Wigmore
Group plc

Report & Financial Statements

31 December 2003

"Excellence in facilities management and construction throughout the UK"

Wigmore
Group plc

Contents

Directors
P L R Hewitt FNAEA, FRSA (Chairman)
F M Hewitt
G E H Brooksbank FCA (Non executive)
K Lassman LLB, MSI (Non executive)

Secretary
K Lassman LLB, MSI

Registered office
19 Cavendish Square
London
W1A 2AW

Nominated Adviser
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Broker
Seymour Pierce Ellis Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex
RH10 1LQ

Auditors
Baker Tilly
2 Bloomsbury Street
London
WC1B 3ST

Solicitors
Howard Kennedy
19 Cavendish Square
London
W1A 2AW

Bankers
Bank of Scotland
Corporate Banking – East Midlands
14 Friars Lane
Leicester
LE1 5RA

Registrars and Receiving Agents
SLC Registrars Limited
42-46 High Street
Esher
Surrey
KT10 9QY

Chairman's Statement

Dear Shareholder,

I am pleased to report the results for the year ended 31 December 2003, together with a trading update. In June 2003 Wigmore acquired the regional contractor D F Blanchard (Salisbury) Limited, which has added another important division to the Group.

Capital re-organisation
In the Circular to shareholders dated 5 June 2004, I gave details of the proposed capital re-organisation and other matters to be proposed at an Extraordinary General Meeting to be held on 29 June 2004. These Resolutions were passed.

Trading results
The financial year-end for the Group is 31 December 2003. The final results show a loss for the year (before tax and amortisation of goodwill) of £180,000 compared to a loss (before tax and amortisation of goodwill) of £647,000 in 2002, a reduction of 72%. Turnover for the year increased by 63.4% from £13.6 million to £22.2 million. Although £3.8 million of the increase is attributable to the Blanchards acquisition, there has been an increase in turnover on continuing activities for the year of 38.7%. Additionally, turnover on these continuing activities has increased by 86% in the second half of the year compared to the first half of the year.

In the second half of the year the Group achieved an operating profit of £258,000 before amortisation of goodwill (£307,000 loss for the first 6 months) resulting in an operating loss before amortisation of goodwill for the year of £49,000 (2002-£584,000 loss).

The announcement of the preliminary results on 6 April 2004 referred to an operating profit of £6,000 (before amortisation of goodwill) for the year ended 31 December 2003. The adverse adjustment of £55,000 is due to losses on certain problem contracts which commenced before and completed subsequent to the year end as described below. The auditors have advised that in accordance with SSAP9 the losses on these contracts need to be reflected in the financial statements for 2003 rather than 2004.

The net assets of the Group as at 31 December 2003 were £2.05 million, an increase of 507% on the net assets as at 31 December 2002. This has been achieved by the positive impact of the Blanchards acquisition. Successful fund raisings and loan notes repayments have enabled the Group to fund the acquisition of D F Blanchard and reduce net debt by some £487,000.

I will now turn to the individual divisions and have pleasure in reporting as follows:

Speymill – *the leisure and hotel division*
Speymill achieved a turnover in excess of £17 million of which 65% was in the second half of the year. A number of notable contracts were completed by Speymill in 2003, including the completion of Gala Casinos at Cardiff and Northampton for combined contract values of approximately £4 million. New clients for the year included Marriott Hotels, Avebury Taverns and Wishing Well Pub Co., JD Wetherspoon and Hall & Woodhouse.

Notwithstanding reporting a good forward order book, trading in the first half of the year has been disappointing. This has been caused by a number of factors including poorly performing and loss making contracts, as well as projects that have been postponed due to corporate changes within major clients. Management have recognised that there have also been certain internal deficiencies in process and have undertaken a number of changes to rectify these. Speymill has been successful in being awarded two "developers shells" for the Premier Lodge brand, one at Stevenage and the other at Norwich, which together have a contract value of approximately £3 million. With these in mind, our forward order book for 2004/5 remains in excess of £10 million.

Blanchards – *the building maintenance division*
The acquisition of Blanchards was completed in July of 2003 and has proved to be highly significant in terms of the overall Group development – in particular, this has given the Group important coverage in the South and West area of England from offices in Salisbury.

2003 was a successful year for Blanchards with profits rising from £316,984 in 2002 to £432,484 for this year, an increase of some 36%. The first half of 2004 has been disappointing due mainly to the change in contracting arrangement within the MoD estate to Prime Contracting. This has had the effect of vastly reducing that amount of work that has been available for tender in the first half, with the consequent reduction in tendered margins. However, the number of tenders has now increased significantly, producing the expectation that both volumes and margins will increase in the second half. Also, Blanchards have re-won the Salisbury District Council term maintenance contract for 3 years, which has an annual value of £500,000. Blanchards clients include: Annington Homes, Turner Facilities Management, Interserve and Salisbury District Council.

FNPM – *the customer care division*
FNPM has continued to expand during the year, particularly in after sales services with house builders and developers. Clients now include: Antler Homes, Barratts, Banner Homes, Berkeley Group, Copthorne Homes, Persimmon Homes and Taylor Woodrow Developments. In addition, FNPM has focused on the building insurance market with considerable success. FNPM has recently won a significant kitchen contract from New Downlands Housing Association, which is anticipated to be worth approximately £1m in turnover over 3 years. Turnover within FNPM increased in 2003 on the previous year, with the Company operating profitably for the second half of 2003. Despite this, trading in the first half of 2004 is expected to be loss making as the various changes take effect, moving again into profitability in the second half of 2004

FNPM's investment in IT represented by our 'in house' developed operating software, 'BluSky' (which provides live access via the internet to project status), is being augmented with GPS tracking on all operatives' vans. Your Board believes that the resultant cost savings will increase operational efficiency and client approval. A general manager was appointed in January 2004. The Company continues to move from direct employees to labour only sub- contractors as this provides a significantly improved operating margin.

Board Changes
I am delighted to welcome a new member to the Group Board; George Brooksbank who joined as a non-executive director in September 2003. I should like to express a warm welcome to George whose input has already proved to be most useful.

