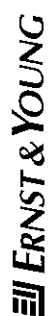


2752154

 ERNST & YOUNG

Symonds Group Limited

Report and Accounts

31 December 1999



Symonds Group Limited

Registered No. 2752154

DIRECTORS

C A Booy
T J Piper
T Ferrett
P Mynors
C Marshall
C Wood
M Whife
D Robertson
J Goring
J Moffett

SECRETARY

I Parmar

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5EJ

SOLICITORS

Morgan Cole
Bradley Court
Park Place
Cardiff
CF1 3DP

REGISTERED OFFICE

24-30 Holborn
London
EC1N 2LX

CHAIRMAN'S STATEMENT

December 1999 marked an exciting new beginning for Symonds Group Limited when senior managers, led by myself, purchased the Company from Dalkia plc, a Vivendi subsidiary. During recent years Symonds' resources, profit, cash and management time and effort have been expended in developing a high profile, successful and valuable Facilities Management Operational business to supplement and support Dalkia's other core activities. During 1999 this heavy investment continued and culminated in the FM Operations business being transferred to the parent company in preparation for the sale of the Symonds Consultancy business, which was no longer a core activity for Dalkia. This, plus other divestments during the year, together with the preparations for the sale have had a significant impact on the annual accounts.

The net result of the Group's restructuring was to put Symonds Group in a much stronger financial position at the end of 1999 than before with net assets of £11.4m and a cash balance of £1.3m. In addition we were able to take the opportunity to address a number of key issues, rationalise our overhead base and generate annual cost savings in excess of £1m.

1999 saw us both completing and securing new landmark projects in the wide range of sectors that are Symonds trademark. Some examples of such projects are: Greenwich Peninsula (£185m); Oresund Tunnel (£450m); Darent Valley Hotel (£90m); National Botanical Gardens of Wales (£43m); Oracle Shopping Centre, Reading (£120m); and Liverpool City Centre Regeneration (£500m+). 1999 also saw us win the Contract Journal Partnering Award with Glaxo Wellcome.

During the period the order book for our core consultancy, management and design services in property, construction and infrastructure, grew significantly, a trend that has accelerated in 2000, including new commissions for the Paris Hilton Hotel refurbishment (£20m); MIDI Project, Malta (£200m); Paddington LTVA (£40m); and an International theme park (£200m). New opportunities for our key disciplines are running at their highest levels for several years.

THE FUTURE

Symonds Group is now independently owned and managed by its senior management and staff (over 100 are shareholders) and has the financial backing of the Bank of Scotland. This allows us to concentrate on our core strengths and profitable service lines of project, cost, construction and property management; civil, environment, building, mechanical and electrical services engineering; and transport; supported by specialist services in communications and control, acoustics, health and safety, and contracts dispute resolution. Services are provided from a network of offices throughout the UK, Asia, the Middle East and project offices across the world.

Based on the recruitment and retention of quality staff, our aim is to grow organically whilst capitalising on new initiatives and business opportunities. Two examples here are our partnership in Speed Check Services Ltd (the supplier of the first approved digital speed control systems in the UK) and our partnership in ResoLex, the first contracted mediation service to be offered in the UK in conjunction with a leading Barristers' Chambers.

The target we have set ourselves over the next five years is to substantially grow our core business lines and, at the same time, introduce new products. The strategy is to build on our current strengths, offering top-level services that clients need, founded on creativity, imagination and innovation. To achieve this we will continue to both recruit outstanding people to our business and to train and develop those we already employ. We have had some considerable success on the recruitment of new talent from Director to Graduate levels. Working from these core principles, we can build more long term client relationships on which profitable consultancy is based.

CHAIRMAN'S STATEMENT

I am looking forward to the new era in Symonds' development with a great deal of confidence, based upon what we have achieved to date. All management energy is now focused entirely on our core consultancy business and not, as previously, on growing a FM operations business. The necessary 'bricks' are in place to achieve our objectives.

Chris Booy OBE
Executive Chairman

11 October 2000

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31 December 1999.

ACTIVITIES

The group's principal activities during the year were project, cost, and construction management, civil, building and environmental engineering, transport control and communication and facilities management. During the year the company was bought out of Dalkia Group plc by a senior management team and is now a subsidiary of Symonds Group (Holdings) Limited, a newly formed holding company incorporated for this purpose.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year and the position at the year end are shown in the profit and loss account and balance sheet on pages 6 to 8.

Symonds Group Limited has branch operations in Saudi Arabia and the Philippines.

DIVIDENDS

Dividends of £3,328,000 were paid in 1999 (1998 - £nil).

DISPOSALS

A number of significant disposals were made during the year, allowing the group to concentrate its business in project, cost, and construction management, civil, building and environmental engineering and transport control and communication. The group's facilities management activities, shares in Trillium Facilities Management Limited and subsidiaries in Australia and Novo Architects were disposed of.

