Company Registration No. 04478674

Volvere plc

Report and financial statements

31 December 2006

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lord Kalms of Edgware, Non-Executive Chairman, aged 75

Lord Kalms of Edgware is Non-Executive Chairman of Volvere plc and of NMT Group PLC. He grew the Dixons Group into the UK's leading electrical retailer with a turnover of £4.9 billion and nearly 34,000 employees. He stood down as Chairman of Dixons in 2002 and has been appointed President of DSG International plc. In 1996 he was knighted in recognition of his services to electrical retailing. He was a governor of Dixons City Technology College in Bradford and was Chairman of Kings' Healthcare NHS Trust (1993-1996). He was Treasurer of the Conservative Party (2002/3) and a founder of Business for Sterling. Lord Kalms of Edgware holds several honorary degrees and other academic awards in recognition of his commercial and industrial achievements.

Jonathan Lander, Chief Executive Officer, aged 39

Jonathan is Chief Executive Officer of Volvere plc and a Director of NMT Group PLC. Jonathan has over 17 years experience in the City including 4 years with the Nomura and West LB Panmure Technology Groups and 9 years as CEO of Dawnay, Day Lander Limited ("DDL"), a London-based venture capital firm. He has been involved in numerous public and private Technology transactions, both as an adviser and as principal investor. He holds an M.A. in Law from Cambridge University.

Nick Lander, Chief Operating & Financial Officer and Company Secretary, aged 40

Nick is Chief Operating & Financial Officer of Volvere plc and a Director of NMT Group PLC. Nick is Chief Operating & Financial Officer of DDL. He has worked for a number of public companies in both financial and operational roles. Prior to joining DDL, he held the positions of Corporate Development Director at Clyde Blowers PLC and Deputy Managing Director at Clyde Materials Handling Limited. Prior to joining Clyde Blowers PLC, Nick spent 6 years with APV plc (now part of Invensys PLC), latterly as Managing Director of a subsidiary business. Nick qualified as a Chartered Accountant with Coopers & Lybrand in 1990.

The Hon. Richard Kalms, Business Development Director, aged 52

Richard is Business Development Director of Volvere plc. He has a degree in accounting and finance from the London School of Economics and spent the early part of his career at the Dixons Group, working for the retail, finance and property divisions. His roles at Dixons included Joint Managing Director of the property division and Group Director of Corporate Affairs. After leaving Dixons he spent six years as a director of Union Pictures Limited, a TV and Film production company. From 2000 until 2006 Richard was a director of DDL.

Neil Ashley, Non-Executive Director, aged 70

Neil is a Non-Executive Director of Volvere plc and the Non-Executive Chairman of its subsidiary undertaking, Vectra Group Limited. Neil was the Chairman of Amey plc from a management buy-in in 1989 until his retirement in May 2001. This period included Amey's flotataion on the Official List of the London Stock Exchange in 1994. From November 2000 until April 2003 he was Chairman of the Oxford Radcliffe Hospitals Trust, one of the ten largest NHS Trusts in the UK. He is Chairman of Heritage Commercial Property Group and BPO Group Limited. He is a former Chairman of the CBI Southern Region, was Chairman of Energy Power Resources Limited until May 2006, was a governor of Oxford Brookes University until November 2006 and a member of the Medical Sciences Board of Oxford University until 2003.

David Buchler, Non-Executive Director, aged 55

David has some 30 years experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, the financial recovery and restructuring specialist which was acquired by the Kroll-O'Gara Company, the world's leading risk mitigation firm, in 1999. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, was until 2006 Vice-Chairman of Tottenham Hotspur Football Club and is currently a Board Member and Chairman of Development at the English National Opera. He is currently Chairman of DB Consultants Limited and Langbar International Limited.

OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

REGISTERED OFFICE

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G2 5EA

SOLICITORS

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Cutlers Gardens
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AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

FINANCIAL ADVISERS

Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

CHAIRMAN'S STATEMENT

I am pleased to report on the results for the year ended 31 December 2006.

2006 was a defining year for the Group. We entered the year with two operating subsidiaries and ended it with four as well as a controlling interest in NMT Group PLC. Group turnover is at an all-time high, up 30% on last year, and we have moved from a loss to a small profit. Net assets per ordinary share are up 31% over the period to £1.41 and our balance sheet is strong.

OUTLOOK

The current period has started strongly. I believe that the value of the investments that we have made will become increasingly apparent.

Lord Kalms of Edgware
Chairman

24 May 2007

CHIEF EXECUTIVE'S STATEMENT

Introduction

The three largest operating subsidiaries contributed strongly to group overhead, which is very pleasing given that they were acquired in less than auspicious times, when they or their former owners were in distress. That is of course the essence of turnaround investing. Even our smallest unit – the defence and security business - essentially broke even over the period. I believe it has the potential for much success, albeit with a high degree of risk due to the early stage of its development.

The offer for NMT Group PLC, which was made on 14 September 2006 and which was declared unconditional on 2 November 2006, has resulted in over £5m of extra cash becoming available to the Group for investing in businesses that fit with any existing portfolio company, as well as for further turnarounds and activist investment opportunities.

OPERATING REVIEW

Vectra

Vectra is our largest subsidiary, representing in 2006 about 75% of Group turnover and employing 75% of our staff. It contributed £0.537m towards Group central overhead during the period.

We believe Vectra is the largest independent safety consultancy in the UK. It operates in the Oil and Gas, Transportation and Nuclear markets. Demand for the services that Vectra offers is linked closely to the level of infrastructure spend in these areas, which we expect to be significant for the foreseeable future. Vectra has an excellent track record in its service delivery – spanning more than 20 years – which is a testament to the high calibre of the individuals we employ and the long-term relationships we build with our clients.

In spite of the very buoyant labour markets in which Vectra operates, 4.6% growth in sales was achieved compared to 2005. Vectra's future growth will be a function partly of the number of suitably qualified people that we can recruit and we have redoubled efforts to increase our fee earning capacity during 2007. This is showing early signs of success in the current period.

During 2006 Vectra completed some high profile and challenging assignments. The Transportation practice continued the safety case for the new Dutch high-speed rail link between Amsterdam and the Belgian border (completed in early 2007). This was the largest Public Private Partnership contract ever awarded by the Dutch government and one of the largest high speed railway projects in Europe to date. Fees generated on the project over 3 years exceeded £1m. The expected investment in European high speed rail networks provides an opportunity for Vectra to leverage its experience and profile to achieve further growth in this area. In addition, the growing threat from terrorism has provided an opportunity to win strategically important consulting projects in this area and we are confident that this will continue to expand.