On 30 April 2004, Alan Brookes resigned as a director of the Group and of Speymill Contracts Limited. I am pleased to announce that Andrew Latham has been appointed as interim Managing Director of Speymill. Andrew was formerly the chief executive of a large quoted pub chain and brings a wealth of both industry and management experience to Speymill.

Chairman's Statement (continued)

Dividend Policy
The Group's policy continues to be that of aiming for capital growth and as your Board considers that we are at an early stage of implementing this strategy, no dividend will be paid.

Resolutions to be proposed at the AGM
I would ask shareholders to carefully read the resolutions and notice of AGM to be found at the back of this Report and Accounts, which are to be proposed at the AGM to be held on 28 July 2004. I would urge shareholders to complete and return the form of proxy, even if you do intend to be present at the AGM, but in any event to be received no later than 10.00 a.m. on 26 July 2004.

Acquisitions policy
Having made a number of significant acquisitions, it is the Board's intention to go through a period of consolidation and following this to reinstate our acquisition policy. The Board will not rule out the possibility of making some niche acquisitions of smaller businesses in the meanwhile, where there may be a local or tactical advantage in so doing.

Corporate Identity
Shareholders may recall that in my last report in June 2003 I stated that the Group was undergoing a re-branding exercise and I am pleased to report that this has proved very successful, particularly in the case of Speymill, who have had a number of high profile sites, including the Premier Lodge sites on the M4 at Heathrow, on the A1(M) at Stevenage and on the M27 at Southampton. The new branding format has a two-fold advantage - it allows any new acquisitions to be brought in under the 'Wigmore' banner and it retains the individual name of the Company – thereby retaining local or trade specific goodwill.

Future Prospects
The Group has undergone an extremely difficult first half, notwithstanding this your Board has put in place measures to ensure that Wigmore moves forward. Your Board continues to remain optimistic about the future of the Company.

Finally, the number of directly employed staff stands at some 122 people and I should like to convey my thanks to each and every member of the Wigmore team for their hard work and loyalty throughout the year.

Peter L R Hewitt
Executive Chairman

29 June 2004

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

During the year the Group was engaged in property support services, fast track fit out and building services primarily in the leisure and hotel industries.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A review is provided in the Chairman's Statement on pages 1 to 3.

RESULTS AND DIVIDENDS

The consolidated profit and loss account on page 12 shows the loss for the year. The position of the Group and the Company at the year end is set out in the balance sheets on page 13.

The directors do not recommend the payment of a dividend (2002 - £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served throughout the year and, subsequently and, where relevant, their beneficial interests in the shares of the Company as at the year end were as follows:

	31 December 2003 Ordinary shares	31 December 2002 Ordinary shares
P L R Hewitt	2,503,357	2,196,129
A C Brookes (resigned 30 April 2004)	785,714	500,000
M H Sidlin (appointed 19 February 2004, resigned 19 May 2004)	–	–
K Lassman	568,973	407,945
F M Hewitt (resigned 27 June 2003, re-appointed 6 October 2003)	85,486	–
G E H Brooksbank (appointed 16 September 2003)	1,070,000	–
M R Orrell (resigned 16 September 2003)	–	–
P E T Grisman (resigned 19 February 2004)	418,714	–

Details of the Director's options are provided in the accompanying report of the Remuneration Committee on page 9.

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDINGS

As at 23 June 2004, notification had been received of the following interests which exceed 3% of the issued ordinary shares of the Company.

	Number of shares	Percentage of issued share capital
Fiske Nominees Limited	9,239,500	4.0%
Barclayshare Nominees Limited	8,065,373	3.5%
TD Nominees (Europe) Limited	7,570,188	3.3%

SHARE CAPITAL

During the year the Company issued 125.9 million ordinary shares of 1p each as follows:

- 84.0 million shares for a cash consideration of £1.5 million
- 7.6 million shares as part consideration of the acquisition of D F Blanchard (Salisbury) Limited
- 34.3 million shares on the conversion of loan notes

Subsequent to the year end, the Company issued a further 22.0 million shares for cash consideration of £0.5 million.

Further details are given in the notes to the financial statements.

CAPITAL REORGANISATION

The Extraordinary General Meeting approved the subdivision of the share capital such that each ordinary share of 1p is now divided into 1 deferred share of 0.99p (with very restricted rights attaching) and 1 new ordinary share of 0.01p.

The Directors of the Company subscribed for convertible loan stock to an aggregate value of £30,000 which, as noted in the circular to shareholders dated 5 June 2004, may be converted into 30,000,000 ordinary shares of 0.01p each.

PAYMENT OF CREDITORS

The Group's policy in respect of the majority of its trade creditors is to negotiate terms and conditions with the suppliers and, provided the suppliers comply with these, payments are made in accordance with the agreed terms and conditions. Where payment terms are not specifically agreed, suppliers are paid in accordance with local commercial practice. The average number of days credit for the year is 39 days (2002: 47 days).

GOING CONCERN BASIS

After making enquiries, the Directors have formed a judgement, at the time of approving these accounts, that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the accounts.

AUDITORS

A resolution for the re-appointment of Baker Tilly will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

K Lassman
Secretary

19 Cavendish Square
London
W1A 2AW

29 June 2004

Statement of Directors' Responsibilities

We are required under company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year.

In preparing these accounts we are required to:

1 select suitable accounting policies and apply them consistently;

2 make reasonable and prudent judgements and estimates;

3 state whether accounting standards have been followed, and give details of any departures;

4 prepare the accounts on a going concern basis unless in our view the Group and Company will be unable to continue in business.

We are also responsible for:

a) keeping proper accounting records;

b) safeguarding the Group's and Company's assets;

c) taking reasonable steps for the prevention and detection of fraud and other irregularities;

d) ensuring that our report and other information published with the audited financial statements are prepared in accordance with company law in the United Kingdom;

e) ensuring that the annual report includes information required by the rules of the Alternative Investment Market of the London Stock Exchange.

The maintenance and integrity of the web site is also our responsibility; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved by the Board of Directors
and signed on behalf of the Board

K Lassman
Secretary

19 Cavendish Square
London
W1A 2AW

29 June 2004

Report of the Audit and Remuneration Committees

COMPOSITION
The Audit and Remuneration Committees comprise K Lassman and G Brooksbank.