INVESTMENT DURING THE YEAR

Secured 100% of Woolf Ltd, acquired 70% of EDCOP an engineering consultancy in the Philippines, and 50% of Speed Check Services Limited who operate in the field of motorway and speed control systems, and other small investments that are summarised in note 11 to the accounts.

EMPLOYEES

It is the group's policy to ensure that equal opportunities are available to all, regardless of gender, marital status, ethnic origin or nationality. Full and fair consideration is given to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Consideration will be given to employees of the group who become disabled, to continue in their employment or to be trained for other positions in the group. It is also the group's policy to consult with employees and their representatives in order to achieve the efficient execution and development of the group's business.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year or appointed subsequently, none of whom had any interests in the share capital of the company are set out below, together with their shareholdings in the parent company:

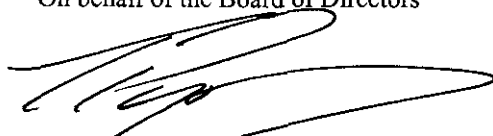
*Shares held in Symonds Group
(Holdings) Limited*

| | | |
|-------------------|-----------------------------|---------|
| N M Biddle | (resigned 2 December 1999) | |
| C A Booy | | 432,000 |
| L C Charles-Jones | (resigned 31 August 1999) | |
| A K Harden | (resigned 1 December 1999) | |
| L Bermejo | (resigned 1 December 1999) | |
| T J Piper | | 180,000 |
| B Saint-Andre | (resigned 25 November 1999) | |
| I A Sexton | (resigned 1 June 1999) | |
| P Redfern | (resigned 1 December 1999) | |
| T Ferrett | | 60,000 |
| P Mynors | (appointed 3 December 1999) | 48,000 |
| C Marshall | (appointed 3 December 1999) | 36,000 |
| C Wood | (appointed 3 December 1999) | 48,000 |
| M White | (appointed 3 December 1999) | 36,000 |
| D Robertson | (appointed 3 December 1999) | 48,000 |
| J Goring | (appointed 16 March 2000) | 12,000 |
| J Moffett | (appointed 11 May 2000) | 12,000 |

AUDITORS

Ernst & Young were appointed as auditors during the year and a resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board of Directors



T J Piper
Director

11 October 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, 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; and*
- *prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Symonds Group Limited

We have audited the accounts on pages 8 to 28 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

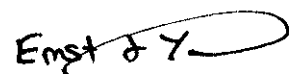
Basis of opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Y', with a large, stylized flourish extending from the end.

Ernst & Young
Registered Auditors
London

11 October 2000

Symonds Group Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

| | | <i>Continuing operations</i> | <i>Discontinued operations</i> | <i>Total</i> | |
|---|--------------|----------------------------------|------------------------------------|--------------|--------------|
| | | <i>1999</i> | <i>1999</i> | <i>1999</i> | <i>1998</i> |
| | <i>Notes</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| TURNOVER | | 47,180 | 15,849 | 63,029 | 67,412 |
| Change in work in progress | | 814 | - | 814 | (2,020) |
| Staff costs | 2 | (26,879) | (3,253) | (30,132) | (32,780) |
| Depreciation | | (1,608) | (129) | (1,737) | (2,030) |
| Other operating charges | | (20,233) | (13,793) | (34,026) | (32,264) |
| OPERATING LOSS | 3 | (726) | (1,326) | (2,052) | (1,682) |
| Share of profit of associated undertakings | | (79) | 721 | 642 | 704 |
| TOTAL OPERATING LOSS | | (805) | (605) | (1,410) | (978) |
| Profit/(loss) on disposal of operations | 4 | | | 11,173 | (685) |
| Profit/(loss) before interest and taxation | | | | 9,763 | (1,663) |
| Interest receivable and similar income | 5 | | | 28 | 71 |
| Interest payable and similar charges | 6 | | | (821) | (1,475) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | | | 8,970 | (3,067) |
| Taxation | 7 | | | (240) | 160 |
| PROFIT/(LOSS) AFTER TAXATION | | | | 8,730 | (2,907) |
| Equity minority interests | | | | - | (134) |
| Profit/(loss) for the year | | | | 8,730 | (3,041) |
| Dividends paid | 8 | | | (3,328) | - |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | 20 | | | 5,402 | (3,041) |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1999

| | <i>1999</i> | <i>1998</i> |
|---|--------------|----------------|
| | <i>£'000</i> | <i>£'000</i> |
| Profit/(loss) for the financial year | 8,730 | (3,041) |
| Foreign exchange translation differences | (72) | 115 |
| Total recognised gains and losses relating to the year | 8,658 | (2,926) |

