VOLVERE PLC

Report and Financial Statements

Year Ended 31 December 2007

Volvere plc

Annual report and financial statements for the year ended 31 December 2007

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Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

04478674

Officers and Professional Advisers

Directors

Lord Kalms of Edgware, Chairman, aged 76

Lord Kalms of Edgware is Chairman of Volvere plc and of NMT Group PLC. He grew Dixons Group (now DSG international plc) 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 (2002-2003) and a founder of Business for Sterling. Lord Kalms holds several honorary degrees and other academic awards in recognition of his commercial and industrial achievements.

Jonathan Lander, Chief Executive Officer, aged 40

Jonathan is Chief Executive Officer of Volvere plc and a director of NMT Group PLC. Jonathan has over 17 years experience in financial services including 10 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 sector transactions, both as an adviser and as principal investor. He holds an M.A. in Law from Cambridge University.

Nick Lander, Chief Financial & Operating Officer and Company Secretary, aged 41

Nick is Chief Financial & Operating Officer of Volvere plc and a director of NMT Group PLC. Nick is Chief Operating Officer of Dawnay, Day Lander Limited ("DDL"). He has worked for a number of public companies in both financial and operational roles. Prior to joining DDL, he held positions of Corporate Development Director at Clyde Blowers PLC and Deputy Managing Director at Clyde Materials Handling Limited. Prior to joining Clyde Blowers, Nick spent 6 years with APV plc (until recently 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 53

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. Richard was a director of DDL from 2000 until 2006.

Neil Ashley, Non-Executive Director, aged 71

Neil is a Non-Executive Director of Volvere plc and was the Chairman of its subsidiary Vectra Group Limited until 2007. Neil was the Chairman of Amey plc from a management buy-out in 1989 until his retirement in May 2001. This period included Amey's flotation 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 Governor of Oxford Brookes University (from which he holds an Honorary Doctorate) until November 2006 and a member of the Medical Sciences Board of Oxford University until 2003.

Officers and Professional Advisers *(continued)*

Directors *(continued)*

David Buchler, Non-Executive Director, aged 55

David is a Non-Executive Director and 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, Langbar International Limited and CSS Stellar plc.

Registered office

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SW1W 0BD

Tel: 020 7979 7596
Web: www.volvere.co.uk

Bankers

Bank of Scotland	Royal Bank of Scotland plc
Corporate Banking (West)	2nd Floor, The Gemini Building
123 St Vincent Street	24/25 St Andrew Square
Glasgow	Edinburgh
G2 5EA	EH2 1AF

Solicitors

Hammonds LLP	Bircham Dyson Bell LLP
7 Devonshire Square	50 Broadway
Cutlers Gardens	London
London	SW1H 0BL
EC2M 4YH	

Financial advisers

Landsbanki Securities (UK) Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

Auditors

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

Chairman's statement

I am pleased to report on the results for the year ended 31 December 2007.

The Group's performance in all its principal areas was very satisfactory and, following the sale of its safety and risk consulting business, it has substantial cash resources at its disposal. At the year end the Group's consolidated net assets and cash per share were £1.91 and £2.07 respectively (2006: £1.40 and £1.19).

The current environment represents an excellent opportunity for the Group to invest and further increase shareholder value.

Lord Kalms
Chairman
17 June 2008

Chief Executive's Statement

Introduction

All our principal businesses performed well in 2007 reflecting the core strengths of the sectors in which the Group's businesses operate. The year's activities were dominated by the sale in November of the Group's largest subsidiary, Vectra, for £6m in cash. This significantly increased the Group's cash resources to £11.7m (2006: £6.5m) at the year end and provided an excellent starting position for 2008.

Operating Review

The Group's current portfolio of businesses comprises principally service providers to clients where safety and environmental legislation drives client needs. During 2007 the Group was organised into two primary trading segments: Safety & risk consulting (now discontinued following the sale of Vectra) and Certification services; the third trading segment is Security solutions, which is at an earlier stage of development. The financial performance of each segment is summarised in the Financial Review on pages 5 to 7.

Safety & risk consulting

The disposal in November of Vectra was a positive outcome for both the Group and Vectra itself. During the year Vectra performed well, with both revenue and operating profits ahead of the prior year, testament to our strategy of focusing on the key markets of transportation, oil and gas, and nuclear. The contribution to Group overheads (before finance costs and amortisation of goodwill) for the period prior to disposal was £0.36m (2006: £0.44m). Although a good result, it was apparent to us that growing Vectra further was best achieved by it being part of a larger group with a wider consultancy offering that could provide better opportunities for both staff and clients.

Vectra had been acquired in May 2003 when its annualised losses were running in excess of £2.4m per annum. Following a turnaround programme it was returned to profitability and positive cash flow generation. During the course of the following four years the initial purchase consideration of £2.1m was repaid by Vectra from operating cash flows. The gross sale proceeds of £6m is, therefore, particularly pleasing, given an effective zero cash cost of acquisition. This is a clear demonstration of our ability to identify, operate and generate profit from distressed businesses.

Chief Executive's Statement *(continued)*

Certification services

Our Certification services businesses principally certify products that are used in, inter alia, potentially explosive atmospheres and environmentally sensitive applications involving air emissions or wastewater discharge. During 2007 this segment's revenue grew by 20% to £3.6m (2006: £3.0m); the contribution to Group overheads (before finance costs and amortisation of goodwill) was £0.56m (2006: £0.47m).

The performance of our certification businesses continues to be encouraging with both the robustness of the oil and gas sector and increasing environmental legislation presenting opportunities for further growth.

Security solutions

The Security solutions business had a difficult 2007 in terms of being able to generate significant revenue. However, the core strengths of the business are in the surveillance field and we undertook a number of assignments for clients that are expected to lead to further follow-on work. In December the business won a small but important contract valued at £0.25m that has provided a base-load of work for the first half of 2008.

We have also been encouraged by orders received following the launch of SiraView, the multi-format digital CCTV viewer targeted at the police and judicial services. Budgetary constraints in the public sector mean that we are forecasting modest absolute financial returns in 2008 but continue cautiously to target growth opportunities.

Acquisitions and Future Strategy

The Group has significant cash to invest pursuant to its investing strategy. The macroeconomic environment suggests that there will be substantial numbers of opportunities to invest in the coming year and we continue to examine potential investments across a range of sectors. I am confident that your Board's skills and experience will enable it to exploit some of these opportunities to maximum effect.

Jonathan Lander
Chief Executive
17 June 2008

Financial Review

This Financial Review covers the Group's performance during the year ended 31 December 2007. It should be read in conjunction with the Chairman's and Chief Executive's statements.

Accounting policies and basis of preparation

The consolidated Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in addition the prior year comparatives have been restated under IFRS. The Group's accounting policies, which have been updated as a result of the transition to IFRS are set out in note 1 of the Notes to the Financial Statements. An explanation of the impact of the adoption of IFRS is set out in note 2, along with a reconciliation of the results for the year ended 31 December 2006, previously reported under UK GAAP.

Disposal of Vectra Group Limited

On 14 November 2007 the Group disposed of Vectra, its Safety & Risk consulting business for £6m in cash. The results of Vectra have been reported as discontinued operations in the financial statements. During 2007 Vectra performed better than 2006 with margins increasing as the demand for its services enabled client rate increases and better utilisation to be achieved. Since its acquisition in 2003 Vectra paid the Group from operating cash flows in excess of the initial purchase consideration of £2.1m, giving an effective nil cash cost of acquisition. The Group's accounting profit arising on the disposal, after fees and expenses associated with the transaction, was approximately £3.3m and this has been treated as discontinued operations. It is expected that the proceeds from Vectra along with the Group's other cash resources will be applied in accordance with the Group's investing strategy.

Revenue and operating performance

Detailed information about the Group's segments is set out in note 6 to these financial statements. Safety and risk consulting comprised the activities of Vectra, which was sold during November 2007, and have therefore been classified as discontinued. Investing activities are the activities of NMT, the Group's 95% owned subsidiary, and Management services represent the costs of the Group's management and central services functions. Revenue and operating performances for each segment are summarised in Table 1 below:

Table 1	**REVENUE (Note 1)**		**ADJUSTED OPERATING PROFIT/(LOSS) (Note 2)**	
SEGMENT	**12 months to 31 December 2007**	**12 months to 31 December 2006**	**12 months to 31 December 2007**	**12 months to 31 December 2006**
	£'000	**£'000**	**£'000**	**£'000**
Discontinued				
Safety & risk consulting	9,352	10,358	362	436
Acquisitions				
Certification services	-	535	-	5
Security solutions	-	182	-	(1)
Investing activities	-	-	-	(58)
Continuing				
Certification services	3,621	2,484	560	462
Security solutions	174	-	(145)	-
Investing activities	-	-	(57)	-
Management services	-	218	(924)	(1,034)
Total before amortisation of intangible assets and realisation of negative goodwill	13,147	13,777	(204)	(190)
Amortisation of intangible assets	-	-	(241)	(240)
Realisation of negative goodwill	-	-	93	252
STATUTORY RESULT	13,147	13,777	(352)	(178)

Note 1: Revenue is external revenue exclusive of intra-group sales.
Note 2: Segment operating profit/(loss) is stated before amortisation of intangibles, intra-group charges and realisation of negative goodwill.