Our work for the UK rail industry continued to grow, particularly for projects on the London Underground. Our control room design and passenger information solutions, which combine safe design with operational effectiveness, are recognised as industry standards and we see further growth in this business in the years ahead.

The Nuclear practice continued to provide consulting and related services to the UK civil and defence nuclear market. Following the relative instability of this market in 2005 we saw a more stable market in 2006. In addition, we have diversified our client base to provide greater opportunity for growth and in 2007 further extended our consulting capabilities. We are confident that the Nuclear sector will continue to provide a steady flow of work for Vectra reflecting our position as a respected, long term industry player.

The Process practice (which largely serves the oil and gas sectors) made strong progress during the year. We were delighted to have our framework agreement with the Shell Group extended in early 2007 for a further 2 years beyond its initial 3–year term, reflecting the close relationship we have established with Shell in supporting its European safety activities. The strength of the oil and gas sectors, coupled with Vectra's reputation and profile, mean we are confident that the Process practice will continue to perform strongly.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

We are actively seeking to acquire other businesses complementary to Vectra in order to increase the scale and the depth of our offering. During 2006 we came close to but regrettably could not complete on any transaction. This is principally because of the high prices being paid for such businesses due to the scarcity of companies of a size similar to Vectra and the level of demand for services. We continue to look for such acquisitions.

Sira Test and Certification ("STC")

2006 was STC's first full year of ownership by the Group and it made a contribution to Group central overhead of £0.462m, which is an excellent performance. STC is a UK leader in the conformity assessment and testing field, specialising in the safety of equipment used in potentially explosive atmospheres.

STC serves a range of markets, including the fuel dispenser, mining equipment and process plant markets as well as offering training relevant to those markets. Its clients are located throughout the world and we believe that there are opportunities to further extend its client base and geographic presence. In 2006 STC opened a second office, increasing its fee earning capacity and embarked on an enhanced marketing programme. The first quarter order intake for 2007 has shown impressive growth over the prior year. We remain confident about this business's prospects in the years ahead.

Sira Environmental

Sira Environmental was acquired in March 2006 and provides test, calibration and certification services for people and products that are associated with gas emissions and effluent flow. The company operates the Monitoring Certification Scheme ("MCERTS") on behalf of the Environment Agency. MCERTS is a high profile scheme that provides regulatory assurance in respect of stack emissions and effluent flow.

Sira Environmental's performance improved as 2006 progressed and it became profitable in the second half of the year, following its move to a new office and laboratory. The improved performance has continued into 2007 and we are confident this business will prosper further as we introduce new activities and build on existing ones.

Sira Defence & Security ("SDS")

SDS was acquired in March 2006. It develops niche surveillance products and software for use in security applications. Typically SDS is paid by customers for the development time associated with a potential product, followed by sales of the end product should the development be successful.

For the period since acquisition SDS's turnover was £0.18m, which comprised principally of the sale of surveillance products. We have seen further encouraging enquiry levels for similar products in early 2007. In addition, we are positive about relatively significant enquiries received for further related work.

During 2006 SDS continued development of the Meerkat CCTV image–management software. This was launched into the police and homeland security sector in early 2007 and we have been pleased with the level of interest shown.

EMPLOYEES

The Group's strength lies in the commitment and dedication of all its staff and I am grateful to them for all their continued efforts.

ACQUISITIONS AND FUTURE STRATEGY

Following the acquisition of the NMT Group PLC, we now have access to sufficient cash resources to make further investments in complementary businesses as well as activist and turnaround opportunities. We remain committed to ensuring that the underlying value of the Group's activities is recognised by shareholders through active management of our portfolio of businesses.

Jonathan Lander
Chief Executive

24 May 2007

FINANCIAL REVIEW

This Financial Review covers the Group's performance during the year ended 31 December 2006. It should be read in conjunction with the Chairman's and Chief Executive's statements.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Standards and the Group's principal accounting policies, which are set out in note 1 of the Notes to the Financial Statements below. The Group carries out regular reviews of its accounting policies in accordance with the requirement of Financial Reporting Standard ("FRS") 18 "Accounting Policies".

TURNOVER AND OPERATING PERFORMANCE

Turnover in the year grew by 30% to £13,777,000 (2005: £10,626,000) of which £717,000 arose from the acquisitions of Sira Environmental and Sira Defence and Security in March 2006.

Segmental turnover and operating results from the Group's operations (before intra-group management charges) are set out in Note 2 of the Notes to the Financial Statements and are further analysed into individual businesses in Table A below. In view of the growth of the Group during the year and to give increased clarity to individual company results, support service functions (principally Finance, IT and Human Resources) were combined into one central service company, Volvere Central Services ("VCS"), during the year. The costs relating to these functions had previously been accounted for in Vectra's results.

Following the all-share offer for the group's former associate undertaking, NMT Group PLC ("NMT") became a subsidiary undertaking with effect from November 2006 and has been consolidated from that date.

Table A **Operating Profit**	**2006** **£000** Head Office/ VCS	**2006** **£000** Vectra	**2006** **£000** Sira Test and Certificat-ion	**2006** **£000** Sira Environ-mental	**2006** **£000** Sira Defence & Security	**2006** **£000** NMT	**2006** **£000** Total Group	**2005** **£000** Total Group
Turnover	218	10,358	2,484	535	182	-	13,777	10,626
Operating (loss)/profit before goodwill amortisation and intra-group charges	(1,101)	537	462	5	(1)	(58)	(156)	(167)
	Notes 1 & 3	Note 1		Note 2	Note 2	Note 3		
Amortisation of positive goodwill							(61)	(16)
Realisation of negative goodwill							234	24
Operating profit/(loss)							**17**	**(159)**

Note 1: The costs of the Group's Finance, IT and HR functions were included in Vectra until 30 June 2006. From 1 July 2006 they were transferred to VCS. The operating results of Head Office/VCS and Vectra have been adjusted above on a pro-forma basis to show the financial performance of each as though VCS had existed throughout the year.

Note 2: Acquired 29 March 2006.

Note 3: NMT has been consolidated as a subsidiary since November 2006. For the first 10 months NMT was an associate undertaking. Included in the turnover of Head Office/Central Services is £218,000 relating to the period for which NMT was an associate.

