



VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2009

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Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

04478674

Officers and professional advisers

Directors

Lord Kalms of Edgware, Chairman, aged 78

Lord Kalms of Edgware is Chairman of Volvere. 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 42

Jonathan is Chief Executive Officer of Volvere. Jonathan has over 20 years experience in the financial services industry, including 12 years as CEO of DDL, a London based venture capital firm. He has been both an adviser and a principal investor in numerous public and private technology sector transactions. He holds an M.A. in Law from Cambridge University.

Nick Lander, Chief Financial & Operating Officer and Company Secretary, aged 43

Nick is Chief Financial & Operating Officer of Volvere. He has worked for a number of private and public companies in both financial and operational roles. He previously held the positions of Corporate Development Director at Clyde Blowers PLC and Deputy Managing Director at Clyde Materials Handling Limited. Prior to joining Clyde Blowers, 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 PricewaterhouseCoopers in 1990.

Neil Ashley, Non-Executive Director, aged 73

Neil is a Non-Executive Director of Volvere. He was the Chairman of Amey plc from a management buy-out in 1989 until his retirement in May 2001. This period included Amey's flotation on the Official List of the London Stock Exchange in 1994. From November 2000 until April 2003 he was Chairman of the Oxford Radcliffe Hospitals Trust, one of the ten largest NHS trusts in the UK. He is a Director of Clarson Goff Management Limited and Chairman 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 until November 2006 (from which he was awarded an Honorary Doctorate) and was a member of the Medical Sciences Board of Oxford University until 2003.

David Buchler, Non-Executive Director, aged 57

David is a Non-Executive Director of Volvere 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.

Officers and professional advisers (*continued*)

Registered office

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Bankers

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110 St Vincent Street
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Royal Bank of Scotland plc
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24/25 St Andrew Square
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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
20 Ropemaker Street
London
EC2Y 9AR

Auditor

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

Chairman's statement

It is with pleasure that I report the continuing strength of the Group in what continue to be challenging economic times. 2009 saw excellent trading performances from our principal businesses, the successful exit from our certification activities and an excellent return on our investments.

The Group's net assets at the year end were £18.3 million (2008: £11.6 million). This is essentially unchanged from the level at the time of our interim statement, before adjusting for the non-cash cost of the management incentive shares. We entered 2010 with cash and investments totalling £20.4 million (2008: £12.5 million). We continue to examine a wide range of potential opportunities – and I am confident that we will make further value-enhancing acquisitions.

Lord Kalms

Chairman

12 May 2010

Chief Executive's statement

Introduction

I am pleased to report that 2009 was another successful year for the Group. All our principal businesses and investments performed well and our balance sheet remains strong.

Operating review

During the year the Group operated in three segments: certification services, security solutions and online marketing and data services. The certification services segment was discontinued following the sale of Sira in July 2009. 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.

Online marketing and data services

Our online marketing and data services business, IPT, traded strongly in 2009 with revenue and profit before interest, tax and amortisation of £10.4 million and £1.7 million respectively (3 months to 31 December 2008: £2.7 million and £0.4 million).

The Group has now recouped its original investment cost of £1.3 million plus a further £0.65 million in dividends received from IPT since it was acquired in September 2008. As a result of the achievement of certain performance targets, our stake in IPT will reduce to approximately 45% following the expected exercise of share options by the management team.

Despite the strong performance for the year, this sector remains challenging. During the second half of 2009 the effects of the recession were evident, resulting in both price pressure and increased customer churn. Market conditions in 2010 thus far are less favourable than those in the second half of 2009, although profitability remains significant. We remain committed to this segment and believe that, as marketing spend increases in line with an improved economy, we will see attractive growth.

Security solutions

Sira Defence & Security delivered a similar performance to the prior year. During 2009 we continued to increase the awareness and adoption of SiraView, the multi-format digital CCTV viewer targeted at the police and judicial services. We also launched SiraView+, which includes audio functionality and we have received a number of orders for bespoke modifications to our core software. Our surveillance solutions business has undertaken successful projects during the period and received follow-on work in 2010 as a result.

Chief Executive's statement (*continued*)

Certification services – discontinued

We acquired our Sira certification businesses for £1.4 million in late 2005/early 2006 and in July 2009 we reported their disposal for a minimum cash consideration of £8.1 million. In the 6 months prior to its disposal, Sira Certification performed strongly, with an unaudited profit before tax and amortisation of £0.6 million (2008 full year: £0.9 million).

Investments

In accordance with our investment strategy of investing in distressed securities, as well as in distressed companies, we invested in certain non-investment grade bank debt and preference shares during 2009. We also invested in other investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers. During the year we realised gains of approximately £0.5 million and earned income of £0.3 million from these investments. At the year end our investments at cost were approximately £11.1 million, and had a value of approximately £11.6 million. We continue to manage our investment portfolio actively.

Acquisitions and future strategy

We have seen increased deal flow in 2010 and whilst the quality of deal flow is, on the whole, good, we remain cautious on economic recovery, particularly in the UK. We remain committed to enhancing shareholder value using our strong balance sheet to capitalise on opportunities as they arise.

Jonathan Lander
Chief Executive
12 May 2010

Financial review

This financial review covers the Group's performance for the year ended 31 December 2009. 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 to the financial statements.

A and B Shares

The Company has in issue convertible shares (A Shares and B Shares, the "Incentive Shares"), which at the year end were capable of being converted into 424,739 Ordinary shares (as set out more fully in note 23 to the financial statements). The Incentive Shares can only be converted into Ordinary shares and have no cash alternative. However, because the Incentive Shares convert into a variable (rather than fixed) number of Ordinary shares, they have been classified as liabilities rather than equity in accordance with International Accounting Standard 32 ("IAS 32"). This has had the effect of reducing net assets by approximately £1.1 million. The A and B shares were not classified as liabilities in previous years as their fair value at that time was insignificant. There is no requirement to pay cash upon exercise of the Incentive Shares and, if and when the Incentive Shares are converted (whether in whole or in part) into Ordinary shares, there will be, *ceteris paribus*, a reduction in current liabilities.

Disposal

On 3 July 2009 the Group disposed of Sira Certification, which represented the Group's Certification segment. The consideration was an initial cash payment of £8.1 million (following agreement of the net assets subject to the disposal), with up to an additional £0.6 million dependent upon the performance of Sira Certification for the years ended 31 December 2009 and 2010. The Group has assumed, at this stage, that the fair value of the total consideration receivable will be the initial consideration of £8.1 million. When the Group has better visibility of the relevant periods' results, the fair value will be reassessed.

For the period until disposal, the Certification segment performed strongly, with revenue and pre-tax profit (before amortisation and Group management charges) of £2.63 million and £0.60 million respectively (12 months to 31 December 2008: £4.25 million and £0.87 million) respectively. The Certification activities had been acquired in September 2005 and March 2006 for approximately £1.4 million and had subsequently repaid their initial consideration to the Group from operating cash flow. After costs (including performance incentives relating to the disposal) the gain on sale was approximately £6.4 million. Detailed information about the disposal is included in note 6 to the financial statements.

Following the disposal, the Group undertook a review of its central costs to ensure that the central services team is appropriately sized for the remaining operations. This has resulted in a reduction in central administration staff.

Revenue and operating performance

Detailed information about the Group's segments is set out in note 5 to these financial statements and should be read in conjunction with this financial review. As noted above, the Group disposed of its certification services businesses and these have been classified as discontinued. IPT, of which the Group owns 50%, achieved certain financial milestones and this has resulted in the vesting of options in IPT that would, upon exercise, dilute the Group's shareholding to approximately 45%. The Group has continued to consolidate IPT as a subsidiary in view of the level of control exercisable by it.