AUDIT COMMITTEE
The responsibilities of the Audit Committee include receiving and reviewing reports from management and the Group's auditors relating to the annual accounts, the interim accounts and the internal control systems. The Committee has met semi-annual to review the interim results and these accounts and to receive the report of the auditors. Meetings are also attended, by invitation, by the Executive Chairman and Group Finance Director.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the Group and related fees
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner
- obtaining written confirmation from the auditors that, in their professional judgment, they are independent

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 4 to the financial statements

REMUNERATION COMMITTEE
The responsibilities of the Remuneration Committee include reviewing the scale and structure of the executive directors' remuneration and the terms of their contracts, administering the share option scheme and approving senior appointments.

Details of the directors' remuneration for the year are provided in Note 6 to the financial statements.

Report of the Audit and Remuneration Committees (continued)

Detail of the Directors' options are given below:

	As at 31 Dec 2002	Granted in the year	Lapsed in the year	As at 31 Dec 2003	Exercise price	Option period	Exercise conditions
P L R Hewitt	2,249,579	–	–	2,249,579	3.00p	Up to 27 Nov 2011	(a)
	1,668,073	–	–	1,668,073	3.00p	Up to 27 Nov 2011	(b)
	1,668,072	–	–	1,668,072	3.00p	Up to 27 Nov 2011	(c)
	2,222,222	–	–	2,222,222	3.00p	Up to 27 Nov 2011	(d)
	–	1,111,111	–	1,111,111	3.00p	Up to 26 Jun 2013	(d)
	–	2,000,000	–	2,000,000	2.25p	Up to 1 Sept 2013	(e)
K Lassman	899,832	–	–	899,832	3.00p	Up to 27 Nov 2011	(a)
	667,229	–	–	667,229	3.00p	Up to 27 Nov 2011	(b)
	667,229	–	–	667,229	3.00p	Up to 27 Nov 2011	(c)
	–	200,000	–	200,000	2.25p	Up to 1 Sept 2013	(e)
F M Hewitt	1,111,111	–	–	1,111,111	3.00p	Up to 27 Nov 2011	(c)
	–	750,000	–	750,000	3.00p	Up to 26 Jun 2013	(d)
	–	400,000	–	400,000	2.25p	Up to 1 Sept 2013	(d)
G Brooksbank	–	1,000,000	–	1,000,000	3.00p	Up to 21 Sept 2013	(f)
P Grisman	–	1,111,111	–	1,111,111	3.00p	Up to 26 Jun 2013	(d)
	–	400,000	–	400,000	2.25p	Up to 1 Sept 2013	(d)
A Brooks	–	2,222,222	–	2,222,222	3.00p	Up to 26 Jun 2013	(d)
	–	800,000	–	800,000	2.25p	Up to 1 Sept 2013	(d)

No options were either issued or exercised subsequent to the year end.

Details of the exercise conditions are as follows:

Unapproved options:

(a) the options are now exercisable;

(b) the options are exercisable once the Company's share price exceeds 4.5 pence;

(c) the options are exercisable once the Company's share price exceeds 6 pence;

(e) the options are exercisable so long as the holder is a director of the Company;

(f) the options are exercisable in equal tranches once the Company's share price exceeds 3 pence, 4.5 pence and 6 pence.

Inland Revenue approved options:

(d) one-third of the options are exercisable on each of the first three occasions that the Company publishes either interim or full accounts which state that the Group has made pre-tax profits in excess of £1.

K Lassman
Committee Chairman

Independent Auditors’ Report

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF THE WIGMORE GROUP PLC

We have audited the financial statements of The Wigmore Group plc for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, and the related notes. These financial statements have been prepared under the historical cost convention and 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 opinion 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 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, United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the directors' report, the statement of directors’ responsibilities and the reports of the audit and remuneration committees. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report (continued)

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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.

GOING CONCERN

In forming our opinion we have considered the overall adequacy of the disclosures made in note 1 to the financial statements regarding future trading and the sufficiency of working capital.

The financial statements have been prepared on the going concern basis on the assumption that the Group will achieve its projections and that sufficient working capital will be available. Our opinion in this respect is not qualified.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2003 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Chartered Accountants
Registered Auditor
London

29 June 2004

Wigmore
Group plc

Consolidated Profit and Loss Account

Year ended 31 December 2003

	Note	Before amortisation of goodwill 2003 £'000	Amortisation of goodwill 2003 £'000	Total 2003 £'000	Before amortisation of goodwill 2002 £'000	Amortisation of goodwill 2002 £'000	Total 2002 £'000
TURNOVER							
– acquisition		**3,801**	**—**	**3,801**	—	—	—
– continuing activities		**18,428**	**—**	**18,428**	13,291	—	13,291
– discontinued activities		**—**	**—**	**—**	315	—	315
	2	**22,229**	**—**	**22,229**	13,606	—	13,606
Cost of sales							
– acquisition		**(3,062)**	**—**	**(3,062)**	(11,378)	—	(11,378)
– continuing activities		**(16,111)**	**—**	**(16,111)**	—	—	-
– discontinued activities		**—**	**—**	**—**	(276)	—	(276)
		(19,173)	**—**	**(19,173)**	(11,654)	—	(11,654)
GROSS PROFIT		**3,056**	**—**	**3,056**	1,952	—	1,952
Administrative expenses							
– normal items		**(3,105)**	**(177)**	**(3,282)**	(2,398)	(116)	(2,514)
– exceptional item	3	**—**	**—**	**—**	(138)	—	(138)
OPERATING PROFIT/(LOSS)	4						
– acquisitions		**313**	**(23)**	**290**	—	—	—
– continuing activities		**(362)**	**(154)**	**(516)**	(442)	(116)	(558)
– discontinued activities		**—**	**—**	**—**	(142)	—	(142)
		(49)	**(177)**	**(226)**	(584)	(116)	(700)
Exceptional item arising from the liquidation of a subsidiary	3	**—**	**—**	**—**	26	—	26
Interest receivable		**—**	**—**	**—**	4	—	4
Interest payable and similar charges	5	**(131)**	**—**	**(131)**	(93)	—	(93)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(180)**	**(177)**	**(357)**	(647)	(116)	(763)
Tax on loss on ordinary activities	7	**—**	**—**	**—**	—	—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	17,18	**(180)**	**(177)**	**(357)**	(647)	(116)	(763)
		Pence		**Pence**	Pence		Pence
LOSS PER SHARE							
Basic and diluted	8	**(0.13)**		**(0.26)**	(0.86)		(1.01)