The Group's operating profit of £17,000 was much improved over 2005 (loss £159,000). Performance at Vectra (after adjusting on a pro-forma basis for the costs that now form part of Volvere Central Services) was improved

FINANCIAL REVIEW (CONTINUED)

over 2005 and Sira Test & Certification (acquired on 29 September 2005) performed strongly throughout the year, generating an operating profit before goodwill amortisation of £462,000 (2005: £107,000).

NMT's operating loss of £58,000 relates to the overheads for the period since it became a subsidiary. These costs have reduced significantly in 2007 following that company's cancellation of its stock market listing and associated costs.

Of the negative goodwill of £278,000 realised in the year, £254,000 was realised from acquisitions in 2006 (and most of which related to NMT becoming a subsidiary). This arose because the fair value of the Group's share of the underlying net assets acquired in NMT was less than the cost of acquiring the company.

The gross margin for the Group as a whole was improved at 49% for the year (2005: 46%), reflecting the contribution of the Sira Environmental and Sira Defence & Security businesses, along with a full year's contribution from Sira Test and Certification. For the first 10 months of 2006, the gross margin includes the turnover and profit earned of £218,000 from management fees charged to NMT whilst an associate (and which are included as part of the share of associate's operating loss). Vectra's gross margin was in line with 2005.

EARNINGS PER SHARE

The basic and diluted earnings per ordinary share were 1.85p and 1.81p respectively (2005 Loss: Basic 1.64p; Diluted 1.64p). During the year the Group continued the operation of a share option scheme in which all staff are entitled to participate, subject to certain conditions.

NEGATIVE GOODWILL

Negative goodwill arising on the acquisition of Vectra has been capitalised and has been credited to the profit and loss account during the period in so far as the assets acquired have been consumed or realised as cash. In the year an amount of £24,000 (2005: £24,000) was credited to the profit and loss account. Negative goodwill arising on the consolidation of the Group's then associate undertaking, NMT Group PLC, has been credited to the profit and loss account (£44,000; 2005: £135,000). Negative goodwill of £210,000 (2005: £nil) arising on the consolidation of NMT as a subsidiary, has been credited to the profit and loss account during the year.

POSITIVE GOODWILL

Positive goodwill relating to the acquisition of Sira Test and Certification in 2005 is being amortised over 20 years, with a charge in 2006 of £61,000 (2005: £16,000).

CASH MANAGEMENT

During the year the Group closed the Contract for Difference ("CFD") through which part of its holding in NMT had been held. This has been accounted for as repayment of debt. Cash balances at the year end totalled £6,540,000 (2005: £1,144,000) reflecting the acquisition of NMT and the underlying trading in our businesses.

HEDGING

It is not the Group's policy to enter into derivative instruments to hedge interest rate risk.

DIVIDENDS

In accordance with the policy set out in our prospectus on our admission to AIM, the Board does not currently intend to recommend payment of a dividend and prefers to retain profits as they arise for investment in future opportunities.

Nick Lander

Chief Operating & Financial Officer

24 May 2007

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

ACTIVITIES

The Company is a holding company that identifies and invests in undervalued and distressed businesses and provides management services to those businesses. During the year the Company invested a total of £0.19m in NMT Group PLC by way of cash and subsequently announced the successful all-share offer for that company. At the year end the Company owned approximately 89% of NMT, which is now an investing company.

In addition, the Company acquired the businesses and assets of Sira Environmental Limited and Sira Defence & Security Limited for £0.03m in March 2006. Sira Environmental provides certification and laboratory services in respect of products, processes and people associated principally with water pollution and air emission monitoring. Sira Defence & Security designs and manufactures surveillance and related products and develops software solutions for managing CCTV footage by the security services. Vectra Group Limited, which was owned throughout the year, provides safety, risk and other consulting and field services to clients in, and regulators of, regulated industries. Sira Test and Certification, which was also owned throughout the year, provides certification and other services in respect of products, processes and people associated with hazardous environments.

BUSINESS REVIEW

A detailed review of the Group's performance is included in the Chairman's and Chief Executive's Statements and in the Financial Review.

RESULTS AND DIVIDENDS

Details of the results for the year are shown in the profit and loss account and related notes.

The directors do not recommend the payment of a dividend (2005: £nil).

SUPPLIER PAYMENT POLICY

The Group does not follow any specified code or standard on payment practice. However, it is the Group's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the Group's policy to make prompt payment to those suppliers meeting their obligations. The Group period end trade creditors represented approximately 101 days (Company 221 days) (2005: group 78 days, Company 145 days).

DIRECTORS

The directors who served during the year and to the date of signing are as follows:

Lord Kalms of Edgware
Jonathan Lander
Nick Lander
Richard Kalms
Neil Ashley
David Buchler

DIRECTORS' REPORT (CONTINUED)

The directors' interests in the shares of the company are as detailed below:

	Number of Ordinary Shares 2006	Number of A Shares 2006	Number of B Shares 2006	Number of Ordinary Shares 2005	Number of A Shares 2005	Number of B Shares 2005
Lord Kalms of Edgware	260,000	2,630	2,630	250,000	2,630	2,630
Neil Ashley	260,000	2,630	2,630	250,000	2,630	2,630
David Buchler	38,985	-	-	28,985	-	-
Richard Kalms	250,000	5,265	5,265	250,000	5,265	5,265
Jonathan Lander	228,750	14,500	14,500	100,000	14,500	14,500
Nick Lander	45,000	7,315	7,315	25,000	7,315	7,315

Neil Ashley is a Trustee of the Ashley Grandchildren's 2003 Settlement, whose holding is not included above but which is detailed in the Substantial Shareholdings section below.

David Buchler is the only director of the company to hold share options. As at 31 December 2006, he held 31,000 (2005: 31,000) at a grant price of £1.875 exercisable until 8 December 2016.

No directors exercised options during the year.

SUBSTANTIAL SHAREHOLDINGS

As at 15 May 2007 the company had been notified of the following interests in 3 per cent or more of its issued share capital (excluding directors):

Shareholder	Number of Ordinary Share	% of Enlarged Issued Ordinary Share Capital	Number of A Shares	% of Issued A Shares	Number of B Shares	% of Issued B Shares
Friedman, Billings Ramsey International Limited	500,000	8.94	5,165	10.3	5,165	10.3
Hargreave Hale Nominees Limited	466,666	8.35	-	-	-	-
State Street Nominees Limited	282,000	5.04	-	-	-	-
Ashley Grandchildren's 2003 Settlement	250,000	4.47	1,250	2.5	1,250	2.5
Chase Nominees Limited	217,720	3.89	-	-	-	-
Nutraco Nominees Limited	278,148	4.97	-	-	-	-
Dawnay, Day International Limited	618,750	11.07	10,525	21.1	10,525	21.1

CORPORATE GOVERNANCE

The Board gives careful consideration to the principles of corporate governance as set out in the Combined Code of Corporate Governance issued by the London Stock Exchange in July 2003 (the "Revised Combined Code"). However, the Company is small and it is the opinion of the Directors that not all the provisions of the Revised Combined Code are relevant or desirable for a Company of Volvere's size.