Symonds Group Limited

CONSOLIDATED BALANCE SHEET

at 31 December 1999

| | Notes | 1999 £'000 | 1998 £'000 |
|--|-------|----------------|-----------------|
| FIXED ASSETS | | | |
| Goodwill | 10 | 483 | - |
| Tangible assets | 11 | 1,478 | 3,551 |
| Investments | 12 | 98 | 3,495 |
| | | <u>2,059</u> | <u>7,046</u> |
| CURRENT ASSETS | | | |
| Work in progress | 14 | 2,754 | 3,147 |
| Debtors: amounts due within one year | 15 | 12,974 | 14,802 |
| Debtors: amounts due after more than one year | 16 | - | 3,316 |
| Cash at bank and in hand | | 1,304 | - |
| | | <u>17,032</u> | <u>21,265</u> |
| CREDITORS: amounts falling due within one year | 17 | <u>(7,609)</u> | <u>(11,823)</u> |
| NET CURRENT ASSETS | | <u>9,423</u> | <u>9,442</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>11,482</u> | <u>16,488</u> |
| CREDITORS: amounts falling due after more than one year | 18 | - | (10,032) |
| Equity minority interests | | (34) | (338) |
| | | <u>11,448</u> | <u>6,118</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 10,000 | 10,000 |
| Profit and loss account | 20 | 1,448 | (3,882) |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | | <u>11,448</u> | <u>6,118</u> |

These accounts were approved by the Board of Directors on 11 October 2000.



T J Piper

Director

Symonds Group Limited

BALANCE SHEET

at 31 December 1999

| | Notes | 1999 £'000 | 1998 £'000 |
|--|-------|----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 1,169 | 2,837 |
| Investments | 12 | 6,059 | 14,384 |
| | | <u>7,228</u> | <u>17,221</u> |
| CURRENT ASSETS | | | |
| Work in progress | 14 | 2,161 | 2,761 |
| Debtors: amounts due within one year | 15 | 12,637 | 14,968 |
| Debtors: amounts due after more than one year | 16 | - | 3,316 |
| Cash at bank and in hand | | 410 | - |
| | | <u>15,208</u> | <u>21,045</u> |
| CREDITORS: amounts falling due within one year | 17 | <u>(6,427)</u> | <u>(9,016)</u> |
| NET CURRENT ASSETS | | <u>8,781</u> | <u>12,029</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>16,009</u> | <u>29,250</u> |
| CREDITORS: amounts falling due after more than one year | 18 | <u>(3,847)</u> | <u>(13,832)</u> |
| | | <u>12,162</u> | <u>15,418</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 19 | 10,000 | 10,000 |
| Profit and loss account | 20 | 2,162 | 5,418 |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | | <u>12,162</u> | <u>15,418</u> |

These accounts were approved by the Board of Directors on 11 October 2000.

T J Piper

Director

Symonds Group Limited

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 1999

| | Notes | 1999 £'000 | 1998 £'000 |
|--|-------|---------------|---------------|
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 21 | 1,078 | (3,576) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Bank interest paid | | (821) | (1,475) |
| Interest received | | 28 | 71 |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (793) | (1,404) |
| TAXATION | | | |
| Corporation tax received | | 668 | 242 |
| Overseas tax paid | | (59) | (314) |
| TAX RECEIVED/(PAID) | | 609 | (72) |
| CAPITAL EXPENDITURE | | | |
| Payments to acquire tangible fixed assets | | (1,069) | (1,104) |
| Proceeds from sale of tangible fixed assets | | 75 | 266 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | | (994) | (838) |
| ACQUISITIONS AND DISPOSALS | | | |
| Purchase of subsidiary undertakings and joint ventures | | (1,101) | (2,686) |
| Sale of business and trade investments | | 20,338 | - |
| NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DISPOSALS | | 19,237 | (2,686) |
| EQUITY DIVIDENDS PAID | | (3,328) | - |
| NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING | | 15,809 | (8,576) |
| FINANCING | | | |
| Issue of share capital | | - | 10,000 |
| Loan repayments | | (11,917) | - |
| NET CASH (OUTFLOW)/INFLOW FROM FINANCING | | (11,917) | 10,000 |
| INCREASE IN CASH | | 3,892 | 1,424 |

Symonds Group Limited

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 1999

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| INCREASE IN CASH | 3,892 | 1,424 |
| Loan repayments | 11,917 | - |
| Change in net funds/(debt) resulting from cash flows | 15,809 | 1,424 |
| MOVEMENT IN NET FUNDS/(DEBT) IN THE YEAR | 15,809 | 1,424 |
| NET DEBT AT 1 JANUARY | (14,505) | (15,929) |
| NET FUNDS/(DEBT) AT 31 DECEMBER (NOTE 22) | 1,304 | (14,505) |

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

These accounts have been prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of the company and all subsidiaries for the financial year ended 31 December 1999.

Investments

Investments in subsidiaries are stated at cost less provision for any impairment in value.

The carrying values of investments in subsidiaries are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Acquisitions and goodwill

Purchased goodwill arising on consolidation in respect of acquisitions before 1 January 1998, when FRS 10, "Goodwill and Intangible Assets" was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit and loss on disposal.

Purchased goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life.

