



VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2008

Volvere plc

Annual report and financial statements for the year ended 31 December 2008

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Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

04478674

Volvere plc

Annual report and financial statements for the year ended 31 December 2008

Officers and professional advisers

Directors

Lord Kalms of Edgware, Chairman, aged 77

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 41

Jonathan is Chief Executive Officer of Volvere plc and a director of NMT Group PLC. Jonathan has over 18 years experience in financial services including 11 years as CEO of Dawnay, Day Lander Limited, 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 42

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 (formerly 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 54

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 Dawnay, Day Lander Limited from 2000 until 2006.

Neil Ashley, Non-Executive Director, aged 72

Neil is a Non-Executive Director of Volvere plc and was the Chairman of its former 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 five largest NHS trusts in the UK. He is Chairman of Heritage Property Group and of several medical related charities. 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.

Volvere plc

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Officers and professional advisers (*continued*)

Directors (*continued*)

David Buchler, Non-Executive Director, aged 56

David is a Non-Executive Director of Volvere plc 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 and Langbar International Limited.

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Solicitors

Hammonds LLP
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Bircham Dyson Bell LLP
50 Broadway
London
SW1H 0BL

Broker and nominated adviser

Arbuthnot Securities Limited
Arbuthnot House
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London
EC2Y 9AR

Auditor

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
SL1 2LS

Chairman's statement

I am pleased to report on the results for the year ended 31 December 2008.

Once again, the Group's businesses have delivered strong performances. Particularly encouraging was the contribution from newly-acquired Interactive Prospect Targeting Limited and the growth in our Certification business. Our balance sheet remains strong, with year-end consolidated net assets of £11.6m and cash (including government bond investments) of £12.5m (2007: £10.8m and £11.7m respectively).

I believe the uncertain economic environment will continue to present opportunities for the Group's growth.

Lord Kalms
Chairman
8 May 2009

Chief Executive's statement

Introduction

I am pleased to report that all our Group companies performed well in 2008. Our prudent approach to acquiring businesses has meant that we have not suffered because of the economic downturn; in fact, I believe we are well placed to prosper from it. The principal event of 2008 was the acquisition of Interactive Prospect Targeting Limited in late September 2008, which is now our largest business.

Operating review

The Group's trading businesses are organised into three broad segments: certification services, security solutions and online marketing and data services. The safety & risk consulting segment was discontinued following the sale of Vectra in 2007. The financial performance of each segment is summarised in the financial review on pages 5 to 7 and detailed in note 5 to the financial statements.

Certification services

Our certification services businesses, which trade under the Sira Certification brand, principally certify products that are used in potentially explosive atmospheres and environmentally sensitive applications involving air emissions or wastewater discharge. It is very pleasing that revenue and profit continued to grow strongly as the benefits of our development strategy continue to feed through. Overall revenue for the year was £4.3m, an increase of more than 16% over 2007's £3.6m. The pre-amortisation operating result was £0.87m, up 55% on the result for 2007 of £0.56m.

Security solutions

Sira Defence & Security delivered a much improved performance compared to 2007. It is, however, still a relatively early-stage business and we are working closely with its management and staff to ensure it maximises its potential for the longer term.

The development contract won in late 2007 (for £0.25m) has been completed satisfactorily and we have received some follow-on work in a related field. We are hopeful that this will lead to another sizeable project in 2009.

Throughout 2008 we have continued to see increasing acceptance of SiraView, the multi-format digital CCTV viewer targeted at the police and judicial services. There are now several police forces using the software in the UK (and we have also had interest from a number of overseas forces). In 2009 we will be continuing to expand our installed base and build our recurring maintenance revenues.

Chief Executive's statement (*continued*)

Online marketing and data services

On 29 September 2008 the Group acquired, through a new subsidiary called Interactive Prospect Targeting Limited ("IPT"), certain of the United Kingdom businesses and assets of Interactive Prospect Targeting Holdings PLC and its subsidiaries for a consideration (including costs) of £1.4m.

IPT builds customer prospect databases that are generated through the completion of questionnaires that are distributed principally on prize sites on the internet, such as www.MyOffers.co.uk. IPT has a database of over 5.2m email addresses, 6.8m household postal address and 1.7m telephone and mobile numbers, all of which are opted-in to receive marketing from selected clients. IPT processes over 3m completed prospect questionnaires every month. The company currently employs 57 people and is based in London.

Following the acquisition, together with the management and staff, we undertook a restructuring of the business with a focus on cost control and a return to IPT's core business of building databases of customer leads for blue-chip clients.

Our initial investment in IPT of £1.4m was £0.2m in equity and the balance of £1.2m by way of a loan. On 5 November 2008 we announced that certain of IPT's management and staff, along with other third party investors, had invested £0.8m in IPT, £0.2m by way of equity and the balance by way of a loan. Volvere's equity holding was diluted down to 50% following this and, prior to the end of the year, IPT repaid to Volvere £0.4m of the outstanding loan balance. For the reasons explained in the financial review, we have consolidated IPT as a subsidiary.

I am delighted to report IPT performed very well in the three months to 31 December 2008. Revenue for that period was £2.65m and the company delivered an operating profit of £0.4m. This is particularly pleasing given the disruption that was inevitably caused by a change of ownership and a relocation of people and IT systems to a new office location. This result is testament to the dedication of the management and staff of the company and the commitment of its clients during the transitional period.

Since the year end, IPT has made a further £0.8m of principal loan repayment to Volvere with the result that Volvere plc's net investment in IPT is now £0.2m.

Distressed securities

In accordance with our investment strategy of investing in distressed securities, as well as in distressed companies, post-year end we invested approximately £1m in certain bank securities. These investments were made in March and April 2009 and at that time the average yield at cost on these securities was 20%; as at 30 April 2009 the market value of these securities was £1.26m. The yields achievable reflect the significant risk perceived by investors in bank balance sheets as well as the lack of liquidity in these instruments. The amounts invested in these securities are small relative to our overall capital.

Acquisitions and future strategy

The principal challenge for 2009 and beyond is the timing of investment. Whilst the number of potential opportunities presented to us has increased, the time from purchase to turnaround is much more difficult to predict. We are conscious of the fact that the total investment in any turnaround opportunity is both the price paid and the working capital required as they are turned around. Our balance sheet is, however, both strong and highly liquid and we believe this will enable us to continue to make quality investments despite the increased uncertainties.

Jonathan Lander
Chief Executive
8 May 2009

Financial review

This financial review covers the Group's performance during the year ended 31 December 2008. It should be read in conjunction with the Chairman's and Chief Executive's statements.

Accounting policies and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Group's accounting policies are set out in note 1 of the notes to the financial statements.