Financial review (*continued*)

Revenue and operating performance (continued)

Revenue from continuing operations was £10.9 million for the year (2008: £3.0 million). The growth arose principally due to the inclusion of IPT for a full twelve months (it was acquired in September 2008 and the results for that year reflected only three months trading). Revenue by segment is shown in note 5 to the financial statements. The operating profit (before costs of share-based payment expenses) from continuing businesses was £0.67 million (2008: loss £0.63 million), which again reflected the full-year contribution from IPT.

Investment revenues, other gains and losses and finance income and expense

The Group adopted a proactive treasury management strategy in response to the reduced interest rates prevailing during the year. This resulted in investment revenues, other gains and losses (which arose from disposals made and revaluation of underlying investments to market value) and net interest receivable totalling £0.97 million (2008: £0.46 million).

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 and Group 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.

More information on the Group's financial risks are disclosed in notes 20 and 21 to the financial statements.

Key performance indicators

The Group uses key performance indicators suitable for the nature and size of the Group's businesses. These are primarily monthly reports of profitability, levels of working capital and workload. 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. Order intake and chargeable staff utilisation was/is monitored weekly and reported monthly in respect of the certification and security solutions segments respectively. 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 2008 (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 113.57p (2008: basic and diluted 5.69p). During the year the Company continued the operation of a share option scheme in which certain staff are entitled to participate, subject to the scheme's terms and conditions.

Financial review (*continued*)

Cash management

Cash balances at the year end totalled £8.8 million (2008: £3.0 million). The Group's cash includes (by virtue of its full consolidation) the amount of £1.1 million (2008: £1.5 million) held in its 50% owned subsidiary, Interactive Prospect Targeting Limited.

As part of the Group's active treasury management strategy, a total of £11.1 million was invested at the year end in various bank securities and corporate bond funds; the year end valuation including accrued interest was £11.6 million. In 2008 £9.4 million had been invested in UK Government bonds, which had a 2008 year end valuation of £9.5 million.

Hedging

It is not the Group's policy to enter into derivative instruments to hedge interest rate risk. During 2009 the Group invested \$4 million in an investment grade debt fund and has entered into a foreign exchange contract in respect of the forward sale of \$4 million at a rate of \$1.5783/£1 with a sale date of 12 October 2010.

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. During the year, however, Interactive Prospect Targeting Limited paid dividends totalling £1.7 million, of which £0.85 million was paid to third party (i.e. non-Group) shareholders.

Nick Lander
Chief Financial & Operating Officer
12 May 2010

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009.

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.

During the year the Group disposed of its certification services businesses; the Group's remaining operations were online marketing & data services and security solutions.

Business review

The Company is required by the Companies Act 2006 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 and should be read in conjunction with it. The reports also include details of expected future developments in the businesses of the Group.

Dividends

The Directors do not recommend the payment of a dividend (2008: £Nil). There was no interim dividend (2008: £Nil). During the year, the Group's 50%-owned subsidiary, Interactive Prospect Targeting Limited paid dividends totalling £1.7 million, of which £0.85 million was paid to third party (i.e. non-Group) shareholders.

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 23. 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 became capable of being converted into Ordinary shares at the option of the holder on or after 24 December 2003 and 24 December 2004 respectively, on a predetermined conversion formula based upon share price performance and the weighted average issue price of Ordinary share capital, whereby approximately 15% of the growth in market capitalisation of the Group over the weighted average issue price of Ordinary shares issued is attributable to the holders of A and B shares. 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.

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. In addition, Interactive Prospect Targeting Limited has an EMI share scheme in place. Further details relating to these are set out in note 27.

Directors' report (continued)

Capital structure (continued)

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

At the Company's annual general meeting on 2 July 2009 and a general meeting on 22 February 2010 a number of resolutions were passed in relation to the Company. Those remaining in force 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 2,854,360 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 (unless the Company made a tender or partial offer to all holders of Ordinary Shares on the same terms) would not exceed 5 per cent. above the average closing offer prices for an Ordinary share as derived from the London Stock Exchange Official List for the 5 business days immediately preceding the day of purchase.
- There has been a waiver granted by the Panel of Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers for a concert party (whose members include certain Directors) individually or collectively to make a general offer to shareholders arising as a result of either the Company making purchases of its own shares or as a result of the conversion of A shares and B shares into Ordinary shares.

Directors

The Directors of the Company during the year were as named below. All Directors serving during the year, other than Richard Kalms, were also Directors at the date of signing. Richard Kalms resigned from the Board with effect from 31 March 2010.

	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 current Directors' biographies are set out on page 1 and are incorporated here by reference. Lord Kalms and David Buchler 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 2009	Number of A Shares 2009	Number of B Shares 2009	Number of Ordinary Shares 2008	Number of A Shares 2008	Number of B Shares 2008
Lord Kalms of Edgware	571,287	3,225	3,225	571,287	2,630	2,630
Neil Ashley*	605,159	4,758	4,758	605,159	3,880	3,880
David Buchler	104,893	-	-	104,893	-	-
Richard Kalms	292,822	8,568	8,568	292,822	6,987	6,987
Jonathan Lander	550,037	18,235	18,235	550,037	14,500	14,500
Nick Lander	291,287	14,494	14,494	291,287	10,758	10,758

* 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.

There have been no changes in the interests of Directors between 31 December 2009 and 10 May 2010.

David Buchler is the only Director of the Company to hold share options. As at 31 December 2009 he held 31,000 options (2008: 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 26 (2008: 41 days) and for the Group is 50 (2008: 85 days).

Charitable and political donations

There were no charitable or political donations made during the year (2008: £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 10 May 2010 the Company had been notified 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
Woodhall Securities Limited	849,666	14.9%	Direct and indirect
Blackrock, Inc	347,744	6.1%	Indirect
State Street Nominees Limited	282,000	4.9%	Direct
Clareco Limited and FG Nominees Limited	182,114	3.2%	Direct

Directors' report (*continued*)

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 reappointed auditor at the annual general meeting on 2 July 2009. 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
12 May 2010

Company number: 04478674

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 adequate 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 2006. 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 (consolidated financial statements)

We have audited the consolidated financial statements of Volvere plc for the year ended 31 December 2009 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of Directors' responsibilities on page 12, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Volvere plc for the year ended 31 December 2009.

James Rogers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
12 May 2010

Volvere plc

Consolidated income statement for the year ended 31 December 2009

	Note	2009 £'000	2008 Restated £'000
Continuing operations			
Revenue	5	10,890	3,045
Cost of sales		(3,761)	(978)
Gross profit		<u>7,129</u>	<u>2,067</u>
Administrative expenses			
Before goodwill and share based payments charge		(6,526)	(2,693)
Realisation of negative goodwill		67	-
Costs of share-based payments		(90)	(9)
Administrative expenses		<u>(6,549)</u>	<u>(2,702)</u>
Operating profit/(loss)	2	<u>580</u>	<u>(635)</u>
Investment revenues	7	299	1
Other gains and losses	7	591	8
Finance expense	7	(1,030)	(9)
Finance income	7	85	457
Profit/(loss) before tax		<u>525</u>	<u>(178)</u>
Income tax	8	(128)	(4)
Profit/(loss) for the year from continuing operations		<u>397</u>	<u>(182)</u>
Discontinued operations			
Profit for the year from discontinued operations	6	<u>6,862</u>	<u>691</u>
Profit for the year		<u><u>7,259</u></u>	<u><u>509</u></u>
Attributable to:			
- Equity holders of the parent	24	6,459	323
- Minority interests	30	800	186
		<u><u>7,259</u></u>	<u><u>509</u></u>
Earnings/(loss) per share			
Continuing operations			
- Basic		(7.08)p	(6.48)p
- Diluted		(7.08)p	(6.48)p
Discontinued operations			
- Basic		120.65p	12.17p
- Diluted		120.65p	12.17p
Total			
- Basic		<u><u>113.57p</u></u>	<u><u>5.69p</u></u>
- Diluted		<u><u>113.57p</u></u>	<u><u>5.69p</u></u>

The notes on pages 19 to 46 form part of these financial statements.