The carrying values of intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed assets and depreciation

Depreciation is provided in equal annual instalments, in order to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives at the following rates:

| | | |
|-----------------------|---|-----------------------------------|
| Freehold buildings | - | 2% per annum straight line |
| Motor vehicles | - | 25% per annum straight line |
| Plant and equipment | - | 33% per annum straight line |
| Fixtures and fittings | - | 10% - 15% per annum straight line |

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Consultancy contracts

Profit on consultancy activities is taken as work progresses. The percentage margin on each individual contract is the lower of the margin earned to date, and that forecast at completion taking account of agreed claims. Full provision is made for all known or expected losses at completion, immediately such losses are forecast on each contract. Profit for the year may include settlement of claims arising on contracts completed in prior years.

Payments received on account of contracts are deducted from amounts recoverable on contracts. Such amounts which have been received and which exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities and charges.

NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES (continued)

Long-term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Where the final outcome can be assessed, turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Work in progress

Long-term contract work-in-progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses and progress payments receivable on account. Advance payments and deposits are included in creditors.

Capitalisation of bid costs

Costs incurred in the preparation of bids for, and the subsequent development of large scale facilities management projects are capitalised where management is satisfied that these costs have been separately identified and accurately recorded. The capitalised costs are then fully provided for until the outcome of each bid is known. Where the bid is successful, the provision is released, providing the profitability of the contract can be reasonably forecast, and the capitalised cost amortised over a period of ten years. Where the bid fails or the contract ceases to be profitable, the costs are immediately written off.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Turnover

Turnover is the amount derived from the provision of services during the accounting year, net of value added tax, representing the net amount invoiced as adjusted for accrued and deferred income.

Foreign currency transactions

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

Pension costs

The expected costs of providing pensions under defined benefit schemes, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the costs over the service lives of employees in the schemes operated within the group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. Contributions to defined contribution schemes are charged to the profit and loss account on a payment basis.

NOTES TO THE ACCOUNTS

at 31 December 1999

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| Directors' emoluments | | |
| Total directors' emoluments (excluding pension contributions) | 931 | 724 |
| Contributions to money purchase pension scheme | 93 | 36 |
| Number of directors who are members of the money purchase pension scheme | 11 | 8 |
| Emoluments of highest paid director (excluding pension contributions) | 124 | 136 |
| The remuneration in respect of the highest paid director was paid to Mr N M Biddle, the previous chairman who resigned on 2 December 1999. | | |
| Average number of persons employed | | |
| Technical | 704 | 880 |
| Administration | 152 | 311 |
| | 856 | 1,191 |
| Staff costs | | |
| Wages and salaries | 27,398 | 29,677 |
| Social security costs | 2,067 | 2,343 |
| Pension costs | 668 | 760 |
| | 30,133 | 32,780 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

3. OPERATING LOSS

| | | |
|--|-------|-------|
| This is stated after charging: | 1999 | 1998 |
| | £'000 | £'000 |
| Auditors' remuneration: | | |
| Audit fees | 40 | 94 |
| Non-audit fees | 23 | 22 |
| Depreciation of tangible fixed assets: | | |
| Owned | 1,675 | 1,947 |
| Hire purchase contracts | - | 83 |
| Amortisation of goodwill | 54 | - |
| Rentals under operating leases: | | |
| Other operating leases | 1,683 | 1,636 |
| Land and buildings | 1,223 | 1,319 |

4. PROFIT/(LOSS) ON DISPOSAL OF DISCONTINUED OPERATIONS

| | | |
|--|---------|-------|
| | 1999 | 1998 |
| | £'000 | £'000 |
| Loss on sale of the Environmental Engineering operations | - | (357) |
| Provision for loss on sale of Novo Architects Limited | - | (261) |
| Loss on sale of Abros Enterprise Limited | - | (67) |
| Profit on sale of Symonds Group Pty Limited | 1,040 | - |
| Profit on the sale of Trillium Facilities Management Limited | 11,110 | - |
| Profit on the sale of Novo Architects Limited | 322 | - |
| Loss on sale of the Facilities Management operations | (1,229) | - |
| Loss on the winding up of Bizmatic Sdn. Bhd | (70) | - |
| | 11,173 | (685) |

49% of the ordinary shares of Trillium Facilities Management Limited were disposed of on 30 September 1999 for cash consideration of £17,260,000.

100% of the ordinary shares of Symonds Group Pty Limited were disposed of on 30 October 1999 for cash consideration of £1.

On 2 December 1999 the business and assets of the group's Facilities Management operations were disposed of for cash consideration of £3,078,000.

75% of the ordinary shares of Novo Architects Limited were disposed of on 28 February 1999 for £1.

On 17 December Bizmatic Sdn. Bhd. an associate company was liquidated.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | | |
|--------------------------------------|-------|-------|
| | 1999 | 1998 |
| | £'000 | £'000 |
| Bank interest receivable | 28 | 25 |
| Share of associate interest received | - | 46 |
| | 28 | 71 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 1999 £'000 | 1998 £'000 |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 107 | 152 |
| Intra group interest | 714 | 1,323 |
| | <u>821</u> | <u>1,475</u> |

7. TAXATION

| | 1999 £'000 | 1998 £'000 |
|--------------------------------------|---------------|---------------|
| United Kingdom corporation tax | (216) | 386 |
| Tax on overseas subsidiaries | (24) | (314) |
| Deferred taxation | - | 8 |
| Associated companies | - | 3 |
| Adjustment in respect of prior years | - | 77 |
| | <u>(240)</u> | <u>160</u> |

8. DIVIDENDS

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| Interim dividend paid: 332.8p per share (1998 - £nil) | 3,328 | - |
| | <u>3,328</u> | <u>-</u> |

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The company profit for the year before distributions amounted to £72,000.