Acquisition

On 29 September 2008 the Group acquired Interactive Prospect Targeting Limited's ("IPT") business and assets for a net cash consideration, including costs, of £1.4m. Shortly thereafter, IPT raised £0.8m of new capital (by way of £0.6m of debt and £0.2m of equity from certain management, staff and third parties), resulting in the Group's shareholding being diluted to 50%. As a result of the Group having control of IPT (by virtue of the terms of a shareholder agreement), it has been consolidated as a subsidiary in the segment called online marketing and data services, with the 50% not owned by the Company included in minority interests. The external investment referred to above constitutes a deemed disposal by the Group of 50% of its interest in IPT. However, the net assets had not changed significantly between the date of original investment and the deemed disposal and IPT has therefore been consolidated from the original investment date as though the Group owned 50% from that time.

Revenue and operating performance

Detailed information about the Group's segments is set out in note 5 to these financial statements.

Revenue

Revenue from continuing operations has grown principally due to the acquisition of IPT in September 2008. In addition, revenue in the certification services segment continued to grow strongly, with an increase of 16% compared to 2007 (2007: 15%, ignoring the effects of acquisitions in that year). The security solutions segment more than doubled its revenues as sales of software and security development work increased.

Operating performance

The acquisition of IPT significantly improved the Group's operating result, with a contribution of £0.4m. In addition, both the certification services and security solutions segments achieved improved performances in 2008 as their businesses continued to grow organically; the segment result for certification services was £0.87m, up 55% on the prior year.

Administrative expenses

The Group continues to minimise central costs where possible. The increase in costs in relation to continuing operations arose principally as a result of the increased activity levels across the Group.

This is summarised below:

	Acquisitions		Total		Discontinued operations
	2008	2008	2008	2007	2007
	£'000	£'000	£'000	£'000	£'000
Before goodwill and amortisation	(1,393)	(3,318)	(4,711)	(3,181)	(3,885)
Amortisation of intangible assets	-	(240)	(240)	(241)	-
Realisation of negative goodwill	-	-	-	93	-
Total	(1,393)	(3,558)	(4,951)	(3,329)	(3,885)

Financial review (*continued*)

Administrative expenses (continued)

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. The negative goodwill realised in 2007 relates to the Group's investment in NMT Group PLC, which was increased in that year.

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 and securities, 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. In addition, the online marketing and data services segment is particularly heavily dependent on IT systems and infrastructure, the unavailability of which could impact the Group materially.

Key performance indicators

The Group uses key performance indicators suitable for the nature and size of the Group's businesses. This is primarily monthly reports of profitability, levels of working capital and workload. Order intake and chargeable staff utilisation is monitored weekly and reported monthly in respect of the certification and security solutions segments. In the online marketing and data services segment, the Group monitors traffic statistics both in terms of yield and cost as well as overall profitability. The segmental analysis in note 5 to these financial statements summarises the performance of each segment.

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 relatively 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 5.69p (2007: 57.74p). During the year the Group continued the operation of a share option scheme in which certain staff are entitled to participate, subject to the scheme's terms and conditions.

Amortisation of intangibles

An amount of £240,000 was charged to the income statement (31 December 2007: £241,000) in respect of the amortisation of the Group's intangible assets.

Financial review (*continued*)

Cash management

Cash balances at the period end totalled £3m (31 December 2007: £11.7m). In October 2008 the Group invested £9.4m in UK Government Bonds and these are included at the balance sheet date as assets held for sale, at a valuation of £9.5m. These bonds matured after the year end and proceeds of £9.5m were received. The Group's cash includes (by virtue of its full consolidation) the amount of £1.5m held in its 50% owned subsidiary, Interactive Prospect Targeting Limited.

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
8 May 2009

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

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

The Group acquired 100% of Interactive Prospect Targeting Limited ("IPT") on 29 September 2008 and was, shortly thereafter, diluted to a shareholding of 50% through the issue of equity by IPT to third parties (including certain IPT management and staff), on terms similar to the Group. By virtue of the Group having the power to control IPT, it has been consolidated fully since acquisition.

Business review

The Company is required by the Companies Act 1985 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 businesses of the Group.

Post balance sheet events

In March 2009 the Group's investment in UK Government Bonds matured and this resulted in a cash inflow of £9,508,000. Following this, the Group invested £1,005,000 in certain bank securities.

Dividends

The Directors do not recommend the payment of a dividend (2007: £nil). There was no interim dividend (2007: £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 voting rights	% of total capital
Ordinary shares	£0.0000001	100	-
A shares	£0.49999995	-	49.73
B shares	£0.49999995	-	49.73
Deferred shares	£0.00000001	-	0.54

None of the Company's shares has a right to fixed income. The Ordinary shares carry the right to one vote each at general meetings of the Company and rank pari passu with the A and B shares on a return of capital. The A and B shares carry no voting rights. 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.

Directors' report (continued)

Capital structure (continued)

The Company operates an EMI share scheme in which employees of certain 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.

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 annual general meeting on 26 November 2008 a number of resolutions were passed that conferred on the Directors certain authorities in relation to the Company's share capital. These are summarised 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. above 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
Nick 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.

Nick Lander and Richard Kalms 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 2008	Number of A Shares 2008	Number of B Shares 2008	Number of Ordinary Shares 2007	Number of A Shares 2007	Number of B Shares 2007
Lord Kalms of Edgware	571,287	2,630	2,630	260,000	2,630	2,630
Neil Ashley*	605,159	3,880	3,880	510,000	3,880	3,880
David Buchler	104,893	-	-	38,985	-	-
Richard Kalms	292,822	6,987	6,987	250,000	5,265	5,265
Jonathan Lander	550,037	14,500	14,500	228,750	14,500	14,500
Nick Lander	291,287	10,758	10,758	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 2008 and 30 April 2009.

	Number of A Shares Acquired	Number of B Shares Acquired
Lord Kalms of Edgware	595	595
David Buchler	-	-
Neil Ashley*	878	878
Richard Kalms	1,581	1,581
Jonathan Lander	3,735	3,735
Nick Lander	3,736	3,736

Following the above transactions the relevant Directors' interests in the issued share capital of the Company as at 30 April 2009 are as follows:

	Number of Ordinary shares	% 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	571,287	10.1%	3,225	6.5%	3,225	6.5%
Neil Ashley*	605,159	10.7%	4,758	9.6%	4,758	9.6%
David Buchler	104,893	1.8%	-	-	-	-
Richard Kalms	292,822	5.2%	8,568	17.2%	8,568	17.2%
Jonathan Lander	550,037	9.7%	18,235	36.7%	18,235	36.7%
Nick Lander	291,287	5.1%	14,494	29.1%	14,494	29.1%

* 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 2008 he held 31,000 options (2007: 31,000) at an exercise price of £1.875 exercisable until 12 April 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 41 (2007: 171 days) and for the Group is 85 (2007: 37 days).