Volvere plc**Consolidated statement of other comprehensive income for the year ended 31 December 2009**

	2009 £'000	2008 £'000
Profit for the year	7,259	509
Other comprehensive income		
Fair value gains and losses on available for sale financial assets		
- current period gains	351	97
- reclassified to profit	(97)	-
Other comprehensive income	254	97
Total comprehensive income for the year	7,513	606
Attributable to:		
- Equity holders of the parent	6,713	420
- Minority interests	800	186
	7,513	606

The notes on pages 19 to 46 form part of these financial statements.

Volvere plc

Consolidated statement of changes in equity for the year ended 31 December 2009

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total £'000
Changes in equity								
Revaluation of available for sale investments and total income recognised directly in equity	-	-	97	-	-	97	-	97
Profit for the year	-	-	-	-	323	323	186	509
Total comprehensive income for the year	-	-	97	-	323	420	186	606
Balance at 1 January 2008	50	3,586	-	15	6,887	10,538	283	10,821
Equity share options issued	-	-	-	1	8	9	-	9
Minority interest arising on acquisition	-	-	-	-	-	-	201	201
Balance at 31 December 2008	50	3,586	97	16	7,218	10,967	670	11,637
Revaluation of available for sale investments and total income recognised directly in equity	-	-	254	-	-	254	-	254
Profit for the year	-	-	-	-	6,459	6,459	800	7,259
Total comprehensive income for the year	-	-	254	-	6,459	6,713	800	7,513
Balance at 1 January 2009	50	3,586	97	16	7,218	10,967	670	11,637
Equity shares issued	-	49	-	-	-	49	-	49
Shares reclassified as financial liabilities	(50)	-	-	-	-	(50)	-	(50)
Equity share options cancelled	-	-	-	(16)	16	-	-	-
Share based payments charge	-	-	-	90	-	90	-	90
Reduction in minority share	-	-	-	-	-	-	(157)	(157)
Dividends paid by subsidiaries	-	-	-	-	-	-	(850)	(850)
Balance at 31 December 2009	-	3,635	351	90	13,693	17,769	463	18,232

The notes on pages 19 to 46 form part of these financial statements.

Volvere plc**Consolidated statement of financial position as at 31 December 2009**

	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Goodwill	12	305	532
Other intangible assets	13	-	476
Property, plant & equipment	14	331	495
Deferred tax asset	22	52	88
Total non-current assets		688	1,591
Current assets			
Trade and other receivables	16	1,566	3,264
Cash and cash equivalents	31	8,837	2,999
Available for sale investments	15	11,601	9,497
Total current assets		22,004	15,760
Total assets		22,692	17,351
Liabilities			
Current liabilities			
Trade and other payables	17	(3,204)	(4,758)
Taxation		(183)	(21)
Other financial liabilities	18	(1,073)	(720)
Total current liabilities		(4,460)	(5,499)
Non-current liabilities			
Financial liabilities	19	-	(215)
Total non-current liabilities		-	(215)
Total liabilities		(4,460)	(5,714)
TOTAL NET ASSETS		18,232	11,637
Equity			
Share capital	23	-	50
Share premium account	24	3,635	3,586
Revaluation reserve	24	351	97
Share option reserve	24	90	16
Retained earnings	24	13,693	7,218
Capital and reserves attributable to equity holders of the Company		17,769	10,967
Minority interests	30	463	670
TOTAL EQUITY	25	18,232	11,637

The financial statements on pages 14 to 46 were approved by the Board of Directors and authorised for issue on 12 May 2010 and were signed on its behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 19 to 46 form part of these financial statements.

Volvere plc

Consolidated statement of cash flows for the year ended 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Profit for the year			7,259		509
Adjustments for:					
Investment revenues		(299)		(1)	
Other gains and losses		(591)		(8)	
Finance expense		1,030		35	
Finance income		(85)		(475)	
Gain arising on disposal of discontinued operations		(6,379)		-	
Income tax expense/(credit)		128		(67)	
Depreciation (continuing operations)		250		68	
Realisation of negative goodwill (continuing operations)		(67)		-	
Depreciation (discontinued operations)		41		69	
Amortisation (discontinued operations)		120		240	
Foreign exchange revaluation gain		(23)		-	
Share based payment expenses		90		9	
			(5,785)		(130)
Operating cash flows before movements in working capital			1,474		379
Decrease in trade and other receivables			745		307
Increase in trade and other payables			260		343
Cash generated by operations			2,479		1,029
Interest paid			(11)		(32)
Net cash from operating activities			2,468		997
Investing activities					
Acquisition of subsidiary undertaking including associated costs, net of cash acquired		-		(1,373)	
Purchase of additional shares in subsidiary		(82)		(2)	
Amounts received in respect of prior acquisition		85		-	
Disposal of subsidiary, net of costs of disposal and cash disposed	6	6,252		-	
Shares issued to minority interest		-		200	
Purchase of available for sale investments		(18,902)		(9,400)	
Income from available for sale investments		106		1	
Disposal of available for sale investments		17,831		57	
Proceeds on disposal of property, plant and equipment		5		-	
Purchases of property, plant and equipment		(306)		(175)	
Interest received		86		476	
Net cash generated from/(used in) investing activities			5,075		(10,216)
Financing activities					
Issue of share capital		48		-	
Loan advances		-		600	
Repayment of borrowings		(903)		(120)	
Dividend paid		(850)		-	
Net cash (used in)/ generated from financing activities			(1,705)		480
Net increase/(decrease) in cash and cash equivalents	31		5,838		(8,739)
Cash and cash equivalents at beginning of year	31		2,999		11,738
Cash and cash equivalents at end of year	31		8,837		2,999

The notes on pages 19 to 46 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 2006 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 47 to 54.

During the year, the Group has adopted the amendments to IAS 1 'Presentation of Financial Statements' which has resulted in some minor changes to the primary statements.

IAS 1 "Presentation of Financial Statements" (Revised 2007) requires presentation of an additional comparative statement of financial position as a result of the retrospective adoption of this standard. The Directors consider this to be unnecessary for the year ended 31 December 2009 on the basis that the 31 December 2007 statement of financial position remains the same as that previously published.

The following principal accounting policies have been applied consistently, in all material respects, 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. The carrying value is assessed for impairment based on value in use. 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.

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.

Discontinued operations

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale. The post-tax profit or loss of the discontinued operation is classified as a single line on the face of the consolidated income statement, together with any post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation. On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

Adoption of IFRS 8 'Operating Segments'

The Group has adopted IFRS 8 'Operating Segments' during the year. The standard supersedes IAS 14 'Segment Reporting' and is effective for the year ended 31 December 2009. IFRS 8 provides segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed by the board of Directors. IAS 14 required segmental information to be reported for business segments and geographical segments based on assets and operations that provided products or services subject to different risks and returns. The adoption of IFRS 8 has not had any impact on the performance or position of the Group.

Operating segments

Volvere plc 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. Its customers are based in the UK, Europe and the USA. The Group disposed of its certification businesses during the year. Financial information (including revenue and operating profits) is reported to the board on a segmental basis. Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before the allocation of goodwill, amortisation, investments revenues, other gains and losses, finance expense and income and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned. All liabilities are allocated to individual segments. Information is reported to the board of directors on a segmental basis as management believes that each segment exposes the Group to differing levels of risk and rewards due to their varying business life cycles. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements. Each segment is managed separately.