10. INTANGIBLE FIXED ASSETS

| <i>Group</i> | <i>Goodwill</i> £'000 |
|--------------------------|--------------------------|
| Cost: | |
| Increase during the year | 537 |
| At 31 December 1999 | <u>537</u> |
| Amortisation: | |
| Provided during the year | 54 |
| At 31 December 1999 | <u>54</u> |
| Net book value: | |
| At 31 December 1999 | <u>483</u> |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

10. INTANGIBLE FIXED ASSETS (continued)

Additions

Purchase of additional 25% of Woolf limited share capital 351
Fair value at date of acquisition (263)

Goodwill 88

Purchase of 70% of EDCOP 550
Fair value at date of acquisition (101)

Goodwill 449

Goodwill is being amortised as follows:

Goodwill arising on the acquisition of Woolf limited share capital is being amortised evenly over the directors' estimate of its useful economic life of 10 years.

Goodwill arising on the acquisition of EDCOP share capital is being amortised evenly over the directors' estimate of its useful economic life of 10 years.

11. TANGIBLE FIXED ASSETS

| <i>Group</i> | <i>Freehold property £'000</i> | <i>Motor vehicles £'000</i> | <i>Plant and equipment £'000</i> | <i>Fixtures and fittings £'000</i> | <i>Total £'000</i> |
|---------------------|--|-------------------------------------|--|--|------------------------|
| Cost: | | | | | |
| At 1 January 1999 | 130 | 660 | 6,738 | 1,008 | 8,536 |
| Additions | - | 61 | 712 | 394 | 1,167 |
| Disposals | - | (304) | (5,179) | (457) | (5,940) |
| Exchange difference | - | 8 | 5 | 1 | 14 |
| At 31 December 1999 | 130 | 425 | 2,276 | 946 | 3,777 |
| Depreciation: | | | | | |
| At 1 January 1999 | 10 | 456 | 4,050 | 469 | 4,985 |
| Additions | - | - | - | 62 | 62 |
| Charge for the year | 3 | 85 | 1,376 | 211 | 1,675 |
| Disposals | - | (246) | (4,022) | (160) | (4,428) |
| Exchange difference | - | 4 | 1 | - | 5 |
| At 31 December 1999 | 13 | 299 | 1,405 | 582 | 2,299 |
| Net book value: | | | | | |
| At 31 December 1999 | 117 | 126 | 871 | 364 | 1,478 |
| At 1 January 1999 | 120 | 204 | 2,688 | 539 | 3,551 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

11. TANGIBLE FIXED ASSETS (continued)

| <i>Company</i> | <i>Motor vehicles £'000</i> | <i>Plant and equipment £'000</i> | <i>Fixtures and fittings £'000</i> | <i>Total £'000</i> |
|---------------------|-------------------------------------|--|--|------------------------|
| Cost: | | | | |
| At 1 January 1999 | 446 | 5,797 | 1,041 | 7,284 |
| Additions | 52 | 975 | - | 1,027 |
| Disposals | (230) | (4,649) | (260) | (5,139) |
| Exchange difference | 2 | 4 | 1 | 7 |
| At 31 December 1999 | 270 | 2,127 | 782 | 3,179 |
| Depreciation: | | | | |
| At 1 January 1999 | 361 | 3,643 | 443 | 4,447 |
| Charge for year | 54 | 1,219 | 189 | 1,462 |
| Disposals | (210) | (3,538) | (153) | (3,901) |
| Exchange difference | 1 | 1 | - | 2 |
| At 31 December 1999 | 206 | 1,325 | 479 | 2,010 |
| Net book value: | | | | |
| At 31 December 1999 | 64 | 802 | 303 | 1,169 |
| At 1 January 1999 | 85 | 2,154 | 598 | 2,837 |