Directors' report (*continued*)

Charitable and political donations

There were no charitable or political donations made during the year (2007: £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 6 May 2009 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 issued Ordinary Share Capital and Voting Rights	Nature of holding
Wood Hall Securities Limited	849,666	15.0%	Direct and indirect
Blackrock, Inc	347,744	6.1%	Indirect
State Street Nominees Limited	282,000	5.0%	Direct
Clareco Limited and FG Nominees Limited	182,114	3.2%	Direct
Roy Mitchell	174,133	3.1%	Direct

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.

Auditor

Grant Thornton UK LLP were appointed auditor at the annual general meeting on 26 November 2008. They have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the board

Nick Lander
Company Secretary
8 May 2009

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. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

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 IFRS/UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Report of the independent auditor to the members of Volvere plc

We have audited the consolidated financial statements of Volvere plc for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement, and notes 1 to 33. These consolidated 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 2008.

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 auditor's 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 consolidated financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the consolidated 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 consolidated financial statements give a true and fair view and whether the consolidated financial statements have 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 consolidated financial statements. The information given in the Directors' report includes that specific information presented in the Chairman's and Chief Executive's statements and financial review that is cross referred from the 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 Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited consolidated financial statements. The other information comprises only the Directors' report and the Chairman's and Chief Executive's statements and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

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 consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

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

Volvere plc

Annual report and financial statements for the year ended 31 December 2008

Report of the independent auditor to the members of Volvere plc (*continued*)

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the consolidated 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 consolidated financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

8 May 2009

Volvere plc

Consolidated income statement for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Continuing operations			
Revenue	5	7,258	3,795
Cost of sales		(2,314)	(1,180)
Gross profit		<u>4,944</u>	<u>2,615</u>
Administrative expenses			
Before goodwill and amortisation		(4,711)	(3,181)
Amortisation of intangible assets		(240)	(241)
Realisation of negative goodwill		-	93
Administrative expenses		<u>(4,951)</u>	<u>(3,329)</u>
Operating loss	2	<u>(7)</u>	<u>(714)</u>
Investment revenues		1	-
Other gains and losses		8	-
Finance expense	7	(35)	(41)
Finance income	7	475	391
Profit/(loss) before tax		<u>442</u>	<u>(364)</u>
Tax	8	67	-
Profit/(loss) for the period from continuing operations		<u>509</u>	<u>(364)</u>
Discontinued operations			
Profit for the year from discontinued operations	5	-	3,620
Profit for the year		<u><u>509</u></u>	<u><u>3,256</u></u>
Attributable to:			
- Equity holders of the parent	25	323	3,251
- Minority interests	32	186	5
		<u><u>509</u></u>	<u><u>3,256</u></u>
Earnings/(loss) per share			
10			
Continuing operations			
- Basic		5.69p	(6.46p)
- Diluted		5.69p	(6.46p)
Discontinued operations			
- Basic		-	64.20p
- Diluted		-	64.20p
Total			
- Basic		5.69p	57.74p
- Diluted		5.69p	57.74p

The notes on pages 19 to 44 form part of these financial statements.

Volvere plc

Consolidated statement of changes in equity for the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Share option reserve £'000	Retained earnings £'000	Minority interest £'000	Total £'000
Changes in equity							
Profit for the year & total recognised income and expense for the year	-	-	-	-	3,251	5	3,256
Balance at 1 January 2007	50	3,313	-	75	3,575	648	7,661
Issue of share capital	-	273	-	-	-	-	273
Equity share options issued/cancelled	-	-	-	(60)	61	-	1
Reduction in minority interest	-	-	-	-	-	(370)	(370)
Balance at 31 December 2007	50	3,586	-	15	6,887	283	10,821
Revaluation of assets held for sale and total income recognised directly in equity							
Profit for the year	-	-	97	-	-	-	97
Profit for the year	-	-	-	-	323	186	509
Total income and expense for the year	-	-	97	-	323	186	606
Balance at 1 January 2008	50	3,586	-	15	6,887	283	10,821
Equity share options issued/cancelled	-	-	-	1	8	-	9
Minority interest arising on acquisition	-	-	-	-	-	201	201
Balance at 31 December 2008	50	3,586	97	16	7,218	670	11,637

The notes on pages 19 to 44 form part of these financial statements.

Volvere plc**Consolidated balance sheet at 31 December 2008**

	Note	2008 £'000	2007 £'000
Assets			
Non-current assets			
Goodwill	12	532	-
Other intangible assets	13	476	716
Available for sale investments	15	-	48
Property, plant & equipment	14	495	203
Total non-current assets		1,503	967
Current assets			
Trade and other receivables	17	3,264	1,474
Cash and cash equivalents	33	2,999	11,738
Available for sale investments	16	9,497	-
Deferred tax asset	23	88	-
Total current assets		15,848	13,212
Total assets		17,351	14,179
Liabilities			
Current liabilities			
Trade and other payables	18	(4,758)	(2,938)
Taxation		(21)	-
Other financial liabilities	19	(720)	(120)
Total current liabilities		(5,499)	(3,058)
Non-current liabilities			
Financial liabilities	20	(215)	(300)
Total non-current liabilities		(215)	(300)
Total liabilities		(5,714)	(3,358)
TOTAL NET ASSETS		11,637	10,821
Equity			
Share capital	24	50	50
Share premium account	25	3,586	3,586
Revaluation reserve	25	97	-
Share option reserve	25	16	15
Retained earnings	25	7,218	6,887
Capital and reserves attributable to equity holders of the Company		10,967	10,538
Minority interests	32	670	283
TOTAL EQUITY	26	11,637	10,821

The financial statements on pages 15 to 44 were approved by the Board of Directors and authorised for issue on 8 May 2009 and were signed on its behalf by:

Nick Lander
Director
8 May 2009

Jonathan Lander
Director
8 May 2009

The notes on pages 19 to 44 form part of these financial statements.

Volvere plc

Consolidated cash flow statement for the year ended 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Profit for the year			509		3,256
Adjustments for:					
Investment revenues		(1)		-	
Other gains and losses		(8)		-	
Finance expense		35		41	
Finance income		(475)		(391)	
Gain on disposal of discontinued operations		-		(3,270)	
Tax credit		(67)		-	
Depreciation		137		133	
Realisation of negative goodwill		-		(93)	
Amortisation of intangible assets		240		241	
Share based payment expenses		9		1	
			(130)		(3,338)
Operating cash flows before movements in working capital			379		(82)
Decrease/(increase) in trade and other receivables			307		(24)
Increase in trade and other payables			343		994
Cash generated by operations			1,029		888
Interest paid			(32)		(51)
Net cash from operating activities			997		837
Investing activities					
Acquisition of subsidiary undertaking including associated costs, net of cash acquired	6	(1,373)		(39)	
Increase in investment in subsidiary undertaking		(2)		-	
Disposal of subsidiary, net of cash disposed	9	-		4,431	
Purchases of property, plant and equipment		(175)		(228)	
Disposal of available for sale investments		57		-	
Shares issued to minority interest		200		-	
Interest received		476		396	
Income from available for sale investments		1		-	
Purchase of available for sale investments		(9,400)		(49)	
Net cash (used in)/generated from investing activities			(10,216)		4,511
Financing activities					
Loan advances		600		-	
Repayment of bank borrowings		(120)		(150)	
Net cash generated from/(used in) financing activities			480		(150)
Net (decrease)/increase in cash and cash equivalents	33		(8,739)		5,198
Cash and cash equivalents at beginning of year	33		11,738		6,540
Cash and cash equivalents at end of year	33		2,999		11,738

The notes on pages 19 to 44 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 (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"); these are presented on pages 45 to 52.

