will be paid on 18 December 2009 to those shareholders on the register at close of business on 6 November 2009.

### Acquisitions during the year

All the acquisitions made by the Group during 2009 will be fully integrated into the Group's operations.

Further information in respect of the Group's acquisitions is included in the note 28 to these financial statements.

### Post balance sheet events

There have been no material post balance sheet events.

### Substantial shareholdings

On 5 November 2009 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<br>ordinary shares | Percentage<br>held |
|---|------------------------------|--------------------|
| S Marsden   | 16,279,313                   | 14.47%             |
| P M Hurford   | 9,847,278                    | 8.70%              |
| J West  | 6,523,177                    | 5.76%              |
| T R M Denley  | 8,900,581                    | 7.86%              |
| P C Hurford   | 3,637,836                    | 3.23%              |
| 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 served throughout the year:

|                 |  |
|-----------------|--|
| Clive Sayer     | Chief Executive  |
| Rob McNeill     | Executive Director   |
| Graham Williams | Executive Director   |
| Patrick Lineen  | Finance Director   |
| Norman Cave     | Non-Executive Director   |
| Roger Knowles   | Chairman and Non-Executive Director (resigned on 31 August 2009) |

The interests of the Directors and their families in the shares of the Company are disclosed in the Remuneration committee report.

Under the provisions of the Group's Articles of Association, Mr Clive Sayer and Mr Rob McNeill retire by rotation and, being eligible, offer themselves 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 23. 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 of 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 26.

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 KPIs 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 healthy cash balances.

#### Foreign Currency Risk

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

#### 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.

## Directors' Report continued

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 60 days purchases (2008: 38 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  
18 November 2009

## 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 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

Chief Executive Officer  
18 November 2009

#### Patrick Lineen

Financial Director  
18 November 2009

## 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 and the 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 independent Non-Executive Director.

The Committee meets periodically. The Non-Executive Director, Chief Executive and Finance Director and the external Auditors are invited to attend meetings. There is an opportunity at Committee meetings for private discussion to take place between the Non-Executive Director and the external Auditors.

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 Non-Executive Director. 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.

#### Operations Board

The Operations Board is chaired by the Chief Executive, and comprises the Executive Directors and Directors of subsidiaries. The Operations Board mainly focuses on operational matters.

#### 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 Annual General Meeting and the Independent Non-Executive Director is available to meet with major shareholders when reasonably requested. Throughout the year the Chief Executive and relevant Executive Directors hold regular meetings with investors, analysts and brokers. The Non-Executive Director is informed of the views of shareholders by the Executive Directors and via the analysts' reports that are circulated to the Board.

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 Non-Executive Director. 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 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 14 December 2007. 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 5.8 pence after three or five years.

### Directors' contracts

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

### Non-Executive Director

The Non-Executive Director is paid an annual fee set by the Board. The Non-Executive Director has a rolling contract determinable on either side at any time by giving three month's notice. The Financial Director has a rolling contract with a 12-month notice provision.

### Directors' remuneration

|                 | Salary<br>and fees<br>2009<br>£'000 | Other<br>benefits<br>2009<br>£'000 | Total<br>2009<br>£'000 |
|-----------------|-------------------------------------|------------------------------------|------------------------|
| Roger Knowles   | 25                                  | —                                  | 25                     |
| Clive Sayer     | 75                                  | 10                                 | 85                     |
| Rob McNeill     | 75                                  | 10                                 | 85                     |
| Graham Williams | 75                                  | 10                                 | 85                     |
| Patrick Lineen  | 33                                  | —                                  | 33                     |
| Norman Cave     | 20                                  | —                                  | 20                     |
|                 | 303                                 | 30                                 | 333                    |

The Group makes no contribution to Directors' pension schemes and does not provide a company car, except for Mr Graham Williams.

### Sharesave scheme

|             | Date of grant | Exercise price | Exercise period | No. of options as at 30/06/09 |
|-------------|---------------|----------------|-----------------|-------------------------------|
| Clive Sayer | 30/06/08      | 5.8p           | 3–10 years      | 162,068                       |
| Rob McNeill | 30/06/08      | 5.8p           | 3–10 years      | 162,068                       |
|             |               |                |                 | 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 an ordinary share of 5p in the Company at 30 June 2009 was 3.75p (30/06/2008: 5.75p) and the highest and lowest market prices during the year were 6p and 3p.

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

### Norman Cave

Chairman of the Remuneration Committee  
18 November 2009

## 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 2009, which comprise the consolidated income statement, 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 sections 495 and 496 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 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 2009 and the Group's profit 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 Group financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the Companies Act 2006 we are required 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;
- the Parent Company's financial statements are not in agreement with the accounting records and returns;
- 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  
18 November 2009

## Consolidated Income Statement for the year ended 30 June 2009

|  | Note | Year to<br>30 June<br>2009<br>£'000 | Year to<br>30 June<br>2008<br>£'000 |
|--|------|-------------------------------------|-------------------------------------|
| Continuing operations  |      |                                     |                                     |
| <b>Revenue</b>   | 4    | <b>7,853</b>                        | 4,363                               |
| Cost of sales  |      | <b>(5,588)</b>                      | (3,195)                             |
| <b>Gross profit</b>  |      | <b>2,265</b>                        | 1,168                               |
| Administrative expenses  |      | <b>(1,510)</b>                      | (630)                               |
| <b>Operating profit</b>  |      | <b>755</b>                          | 538                                 |
| Investment revenue   | 8    | <b>51</b>                           | 48                                  |
| Finance costs  | 8    | <b>(67)</b>                         | (70)                                |
| <b>Profit before taxation</b>  |      | <b>739</b>                          | 516                                 |
| Taxation   | 9    | <b>(220)</b>                        | (160)                               |
| <b>Profit for the year from continuing operations attributable to equity holders of the Parent Company</b> |      | <b>519</b>                          | 356                                 |
| Earnings per share from continuing operations  |      |                                     |                                     |
| Basic earnings per share (pence)   | 11   | <b>0.46p</b>                        | 0.58p                               |
| Diluted earnings per share (pence)   | 11   | <b>0.42p</b>                        | 0.57p                               |

The notes on pages 30 to 48 form part of the financial statements.