Balance Sheets

As at 31 December 2003

	Note	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
FIXED ASSETS					
Intangible fixed assets	9	**3,716**	**—**	2,975	—
Tangible fixed assets	10	**728**	**—**	221	1
Investments	11	**—**	**3,492**	—	2,301
		4,444	**3,492**	3,196	2,302
CURRENT ASSETS					
Stocks		**48**	**—**	26	—
Debtors	12	**4,747**	**205**	1,920	178
Cash at bank		**413**	**—**	2	—
		5,208	**205**	1,948	178
CREDITORS: amount falling due within one year	13	**(7,006)**	**(1,473)**	(3,781)	(1,142)
NET CURRENT LIABILITIES		**(1,798)**	**(1,268)**	(1,833)	(964)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,646**	**2,224**	1,363	1,338
CREDITORS: amounts falling due after more than one year	14	**(593)**	**(458)**	(1,025)	(1,000)
		2,053	**1,766**	338	338
CAPITAL AND RESERVES					
Called up share capital	16	**2,097**	**2,097**	838	838
Share premium account	17	**813**	**813**	—	—
Profit and loss account – deficit	17	**(857)**	**(1,144)**	(500)	(500)
EQUITY SHAREHOLDERS' FUNDS	18	**2,053**	**1,766**	338	338

These financial statements were approved by the Board of Directors on 29 June 2004.

Signed on behalf of the Board of Directors

P L R Hewitt
Director

Consolidated Cash Flow Statement

Year ended 31 December 2003

	Note	2003 £'000	2002 £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19	**499**	(661)
Returns on investment and servicing of finance	20(a)	**(131)**	(89)
Tax paid		**(222)**	(222)
Capital expenditure and financial investment	20(b)	**(59)**	(85)
Acquisitions and disposals	20(c)	**(821)**	(1,197)
CASH OUTFLOW BEFORE FINANCING		**(734)**	(2,254)
Financing	20(d)	**749**	1,217
INCREASE/(DECREASE) IN CASH IN THE YEAR		**15**	(1,037)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2003 £'000	2002 £'000
INCREASE/(DECREASE) IN CASH IN THE PERIOD	21	**15**	(1,037)
Cash outflow from decrease in debt	21	**523**	20
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	21	**538**	(1,017)
Finance lease creditors of acquired subsidiary		**(16)**	(58)
Bank loans of acquired subsidiary		**(73)**	—
Issue of redeemable loan notes		**(309)**	—
New finance leases		**(103)**	—
Conversion of loan notes		**600**	—
Issue of convertible loan notes		**(150)**	(1,000)
		487	(2,075)
Opening net debt	21	**(2,126)**	(51)
CLOSING NET DEBT	21	**(1,639)**	(2,126)

Notes to the Accounts

Year ended 31 December 2003

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparation of the financial statements

The financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom Accounting Standards.

On 4 June 2004 the Company issued £530,000 convertible loan notes, further details of these loan notes and other funding arrangements are contained in the Circular to shareholders dated 5 June 2004. All the resolutions contained in the Circular were passed at the Extraordinary General Meeting on 29 June 2004. In addition, the Company has bank overdraft facilities of £1.3 million which expire on 31 December 2004.

The Directors have prepared detailed projections to 30 June 2005. The Projections show that, provided the Group achieves its forecast turnover and margins, the Group has sufficient working capital to meet its obligations as they fall due. The Directors consider that the going concern basis is appropriate.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the results of The Wigmore Group plc and its subsidiary undertakings using the acquisition method of accounting and the results of the subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on the acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and thereafter if there are indications of possible impairment.

Turnover

Turnover represents the value of goods sold and services provided to customers outside the Company. Turnover includes amounts invoiced to third parties, net of value added tax, and the un-invoiced value of work done on long term contracts.

Business segments

During the year, the directors considered that the Group had three business segments:

- the fit out and construction of leisure premises, an activity undertaken by Speymill Contracts Limited
- the repair and maintenance of properties, an activity undertaken by First National Property Maintenance Limited

1 **ACCOUNTING POLICIES (continued)**

- the supply of building maintenance and building contractors services, an activity undertaken by D F Blanchard (Salisbury) Limited

Depreciation

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Freehold property	–	50 years
Leasehold improvements	–	over the period of the lease
Fixtures and equipment	–	3 to 5 years
Motor vehicles	–	4 years

Any assets considered to be impaired in value are written down to their estimated economic value.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for permanent impairment in value.

Deferred taxation

Following the introduction of FRS 19 Deferred taxation, the Group has amended its accounting policy for the recognition of deferred tax balances so as to accord with FRS 19. This has no impact on the reported results.

Deferred tax is recognised in respect of all differences between the Group's taxable profits and its results as stated in the financial statements that have originated but not reversed at the balance sheet date and where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Work in progress

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

Other work in progress is stated at the lower of cost and net realisable value. Cost comprises materials and direct labour appropriate to the relevant stage of completion. Net realisable value is based on estimated contract value less all further costs to completion.

Convertible loan notes

Convertible loan notes are treated as financial liabilities where there is an obligation to transfer economic benefits to the holders. However, where notice has been received requiring the conversion of loan notes, the loan notes are treated as equity instruments.

Notes to the Accounts (continued)

Year ended 31 December 2003

1 ACCOUNTING POLICIES (continued)

Leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges and amortised over the lease term to give a constant rate of charge on the remaining balance of the obligation. Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The Group operates a defined contribution pension scheme. Contributions are charged to profit and loss account as they become payable in accordance with the rules of the scheme.

2 SEGMENTAL INFORMATION

All business activities arise solely within the United Kingdom and all assets are located in the United Kingdom.