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.

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 IFRS 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.

1 Accounting policies (*continued*)

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.

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 temporary 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.

1 Accounting policies (*continued*)

Taxation (continued)

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.

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.

1 Accounting policies (*continued*)

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. Amortisation is included in administrative expenses.

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 receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method 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.

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 and investments in government bonds. 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 initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank and other borrowings are initially recognised at the fair value of 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 method. "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.

1 Accounting policies (*continued*)

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 options 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.

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 critical judgements and key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below:

Deferred tax asset

The Group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

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 and VAT. Sales of goods are recognised when goods are delivered and title has passed. Revenue is recognised when the significant risks and rewards associated with ownership of the goods have been transferred. Sales of services are recognised with reference to the stage of completion.

1 Accounting policies (*continued*)

Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

Non-recognition of intangible assets – business combination in 2008

The Group has considered whether it would be appropriate to recognise intangible assets in relation to business combinations. In the Group's opinion, the value in the intangible assets acquired in 2008 rests not with the intangible assets themselves, but in the ability of the Group's employees to exploit them. Accordingly, no value has been ascribed to them.

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 not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2008, and have not been applied in preparing these consolidated statements:

IFRS 8 – Operating segments

IFRS 8 is effective for accounting periods commencing on or after 1 January 2009 and introduces the "management approach" to segment reporting. This standard will require disclosure of segment information based on internal reports regularly reviewed by the group's board in order to assess each segment's performance and to allocate resources to them. This standard is concerned only with disclosure and replaces IAS 14 "Segment reporting".

IAS 1 – Presentation of financial statements (revised 2007)

This revised standard is applicable for accounting periods beginning on or after 1 January 2009. The main changes triggered by this standard result in a separate presentation of changes in equity. The amended version of this standard also changes the terminology and presentation of the primary financial statements.

1 Accounting policies (*continued*)*New standards and interpretations not yet effective (continued)*

Other standards, revisions to standards, and interpretations which will become effective in future periods, but which are not expected to materially impact on the Group are:

- IAS 23 – Borrowing costs (revised 2007)
- IFRS 3 – Business combinations (revised 2008)
- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Agreements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-cash Assets to Owners
- Amendment to IFRS 2 Share-Based Payment Vesting Conditions and Cancellations 2009

2 Operating loss

	2008	2007
	£'000	£'000
Operating loss has been arrived at after charging/(crediting):		
Staff costs (see note 3)	3,716	3,274
Depreciation of property, plant and equipment	137	58
Realisation of negative goodwill	-	(93)
Amortisation of intangible fixed assets	240	241
Exchange gains	(76)	(16)
Operating lease expense		
- Plant and machinery	-	-
- Other	149	96
Audit fees	40	37
Fees paid to the Company's auditor for non-audit services	-	34
	<u> </u>	<u> </u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor		
- for the audit of the Company's annual accounts	14	10
- for the audit of the Company's subsidiaries	26	22
- for the interim review	-	5
	<u> </u>	<u> </u>
Total audit fees	<u> </u>	<u> </u>
Fees payable to the Company's auditor for other services		
- Tax services	-	34
	<u> </u>	<u> </u>

3 Staff costs

Staff costs in respect of continuing operations (including directors) comprise:	2008	2007
	£'000	£'000
Wages and salaries	3,268	2,826
Employer's national insurance contributions and similar taxes	322	321
Defined contribution pension cost	117	126
Share-based payment expense	9	1
	<u>3,716</u>	<u>3,274</u>

The average number of employees (including Directors) in the Group was as follows:

	2008	2007
	Number	Number
Engineering and production	58	39
Sales and marketing	29	6
Administration and management	43	24
	<u>130</u>	<u>69</u>

4 Directors' remuneration

The remuneration of the directors was as follows:	2008	2007
	£'000	£'000
Lord Kalms of Edgware	37	78
Neil Ashley	20	86
David Buchler	20	35
Richard Kalms	40	70
Jonathan Lander	12	163
Nick Lander	12	214
	<u>141</u>	<u>646</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement dated 19 December 2002 with Dawney, 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 (2007: £277,000). 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 (2007: none).

5 Segment information

All revenue arose through services rendered in the principal activities of online marketing and data services, certification services, security solutions and investing and management services. The safety and risk consulting segment was disposed of in 2007.

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

	Business Segments				Eliminations 2008 £'000	Total 2008 £'000
	Online marketing & data services 2008 £'000	Certification services 2008 £'000	Security solutions 2008 £'000	Investing and management services 2008 £'000		
<i>Revenue</i>						
External	2,658	4,213	356	31	-	7,258
Inter-segment	-	41	-	713	(754)	-
Total	2,658	4,254	356	744	(754)	7,258
<i>Segment result</i> (notes (a) & (b))	406	868	(13)	(1,028)	-	233
Loss from operations before goodwill and amortisation of intangible assets						233
Amortisation of intangible assets						(240)
Investment revenues						1
Other gains						8
Net finance income (note 7)						440
Profit on ordinary activities before tax						442
Gain on disposal of discontinued operation						-
Profit for the year before tax						442

	Business Segments				Eliminations 2008 £'000	Total 2008 £'000
	Online marketing & data services 2008 £'000	Certification services 2008 £'000	Security solutions 2008 £'000	Investing and management services 2008 £'000		
<i>Balance sheet</i> (note (c))						
Assets	4,117	2,293	119	10,822	-	17,351
Liabilities	(2,539)	(2,532)	(73)	(570)	-	(5,714)
Net assets	1,578	(239)	46	10,252	-	11,637
<i>Other</i>						
Capital expenditure	48	92	11	24	-	175
Depreciation	50	69	7	11	-	137
Amortisation	-	240	-	-	-	240

