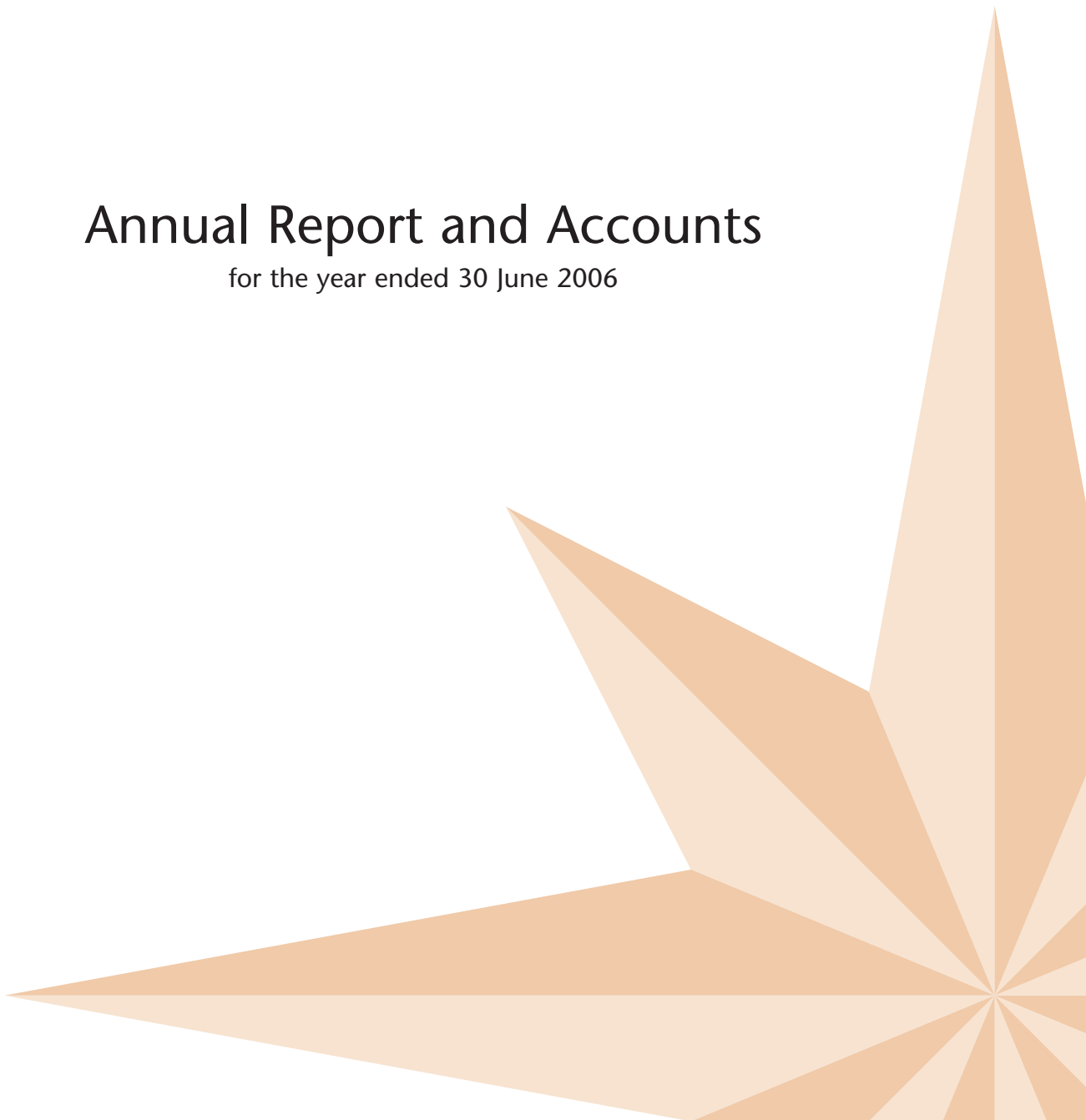


BROOKS MACDONALD 
Group plc

Annual Report and Accounts
for the year ended 30 June 2006



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Directors and advisors

Directors

C J Knight	Non-executive Chairman
C A J Macdonald	Chief Executive
J M Gumpel	Executive Director
S J Jackson	Finance Director
N H Lawes (appointed 22 December 2005)	Executive Director
R H Spencer	Investment Director
S P Wombwell	Non-executive Director

Company Secretary

S J Jackson

Trading Offices

111 Park Street London W1K 7JL
Church Court Waltham Chase Hampshire SO32 2LN

Registered Office

111 Park Street London W1K 7JL

Registered Number

4402058

Auditors

Moore Stephens LLP St. Paul's House Warwick Lane London EC4M 7BP

Solicitors

Macfarlanes 10 Norwich Street London EC4A 1BD

Bankers

The Royal Bank of Scotland London Victoria Branch

Registrars

Capita Registrars The Registry 34 Beckenham Road Kent BR3 4TU

Nominated advisor and broker

Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR

Group overview

Brooks Macdonald Group plc is an integrated private client discretionary asset manager and financial advisory group which was founded in 1991.

There are two trading companies within the group: Brooks Macdonald Asset Management Limited and Brooks Macdonald Financial Consulting Limited. Both companies are authorised and regulated by the Financial Services Authority and offer fee based services to a range of clients.

Brooks Macdonald Asset Management provides a bespoke, personalised fund management service mainly to individuals but also to trusts and charities. Brooks Macdonald Financial Consulting advises individuals, families and businesses of all sizes on a long term-basis on a broad range of services including pensions, taxation, mortgages and employee benefits.

In April 2006 Brooks Macdonald Services Limited, a non-FSA regulated company, was set up in order to provide in-house custody, nominee and dealing services. Existing clients were successfully transferred to Brooks Macdonald Services in August 2006.

Brooks Macdonald Asset Management and Brooks Macdonald Financial Consulting have their own client bank as well as sharing a number of clients. The two companies frequently work in tandem with one another as well as cross referring clients who require specialist areas of expertise. The two trading companies share the central resources of compliance, accounts, personnel, IT and training, all of which are dealt with in-house.