## Consolidated Balance Sheet as at 30 June 2009

|  | Note | As at<br>30 June<br>2009<br>£'000 | As at<br>30 June<br>2008<br>£'000 |
|--|------|-----------------------------------|-----------------------------------|
| <b>Non-current assets</b>                    |      |                                   |                                   |
| Intangible assets                            | 13   | 8,516                             | 8,276                             |
| Property, plant and equipment                | 14   | 332                               | 230                               |
|  |      | <b>8,848</b>                      | 8,506                             |
| <b>Current assets</b>                        |      |                                   |                                   |
| Trade and other receivables                  | 15   | 3,599                             | 2,888                             |
| Cash and cash equivalents                    | 16   | 1,158                             | 2,477                             |
|  |      | <b>4,757</b>                      | 5,365                             |
| <b>Current liabilities</b>                   |      |                                   |                                   |
| Trade and other payables                     | 17   | (1,243)                           | (1,179)                           |
| Current tax liabilities                      |      | (218)                             | (523)                             |
| Financial liabilities                        | 18   | (35)                              | —                                 |
| Borrowings                                   | 19   | (600)                             | (600)                             |
|  |      | <b>(2,096)</b>                    | (2,302)                           |
| <b>Net current assets</b>                    |      | <b>2,661</b>                      | 3,063                             |
| <b>Total assets less current liabilities</b> |      | <b>11,509</b>                     | 11,569                            |
| <b>Non-current liabilities</b>               |      |                                   |                                   |
| Borrowings                                   | 19   | (349)                             | (951)                             |
| Trade and other payables                     | 20   | (127)                             | —                                 |
| Financial liabilities                        | 18   | (40)                              | —                                 |
| Deferred tax                                 | 22   | (5)                               | (3)                               |
| <b>Net assets</b>                            |      | <b>10,988</b>                     | 10,615                            |
| <b>Equity</b>                                |      |                                   |                                   |
| Share capital                                | 23   | 5,663                             | 5,625                             |
| Share premium account                        | 24   | 4,690                             | 4,693                             |
| Retained earnings                            | 25   | 635                               | 297                               |
| <b>Total equity</b>                          |      | <b>10,988</b>                     | 10,615                            |

The financial statements were approved by the Board of Directors and authorised for issue on 18 November 2009. They were signed on its behalf by:

**Clive Sayer**  
Chief Executive Officer

**Patrick Lineen**  
Financial Director

The notes on pages 30 to 48 form part of the financial statements.

Company number: 06013357

## Company Balance Sheet as at 30 June 2009

|                                | Note | As at<br>30 June<br>2009<br>£'000 | As at<br>30 June<br>2008<br>£'000 |
|--------------------------------|------|-----------------------------------|-----------------------------------|
| <b>Non-current assets</b>      |      |                                   |                                   |
| Investments                    | 12   | 3,947                             | 10,715                            |
| Intangible assets              | 13   | 5,410                             | —                                 |
| Property, plant and equipment  | 14   | 229                               | 10                                |
| Deferred tax                   | 22   | 13                                | —                                 |
|                                |      | <b>9,599</b>                      | 10,725                            |
| <b>Current assets</b>          |      |                                   |                                   |
| Trade and other receivables    | 15   | 3,117                             | 283                               |
| Cash and cash equivalents      | 16   | 801                               | 977                               |
|                                |      | <b>3,918</b>                      | 1,260                             |
| <b>Current liabilities</b>     |      |                                   |                                   |
| Trade and other payables       | 17   | (1,558)                           | (116)                             |
| Current tax liabilities        |      | (187)                             | —                                 |
| Financial liabilities          | 18   | (34)                              | —                                 |
| Borrowings                     | 19   | (600)                             | (600)                             |
|                                |      | <b>(2,379)</b>                    | (716)                             |
|                                |      | <b>1,539</b>                      | 544                               |
| <b>Net current assets</b>      |      |                                   |                                   |
|                                |      | <b>11,138</b>                     | 11,269                            |
| <b>Non-current liabilities</b> |      |                                   |                                   |
| Borrowings                     | 19   | (349)                             | (951)                             |
| Trade and other payables       | 20   | (127)                             | —                                 |
| Financial liabilities          | 18   | (37)                              | —                                 |
|                                |      | <b>10,625</b>                     | 10,318                            |
| <b>Net assets</b>              |      |                                   |                                   |
| <b>Equity</b>                  |      |                                   |                                   |
| Share capital                  | 23   | 5,663                             | 5,625                             |
| Share premium account          | 24   | 4,690                             | 4,693                             |
| Retained earnings              | 25   | 272                               | —                                 |
|                                |      | <b>10,625</b>                     | 10,318                            |
| <b>Total equity</b>            |      |                                   |                                   |

The financial statements were approved by the Board of Directors and authorised for issue on 18 November 2009. They were signed on its behalf by:

**Clive Sayer**  
Chief Executive Officer

**Patrick Lineen**  
Financial Director

The notes on pages 30 to 48 form part of the financial statements.

Company number: 06013357

## Consolidated Cash Flow Statement for the year ended 30 June 2009

|   | Note | Year to<br>30 June<br>2009<br>£'000 | Year to<br>30 June<br>2008<br>£'000 |
|---|------|-------------------------------------|-------------------------------------|
| <b>Net cash (outflow)/inflow from operating activities</b>  | 27   | <b>(168)</b>                        | 563                                 |
| <b>Investing activities</b>                                 |      |                                     |                                     |
| Interest received   |      | 51                                  | 48                                  |
| Proceeds of disposal of property, plant and equipment       |      | 8                                   | 7                                   |
| Purchase of property, plant and equipment                   |      | (94)                                | (31)                                |
| Purchase of intangible assets                               |      | (9)                                 | —                                   |
| Acquisition of businesses                                   | 28   | (373)                               | (756)                               |
| <b>Net cash used in investing activities</b>                |      | <b>(417)</b>                        | (732)                               |
| <b>Financing activities</b>                                 |      |                                     |                                     |
| Finance lease obligations                                   |      | 15                                  | —                                   |
| Dividends paid  |      | (181)                               | (59)                                |
| (Repayments)/issue of loan notes                            |      | (602)                               | 1,551                               |
| Proceeds of issues of shares                                |      | 45                                  | 1,750                               |
| Less issue costs  |      | (11)                                | (596)                               |
| <b>Net (used in)/from financing activities</b>              |      | <b>(734)</b>                        | 2,646                               |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <b>(1,319)</b>                      | 2,477                               |
| <b>Cash and cash equivalents at beginning of year</b>       |      | <b>2,477</b>                        | —                                   |
| <b>Cash and cash equivalents at end of year</b>             | 16   | <b>1,158</b>                        | 2,477                               |