Financial Review *(continued)*

Revenue

The disposal of Vectra, which was the Group's largest subsidiary in terms of revenue, in November 2007 has resulted in an overall decline in Group revenue for the year. However, for the period until it was sold Vectra's like-for-like revenue compared to 2006 was approximately 6% higher, reflecting the focus on sectors with long-term growth potential such as oil and gas, nuclear and transportation.

The growth in the Certification services segment revenue of 20% compared to 2006 is partly due to the inclusion of the environmental testing and certification business in that segment for a full year in 2007. The like-for-like revenue growth excluding this acquired business was approximately 15% (there is no meaningful comparative for 2006 as the relevant business was acquired in the fourth quarter of 2005).

Management services revenue in 2006 represented fees payable to Volvere by NMT for the period when the latter was an associate company but which is now consolidated fully.

Operating performance

The operating performance improvement in the Certification services segment reflects the inclusion for the full year of the environmental testing and certification business coupled with the exclusion of certain costs relating to the Security solutions segment in 2006, which had been included in the environmental testing and certification business's results for that period prior to the creation of the Security solutions segment.

The increased loss in the Security solutions segment was disappointing, but was due partly to the inclusion in 2007 of costs for which the 2006 comparatives had been included in the environmental testing and certification business's results. During 2007 significant efforts were made to increase both the software sales and consulting activities and successes have been achieved in both of these thus far in 2008, with a corresponding improvement in its financial performance.

Administrative expenses

Administrative expenses for the year are summarised below:

	Continuing operations 2007 £'000	Discontinued operations 2007 £'000	Total 2007 £'000	Continuing operations 2006 £'000	Acquisitions 2006 £'000	Discontinued operations 2006 £'000	Total 2006 £'000
Before goodwill and amortisation	(3,181)	(3,885)	(7,066)	(2,482)	(478)	(3,990)	(6,950)
Amortisation of intangible assets	(241)	-	(241)	(240)	-	-	(240)
Realisation of negative goodwill	93	-	93	-	252	-	252
Total	(3,329)	(3,885)	(7,214)	(2,722)	(226)	(3,990)	(6,938)

The Group continues to minimise central costs where possible and has resized the central services team following the disposal of Vectra.

Amortisation of intangible assets relates to the acquisition of the business and assets of Sira Test and Certification Limited in 2005, the cost of which is being amortised over 5 years.

Negative goodwill realised relates to the Group's investment in NMT. The increase in the Group's holding to approximately 95% in 2007 (from approximately 89% at the end of 2006) has resulted in further negative goodwill, albeit at a reduced level as a result of fewer shares being acquired than in the prior year.

Financial Review *(continued)*

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 business. This is primarily monthly reports of profitability, levels of working capital and workload. Order intake and chargeable staff utilisation is monitored weekly and reported monthly.

Corporate governance

The Board gives careful consideration to the principles of corporate governance as set out in the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (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 and which comprise the Chairman and Non-Executive Directors. The Board meets regularly and has ultimate responsibility for the management of the Company.

Earnings per share

The basic and diluted earnings per ordinary share were 57.74p and 57.05p respectively (2006: basic and diluted loss 3.031p). 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.

Amortisation of intangibles

An amount of £241,000 was charged to profit and loss (31 December 2006: £240,000) in respect of the amortisation of the Group's intangible assets.

Cash management

Cash balances at the period end totalled £11,738,000 (31 December 2006: £6,540,000) an increase of 79%. The increase reflects the disposal of Vectra in November 2007, as noted above.

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 the prospectus on 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 Financial & Operating Officer
17June 2008

Directors' report

The directors' present their annual report and audited financial statements for the year ended 31 December 2007.

Principal activities

The Company is a holding company that identifies and invests in undervalued and distressed businesses and those that are complementary to existing Group companies. The Company provides management services to those businesses.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 13 to the financial statements. Vectra Group Limited was disposed of on 14 November 2007 and its results have been consolidated until that date.

Business review

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found in the Chairman's Statement, Chief Executive's Statement and the Financial Review on pages 3 to 7, which are incorporated in this report by reference but should be read in conjunction with it. These reports also include details of expected future developments in the business of the Group and an indication of its activities in the field of research and development.

Post balance sheet events

On 25 March 2008 the Company increased its interest in NMT Group PLC ("NMT") by acquiring 3,882 shares for £1,600. Its interest as a result of this purchase has increased from 95.18% to 95.23%. NMT is accounted for as a subsidiary in accordance with IFRS 3 'Business Combinations' therefore the accounting treatment will not change as a result of this event. On 5 March 2008 the Group disposed of its equity interest in Imprint Plc for £57,000.

Dividends

The Directors do not recommend the payment of a dividend (2006: £nil). There was no interim dividend (2006: £nil).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 24. The Company has issued shares in the following classes:

Class	Nominal value per share	% of total capital
Ordinary shares	£0.0000001	-
A Shares	£0.49999995	49.73
B Shares	£0.49999995	49.73
Deferred shares	£0.00000001	-

None of the Company's shares has a right to fixed income. The Ordinary shares and A and B Shares carry the right to one vote each at general meetings of the Company. The Deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company operates an EMI share scheme in which employees of Group companies may participate subject to the rules of the scheme and certain other conditions and has granted unapproved options outside of this scheme. Further details relating to both are set out in note 28.

Directors' report *(continued)*

Capital structure *(continued)*

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

At the Company's AGM on 19 September 2007 a number of resolutions were passed that conferred on the Directors certain authorities in relation to the Company's share capital. There are summarised in the below:

- The Directors may allot unissued shares in the capital of the Company up to an aggregate nominal amount of £2.00, such authority to expire fifteen months after the passing of the resolution or if earlier, on the conclusion of the next annual general meeting.
- The Directors may allot equity securities otherwise than to existing shareholders in accordance with their statutory pre-emption rights. The Directors may exercise such authority in respect of Ordinary shares having an aggregate nominal amount of £2.00 representing approximately 352% of the issued ordinary share capital of the Company. The directors may issue shares for cash to shareholders pursuant to a rights issue, open offer, or similar issue, and without also issuing shares to overseas shareholders or in respect of fractions. The authority expires fifteen months after the date the resolution was passed or if earlier, on the conclusion of the next annual general meeting.
- The Company may make market purchases of its Ordinary shares of up to a total of 4,000,000 Ordinary shares. This authority expires fifteen months from the date of the resolution or on the conclusion of the next annual general meeting, whichever is the earlier. The minimum price per share to be paid on exercise of the authority would be its nominal value (£0.0000001) and the maximum price would not exceed 5 per cent. of the average middle market quotations for an Ordinary share as derived from the London Stock Exchange plc for the 5 business days immediately preceding the day of purchase.

Directors

All Directors serving during the year were also Directors at the date of signing. The Directors of the Company during the year were as follows:

	Audit Committee	Remuneration Committee
Lord Kalms of Edgware – Chairman	Yes	Yes*
Jonathan Lander – Chief Executive Officer	No	No
Nicholas Lander – Chief Financial & Operating Officer	No	No
Richard Kalms – Business Development Director	No	No
Neil Ashley – Non-Executive Director	Yes	Yes
David Buchler – Independent Non-Executive Director	Yes*	Yes

* denotes Chairman of relevant committee

The Directors' biographies are set out on pages 1 and 2 and are incorporated here by reference.

Jonathan Lander and Neil Ashley retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election.

Directors' report *(continued)*

Directors' interests

The Directors' interests in the share capital of the Company at 31 December are disclosed below:

	Number of Ordinary Shares 2007	Number of A Shares 2007	Number of B Shares 2007	Number of Ordinary Shares 2006	Number of A Shares 2006	Number of B Shares 2006
Lord Kalms of Edgware	260,000	2,630	2,630	260,000	2,630	2,630
Neil Ashley*	510,000	3,880	3,880	510,000	3,880	3,880
David Buchler	38,985	-	-	38,985	-	-
Richard Kalms	250,000	5,265	5,265	250,000	5,265	5,265
Jonathan Lander	228,750	14,500	14,500	228,750	14,500	14,500
Nick Lander	45,000	7,315	7,315	45,000	7,315	7,315

* Neil Ashley is a Trustee of The Ashley Grandchildren's 2003 Settlement, whose shareholdings are included above. As Trustee Mr Ashley holds 250,000 ordinary shares, 1,250 A shares and 1,250 B shares.

Neither the A Shares nor the B Shares are admitted to trading on AIM.

The following changes took place in the interests of Directors between 31 December 2007 and 12 June 2008.