Chairman's Statement

Our first full year as a listed company has been one of considerable progress: turnover was £8.17 million, an increase of 44%; pre-tax profit was £0.82 million compared with £0.62 million in 2005, an increase of 32%; and funds under management rose by 54% from £412 million to £638 million.

The board has decided to recommend a dividend of 1.5p per share, compared with 1.0p for the previous financial year.

Asset Management

Our objectives remain unchanged – to provide a high level of service and superior investment returns. We focus on the provision of bespoke investment management for private clients, charities, trusts and SIPPs. Over 60 per cent of our new business over the last year has been represented by SIPPs, which remain a major source of business for Asset Management, our professional introducers and our own Financial Consulting company.

Our growth strategy continues to concentrate on developing relationships with professional introducers to whose clients we offer fee based bespoke portfolio management. It is a measure of our investment performance, service levels and marketing success that our funds under management have grown by 54% over the last financial year whereas the FTSE100 has risen by 13.7% and the more relevant APCIMS Balanced Index has grown by 10.4% over the same period.

We have launched our Inheritance Tax service; a Property service; and our Managed Portfolio service, a fund of funds for smaller portfolios. Our Portfolio of Absolute Return Strategies ('PARS') has provided stable market neutral returns and continues to be popular with introducers and clients alike. In the coming months, led by client demand, we intend to launch two offshore unit trusts.

Four experienced fund managers have been successfully recruited this year to add to our existing first-class home-grown team. We shall continue to recruit when we can do so with confidence. We shall also continue our graduate trainee programme which will enable the group to build capacity for the future.

Brooks Macdonald Services was established earlier this year to provide our own nominee, custody and dealing services. It was launched in April 2006 and all existing business transferred in August 2006. This has involved considerable infrastructure investment, which as well as improving our reporting (both web and paper) to clients and professional introducers, has given us the ability to expand our back office capability without a commensurate increase in costs.

Financial Consulting

Brooks Macdonald Financial Consulting, our independent financial consulting arm, had a successful year with a significant increase in turnover. The results reflect its growing profile in the legal, accountancy and banking sectors, from which it generates a substantial proportion of its new business, and increased client activity driven by changes in legislation in the fields of pension and inheritance tax planning.

Financial Consulting continues to expand in its five key areas, namely employee benefits, mortgage broking, tax planning, pension provision and financial planning. Over the coming year we will continue to look to build the business around these areas by increased marketing, the continued recruitment of specialist advisors and utilising our increased profile in the professional sector.

Through Financial Consulting we remain committed to the provision of independent fee-based advice in the 'high net worth' marketplace.

We are confident that we can continue to build on what Brooks Macdonald has achieved since listing. Our confidence is based on providing a quality, bespoke financial advisory and investment service to private clients, a service for which there is increasing demand.

Our confidence also reflects the commitment and enthusiasm of our staff, most of whom are stakeholders in the business and to whom we extend our thanks.

Christopher Knight
Chairman

Report of the Directors

The directors present herewith their annual report, together with the audited financial statements for the group for the year ended 30 June 2006.

Principal Activities and Business Review

Brooks Macdonald Group plc is a holding company and does not trade.

The principal activities of its trading subsidiaries during the year were the provision of investment management and financial services. Brooks Macdonald Asset Management and Brooks Macdonald Financial Consulting are both authorised and regulated by the Financial Services Authority. Brooks Macdonald Services is not regulated by the FSA and was formed in April and commenced trading in August 2006.

For a full review of the business please refer to the Chairman's Statement.

Results and Dividends

The profit for the year after taxation was £583,230 (2005: £461,082).

The company paid dividends during the year of £98,110 (2005: £55,569).

The directors recommend a final dividend of 1.5p per ordinary share amounting to £147,165 to be paid after the year end.

It is proposed that the retained profit of £485,120 (2005: £405,513 (restated)) be transferred to reserves.

Directors and their Interests

The directors of the company during the year and their beneficial interests in the share capital of the company at the beginning and end of the year were as follows:

Ordinary shares of 1p	At 30 June 2006	At 30 June 2005
C J Knight	46,585	30,285
C A J Macdonald	1,135,346	1,156,346
J M Gumpel	892,417	921,017
S J Jackson	25,000	25,000
N H Lawes	24,300	24,300
R H Spencer	1,085,096	1,108,096
S P Wombwell	45,442	39,142

Details of share options held by the directors at the beginning and the end of the year are as follows:

Sharesave Scheme	At 30 June 2005	At 30 June 2006	Exercise price	Earliest exercise date	Expiry date
C A J Macdonald	420	2,940	119p	1.06.08	30.11.08
J M Gumpel	420	2,940	119p	1.06.08	30.11.08
S J Jackson	420	2,940	119p	1.06.08	30.11.08
N H Lawes	420	2,940	119p	1.06.08	30.11.08
R H Spencer	420	2,940	119p	1.06.08	30.11.08
S P Wombwell	420	2,940	119p	1.06.08	30.11.08

	At 30 June 2005	At 30 June 2006	Exercise price	Earliest exercise date	Expiry date
Enterprise Management Incentive Scheme					
C A J Macdonald	–	10,000	155p	1.11.08	1.11.15
J M Gumpel	–	10,000	155p	1.11.08	1.11.15
S J Jackson	40,000	40,000	140p	11.03.08	11.03.15
S J Jackson	–	20,000	155p	1.11.08	1.11.15
N H Lawes	14,000	14,000	140p	11.03.08	11.03.15
N H Lawes	–	10,000	155p	1.11.08	1.11.15
R H Spencer	–	10,000	155p	1.11.08	1.11.15

C J Knight held no share options at either the beginning or the end of the year.

The average share price during the year was 178 pence. Details of the share option schemes are provided in note 5(d) to the financial statements.

J M Gumpel and R H Spencer will retire by rotation at the annual general meeting and being eligible will offer themselves for re-election.