The Company has established an Audit Committee and a Remuneration Committee, with formal terms of reference, which comprise of the non-executive directors. The Board meets regularly and has ultimate responsibility for the management of the Company.

DIRECTORS' REPORT (CONTINUED)

DONATIONS

There were no charitable donations made in the year (2005: nil).

RISK FACTORS

The company and group face a number of specific business risks that could affect the company's or group's success. The company invests in distressed businesses, which by their nature, often carry a higher degree of risk than those that are not distressed. The group's businesses are principally engaged in the provision of services that are dependent on the continued employment of the group's employees and availability of suitable profitable workload.

KEY PERFORMANCE INDICATORS

The group uses key performance indicators suitable for the nature and size of the group's businesses. This is primarily monthly reports of profitability, levels of working capital and workload.

POST BALANCE SHEET EVENT

The Company has issued a further 186,593 shares pursuant to the offer for NMT Group PLC. This has increased the Company's holding in that company to approximately 95%.

AUDITORS

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP were appointed as auditors during the year. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

24 May 2007

Nick Lander
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) state whether applicable accounting standards have been followed; and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VOLVERE PLC

We have audited the financial statements of Volvere plc for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's and Chief executive's statements and the Financial Review that are cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report as described in the contents section, and consider whether it is consistent with the audited financial statements. 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 further information outside the annual report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, United Kingdom

24 May 2007

Volvere plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2006

	Note	Existing £000	Acquisitions £000	Total Year ended 31 December 2006 £000	Year ended 31 December 2005 £000
TURNOVER	2	13,060	717	13,777	10,626
Cost of sales		(6,724)	(293)	(7,017)	(5,791)
GROSS PROFIT		6,336	424	6,760	4,835
Administrative expenses					
– before goodwill		(6,438)	(478)	(6,916)	(5,002)
– realisation of negative goodwill	9	24	210	234	24
– amortisation of positive goodwill	9	(61)	-	(61)	(16)
		(6,475)	(268)	(6,743)	(4,994)
OPERATING (LOSS)/PROFIT		(139)	156	17	(159)
Share of operating loss in associate				(96)	(89)
Negative goodwill arising in respect of associate	9			44	135
Finance income - interest receivable and similar income					
– Group				42	59
– share of associate				63	21
Cost of fundamental reorganisation – share of associate	5			-	(30)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	2			70	(63)
Tax on profit/(loss) on ordinary activities	6			-	3
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX				70	(60)
Minority interests				4	-
PROFIT/(LOSS) FOR THE YEAR TRANSFERRED TO/(FROM) RESERVES	17			74	(60)
EARNINGS/(LOSS) PER ORDINARY SHARE:					
- Basic	8			1.85p	(1.64p)
- Diluted	8			1.81p	(1.64p)

All results are derived from continuing operations.

There are no recognised gains or losses other than the result for the current and preceding financial years. Accordingly, no statement of total recognised gains and losses is given.

Volvere plc

BALANCE SHEETS

31 December 2006

	Note	2006 Group £000	2006 Company £000	2005 Group £000	2005 Company £000
FIXED ASSETS					
Intangible fixed assets - positive goodwill	9	1,136	-	1,285	-
- negative goodwill	9	(84)	-	(66)	-
Tangible fixed assets	10	293	-	218	-
Investments	11,12,13	-	6,970	1,535	3,619
		1,345	6,970	2,972	3,619
CURRENT ASSETS					
Debtors	14	4,743	1,026	3,663	1,997
Cash at bank and in hand		6,540	479	1,144	389
		11,283	1,505	4,807	2,386
CREDITORS: amounts falling due within one year	15	(4,452)	(280)	(3,688)	(848)
NET CURRENT ASSETS		6,831	1,225	1,119	1,538
CREDITORS: amounts falling due after more than one year	15	(420)	-	-	-
NET ASSETS		7,756	8,195	4,091	5,157
CAPITAL AND RESERVES					
Called up share capital	16	50	50	50	50
Share premium account	17	3,313	3,313	361	361
Profit and loss account	17	3,745	4,832	3,680	4,746
SHAREHOLDERS' FUNDS	18	7,108	8,195	4,091	5,157
Minority interests	26	648	-	-	-
TOTAL CAPITAL EMPLOYED		7,756	8,195	4,091	5,157

These financial statements were approved by the Board of Directors on 24 May 2007.

Signed on behalf of the Board of Directors

Jonathan Lander
Director

Nick Lander
Director

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

	Note	2006 £000	2005 £000
Net cash inflow/(outflow) from operating activities	19	68	(21)
Returns on investments and servicing of finance	20	42	59
Capital expenditure and financial investment	20	(175)	(18)
Acquisitions and disposals	20	5,478	(2,457)
Cash inflow/(outflow) before management of liquid resources and financing		5,413	(2,437)
Financing	20	(17)	578
Increase/(decrease) in cash in the year	21	5,396	(1,859)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied during the current and preceding year with the exception of FRS 20 and FRS 25 adopted in 2006, are set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The group financial statements consolidate the financial statements of Volvere plc and its subsidiary undertaking drawn up to 31 December 2006. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill

Goodwill, representing the excess of the fair value of consideration given over the fair value of separable net assets acquired, is capitalised as an intangible asset and is amortised over a period of 20 years, being the directors assessment of its likely future life. Provision is made for any impairment.

Negative goodwill, representing the excess of the fair value of the separable net assets acquired over the fair value of the consideration given, is capitalised as an intangible asset and credited to the profit and loss account over the periods in which relevant non monetary assets acquired are consumed or realised as cash, or the periods expected to benefit.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Improvements to short leasehold property	Over the life of the lease
Plant and machinery	20% - 33%

Investments

Investments are carried in the balance sheet at cost less provision for diminution in value.

Amounts recoverable on contracts

Amounts recoverable on short-term contracts include the cost of direct materials and labour plus attributable overheads. Full provision is made on uncompleted contracts for anticipated losses to completion.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes and are recognised on a basis appropriate to the nature of the income source. Turnover earned on time and materials contracts is recognised as costs are incurred. Income from fixed price contracts is recognised in proportion to the stage of completion of the relevant contract.