12. INVESTMENTS HELD AS FIXED ASSETS

| <i>Group</i> | <i>£'000</i> |
|--|--------------|
| Investments in associated undertakings | |
| Cost: | |
| At 1 January 1999 | 2,731 |
| Disposal of Trillium Facilities Management Limited | (2,686) |
| Partial disposal of Abros Enterprise Limited preference shares | (21) |
| Addition of Speed Check Services Limited | 54 |
| Addition of Electronic Data Management Limited | 73 |
| At 31 December 1999 | 151 |
| Share of reserves in associated undertakings: | |
| At 1 January 1999 | 764 |
| Share of retained profits | 426 |
| Disposal of Trillium Facilities Management Limited | (1,243) |
| At 31 December 1999 | (53) |
| Total investments: | |
| At 31 December 1999 | 98 |
| At 1 January 1999 | 3,495 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

| <i>Company</i> | <i>£'000</i> |
|--|--------------|
| Investments in subsidiary undertakings: | |
| At 1 January 1999 | 11,653 |
| Purchase of additional 25% share capital of Woolf Limited | 355 |
| Disposal of Novo Architects Limited | (225) |
| Disposal of provision for Novo Architects Limited | 225 |
| Impairment provision | (6,100) |
| At 31 December 1999 | 5,908 |
| Investments in associated undertakings: | |
| At 1 January 1999 | 2,731 |
| Disposal of Trillium Facilities Management Limited | (2,686) |
| Partial disposal of Abros Enterprise Limited preference shares | (21) |
| Addition of Speed Check Services Limited | 54 |
| Addition of Electronic Data Management Limited | 73 |
| At 31 December 1999 | 151 |
| Total investments: | |
| At 31 December 1999 | 6,059 |
| At 1 January 1999 | 14,384 |

Share of balance sheets of associates (after adjustments)

| | <i>Trillium Facilities Management £'000</i> | <i>Abros Enterprise £'000</i> | <i>Speed Check Services £'000</i> | <i>Electronic Data Management £'000</i> | <i>Total £'000</i> |
|--|---|---------------------------------------|---|---|------------------------|
| Assets: | | | | | |
| At 1 January 1999 | 11,552 | 89 | - | - | 11,641 |
| Fixed assets | - | 4 | 215 | - | 219 |
| Current assets | - | 85 | 32 | 14 | 131 |
| At 31 December 1999 | - | 89 | 247 | 14 | 350 |
| Liabilities: | | | | | |
| At 1 January 1999 | (8,364) | (18) | - | - | (8,382) |
| Due within one year | - | (18) | (16) | - | (34) |
| Due after one year | - | - | (58) | (15) | (73) |
| Share of net assets at 31 December 1999 | - | 71 | 173 | (1) | 243 |

NOTES TO THE ACCOUNTS

at 31 December 1999

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

Share of profit and loss accounts of associates (after adjustments)

| | <i>Trillium Facilities Management £'000</i> | <i>Abros Enterprise £'000</i> | <i>Speed Check Services £'000</i> | <i>Electronic Data Management £'000</i> | <i>Total £'000</i> |
|--------------------------|---|---------------------------------------|---|---|------------------------|
| Turnover | - | - | - | 47 | 47 |
| Profit/(loss) before tax | 721 | - | (28) | (51) | 642 |
| Taxation | (216) | - | - | - | (216) |
| Profit after tax | 505 | - | (28) | (51) | 426 |

Profit and Loss on Disposal

The group disposed of 49% of the ordinary shares of Trillium Facilities Management Limited on 1 August 1999. A part of the group's holding of cumulative redeemable preference shares held in Abros Enterprise Limited have been redeemed during the year.

| | <i>Trillium Facilities Management £'000</i> |
|---------------------------------------|---|
| Shares at cost | 2,450 |
| Acquisition costs | 236 |
| Capital cost | 2,686 |
| Share of post acquisition reserves | 738 |
| Share of retained profit for the year | 505 |
| Share of reserves | 1,243 |
| Costs of disposal | 136 |
| Total investment | 4,065 |
| Disposal proceeds | 17,260 |
| Less: loan repayment | (2,085) |
| Profit on disposal | 11,110 |

The group purchased 37.5% equity interest in Bizmatic Sdn. Bhd. for a cash consideration of £90,000. Bizmatic Sdn Bhd was subsequently liquidated on 17 December 1999 and 15% of the shares in EDCOP held by Bizmatic Sdn. Bhd. were distributed to the Group.

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

The Group's associated undertakings as at 31 December 1999 were as follows:

| | <i>Principal activity</i> | <i>Percentage held of share capital and voting rights</i> | <i>Details of holding of share capital</i> | <i>Country of incorporation if not Great Britain</i> |
|------------------------------------|---------------------------|---|--|--|
| * Abros Enterprise Limited | Financial consultants | 25% | | |
| * Speed Check Services Limited | Transport consultants | 50% | | |
| Electronic Data Management Limited | Software development | 50% | | |

The company owns the following subsidiaries:

| | | | | |
|---|-----------------------------|------|---------------------------------|-------------|
| * Symonds Limited | Project and cost management | 100% | 164,127 10p ordinary shares | Jersey |
| * Symonds Group Inc. | Project and cost management | 100% | 100 US\$0.1 ordinary shares | USA |
| * Symonds Travers Morgan Limited | Engineering consultancy | 100% | 2,000 £1 ordinary shares | |
| * Symonds International Limited | Engineering consultancy | 100% | 2 £1 ordinary shares | |
| Symonds Travers Morgan (Malaysia) Sdh Bhd | Engineering consultancy | 100% | 250,000 RM1 ordinary shares | Malaysia |
| Symonds Travers Morgan (Hong Kong) Ltd | Engineering consultancy | 100% | 1,000 HK\$10.00 ordinary shares | Hong Kong |
| * Test Cell Limited | Project and cost management | 100% | 400,000 £1 ordinary shares | |
| * Woolf Ltd | Construction management | 100% | 1,000 £1 ordinary shares | |
| EDCOP | Construction management | 70% | 1,000 £1 ordinary shares | Philippines |

NOTES TO THE ACCOUNTS

at 31 December 1999

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

The directors are of the opinion that the aggregate value of the investment in subsidiaries is not less than the amount at which they are stated in the company's accounts.