Substantial interests in the company's shares as at 6 September 2006 have been advised to the company as follows:

	Number	Percentage holding
C A J Macdonald	1,135,346	11.57%
R H Spencer	1,085,096	11.06%
State Street Nominee Ltd	1,016,018	10.35%
J M Gumpel	892,417	9.09%
M Mullany	762,067	7.77%
M Lawrence	678,381	6.91%
Jamiro Properties Inc.	659,537	6.72%
A Butt	639,437	6.52%
E Eaton	314,078	3.20%

Payment Policy

The company does not apply a specific payment code, however, it is normal practice to ensure that the payment of suppliers' invoices is made within 30 days of the date of receipt. During the period the average trade creditor was settled in 38 days.

Events since the year end

The company has declared a final dividend of 1.5p per share and are anticipating paying this in October 2006.

Auditors

On 3rd October 2005, Moore Stephens, the company's auditors, transferred its entire business to Moore Stephens LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Moore Stephens as extending to Moore Stephens LLP with effect from 3rd October 2005. A resolution to re-appoint Moore Stephens LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

Report of the Directors

continued

Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

By Order of the Board

S J JACKSON
Director
12 September 2006

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent Auditors' Report to the Shareholders of Brooks Macdonald Group plc

We have audited the group and parent company financial statements (the "financial statements") of Brooks Macdonald Group plc for the year ended 30 June 2006 which are set out pages 9 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the company's affairs as at 30 June 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

St. Paul's House
Warwick Lane
London EC4M 7BP

13 September 2006

MOORE STEPHENS LLP

Registered Auditor
Chartered Accountants

Consolidated Profit and Loss Account

for the year ended 30 June 2006

	Note	2006		2005 (restated)	
		£	£	£	£
Turnover	2,3		8,168,713		5,667,469
Administrative costs			(7,767,849)		(5,325,892)
			400,864		341,577
Other operating income	4		155,460		159,730
Operating profit	4,5		556,324		501,307
Income from current asset investments		7,191		83	
Interest receivable	6	257,509		120,337	
			264,700		120,420
Profit on ordinary activities before taxation			821,024		621,727
Tax on profit on ordinary activities	7		(237,794)		(160,645)
Profit on ordinary activities after taxation			583,230		461,082
Dividends paid	8		(98,110)		(55,569)
Retained profit for the year	21		485,120		405,513
Earnings per share					
Basic	24		5.95p		5.16p
Diluted	24		5.60p		5.12p

None of the group's activities was acquired or discontinued during the above two financial years.

The group has no recognised gains or losses other than the profit for the above two financial years.

Consolidated Balance Sheet

as at 30 June 2006

	Note	2006		2005 (restated)	
		£	£	£	£
Fixed assets					
Tangible assets	9		169,468		118,954
Current assets					
Debtors	11	1,960,876		1,143,784	
Investments	12	37		18,022	
Cash at bank and in hand		3,532,442		2,716,227	
		<u>5,493,355</u>		<u>3,878,033</u>	
Creditors, amounts falling due within one year	13	<u>(2,346,329)</u>		<u>(1,261,898)</u>	
Net current assets			<u>3,147,026</u>		<u>2,616,135</u>
Total assets less current liabilities			<u>3,316,494</u>		<u>2,735,089</u>
Creditors, amounts falling due after more than one year	14		(26,563)		(32,813)
Provisions for liabilities	15		<u>(193,300)</u>		<u>(148,030)</u>
Net assets			<u><u>3,096,631</u></u>		<u><u>2,554,246</u></u>
Financed by:					
Capital and reserves					
Called up share capital	17		98,131		98,110
Share premium	18		1,365,910		1,362,666
Merger reserve	19		191,541		191,541
Share option reserve	20		54,000		–
Profit and loss account	21		1,387,049		901,929
Shareholders funds	22		<u><u>3,096,631</u></u>		<u><u>2,554,246</u></u>

Approved by the Board on 12 September 2006

C A J MACDONALD
S J JACKSON

Chief Executive
Finance Director

Balance Sheet*as at 30 June 2006*

	Note	2006		2005 (restated)	
		£	£	£	£
Fixed assets					
Investments	10		4,238,125		4,238,125
Current assets					
Debtors	11	990,912		945,539	
Cash at bank and in hand		367		80,733	
		<u>991,279</u>		<u>1,026,272</u>	
Creditors, amounts falling due within one year	13	<u>(3,944,782)</u>		<u>(3,816,871)</u>	
Net current liabilities			<u>(2,953,503)</u>		<u>(2,790,599)</u>
Net assets			<u>1,284,622</u>		<u>1,447,526</u>
Financed by:					
Capital and reserves					
Called up share capital	17		98,131		98,110
Share premium	18		1,365,910		1,362,666
Share option reserve	20		54,000		–
Profit and loss account	21		(233,419)		(13,250)
Shareholders funds	22		<u>1,284,622</u>		<u>1,447,526</u>

Approved by the Board on 12 September 2006

C A J MACDONALD
S J JACKSONChief Executive
Finance Director

Group Cash Flow Statement

for the year ended 30 June 2006

	Note	£	2006 £	£	2005 £
Net cash inflow from operating activities	16		886,832		561,403
Returns on investments and servicing of finance					
Investment income received		–		83	
Interest received	6	257,509		120,337	
			257,509		120,420
Taxation					
Corporation tax paid			(146,553)		(85,461)
Capital expenditure and financial investment					
Purchase of plant and equipment		(111,905)		(78,671)	
Purchase of investments		–		(6,001)	
Sale of investments		25,177		–	
			(86,728)		(84,672)
Equity dividends paid			(98,110)		(61,358)
Financing					
Increase in share capital		3,265		1,148,751	
			3,265		1,148,751
Net cash inflow in year			<u>816,215</u>		<u>1,599,083</u>
Net funds at beginning of year			2,716,227		1,117,144
Net inflow			816,215		1,599,083
Net funds at end of year	23		<u>3,532,442</u>		<u>2,716,227</u>

Consolidated statement of total recognised gains and losses

for the year ended 30 June 2006

	Note	2006 £	2005 (restated) £
Retained profit for the year		485,120	405,513
Prior year adjustment	1(k)	98,110	55,569
Total recognised gains and losses		<u>583,230</u>	<u>461,082</u>

Notes to the Financial Statements

1. Principal accounting policies

(a) Accounting conventions
The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies of the group are set out below.