1 Accounting policies (*continued*)

Leasing

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 reporting 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.

1 Accounting policies (*continued*)

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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis using 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, less their residual values, 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 reporting 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.

1 Accounting policies (*continued*)

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

Intangible assets – customer relationships

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

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.

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 statement of financial position 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.

1 Accounting policies (*continued*)

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Fair value is determined by reference to independent valuation statements provided by the investment manager or broker (as the case may be) through whom such investments are made. Where the underlying investments are exchange-traded, the mid price of the investment is used.

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 statement of financial position 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.

Financial liabilities and equity instruments

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.

The Group has in issue A and B shares which are convertible into ordinary shares at the option of the shareholder based upon a formula contained in the Company's Articles of Association. The A and B shares do not have a cash alternative. However, because the shares convert into a variable number of ordinary shares, dependent inter alia on the share price of the ordinary shares in issue, the terms of IAS 32 require them to be classified as debt. Accordingly, the fair value has been included under current liabilities. This reclassification has been processed in the current period. It was not processed in previous periods (nor have previous periods financial statements been restated) because the fair value of the A and B shares at 31 December 2007 and 31 December 2008 was insignificant.

1 Accounting policies (*continued*)

Critical accounting judgements and key sources of estimation uncertainty

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

Due to the nature of certain of the Group's businesses the recoverability of receivables can be subject to some uncertainty until client acceptance of services delivered has been determined. Whilst the Group has a thorough process for reviewing the requirement for receivables provisions, this area is inherently subjective.

New standards and interpretations

During the year, the Group has adopted the amendments to IAS 1 'Presentation of Financial Statements' and has adopted IFRS 8 "Operating Segments", the effect of which has been explained above.

A number of new standards and amendments to standards are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated statements. The most significant of these are listed below:

- IFRS 3 "Business Combinations" (Revised 2008) effective for periods commencing 1 July 2009
- Amendments to IFRS 2 "Share Based Payments" effective for periods commencing 1 January 2010
- Amendment to IFRS 5 "Non-current assets held for sale" effective for periods commencing 1 July 2009
- IAS 27 "Consolidated and Separate Financial Statements (Revised)" effective for periods commencing 1 July 2009

IFRS 3 "Business Combinations" (Revised 2008) when adopted will require professional fees relating to business combinations to be expensed through the income statement rather than recorded as a cost of acquisition which may impact the Group's results if significant acquisitions are made in the future.

1 Accounting policies (continued)

The Directors do not anticipate that the adoption of the other standards will have a material impact on the Group's financial statements in the year of initial application. The Directors do not intend to apply any of these standards and interpretations early.

2 Operating profit/(loss)

	2009 £'000	2008 Restated £'000
Operating profit/(loss) has been arrived at after charging/(crediting):		
Staff costs (see note 3)	5,190	1,687
Depreciation of property, plant and equipment		
- owned assets	238	68
- leased asset	12	3
Realisation of negative goodwill	(67)	-
Exchange (gains)/losses	(8)	6
Operating lease expense		
- Other	31	72
Audit fees	36	40
Fees paid to the Company's auditor for non-audit services	2	-
	<u>5,190</u>	<u>1,687</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	14
- for the audit of the Company's subsidiaries	22	26
- for financial reporting advice	2	-
	<u>38</u>	<u>40</u>

3 Staff costs

	2009 £'000	2008 Restated £'000
Staff costs in respect of continuing operations (including Directors) comprise:		
Wages and salaries	4,550	1,503
Employer's national insurance contributions and similar taxes	524	150
Defined contribution pension cost	26	25
Share-based payment expense	90	9
	<u>5,190</u>	<u>1,687</u>

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

	2009 Number	2008 Number
Engineering and production	18	19
Sales and marketing	24	24
Administration and management	35	38
	<u>77</u>	<u>81</u>

4 Directors' remuneration

The remuneration of the directors was as follows:	2009 £'000	2008 £'000
Lord Kalms of Edgware	108	37
Neil Ashley	84	20
David Buchler	80	20
Richard Kalms	101	40
Jonathan Lander	315	12
Nick Lander	320	12
	<u>1,008</u>	<u>141</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with Dawnay, Day Lander Limited. The amount due under this agreement, which is in addition to the amounts disclosed above, for the year amounted to £480,000 (2008: £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 (2008: 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.

	Online marketing & data services 2009 £'000	Certification services 2009 £'000	Security solutions 2009 £'000	Investing and management services 2009 £'000	Eliminations 2009 £'000	Total 2009 £'000	Discontinued activities 2009 £'000
<i>Revenue</i>							
External	10,404	-	374	112	-	10,890	2,635
Inter-segment	-	-	-	338	(338)	-	-
Total	<u>10,404</u>	<u>-</u>	<u>374</u>	<u>450</u>	<u>(338)</u>	<u>10,890</u>	<u>2,635</u>
<i>Segment result (note (a))</i>	<u>1,685</u>	<u>-</u>	<u>(42)</u>	<u>(1,130)</u>	<u>-</u>	<u>513</u>	<u>606</u>
Profit from operations before goodwill and amortisation of intangible assets						513	606
Amortisation of intangible assets						-	(120)
Investment revenues						299	-
Other gains and losses						591	-
Negative goodwill released to income						67	-
Net finance expense (note 7)						(945)	(3)
Profit on ordinary activities before tax						525	483
Gain on disposal of discontinued operation (note 6)						-	6,379
Profit for the year before tax						525	6,862
Income tax expense						(128)	-
Profit for the year						<u>397</u>	<u>6,862</u>

In the Group's online marketing & data services segment, the revenue from the top five customers exceeded 50% of the total revenue, with the top 20 customers representing approximately 70% of the total.

5 Segment information (*continued*)

	Online marketing & data services 2009 £'000	Certification services 2009 £'000	Security solutions 2009 £'000	Investing and management services 2009 £'000	Eliminations 2009 £'000	Total 2009 £'000
<i>Statement of financial position (note (b))</i>						
Assets	3,122	-	117	19,453	-	22,692
Liabilities	(2,443)	-	(83)	(1,934)	-	(4,460)
Net assets	679	-	34	17,519	-	18,232
<i>Other</i>						
Capital expenditure	265	-	2	26	-	293
Depreciation	226	-	7	17	-	250
Amortisation	-	-	-	-	-	-
Realisation of negative goodwill	-	-	-	67	-	67

	Online marketing & data services 2008 £'000	Certification services 2008 £'000	Security solutions 2008 £'000	Investing and management services 2008 £'000	Eliminations 2008 £'000	Total 2008 £'000	Discontinued activities 2008 £'000
<i>Revenue</i>							
External	2,658	-	356	31	-	3,045	4,213
Inter-segment	-	-	-	713	(713)	-	41
Total	2,658	-	356	744	(713)	3,045	4,254
<i>Segment result (note (a))</i>							
	406	-	(13)	(1,028)	-	(635)	868

(Loss)/profit from operations before goodwill and amortisation of intangible assets						(635)	868
Amortisation of intangible assets						-	(240)
Investment revenues						1	-
Other gains and losses						8	-
Negative goodwill released to income						-	-
Net finance income (note 7)						448	(8)
(Loss)/profit on ordinary activities before tax						(178)	620
Gain on disposal of discontinued operation (note 6)						-	-
(Loss)/profit for the year before tax						(178)	620
Income tax expense						(4)	71
(Loss)/profit for the year						(182)	691

5 Segment information (*continued*)

	Online marketing & data services 2008 £'000	Certification services 2008 £'000	Security solutions 2008 £'000	Investing and management services 2008 £'000	Eliminations 2008 £'000	Total 2008 £'000
<i>Statement of financial position (note (b))</i>						
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

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

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

	External revenue by location of customers		Non-current assets (excluding deferred tax) by location of assets	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
UK	9,918	2,751	636	1,503
Rest of Europe	716	240	-	-
USA	120	-	-	-
Other	136	54	-	-
	10,890	3,045	636	1,053

The discontinued operations in 2008 and 2009 related to the Company's then subsidiaries, Sira Test and Certification Limited, Sira Environmental Limited and Sira Certification Service, which were sold in July 2009. Further information is given in note 6.