## Company Cash Flow Statement for the year ended 30 June 2009

|   | Note | Year to<br>30 June<br>2009<br>£'000 | Year to<br>30 June<br>2008<br>£'000 |
|---|------|-------------------------------------|-------------------------------------|
| <b>Net cash inflow/(outflow) from operating activities</b>  | 27   | <b>725</b>                          | (349)                               |
| <b>Investing activities</b>                                 |      |                                     |                                     |
| Interest received   |      | 29                                  | 29                                  |
| Proceeds of disposal of property, plant and equipment       |      | 7                                   | —                                   |
| Purchase of intangible fixed assets                         |      | (9)                                 | —                                   |
| Purchase of property, plant and equipment                   |      | (134)                               | (10)                                |
| Acquisition of businesses                                   | 28   | (373)                               | (1,551)                             |
| <b>Net cash used in investing activities</b>                |      | <b>(480)</b>                        | (1,532)                             |
| <b>Financing activities</b>                                 |      |                                     |                                     |
| Finance lease obligations                                   |      | 10                                  | —                                   |
| Dividends received  |      | 318                                 | 212                                 |
| Dividends paid  |      | (181)                               | (59)                                |
| (Repayments)/issue of loan notes                            |      | (602)                               | 1,551                               |
| Proceeds of issues of shares                                |      | 45                                  | 1,750                               |
| Less issue costs  |      | (11)                                | (596)                               |
| <b>Net cash (used by)/from financing activities</b>         |      | <b>(421)</b>                        | 2,858                               |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <b>(176)</b>                        | 977                                 |
| <b>Cash and cash equivalents at beginning of year</b>       |      | <b>977</b>                          | —                                   |
| <b>Cash and cash equivalents at end of year</b>             | 16   | <b>801</b>                          | 977                                 |

## Consolidated Statement of Changes in Equity

|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|--|---------------------------|---------------------------|-------------------------------|----------------|
| <b>for the year ended 30 June 2009</b>                                   |                           |                           |                               |                |
| 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            |
| <b>At 30 June 2009</b>   | <b>5,663</b>              | <b>4,690</b>              | <b>635</b>                    | <b>10,988</b>  |
| <br>   |                           |                           |                               |                |
|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
| for the year ended 30 June 2008  |                           |                           |                               |                |
| As at 1 July 2007  | —                         | —                         | —                             | —              |
| Issued for cash  | 875                       | 875                       | —                             | 1,750          |
| To fund acquisitions   | 4,582                     | 4,582                     | —                             | 9,164          |
| To promoters   | 168                       | 168                       | —                             | 336            |
| Issue costs  | —                         | (932)                     | —                             | (932)          |
| Equity dividends paid  | —                         | —                         | (59)                          | (59)           |
| Profit for the year attributable to equity holders of the Parent Company | —                         | —                         | 356                           | 356            |
| At 30 June 2008  | 5,625                     | 4,693                     | 297                           | 10,615         |

The notes on pages 30 to 48 form part of the financial statements.

## Company Statement of Changes in Equity

|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|--|---------------------------|---------------------------|-------------------------------|----------------|
| <b>for the year ended 30 June 2009</b>                                   |                           |                           |                               |                |
| 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)          |
| Profit for the year attributable to equity holders of the Parent Company | —                         | —                         | 453                           | 453            |
| <b>At 30 June 2009</b>   | <b>5,663</b>              | <b>4,690</b>              | <b>272</b>                    | <b>10,625</b>  |
| <br>   |                           |                           |                               |                |
|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
| <b>for the year ended 30 June 2008</b>                                   |                           |                           |                               |                |
| As at 1 July 2007  | —                         | —                         | —                             | —              |
| Issued for cash  | 875                       | 875                       | —                             | 1,750          |
| To fund acquisitions   | 4,582                     | 4,582                     | —                             | 9,164          |
| To promoters   | 168                       | 168                       | —                             | 336            |
| Issue costs  | —                         | (932)                     | —                             | (932)          |
| Equity dividends paid  | —                         | —                         | (59)                          | (59)           |
| Profit for the year attributable to equity holders of the Parent Company | —                         | —                         | 59                            | 59             |
| At 30 June 2008  | 5,625                     | 4,693                     | —                             | 10,318         |

The notes on pages 30 to 48 form part of the financial statements.

## Notes to the Consolidated Financial Statements for the year ended 30 June 2009

### 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.

#### 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 2009 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.

#### 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 policies 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 IFRS 3 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.

#### 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.

#### 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.

#### 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.

## 2. Accounting Policies continued

### 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 asset, 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     |

### 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.

### Leasing

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.

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 2. Accounting Policies continued

#### 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 current tax assets and liabilities on a net basis.

#### 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 income statement 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:

IFRS 3 'Business Combinations' – revised standard, issued in January 2008, effective for periods beginning on or after 1 July 2009;

IFRS 8 'Operating segments' – issued in November 2006, effective for periods beginning on or after 1 January 2009;

IAS 23 'Borrowing costs' – revised version in March 2007, effective for periods beginning on or after 1 January 2009;

### 3. Adoption of new and revised standards continued

IAS 1 'Presentation of financial statements' — revised version issued in September 2007, effective for period beginning on or after 1 January 2009;  
IAS 27 'Consolidated and separate financial statements' — issued in January 2008, effective for period beginning on or after 1 July 2009;  
IFRS 2 'Share-based payment' — amendment issued in January 2008, effective for period beginning on or after 1 January 2009;  
IFRS 7 'Financial Instruments: Disclosures' — amendment, issued in March 2009, is effective for periods commencing on or after 1 January 2009;  
IFRIC 15 'Agreements on the construction of real estate' — effective for periods beginning on or after 1 January 2009;  
IFRIC 16 'Hedges of a Net investment in a foreign operation' — effective for period beginning on or after 1 October 2008;  
IFRIC 17 'Distribution of non-cash assets to owners' — effective for period beginning on or after 1 July 2009;  
IFRIC 18 'Transfers of assets from customers' — effective for periods on or after 1 July 2009;  
IAS 39 and IFRIC 9 'Embedded derivatives' — amendments, effective for period ending on or after 30 June 2009;  
IAS 32 and IAS 1 'Puttable financial instruments' — amendments, effective for periods commencing on or after 1 January 2009;  
IFRS 1 and IAS 27 'Cost of an investment in a subsidiary, jointly controlled entity or associate' — amendments, effective for periods commencing on or after 1 January 2009;  
IAS 39 'Eligible hedged items' — amendments, effective for periods on or after 1 July 2009;  
IFRS 2 'Group cash — settled share based payment transactions' — amendments, effective for periods commencing on or after 1 January 2010;  
IAS 32 'Classification of rights issues' — amendment, effective on or after 1 February 2010.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