5 Segment information (*continued*)

	Online marketing & data services 2007 £'000	Certification services 2007 £'000	Security solutions 2007 £'000	Investing and management services 2007 £'000	Eliminations 2007 £'000	Total 2007 £'000	Discontinued activities £'000
<i>Revenue</i>							
External	-	3,621	174	-	-	3,795	9,352
Inter-segment	-	22	-	949	(971)	-	-
Total	-	3,643	174	949	(971)	3,795	9,352
<i>Segment result</i> (notes (a) & (b))	-	560	(145)	(981)	-	(566)	362
(Loss)/profit from operations before goodwill and amortisation of intangible assets						(566)	362
Amortisation of intangible assets						(241)	-
Negative goodwill released to income						93	-
Net finance income (note 7)						350	(12)
(Loss)/profit on ordinary activities before tax						(364)	350
Gain on disposal of discontinued operation (note 9)						-	3,270
(Loss)/profit for the year before tax						(364)	3,620

	Online marketing & data services 2007 £'000	Certification services 2007 £'000	Security solutions 2007 £'000	Investing and management services 2007 £'000	Eliminations 2007 £'000	Total 2007 £'000	Discontinued activities £'000
<i>Balance sheet</i> (note (c))							
Assets	-	2,506	78	11,595	-	14,179	-
Liabilities	-	(2,249)	(40)	(1,069)	-	(3,358)	-
Net assets	-	257	38	10,526	-	10,821	-
<i>Other</i>							
Capital expenditure	-	101	5	11	-	117	111
Depreciation	-	50	5	3	-	58	75
Amortisation	-	241	-	-	-	241	-
Realisation of negative goodwill	-	-	-	(93)	-	(93)	-

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

Note (b): The Group operates a central services function to provide financial, IT and HR services to certain Group companies. In order to present segmental and continuing/discontinued information more meaningfully in 2007, the Group allocated certain 2007 central service costs to the discontinued safety and risk consulting segment.

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

5 Segment information (continued)

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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
UK	5,499	2,770	17,351	14,179	175	228
Rest of Europe	521	555	-	-	-	-
USA	722	248	-	-	-	-
Other	516	222	-	-	-	-
	<u>7,258</u>	<u>3,795</u>	<u>17,351</u>	<u>14,179</u>	<u>175</u>	<u>228</u>

The discontinued operations in 2007 related to the Company's then subsidiary, Vectra Group Limited, which was sold in November 2007. Further information is given in note 9.

6 Business combination

On 29 September 2008 the Group acquired certain businesses and assets and a subsidiary undertaking from Interactive Prospect Targeting Holdings PLC through a newly formed subsidiary undertaking, Interactive Prospect Targeting Limited ("IPT"). The net cash consideration, including costs, was £1,373,000. The investment by the Company was by way of £200,000 in equity, with the balance funded by way of loans. Shortly after the acquisition, IPT issued new shares to and received loans from certain IPT management and staff and other third parties, on terms similar to those at which the Company had subscribed, for a total consideration of £800,000. This diluted the Company's shareholding to 50%. The external investment referred to above constitutes a deemed disposal by the Group of 50% of its interest in IPT. However, the net assets had not changed significantly between the date of original investment and the deemed disposal and IPT has therefore been consolidated from the original investment date as though the Group had owned 50% from that time.

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

	Book value at acquisition 2008 £'000	Provisional fair value adjustments 2008 £'000	Fair value at acquisition 2008 £'000
Non-current assets			
Property, plant & equipment	254	-	254
Current assets			
Trade receivables	1,110	1	1,111
Prepayments and amounts recoverable under contracts	883	103	986
Cash and cash equivalents	8	-	8
Total assets	<u>2,255</u>	<u>104</u>	<u>2,359</u>
Liabilities			
Trade and other payables	(474)	-	(474)
Accruals and deferred revenue	(930)	(44)	(974)
Obligations under finance leases	(61)	(1)	(62)
Total liabilities	<u>(1,465)</u>	<u>(45)</u>	<u>(1,510)</u>
Net assets acquired	<u>790</u>	<u>59</u>	<u>849</u>
Goodwill recognised			<u>532</u>
Purchase consideration (including costs), satisfied by cash			<u>1,381</u>

6 Business combination (*continued*)

Details of the fair value adjustments are as follows:

Property, plant and equipment

The Directors performed a review for impairment of property, plant and equipment. This review did not result in a change to the book value of the assets acquired.

Trade receivables, prepayments and amounts recoverable under contracts

The Directors performed a review of the recoverability of trade receivables, prepayments and amounts recoverable under contracts and this resulted in an adjustment to the book value of the assets acquired.

Trade and other payables

The Directors performed a review for impairment of trade and other payables. This review did not result in a change to the book value of the assets acquired.

Accruals and deferred income

The Directors performed a review of the valuation of accruals and deferred income which resulted in certain balances being restated.

Goodwill

A significant amount of the value of the acquired business is attributable to its management and workforce and their operational and sales knowhow. As no assets can be recognised in respect of these factors, they represent the goodwill recognised on acquisition.

The goodwill has been reviewed for impairment at 31 December 2008 and the directors are satisfied that no impairment has taken place. The impairment review was performed by reference to the net present value of expected future cash flows, treating the acquired business as a single cash generating unit. In performing the review, the directors took a conservative view in assuming zero growth in cash generation and using a discount rate of 20% per annum.

Financial information

The Group's profit for the year includes £406,000 which is attributable to the acquired business. IFRS 3 'Business Combinations' requires disclosure of what the Group's revenue and profits would have been, had the acquisition taken place on 1 January 2008. This disclosure has not been made because it is not practicable to reliably determine the results of the acquired business in the period from 1 January 2008 to the acquisition date because a significant part of the acquired business was not a separate legal entity and hence its results were not separately maintained.

7 Finance income and expense

	2008 £'000	2007 £'000
<i>Finance income</i>		
Bank interest receivable	475	391
<i>Finance expense</i>		
Bank interest payable	(25)	(41)
Shareholder loan interest in subsidiary	(10)	-
	<u>440</u>	<u>350</u>

8 Tax credit

	2008 £'000	2007 £'000
Current tax expense	21	-
Deferred tax credit	(88)	-
Total tax credit	<u>(67)</u>	<u>-</u>

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

	2008 £'000	2007 £'000
Profit before tax	<u>442</u>	<u>3,256</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	126	977
Expenses not deductible for tax purposes	10	14
Income not subject to tax	-	(1,063)
Utilisation of accumulated tax losses	(142)	(155)
Net movement in unrecognised deferred tax asset	(61)	227
Tax credit	<u>(67)</u>	<u>-</u>

In 2007, 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 disposal of Vectra Group Limited itself.

9 Discontinued operations – 2007

In November 2007, the Group sold Vectra Group Limited and its subsidiary undertakings.