Associates

In the group financial statements investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' profits less losses while the group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date 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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements. These arise from including gains and losses in different periods from those recognised in the financial statements. Deferred tax is measured on a non discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Foreign currencies

All transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date at the end of the financial year. All exchange differences arising are taken to the profit and loss account in the year in which they arise.

Investment income

Income from investments is included in the profit and loss account on an accruals basis, before deduction of any related tax credit.

Pension costs

The group's subsidiary undertakings, Vectra Group Limited and Sira Test and Certification Limited, operate defined contribution schemes. The contributions to those schemes are charged against profits in the years in which they fall due. The assets of the schemes are held separately from those of the relevant company and group in independently administered funds.

The group provides no other post retirement benefits to its employees.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Share-based payment

The group applies the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 applies to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group has concluded that the impact for 2006 and 2005 comparatives would not be material.

2. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

The turnover is attributable to the continuing operations and principal activities of safety and risk consulting, certification services and management services.

2006 By Destination	**£000** Safety and risk consulting	**£000** Certification services	**£000** Management services	**£000** Security Solutions	**£000** Total
United Kingdom	8,094	2,698	218	182	11,192
Rest of Europe	1,350	154	-	-	1,504
United States of America	-	119	-	-	119
Other	914	48	-	-	962
	10,358	3,019	218	182	13,777

2005 By Destination	**£000** Safety and risk consulting	**£000** Certification services	**£000** Management services	**£000** Security Solutions	**£000** Total
United Kingdom	7,867	508	70	-	8,445
Rest of Europe	1,297	50	-	-	1,347
United States of America	-	95	-	-	95
Other	734	5	-	-	739
	9,898	658	70	-	10,626

2006 Segmental Analysis	**£000** Management services	**£000** Safety and risk consulting	**£000** Certification services	**£000** Security solutions	**£000** Investing activities	**£000** Total
Turnover						
Total sales	939	10,358	3,031	182	-	14,510
Inter-segment sales	(721)	-	(12)	-	-	(733)
Sales to third parties	218	10,358	3,019	182	-	13,777
Segment operating (loss)/profit before goodwill (see note (a) below)	(1,101)	537	467	(1)	(58)	(156)
Amortisation of positive goodwill						(61)
Realisation of negative goodwill						234
Share of associate's operating loss						(96)
Realisation of goodwill arising in associate						44
Finance income						42
Share of associate's finance income						63
Profit on ordinary activities before taxation						70
Segment net assets	113	1,036	844	(10)	5,797	7,780
Unallocated net assets						(24)
Net assets						7,756

2. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX (CONTINUED)

2005 Segmental Analysis	£000 Management services	£000 Safety and risk consulting	£000 Certification services	£000 Security solutions	£000 Investing activities	£000 Group
Turnover						
Total sales	934	9,898	658	-	-	11,490
Inter-segment sales	(864)	-	-	-	-	(864)
Sales to third parties	70	9,898	658	-	-	10,626
Segment operating (loss)/profit before goodwill (see note (a) below)	(202)	(48)	67	-	-	(183)
Realisation of negative goodwill						24
Share of associate's operating loss						(89)
Share of associate's exceptional items reported after operating loss						(30)
Realisation of goodwill arising in associate						135
Finance income						59
Share of associate's finance income						21
Profit on ordinary activities before taxation						(63)
Segment net assets	(488)	1,408	1,636	-	-	2,556
Share of associate's net assets						1,535
Net assets						4,091

Note (a): In response to the acquisitions made in late 2005 and early 2006 the Group established a central service company (Volvere Central Services Limited) with effect from 1 July 2006, to provide financial, IT and personnel services to Group companies. Until that date these activities were accounted for through the results of Vectra Group Limited and therefore formed part of the Safety and Risk Consulting segmental analysis. In order to present more clearly the segmentation of the Group's businesses the 2006 segmental analyses have been adjusted to reflect the existence of the central service company as though it had existed throughout that year. No similar exercise was performed for 2005 as for most of the year the people within Vectra Group Limited worked solely on operations within that business.

For both the year ended 31 December 2006 and 31 December 2005 the net assets were all based in the United Kingdom.

2. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX (CONTINUED)

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2006 £000	2005 £000
Depreciation on owned assets	107	66
Realisation of negative goodwill (see note 9)	(278)	(159)
Amortisation of positive goodwill	61	16
Auditors' remuneration:		
- audit services	38	35
- non-audit services	21	8
Operating lease costs		
– plant and machinery	153	162
– other	471	411
Loss on disposal of fixed assets	2	-
Exchange loss/(gain)	17	(2)

Auditors' remuneration in respect of the company was £10,000 (2005: £10,000).

3. DIRECTORS' EMOLUMENTS

The remuneration of the directors was as follows:

	2006 £000	2005 £000
Emoluments	417	152

	2006 £000	2005 £000
Lord Kalms	39	7
Neil Ashley	20	8
David Buchler	20	20
Richard Kalms	25	-
Jonathan Lander	59	-
Nick Lander	44	-
	207	35

The services of Jonathan Lander, Nick Lander and Richard Kalms are provided under the terms of a Service Agreement dated 19 December 2002 with Dawnay, Day Lander Limited. The amount charged under this agreement (which is not included in the amount stated above) for the year amounted to £210,000 (2005: £117,000).

None of the directors were members of the group's defined contribution pension plan in the year (2005: none).

4. STAFF COSTS (INCLUDING DIRECTORS)

Group	**2006**	**2005**
	£000	**£000**
Wages and salaries	6,858	5,623
Social security costs	723	599
Pension costs	302	260
	7,883	6,482

The average monthly number of persons employed by the group (including directors) during the period was 162 (2005: 119) of which management and administration numbered 40 (2005: 20) and consultants and other fee earning staff totalled 122 (2005: 99).

Those of the group's subsidiary undertakings, which are set out in Note 24, that have employees operate defined contribution pension plans to which they and their employees contribute.

Company

Employees of the company are directors and their costs are as disclosed within Note 3.

5. EXCEPTIONAL ITEMS

	2006	**2005**
	£000	**£000**
Costs of a fundamental reorganisation (group share)	-	30

The exceptional costs in 2005 related to the costs incurred by the Group's then associated undertaking, NMT Group PLC, in reorganising its business. Further information on NMT Group PLC is given in Note 12.