	Number of Ordinary Shares Acquired	Price per Ordinary Share	Number of A Shares Acquired	Number of B Shares Acquired
Lord Kalms of Edgware	140,000	125p	-	-
David Buchler	10,000	125p	-	-
Richard Kalms	-	-	1,722	1,722
Jonathan Lander	150,000	125p	-	-
Nick Lander	75,000	125p	3,443	3,443

Following the above transactions the relevant Directors' interests in the issued share capital of the Company as at 12 June 2008 are as follows:

	Number of Ordinary Shares 2007	% of Issued Ordinary Share Capital	Number of A Shares	% of Issued A Shares	Number of B Shares	% of Issued B Shares
Lord Kalms of Edgware	400,000	7.0%	2,630	5.3%	2,630	5.3%
Neil Ashley*	510,000	9.0%	3,880	7.8%	3,880	7.8%
David Buchler	48,985	0.9%	-	-	-	-
Richard Kalms	250,000	4.4%	6,987	14.0%	6,987	14.0%
Jonathan Lander	378,750	6.7%	14,500	29.1%	14,500	29.1%
Nick Lander	120,000	2.1%	10,758	21.6%	10,758	21.6%

* Neil Ashley is a trustee of The Ashley Grandchildren's 2003 Settlement, whose shareholdings are included above. As Trustee Mr Ashley holds 250,000 ordinary shares, 1,250 A shares and 1,250 B shares.

David Buchler is the only director of the Company to hold share options. As at 31 December 2007 he held 31,000 options (2006: 31,000) at a grant price of £1.875 exercisable until 31 December 2014.

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 number of days' purchases represented by year end creditors for the Company is 171 (2006 – 221 days) and for the Group is 37 (2006: 101 days).

Directors' report *(continued)*

Charitable and political donations

There were no charitable or political donations made during the year (2006: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Substantial shareholdings

On 16 June 2008 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company:

Name of shareholder	Number of Ordinary Shares	% of Voting Rights and Issued Ordinary Share Capital	Nature of holding	Number of A Shares	% of Issued A Shares	Number of B Shares	% of Issued B Shares
Andrew Lynton Cohen	749,666	13.2%	Indirect	-	-	-	-
Roy Mitchell	174,133	3.1%	Direct	-	-	-	-
Clareco Limited and FG Nominees Limited	182,114	3.2%	Direct	-	-	-	-
State Street Nominees Limited	282,000	5.0%	Direct	-	-	-	-
Nutraco Nominees Limited for Royal Bank of Scotland as Trustees of the 33 King William Street Growth & Recovery Fund	278,148	4.9%	Direct	-	-	-	-
Dawnay, Day International Limited	743,750	13.1%	Direct	10,525	21.2%	10,525	21.2%

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees at a local level.

Auditors

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

Nick Lander
Company Secretary
17 June 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") (including International Accounting Standards "IAS" and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as interpreted by any regulatory bodies applicable to the Group as adopted for use in the European Union). The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires fair presentation of the Group's financial position, financial performance and cash flows for each financial year. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the parent Company financial statements 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.

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

Statement of directors' responsibilities *(continued)*

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/she 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.

Independent Auditors' Report to the shareholders of Volvere plc

We have audited the Group financial statements of Volvere plc for the year ended 31 December 2007 which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 34. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent Company financial statements of Volvere plc for the year ended 31 December 2007.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group 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 Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the directors' remuneration report described as having been audited has been 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 Group financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Principal Activity and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's 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 Group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group 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 Group financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the shareholders of Volvere plc *(continued)*

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 Group 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 Group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Group financial statements.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended.

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

17 June 2008

Volvere plc

Consolidated income statement for the year ended 31 December 2007

	Note	Continuing Operations 2007 £'000	Discontinued operations 2007 £'000	Total 2007 £'000	Continuing Operations 2006 £'000	Acquisitions 2006 £'000	Discontinued operations 2006 £'000	Total 2006 £'000
Revenue	6	3,795	9,352	13,147	2,703	717	10,357	13,777
Cost of sales		(1,180)	(5,105)	(6,285)	(793)	(293)	(5,931)	(7,017)
Gross profit		2,615	4,247	6,862	1,910	424	4,426	6,760
Administrative expenses								
Before goodwill and amortisation		(3,181)	(3,885)	(7,066)	(2,482)	(478)	(3,990)	(6,950)
Amortisation of intangible assets		(241)	-	(241)	(240)	-	-	(240)
Realisation of negative goodwill		93	-	93	-	252	-	252
Administrative expenses		(3,329)	(3,885)	(7,214)	(2,722)	(226)	(3,990)	(6,938)
(Loss)/profit from operations	3	(714)	362	(352)	(812)	198	436	(178)
Share of profits of associates		-	-	-	11	-	-	11
Finance costs	9	(41)	(12)	(53)	(31)	(13)	(13)	(57)
Finance income	9	391	-	391	99	-	-	99
(Loss)/profit before tax		(364)	350	(14)	(733)	185	423	(125)
Tax expense	10	-	-	-	-	-	-	-
Post-tax gain on disposal of discontinued operation	11	-	3,270	3,270	-	-	-	-
(Loss)/profit for the year		(364)	3,620	3,256	(733)	185	423	(125)
Attributable to:								
- Equity holders of the parent	25			3,251				(121)
- Minority interest	33			5				(4)
				3,256				(125)
Earnings/(loss) per share	12							
- Basic (pence)				57.74p				(3.031p)
- Diluted (pence)				57.05p				(3.031p)

The notes on pages 20 to 53 form part of these financial statements.

Volvere plc

Consolidated statement of changes in equity for the year ended 31 December 2007

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Changes in equity					
Balance at 1 January 2006	50	361	41	3,705	4,157
Loss for the year & total recognised income and expense for the year	-	-	-	(121)	(121)
Purchase of own shares	-	-	-	(9)	(9)
Issue of share capital	-	2,952	-	-	2,952
Equity share options issued	-	-	34	-	34
Balance at 31 December 2006	50	3,313	75	3,575	7,013
Balance at 1 January 2007	50	3,313	75	3,575	7,013
Profit for the year & total recognised income and expense for the year	-	-	-	3,251	3,251
Issue of share capital	-	273	-	-	273
Equity share options issued/cancelled	-	-	(60)	61	1
Balance at 31 December 2007	50	3,586	15	6,887	10,538

The notes on pages 20 to 53 form part of these financial statements.

Volvere plc

Consolidated balance sheet at 31 December 2007

	Note	2007 £'000	2006 £'000
Assets			
Non-current assets			
Intangible assets	14	716	957
Available for sale investments	16	48	-
Property, plant & equipment	13	203	293
Total non-current assets		967	1,250
Current assets			
Trade and other receivables	17	1,474	4,743
Cash and cash equivalents	34	11,738	6,540
Total current assets		13,212	11,283
Total assets		14,179	12,533
Liabilities			
Current liabilities			
Trade and other payables	18	(2,938)	(4,302)
Other financial liabilities	19	(120)	(150)
Total current liabilities		(3,058)	(4,452)
Non-current liabilities			
Financial liabilities	20	(300)	(420)
Total non-current liabilities		(300)	(420)
Total liabilities		(3,358)	(4,872)
TOTAL NET ASSETS		**10,821**	**7,661**
Capital and reserves attributable to equity holders of the company			
Share capital	24	50	50
Share premium account	25	3,586	3,313
Share option reserve	25	15	75
Retained earnings	25	6,887	3,575
		10,538	7,013
Minority interest	33	283	648
TOTAL EQUITY	26	**10,821**	**7,661**

The financial statements on pages 1 to 53 were approved by the Board of Directors and authorised for issue on 17 June 2008 and were signed on its behalf by:

Nick Lander
Director
17 June 2008

Jonathan Lander
Director
17 June 2008

The notes on pages 20 to 53 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Operating activities					
Net loss from ordinary activities		(352)		(178)	
Adjustments for:					
Depreciation		133		107	
Realisation of negative goodwill		(93)		(252)	
Amortisation of intangible assets		241		240	
Share based payment expenses		1		34	
Loss on disposal of property, plant and equipment		-		2	
Operating loss before changes in working capital and provisions			(70)		(47)
Increase in trade and other receivables		(24)		(896)	
Increase in trade and other payables		994		1,011	
Operating cashflows from working capital movements			970		115
Investing activities					
Acquisition of subsidiary, net of cash acquired		(39)		(31)	
Investment in associate		-		(190)	
Net cash acquired on acquisition of investment in associate, net of associated costs		-		5,611	
Disposal of subsidiary, net of cash disposed	11	4,431		-	
Purchases of property, plant and equipment		(228)		(180)	
Sales of property, plant and equipment		-		5	
Interest received		396		99	
Purchase of available for sale investments		(49)		-	
Refund of consideration relating to acquisition		-		88	
			4,511		5,402
Financing activities					
Purchase of ordinary shares for cancellation		-		(9)	
Proceeds from bank borrowings		-		600	
Repayment of bank borrowings		(150)		(608)	
Interest paid		(63)		(57)	
			(213)		(74)
Increase in cash and cash equivalents	34		5,198		5,396
Cash and cash equivalents at beginning of year			6,540		1,144
Cash and cash equivalents at end of year			11,738		6,540

The notes on pages 20 to 53 form part of these financial statements.