* Shares held by the company; all other shares are held by subsidiary undertakings.

On 15 January 1999 the group acquired the remaining 25% share capital of Woolf Limited for a consideration of £351,000 and during the year 70% of the share capital of EDCOP for £550,000. The investments have been included in the company's balance sheet at their fair value at the date of acquisition.

Net assets at the date of acquisition:

| | <i>Woolf Book Value £'000</i> | <i>Fair value of 25% to group £'000</i> | <i>EDCOP Book Value £'000</i> | <i>Fair Value of 70% to group £'000</i> |
|----------------------------------|---|---|---|---|
| Tangible fixed assets | 159 | 40 | 51 | 36 |
| Stock | 172 | 43 | 5 | 4 |
| Debtors | 2,052 | 513 | 476 | 333 |
| Cash | 204 | 51 | 107 | 75 |
| Creditors | (1,534) | (384) | (496) | (347) |
| Net assets | 1,053 | 263 | 143 | 101 |
| Goodwill arising on acquisitions | | 88 | | 449 |
| Consideration | | 351 | | 550 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

13. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

| | <i>Symonds Group Pty Limited £'000</i> | <i>Facilities Management £'000</i> | <i>Novo Architects Limited £'000</i> | <i>Total £'000</i> |
|------------------------------|--|--|--|------------------------|
| Fixed assets | 332 | 461 | 73 | 866 |
| Stock | 192 | 543 | 50 | 785 |
| Debtors | 826 | 2,120 | 274 | 3,220 |
| | 1,350 | 3,124 | 397 | 4,871 |
| Creditors | (2,706) | (46) | (569) | (3,321) |
| | (1,356) | 3,078 | (172) | 1,550 |
| Sold 100% of ordinary shares | - | - | (300) | (300) |
| Sold 100% of operations | 1,774 | - | 225 | 1,999 |
| Minority interest | | | (75) | (75) |
| Disposal costs | 171 | 1,229 | | 1,400 |
| Goodwill written off | (1,629) | - | - | (1,629) |
| Profit/(loss) on disposal | 1,040 | (1,229) | 322 | 133 |
| | 1,356 | - | 172 | 1,528 |
| Satisfied by: | | | | |
| Cash consideration | - | 3,078 | - | 3,078 |

14. WORK IN PROGRESS

| | <i>1999 £'000</i> | <i>Group 1998 £'000</i> | <i>1999 £'000</i> | <i>Company 1998 £'000</i> |
|---|-----------------------|---------------------------------|-----------------------|-----------------------------------|
| Long term and consultancy contract balances | 2,754 | 3,147 | 2,161 | 2,761 |

15. DEBTORS: amounts falling due within one year

| | <i>1999 £'000</i> | <i>Group 1998 £'000</i> | <i>1999 £'000</i> | <i>Company 1998 £'000</i> |
|---------------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------------------|
| Trade debtors | 10,268 | 12,897 | 8,049 | 10,161 |
| Amounts owed by other group companies | 832 | 195 | 295 | 196 |
| Amounts owed by subsidiaries | - | - | 3,620 | 1,396 |
| Other debtors and prepayments | 1,874 | 1,710 | 673 | 3,215 |
| | 12,974 | 14,802 | 12,637 | 14,968 |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

16. DEBTORS: amounts falling due after more than one year

| | <i>Group</i> | | <i>Company</i> | |
|---|--------------|--------------|----------------|--------------|
| | <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Amounts owed by associated undertakings | - | 3,316 | - | 3,316 |

17. CREDITORS: amounts falling due within one year

| | <i>Group</i> | | <i>Company</i> | |
|---|--------------|---------------|----------------|--------------|
| | <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Bank loans | - | 1,917 | - | - |
| Bank overdraft | - | 2,588 | - | 3,185 |
| Obligations under hire purchase contracts | - | 8 | - | - |
| Trade creditors | 764 | 944 | 389 | 388 |
| Amounts owed to other group companies | - | 553 | - | 553 |
| Amounts owed to subsidiaries | - | - | 1,578 | 1,006 |
| Other creditors and accruals | 6,029 | 5,008 | 4,322 | 3,142 |
| Corporation tax | 578 | 43 | 8 | 43 |
| Other taxation and social security | 238 | 762 | 130 | 699 |
| | <u>7,609</u> | <u>11,823</u> | <u>6,427</u> | <u>9,016</u> |