	2003	2002
	£'000	£'000
External turnover		
Building contractors services and the supply of building maintenance	**1,281**	799
Fit out and construction of leisure premises	**17,147**	12,492
Fit out and construction of office premises	**—**	315
Repair and maintenance of properties	**3,801**	—
	22,229	13,606
Loss before tax		
Building contractors services and the supply of building maintenance	**(91)**	(285)
Fit out and construction of leisure premises	**57**	55
Fit out and construction of office premises	**—**	(142)
Repair and maintenance of properties	**275**	—
	241	(372)
Unallocated costs	**(598)**	(391)
	(357)	(763)
Net assets		
Building contractors services and the supply of building maintenance	**30**	120
Fit out and construction of leisure premises	**1,952**	758
Repair and maintenance of properties	**1,965**	—
	3,947	878
Unallocated liabilities	**(1,894)**	(540)
	2,053	338

2 SEGMENTAL INFORMATION (continued)

Administration costs		
Acquisitions	**426**	1,519
Acquisitions – exceptional costs	**—**	138
Continuing activities	**2,856**	814
Discontinued activities	**—**	181
	3,282	2,652

3 EXCEPTIONAL ITEMS

	2003	2002
	£'000	£'000
Credit/(charge):		
Administration expenses – bad debt	**—**	(138)
Surplus arising from the liquidation of a subsidiary	**—**	26

4 OPERATING LOSS

		2003	2002
		£'000	£'000
Operating loss is stated after charging:			
Depreciation	– owned assets	**117**	74
	– leased assets	**13**	19
Operating lease payments	– land and buildings	**100**	88
	– other	**65**	41

Auditors remuneration		
Audit services		
– statutory audit	**38**	22
– audit – regulated regulatory reporting	**3**	—
Further assurance services	**2**	2
Tax services		
– compliance services	**10**	9
Other services		
– maintenance of payroll	**2**	2
– corporate finance work in respect of share issues	**44**	82
– corporate finance work in respect of acquisitions	**28**	28
	127	145

The above fees have been expensed, capitalised or charged to the share premium account as appropriate.

Notes to the Accounts (continued)

Year ended 31 December 2003

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£'000	£'000
Bank overdraft interest	76	44
Loan interest	47	45
Finance lease charges	8	4
	131	93

6 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003	2002
	£'000	£'000
Directors' remuneration		
Fees and salaries	398	315
Other emoluments	20	13
	418	328
Pension contributions were paid in respect of 4 (2002 – 4) directors	33	20
Highest paid director:		
Emoluments, including benefits in kind	137	136
Pension scheme contributions	13	11
Employee costs (excluding directors) during the year:		
Wages and salaries	3,375	1,854
Social security costs	377	185
Pension	97	62
	3,849	2,101
	Number	Number
Average number of persons employed:		
Operational staff	85	60
Administration staff	45	19
	130	79

The pension contributions shown above are in respect of defined contribution schemes.

7 TAXATION

	2003	2002
	£'000	£'000
Analysis of charge/(credit) in the period		
UK tax on loss on ordinary activities	**—**	—
Factors affecting tax charge in the period		
Loss on ordinary activities before taxation	**(357)**	(763)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 – 30%)	**(107)**	(229)
Expenses not deductible for tax purposes (primarily depreciation)	**65**	47
Capital depreciation in excess of allowances	**4**	5
Losses incurred in the year carried forward	**38**	177
Current tax credit	**—**	—

Factors that may affect future tax charges

Future tax charges are expected to be affected by the following factors:

- tax charges will be reduced by the availability of losses carried forward which, it is anticipated, will be available to offset certain profits earned by the Group. At the year end, the Group had revenue tax losses of approximately £1.4 million (2002 – £1.3 million).
- in accordance with the Group's accounting policy, a deferred tax asset has not been recognised because of the uncertainty of recovery in the foreseeable future.

8 EARNINGS PER SHARE

	2003	2002
	£'000	£'000
The basis for calculating earnings per share is as follows		
Loss for the year after amortisation of goodwill	**(357)**	(763)
Loss for the year before amortisation of goodwill	**(180)**	(647)
Weighted average number of ordinary shares in issue	**135,548**	75,292

The share options in issue do not give rise to any dilution and, therefore, fully diluted earnings per share are equal to the basic earnings per share.

Notes to the Accounts (continued)

Year ended 31 December 2003

9 INTANGIBLE FIXED ASSETS – GOODWILL ARISING ON ACQUISITIONS

	Group £'000
Cost	
At 1 January 2003	3,277
Additions	918
At 31 December 2003	4,195
Amortisation	
At 1 January 2003	302
Charged for the year	177
At 31 December 2003	479
Net book value	
At 31 December 2003	3,716
At 31 December 2002	2,975

10 TANGIBLE FIXED ASSETS

Group	Freehold £'000	Leasehold Improvements £'000	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2003	—	40	261	132	433
Acquisitions	369	—	91	285	745
Additions	—	—	34	114	148
Disposals	—	—	(2)	(52)	(54)
At 31 December 2003	369	40	384	479	1,272
Depreciation					
At 1 January 2003	—	7	143	62	212
Acquisitions	19	—	68	159	246
Charge for the year	2	7	66	59	134
On disposals	—	—	(2)	(46)	(48)
At 31 December 2003	21	14	275	234	544
Net book value					
At 31 December 2003	348	26	109	245	728
At 31 December 2002	—	33	118	70	221

The net book value of assets held under finance leases was £93,000 (2002 – £52,000).