1 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as endorsed by the European Union ("endorsed IFRS") and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under endorsed IFRS. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"); these are presented on pages 55 to 61. This is the first time the Group has prepared its consolidated financial statements in accordance with endorsed IFRSs, having previously prepared its financial statements in accordance with UK GAAP. Details of how the transition from UK accounting standards to endorsed IFRSs has affected the Group's reported financial position, financial performance and cash flows are given in note 2 to the financial statements.

Changes in accounting policies

First-time adoption of IFRS

In preparing these financial statements, the Group has elected to apply the following transitional arrangements permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards':

- Business combinations effected before 1 January 2006, including those that were accounted for using the merger method of accounting under UK accounting standards have not been restated.
- The carrying amount of capitalised goodwill at 31 December 2006 that arose on business combinations accounted for using the acquisition method under UK GAAP was frozen at this amount and tested for impairment at 1 January 2006. The carrying amount was adjusted for intangible assets that would have been required to be recognised in the acquiree's separate financial statements in accordance with IAS 38 'Intangible Assets', such as development costs.
- Goodwill written off directly to reserves on business combinations effected before 1 January 1998 has not retrospectively been capitalised and will not be transferred to the income statement on the disposal of a subsidiary to which it relates.
- IFRS 2 'Share-based payments' has been applied to employee options granted after 7 November 2002 that had not vested by 1 January 2005.

Except as noted above, the following principal accounting policies have been applied consistently in the preparation of these financial statements:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

1 Accounting policies *(continued)*

Basis of consolidation (continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal. Negative goodwill arising on acquisitions is recognised immediately in the income statement in the period in which it arises.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue 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.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period.

Retirement benefit costs

The Group's subsidiary undertakings operate defined contribution retirement benefit schemes. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The assets of the schemes are held separately from those of the relevant company and Group in independently administered funds.

1 Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight line method, on the following bases:

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

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Available for sale current asset investments are subsequently carried at fair value with adjustments recognised in reserves.

Investment income

Income from investments is included in the income statement at the point the Group becomes legally entitled to it, before deduction of any related tax credit.

1 Accounting policies *(continued)*

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets – customer relationships

Customer relationship intangible assets acquired in a business combination are initially measured at fair value, based on discounted cash flows and amortised over their estimated useful lives of 5 years on a straight line basis.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises only in-the-money derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These assets are measured at amortised cost, using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

1 Accounting policies *(continued)*

Financial assets (continued)

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises only out-of-the-money derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Share-based payments

The Group has applied the requirements of IFRS 2, Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied 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 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.

Fair value is measured by use of a 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overnight deposits and treasury deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

1 Accounting policies *(continued)*

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The nature of the Group's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below:

Revenue recognition

Significant amounts of the Group's revenue arise from client projects where there is a fixed contract value and fixed scope of work. The Group recognises revenue as work progresses and assesses the stage of completion in relation to these projects. On large projects, and those spanning long periods of time, there can be a greater amount of uncertainty in relation to these projects' financial outcomes and the timing of project completion. The Group reviews projects' progress on a periodic basis to ensure that projects' revenues are recognised appropriately and consistently in line with the provision of services.

Amortisation of intangible assets

The Group has, in determining the value of intangible assets, estimated the cash flows expected to arise from the underlying intangible assets acquired as part of their acquisition and estimated a suitable discount rate in order to calculate the present value thereof. The value of the Group's intangible assets is being amortised over 5 years using the straight line method.

Share-based payments

The Group has an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments (shares) at the date of grant. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of grant based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected volatility, expected life of the options and number of options expected to vest. More details including carrying values are disclosed in note 28.

New standards and interpretations

The following standards and interpretations to existing standards have been published and endorsed by the EU but are not mandatory for the year ended 31 December 2007 and have not been applied by the Group during the year.

			Effective Dates (Periods beginning on or after)
IFRS 8	-	Operating Segments	1 January 2009
IAS 23	-	Borrowing Costs – revised	1 January 2009
IFRIC 11	-	IFRS 2 ~ Group and Treasury Share Transactions	1 March 2007
IFRIC 12	-	Service Concession Arrangements	1 January 2008
IFRIC 13	-	Customer Loyalty Programmes	1 July 2008
IFRIC 14	-	IAS 19 ~ The limit on a Defined Benefit Asset, Minimum funding requirements and their interaction	1 January 2008

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2 First time adoption of International Financial Reporting Standards (IFRS)

Reconciliations and explanatory notes on how the transition to IFRS has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below:

Profit and loss account reconciliation for the year ended 31 December 2006

	Sub-note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Revenue		13,777	-	13,777
Cost of sales		(7,017)	-	(7,017)
Gross profit		6,760	-	6,760
Administrative expenses				
Before goodwill and amortisation	i	(6,916)	(34)	(6,950)
Realisation of negative goodwill	ii	234	18	252
Amortisation of positive goodwill	iii	(61)	61	-
Amortisation of intangible assets	iv	-	(240)	(240)
Administrative expenses		(6,743)	(195)	(6,938)
Profit/(loss) from operations		17	(195)	(178)
Share of results of associates		11	-	11
Finance costs		(57)	-	(57)
Finance income		99	-	99
Profit/(loss) before & after tax		70	(195)	(125)
Minority interests		4	-	4
Retained profit/(loss) for the year		74	(195)	(121)

Reconciliation of UK GAAP consolidated profit to IFRS consolidated profit

	Notes	Year ended 31 December 2006 £'000
Profit for the year as reported under UK GAAP		74
Adjustments for:		
Short-term employee benefits	i	(34)
Realisation of negative goodwill on acquired businesses	ii	18
Goodwill reversal	iii	61
Amortisation of intangible assets	iv	(240)
Loss for the year as reported under IFRS		(121)

2 First time adoption of International Financial Reporting Standards (IFRS) *(continued)*

Balance sheet reconciliation as at 1 January 2006

	Sub-note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Non-current assets				
Property, plant and equipment		218	-	218
Goodwill	iv	1,285	(1,285)	-
Negative goodwill	ii	(66)	66	-
Other intangible assets	iv	-	1,285	1,285
Investments		1,535	-	1,535
Total non-current assets		2,972	66	3,038
Current assets				
Trade and other receivables		3,663	-	3,663
Cash and cash equivalents		1,144	-	1,144
Total current assets		4,807	-	4,807
Total assets		7,779	66	7,845
Current liabilities				
Trade and other payables		(3,688)	-	(3,688)
Total current liabilities		(3,688)	-	(3,688)
Total non-current liabilities		-	-	-
Total liabilities		(3,688)	-	(3,688)
Total net assets		4,091	66	4,157
Equity				
Share capital		50	-	50
Share premium accounts		361	-	361
Equity reserve	i	-	41	41
Retained earnings	i,ii	3,680	25	3,705
Equity attributable to equity holders of the parent		4,091	66	4,157
Minority interest		-	-	-
Total equity		4,091	66	4,157

2 First time adoption of International Financial Reporting Standards (IFRS) *(continued)*

Balance sheet reconciliation as at 31 December 2006

	Sub-note	UK GAAP £'000	Adjustments £'000	IFRS £'000
Non-current assets				
Property, plant and equipment		293	-	293
Goodwill	iv	1,136	(1,136)	-
Negative goodwill	ii	(84)	84	-
Other intangible assets	iv	-	957	957
Total non-current assets		1,345	(95)	1,250
Current assets				
Trade and other receivables		4,743	-	4,743
Cash and cash equivalents		6,540	-	6,540
Total current assets		11,283	-	11,283
Total assets		12,628	(95)	12,533
Current liabilities				
Bank overdrafts and loans		(150)	-	(150)
Trade and other payables		(4,302)	-	(4,302)
Total current liabilities		(4,452)	-	(4,452)
Non-current liabilities				
Bank loans		(420)	-	(420)
Total non-current liabilities		(420)	-	(420)
Total liabilities		(4,872)	-	(4,872)
Total net assets		7,756	(95)	7,661
Equity				
Share capital		50	-	50
Share premium accounts		3,313	-	3,313
Equity reserve	i	-	75	75
Retained earnings	i,ii,iii	3,745	(170)	3,575
Equity attributable to equity holders of the parent		7,108	(95)	7,013
Minority interest		648	-	648
Total equity		7,756	(95)	7,661

2 First time adoption of International Financial Reporting Standards (IFRS) *(continued)*

Explanations of the adjustments made to the UK GAAP income statement and balance sheets are as follows:

Sub-note	Explanation
i	IFRS 2 requires a company to calculate and recognise the fair value of issued share options of all grants after 7 November 2002 that were unvested at 1 January 2005. Under UK GAAP, FRS 20 'Share Based Payments' applies a similar treatment however the Company had deemed the required charge not material to include. The adjustment in relation to the IFRS 2 charge reduces profits for the year to 31 December 2006 by £34,000 and for the year to 31 December 2005 by £41,000, with a corresponding decrease in retained earnings.
ii	IFRS 3 'Business Combinations' requires negative goodwill that arises on business combinations to be recognised in the year of acquisition. Under UK GAAP negative goodwill was capitalised and amortised over the time that the Group was expected to benefit from it. The adjustment increases profits for the year to 31 December 2006 by £18,000 and the year to 31 December 2005 by £66,000 with a corresponding increase in retained earnings.
iii	Goodwill is not amortised under endorsed IFRS but is measured at cost less impairment losses. Under UK GAAP, goodwill was amortised on a straight-line basis over the time that the Group was estimated to benefit from it. The change does not affect equity at 1 January 2006 because, as permitted by IFRS 1, goodwill arising on acquisitions before 1 January 2006 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date, the results of which assessment indicated no such impairment. The adjustments increase profits for the year to 31 December 2006 by £61,000 with a corresponding increase in retained earnings.
iv	IFRS 3 'Business Combinations' identifies a greater number of intangible assets that can arise through business combinations than under UK GAAP. In accordance with these provisions the balance of goodwill in relation to Sira Test and Certification Limited has been reviewed and reclassified as relating to the cost of Customer Relationships. The net cost of this intangible asset is £1,197,000 which is being amortised on a straight-line basis over 5 years. The adjustment reduces profit for the year to 31 December 2006 by £240,000 with a corresponding decrease in retained earnings.
v	The adjustment to reserves comprises the following elements, which have been discussed in more detail in the separate notes above.

	Note	£'000
Costs of share-based payments recognised under IFRS 2	i	(75)
Negative goodwill relating to acquisition made prior to 1 Jan 2006	ii	66
Realisation of negative goodwill during the period under UK GAAP	ii	(24)
Negative goodwill arising on acquisitions made during year ended 31 December 2006 now restated under IFRS 3	ii	42
UK GAAP goodwill amortisation charges reversed	iii	61
Amortisation of intangible assets	iv	(240)
		(170)

2 First time adoption of International Financial Reporting Standards (IFRS) *(continued)*

Cash flow statement for the year ended 31 December 2006

The only changes to the cash flow statement are presentational. The key ones include:

- Presenting a statement showing movements in cash and cash equivalents, rather than just cash. Cash under UK GAAP comprised only amounts accessible in 24 hours without penalty less overdrafts repayable on demand. The components of cash equivalents are shown in note 34.

3 Profit from operations

	2007 £'000	2006 £'000
This has been arrived at after charging/(crediting):		
Staff costs (see note 4)	8,159	7,917
Depreciation of property, plant and equipment	133	107
Realisation of negative goodwill	(93)	(252)
Amortisation of intangible fixed assets	241	240
Exchange gains	18	17
Operating lease expense		
- Plant and machinery	100	153
- Other	447	471
Audit fees	37	40
Fees paid to the Company's auditors for non-audit services	34	23
Loss on disposal of fixed assets	-	2

The analysis of auditors' remuneration is as follows:		
Fees payable to the Company's auditors		
- for the audit of the Company's annual accounts	10	10
- for the audit of the Company's subsidiaries	22	30
- for the interim review	5	-
Total audit fees	37	40
Fees payable to the Company's auditors for other services		
- Tax services	34	23

Audit fees include an amount of £5,000 (2006 - £10,000) in respect of the Company.

4 Staff costs

Staff costs (including directors) comprise:	2007 £'000	2006 £'000
Wages and salaries	7,016	6,858
Defined contribution pension cost	347	302
Share-based payment expense	1	34
Employer's national insurance contributions and similar taxes	795	723
	8,159	7,917

5 Directors' remuneration

The remuneration of the directors was as follows:	2007 £'000	2006 £'000
Lord Kalms of Edgware	78	39
Neil Ashley	86	20
David Buchler	35	20
Richard Kalms	70	25
Jonathan Lander	163	59
Nick Lander	214	44
	646	207

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement dated 19 December 2002 with Dawnay, Day Lander Limited. The amount due under this agreement, which is in addition to the amounts disclosed above, for the year amounted to £277,000 (2006: £210,000). In addition, the amount paid to David Buchler in the year was to a third party on an invoice basis.

None of the directors were members of the Group's defined contribution pension plan in the year (2006: none).

6 Segment information

All revenue arose through services rendered in the principal activities of safety and risk consulting, certification services, security solutions and management services.

The Group's primary reporting format for reporting segment information is business segments.

Business Segments

	Safety & Risk Consulting 2007 £'000	Certification Services 2007 £'000	Security Solutions 2007 £'000	Investing Activities 2007 £'000	Management Services 2007 £'000	Eliminations 2007 £'000	Total 2007 £'000
Revenue							
External	9,352	3,621	174	-	-	-	13,147
Inter-segment	-	22	-	-	949	(971)	-
Total	9,352	3,643	174	-	949	(971)	13,147
Segment result (note (a))							
Continuing operations (note (b))	-	560	(145)	(57)	(924)	-	(566)
Discounted operations (note (b))	362	-	-	-	-	-	362
Total	362	560	(145)	(57)	(924)	-	(204)
Loss from operations before goodwill and amortisation of intangible assets							(204)
Amortisation of intangible assets							(241)
Negative goodwill released to income							93
Net financing income (note 9)							338
Loss on ordinary activities before tax							(14)
Gain on disposal of discontinued operation							3,720
Profit for the year							3,256

6 Segment information *(continued)*

	Safety & Risk Consulting 2007 £'000	Certification Services 2007 £'000	Security Solutions 2007 £'000	Investing Activities 2007 £'000	Management Services 2007 £'000	Eliminations 2007 £'000	Total 2007 £'000
	Business Segments						
Balance sheet (note (c))							
Assets	-	2,506	78	5,986	5,609	-	14,179
Liabilities	-	(2,249)	(40)	(57)	(1,012)	-	(3,358)
Net assets	-	257	38	5,929	4,597	-	10,821
Other							
Capital expenditure	111	101	5	-	11	-	228
Depreciation	75	50	5	-	3	-	133
Amortisation	-	241	-	-	-	-	241
Realisation of negative goodwill	-	-	-	(93)	-	-	(93)

	Safety & Risk Consulting 2006 £'000	Certification Services 2006 £'000	Security Solutions 2006 £'000	Investing Activities 2006 £'000	Management Services 2006 £'000	Eliminations 2006 £'000	Total 2006 £'000
	Business Segments						
Revenue							
External	10,358	3,019	182	-	218	-	13,777
Inter-segment	-	12	-	-	721	(733)	-
Total	10,358	3,031	182	-	939	(733)	13,777
Segment result (notes (a) & (b))							
Continuing Operations (note (b))	-	462	-	-	(1,034)	-	(572)
Acquired operations (note (b))	-	5	(1)	(58)	-	-	(54)
Discounted operations (note (b))	436	-	-	-	-	-	436
	436	467	(1)	(58)	(1,034)	-	(190)
Loss from operations before goodwill and amortisation of intangible assets							(190)
Amortisation of intangible assets							(240)
Negative goodwill released to income (excluding associate)							252
Share of result of associate							(33)
Negative goodwill released to income in respect of associate							44
Net financing income (note 9)							42
Loss on ordinary activities before tax and loss for the year							(125)
Balance sheet (note (c))							
Assets	3,613	2,518	24	5,866	512	-	12,533
Liabilities	(2,577)	(1,811)	(33)	(86)	(365)	-	(4,872)
	1,036	707	(9)	5,780	147	-	7,661

6 Segment information *(continued)*

	Business Segments						
	Safety & Risk Consulting 2006 £'000	Certification Services 2006 £'000	Security Solutions 2006 £'000	Investing Activities 2006 £'000	Management Services 2006 £'000	Eliminations 2006 £'000	Total 2006 £'000
Other							
Capital expenditure	56	112	5	-	7	-	180
Depreciation	83	22	1	-	1	-	107
Amortisation	-	240	-	-	-	-	240
Realisation of negative goodwill	-	(2)	-	(208)	(42)	-	(252)

Note (a): The segment result has been stated before tax, interest, amortisation of intangible assets and Group management charges.

Note (b): The Group established a central services function on 1 July 2006 to provide financial, IT and HR services to Group companies. The costs relating to these had previously been included in the Safety & Risk Consulting results. In order to present segmental and continuing/discontinued information more meaningfully, the Group has allocated the 2006 and 2007 central service costs accordingly.

Note (c): Segment assets and liabilities have been stated excluding inter-segment balances.

The Group's secondary reporting format for reporting segment information is geographic segments.