(b) Turnover
Turnover represents the amounts earned for services provided net of value added tax and commissions earned from financial services activities.

Financial services commissions are recognised from the point when the policy arranged is placed on risk by the issuer. Fees for other services are recognised when earned.

(c) Depreciation of tangible assets
Provision is made for depreciation on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and fittings	–	15% per annum
Equipment	–	20% per annum

(d) Current asset investments
Current asset investments are valued at the lower of cost or net realisable value.

(e) Deferred taxation
Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date, at rates that are expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

(f) Pension costs
Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the period in which they fall due.

(g) Operating leases
Rents due under operating leases are charged to the profit and loss account as they fall due. The group benefited from a rent-free period under the terms of the current property lease. In accordance with UITF 28 "Operating Lease Incentives", the benefit is being allocated over the shorter of the lease term. During the rent-free period a rental charge has been recognised in the profit and loss account and accrued as a liability in the balance sheet.

(h) Foreign exchange
Monetary assets and liabilities expressed in foreign currencies are translated at the rate ruling at the balance sheet date.

All differences on exchange are dealt with in the profit and loss account.

(i) Share based payments
The group has applied the requirements of FRS 20 Share-based Payment. The group engages in equity settled share-based payment transactions in respect of services received from certain employees. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Company's share price over the life of the option/award and other relevant factors.

(j) Consolidation

On 28 January 2004, the company acquired 100% of the issued ordinary share capital of Brooks Macdonald Financial Consulting Limited by means of a share for share exchange as part of a group reorganisation.

The group has used merger accounting to account for the group reconstruction effected by the acquisition by the company of the interest in Brooks Macdonald Financial Consulting Limited and its subsidiary company. The financial statements are therefore presented as if Brooks Macdonald Financial Consulting Limited and its subsidiary had been owned and controlled by the group throughout the comparable year.

The company has taken exemption under S230 not to publish its own profit and loss account.

(k) Comparatives

Comparatives have been restated in respect of the presentation of dividends in accordance with FRS 21 – Events after the balance sheet date.

2. Segmental Analysis

The group engages in the provision of investment management and financial consulting services and is based in the UK.

Class of business	Turnover	Profit before tax	Net Assets
Investment management and financial consulting services	£8,168,713	£821,024	£3,096,631

3. Turnover

Turnover represents the amounts earned for services provided net of value added tax and commissions earned from financial services activities.

	2006 £	2005 £
Fee income	7,248,187	4,795,271
Financial services commissions	920,526	872,198
	<u>8,168,713</u>	<u>5,667,469</u>

4. Operating profit

	2006 £	2005 £
This is stated after charging/(crediting):		
Rent receivable	(155,460)	(159,730)
Staff costs (see note 5)	4,256,297	2,834,024
Auditors' fees	52,099	24,284
Depreciation	61,392	59,605
Operating leases – other	345,000	330,000
Losses on foreign exchange	828	7,464
Amounts written off investments	–	(57)
	<u>–</u>	<u>(57)</u>

Notes to the Financial Statements

continued

5. Employee information

	2006 £	2005 £
(a) Staff costs		
Wages and salaries	3,706,974	2,457,459
Social security costs	430,194	286,287
Pension costs	119,129	90,278
	<u>4,256,297</u>	<u>2,834,024</u>

Pension costs are in respect of a defined contribution scheme.

(b) The average monthly number of employees during the year including directors was made up as follows:

	Number	Number
Support staff	40	33
Professional staff	24	21
	<u>64</u>	<u>54</u>

	2006 £	2005 £
(c) Directors' emoluments:		
Fees and salaries	826,214	614,742
Non executive directors' fees	35,000	–
Pension contributions – defined contribution scheme	40,800	33,150
Benefits in kind	10,210	9,505
	<u>912,224</u>	<u>657,397</u>
Highest paid director		
Remuneration and benefits in kind	228,407	167,182
Pension contribution to money purchase scheme	12,000	8,775
	<u>240,407</u>	<u>175,957</u>

Retirement benefits are accruing to five directors under a money purchase pension scheme.

(d) Share option schemes

Following admission to AiM the company set up two share option schemes, a Sharesave Scheme 2005 and an Enterprise Management Incentive (EMI) Scheme.

The Sharesave Scheme enables all eligible employees to participate in a scheme whereby they enter into a savings contract for a period of three years. At the end of the three years they receive a bonus payment and the right to subscribe for a number of ordinary shares at the option price up to the maximum value of their savings contract.

The EMI scheme is an incentive scheme used by the company to offer share options to key employees and directors of the group as a part of their remuneration package in addition to their basic pay, performance bonus and other benefits. The share options granted under the EMI scheme are subject to performance conditions being met by the company.

6. Interest receivable

	2006 £	2005 £
Bank interest	194,437	116,455
Other interest	63,072	3,882
	<u>257,509</u>	<u>120,337</u>

7. Taxation

	2006 £	2005 £
The tax charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax @ 30% (2005: 30%)	237,794	162,933
Taxation under provided in previous years	–	(2,288)
	<u>237,794</u>	<u>160,645</u>
Factors affecting charge for year		
Profit on ordinary activities before tax	<u>821,024</u>	<u>621,727</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 30%	246,307	186,518
Disallowable expenses	25,961	24,696
Excess of capital allowances over depreciation and timing differences	(18,103)	(11,501)
Losses (utilised)	–	(25,051)
Adjustments for overprovision in prior year	–	(2,288)
Marginal relief	(16,371)	(11,729)
Actual tax charge	<u>237,794</u>	<u>160,645</u>

8. Dividends

	2006 £	2005 (restated) £
Paid final dividend on ordinary shares	<u>98,110</u>	<u>55,569</u>