6 Discontinued operations

On 3 July 2009 the Group sold Sira Test and Certification Limited, Sira Environmental Limited and Sira Certification Service, which together represented the Group's certification services segment.

The profit for the period from discontinued operations was as follows:

	£'000
Profit for period after tax (before group management and other charges)	483
Gain on discontinued operations after tax (see below)	6,379
	<u>6,862</u>

The gain from discontinued operations is as follows:

	£'000	£'000
Consideration:		
Cash receivable	8,118	
Less: disposal costs	<u>(1,657)</u>	
		6,461
Less: net assets disposed of		
Property, plant and equipment	203	
Intangible assets	356	
Trade and other receivables	1,328	
Other financial assets	88	
Cash	640	
Trade and other payables	<u>(2,533)</u>	
		<u>(82)</u>
Gain on disposal of discontinued operation		<u>6,379</u>
The net cash inflow comprises:		
Cash received		8,118
Cash disposed of		(640)
Disposal costs		(1,226)
		<u>6,252</u>

The consideration has been determined by reference to the fair value of the expected consideration receivable. There are additional elements of deferred consideration which are receivable upon certain milestones being achieved by the discontinued businesses for the years ending 31 December 2009 and 2010, with a total maximum payable of £0.6 million over two years. Until such time as the achievement of those milestones has been determined, the Group has assumed that the amount of consideration receivable will be that received to date (namely £8.1 million).

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

	2009
	£'000
Operating activities	748
Investing activities	(2)
Financing activities	(300)
	<u>446</u>

7 Investment revenues, other gains and losses and finance income and expense

	2009 £'000	2008 £'000
<i>Investment revenues</i>	299	1
<i>Other gains and losses</i>	591	8
<i>Finance income</i>		
Bank interest receivable	85	457
<i>Finance expense</i>		
Changes in fair value of share capital classed as financial liabilities	(1,023)	-
Shareholder loan interest in subsidiary	(4)	(9)
Finance lease interest	(3)	-
	(1,030)	(9)

Investment revenues and other gains and losses represent respectively interest (paid and accrued) on, and the gains arising upon disposal of, investments made pursuant to the Group's investing policy.

The changes in the fair value of share capital classed as liabilities in the year reflects the required treatment under IAS 32 of the Company's convertible A and B shares as liabilities rather than equity. There is no cash alternative upon conversion of these shares and therefore no cash liability arises.

8 Income tax

	2009 £'000	2008 Restated £'000
Current tax expense	180	4
Deferred tax credit	(52)	-
Total tax charge	128	4

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:

	2009 £'000	2008 £'000
Profit/(loss) before tax	525	(178)
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	147	(51)
Expenses not deductible for tax purposes	382	9
Gains on disposal of discontinued activities	1,946	-
Income not subject to tax	(84)	-
Depreciation for period in excess of capital allowances	2	13
Losses not utilised	60	151
Utilisation of previously unrecognised losses	(379)	(118)
Gains not chargeable	(1,946)	-
Tax charge	128	4

9 Business Combinations – 2008

Upon acquisition of Interactive Prospect Targeting Limited in 2008, goodwill of £532,000 was recognised. With the benefit of information becoming known subsequent to the publication of the previous financial statements, adjustments to the fair values of certain assets and liabilities have been made. The table below sets out the changes to the fair values of the identifiable assets and liabilities acquired:

	2009 £'000
Goodwill at 1 January	532
Revisions in respect of:	
Trade receivables and other debtors	(127)
Trade payables	(88)
Accruals and deferred income	(12)
	<hr/>
Goodwill at 31 December	<u>305</u>

10 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2009 £'000	2008 £'000
Including discontinued operations		
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share	<u>6,459</u>	<u>323</u>
	2009 No.	2008 No.
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>5,687,457</u>	<u>5,675,232</u>
From continuing operations		
	2009 £'000	2008 £'000
Net profit for the year attributable to equity holders of the parent	6,459	323
Adjustment to exclude profit for the period from discontinued operations	<u>(6,862)</u>	<u>(691)</u>
Loss from continuing operations for the purposes of basic and diluted earnings per share excluding discontinued operations	<u>(403)</u>	<u>(368)</u>

There is no dilutive effect from the options in issue in view of the loss from continuing operations.

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
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	97.75%
Interactive Prospect Targeting Limited	England and Wales	50%
Postal Preference Service Limited	England and Wales	50% (Note i)
Sira Defence & Security Limited	England and Wales	100%

The following subsidiaries were disposed of in the year:

Sira Test and Certification Limited	England and Wales	100%
Sira Environmental Limited	England and Wales	100%
Sira Certification Service Limited	England and Wales	100% (Note ii)

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

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

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.

During the year Interactive Prospect Targeting Limited ("IPT") granted share options to certain management and staff with performance conditions relating to the financial performance achieved in 2009. These performance conditions have been met but as of the year end the options had not been exercised. Exercise would have the effect of reducing Volvere plc's interest in IPT to approximately 45.4% and the consideration payable to IPT for issue of the underlying shares would be £40,000.

12 Goodwill

	2009
	£'000
Cost	
At 1 January 2008	-
Business combination	532
	<hr/>
At 31 December 2008	532
Revisions to fair value (note 9)	(227)
	<hr/>
At 31 December 2009	305
	<hr/> <hr/>
Accumulated impairment losses	
At 1 January 2008	-
Impairment loss	-
	<hr/>
At 31 December 2008	-
Impairment loss	-
	<hr/>
At 31 December 2009	-
	<hr/> <hr/>
Carrying Amount	
At 31 December 2009	305
	<hr/> <hr/>
At 31 December 2008	532
	<hr/> <hr/>
At 1 January 2008	-
	<hr/> <hr/>

Goodwill represents that arising from the acquisition of Interactive Prospect Targeting Limited's business and assets, being the difference between the fair value of the consideration paid and the fair value of the net assets acquired.

12 Goodwill (*continued*)

The goodwill has been reviewed for impairment at 31 December 2009 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.

13 Other intangible assets

	Contractual and non- contractual customer relationships £'000
At 31 December 2009	
Cost	-
Accumulated amortisation	-
Net book value	<u>-</u>
At 31 December 2008	
Cost	1,197
Accumulated amortisation	(721)
Net book value	<u>476</u>
Year ended 31 December 2009	
Opening net book value	476
Amortisation	(120)
Disposal	(356)
Closing net book value	<u>-</u>
Year ended 31 December 2008	
Opening net book value	716
Amortisation	(240)
Closing net book value	<u>476</u>

14 Property, plant and equipment

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
Cost			
At 1 January 2008	42	808	850
Additions	1	174	175
Business combination	-	254	254
<i>At 31 December 2008</i>	<u>43</u>	<u>1,236</u>	<u>1,279</u>
Additions	9	284	293
Disposals	-	(9)	(9)
Disposal of subsidiaries	(43)	(836)	(879)
At 31 December 2009	<u>9</u>	<u>675</u>	<u>684</u>
Accumulated depreciation			
At 1 January 2008	7	640	647
Depreciation	7	130	137
<i>At 31 December 2008</i>	<u>14</u>	<u>770</u>	<u>784</u>
Depreciation	1	249	250
Disposals	-	(5)	(5)
Disposal of subsidiaries	(14)	(662)	(676)
At 31 December 2009	<u>1</u>	<u>352</u>	<u>353</u>
Net book value			
At 31 December 2009	<u>8</u>	<u>323</u>	<u>331</u>
At 31 December 2008	<u>29</u>	<u>466</u>	<u>495</u>
At 1 January 2008	<u>35</u>	<u>168</u>	<u>203</u>

The net book value in respect of property, plant and equipment held on finance leases was £10,000 (2008: £25,000).