10 TANGIBLE FIXED ASSETS (continued)

	Fixtures, fittings and equipment
Company	**£'000**
Cost	
At 1 January 2002	5
Addition	—
At 31 December 2003	5
Depreciation	
At 1 January 2002	4
Charge for the year	1
At 31 December 2003	5
Net book value	
At 31 December 2003	—
At 31 December 2002	1

11 INVESTMENTS AND LOANS

	Company £'000
Cost of investment in subsidiaries	
At 1 January 2003 and 31 December 2003	3,749
Provisions	
At 1 January 2003 and 31 December 2003	3,248
Net book value	
At 31 December 2002 and 31 December 2003	501
Loans to subsidiary undertakings	
At 31 December 2003	2,991
Total loans and investments	3,492

Notes to the Accounts (continued)

Year ended 31 December 2003

11 INVESTMENTS AND LOANS (continued)

The above investments are unlisted. The Company's subsidiaries at 31 December 2003 were:

Name	Nature of business
First National Property Maintenance Limited	Repair and maintenance of residential property
Speymill Contracts Limited [1]	Property refurbishment and construction within leisure and hotel industries
DF Blanchards (Salisbury) Limited [1]	Supply of building maintenance and building contractors services
Wigmore Estates Limited	Holding company
Wigmore South West Limited	Holding Company
Wigmore Homes Limited	Dormant
Wigmore Corporate Lettings Limited	Dormant
Wigmore Strategic Management Limited	Dormant
Wigmore Integrated Services Limited	Dormant

[1] Held indirectly

All the subsidiary companies are incorporated in Great Britain. The Company holds, directly or indirectly, 100% of the voting rights and ordinary share capital of each subsidiary.

12 DEBTORS: amounts receivable within one year

	2003		2002	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Trade debtors	**2,968**	**—**	967	30
Amounts recoverable on contracts	**1,623**	**—**	856	—
Other debtors and prepayments	**156**	**5**	97	2
Amount owed by Group undertakings	**—**	**200**	—	146
	4,747	**205**	1,920	178

13 CREDITORS: amounts falling due within one year

	2003 Group	2003 Company	2002 Group	2002 Company
	£'000	**£'000**	£'000	£'000
Bank overdraft (secured)	**1,471**	**867**	1,075	351
Trade creditors	**4,691**	**29**	2,231	46
Obligations under finance leases and hire purchase contracts	**58**	**—**	27	—
Amounts owed to Group undertakings	**—**	**482**	—	676
Corporation tax	**94**	**—**	227	—
Other taxation and social security	**392**	**34**	179	29
Other creditors	**70**	**61**	—	40
Accruals and deferred income	**230**	**—**	42	—
	7,006	**1,473**	3,781	1,142

14 CREDITORS: Amounts falling due after more than one year

	2003 Group	2003 Company	2002 Group	2002 Company
	£'000	**£'000**	£'000	£'000
Other creditors	**70**	**—**	—	—
Redeemable loan notes	**308**	**308**	—	—
Convertible loan notes	**150**	**150**	1,000	1,000
Obligations under finance leases and hire purchase contracts (falling due between one and two years)	**65**	**—**	25	—
	593	**458**	1,025	1,000

The redeemable loan notes bear interest at a rate of 1.5% above the Royal Bank of Scotland base rate, such interest to be paid quarterly in arrears. The loan notes are redeemable £50,000 in July 2005, £200,000 in July 2006 and £58,500 in July 2007. The loan notes are redeemable, in full or part, at the option of the Company on one months notice.

The convertible loan notes do not bear interest and may be converted into 8.57 million ordinary shares at any time from July 2005. After 6 April 2004, the loan notes are redeemable at the option of the Company on one months notice.

The loan notes in issue as at 31 December 2002 were converted or repaid during the year.

The overdraft is secured by way of fixed and floating charges over the assets of the Group.

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

Notes to the Accounts (continued)

Year ended 31 December 2003

15 DEFERRED TAX

The Group and Company had no deferred tax liability (2002 – £Nil). Deferred tax assets not recognised amount to approximately £420,000 (2002: £400,000) for trading losses and £269,000 (2002: £269,000) for capital losses.

16 CALLED UP SHARE CAPITAL

	2003	2002
	£'000	£'000
Authorised		
500,000,000 (2002 – 234,000,000) ordinary shares of 1p each	**5,000**	2,340
Issued and fully paid		
209,711,111 (2002 – 83,785,860) ordinary shares of 1p each	**2,097**	838

Changes in share capital in the year

(a) In February 2003 the Company issued for cash 10,500,000 ordinary shares of 1 pence each at a premium of 1 pence per share to raise £210,000 before expenses.

(b) In May 2003 the Company issued for cash 12,500,000 ordinary shares of 1 pence each at a premium of 1 pence per share to raise £250,000 before expenses.

(c) In July 2003 the Company issued for cash 61,020,491 ordinary shares of 1 pence each at a premium of 0.75 pence per share to raise £1,068,000 before expenses.

(d) In July 2003 the Company issued 7,619,046 ordinary shares of 1 pence each at a premium of 1.625 pence per share as part consideration of the acquisition of D F Blanchard (Salisbury) Limited.

(e) At various dates during the year, the holder of loan notes with a value of £600,000 elected to convert the loan notes, resulting in the issue of 34,285,714 ordinary shares of 1 pence each at a premium of 0.75 pence per share.

Share options

At 31 December 2003 the following share options were outstanding in respect of the ordinary shares:

Year of grant	**Number of ordinary shares of 1p each**	**Exercise price per share**	**Option period**	**Exercise conditions**
Unapproved options				
2001	3,149,411	3.00p	Up to 27 Nov 2011	(i)
2001	2,335,302	3.00p	Up to 27 Nov 2011	(ii)
2001	2,335,301	3.00p	Up to 27 Nov 2011	(iii)
2003	2,200,000	2.25p	Up to 1 Sept 2013	(iv)
2003	1,000,000	3.00p	Up to 21 Sept 2013	(v)

16 CALLED UP SHARE CAPITAL (continued)

Approved options

2001	3,333,333	3.00p	Up to 27 Nov 2011	(a)
2003	5,194,444	3.00p	Up to 26 June 2013	(a)
2003	1,600,000	2.25p	Up to 1 Sept 2013	(a)
2003	500,000	3.00p	Up to 26 June 2013	(b)
2003	200,000	3.00p	Up to 23 Feb 2013	(c)
2003	3,800,000	3.00p	Up to 23 Feb 2013	(d)
2003	200,000	3.00p	Up to 23 Feb 2013	(e)
2003	2,600,000	3.00p	Up to 2 Oct 2013	(f)

Un-approved options:

(i) the options are now exercisable
(ii) the options are exercisable once the Company's share price exceeds 4.5 pence
(iii) the options are exercisable once the Company's share price exceeds 6 pence
(iv) the options are exercisable so long as the holders remain as directors
(v) the options are exercisable in equal tranches once the Company's share price exceeds 3 pence, 4.5 pence and 6 pence.