	External revenue by location of customers		Total assets by location of assets		Capital expenditure by location of assets	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
UK	10,484	11,192	14,179	11,508	228	170
Rest of Europe	1,552	1,504	-	414	-	5
USA	248	119	-	-	-	-
Other	863	962	-	611	-	5
	13,147	13,777	14,179	12,533	228	180

	Revenue		Segment assets		Capital expenditure	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Continuing operations						
UK	2,770	2,399	14,179	2,672	117	56
Rest of Europe	555	137	-	-	-	-
USA	248	119	-	-	-	-
Other	222	48	-	-	-	-
	3,795	2,703	14,179	2,672	117	56

6 Segment information *(continued)*

	Revenue		Segment assets		Capital expenditure	
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Acquired operations						
UK	-	700	-	6,248	-	68
Rest of Europe	-	17	-		-	
USA	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	717	-	6,248	-	68
Discontinued operations						
UK	7,714	8,092	-	3,613	111	56
Rest of Europe	997	1,350	-	-	-	-
USA	-	-	-	-	-	-
Other	641	915	-	-	-	-
	9,352	10,357	-	3,613	111	56

Acquired operations in 2006 relate to (i) the Company's increase in its investment in NMT Group PLC, which resulted in it being reclassified from an investment in an associated undertaking to a subsidiary undertaking and (ii) the acquisition on 29 March 2006 of certain businesses and assets from the Sira group of companies, which now trade as Sira Environmental Limited and Sira Defence & Security Limited. Further information in relation to these is given in notes 7 and 8. For discontinued operations see note 11.

7 Acquisition of subsidiary undertaking - 2006

During the year ended 31 December 2006 the Company increased its investment in NMT Group PLC and 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:

7 Acquisition of subsidiary undertaking – 2006 *(continued)*

	Book value at acquisition 2006 £'000	Provisional fair value adjustments 2006 £'000	Fair value at acquisition 2006 £'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

The financial information below, in relation to the year ended 31 December 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:

7 Acquisition of subsidiary undertaking – 2006 *(continued)*

	Unaudited 1 January to 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)

8 Acquisition of businesses and assets - 2006

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 at the date of acquisition:

	Book value at acquisition 2006 £'000	Provisional fair value adjustments 2006 £'000	Fair value to group at acquisition 2006 £'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 recognised			(42)
Purchase consideration, including certain costs			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.

8 Acquisition of businesses and assets - 2006 *(continued)*

Trade creditors and accruals

The directors performed a review of the valuation of creditors and accruals which 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 businesses acquired. No financial information was available in respect of the businesses and assets acquired.

9 Finance income and expense

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Finance income				
Bank interest receivable	391		99	
Finance expense				
Bank interest payable	(53)		(57)	
		338		42

10 Tax expense

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Current tax expense	-		-	
Deferred tax expense	-		-	
		-		-
Share of tax charge of associates		-		-
Total tax charge		-		-

10 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2007 £'000	2006 £'000
Profit/(loss) before tax	3,256	(125)
Expected tax charge based on the standard rate of corporation tax in the UK of 30% (2006 - 30%)	977	(38)
Share of results of associates	-	10
Expenses not deductible for tax purposes	14	99
Income not subject to tax	(1,063)	(107)
Utilisation of previously unrecognised tax losses	(155)	(61)
Movement in deferred tax not previously recognised	227	97
Total tax charge	-	-

No tax charge or credit arose on the profits arising in Vectra Group Limited and its subsidiaries in the year (these subsidiaries being disposed of in the year), or on the losses arising in the prior year, or on the disposal of Vectra Group Limited itself.

11 Discontinued operations

In November 2007, the Group sold Vectra Group Limited and its subsidiary undertakings. Assets and liabilities relating to this operation are not classified as held-for-sale as at 31 December 2006 in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as the directors had not taken the decision to dispose of the operation at that time.

The post-tax gain on discontinued operations was determined as follows:

	£'000	£'000
Consideration received:		
Cash	6,000	
Less: disposal costs	(1,356)	
		4,644
Net assets disposed of:		
Property, plant and equipment	186	
Trade and other receivables	1,855	
Other financial assets	1,149	
Trade and other payables	(1,816)	
		1,374
Pre-tax gain on disposal of discontinued operation		3,270
Related tax expense		-
Post tax gain on disposal of discontinued operation		3,270
The net cash inflow comprises:		
Cash received		6,000
Cash disposed of		(213)
		5,787

11 Discontinued operations *(continued)*

The cash flow statement includes the following amounts relating to discontinued operations:

	2007 £'000	2006 £'000
Operating activities	415	(69)
Investing activities	(111)	(56)
Financing activities	-	-
	304	(125)

12 Earnings per share

	2007 £'000	2006 £'000
Numerator		
Profit/(loss) for the year attributable to equity holders	3,251	(121)
Earnings used in basic EPS and DEPS	3,251	(121)
Denominator		
Weighted average number of shares used in basic EPS	5,631,925	3,992,054
Effects of:		
- employee share incentive schemes	68,165	83,831
- employee share options	-	11,092
Weighted average number of shares used in diluted EPS	5,700,090	4,086,977

Certain employee share options have been excluded from the calculation above as their exercise price is greater than the weighted average share price during the year and therefore it would not be advantageous for the holders to exercise them.

The following options have been excluded:

	2007 No.	2006 No.
Employee share options	36,720	257,461

13 Property, plant and equipment

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
At 31 December 2007			
Cost	83	955	1,038
Accumulated depreciation	(48)	(787)	(835)
Net book value	35	168	203
At 31 December 2006			
Cost	478	1,230	1,708
Accumulated depreciation	(377)	(1,038)	(1,415)
Net book value	101	192	293
Year ended 31 December 2007			
Opening net book value	101	192	293
Additions	54	174	228
Disposals	(86)	(99)	(185)
Depreciation	(34)	(99)	(133)
Closing net book value	35	168	203
Year ended 31 December 2006			
Opening net book value	98	120	218
Additions	29	151	180
Acquired through business combinations	-	10	10
Disposals	-	(8)	(8)
Depreciation	(26)	(81)	(107)
Closing net book value	101	192	293

There are no amounts of property, plant and equipment held on finance leases (2006: £nil).

14 Intangible assets

	Contractual and non-contractual customer relationships £'000	Total £'000
At 31 December 2007		
Cost	1,197	1,197
Accumulated amortisation	(481)	(481)
Net book value	716	716
At 31 December 2006		
Cost	1,197	1,197
Accumulated amortisation	(240)	(240)
Net book value	957	957
Year ended 31 December 2007		
Opening net book value	957	957
Amortisation	(241)	(241)
Closing net book value	716	716
Year ended 31 December 2006		
Opening net book value	1,197	1,197
Amortisation	(240)	(240)
Closing net book value	957	957

All assets have a finite useful economic life.

15 Subsidiaries

The principal subsidiaries of Volvere plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership interest
Sira Test and Certification Limited	England and Wales	100%
Sira Environmental Limited	England and Wales	100%
Sira Defence & Security Limited	England and Wales	100%
Sira Certification Service Limited*	England and Wales	100%
Volvere Central Services Limited	England and Wales	100%
NMT Group PLC	Scotland	95%

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

16 Financial assets (non-current)

	2007 £'000	2006 £'000
Available-for-sale investments		
- quoted	48	-

The Group's strategic investment is a 0.13% interest in Imprint Plc. This company is not accounted for on an equity basis as the Group does not have the power to participate in the company's operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level. The fair value of quoted securities is based on published prices and is not materially different to the carrying value. This shareholding has been disposed of since the year end as disclosed in note 31.

17 Trade and other receivables

	2007 £'000	2006 £'000
Trade receivables	1,286	4,238
Less: provision for impairment of trade receivables	-	(2)
Net trade receivables	1,286	4,236
Other receivables	114	362
Accrued income	44	124
Prepayments	30	21
	1,474	4,743

The fair value of trade receivables approximates to book value at 31 December 2007 and 2006. The provision for impairment of trade receivables in 2006 relates to Vectra Group Limited, which was sold during the year.

The Group is exposed to credit risk with respect to trade receivables due from its customers. The Group has a large number of customers who are spread across a variety of industries and geographic locations, and hence the concentration of credit risk is limited due to the large and diverse customer base. In addition, circa 75% of the Group's continuing sales derive from, or are related to, customers' needs to comply with statutory safety requirements, and the directors feel that this mitigates the risk of non-payment further. Provisions for bad and doubtful debts are made based on management's assessment of the risk taking into account the ageing profile, experience and circumstances. There were no significant amounts due from individual customers where the credit risk was considered by the directors to be significantly higher than the total population.

17 Trade and other receivables *(continued)*

Trade receivables denominated in a foreign currency do not represent a material element of the year end balance and as such the directors do not hedge the currency risk that arises. The Group's approach to managing currency risk is detailed in note 21, financial instruments. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2007 £'000	2006 £'000
Pound Sterling	1,283	4,097
Euro	2	85
US Dollar	189	160
UAE Dirhams	-	401
	1,474	4,743

The value of trade receivables past due, but not impaired at 31 December 2007 was £1,286,000 (2006: £4,236,000). The ageing analysis of these receivables is disclosed below:

	2007 £'000	2006 £'000
Up to 3 months	1,119	4,177
3 to 6 months	63	27
6 to 12 months	79	32
Over 12 months	25	-
	1,286	4,236

No amounts were past due and impaired at 31 December 2007 (2006: £2,000).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above.