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

	£'000	£'000
Consideration received:		
Cash	6,000	
Less: disposal costs	(1,356)	
	<u> </u>	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)	
	<u> </u>	(1,374)
Pre-tax gain on disposal of discontinued operation		3,270
Related tax expense		-
		<u> </u>
Post tax gain on disposal of discontinued operation		<u> </u> 3,270
The net cash inflow comprises:		
Cash received		6,000
Cash disposed of		(213)
Disposal costs		(1,356)
		<u> </u> 4,431

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

	2007 £'000
Operating activities	415
Investing activities	(111)
Financing activities	-
	<u> </u> 304

10 Earnings per share

	2008 £'000	2007 £'000
<i>Numerator</i>		
Profit for the year attributable to equity holders	323	3,251
	<u> </u>	<u> </u>
Earnings used in basic EPS and diluted EPS	<u> </u> 323	<u> </u> 3,251
<i>Denominator</i>		
Weighted average number of shares used in basic EPS	5,675,232	5,631,925
Effects of:		
- employee share incentive schemes	-	68,165
- employee share options	-	-
	<u> </u>	<u> </u>
Weighted average number of shares used in diluted EPS	<u> </u> 5,675,232	<u> </u> 5,700,090

Volvere plc

Notes forming part of the financial statements for the year ended 31 December 2008 (continued)

10 Earnings per share (continued)

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:

	2008 No.	2007 No.
Employee share options	99,920	36,720

The Company's share price during the year ranged from a low of 91.5p to a high of 157.5p, with an average of 128p. At the year end it was 115p.

11 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% (Note i)
Volvere Central Services Limited	England and Wales	100%
NMT Group PLC	Scotland	95%
Interactive Prospect Targeting Limited	England and Wales	50%
Postal Preference Service Limited	England and Wales	50% (Note ii)

Note (i): Sira Certification Service Limited is a company limited by guarantee.

Note (ii): Postal Preference Service Limited is 100% owned by Interactive Prospect Targeting Limited.

The Company has the power to control Interactive Prospect Targeting Limited (and hence Postal Preference Service Limited) by virtue of the terms of a shareholder agreement.

12 Goodwill

	2008 £'000
Cost	
At 1 January 2008	-
Business combination (note 6)	532
At 31 December 2008	532
Accumulated impairment losses	
At 1 January 2008	-
Impairment losses for year	-
At 31 December 2008	-
Carrying Amount	
At 31 December 2008	532
At 31 December 2007	-

Goodwill represents that arising from the acquisition of Interactive Prospect Targeting Limited, being the difference between the fair value of the consideration paid and the fair value of the net assets acquired. More information is set out in note 6.

13 Other intangible assets

	Contractual and non-contractual customer relationships £'000
<i>At 31 December 2008</i>	
Cost	1,197
Accumulated amortisation	(721)
Net book value	<u>476</u>
<i>At 31 December 2007</i>	
Cost	1,197
Accumulated amortisation	(481)
Net book value	<u>716</u>
<i>Year ended 31 December 2008</i>	
Opening net book value	716
Amortisation	(240)
Closing net book value	<u>476</u>
<i>Year ended 31 December 2007</i>	
Opening net book value	957
Amortisation	(241)
Closing net book value	<u>716</u>

14 Property, plant and equipment

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
<i>At 31 December 2008</i>			
Cost	43	1,236	1,279
Accumulated depreciation	(14)	(770)	(784)
Net book value	<u>29</u>	<u>466</u>	<u>495</u>
<i>At 31 December 2007</i>			
Cost	42	808	850
Accumulated depreciation	(7)	(640)	(647)
Net book value	<u>35</u>	<u>168</u>	<u>203</u>
<i>Year ended 31 December 2008</i>			
Opening net book value	35	168	203
Acquisition of subsidiary undertaking	-	254	254
Additions	1	174	175
Depreciation	(7)	(130)	(137)
Closing net book value	<u>29</u>	<u>466</u>	<u>495</u>
<i>Year ended 31 December 2007</i>			
Opening net book value	101	192	293
Additions	54	174	228
Disposals	(86)	(99)	(185)
Depreciation	(34)	(99)	(133)
Closing net book value	<u>35</u>	<u>168</u>	<u>203</u>

14 Property, plant and equipment (continued)

The net book value in respect of property, plant and equipment held on finance leases was £25,000 (2007: £nil).

15 Financial assets (non-current)

	2008 £'000	2007 £'000
Available-for-sale equity investments (quoted)	-	48

At the end of 2007 the Group had an investment in Imprint Plc. This company was not accounted for on an equity basis as the Group did 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 was based on published prices and was not materially different to the carrying value. This shareholding was disposed of during 2008 at a gain of £8,000.

16 Financial assets (current)

	2008 £'000	2007 £'000
Available-for-sale investments - UK government bonds	9,497	-

During the year the Group responded to the uncertainty in the banking sector by transferring £9,400,000 of the Group's cash reserves into UK government bonds. The Group's intention at the time of purchase was to revert to holding cash deposits at banks once their liquidity and solvency positions had become more certain, thereby maximising the Group's interest income. Accordingly, they have been classified as available-for-sale rather than held-to-maturity. Due to the continuing uncertainty in relation to banks and the fall in bank interest rates, however, the Group held the above investments until maturity in March 2009, at which time the cash was once again deposited with UK clearing banks. The value received at maturity was £9,508,000.

17 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	4,083	1,286
Less: provision for impairment of trade receivables	(1,192)	-
Net trade receivables	2,891	1,286
Other receivables	56	114
Accrued income	143	44
Prepayments	174	30
	<u>3,264</u>	<u>1,474</u>

The fair value of trade receivables approximates to book value at 31 December 2008 and 2007.

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, a substantial proportion 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*)

The provision for impaired trade receivables at the year end relates principally to trade receivables acquired as part of the acquisition of Interactive Prospect Targeting explained in note 6. These receivables arose from trading prior to its acquisition by the Group.

Trade receivables denominated in foreign currencies 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:

	2008 £'000	2007 £'000
Pound Sterling	3,001	1,283
Euro	3	2
US Dollar	230	189
Canadian Dollar	30	-
	<u>3,264</u>	<u>1,474</u>

The value of trade receivables due and not impaired at 31 December 2008 was £2,891,000 (2007: £1,286,000). The ageing analysis of these receivables is disclosed below:

	2008 £'000	2007 £'000
Up to 3 months	2,740	1,119
3 to 6 months	59	63
6 to 12 months	77	79
Over 12 months	15	25
	<u>2,891</u>	<u>1,286</u>

18 Trade and other payables - current

	2008 £'000	2007 £'000
Trade payables	770	595
Other tax and social security	578	415
Obligations due under finance leases	27	-
Other payables	313	312
Accruals	1,262	322
	<u>2,950</u>	<u>1,644</u>
Total financial liabilities excluding loans and borrowings carried at amortised cost	2,950	1,644
Deferred income	1,808	1,294
	<u>4,758</u>	<u>2,938</u>

The fair value of trade and other payables approximates to book value at 31 December 2008 and 2007.