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Current tax	2006 £000	2005 £000
UK corporation tax	-	-
Share of associate's tax	-	3
Total tax on profit/(loss) on ordinary activities	-	3

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the period exceeds the standard rate for the reasons set out in the following reconciliation.

	2006 £000	2005 £000
Profit/(loss) on ordinary activities before tax	70	(63)
Add: share of associate's losses	33	(37)
	103	(100)
Tax (charge)/credit on profit/(loss) on ordinary activities at standard rate of 30% (2005: 30%)	(32)	30
Factors affecting credit for the year:		
Expenses disallowable for tax purposes	(24)	(9)
Capital allowances in (less)/excess of depreciation	(16)	17
Goodwill not taxable	83	
Tax losses carried forward	(70)	(45)
Utilisation of brought forward losses	62	
Movement in short term timing differences	(3)	7
Total actual amount of current tax	-	-

At 31 December 2006 a deferred tax asset has not been recognised in respect of timing differences relating to capital allowances, revenue losses and other short term timing differences as there is insufficient evidence that the asset will be recovered against future taxable profits. The amount of the asset not recognised is £18,644,971 (2005: £534,615). Of this asset £16,789,174 relate to NMT and therefore may not be available for offset against future profits of group activities.

7. PROFIT ATTRIBUTABLE TO THE COMPANY

The profit for the financial year dealt with in the financial statements of the parent company was £95,000 (2005: £713,000). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

8. PROFIT/(LOSS) PER SHARE

The weighted average number of shares and profit/(loss) used to calculate earnings per share are given below:

	2006 Number	2005 Number
Number of shares used for basic profit/(loss) per share	3,992,054	3,667,664
Number of shares deemed to be issued at nil consideration pursuant to exercise of in-the-money share options	11,092	3,383
Number of shares deemed to be issued at nil consideration under incentive share scheme	83,831	267,271
Number of diluted shares	4,086,977	3,938,318

	2006 £000	2005 £000
Profit/(loss) attributable to shareholders	74	(60)

At the end of the period 5,488,679 ordinary shares (2005: 3,786,588) were in issue. In addition, 99,470 convertible shares (2005: 99,470) were in issue and options for 268,553 shares (2005: 277,483) were outstanding. FRS14 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. In 2005 the loss per share would have decreased if shares had been issued upon exercise of the share options or under the incentive share scheme and therefore diluted loss per share was the same as basic loss per share in that year.

9. INTANGIBLE FIXED ASSETS – GOODWILL

	Positive Goodwill £000	Negative Goodwill £000
Cost		
At 1 January 2006	1,301	(1,537)
Additions (see notes 11, 12 and 13)	-	(296)
Refund of consideration	(88)	-
At 31 December 2006	1,213	(1,833)
Amortisation		
At 1 January 2006	(16)	1,471
(Charged)/realised in the period	(61)	278
At 31 December 2006	(77)	1,749
Net book value		
At 31 December 2006	1,136	(84)
At 31 December 2005	1,285	(66)

The balance of negative goodwill is being realised over the periods in which relevant assets to which it relates are consumed by the Group or the periods which are expected to benefit. For Vectra this period is expected to extend out three years from the anniversary of the underlying acquisition.

10. TANGIBLE FIXED ASSETS

Group	**Short leasehold property £000**	**Plant and machinery £000**	**Total £000**
Cost			
At 1 January 2006	449	1,084	1,533
Acquisition of business (see note 13)	-	10	10
Additions	29	151	180
Disposals	-	(15)	(15)
At 31 December 2006	478	1,230	1,708
Depreciation			
At 1 January 2006	351	964	1,315
Charge for the period	26	81	107
Disposals	-	(7)	(7)
At 31 December 2006	377	1,038	1,415
Net book value			
At 31 December 2006	101	192	293
At 31 December 2005	98	120	218

11. FIXED ASSET INVESTMENTS

	2006		**2005**	
	Group £000	**Company £000**	**Group £000**	**Company £000**
Subsidiary undertakings	-	6,970	-	2,124
Investment in associated undertaking	-	-	1,535	1,495
	-	6,970	1,535	3,619

The Company's investments represent 100% of the ordinary share capital of Vectra Group Limited and 88.7% of the ordinary share capital of NMT Group PLC. The Company acquired, for cash, further shares in NMT Group PLC during February 2006, bringing its holding to 29.9%. On 14 September 2006 the Company announced a recommended all-share offer for the shares in NMT Group PLC that it did not already own. As a result of shares issued to NMT Group PLC shareholders under the terms of the offer, the Company's holding in NMT Group PLC increased to 88.7% at the year end. This holding has been reclassified from an associated undertaking to that of a subsidiary undertaking. The investments in subsidiary and associated undertakings are stated at cost. On 1 December 2006 the admission of NMT Group PLC's ordinary shares to trading on AIM was cancelled.

11. FIXED ASSET INVESTMENTS (CONTINUED)

The Company acquired its original stake in NMT Group PLC for cash but, on 23 September 2005, entered into a Contract for Difference ("CFD") in respect of 1,306,600 shares (out of a then total holding of 2,269,024 shares). This resulted in the legal ownership in these shares transferring to the CFD provider, with the Company retaining the economic interest. On this basis the economic benefit of these shares was reflected in the associate interest accounted for by the group in 2005. The funds received from the CFD provider upon the transfer of the holding to it, net of the funds provided by the Company as security under the terms of the CFD, were treated as an increase in debt. During 2006 the Company repurchased the shares which were subject to the CFD. The associated cash outflow was treated as a repayment of debt, in line with the treatment in the prior year.

Subsidiary undertakings – (see Note 24)	**Group £000**	**Company £000**
Cost and Net Book Value		
1 January 2006	-	2,124
Reclassification as subsidiary undertaking (see Associated undertaking below)	-	1,685
Additions (Note 12 below)	-	3,161
31 December 2006	-	6,970

Associated undertaking	**Group £000**	**Company £000**
Cost and Net Book Value		
1 January 2006	1,535	1,495
Additions	190	190
Share of loss of associated undertaking	(33)	-
Realisation of negative goodwill	44	-
Reclassification as subsidiary undertaking	(1,736)	(1,685)
31 December 2006	-	-

12. ACQUISITION OF SUBSIDIARY UNDERTAKING

As noted in Note 11 above, during the year the Company increased its investment in NMT Group PLC and subsequently reclassified it from being an investment in an associated undertaking to a subsidiary undertaking. The following table sets out the book values of the identifiable assets and liabilities acquired at the point that NMT Group PLC became a subsidiary undertaking and their fair value to the Group:

12. ACQUISITION OF SUBSIDIARY UNDERTAKING (CONTINUED)

	Book value at acquisition £000	Provisional fair value adjustments £000	Fair value at acquisition £000
Current assets			
Other debtors	74	-	74
Cash	5,822	-	5,822
Total assets	5,896	-	5,896
Creditors			
Trade and other creditors	(114)	-	(114)
Total liabilities	(114)	-	(114)
Net assets acquired	5,782	-	5,782
Minority interest			(675)
Costs treated previously as associated undertaking			(1,736)
Negative goodwill recognised			(210)
Purchase consideration			3,161
Satisfied by			
Cash			209
Shares			2,952
			3,161

12. ACQUISITION OF SUBSIDIARY UNDERTAKING (CONTINUED)

The financial information below, in relation to 2006, has been extracted from the unaudited management accounts for the period from 1 January to 31 October 2006, the nearest date to that upon which NMT Group PLC became a subsidiary undertaking and the audited financial statements for the year ended 31 December 2005:

	Unaudited 1 January -31 October 2006 £000	Audited 12 months to 31 December 2005 £000
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Distribution costs	-	(237)
Administration expenses	(327)	(1,123)
Operating loss	(327)	(1,360)
Exceptional item	-	(336)
Loss before interest and tax	(327)	(1,696)
Interest income	215	293
Loss on ordinary activities before tax	(112)	(1,403)
Taxation on loss on ordinary activities	-	39
Loss for the period	(112)	(1,364)

13. ACQUISITION OF BUSINESSES AND ASSETS

On 29 March 2006 the Group acquired certain businesses and assets from the Sira group of companies for a consideration of £31,000 payable in cash at completion. For the purpose of undertaking this transaction, the company established a new wholly-owned subsidiary, Sira Environmental Limited, which since the acquisition has commenced trading. On 1 August 2006, Sira Environmental Limited transferred certain of the acquired activities to another new wholly-owned subsidiary, Sira Defence & Security Limited. As part of the acquisition, the group companies became the sole members of Sira Certification Service, a company limited by guarantee. Sira Certification Service holds certain accreditations relating to the businesses of Sira Test and Certification Limited (acquired in 2005), Sira Environmental Limited and certain third party activities undertaken outside of the group.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair values to the group:

	Book value at acquisition £000	Provisional fair value adjustments £000	Fair value to group at acquisition £000
Fixed assets			
Tangible	10	-	10
Current assets			
Debtors (incl. amounts recoverable under contracts)	110	-	110
Total assets	120	-	120
Creditors			
Trade creditors	(36)	(11)	(47)
Total liabilities	(36)	(11)	(47)
Net assets acquired	84	(11)	73
Negative goodwill capitalised			(42)
Purchase consideration, including certain costs, after debtors transfer to seller			31
Satisfied by			
Cash			31

Details of the fair value adjustments are as follows:

Tangible fixed assets

The directors performed a review for impairment of tangible fixed assets. This review did not result in a change to the book value of the assets acquired.

Debtors

The directors performed a review of the recoverability of debtors (including amounts recoverable under contracts) and this did not result in a change to the book value of the assets acquired.

Trade creditors and accruals

The directors performed a review of the valuation of creditors and accruals which has resulted in certain creditors and accruals being restated.

The businesses and assets acquired were previously part of the trading operations undertaken by the seller's group and accordingly statutory accounts were not prepared for the business acquired. No financial information was available in respect of the businesses and assets acquired.

14. DEBTORS

	2006 Group £000	2006 Company £000	2005 Group £000	2005 Company £000
Trade debtors	2,987	-	2,112	28
Amounts recoverable on contracts	1,362	-	1,253	-
Amounts due from subsidiary undertakings	-	1,005	-	1,960
Other debtors	148	16	67	-
Prepayments and accrued income	246	5	231	9
	4,743	1,026	3,663	1,997

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 Group £000	2006 Company £000	2005 Group £000	2005 Company £000
Bank loans and overdrafts	150	-	-	-
Other loans	-	-	578	578
Trade creditors	1,672	199	919	94
Other taxes and social security	221	3	193	-
VAT payable	370	-	363	73
Other creditors	372	7	285	-
Accruals and deferred income	1,667	71	1,350	103
	4,452	280	3,688	848

The Company's subsidiary, Sira Test and Certification Limited, drew down a term loan of £600,000 during the year. At the year end the balance outstanding totalled £570,000 and the amount of £150,000 relates to the current portion of that loan. The balance of £420,000 is shown as creditors falling due after more than one year. The other loans balance in 2005 is the net amount due under a contract for difference (see note 11), which was repaid during 2006.

The company's subsidiaries Vectra Group Limited and Sira Test and Certification Limited have issued debentures creating fixed and floating charges over substantially all Vectra Group Limited's and Sira Test and Certification Limited's assets to secure amounts owing to their bankers for both working capital and term debt facilities. As at 31 December 2006 the total amount drawn down and outstanding pursuant these facilities (including bank guarantees and term debt but excluding overdrafts for which there is a right of set off with credit balances) totalled £630,000.

16. CALLED UP SHARE CAPITAL

Company	2006 £000	2005 £000
Authorised		
100,100,000 Ordinary shares of £0.0000001 each	-	-
50,000 A shares of £0.49999995 each	25	25
50,000 B shares of £0.49999995 each	25	25
4,999,999,500,000 Deferred shares of £0.00000001 each	50	50
	100	100
Issued, called-up and fully paid		
5,488,679 ordinary shares (2005: 3,786,588) of £0.0000001 each	-	-
49,735 A shares of £0.49999995 each	25	25
49,735 B shares of £0.49999995 each	25	25
26,499,985,533 Deferred shares of £0.00000001 each	-	-
	50	50

Between 16 November and 29 December 2006 a total of 1,707,091 £0.0000001 ordinary shares were issued at prices of between £1.2625 and £1.7625 each, giving rise to share premium on issue of £2,952,000. On 20 July 2006 the Company purchased 5,000 £0.0000001 ordinary shares at a price of £1.85 per share and cancelled them.

The A and B class shares rank pari passu with the ordinary shares on a return of capital and have equal voting rights. The A and B shares became capable of being converted into ordinary shares at the option of the holder on or after 24 December 2003 and 24 December 2004 respectively, on a predetermined conversion formula based upon share price performance, whereby 15% of the growth in market capitalisation of Group is attributable to the holders of the A and B shares.

Based on the closing share price of £1.40 at 31 December 2006, the A and B class shares would be capable of converting into 83,831 ordinary shares (2005: 267,271). The deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights.