Notes to the Financial Statements

continued

9. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Group			
Cost			
At 1 July 2005	84,365	605,264	689,629
Additions	12,577	99,328	111,905
At 30 June 2006	<u>96,942</u>	<u>704,592</u>	<u>801,534</u>
Depreciation			
At 1 July 2005	54,814	515,860	570,674
Charge for the year	9,326	52,066	61,392
At 30 June 2006	<u>64,140</u>	<u>567,926</u>	<u>632,066</u>
Net book value			
At 30 June 2005	<u>29,550</u>	<u>89,404</u>	<u>118,954</u>
At 30 June 2006	<u>32,802</u>	<u>136,666</u>	<u>169,468</u>

10. Investments

	2006 £	2005 £
Subsidiary undertakings	<u>4,238,125</u>	<u>4,238,125</u>

Details of the subsidiary undertakings of the group as at 30 June 2006, all of which are included in the consolidated financial statements, are given below:

Company	Type of Share	Interest	Country of Incorporation	Nature of Business	Aggregate Reserves £	Profit for Year £
Brooks Macdonald Financial Consulting Limited	Ordinary 5p	100%	UK	Financial Consulting	4,505,655	179,805
Brooks Macdonald Asset Management Limited	Ordinary £1	100%	UK	Investment Management	1,543,861	524,866
Brooks Macdonald Services Limited	Ordinary £1	100%	UK	Nominee Service	100	–

11. Debtors

	Group		Company	
	2006	2005	2006	2005
	£	(restated) £	£	(restated) £
Trade debtors	636,826	414,742	–	–
Other debtors	592,100	169,127	990,912	945,539
Prepayments and accrued income	731,950	559,915	–	–
	<u>1,960,876</u>	<u>1,143,784</u>	<u>990,912</u>	<u>945,539</u>

Included within other debtors is £498,480 (2005: £134,910) which relates to payments made to key fee earners in return for an alternative commission structure and deferred payments in respect of the acquisition of new teams of fund managers. £365,438 (2005: £101,190) of this relates to more than one year.

12. Current asset investments

Group	£
Cost	
At 1 July 2005	33,290
Disposals	(17,985)
At 30 June 2006	<u>15,305</u>
Provision	
At 1 July 2005	15,268
Charge for the year	–
At 30 June 2006	<u>15,268</u>
Net book value	
At 30 June 2005	<u>18,022</u>
At 30 June 2006	<u>37</u>

The investments comprise of investments listed on the London Stock Exchange. The market value of the investments is £37.

Notes to the Financial Statements

continued

13. Creditors, amounts falling due within one year

	Group		Company	
	2006	2005 (restated)	2006	2005 (restated)
	£	£	£	£
Trade creditors	397,416	330,100	45,509	7,531
Corporation tax	261,510	170,268	–	–
Other taxes and social security costs	545,379	101,201	–	–
Other creditors	232,575	268,648	8,129	40,199
Accruals and deferred income	909,449	391,681	198,064	5,000
Amounts due to related parties	–	–	3,693,080	3,764,141
	<u>2,346,329</u>	<u>1,261,898</u>	<u>3,944,782</u>	<u>3,816,871</u>

Included within amounts due to related parties is a loan of £3,693,080 (2005: £3,764,141) which is interest free and repayable on demand, due to one of the subsidiary companies.

14. Creditors, amounts falling due after more than one year

	Group	
	2006	2005 (restated)
	£	£
Other creditors	<u>26,563</u>	<u>32,813</u>

15. Provision for liabilities

	Group	
	2006	2005 (restated)
	£	£
Client compensation payments	<u>193,300</u>	<u>148,030</u>
	<u>193,300</u>	<u>148,030</u>

Provisions for client compensation payments relate to the potential liability resulting from specific client complaints against the group.

There is a deferred tax asset of £5,463 (2005: £11,473) arising at the year end. Due to the uncertainty of recoverability of the asset, the deferred tax asset has not been provided for in the financial statements.

16. Reconciliation of operating profit and net cash inflow from operating activities

	2006 £	2005 £
Operating profit	556,324	501,307
Depreciation	61,392	59,605
(Increase) in trade debtors	(817,090)	(193,823)
Release of provision for investments	–	(57)
Increase in creditors	993,186	176,300
Increase in provisions	39,020	18,071
Share based payments	54,000	–
Net inflow	<u>886,832</u>	<u>561,403</u>

17. Share capital

(a) Called up share capital

Group and company

	2006 £	2005 £	Authorised	2006 no.	2005 no.
Ordinary shares of 1p each	<u>200,000</u>	<u>200,000</u>		<u>20,000,000</u>	<u>20,000,000</u>
	<u>200,000</u>	<u>200,000</u>		<u>20,000,000</u>	<u>20,000,000</u>
Allotted, issued and fully paid	2006 £	2005 £		2006 no.	2005 no.
Ordinary shares of 1p each	<u>98,131</u>	<u>98,110</u>		<u>9,813,100</u>	<u>9,811,000</u>
	<u>98,131</u>	<u>98,110</u>		<u>9,813,100</u>	<u>9,811,000</u>

On 10 October 2005, the company issued a further 2,100 ordinary shares of 1p at a value of £155.5p per share.

(b) Share options

The company operates both an employee sharesave scheme open to all employees, and an enterprise management incentive scheme. Under the schemes certain employees hold options to subscribe for shares in the company at prices ranging from 119p to 165p. Options are conditional on the employee completing three years' service and are exercisable three years from grant date. The options have a contractual term of between three and ten years depending on the scheme. The company has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Financial Statements

continued

17. Share capital (*continued*)

(b) Share options (*continued*)

Enterprise management incentive scheme

	2006 £	2005 £
At 1 July	189,000	–
Granted in the year	178,500	189,000
Forfeited in the year	(10,000)	–
Exercised in the year	–	–
At 30 June	<u>357,500</u>	<u>189,000</u>

Employee sharesave scheme

	2006 £	2005 £
At 1 July	192,827	–
Granted in the year	51,843	192,827
Forfeited in the year	(5,731)	–
Exercised in the year	–	–
At 30 June	<u>238,939</u>	<u>192,827</u>

The options granted under the employee share save scheme and enterprise management incentive scheme were valued on the basis of market prices at the time the options were granted and were calculated using the Black Scholes method with a 22% volatility, covering the period to exercise cessation date. The expected volatility was estimated on the basis of the share price history subsequent to flotation. The risk free interest rate was assessed as the yield on gilt edged security with a maturity term of 10 years. The options were valued at prices up to £1.53 per share, the charge for the year being £54,000.