19 Other financial liabilities - current

	2008 £'000	2007 £'000
Bank loans		
- secured	120	120
Shareholder loans in subsidiary undertaking (Interactive Prospect Targeting Limited)		
- secured	600	-
	<u>720</u>	<u>120</u>

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

20 Non-current financial liabilities

	2008 £'000	2007 £'000
Bank loans	180	300
Obligations due under finance leases	35	-
	<u>215</u>	<u>300</u>

The bank loan relates to a term loan drawn down by Sira Test and Certification Limited in 2006. The total balance at 31 December 2008 of £300,000 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 government bonds
- Trade and other payables
- Variable rate bank loans and in the case of Interactive Prospect Targeting Limited, shareholder loans

21 Financial instruments – risk management (*continued*)*Cash flow interest rate risk*

Due to the relatively low 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 subsidiary operations are not permitted to arrange borrowing independently.

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 Group maintains significant cash reserves and therefore does not require facilities with financial institutions to provide working capital. Surplus cash is managed centrally to maximise the returns on deposits.

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 this has been invested in fixed term deposits, and government bonds, having regard to the Group'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 90 days.

Maturity of financial liabilities

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

	2008 £'000	2007 £'000
In less than six months	4,758	2,938

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

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

<i>Loans and borrowing facilities</i>	2008 £'000	2007 £'000
Current		
Bank loans (secured)	120	120
Shareholder loans in Interactive Prospect Targeting Limited (secured)	600	-
	<u>720</u>	<u>120</u>
Non-current		
Bank loans (secured)	180	300
Total borrowings	<u>900</u>	<u>420</u>

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
Unsecured shareholder loan in Interactive Prospect Targeting Limited	GBP	3.0% over Bank of Scotland base rate	Note (i)	Note (i)

Note (i): The shareholder loans in Interactive Prospect Targeting Limited ("IPT") are subject to a loan agreement, the terms of which specify that these lenders are only entitled to repayment once the loans made by Volvere plc equal the shareholder loans. Thereafter, repayment is on a pro rata basis with Volvere plc. All IPT shareholder loans are secured by way of a debenture over IPT's assets.

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

	2008 £'000	2007 £'000
In less than one year	720	120
In more than one year but not more than two years	120	120
In more than two years but not more than five years	60	180
	<u>900</u>	<u>420</u>

All loans and borrowings are denominated in sterling (2007: sterling). There were no undrawn committed borrowing facilities that had been agreed at 31 December 2008 (2007: nil).

23 Deferred tax

A deferred tax asset of £88,000 (2007: nil) has been recognised in the year in respect of accumulated income losses. In addition, there are unrecognised deferred tax assets in respect of the following:

	2008 £'000	2007 £'000
Income losses carried forward	1,756	174
Accelerated capital allowances	16	21
Short term temporary differences	2	4
Goodwill	(7)	-
	<u>1,767</u>	<u>199</u>

24 Share capital (*continued*)

Based on the closing share price of £1.15 at 31 December 2008, none of the A and B shares would be capable of converting into Ordinary shares (2007: 68,165).

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	Revaluation reserve £'000	Share option reserve £'000	Retained earnings £'000
At 1 January 2007	50	3,313	-	75	3,575
Premium on shares issued	-	273	-	-	-
Share-based payments	-	-	-	(60)	61
Profit for the year attributable to the equity holders of the parent	-	-	-	-	3,251
	<u>50</u>	<u>3,586</u>	<u>-</u>	<u>15</u>	<u>6,887</u>
At 1 January 2008	50	3,586	-	15	6,887
Revaluation of assets held for sale	-	-	97	-	-
Share-based payments	-	-	-	1	8
Profit for the year attributable to the equity holders of the parent	-	-	-	-	323
	<u>50</u>	<u>3,586</u>	<u>97</u>	<u>16</u>	<u>7,218</u>

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

Reserve	Nature and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserve	Cumulative net unrealised gains and losses arising on the revaluation of the Group's available for sale investments
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

	2008 £'000	2007 £'000
Total recognised income and expense	323	3,251
Ordinary shares issued as consideration shares	-	273
Share-based payment expenses	9	1
Revaluation of available for sale investments	97	-
	<u>429</u>	<u>3,525</u>
Capital and reserves attributable to equity holders of the parent at the beginning of the period	10,538	7,013
	<u>10,967</u>	<u>10,538</u>
Capital and reserves attributable to equity holders of the parent at the end of the period	10,967	10,538
Minority interests	670	283
Total equity	<u>11,637</u>	<u>10,821</u>

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 2008 £'000	Other plant and machinery 2008 £'000	Land and buildings 2007 £'000	Other plant and machinery 2007 £'000
Not later than one year	62	14	82	10
Later than one year and not later than five years	134	21	212	20
	<u>196</u>	<u>35</u>	<u>294</u>	<u>30</u>

28 Share-based payment

The Company operates two share-based payment schemes, an approved EMI equity-settled share-based remuneration scheme for certain employees and an unapproved equity-settled share scheme for certain 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 12 April 2014.

28 Share-based payment (*continued*)

Options in issue are summarised below:

	2008 Weighted average exercise price	2008 Number	2007 Weighted average exercise price	2007 Number
Outstanding at beginning of the year	188.7p	36,720	179.0p	268,553
Granted during the year	137.5p	63,200		-
Lapsed during the year	-	-	177.0p	(231,833)
	<u>188.7p</u>	<u>36,720</u>	<u>179.0p</u>	<u>268,553</u>
Outstanding at the end of the year	<u>156.3p</u>	<u>99,920</u>	<u>188.7p</u>	<u>36,720</u>

During the year 63,200 options were granted at a price of 137.5p and none were exercised (2007: no options were granted or exercised).

The exercise price of options outstanding at the end of the year ranged between 137.5p and 197.5p (2007: 187.5p and 197.5p) and their weighted average remaining contractual life was 8 years (2007 – 6.5 years).

Of the total number of options outstanding at the end of the year 36,720 (2007: 32,498) had vested and were exercisable at the end of the year. These options had a weighted average exercise price of 188.7p (2007: 188.7p)

	2008 £'000	2007 £'000
The share-based remuneration expense (note 3) comprises:		
Equity-settled schemes	9	1
	<u>9</u>	<u>1</u>

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

29 Related party transactions

Details of amounts payable to Directors are disclosed in note 4. 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 (of which Jonathan Lander and Nick Lander are Directors) in accordance with the Facilities Agreement signed 19 December 2002. The amount payable under this agreement for the year to 31 December 2008 was £35,000 (2007: £35,000), in addition to the amounts paid for Directors' services disclosed in note 4.

30 Events after the balance sheet date

In March 2009 the Group realised its investments in UK government bonds for a total consideration of £9,508,000 and following this, invested £1,005,000 in certain UK bank securities. The balance of the Group's cash was deposited with UK clearing banks.

31 Contingent liabilities

The Group had no material contingent liabilities as at the date of these financial statements (2007: none).