Inland Revenue approved options:

(a) one-third of the options are exercisable on each of the first three occasions that the Company publishes either interim or full accounts which state that the Group has made pre-tax profits in excess of £1;
(b) one-half of the options are exercisable once the Company publishes either interim or full accounts which state that the Group has made pre-tax profits in excess of £125,000 for any six month period and the balance are exercisable once the reported six monthly profit exceeds £250,000;
(c) one-half of the options are exercisable on each of the first two occasions that the Company publishes either interim or full accounts which state that the Group has made pre-tax profits in excess of £1 for any six month period;
(d) one-half of the options are exercisable once Speymill Contracts Limited reports an annual profit before interest and tax that exceeds £500,000 and the balance are exercisable six months thereafter;
(e) one-half of the options are exercisable on each of the first two occasions that First National Property Maintenance Limited achieves pre-tax profits in excess of £1 for any six month period; and
(f) one-half of the options are exercisable once D F Blanchard (Salisbury) Limited achieves a profit before interest and tax for six months in excess of £358,000 and the balance are exercisable once that Company achieves an annual profit before interest and tax in excess of £717,000.

Notes to the Accounts (continued)

Year ended 31 December 2003

17 RESERVES

	Share premium account	Profit and Loss account
Group		
At 1 January 2003	**—**	**(500)**
Premium on issue of shares	**1,048**	**—**
Issue costs	**(235)**	**—**
Loss for the year	**—**	**(357)**
At 31 December 2003	**813**	**(857)**
Company		
At 1 January 2003	**—**	**(500)**
Premium on issue of shares	**1,048**	**—**
Issue costs	**(235)**	**—**
Loss for the year	**—**	**(644)**
At 31 December 2003	**813**	**(1,144)**

As permitted by Section 230 of the Companies Act 1985, the parent company's own profit and loss account has not been included in the accounts.

18 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2003		2002	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Loss for the financial year	**(357)**	**(644)**	(763)	(763)
New share capital subscribed	**2,307**	**2,307**	838	838
Costs written off to share premium account	**(235)**	**(235)**	(292)	(292)
Net addition/(reduction) to shareholders' funds	**1,715**	**1,428**	(217)	(217)
Opening equity shareholders' funds	**338**	**338**	555	555
Closing equity shareholders' funds	**2,053**	**1,766**	338	338

19 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2003 £'000	2002 £'000
Operating loss	**(226)**	(700)
Depreciation of tangible assets	**155**	93
Amortisation of goodwill	**178**	116
Exceptional items	**—**	26
Decrease/(increase) in stocks and work in progress	**(5)**	6
Decrease/(increase) in debtors	**(1,625)**	1,077
(Decrease)/increase in creditors	**2,022**	(1,279)
Net cash inflow/(outflow) from operating activities	**499**	(661)

20 ANALYSIS OF CASH FLOWS

	2003 £'000	2002 £'000
(a) **Returns on investments and servicing of finance**		
Interest received	**—**	4
Interest paid	**(131)**	(93)
Net cash outflow from returns on investments and servicing of finance	**(131)**	(89)
(b) **Capital expenditure and financial investment**		
Purchase of tangible fixed assets	**(64)**	(86)
Sale of tangible fixed assets	**5**	1
Net cash outflow from capital expenditure and financial investment	**(59)**	(85)
(c) **Acquisitions and disposals**		
Payments to acquire subsidiary undertaking	**(1,232)**	(800)
Cash of subsidiary on acquisition	**411**	(397)
	(821)	(1,197)
(d) **Financing**		
Receipts from the issue of equity share capital	**1,273**	1,237
Repayment of loan	**(73)**	—
Repayment of loan notes	**(400)**	—
Repayment of capital element of finance leases	**(51)**	(20)
	749	1,217

The subsidiary acquired in the year was D F Blanchard (Salisbury) Limited (note 26).

Notes to the Accounts (continued)

Year ended 31 December 2003

21 ANALYSIS OF NET DEBT

	At 1 Jan 2003 £'000	Cash flow £'000	Arising on acquisition £'000	Other non-cash changes £'000	At 31 Dec 2003 £'000
Cash at bank and in hand	2	411	—	—	413
Overdraft	(1,075)	(396)	—	—	(1,471)
	(1,073)	15	—	—	(1,058)
Debt due within one year					
Finance leases	(28)	50	(15)	(64)	(57)
Bank loan	—	73	(73)	—	—
Debt due after more than one year					
Finance leases	(25)	—	(1)	(39)	(65)
Convertible loans	(1,000)	400	—	600	—
Issue of convertible loan notes	—	—	—	(150)	(150)
Issue of redeemable loan notes	—	—	—	(309)	(309)
	(2,126)	538	(89)	38	(1,639)

22 OPERATING LEASE COMMITMENTS

As at 31 December 2003 the Group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Leases which expire:				
Within one year	**39**	—	**5**	3
Within two to five years	**108**	93	**54**	30
	147	93	**59**	33

23 TRANSACTIONS CONCERNING DIRECTORS

During the period, the Group entered into the following arrangements in which the directors named below had an interest:

K Lassman is a partner in Howard Kennedy (Solicitors) which received fees, exclusive of VAT, of £93,000 (2002 – £113,000) for property, corporate and banking advice during the year. As at the year end, no fees (2002 – £Nil) remained unpaid.

24 FINANCIAL INSTRUMENTS

During the period, the only financial instruments that the Group utilised were sterling denominated instruments used to provide finance, namely bank overdrafts and convertible and redeemable loan notes. It is the directors' aim to achieve a reasonable ratio of funding as between that provided by equity shareholders and long and short borrowings ("gearing ratio").

The current gearing ratio is, in the opinion of the directors, not ideal as the Group has net current liabilities and is dependent on short term bank overdraft funding. However, the directors are confident that they can work within the current overdraft limits, although they do not rule out raising additional working capital from equity shareholders in due course.