18. Share premium account

	Group and company	
	2006 £	2005 £
At 1 July	1,362,666	269,440
Issue 160 "B" ordinary shares	–	19,840
Bonus shares issued	–	(42,745)
Shares issued at flotation less costs of flotation	–	1,116,131
Employee free shares issued	3,244	–
At 30 June	<u>1,365,910</u>	<u>1,362,666</u>

The share premium arose as a result of issuing the following shares at the following considerations:

42,745 bonus shares issued 1 for 1 – cost of £42,745 arising
 160 "B" ordinary shares of £1 each at £125 each – premium of £19,840 arising
 1,262,000 ordinary shares of 1p at £1.40 each – premium of £1,754,180 arising less flotation costs incurred of £638,049
 2,100 ordinary shares of 1p at £1.555 each – premium of £3,244 arising

19. Merger reserve

	2006 £	2005 £
At 30 June	<u>191,541</u>	<u>191,541</u>

In accordance with The Companies Act 1985, the difference between the nominal value of shares issued and shares acquired in the group reconstruction has been treated as a merger reserve.

20. Share option reserves

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
At 1 July	–	–	–	–
Share based payments	<u>54,000</u>	<u>–</u>	<u>54,000</u>	<u>–</u>
At 30 June	<u>54,000</u>	<u>–</u>	<u>54,000</u>	<u>–</u>

As detailed in note 17(b) above a provision has been made for the cost of share option schemes operated by the Group.

21. Profit and loss account

	Group		Company	
	2006 £	2005 (restated) £	2006 £	2005 (restated) £
At 1 July	901,929	496,416	(13,250)	4,031
Retained profit/(loss) for the year	<u>485,120</u>	<u>405,513</u>	<u>(220,169)</u>	<u>(17,281)</u>
At 30 June	<u>1,387,049</u>	<u>901,929</u>	<u>(233,419)</u>	<u>(13,250)</u>

22. Reconciliation of shareholders funds

	Group		Company	
	2006 £	2005 (restated) £	2006 £	2005 (restated) £
Opening shareholders funds at 1 July as previously stated	2,456,136	944,413	1,498,416	260,487
Prior year adjustments	<u>98,110</u>	<u>55,569</u>	<u>(50,890)</u>	<u>55,569</u>
Opening shareholders funds at 1 July as restated	<u>2,554,246</u>	<u>999,982</u>	<u>1,447,526</u>	<u>316,056</u>
Profit/(loss) for the year	583,230	461,082	(122,059)	38,288
Share option reserves	54,000	–	54,000	–
Dividends	(98,110)	(55,569)	(98,110)	(55,569)
New share capital subscribed	21	55,525	21	55,525
Share premium increase	<u>3,244</u>	<u>1,093,226</u>	<u>3,244</u>	<u>1,093,226</u>
Net addition to shareholders funds	<u>542,385</u>	<u>1,554,264</u>	<u>(162,904)</u>	<u>1,131,470</u>
Closing shareholders funds	<u>3,096,631</u>	<u>2,554,246</u>	<u>1,284,622</u>	<u>1,447,526</u>

Notes to the Financial Statements

continued

23. Reconciliation of net funds

	2006 £	2005 £
Increase in cash during the year	<u>816,215</u>	<u>1,599,083</u>
Change in net funds	816,215	1,599,083
Funds at start of year	<u>2,716,227</u>	<u>1,117,144</u>
Net funds at end of year	<u><u>3,532,442</u></u>	<u><u>2,716,227</u></u>
Represented by:		
Cash at bank	<u>3,532,442</u>	<u>2,716,227</u>
	<u><u>3,532,442</u></u>	<u><u>2,716,227</u></u>

24. Earnings per share

	2006 £	2005 £
Earnings		
Profit after tax for the financial year	<u>583,230</u>	<u>461,082</u>
Weighted average number of shares	No. (m)	No. (m)
Number of ordinary shares at start of year	9.81	8.52
Share issues	<u>0.00</u>	<u>1.29</u>
Basic earnings per share denominator	9.81	8.94
Issuable on exercise of options	<u>0.61</u>	<u>0.20</u>
Diluted earnings per share denominator	<u>10.42</u>	<u>9.00</u>
Basic earnings per share	5.95p	5.16p
Diluted earnings per share	5.60p	5.12p

25. Lease commitments

The company has non cancellable operating leases in respect of land and buildings with an annual charge which expire:

	2006	2005
Within 1 year	–	–
2-5 Years	15,000	–
More than 5 years	<u>330,000</u>	<u>330,000</u>
	<u><u>345,000</u></u>	<u><u>330,000</u></u>

26. Disclosure of control

There is no controlling party of the company.

27. Client money and funds under management

The total balance on client bank accounts managed by the group at 30 June 2006 was £62m. Total funds under management at 30 June 2006 were £638.3m.

28. Guarantees

During the year the company undertook a guarantee to the Royal Bank of Scotland to guarantee settlement for trading with CREST stock on behalf of clients. The company holds client assets to fund such trading activity.

29. Derivatives and other financial instruments

The group's financial instruments comprise bank accounts and various items such as trade receivables and payables that arise directly from the operations. The group does not enter into any derivative transactions and has minimal exposure to exchange rate movements as its trade takes place entirely within the united kingdom.

At the year end the group held bank accounts with two institutions with funds on deposit attracting interest at a rate of 4.7375% per annum. The fair value of the groups financial assets and liabilities at 30 June 2006 is as stated in the balance sheet at that date.