32 Minority interests

The minority interests of £670,000 relates to the net assets attributable to the shares not held by the Group at 31 December 2008 in the following subsidiary undertakings:

Name of subsidiary undertaking	2008 £'000	2007 £'000
NMT Group PLC	284	283
Interactive Prospect Targeting Limited	386	-
	<u>670</u>	<u>283</u>

33 Notes supporting cash flow statement

	2008 £'000	2007 £'000
Cash and cash equivalents comprise:		
Cash available on demand	2,999	5,885
Short-term deposits	-	5,853
	<u>2,999</u>	<u>11,738</u>
Net cash (decrease)/increase in cash and cash equivalents	(8,739)	5,198
Cash and cash equivalents at beginning of year	11,738	6,540
	<u>2,999</u>	<u>11,738</u>

Included within cash and cash equivalents is £514,000 (2007 - £501,000) held in escrow to meet potential warranty claims arising as a result of the Vectra disposal during 2007. At the date of signing no warranty claims had been made.

Volvere plc

Parent company financial statements

Year ended 31 December 2008

Volvere plc

Report of the independent auditor to the members of Volvere plc

We have audited the parent company financial statements of Volvere plc for the year ended 31 December 2008 which comprise the balance sheet and notes 1 to 11. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the consolidated financial statements of Volvere plc for the year ended 31 December 2008.

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 auditor's 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 United Kingdom 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. The information given in the Directors' report includes that specific information presented in the Chairman's and Chief Executive's statements and financial review that is cross referred from the business review section of the Directors' report.

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

We read other information contained in the annual report and consider whether it is consistent with the audited parent company financial statements. This other information comprises only the Directors' report, Chairman's statement, Chief Executive's statement and financial review. 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 other information.

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 judgments 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 2008;
- 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 financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

8 May 2009

Volvere plc**Company balance sheet at 31 December 2008**

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Investments	3		5,359		5,206
Current assets					
Debtors	4	1,138		1,025	
Cash at bank and in hand		703		5,503	
Investments	5	4,041		-	
		<u>5,882</u>		<u>6,528</u>	
Creditors: amounts falling due within one year	6	<u>(442)</u>		<u>(945)</u>	
Net current assets			<u>5,440</u>		<u>5,583</u>
Total assets less current liabilities			<u>10,799</u>		<u>10,789</u>
Net assets			<u>10,799</u>		<u>10,789</u>
Capital and reserves					
Called up share capital			50		50
Share premium account			3,586		3,586
Revaluation reserve			41		-
Equity reserve			16		15
Profit and loss account			<u>7,106</u>		<u>7,138</u>
Shareholders' funds			<u>10,799</u>		<u>10,789</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 May 2009 and were signed on their behalf by:

Nick Lander
Director
8 May 2009

Jonathan Lander
Director
8 May 2009

The notes on pages 49 to 52 form part of these financial statements.

1 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention as modified by the revaluation of certain investments and 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.

Fixed asset investments

Fixed asset investments are 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.

Current asset investments

Current asset investments comprise holdings of government bonds. These are revalued to market value at the balance sheet date with unrealised gains recognised in a revaluation reserve. Any provision for impairment is dealt with in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and taking into account deferred taxation. 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.

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 Loss 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 loss after tax of £40,000 (2007 – profit £2,320,000) 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
<i>Cost</i>			
At 1 January 2008	5,157	49	5,206
Additions	202	-	202
Disposals	-	(49)	(49)
At 31 December 2008	<u>5,359</u>	<u>-</u>	<u>5,359</u>

Additions in 2008 relate to the Company's investment in Interactive Prospect Targeting Limited (£200,000) along with an increase in its holding in NMT Group PLC (£2,000). Other investments at 31 December 2007 comprised listed investments, whose market value was not materially different to the carrying value, and which were sold during 2008.

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 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 (Note (i))	England and Wales	100%	Certification services
Volvere Central Services Limited	England and Wales	100%	Management services
NMT Group PLC	Scotland	95%	Investing company
Interactive Prospect Targeting Limited	England and Wales	50%	Online marketing services
Postal Preference Service Limited (Note (ii))	England and Wales	50%	Marketing services

Note (i): Sira Certification Service Limited is a company limited by guarantee. The Group controls all the member shares.

Note (ii): Postal Preference Service Limited is 100% owned by Interactive Prospect Targeting Limited.

The Company has the power to control Interactive Prospect Targeting Limited (and hence Postal Preference Service Limited) by virtue of the terms of a shareholder agreement.

4 Debtors

	2008 £'000	2007 £'000
Amounts owed by Group undertakings	1,124	1,008
Other debtors	13	2
Prepayments and accrued income	1	15
	<u>1,138</u>	<u>1,025</u>

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

5 Current asset investments

	2008 £'000	2007 £'000
UK government bonds	4,041	-

During the year the Company responded to the uncertainty in the banking sector by transferring £4,000,000 of cash reserves into UK Government Bonds. The Company's intention at the time of purchase was to revert to holding cash deposits at banks once their liquidity and solvency positions had become more certain, thereby maximising the Company's interest income. Due to the continuing uncertainty in relation to banks and the fall in bank interest rates, however, the Company held the above investment until maturity in March 2009, at which time the cash was once again deposited with a UK clearing bank. The value received at maturity was £4,046,000.

6 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	56	246
Other taxation and social security	4	268
Other creditors	265	271
Accruals and deferred income	117	160
	<u>442</u>	<u>945</u>

7 Share capital

	Authorised		2007 Number	2007 £'000
	2008 Number	2008 £'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
		<u>100</u>		<u>100</u>
	Issued and fully paid			
	2008 Number	2008 £'000	2007 Number	2007 £'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	-
		<u>50</u>		<u>50</u>

Details of movements during the year and outstanding share options have been disclosed in note 28 to the consolidated accounts.

8 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Share option reserve £'000	Profit and loss account £'000
At 1 January 2008	50	3,586	-	15	7,138
Revaluation of current asset investments	-	-	41	-	-
Options lapsed	-	-	-	(8)	8
Share-based payment expense	-	-	-	9	-
Loss for the year	-	-	-	-	(40)
	<u>50</u>	<u>3,586</u>	<u>41</u>	<u>16</u>	<u>7,106</u>
At 31 December 2008	<u>50</u>	<u>3,586</u>	<u>41</u>	<u>16</u>	<u>7,106</u>

9 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 financial statements.

10 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 29 to the Group consolidated accounts.

11 Post balance sheet events

In March 2009 the Company realised its investments in UK government bonds for a total consideration of £4,046,000 and, following this, invested £1,005,000 in certain UK bank securities. The balance of the Company's cash was deposited with UK clearing banks.

The Company has received loan repayments from Interactive Prospect Targeting Limited ("IPT"), which is 50% owned by the Company, since the balance sheet date totalling £800,000, bringing total repayments received since acquisition in September 2008 to £1,200,000 (before interest). The amount invested in IPT at the date of signing of these financial statements is £200,000 by way of equity.