### 4. Revenue

Analysis of the Group's revenue is as follows:

|                                    | 2009<br>£'000 | 2008<br>£'000 |
|------------------------------------|---------------|---------------|
| Continuing operations              |               |               |
| Provision of professional services | 7,853         | 4,363         |
| Investment income                  | 51            | 48            |
|                                    | <b>7,904</b>  | 4,411         |

Segmental analysis

The Directors do not consider that it would be appropriate to provide primary or segmental information as they take the view that the Group provides one service of Quantity Surveying to the UK market with no secondary business segments.

### 5. Profit for the year

Profit for the year has been arrived at after charging:

|  | 2009<br>£'000 | 2008<br>£'000 |
|--|---------------|---------------|
| Depreciation of property, plant and equipment: |               |               |
| — Owned assets                                 | 90            | 43            |
| — Under finance assets                         | 12            | 3             |
| Operating lease rentals:                       |               |               |
| — Plant and machinery                          | 50            | 40            |
| — Property                                     | 284           | 143           |

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 6. Directors and employees

Staff costs during the period were as follows:

|                       | <b>2009</b><br><b>£'000</b> | 2008<br>£'000 |
|-----------------------|-----------------------------|---------------|
| Wages and salaries    | <b>3,824</b>                | 2,088         |
| Social security costs | <b>425</b>                  | 341           |
| Other pension costs   | <b>68</b>                   | 28            |
|                       | <b>4,317</b>                | 2,457         |

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

|             | <b>2009</b><br><b>No.</b> | 2008<br>No. |
|-------------|---------------------------|-------------|
| Fee earning | <b>82</b>                 | 40          |
| Support     | <b>21</b>                 | 9           |
|             | <b>103</b>                | 49          |

Average employee numbers for 2008 are based on a trading period from 14 December 2007 to 30 June 2008.

|                              | <b>2009</b><br><b>£'000</b> | 2008<br>£'000 |
|------------------------------|-----------------------------|---------------|
| Directors' remuneration      |                             |               |
| Short-term employee benefits | <b>333</b>                  | 185           |

The remuneration of the highest paid Director was £85,000 (2008: £50,000).

### 7. Auditors' remuneration

The analysis of Auditors' remuneration is as follows:

|  | <b>2009</b><br><b>£'000</b> | 2008<br>£'000 |
|--|-----------------------------|---------------|
| Fees payable to the Company's Auditors for the audit of the Company's annual accounts                      | <b>20</b>                   | 2             |
| Fees payable to the Company's Auditors for the audit of the Company's subsidiaries pursuant to legislation | <b>10</b>                   | 30            |
| Total audit fee  | <b>30</b>                   | 32            |
| Corporate finance services   | <b>22</b>                   | 108           |
| Tax services   | <b>—</b>                    | 7             |
| Other services   | <b>5</b>                    | 5             |
|  | <b>57</b>                   | 152           |

Included in the corporate finance services for the year ended 30 June 2009 are fees amounting to £22,000 in respect of due diligence reviews which have been capitalised. Corporate finance services in 2008 relate to fees relating to the AIM flotation.

Fees payable to the Auditors for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

## 8. Investment revenue and finance costs

|                             | 2009<br>£'000 | 2008<br>£'000 |
|-----------------------------|---------------|---------------|
| Investment revenue:         |               |               |
| Bank deposits               | 51            | 48            |
| Finance costs:              |               |               |
| Interest on loan notes      | 65            | 65            |
| Interest on finance leases  | 2             | —             |
| Interest on bank borrowings | —             | 5             |
|                             | <b>67</b>     | 70            |

## 9. Taxation

|  | 2009<br>£'000 | 2008<br>£'000 |
|--|---------------|---------------|
| Current tax current year   | 218           | 154           |
| Deferred tax (note 22)   | 2             | 6             |
| Corporation tax is calculated at 28% (2008: 29%) of the estimated assessable profit for the year | 220           | 160           |
| The charge for the year can be reconciled to the profit per the income statement as follows:     |               |               |
| Profit before taxation   | 739           | 516           |
| Profit before taxation multiplied by the standard rate of corporation tax in the UK              | 207           | 150           |
| Timing differences   | (41)          | 6             |
| Expenses not deductible for tax purposes   | 54            | 4             |
|  | <b>220</b>    | 160           |

## 10. Dividends

|  | 2009<br>£'000 | 2008<br>£'000 |
|--|---------------|---------------|
| Amounts recognised as distributions to equity holders in the year        |               |               |
| Final dividend for the year ended 30 June 2008 of 0.11 pence per share   | 125           | —             |
| Interim dividend for the year ended 30 June 2009 of 0.05 pence per share | 56            | 59            |
|  | <b>181</b>    | 59            |

Proposed final dividend for the year ended 30 June 2009 of 0.06468 pence per share (2008: 0.11 pence per share).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is £73,000.

## 11. Earnings per share

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data;

|  | 2009<br>£'000      | 2008<br>£'000 |
|--|--------------------|---------------|
| Earnings   |                    |               |
| Profit for the year attributable to equity holders                                       | 519                | 356           |
| Number of shares   |                    |               |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | 113,186,301        | 61,168,034    |
| Effect of dilutive potential ordinary earnings: share options                            | 10,996,257         | 1,458,787     |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <b>124,182,558</b> | 62,626,821    |

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

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 12. Investments

| Company                               | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------------------|---------------|---------------|
| <b>Investments in Group companies</b> |               |               |
| Cost                                  |               |               |
| As at 1 July 2008                     | 10,715        | —             |
| Additions                             | —             | 10,715        |
| As at 30 June 2009                    | 10,715        | 10,715        |
| Provision                             |               |               |
| As at 1 July 2008                     | —             | —             |
| Change in the year                    | (6,768)       | —             |
| As at 30 June 2009                    | (6,768)       | —             |
| Carrying value                        |               |               |
| As at 30 June 2009                    | 3,947         | 10,715        |

Details of principal operating subsidiary entities are set out below. These undertakings are included in the consolidated Group financial statements 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                    |
| Baqus Limited                                | Dormant                               |

The trade and assets of Boxall Sayer Limited and Denley King Construction Consultants Limited were transferred to the Parent Company during the year. Since the transfers of the trade and assets these subsidiaries have not traded.