Explanation of AGM Business

Enclosed with this document is a notice convening the Annual General Meeting of the Company for 13 October 2006. This explanatory note gives further information on resolutions numbered 2 to 8 set out in the notice of AGM.

Resolution 2 – To declare a final dividend

The Directors recommend a final dividend of 1.5 pence per share. Subject to approval by shareholders, the final dividend will be paid on 20 October 2006 to shareholders on the register on 22 September 2006.

Resolutions 3 and 4 – To re-elect Jonathan Gumpel and Richard Spencer

The Company's Articles of Association state that one third of the Directors shall retire from office at each Annual General Meeting and offer themselves for re-election. In addition, any Director who has been in office for more than three years since their last appointment or re-appointment should also retire and may offer themselves for re-election.

Information on each of the Directors standing for re-election is set out below. The Chairman confirms that Jon Gumpel and Richard Spencer have extensive relevant experience of the Group and its business. The Board is therefore of the opinion that Jon Gumpel and Richard Spencer should be re-elected to the Board.

JON GUMPEL, *Executive Director (39)*, was one of the founding directors of Brooks Macdonald in 1991. Jon heads one of the asset management teams and in addition he is responsible for the new business development and marketing of the Group. Jon has spent his entire career working in the private client sector and he specialises in investment companies and investment trusts. He is a non-executive director of two investment trusts: Close Assets Funds Limited and The Accelerated Return Fund.

RICHARD SPENCER, *Investment Director (43)*, was one of the founding directors of Brooks Macdonald in 1991. Richard heads one of the asset management teams and he is also investment director and responsible for chairing the asset allocation committee. He has worked in private client portfolio management since 1985.

Resolution 5 – To re-appoint Moore Stephens as auditors

This Resolution proposes that Moore Stephens LLP should be re-appointed as the Company's auditors and authorises the Directors to determine their remuneration.

Resolution 6 – Authority to allot shares

The Companies Act 1985 prevents directors from allotting unissued shares without the authority of shareholders in general meeting. In certain circumstances this could be unduly restrictive. The Directors' existing authority to allot shares, which was granted at the Annual General Meeting held in 2005, will expire at the end of this year's Annual General Meeting.

Resolution 6 in the notice of Annual General Meeting will be proposed, as an ordinary resolution, to authorise the Directors to allot Ordinary Shares of 1 pence each in the capital of the Company up to a maximum nominal amount of £32,700 (i.e. 3,270,000 Ordinary Shares), representing approximately 33% of the nominal value of the Ordinary Shares in issue on 7 September 2006. The Company does not currently hold any shares in treasury.

The authority conferred by this Resolution will expire on the date which is fifteen months after the passing of this Resolution or, if sooner, at the end of next year's Annual General Meeting.

The Directors have no present plans to allot unissued shares other than on the exercise of share options under the Company's employee share option schemes. However, the Directors believe it to be in the best interests of the Company that they should continue to have this authority so that such allotments can take place to finance appropriate business opportunities that may arise.

Resolution 7 – To disapply pre-emption rights

Unless they are given an appropriate authority by shareholders, if the Directors wish to allot any of the unissued shares for cash or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their existing holdings. This is known as pre-emption rights.

The existing disapplication of these statutory pre-emption rights, which was granted at the Annual General Meeting held in 2005, will expire at the end of this year's Annual General Meeting. Accordingly, Resolution 7 in the notice of Annual General Meeting will be proposed, as a special resolution, to give the Directors power to allot shares without the application of these statutory pre-emption rights: first, in relation to rights issues; and second, in relation to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £4,900 (i.e. 490,000 Ordinary Shares) (representing approximately 5% of the nominal value of the Ordinary Shares in issue on 7 September 2006).

The authority sought and limits set by this Resolution will also apply to a sale by the Company of any shares it holds as treasury shares. The Treasury Share Regulations, which came into effect in December 2003, allow shares purchased by the Company out of distributable profits to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share-based incentive schemes. Any subsequent transfers of treasury shares by the Company to satisfy the requirements of employee share-based incentive schemes will be made within the 10% anti-dilution limit for such share issues.

The power conferred by this Resolution will expire on the date which falls fifteen months after the passing of this Resolution or, if sooner, at the end of next year's Annual General Meeting.

Resolution 8 – Company's authority to purchase its own shares

Resolution 8 in the notice of Annual General Meeting, which will be proposed as a special resolution, will authorise the Company to make market purchases of up to 980,000 Ordinary Shares. The existing authority to make market purchases of Ordinary Shares, which was granted at the Annual General Meeting held in 2005, will expire at the end of this year's Annual General Meeting.

The number of Ordinary Shares stated in this Resolution equals approximately 10% of the Company's Ordinary Shares in issue on 7 September 2006. The minimum price that may be paid shall be the nominal value of an Ordinary Share (i.e. 1 pence), and the maximum price shall not exceed 5% above the average of the middle market quotations for an Ordinary Share for the five business days before each purchase is made (exclusive of expenses).

The authority conferred by this Resolution will expire on the date which falls fifteen months after the passing of this Resolution or, if sooner, at the end of next year's Annual General Meeting.

Your Directors are committed to managing the Company's capital effectively. Although the Directors have no plans to make such purchases, buying back the Company's Ordinary Shares is one of the options they keep under review. Purchases would only be made after considering the effect on earnings per share, and the benefits for shareholders generally.

The Company may hold in treasury any of its own shares that it purchases pursuant to the Treasury Share Regulations and the authority conferred by this Resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base.

Notice of Annual General Meeting

Notice is given that the annual general meeting of Brooks Macdonald Group plc ("the Company") will be held at Trafalgar Room 1, The Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Friday 13 October 2006 at 10.00 a.m. to consider the following:

Ordinary Business

- 1 To receive and adopt the accounts and reports of the directors and the auditors for the year ended 30 June 2006.
- 2 To declare a final dividend of 1.5 pence per Ordinary Share for the year ended 30 June 2006.
- 3 To re-elect Jonathan Gumpel as a director.
- 4 To re-elect Richard Spencer as a director.
- 5 To re-appoint Moore Stephens LLP as the Company's auditors and to authorise the directors to determine their remuneration.