18. CREDITORS: amounts falling due after more than one year

| | <i>Group</i> | | <i>Company</i> | |
|---|--------------|---------------|----------------|---------------|
| | <i>1999</i> | <i>1998</i> | <i>1999</i> | <i>1998</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Obligations under hire purchase contracts between one and two years | - | 32 | - | - |
| Amounts owed to parent company | - | 10,000 | - | 10,000 |
| Amounts owed to subsidiaries | - | - | 3,847 | 3,832 |
| | <u>-</u> | <u>10,032</u> | <u>3,847</u> | <u>13,832</u> |

Symonds Group Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

19. CALLED UP SHARE CAPITAL

| | 1999 £'000 | 1998 £'000 |
|-------------------------------------|---------------|---------------|
| Authorised: | | |
| Ordinary shares of £1 each | 10,000 | 10,000 |
| Called up, allotted and fully paid: | | |
| Ordinary shares of £1 each | 10,000 | 10,000 |

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

| <i>Group</i> | <i>Share capital</i> £'000 | <i>Profit and loss account</i> £'000 | <i>1999 Total</i> £'000 | <i>1998 Total</i> £'000 |
|---------------------------------------|-------------------------------|---|----------------------------|----------------------------|
| At the beginning of the year | 10,000 | (3,882) | 6,118 | (956) |
| Profit/(loss) for the financial year | | 8,730 | 8,730 | (3,041) |
| Dividends paid | | (3,328) | (3,328) | |
| Share issue | | | | 10,000 |
| Exchange differences on retranslation | | (72) | (72) | 115 |
| At the end of the year | 10,000 | 1,448 | 11,448 | 6,118 |
| <i>Company</i> | | | | |
| | <i>Share capital</i> £'000 | <i>Profit and loss account</i> £'000 | <i>1999 Total</i> £'000 | <i>1998 Total</i> £'000 |
| At the beginning of the year | 10,000 | 5,418 | 15,418 | 8,470 |
| (Loss)/profit for the financial year | | 72 | 72 | (3,188) |
| Dividends paid | | (3,328) | (3,328) | |
| Share issue | | | | 10,000 |
| Exchange differences on retranslation | | | | 136 |
| At the end of the year | 10,000 | 2,162 | 12,162 | 15,418 |

The cumulative goodwill written off at 31 December 1999 is £nil (1998 - £11,620,000).

NOTES TO THE ACCOUNTS

at 31 December 1999

21. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating profit/(loss) to net cash inflow from operating activities:

| | 1999 £'000 | 1998 £'000 |
|--|---------------|----------------|
| Operating profit/(loss) | 9,763 | (1,663) |
| Amortisation | 54 | - |
| Depreciation | 1,675 | 2,030 |
| Profit on sale of investments | (11,173) | - |
| Profit on the sale of fixed assets | (51) | (131) |
| Decrease in work in progress | 393 | 2,973 |
| Decrease/(increase) in operating debtors and prepayments | 2,465 | (1,715) |
| Decrease in operating creditors and accruals | (1,406) | (4,366) |
| Share of profit from associates | (642) | (704) |
| | <u>1,078</u> | <u>(3,576)</u> |

22. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

| | 1998 £'000 | Cash flow £'000 | 1999 £'000 |
|--------------------------|-----------------|--------------------|---------------|
| Cash in hand, at bank | - | 1,304 | 1,304 |
| Overdrafts | (2,588) | 2,588 | - |
| | <u>(2,588)</u> | <u>3,892</u> | <u>1,304</u> |
| Debt due within one year | (1,917) | 1,917 | - |
| Debt due after one year | (10,000) | 10,000 | - |
| | <u>(14,505)</u> | <u>15,809</u> | <u>1,304</u> |

23. LEASE COMMITMENTS

At 31 December 1999 the group was committed to making the following payments during the next year in respect of operating leases:

| | Land and buildings 1999 £'000 | Other 1999 £'000 | Land and buildings 1998 £'000 | Other 1998 £'000 |
|----------------------------|--|------------------------|--|------------------------|
| Leases which expire: | | | | |
| Within one year | 3 | 157 | 80 | 94 |
| Within two to five years | 463 | 1,081 | 219 | 1,131 |
| After more than five years | 530 | - | 784 | - |
| | <u>996</u> | <u>1,238</u> | <u>1,083</u> | <u>1,225</u> |

24. PENSION COMMITMENTS

The company participates in both the Dalkia plc defined benefit pension scheme and money purchase scheme. Contributions to the defined benefit scheme are based on group pension costs. Payments of £668,000 (1998 - £760,000) were made into group schemes and £nil (1998 - £nil) was outstanding at the year end. Further details can be obtained in the accounts of Dalkia plc.

NOTES TO THE ACCOUNTS

at 31 December 1999

25. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose related party transactions with other 100% group undertakings.

26. ULTIMATE PARENT COMPANY

At 31 December 1999 the ultimate parent company and controlling related party was Symonds Group (Holdings) Limited, a company incorporated for the purpose of acquiring Symonds Group Limited from Dalkia plc.