### 13. Intangible assets

| Group                               | 2009<br>£'000 | 2008<br>£'000 |
|-------------------------------------|---------------|---------------|
| Goodwill                            |               |               |
| As at 1 July 2008                   | 8,276         | —             |
| Recognised on acquisitions          | 231           | 8,264         |
| Other                               | —             | 12            |
| <b>As at 30 June 2009</b>           | <b>8,507</b>  | 8,276         |
| Other intangibles                   |               |               |
| As at 1 July 2008                   | —             | —             |
| Cost of acquisition of share option | 9             | —             |
| <b>As at 30 June 2009</b>           | <b>9</b>      | —             |
| <b>Total as at 30 June 2009</b>     | <b>8,516</b>  | <b>8,276</b>  |

Goodwill comprises the following amounts:

|                  | 2009<br>£'000 | 2008<br>£'000 |
|------------------|---------------|---------------|
| Boxall Sayer     | 3,263         | 3,263         |
| Fletcher McNeill | 3,107         | 3,107         |
| Denley King      | 1,894         | 1,894         |
| Sworn King       | 208           | —             |
| Nigel Rose       | 23            | —             |
| Other            | 12            | 12            |
|                  | <b>8,507</b>  | 8,276         |

The Group tests 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 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 2009

### 13. Intangible assets continued

| <b>Company</b>                      | <b>2009<br/>£'000</b> | 2008<br>£'000 |
|-------------------------------------|-----------------------|---------------|
| Goodwill                            |                       |               |
| As at 1 July 2008                   | —                     | —             |
| Transferred from subsidiaries       | 5,170                 | —             |
| Recognised on acquisitions          | 231                   | —             |
| Other                               | —                     | —             |
| As at 30 June 2009                  | 5,401                 | —             |
| Other Intangibles                   |                       |               |
| As at 1 July 2008                   | —                     | —             |
| Cost of acquisition of share option | 9                     | —             |
| As at 30 June 2009                  | 9                     | —             |
| Total as at 30 June 2009            | 5,410                 | —             |

Goodwill comprises the following amounts :

| <b>Company</b>                 | <b>2009<br/>£'000</b> | 2008<br>£'000 |
|--------------------------------|-----------------------|---------------|
| Transferred from subsidiaries: |                       |               |
| Boxall Sayer                   | 3,276                 | —             |
| Denley King                    | 1,894                 | —             |
|                                | 5,170                 | —             |
| Recognised on acquisitions     |                       |               |
| Sworn King                     | 208                   | —             |
| Nigel Rose                     | 23                    | —             |
|                                | 231                   | —             |

#### 14. Property, plant and equipment

| Group                                    | Computers<br>£'000 | Fixtures<br>£'000 | Motor cars<br>£'000 | Total<br>£'000 |
|--|--------------------|-------------------|---------------------|----------------|
| <b>Cost</b>                              |                    |                   |                     |                |
| 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)           |
| <b>As at 30 June 2009</b>                | <b>158</b>         | <b>122</b>        | <b>151</b>          | <b>431</b>     |
| <b>Depreciation</b>                      |                    |                   |                     |                |
| As at 1 July 2008                        | 15                 | 15                | 9                   | 39             |
| Charge for the year                      | 35                 | 35                | 32                  | 102            |
| Disposals                                | (7)                | (7)               | (28)                | (42)           |
| <b>As at 30 June 2009</b>                | <b>43</b>          | <b>43</b>         | <b>13</b>           | <b>99</b>      |
| <b>Net book value as at 30 June 2009</b> | <b>115</b>         | <b>79</b>         | <b>138</b>          | <b>332</b>     |
| Net book value as at 30 June 2008        | 52                 | 77                | 101                 | 230            |
| <hr/>                                    |                    |                   |                     |                |
|  | Computers<br>£'000 | Fixtures<br>£'000 | Motor cars<br>£'000 | Total<br>£'000 |
| <b>Cost</b>                              |                    |                   |                     |                |
| As at 1 July 2007                        | —                  | —                 | —                   | —              |
| Acquisitions of businesses               | 38                 | 90                | 118                 | 246            |
| Additions                                | 29                 | 2                 | —                   | 31             |
| Disposals                                | —                  | —                 | (8)                 | (8)            |
| <b>As at 30 June 2008</b>                | <b>67</b>          | <b>92</b>         | <b>110</b>          | <b>269</b>     |
| <b>Depreciation</b>                      |                    |                   |                     |                |
| As at 1 July 2007                        | —                  | —                 | —                   | —              |
| Charge for the year                      | 15                 | 15                | 16                  | 46             |
| Disposals                                | —                  | —                 | (7)                 | (7)            |
| <b>As at 30 June 2008</b>                | <b>15</b>          | <b>15</b>         | <b>9</b>            | <b>39</b>      |
| <b>Net book value as at 30 June 2008</b> | <b>52</b>          | <b>77</b>         | <b>101</b>          | <b>230</b>     |
| Net book value as at 30 June 2007        | —                  | —                 | —                   | —              |