Special Business

DIRECTORS' AUTHORITY TO ALLOT SHARES

To resolve as an ordinary resolution:

- 6 That in place of all existing authorities, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80) up to an aggregate nominal amount of £32,700 for a period expiring (unless previously revoked, varied or renewed) on the date which is fifteen months after the passing of this Resolution or, if sooner, the end of the next annual general meeting of the Company, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired.

DISAPPLICATION OF PRE-EMPTION RIGHTS

To resolve as a special resolution:

- 7 That subject to the passing of Resolution 6 above and in place of all existing powers, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to 94(3A) of the Act) for cash, pursuant to the authority conferred by Resolution 6 as if section 89(1) of the Act did not apply to such allotment, provided that this power shall expire on the date which is fifteen months after the passing of this Resolution or, if sooner, the end of the next annual general meeting of the Company. This power shall be limited to the allotment of equity securities:
 - 7.1 in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of holders of Ordinary Shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - 7.2 otherwise than pursuant to paragraph 7.1 up to an aggregate nominal amount of £4,900;
but the Company may make an offer or agreement which would or might require equity securities to be allotted after this power expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by Resolution 6" were omitted.

COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES

To resolve as a special resolution:

- 8 That the Company be generally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of its Ordinary Shares on such terms and in such manner as the directors shall determine, provided that:
- 8.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 980,000;
 - 8.2 the maximum price which may be paid for each Ordinary Share shall be 5 per cent. above the average of the middle market quotations for an Ordinary Share (as derived from the daily official list of London Stock Exchange plc) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);
 - 8.3 the minimum price which may be paid for each Ordinary Share shall be £0.01; and
 - 8.4 this authority (unless previously revoked, varied or renewed) shall expire on the date which is fifteen months after the passing of this Resolution or, if sooner, the end of the next annual general meeting of the Company, except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date.

BY ORDER OF THE BOARD

Simon Jackson

Company Secretary

Dated: 12 September 2006

Registered Office:

111 Park Street
London
W1K 7JL

Notes

- 1. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. on Wednesday 11 October 2006 shall be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
- 2. Every shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of that shareholder. A proxy need not be a member of the Company.
- 3. A proxy form is enclosed with this notice. Instructions for use are shown on the form. To be valid, the form of proxy must be deposited at Capita IRG plc, The Registry, 34 Beckenham Road, Kent BR3 4TU **NOT LATER THAN 10.00 A.M. on 11 October 2006**, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority. The completion and return of the form of proxy will not, however, preclude you from attending and voting at the meeting if you so wish.
- 4. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays) and at Trafalgar Room 1, The Institute of Directors, 116 Pall Mall, London, SW1Y 5ED for at least 15 minutes prior to and during the annual general meeting copies of the register of directors' interests, the service contract of each executive director and the letter of appointment of each non-executive director.

**ANNUAL GENERAL MEETING
13 OCTOBER 2006 AT 10.00 A.M.**

FORM OF PROXY

Please read the notice of Meeting and the explanatory notes below carefully before completing this form.

I/We*

being (a) shareholder(s) of Brooks Macdonald Group plc hereby appoint (the Chairman of the Meeting**)

Name

Address

as my/our proxy to attend and, on a poll, vote for me/us and on my/our behalf as directed below at the annual general meeting of the Company to be held on 13 October 2006 at 10.00 a.m. and at any adjournment thereof.

Directions to your proxy

Ordinary Business	FOR	AGAINST	VOTE WITHHELD***	DISCRETIONARY
Resolution 1: Ordinary resolution to receive and adopt the Annual Report and Accounts for the year ended 30 June 2006				
Resolution 2: Ordinary resolution to declare a final dividend of 1.5 pence per Ordinary Share				
Resolution 3: Ordinary resolution to re-elect Jonathan Gumpel as a director				
Resolution 4: Ordinary resolution to re-elect Richard Spencer as a director				
Resolution 5: Ordinary resolution to re-appoint the Company's auditors and authorise the directors to determine their remuneration				
Resolution 6: Ordinary resolution to give the directors authority to allot shares				
Resolution 7: Special resolution to give the directors power to disapply pre-emption rights in relation to the allotment of shares				
Resolution 8: Special resolution to give the Company a general authority to purchase its own shares				

Signature Date.....2006

(To be valid, this Form of Proxy must be signed)

NOTES:

- 1* Please complete in block capitals with your full name and address.
- 2** If you wish to appoint a proxy other than the Chairman of the Meeting, please delete the words in brackets and insert the name and address of your chosen proxy in block capitals in the box provided and initial alterations.
- 3 Every shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of that shareholder. A proxy need not be a member of the Company.
- 4 If you want your proxy to vote in a certain way on the resolutions specified please place a mark in the relevant boxes. If you select 'Discretionary' or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other business (including a motion to adjourn the Meeting or to amend a resolution) which may properly come before the Meeting.
- 5*** The 'Vote withheld' option is provided to enable you to abstain on any particular resolution. However it should be noted that a 'Vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- 6 To be valid, this Form of Proxy must be deposited at Capita IRG plc, The Registry, 34 Beckenham Road, Kent BR3 4TU, NOT LATER THAN 10.00 A.M. on 11 October 2006, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority. The completion and return of this Form of Proxy will not, however, preclude you from attending and voting at the Meeting if you so wish.
- 7 Any alterations to this Form of Proxy should be initialled.
- 8 In the case of joint holders, the signature of the first named on the register of members will be accepted, but the names of all joint holders should be given.
- 9 In the case of a corporation, this Form of Proxy should be either given under its common seal or signed on its behalf by an officer or attorney duly authorised.



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BUSINESS REPLY SERVICE
Licence No MB122



**Capita Registrars
Proxy Department
P O Box 25
Beckenham
Kent
BR3 4BR**

First Fold

Second fold