18 Trade and other payables - current

	2007 £'000	2006 £'000
Trade creditors	595	1,672
Other tax and social security taxes	330	221
VAT liability	85	370
Other creditors	312	372
Accruals	322	462
Total financial liabilities excluding loans and borrowings carried at amortised cost	1,644	3,097
Deferred income	1,294	1,205
	2,938	4,302

The fair value of trade and other payables approximates to book value at 31 December 2007 and 2006.

19 Other financial liabilities - current

	2007 £'000	2006 £'000
Bank loans		
- secured	120	150

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 22.

20 Non-current financial liabilities

	2007 £'000	2006 £'000
Bank loans	300	420

The bank loan relates to a term loan drawn down by Sira Test and Certification Limited in 2006. The total balance at 31 December 2007 of £420,000 includes an amount of £120,000 classified as current. The borrowing is secured by a debenture granting the bank a fixed and floating charge over all the Group's assets. The interest rate payable is shown in note 22.

21 Financial instruments – Risk Management

The Group is exposed through its operations to one or more of the following financial risks:

- Cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Market price risk

Policy for managing these risks is set by the Board following recommendations from the Chief Financial & Operating Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre.

The policy for each of the above risks is described in more detail below.

The Group's principal financial instruments are:

- Trade receivables
- Cash at bank
- Investments in quoted equity securities in the UK
- Trade and other payables
- Variable rate bank loans

Cash flow interest rate risk

Due to the insignificant level of borrowings within the Group, the Directors do not have an explicit policy for managing cash flow interest rate risk. All current borrowing is on variable terms. Although the Board accepts that this policy neither protects the Group entirely from paying rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments, the Directors feel that given circumstances where interest rates were to increase significantly the Group has cash reserves significantly in excess of its borrowings, to an extent that they could be repaid immediately thus mitigating the impact of such risk. In addition all cash is managed centrally and local operations are not permitted to arrange borrowing independently.

21 Financial instruments – Risk Management *(continued)*

Foreign currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (sterling). The Directors monitor and review their foreign currency exposure on a regular basis; they are of the opinion that as the Group's exposure is limited to transactions with a small number of customers and suppliers it is not appropriate to actively hedge its foreign currency exposure.

Liquidity risk

The liquidity risk of each Group entity is managed centrally by Volvere plc. Each operation has a facility with Volvere plc to cover shortfalls should they arise. Where facilities of Group entities need to be increased, approval must be sought from the Chief Financial & Operating Officer. All surplus cash is managed centrally to maximise the returns on deposits. The Group maintains significant cash reserves and therefore does not require facilities with financial institutions to provide working capital.

Credit risk

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 17.

Other market price risk

Where the Group has generated a significant amount of cash it invests in fixed term deposits having regard to the Company's need to access capital. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

22 Financial assets and liabilities – Numerical information

Maturity of financial assets

All financial assets at the year end, other than loans and receivables (note 17 above) are denominated in sterling and highly liquid with maturity dates within 30 days.

Maturity of financial liabilities

The carrying amounts of all financial liabilities, excluding loans and borrowings, being carried at amortised cost is as follows:

	2007 £'000	**2006 £'000**
In less than six months	2,938	4,302

There are no financial liabilities being carried at amortised cost with a maturity date in excess of five years.

22 Financial assets and liabilities – Numerical information *(continued)*

Loans and borrowing facilities	**2007 £'000**	**2006 £'000**
Current		
Bank loans (secured)	120	150
	120	150
Non-current		
Bank loans (secured)	300	420
	300	420
Total borrowings	420	570

The principal terms and the debt repayment schedule of the Group's loans and borrowings are as follows:

	Currency	Nominal rate %	Year of maturity	Security
Secured bank loan	GBP	2.0-2.25% over bank of Scotland base rate	2011	See note 20

The maturity analysis for all loans and borrowings is analysed below:

	2007 £'000	**2006 £'000**
In less than one year	120	150
In more than one year but not more than two years	120	120
In more than two years but not more than five years	180	300
	420	570

All loans and borrowings are denominated in sterling (2006: sterling).

There were no undrawn committed borrowing facilities that had been agreed at 31 December 2007.

23 Deferred tax

A deferred tax asset has not been recognised for the following:

	2007 £'000	2006 £'000
Income losses carried forward	174	17,239
Accelerated capital allowances	21	1,392
Short term timing differences	4	14
	199	18,645

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

At 31 December 2007 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 £199,000 (2006: £18,645,000); the reduction from 2006 relates principally to the extinguishing of losses in NMT Group PLC (£16,789,000) along with the disposal of Vectra Group Limited.

Deferred tax assets and liabilities have been calculated using the rate of corporation tax expected to apply when the relevant timing differences reverse. A number of changes to the UK tax system were announced in the March 2007 Budget Statement and have been enacted in the 2007 Finance Act. The changes relating to the decrease in the corporation tax rate from 30% to 28% from 1 April 2008 have been substantively enacted by the balance sheet date, and therefore included in these financial statements.

24 Share capital

	Authorised			
	2007 Number	2007 £'000	2006 Number	2006 £'000
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		100		100

	Issued and fully paid			
	2007 Number	2007 £'000	2006 Number	2006 £'000
Ordinary shares of £0.0000001 each	5,675,232	-	5,488,679	-
A shares of £0.49999995 each	49,735	25	49,735	25
B shares of £0.49999995 each	49,735	25	49,735	25
Deferred shares of £0.00000001 each	26,499,985,533	-	26,499,985,533	-
		50		50

24 Share capital *(continued)*

Movements in share capital

	Issued and fully paid			
	2007 Number	2007 £'000	2006 Number	2006 £'000
Ordinary shares of £0.0000001 each				
At beginning of the year	5,488,679	-	3,786,588	-
Other issues during the year	186,553	-	1,707,091	-
Purchase of own shares for cancellation	-	-	(5,000)	-
At end of the year	5,675,232	-	5,488,679	-

There were no movements in any other class of share capital during the year.

No Group companies held shares in the Company at any time during the year.

Between 4 January 2007 and 22 May 2007 the Company issued 186,553 ordinary £0.0000001 shares at prices between £1.30 and £1.70 amounting to a total consideration of £273,000, giving rise to a share premium on issue of £273,000.

The A and B 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 and the weighted average issue price of ordinary share capital, whereby approximately 15% of the growth in market capitalisation of the Group over the weighted average issue price of ordinary shares issued is attributable to the holders of A and B shares.

Based on the closing share price of £1.375 at 31 December 2007, the A and B class shares would be capable of converting into 68,165 ordinary shares (2006: 83,831).

The deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights.

25 Reserves

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000
At 1 January 2006	50	361	41	3,705
Premium on shares issued	-	2,952	-	-
Purchase of own shares	-	-	-	(9)
Share-based payment expense	-	-	34	-
Loss for the year	-	-	-	(121)
At 31 December 2006	50	3,313	75	3,575
Premium on shares issued	-	273	-	-
Options lapsed	-	-	(61)	61
Share-based payment expense	-	-	1	-
Profit for the year	-	-	-	3,251
At 31 December 2007	50	3,586	15	6,887

25 Reserves *(continued)*

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Share option reserve	Aggregate charge in respect of employee share option charges net of lapsed option cost releases
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement

26 Changes in shareholders' equity

	2007 £'000	2006 £'000
Total recognised income and expense	3,251	(121)
Ordinary shares issued as consideration shares	273	2,952
Ordinary shares purchased for cancellation	-	(9)
Share-based payment expenses	1	34
	3,525	2,856
Capital and reserves attributable to equity holders of the parent at the beginning of the period	7,013	4,157
Capital and reserves attributable to equity holders of the parent at the end of the period	10,538	7,013
Minority interest	283	648
Total equity	10,821	7,661

27 Leases

Operating leases - lessee

The Group leases all of its properties. The terms of property leases vary, although they all tend to be tenant repairing with rent reviews every 2 to 5 years; some have break clauses. The total future value of minimum lease payments are due as follows:

	Land and Buildings 2007 £'000	Other plant and machinery 2007 £'000	Land and buildings 2006 £'000	Other plant and machinery 2006 £'000
Not later than one year	82	10	373	30
Later than one year and not later than five years	212	20	872	60
	294	30	1,245	90

28 Share-based payment

The Company operates two share based payment schemes, an approved EMI equity-settled share-based remuneration scheme for employees and an unapproved equity-settled share scheme for management. Under the EMI scheme, the options vest on achievement of employee-specific targets subject to a compulsory 2.5 or 3 year vesting period and can be exercised for a further 7.5 or 7 years after vesting.

The unapproved options granted to management on 13 April 2004 vested during the prior year and can be exercised at any time until 13 April 2014.

	2007 Weighted average exercise price	2007 Number	2006 Weighted average exercise price	2006 Number
Outstanding at beginning of the year	179.0p	268,553	177.0p	277,483
Granted during the year	-	-	197.5p	71,263
Lapsed during the year	177.0p	(231,833)	189.0p	(80,193)
Outstanding at the end of the year	189.0p	36,720	179.0p	268,553

No options were granted or exercised during the year (2006: 71,263 options were granted at an exercise price of 197.5p and none were exercised).