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 14. Property, plant and equipment continued

| Company                                  | Computers<br>£'000 | Fixtures<br>£'000 | Motor cars<br>£'000 | Total<br>£'000 |
|--|--------------------|-------------------|---------------------|----------------|
| <b>Cost</b>                              |                    |                   |                     |                |
| As at 1 July 2008                        | 11                 | —                 | —                   | 11             |
| Acquisitions                             | 163                | 312               | 148                 | 623            |
| Additions                                | 13                 | 21                | —                   | 34             |
| Disposals                                | (7)                | (9)               | —                   | (16)           |
| <b>As at 30 June 2009</b>                | <b>180</b>         | <b>324</b>        | <b>148</b>          | <b>652</b>     |
| <b>Depreciation</b>                      |                    |                   |                     |                |
| As at 1 July 2008                        | 1                  | —                 | —                   | 1              |
| Acquisitions                             | 111                | 240               | 52                  | 403            |
| Charge for the year                      | 12                 | 16                | 5                   | 33             |
| Disposals                                | (7)                | (7)               | —                   | (14)           |
| <b>As at 30 June 2009</b>                | <b>117</b>         | <b>249</b>        | <b>57</b>           | <b>423</b>     |
| <b>Net book value as at 30 June 2009</b> | <b>63</b>          | <b>75</b>         | <b>91</b>           | <b>229</b>     |
| Net book value as at 30 June 2008        | 10                 | —                 | —                   | 10             |
| <hr/>                                    |                    |                   |                     |                |
|  | Computers<br>£'000 | Fixtures<br>£'000 | Motor cars<br>£'000 | Total<br>£'000 |
| <b>Cost</b>                              |                    |                   |                     |                |
| As at 1 July 2007                        | —                  | —                 | —                   | —              |
| Additions                                | 11                 | —                 | —                   | 11             |
| <b>As at 30 June 2008</b>                | <b>11</b>          | <b>—</b>          | <b>—</b>            | <b>11</b>      |
| <b>Depreciation</b>                      |                    |                   |                     |                |
| As at 1 July 2007                        | —                  | —                 | —                   | —              |
| Charge for the year                      | 1                  | —                 | —                   | 1              |
| <b>As at 30 June 2008</b>                | <b>1</b>           | <b>—</b>          | <b>—</b>            | <b>1</b>       |
| <b>Net book value as at 30 June 2008</b> | <b>10</b>          | <b>—</b>          | <b>—</b>            | <b>10</b>      |
| Net book value as at 30 June 2007        | —                  | —                 | —                   | —              |

**15. Trade and other receivables**

|                                       | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|---------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Trade receivables                     | 1,538                  | 1,110                    | 1,406                  | —                        |
| Allowance for specific doubtful debts | (86)                   | —                        | (89)                   | —                        |
|                                       | 1,452                  | 1,110                    | 1,317                  | —                        |
| Other receivables (note 31.2)         | 174                    | 174                      | 24                     | 15                       |
| Amounts due from Group undertakings   | —                      | —                        | —                      | 255                      |
| Other taxes                           | 23                     | 23                       | —                      | 13                       |
| Prepayments and accrued income        | 1,950                  | 1,810                    | 1,547                  | —                        |
|                                       | 3,599                  | 3,117                    | 2,888                  | 283                      |

Trade receivables comprise amounts receivable from the provision of services.

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

**16. Cash and cash equivalents**

|                           | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|---------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Cash and cash equivalents | 1,158                  | 801                      | 2,477                  | 977                      |

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

**17. Trade and other payables: current liabilities**

|                                   | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|-----------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| <b>Current</b>                    |                        |                          |                        |                          |
| Trade payables                    | 371                    | 325                      | 268                    | 26                       |
| Amounts due to Group undertakings | —                      | 548                      | —                      | —                        |
| Other payables                    | 224                    | 224                      | 51                     | —                        |
| Other taxes and social security   | 389                    | 321                      | 394                    | —                        |
| Accruals                          | 259                    | 140                      | 466                    | 90                       |
|                                   | 1,243                  | 1,558                    | 1,179                  | 116                      |

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period is 60 days (2008: 38 days).

The Directors consider the carrying amounts recognised in the balance sheet to be a reasonable approximation of their value.

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 18. Financial liabilities

|  | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| <b>Current</b>   |                        |                          |                        |                          |
| Obligations under finance leases and hire purchase contracts | 35                     | 34                       | —                      | —                        |

|  | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| <b>Non-current</b>   |                        |                          |                        |                          |
| Obligations under finance leases and hire purchase contracts | 40                     | 37                       | —                      | —                        |

The present value of finance lease liabilities is as follows:

|  | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| <b>Non-current</b>   |                        |                          |                        |                          |
| Amounts payable under finance leases and hire purchase contracts     |                        |                          |                        |                          |
| Within one year  | 37                     | 36                       | —                      | —                        |
| In the second to fifth year  | 43                     | 39                       | —                      | —                        |
| Future finance charges in finance leases and hire purchase contracts | 80<br>(5)              | 75<br>(4)                | —                      | —                        |
| Present value of finance leases liabilities                          | 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 2009, 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 is approximately equal to their carrying amount.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

## 19. Borrowings

|                                 | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Loan notes as at 1 July 2008    | 1,551                  | 1,551                    | —                      | —                        |
| Loan notes issued during period | —                      | —                        | 1,551                  | 1,551                    |
| Loan notes repaid               | (602)                  | (602)                    | —                      | —                        |
| Loan notes as at 30 June 2009   | 949                    | 949                      | 1,551                  | 1,551                    |
|                                 | <b>Total<br/>£'000</b> | <b>Total<br/>£'000</b>   | Total<br>£'000         | Total<br>£'000           |
| Less than one year              | 600                    | 600                      | 600                    | 600                      |
| Between one and two years       | 349                    | 349                      | 600                    | 600                      |
| Between two and three years     | —                      | —                        | 351                    | 351                      |
|                                 | 949                    | 949                      | 1,551                  | 1,551                    |

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%.

## 20. Non-current liabilities

|                          | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|--------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Trade and other payables | 127                    | 127                      | —                      | —                        |

Non-current liabilities represent amounts the Directors estimate are payable on the deferred element of the consideration payable for businesses acquired during the year.

## 21. Retirement benefit obligations

Pension costs represent amounts payable into the Baqus Denley King Construction Consultants and Baqus Sworn King group personal pension plans.

## 22. Deferred tax

The following are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior year.

|   | 2009<br>Group<br>£'000 | 2009<br>Company<br>£'000 | 2008<br>Group<br>£'000 | 2008<br>Company<br>£'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Balance as at 1 July 2008                           | 3                      | —                        | —                      | —                        |
| On acquisition of subsidiaries                      | —                      | (13)                     | (3)                    | —                        |
| Charge to Income Statement                          | 2                      | —                        | 6                      | —                        |
| Balance as at 30 June 2009                          | 5                      | (13)                     | 3                      | —                        |
| Analysis of deferred tax:                           |                        |                          |                        |                          |
| Timing differences on property, plant and equipment | 5                      | (13)                     | 3                      | —                        |

Deferred tax is calculated in full on temporary timing differences under the liability method using a tax rate of 28% (2008: 29.4%).