15 Financial assets (current)

	2009 £'000	2008 £'000
Available-for-sale investments	11,601	9,497

During the year the Group invested actively in a mixture of non-investment grade bank debt and preference shares as well as other investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers. At the year end the cost of these investments was £11,062,000; the revalued amount stated above reflects the increased values of these investments along with accrued income.

16 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	1,805	4,083
Less: provision for impairment of trade receivables	(634)	(1,192)
	<hr/>	<hr/>
Net trade receivables	1,171	2,891
Other receivables	169	56
Accrued income	129	143
Prepayments	97	174
	<hr/>	<hr/>
	1,566	3,264
	<hr/> <hr/>	<hr/> <hr/>

The fair value of trade receivables approximates to book value at 31 December 2009 and 2008.

The Group is exposed to credit risk with respect to trade receivables due from its customers. Until the disposal of the certification services segment in 2009, the Group had a large number of customers spread across a variety of industries and geographic locations, and hence the concentration of credit risk was limited due to the large and diverse customer base. In addition, a substantial proportion of the Group's continuing sales derived from, or were related to, customers' needs to comply with statutory safety requirements, and the Directors felt that this mitigated the risk of non-payment further. However, since the disposal of this segment, the Group's trading activities are principally those undertaken by the marketing services segment. Whilst this segment is characterised by a large number of small customers who place small orders, there is a significant dependency on a small number of large customers who can and do place significant contracts with the business. 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.

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 20, financial instruments. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2009 £'000	2008 £'000
Pound Sterling	1,566	3,001
Euro	-	3
US Dollar	-	230
Canadian Dollar	-	30
	<hr/>	<hr/>
	1,566	3,264
	<hr/> <hr/>	<hr/> <hr/>

The value of trade receivables due and not impaired at 31 December 2009 was £1,171,000, (2008: £2,891,000). The ageing analysis of these receivables is disclosed below:

	2009 £'000	2008 £'000
Up to 3 months	1,105	2,740
3 to 6 months	41	59
6 to 12 months	-	77
Over 12 months	25	15
	<hr/>	<hr/>
	1,171	2,891
	<hr/> <hr/>	<hr/> <hr/>

17 Trade and other payables - current

	2009	2008
	£'000	£'000
Trade payables	927	770
Other tax and social security	514	578
Obligations due under finance leases	28	27
Other payables	460	313
Accruals	953	1,262
	<hr/>	<hr/>
Total financial liabilities excluding loans and borrowings carried at amortised cost	2,882	2,950
Deferred income	322	1,808
	<hr/>	<hr/>
	3,204	4,758
	<hr/> <hr/>	<hr/> <hr/>

The fair value of trade and other payables approximates to book value at 31 December 2009 and 2008.

18 Other financial liabilities - current

	2009	2008
	£'000	£'000
Share capital classed as financial liabilities (note 23)	1,073	-
Bank loans		
- secured	-	120
Shareholder loans in subsidiary undertaking (Interactive Prospect Targeting Limited)		
- secured	-	600
	<hr/>	<hr/>
	1,073	720
	<hr/> <hr/>	<hr/> <hr/>

The bank loan related to a term loan drawn down by Sira Test and Certification Limited in 2006. The total balance at 31 December 2008 of £300,000 included an amount of £180,000 classified as non-current (note 19). The borrowing was secured by a debenture granting the bank a fixed and floating charge over all the Group's assets. An analysis of the interest rates payable on financial liabilities and information about fair values is given in note 21.

19 Non-current financial liabilities

	2009	2008
	£'000	£'000
Bank loans	-	180
Obligations due under finance leases	-	35
	<hr/>	<hr/>
	-	215
	<hr/> <hr/>	<hr/> <hr/>

An analysis of the interest rates payable on financial liabilities and information about fair values is given in note 21. All bank debt, which had been secured by a debenture granting the bank a fixed and floating charge over all the Group's assets, has been repaid.

20 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.

20 Financial instruments – risk management (*continued*)

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

The Group's principal financial instruments are (or have been):

- Trade receivables
- Cash at bank
- Investments in government bonds, sub-investment grade securities of UK banks and investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers
- Trade and other payables

Cash flow interest rate risk

Due to the relatively low level of borrowings that has existed from time to time within the Group (with none at the year end), the Directors do not have an explicit policy for managing cash flow interest rate risk. All recent borrowing had been 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 of such an extent that any borrowings 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.

The Group's investments may have fixed or variable interest rates, or none at all. The market price of such investments may be impacted positively or negatively by changes in underlying interest rates. It is not considered practicable to provide a sensitivity analysis on the effect of changing interest rates. At the year end, the Group's investments had the following interest profiles:

	2009 £'000	2008 £'000
Fixed interest	4,693	9,497
Unspecified interest	6,908	-
	<u>11,601</u>	<u>9,497</u>

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 trading exposure is limited to transactions with a small number of customers and suppliers it is not appropriate to actively hedge that element of its foreign currency exposure. However, during 2009 the Group invested \$4 million in an investment grade debt fund and has entered into a foreign exchange contract in respect of the sale of \$4 million at a rate of \$1.5783/£1 with a sale date of 12 October 2010.

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 16.

20 Financial instruments – risk management (*continued*)*Other market price risk*

The Group has generated a significant amount of cash and this has been held partly as cash deposits and partly invested pursuant to the Group's investing strategy. Investments have been in a mixture of term deposits, government bonds, sub-investment grade securities of UK banks and investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers, all of which have been made having regard to the Group's need to access capital. Market price movements of these investments could materially affect the value of the Group's assets. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The Group's convertible A and B shares (which have been classified as financial liabilities) are convertible into ordinary shares based upon a predetermined conversion formula. The conversion formula includes as one variable the Group's share price.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis and adjusting the level of dividends paid to ordinary shareholders.

The Group considers its capital to include share capital, share premium, revaluation reserve, retained earnings and net debt as noted.

Net debt includes short and long-term borrowings (including lease obligations) net of cash and cash equivalents.

The Group has not made any changes to its capital management during the year.

An analysis of the Group's gearing is shown in the table below.

	2009 £'000	2008 £'000
Total debt	1,101	935
Less cash and cash equivalents	(11,601)	(2,999)
Net debt	<u>(10,500)</u>	<u>(2,064)</u>
Total equity	17,769	10,967
Less: reserves not included in definition of capital	(90)	(16)
Adjusted capital	<u>17,679</u>	<u>10,951</u>
Debt to adjusted capital ratio	<u>(59.4%)</u>	<u>(18.8%)</u>

The Group does not have any externally imposed capital requirements.