The exercise price of options outstanding at the end of the year ranged between 187.5p and 197.5p (2006: 100p and 197.5p) and their weighted average contractual life was 6.5 years (2006 – 7.8 years).

Of the total number of options outstanding at the end of the year 32,498 (2006: 91,953) had vested and were exercisable at the end of the year.

	2007 £'000	2006 £'000
The share-based remuneration expense (note 4) comprises:		
Equity-settled schemes	1	34
	1	34

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

29 Acquisition of prior periods

NMT Group PLC

As disclosed in last year's financial statements (and described in note 7), the Group increased its stake in NMT Group PLC and reclassified it from being an associate to a subsidiary undertaking and was consolidated on a fair value basis. The directors have reconsidered the valuations applied to the assets and liabilities of NMT Group PLC at that time and do not feel that any revision is appropriate.

Sira Environmental Limited and Sira Defence & Security Limited

As disclosed in last year's financial statements (and described in note 8), the Group acquired certain businesses and assets which now form the trading activities of Sira Environmental Limited and Sira Defence & Security Limited. These were consolidated on a fair value basis. The directors have reconsidered the valuations applied to the assets and liabilities of both companies at that time and do not feel that any revision is appropriate.

30 Related party transactions

Details of amounts payable to directors are disclosed in note 5. Other than their remuneration and participation in the Group's share option schemes (note 28), there are no transactions with key members of management.

The Group receives support and administrative services from Dawnay, Day Lander Limited in accordance with the Facilities Agreement signed 19 December 2002. The amount payable under this agreement for the year to 31 December 2007 was £35,000 (2006: £35,000).

31 Events after the balance sheet date

On 25 March 2008 the Company increased its interest in NMT Group PLC by acquiring 3,882 shares for £1,600. Its interest as a result of this purchase has increased from 95.26% to 95.3%. The company is accounted for as a subsidiary in accordance with IFRS 3 'Business Combinations' therefore the accounting will not change as a result of this event.

On 5 March 2008 the Group disposed of its equity interest in Imprint Plc for £57,000.

32 Contingent liabilities

The Group had not received any notifications of any contingent liabilities as at the date of these financial statements (2006: none).

33 Minority interest

The minority interest of £283,000 relates to the share of NMT Group PLC net assets attributable to those shares not held by the Group at 31 December 2007.

34 Notes supporting cash flow statement

	2007 £'000	2006 £'000
Cash and cash equivalents comprise:		
Cash available on demand	5,885	1,395
Short-term deposits	5,853	5,145
	11,738	6,540
Net cash increase in cash and cash equivalents	5,198	5,396
Cash and cash equivalents at beginning of year	6,540	1,144
Cash and cash equivalents at end of year	11,738	6,540

Included within cash and cash equivalents is £501,000 (2006 - £nil) held in escrow to meet potential warranty claims arising as a result of the Vectra Group disposal during the year. At the date of signing no warranty claims had been made.

	2007 £'000	2006 £'000
Significant non-cash transactions are as follows:		
Investing activities		
Equity consideration for business combination	273	2,952

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Volvere plc

Company Accounts

Year Ended 31 December 2007

Independent auditors' report to the members of Volvere plc

We have audited the parent Company financial statements of Volvere plc for the year ended 31 December 2007 which comprise the Balance Sheet and the related notes 1 to 10. These Parent Company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Volvere plc for the year ended 31 December 2007.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent Company 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 parent Company 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 parent Company financial statements give a true and fair view and whether the parent Company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent Company financial statements.

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 parent Company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent Company 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 parent Company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent Company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent Company 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 parent Company financial statements.

Opinion

In our opinion:

- the parent Company 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 2007;
- the parent Company 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 parent Company financial statements.

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

17 June 2008

Volvere plc

Company balance sheet at 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Investments			5,206		6,970
Current assets					
Debtors		1,025		1,026	
Cash at bank and in hand		5,503		479	
		6,528		1,505	
Creditors: amounts falling due within one year		(945)		(280)	
Net current assets			5,583		1,225
Total assets less current liabilities			10,789		8,195
Net Assets			10,789		8,195
Capital and reserves					
Called up share capital					
Share premium account			3,586		3,313
Equity reserve			15		75
Profit and loss account			7,138		4,757
Shareholders' funds			10,789		8,195

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2008.

Nick Lander
Director
17 June 2008

Jonathan Lander
Director
17 June 2008

The notes on pages 57 to 60 form part of these financial statements.

1 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention and are in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP). The Company has taken advantage of the exemption in section 230 of the Companies Act 1985 from presenting its own profit and loss account.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Cash flow statement
The Company has taken advantage of the exemption conferred by FRS 1 Cash Flow Statements not to provide a cash flow statement on the grounds that it is included in consolidated accounts that are readily available.

Turnover
Turnover represents amounts chargeable to Group companies for management services provided. Sales are recognised on delivery of services.

Investments
Fixed asset investments are initially recognised at cost less provision for diminution in value. The directors perform regular impairment reviews assessing the carrying value of the asset against the higher of value in use and net realisable value.

Taxation
The charge for taxation is based on the profit for the year and taking into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met. Deferred tax balances are not discounted.

Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Share based payments
Refer to the policy statement in note 1 to the Group accounts.

2 Profit for the financial year

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £2,320,000 (2006 - £96,000) which is dealt with in the financial statements of the parent company.

3 Fixed asset investments

Company	**Group undertakings £'000**	**Other investments £'000**	**Total £'000**
Cost			
At 1 January 2007	6,970	-	6,970
Additions	311	49	360
Disposals	(2,124)	-	(2,124)
At 31 December 2007	5,157	49	5,206

Included in other investments are listed investments amounting to £49,000 (2006 - £nil). At 31 December 2007 the market value of these investments was not materially different to the carrying value.

Subsidiary undertakings and other investments

The principal undertakings in which the Company's interest at the year end is 20% or more are as follows:

Name	**Country of incorporation**	**Proportion of ownership**	**Nature of interest of business**
Sira Test and Certification Limited	England and Wales	100%	Certification services
Sira Environmental Limited	England and Wales	100%	Certification services
Sira Defence & Security Limited	England and Wales	100%	Security solutions
Sira Certification Service Limited*	England and Wales	100%	Certification services
Volvere Central Services Limited	England and Wales	100%	Management services
NMT Group PLC	Scotland		Investing company
New Medical Technology Limited**	Scotland	100%	Dormant
Zero-Stik Limited**	Scotland	100%	Dormant
Sira Consulting Limited	England and Wales	100%	Dormant

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

** The interests in New Medical Technology Limited and Zero-Stik Limited are held by NMT Group PLC.

For all undertakings listed above, the country of operation is the United Kingdom.

4 Debtors

	2007 £'000	**2006 £'000**
Amounts owed by Group undertakings	1,008	1,005
Other debtors	2	16
Prepayments and accrued income	15	5
	1,025	1,026

All amounts shown under debtors fall due for payment within one year.

5 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	246	199
Other taxation and social security	268	3
Other creditors	271	7
Accruals and deferred income	160	71
	945	280

6 Share capital

	Authorised			
	2007 Number	2007 £'000	2006 Number	2006 £'000
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		100		100

	Issued and fully paid			
	2007 Number	2007 £'000	2006 Number	2006 £'000
Ordinary shares of £0.0000001 each	5,675,232	-	5,488,679	-
A shares of £0.49999995 each	49,735	25	49,735	25
B shares of £0.49999995 each	49,735	25	49,735	25
Deferred shares of £0.00000001 each	26,499,985,533	-	26,499,985,533	-
		50		50

Details of movements during the year and outstanding share options have been disclosed in note 24 to the Group consolidated accounts.

7 Reserves

	Share capital £'000	Share premium account £'000	Share option reserve £'000	Profit and loss account £'000
At 1 January 2007	50	3,313	75	4,757
Premium on shares issued	-	273	-	-
Options lapsed	-	-	(61)	61
Share-based payment expense	-	-	1	-
Profit for the year	-	-	-	2,320
At 31 December 2007	50	3,586	15	7,138

8 Share based payments

Equity settled share option schemes

The Company's employees are able to participate in the Group's share option schemes. Details of this scheme are given in note 28 to the Group's accounts.

9 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" relating to transactions and balances with subsidiaries.

There were no further additional related party transactions requiring disclosure other than those disclosed in note 30 to the Group consolidated accounts.

10 Post balance sheet events

On 25 March 2008 the Company increased its interest in NMT Group PLC ("NMT") by acquiring 3,882 shares for £1,600. Its interest as a result of this purchase has increased from 95.18% to 95.23%. NMT is accounted for as a subsidiary in accordance with IFRS 3 'Business Combinations' therefore the accounting will not change as a result of this event.

On 5 March 2008 the Company disposed of its equity interest in Imprint Plc for £57,000.