Option scheme	Date of grant	Exercise price (pence)	Number
Volvere plc EMI Plan	30 June 2006	197.5	71,263
	30 June 2005	190.0	69,240
	30 June 2004	187.5	60,953
Unapproved	13 April 2004	187.5	31,000
	24 December 2002	100.0	36,097
			268,553

Options granted under the Volvere plc EMI Plan vest subject to certain performance and time-based criteria and are exercisable between 3 and 10 years following grant. Options over 16,864 shares at 1.875p and 63,329 shares at £1.90 were cancelled during 2005.

The Unapproved options granted on 13 April 2004 vested as to 10,334 on each of 8 December 2004 and 8 December 2005 and 10,332 on 8 December 2006. Those granted on 24 December 2002 can be exercised at any time until 24 December 2007.

17. SHARE PREMIUM AND RESERVES

Group

	Share premium £000	Profit and loss account £000	Total £000
At beginning of year	361	3,680	4,041
Profit transferred for the year	-	74	74
Premium on shares issued	2,952	-	2,952
Shares redeemed and cancelled	-	(9)	(9)
At end of year	3,313	3,745	7,058

Company

	Share premium £000	Profit and loss account £000	Total £000
At beginning of year	361	4,746	5,107
Profit transferred for the year	-	95	95
Premium on shares issued	2,952	-	2,952
Shares redeemed and cancelled	-	(9)	(9)
At end of year	3,313	4,832	8,145

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006		2005	
	Group £000	Company £000	Group £000	Company £000
Opening shareholders' funds	4,091	5,157	3,840	4,133
Issue of share capital	2,952	2,952	300	300
Refund of expenses associated with issue of share capital	-	-	11	11
Shares redeemed and cancelled	(9)	(9)	-	-
Profit/(loss) for the year	74	95	(60)	713
Closing shareholders' funds	7,108	8,195	4,091	5,157

The refund of expenses associated with the issue of share capital in 2005 was as a result of VAT being refunded that had been written off previously to the share premium account.

19. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

Group	2006 £000	2005 £000
Operating profit/(loss)	17	(159)
Depreciation and goodwill amortisation	168	82
Realisation of negative goodwill	(234)	(24)
Loss on sale of fixed assets	2	-
Profit on sale of investments	-	(11)
Increase in debtors	(896)	(366)
Increase in creditors	1,011	457
Net cash inflow/(outflow) from operating activities	68	(21)

20. ANALYSIS OF CASH FLOWS

Group	2006 £000	2005 £000
Returns on investments and servicing of finance		
Interest received	42	59
Net cash inflow from returns on investments and servicing of finance	42	59
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(180)	(97)
Sale of tangible fixed assets	5	3
Sale of equity investment	-	76
Net cash outflow from capital expenditure and financial investment	(175)	(18)
Acquisitions and disposals		
Acquisition of business	(31)	(1,090)
Net cash acquired on acquisition of subsidiary undertaking net of associated costs	5,822	1
Refund of consideration in relation to previous acquisition	88	-
Costs associated with acquisition of subsidiary undertaking	(211)	-
Investment in associated undertaking	(190)	(1,368)
Net cash inflow/(outflow) from acquisitions and disposals	5,478	(2,457)
Financing		
Redemption of share capital	(9)	-
Increase in short term borrowings	-	874
Repayment of short term borrowings	(578)	(296)
Increase in bank borrowings	570	-
Net cash (outflow)/ inflow from financing	(17)	578

21. ANALYSIS AND RECONCILIATION OF NET FUNDS

Group

	1 January 2006 £000	Cash flow £000	31 December 2006 £000
Cash in hand at bank, being net funds	1,144	5,396	6,540
Bank loan – due within one year	-	(150)	(150)
Bank loan – due after one year	-	(420)	(420)
Other loans – within one year	(578)	578	-
	566	5,404	5,970

Reconciliation of net funds	**2006 £000**	**2005 £000**
Increase/(decrease) in cash in the year	5,396	(1,859)
Cashflow from movement in debt and lease financing	8	(578)
	5,404	(2,437)
Net funds at start of the year	566	3,003
Net funds at end of year	5,970	566

22. COMMITMENTS AND CONTINGENCIES

Operating leases

The group has the following annual commitments under non-cancellable operating leases:

	2006		2005	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiry date				
- within one year	35	45	344	40
- between two and five years	284	72	49	80
	1,138	117	393	120

23. RELATED PARTIES

The company has taken advantage of the exemption available to it under FRS8 paragraph 3(b) relating to transactions and balances with subsidiaries.

As stated in note 3 above, the company's Executive Directors are provided under the terms of a Service Agreement dated 19 December 2002 with Dawnay, Day Lander Limited. The amount payable under this agreement in the period amounted to £210,000 (2005: £117,000). In addition, pursuant to a Facilities Agreement dated 19 December 2002 with Dawnay, Day Lander Limited, the company is provided with certain administrative and support services. The amount payable under this agreement during the period amounted to £35,000. The amount earned from NMT Group PLC for management services for the period for which it was an associated undertaking was £218,000 (2005: £83,000).

24. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings at 31 December 2006 are shown below. All subsidiary undertakings are registered in the United Kingdom and prepare accounts to 31 December each year.

	Principal Activity	**Holding**
Vectra Group Limited	Provision of safety, risk and other consulting and field services	100%
Vectra Partners Limited	Dormant	100%
Vectra (Middle East) Limited	Provision of safety, risk and other consulting and field services	100%
Sira Test and Certification Limited	Certification services	100%
Sira Certification Service*	Certification services	67%
Sira Environmental Limited	Certification services	100%
Sira Defence & Security Limited	Security solutions	100%
NMT Group PLC	Investing company	88.7%
New Medical Technology Limited	Dormant	100%
Zero-Stik Limited	Dormant	100%

The investments in Vectra Partners Limited and Vectra (Middle East) Limited are held by Vectra Group Limited. The investments in New Medical Technology Limited and Zero-Stik Limited are held by NMT Group PLC. The proportion of voting rights held is equivalent to the equity shareholdings.

* Sira Certification Service is a company limited by guarantee. The Group controls all of the member shares.

25. POST BALANCE SHEET EVENT

Subsequent to the year end the Company has issued a further 186,593 shares pursuant to the offer for NMT Group PLC. This has increased the Company's holding in that company to approximately 95%.

26. MINORITY INTEREST

The minority interest of £648,000 relates to the share of NMT assets attributable to those shares not held by the group at 31 December 2006.