21 Financial assets and liabilities – numerical information

Maturity of financial assets

The maturities and denominations of financial assets at the year end, other than loans and receivables (note 16 above) are as follows:

	2009 £'000	2008 £'000
Sterling		
0 to 3 months	-	9,497
No fixed maturity	9,022	-
	<u>9,022</u>	<u>9,497</u>
US dollar		
No fixed maturity	2,579	-
	<u>11,601</u>	<u>9,497</u>

Maturity of financial liabilities

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

	2009 £'000	2008 £'000
In less than six months	<u>4,277</u>	<u>4,758</u>
Loans and borrowing facilities:	2009 £'000	2008 £'000
Current		
Bank loans (secured)	-	120
Shareholder loans in Interactive Prospect Targeting Limited (secured)	-	600
	<u>-</u>	<u>720</u>
Non-current		
Bank loans (secured)	-	180
Total borrowings	<u>-</u>	<u>900</u>

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

	Currency	Nominal rate %	Year of maturity	Security
Secured bank loan	GBP	2.0-2.25% over Bank of Scotland base rate	Repaid	See note 19
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") were subject to a loan agreement, the terms of which specified that these lenders were only entitled to repayment once the loans made by Volvere plc equalled the shareholder loans. All loans (to Volvere plc and other shareholders in IPT) were repaid in full during the course of the year.

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

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

	2009 £'000	2008 £'000
In less than one year	-	720
In more than one year but not more than two years	-	120
In more than two years but not more than five years	-	60
	<u>-</u>	<u>900</u>
	<u>-</u>	<u>900</u>

All loans and borrowings were denominated in sterling (2008: sterling). There were no undrawn committed borrowing facilities that had been agreed at 31 December 2009 (2008: nil). The share capital classed as financial liabilities has no cash alternative (more information is set out in note 23).

22 Deferred tax

A deferred tax asset of £52,000 (2008: £88,000) has been recognised in the year in respect of temporary differences between depreciation and capital allowances. In addition, there are unrecognised deferred tax assets in respect of the following:

	2009 £'000	2008 £'000
Tax losses carried forward	1,456	1,756
Excess of depreciation over capital allowances	8	16
Short term temporary differences	16	2
Goodwill	(7)	(7)
	<u>1,473</u>	<u>1,767</u>

The unrecognised deferred tax asset is not recognised because there is insufficient evidence that the asset will be recovered against future taxable profits.

Deferred tax assets and liabilities have been calculated using the rate of corporation tax expected to apply when the relevant temporary differences reverse.

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

23 Share capital

	2009 Number	Authorised 2009 £'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
		100		100
		Issued and fully paid 2009 £'000	2008 Number	2008 £'000
Ordinary shares of £0.0000001 each	5,708,720	-	5,675,232	-
A shares of £0.49999995 each	49,735	25	49,735	25
B shares of £0.49999995 each	49,735	25	49,735	25
Deferred shares of £0.00000001 each	26,499,985,533	-	26,499,985,533	-
		50		50
A and B shares reclassified as financial liabilities		(50)		-
		-		50
		Issued and fully paid 2009 £'000	2008 Number	2008 £'000
<i>Ordinary shares of £0.0000001 each</i>				
At beginning of the year	5,675,232	-	5,675,232	-
Other issues during the year	33,488	-	-	-
At end of the year	5,708,720	-	5,675,232	-

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

The A and B shares rank *pari passu* with the Ordinary shares on a return of capital but do not have voting rights. The A and B shares became capable of being converted into Ordinary shares at the option of the holder on or after 24 December 2003 and 24 December 2004 respectively, on a predetermined conversion formula based upon share price performance and the weighted average issue price of Ordinary share capital, whereby approximately 15% of the growth in market capitalisation of the Group over the weighted average issue price of Ordinary shares issued is attributable to the holders of A and B shares.

Based on the closing share price of 252.5p at 31 December 2009, the A and B shares would have been capable of converting into 424,739 Ordinary shares (2008: None). The fair value of the A and B shares (£1,073,000) has been classified as a financial liability; there is no cash alternative upon conversion of these shares.

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

24 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Share option reserve £'000	Retained earnings £'000
At 1 January 2008	50	3,586	-	15	6,887
Revaluation of available for sale investments	-	-	97	-	-
Premium on shares issued	-	-	-	-	-
Share-based payments charge	-	-	-	1	8
Profit for the year attributable to the equity holders of the parent	-	-	-	-	323
At 31 December 2008	<u>50</u>	<u>3,586</u>	<u>97</u>	<u>16</u>	<u>7,218</u>
At 1 January 2009	50	3,586	97	16	7,218
Revaluation of available for sale investments	-	-	254	-	-
Share capital classified as liabilities	(50)	-	-	-	-
Premium on shares issued	-	49	-	-	-
Share based payments charge	-	-	-	90	-
Equity share options cancelled	-	-	-	(16)	16
Profit for the year attributable to the equity holders of the parent	-	-	-	-	6,459
At 31 December 2009	<u>-</u>	<u>3,635</u>	<u>351</u>	<u>90</u>	<u>13,693</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

25 Changes in shareholders' equity

	2009 £'000	2008 £'000
Profit for the year	6,459	323
Ordinary shares issued as consideration shares	49	-
A and B shares reclassified as financial liabilities	(50)	-
Share-based payment expenses	90	9
Revaluation of available for sale investments	254	97
	<u>6,802</u>	<u>429</u>
Capital and reserves attributable to equity holders of the parent at the beginning of the period	<u>10,967</u>	<u>10,538</u>
Capital and reserves attributable to equity holders of the parent at the end of the period	17,769	10,967
Minority interests	<u>463</u>	<u>670</u>
Total equity	<u>18,232</u>	<u>11,637</u>

26 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 values of minimum lease payments are due as follows:

	Land and Buildings 2009 £'000	Other plant and machinery 2009 £'000	Land and buildings 2008 £'000	Other plant and machinery 2008 £'000
Not later than one year	-	-	62	14
Later than one year and not later than five years	169	-	134	21
Later than five years	-	2	-	-
	<u>169</u>	<u>2</u>	<u>196</u>	<u>35</u>

27 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.

Options in issue are summarised below:

	2009 Weighted average exercise price	2009 Number	2008 Weighted average exercise price	2008 Number
Outstanding at beginning of the year	156.3p	99,920	188.7p	36,720
Granted during the year	-	-	137.5p	63,200
Exercised during the year	144.5p	(33,488)	-	-
Lapsed during the year	138.9p	(31,266)	-	-
Outstanding at the end of the year	<u>182.6p</u>	<u>35,166</u>	<u>156.3p</u>	<u>99,920</u>

During the year no options were granted (2008: 63,200 options were granted at an exercise price of 137.5p) and 33,488 options were exercised for a total consideration of £49,000.

The exercise price of options outstanding at the end of the year ranged between 137.5p and 197.5p (2008: 137.5p and 197.5p) and their weighted average remaining contractual life was 4 years (2008 – 8 years).

Of the total number of options outstanding at the end of the year 35,166 (2008: 36,720) had vested and were exercisable at the end of the year. These options had a weighted average exercise price of 182.6p (2008: 188.7p).

The Company's share price during the year ranged from a low of 98p to a high of 295p, with an average of 191p. At the year end it was 252.5p.

27 Share-based payment (*continued*)

	2009 £'000	2008 £'000
The share-based remuneration expense (note 3) comprises:		
Equity-settled schemes	90	9
	<u>90</u>	<u>9</u>

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

28 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 27), there are no transactions with key members of management.

For the period until 6 March 2009 the Group received 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 2009 was £6,300 (2008: £35,000), in addition to the amounts paid for Directors' services disclosed in note 4. Since this agreement ended, Dawnay, Day Lander Limited pays £5,000 per annum to the Company for administrative services.