The directors consider that, in the present economic environment, instruments to fix or cap the interest rate exposure are not required. As the Group does not trade outside the United Kingdom and thus has no financial assets or liabilities denominated in currencies other than sterling, instruments to protect against foreign exchange fluctuations are not required.

The interest rate risk that the Group faces is summarised below:

	2003	2002
	£'000	£'000
Floating rate financial liabilities	**1,779**	2,075
Fixed rate financial liabilities	**123**	52
Financial liabilities on which no interest is paid	**150**	—
	2,052	2,127
Repayable		
Within one year	**1,528**	1,102
In 1 – 2 years	**65**	1,025
In 2 – 5 years	**309**	—
Undated liabilities	**150**	—
	2,052	2,127

The benchmark rate for determining the interest payments of the floating rate financial liabilities is the Bank of Scotland base rate.

As at the year end, the Group had an overdraft facility of £2.0 million, of which £529,000 was undrawn. This facility expires on 30 June 2004.

The directors consider that the fair value of the financial liabilities does not materially vary from their carrying value.

Notes to the Accounts (continued)

Year ended 31 December 2003

25 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Group

The Group has given performance bonds with a value of £53,000 (2002 – £65,000).

Company

The Company has guaranteed the overdrafts of its subsidiaries. As at the balance sheet date the total commitment was £604,000 (2002 – £724,000).

26 ACQUISITION

With effect from 30 June 2003, the Group acquired the entire issued share capital of D F Blanchard (Salisbury) Limited, whose business is that of repair and maintenance of properties.

Details of the assets acquired, the consideration and the resultant goodwill are as follows:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Fair value and book value of net assets acquired			
Tangible fixed assets	405	94	499
Stocks	28	—	28
Debtors	1,192	—	1,192
Cash at bank	411	—	411
Creditors: amounts falling due within one year	(846)	(88)	(934)
Creditors: amounts falling due after more than one year	(74)	—	(74)
Book value/fair value of net assets acquired	1,116	6	1,122
Goodwill arising			918
Consideration			2,040
The consideration comprised:			
Cash			1,102
Issue of shares			200
Redeemable loan notes			308
Convertible loan notes			150
Deferred contingent consideration			150
Costs of acquisition (cash)			130
Total consideration			2,040

26 ACQUISITION (continued)

The fair value adjustments relate to:

(a) the fair value of the acquired company's freehold premises

(b) the recognition of tax liabilities that were not recorded in the company's accounting records

The deferred contingent consideration is payable by reference to reported profits for the year ended 31 December 2003 and the year ending 31 December 2004. The directors have estimated the amounts due based on the reported results for the year ended 31 December 2003 and the forecast results for the year ended 31 December 2004. The maximum additional consideration payable in respect of the year ended 31 December 2004 is £120,000.

27 POST BALANCE SHEET EVENTS

(a) In April 2004, the Company issued for cash 22,000,000 ordinary shares of 1p each at a premium of 1.25 pence to raise £495,000 before expenses.

(b) On 4 June, the Company issued £530,000 of convertible loan stock for cash.

(c) The Extraordinary General Meeting of the Company held on 29 June 2004 approved the sub-division of the existing Ordinary Shares of 0.1p each into one ordinary share of 0.01p (having the rights and being subject to the same restrictions as the existing ordinary shares) and one deferred share of 0.99p each (with very restricted rights), increased the authorised share capital of the Company from £5,000,000 to £8,000,000 and the authorised the Directors to allot up to 3,320,000,000 ordinary shares, for the conversion of the convertible loan notes (730,000,000) and for the provision of working capital (2,590,000,000).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of The Wigmore Group plc will be held at 19 Cavendish Square, London W1A 2AW on 28 July 2004 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following Resolutions 1, 2, 3, 4 and 5 which will be proposed as Ordinary Resolutions; namely:-

1. To receive and adopt the report of the directors and accounts of the Company for the year ended 31 December 2003, together with the report of the auditors thereon.

2. To receive and adopt the report of the directors and accounts of the Company for the year ended 31 December 2003, together with the report of the auditors thereon.

3. To re-appoint Baker Tilly to hold office as auditors of the Company until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and authorise the Directors to fix their remuneration.

4. To re-elect as Director, Fidelma Hewitt, who retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for re-election.

5. To re-elect as Director Keith Lassman, who retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

6. To re-elect as Director George Brooksbank, who retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution namely:-

8.1 That, in accordance with Section 95 of the Companies Act 1985, the Directors be and are hereby given power to allot equity securities for cash pursuant to the general authority conferred upon the Directors by resolution passed on 29 June 2004 as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such allotment, provided that the power hereby granted:

(a) shall be limited to:

(i) the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares in the capital of the Company and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holdings of ordinary shares of such holders (or, as appropriate, to the numbers of ordinary shares which such other persons are for these purposes deemed to hold), subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlement or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body in any territory;

(ii) the allotment of equity securities up to an aggregate nominal amount of £118,390.37; and shall (unless previously revoked, varied or renewed) expire at the conclusion of the Annual General Meeting of the Company next following the passing of the Resolution, and in any event on 29 October 2005.

8.2 The said power shall allow and enable the Company to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or such agreement notwithstanding the expiry of such power.

8.3 Words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.

Dated: 29 June 2004

Registered Office:
19 Cavendish Square
London W1A 2AW

By order of the Board

K Lassman
Secretary

Notes:

1. A member of the Company entitled to attend and vote at the above-mentioned Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member. Completion and return of the attached form of proxy will not preclude shareholders from attending and voting at the meeting.

2. A pre-paid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof) must be received at the office of the Company's registrars, SLC Registrars Ltd, 42-46 High Street, Esher, Surrey KT10 9QY not less than 48 hours before the time fixed for the meeting or any adjourned meeting at which the proxy is to vote.

3. The Company, pursuant to Regulation 41 of The Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 6.00 p.m. on 28 June 2004 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Head Office:
Arundel House, Amberley Court, County Oak Way, Crawley, West Sussex RH11 7XL
Telephone 0845 070 1200 • Fax 0845 070 2300
Company Registration No. 2548488

Printed by Perivan London 203413

Wigmore Group plc