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 23. Share Capital

|  | 2009<br>Thousands | 2008<br>Thousands | 2009<br>£'000 | 2008<br>£'000 |
|--|-------------------|-------------------|---------------|---------------|
| <b>Authorised:</b>                       |                   |                   |               |               |
| Ordinary shares of 5p each               | 250,000           | 250,000           | 12,500        | 12,500        |
| <b>Allotted called up and fully paid</b> |                   |                   |               |               |
| As at 1 July 2008                        | 112,500           | —                 | 5,625         | —             |
| Issued                                   | 750               | 112,500           | 38            | 5,625         |
| As at 30 June 2009                       | 113,250           | 112,500           | 5,663         | 5,625         |

750,000 shares in Baqus Group plc amounting to £37,500 were issued upon the acquisition of Sworn King & Partners on 1 August 2008.

### 24. Share premium account

|                              | 2009<br>£'000 | 2008<br>£'000 |
|------------------------------|---------------|---------------|
| Premium on issue of shares   | 4,693         | 5,625         |
| Issue of shares to promoters | —             | (336)         |
| Issue of shares              | 8             | —             |
| Expenses of 2007 issue       | (11)          | (596)         |
| <b>As at 30 June 2009</b>    | <b>4,690</b>  | 4,693         |

### 25. Retained earnings

| Group                     | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------|---------------|---------------|
| As at 1 July 2008         | 297           | —             |
| Net profit for the year   | 519           | 356           |
| Dividends                 | (181)         | (59)          |
| <b>As at 30 June 2009</b> | <b>635</b>    | 297           |

| Company                   | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------|---------------|---------------|
| As at 1 July 2008         | —             | —             |
| Net profit for the year   | 453           | 59            |
| Dividends                 | (181)         | (59)          |
| <b>As at 30 June 2009</b> | <b>272</b>    | —             |



## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 27. Notes to the cash flow statement continued

| Company   | 2009<br>£'000 | 2008<br>£'000 |
|---|---------------|---------------|
| <b>Profit/(loss) for the year</b>                               | <b>454</b>    | (153)         |
| <b>Adjustments</b>  |               |               |
| Finance costs   | 67            | 65            |
| Investment revenue  | (29)          | (29)          |
| Dividends receivable from Group undertakings                    | (1,765)       | —             |
| Income tax expense  | 25            | —             |
| Write down in value of investment in Group undertakings         | 1,638         | —             |
| Depreciation of property, plant and equipment                   | 26            | 1             |
| <b>Operating cash flows before movements in working capital</b> | <b>416</b>    | (116)         |
| Increase in receivables   | (737)         | (284)         |
| Increase in payables  | 1,113         | 116           |
| <b>Cash generated/(absorbed) by operations</b>                  | <b>792</b>    | (284)         |
| Interest paid   | (67)          | (65)          |
| <b>Net cash generated/(used) by operating activities</b>        | <b>725</b>    | (349)         |

### 28. Acquisitions

#### 28.1 Acquisition of Sworn King and Partners

On 1 August 2008, the Group acquired the fixed assets, work in progress, goodwill and some payables of Sworn King Partnership. The fair value of the consideration given for the acquisition was £250,000 including legal fees of £38,000. This was satisfied by the issue of 750,000 shares in Baqus Group plc amounting to £37,500 at a premium of £7,500. Baqus paid £155,000, with a further £50,000 deferred over a period of three years. Additional consideration of up to a maximum of £162,000 is payable subject to Sworn King achieving certain profit targets over a three year period from the acquisition date.

The fair value of the assets was £42,000 resulting in goodwill of £208,000 which has been capitalised as an intangible asset.

|                               | Book value<br>£'000 | Fair value<br>adjustments<br>£'000 | Fair value<br>£'000 |
|-------------------------------|---------------------|------------------------------------|---------------------|
| Net assets acquired           |                     |                                    |                     |
| Property, plant and equipment | 45                  | —                                  | 45                  |
| Trade and other receivables   | 17                  | —                                  | 17                  |
| Trade and other payables      | (20)                | —                                  | (20)                |
| Goodwill                      |                     |                                    | 42<br>208           |
| Total consideration           |                     |                                    | 250                 |
| Satisfied by:                 |                     |                                    |                     |
| Shares issued                 |                     |                                    | 45                  |
| Cash                          |                     |                                    | 155                 |
| Deferred consideration        |                     |                                    | 50                  |
|                               |                     |                                    | 250                 |

## 28. Acquisitions continued

### 28.2 Acquisition of Nigel Rose LLP

On 30 June 2009, the Group acquired the assets and certain liabilities of Nigel Rose LLP and Nigel Rose Management Ltd. The Directors' estimate of the fair value of the consideration given for the acquisition was £324,000 including £23,000 of legal costs. This has been partly satisfied by a cash payment of £173,000 (including acquisition costs) and the balance of £151,000 is to be satisfied by deferred consideration. The Directors estimate £49,000 of deferred consideration will be payable within twelve months of the balance sheet date with the balance payable by 30 September 2010.

The fair value of the assets acquired was £301,000.

|                                  | Book value<br>£'000 | Fair value<br>adjustments<br>£'000 | Fair value<br>£'000 |
|----------------------------------|---------------------|------------------------------------|---------------------|
| Net assets acquired              |                     |                                    |                     |
| Property, plant and equipment    | 73                  | —                                  | 73                  |
| Trade and other receivables      | 478                 | —                                  | 478                 |
| Cash and cash equivalents        | 1                   | —                                  | 1                   |
| Trade and other payables         | (104)               | —                                  | (104)               |
| Obligations under finance leases | (60)                | —                                  | (60)                |
| Current tax liabilities          | (87)                | —                                  | (87)                |
|                                  |                     |                                    | 301                 |
| Goodwill                         |                     |                                    | 23                  |
| Total consideration              |                     |                                    | 324                 |
| Satisfied by:                    |                     |                                    |                     |
| Cash                             |                     |                                    | 173                 |
| Deferred consideration           |                     |                                    | 151                 |
| Total                            |                     |                                    | 324                 |

## 29. Capital commitments

|                                 | 2009<br>£'000 | 2008<br>£'000 |
|---------------------------------|---------------|---------------|
| Contracted but not provided for | 4             | 10            |

## 30. Operating lease arrangements — minimum lease payments

### The Group as lessee

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

|  | 2009<br>£'000 | 2008<br>£'000 |
|--|---------------|---------------|
| Minimum lease payments under operating leases recognised as an expense in the year |               |               |
| Leased movable assets  | 50            | 40            |
| Rent   | 284           | 143           |
|  | 334           | 183           |

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            | 95    | 288 |
|----------------------------|-------|-----|
| Between one and five years | 466   | 494 |
| More than five years       | 556   | 170 |
|                            | 1,117 | 952 |

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

## Notes to the Consolidated Financial Statements continued for the year ended 30 June 2009

### 30. Operating lease arrangements — minimum lease payments continued

#### The Group as lessor

The Group does not have material rental income.