29 Contingent liabilities

The Group had no material contingent liabilities as at the date of these financial statements (2008: none), except that it has been agreed with the Group's subsidiary, Interactive Prospect Targeting Limited, that upon a sale of that company, an initial amount of the consideration payable shall be paid to certain management shareholders on a pre-determined basis, following which it will be payable to all shareholders pro-rata to their holdings. This initial amount, as at 31 December 2009, was £252,000.

30 Minority interests

The minority interests of £463,000 (2008: £670,000) relates to the net assets attributable to the shares not held by the Group at 31 December 2009 in the following subsidiary undertakings:

Name of subsidiary undertaking	2009 £'000	2008 £'000
NMT Group Limited	127	284
Interactive Prospect Targeting Limited	336	386
	<u>463</u>	<u>670</u>

31 Notes supporting cash flow statement

	2009	2008
	£'000	£'000
Cash and cash equivalents comprise:		
Cash available on demand	8,837	2,999
	<u>8,837</u>	<u>2,999</u>
Net cash increase/(decrease) in cash and cash equivalents	5,838	(8,739)
Cash and cash equivalents at beginning of year	2,999	11,738
	<u>8,837</u>	<u>2,999</u>
Cash and cash equivalents at end of year	<u>8,837</u>	<u>2,999</u>

Included within cash and cash equivalents is £800,000 held in escrow to meet potential warranty claims arising as a result of the Sira Certification disposal during the year. At the date of approval of these financial statements no warranty claims had been made and the escrow funds had been released in full. An amount of £514,000 was similarly included in 2008 in respect of a prior disposal.

Volvere plc

Parent company financial statements

Year ended 31 December 2009

Report of the independent auditor to the members of Volvere plc (Parent Company financial statements)

We have audited the financial statements of Volvere plc for the year ended 31 December 2009 which comprise the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have reported separately on the consolidated financial statements of Volvere plc for the year 31 December 2009.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of Directors' responsibilities on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of Volvere plc (Parent Company financial statements) (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Rogers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
12 May 2010

Volvere plc**Company balance sheet at 31 December 2009**

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible fixed assets	3	17		-	
Investments	4	5,448		5,359	
			5,465		5,359
Current assets					
Debtors	5	493		1,138	
Cash at bank and in hand		1,920		703	
Investments	6	11,601		4,041	
		14,014		5,882	
Creditors: amounts falling due within one year	7	(1,830)		(442)	
Net current assets			12,184		5,440
Total assets less current liabilities			17,649		10,799
Net assets			17,649		10,799
Capital and reserves					
Called up share capital	8		-		50
Share premium account	9		3,635		3,586
Revaluation reserve	9		351		41
Equity reserve			-		16
Profit and loss account	9		13,663		7,106
Shareholders' funds			17,649		10,799

The financial statements were approved by the Board of Directors and authorised for issue on 12 May 2010 and were signed on their behalf by:

Nick Lander
Director

Jonathan Lander
Director

The notes on pages 51 to 54 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 408 of the Companies Act 2006 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.

Tangible fixed assets

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%

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 sub-investment grade securities of UK banks and investment grade corporate bond and asset-backed securities funds of mainly UK and US credits. These are revalued to market value at the reporting 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 reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

1 Accounting policies (*continued*)*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. The Company has in issue A and B shares which are convertible into ordinary shares at the option of the shareholder based upon a formula contained in the Company's Articles of Association. The A and B shares do not have a cash alternative. However, because the shares convert into a variable number of ordinary shares, dependent inter alia on the share price of the ordinary shares in issue, the terms of FRS 25 require them to be classified as debt. Accordingly, the fair value has been included under current liabilities. This reclassification has been processed in the current period. It was not processed in previous periods (nor have previous periods financial statements been restated) because the fair value of the A and B shares at 31 December 2007 and 31 December 2008 was insignificant.

Share-based payments

Refer to the policy statement in note 1 to the consolidated financial statements.

2 Profit/(loss) for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £6,500,000 (2008 – loss £40,000) which is dealt with in the financial statements of the parent company.

3 Tangible fixed assets

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2009	-	-	-
Additions	9	12	21
	<hr/>	<hr/>	<hr/>
At 31 December 2009	9	12	21
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2009	-	-	-
Depreciation	1	3	4
	<hr/>	<hr/>	<hr/>
At 31 December 2009	1	3	4
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2009	8	9	17
	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	-	-
	<hr/>	<hr/>	<hr/>

4 Fixed asset investments

	Group undertakings £'000	Other investments £'000	Total £'000
<i>Cost</i>			
At 1 January 2009	5,359	-	5,359
Additions	89	-	89
	<hr/>	<hr/>	<hr/>
At 31 December 2009	5,448	-	5,448
	<hr/>	<hr/>	<hr/>

Additions in 2009 relate to the Company's further investment in NMT Group Limited.

4 Fixed asset investments (*continued*)*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 interest
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	97.75%
Interactive Prospect Targeting Limited	England and Wales	50%
Postal Preference Service Limited	England and Wales	50% (Note i)
Sira Defence & Security Limited	England and Wales	100%

The following subsidiaries were disposed of in the year:

Sira Test and Certification Limited	England and Wales	100%
Sira Environmental Limited	England and Wales	100%
Sira Certification Service Limited	England and Wales	100% (Note ii)

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

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

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.

5 Debtors

	2009	2008
	£'000	£'000
Amounts owed by Group undertakings	422	1,124
Other debtors	56	13
Prepayments and accrued income	15	1
	<u>493</u>	<u>1,138</u>

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

6 Current asset investments

	2009	2008
	£'000	£'000
Available-for-sale investments	<u>11,601</u>	<u>4,041</u>

During the year the Company invested actively in a mixture of UK government gilts and sub-investment grade securities of UK banks and investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers. At the year end the cost of these investments was £11,062,000; the revalued amount stated above reflects the increased values of these investments along with accrued income.

7 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	52	56
Amounts due to other group companies	2	-
Other taxation and social security	-	4
Other creditors	442	265
Accruals and deferred income	261	117
Share capital classified as financial liabilities	1,073	-
	<u>1,830</u>	<u>442</u>

8 Share capital

	2009		2008	
	Number	£'000	Number	£'000
		Authorised		
Ordinary shares of £0.0000001 each	100,100,000	-	100,100,000	-
A shares of £0.49999995 each	50,000	25	50,000	25
B shares of £0.49999995 each	50,000	25	50,000	25
Deferred shares of £0.00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		100		100
		100		100
		Issued and fully paid		
Ordinary shares of £0.0000001 each	5,708,720	-	5,488,679	-
A shares of £0.49999995 each	49,735	25	49,735	25
B shares of £0.49999995 each	49,735	25	49,735	25
Deferred shares of £0.00000001 each	26,499,985,533	-	26,499,985,533	-
		50		50
A and B shares reclassified as financial liabilities		(50)		-
		-		50
		-		50

Details of movements during the year and outstanding share options have been disclosed in note 27 to the consolidated financial statements.

9 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Share option reserve £'000	Profit and loss account £'000
At 1 January 2009	50	3,586	41	16	7,106
Transfer to profit and loss account	-	-	(41)	-	41
Revaluation of current asset investments	-	-	351	-	-
Premium on shares issued	-	49	-	-	-
Shares reclassified to liabilities	(50)	-	-	-	-
Equity share options cancelled	-	-	-	(16)	16
Profit for the year	-	-	-	-	6,500
	-	3,635	351	-	13,663
At 31 December 2009	-	3,635	351	-	13,663

10 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 27 to the consolidated financial statements.

11 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.

In addition to those related party transactions disclosed in note 28 to the consolidated financial statements, the Company received £174,000 from NMT Group Limited and £25,000 from Interactive Prospect Targeting Limited for management services and received £6,400 from the latter as interest on a shareholder loan.