### 31. Related party transactions

- 31.1** S Marsden and R McNeill, Directors of Fletcher McNeill and Partners Ltd, leased the premises of 46 Manchester Road and 23 Roscoe Street to Fletcher McNeill & Partners Ltd. The cost to the Company in the financial year to 30 June 2009 was £37,000.
- 31.2** Included within other receivables (note 15) is a balance due from Denley King Partnership. At the 30 June 2009 the Company was owed £16,327 by the partnership, in which the Director G Williams is a partner. The amount was repaid, interest free on 6 November 2009.
- 31.3** 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% are due to be repaid by 14 December 2010. During the year £100,243, £132,193 and £1,359 of the loan notes were repaid to C Sayer, R McNeill and G Williams respectively.
- 31.4** 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 £252,598, £345,664 and £5,965, on the same terms as the Directors above. During the year £100,243, £132,193 and £1,352 of the loan notes were repaid to P Hurford, S Marsden and J West respectively.

### 32. Post-balance sheet events

There were no material post-balance sheet events.

### 33. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising 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 19, cash and cash equivalents and equity distributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed on page 28.

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 2008 and June 2009.

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

Interest rate risk – the Group partly finances its operations by loan notes at contracted rates of interest. As noted in note 19 on borrowings, all loan notes are linked to National Westminster Bank PLC base rates.

Liquidity risk – in addition to positive cash balances of £1,158,000 the Group has an unutilised overdraft facility and the Directors consider that the Group's banking facilities are adequate going forward. The Borrowings due after more than one year represent loan notes.

### 34. Control

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

### 35. Impact of IFRS implementation on parent Company financial statements

The previous year's financial statements of the Parent Company were prepared under UK GAAP.

Apart from presentational changes to the accounts, the Directors do not consider that the transition to IFRS has affected profit and net assets previously reported under UK GAAP.

The previous period's financial statements have been reviewed and no areas for potential restatement were identified.

Since the adoption of IFRS has no impact on the opening balance or comparative financial statements, no reconciliation statements are considered necessary.

## Notice of Annual General Meeting

### 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 15 December 2009 at 12.00 noon.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 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 2009 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. That a final dividend recommended by the Directors of 0.06468p per ordinary share for the financial year ended 30 June 2009 be declared payable on 18 December 2009 to holders of ordinary shares registered at the close of business on 6 November 2009.

*Explanatory note: This resolution proposes the final dividend in respect of the financial year ended 30 June 2009. A final dividend can only be paid following a Directors’ recommendation after its approval by shareholders.*

3. To reappoint the following Director who retires by rotation: Clive Sayer.

*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 second Annual General Meeting of the Company, Clive Sayer and Robert McNeill (being two out of the five current Directors of the Company) retire by rotation and resolutions are being proposed to reappoint them as Directors of the Company.*

4. To reappoint the following Director who retires by rotation: Robert McNeill.

*Explanatory note: see explanatory note 3 above.*

## Notice of Annual General Meeting continued

5. To reappoint 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.*

6. 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.*

7. 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.

*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.*

8. 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.

### Special Resolution

9. 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  
18 November 2009

## 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:

- 11 December 2009 at 6.00 pm
- if this Meeting is adjourned, at 6.00 pm 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 Limited, Proxy Department, 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 Limited at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars Limited no later than 11 December 2009 at 12 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 11 December 2009 at 12 noon. 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.

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 8:30 am to 5:00 pm).

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 Limited, Proxy Department, 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 Limited no later than 11 December at 11.00 am.

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.

## Notes to the Notice of Annual General Meeting continued

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 20 November 2009 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 8.30 am to 5.00 pm)
- Fax Capita Registrars on 020 8639 2342
- Email Capita Registrars at [ssd@capitaregistrars.com](mailto: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 15 December 2009 at 12 noon at the offices of Seymour Pierce, 20 Old Bailey, London, EC4M 7EN

### Before completing this form, please read the explanatory notes overleaf

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 15 December 2009 at 12 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 2009.  |     |         |               |
| 2 That a final dividend recommended by the Directors of 0.06468p per ordinary share for the financial year ended 30 June 2009 to be declared payable on 18 December 2009 to holders of shares registered at the close of business on 6 November 2009.                |     |         |               |
| 3 To reappoint the following Director who retires by rotation: Clive Sayer.  |     |         |               |
| 4 To reappoint the following Director who retires by rotation: Robert McNeill.   |     |         |               |
| 5 To reappoint Alexander & Co as the Company's Auditors.   |     |         |               |
| 6 To authorise the Directors to agree the remuneration of the Auditors.  |     |         |               |
| 7 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.   |     |         |               |
| 8 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.  |     |         |               |
| 9 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

- 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.
- 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.
- 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.
- 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.
- 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.
- To appoint a proxy using this form, the form must be:
  - completed and signed;
  - sent or delivered to Capita Registrars Limited at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  - received by Capita Registrars Limited no later than 11 December 2009 at 12 noon.
- 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.
- 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.
- 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 11 December 2009 at 12 noon. See the notes to the notice of meeting for further information on proxy appointment through CREST.
- 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).
- 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.
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
- 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.

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BUSINESS REPLY SERVICE  
Licence No. MB 122



**Capita Registrars Limited**  
**Proxies Department**  
**PO Box 25**  
**Beckenham**  
**KENT**  
**BR3 4BR**

First fold

Third fold  
and tuck in flap opposite



# Baqus Group plc

2/3 North Mews  
London WC1N 2JP

Tel: 020 7831 1283  
Fax: 020 7242 9512  
email: [enquiries@baqus.co.uk](mailto:enquiries@baqus.co.uk)

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

