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ACCESS INTELLIGENCE PLC
(“Access Intelligence plc” or “the Group”)
(Software and computer services business*)*

Unaudited Interim Financial Statements for the Six Months Ended 31 May 2008

	Unaudited Six months to 31 May 2008	Unaudited Six months to 31 May 2007
Turnover from continuing and discontinuing operations	**1,942**	1,738
Loss before tax from continuing and discontinuing operations	**(175)**	(114)
Turnover from continuing operations	**672**	560
Gross profit from continuing operations	**591**	498
Operating loss from continuing operations	**(120)**	(89)
Loss before tax	**(118)**	(88)
Loss from discontinued operations	**(2,749)**	(21)
Continuing Basic earnings per share (pence)	**(0.09p)**	(0.06p)

* Turnover was up by 11% to £1.94m (2007: £1.74m), with turnover of continuing operations up 20% to £672,000 (2007; £560,000)

* Loss after taxation generated by continuing operations was £96,000 (2007: loss £71,000)

* Brendan Austin has stood down as CEO

* Strategic review focuses the Group on selling Software as a Service through Due North and MS2M subsidiaries

* Advanced discussions regarding the sale of non-software businesses

* Positive cash balance of £557,000

For further information:

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Background Note

Access Intelligence is based in York with subsidiaries in York, Stockport, Greater Manchester, Chorley, Lancashire and Newcastle upon Tyne. Following a strategic review (referred to later in the Chairman's Report), the Group intends to sell four operating subsidiaries and concentrate on providing Software as a Service through its two key subsidiaries, MS2M and Due North. For this reason we now discuss the subsidiaries in the two categories of continuing and discontinuing operations.

Continuing Operations

Due North

Due North, based in Newcastle-upon-Tyne, develops supply chain software solutions. Its principle focus is on e-procurement software, which is widely used in the public sector. The product suite enables organisations to manage the complete customer/supplier relationship from initial expression of interest, through tender evaluation and post-tender negotiation to contract award and life cycle management. It also offers a reverse auction facility. Over the last 6 years it has become the leading supplier of e-procurement solutions to the emergency services (police and fire and rescue) and local authorities and is a growing supplier to the NHS, Housing Associations and the Transport Authorities. These solutions are offered as a hosted service.

MS2M

MS2M is a developer of compliance software for the financial services industry. Its core software products are "Track Record" and "Virtual Compliance Officer". These applications monitor individuals' activities within an organisation in real time, and identify their risk profile from a compliance perspective. Individuals are graded via a traffic light system in accordance with key performance indicators. In the case of risk identification, remedial advice is offered. Clients include RBS Group, National Australia Group, Liverpool Victoria, AXA and St James's Place. These solutions are offered both as a desktop and a hosted service.

Discontinuing Operations

Willow Starcom Ltd

Willow Starcom supplies data storage, retrieval and network solutions to mid-sized corporate businesses. It sells its services through a reseller channel which enables it to grow revenues with a minimum increase in headcount. The company operates a 24-hour support centre from its base in Chorley, Lancashire.

Backup & Running

Backup and Running provides offsite online data storage and retrieval to small and medium sized enterprises. Customers' data is encrypted to military standard level on site then compressed and stored at world class storage centres in the UK. The process is completely automated and the customers can determine the frequency of the back-up process to suit their own operating requirements. It is an ideal solution for companies with multiple locations or field operators using mobile computing. Backup and Running operates from Chorley in Lancashire.

The Marketing Guild

The Marketing Guild, based in York, provides marketing and business development support to small and medium sized businesses (members) on a subscription basis. Members receive support through practical newsletters and regular training conferences which are held nationwide. They also have access via a helpline to the Marketing Guild knowledge base which contains more than 40,000 proven ideas, tactics and strategies. Platinum members have their own personal marketing consultant who provides telephone support to an agreed development plan.

Wired Gov

Wired Gov provides, under license from the cabinet office, government news alerts from more than 100 departments and agencies. Subscribers can register their preferences by agency, department, key words and phrases. They can determine the frequency of the alerts from immediate to daily or weekly. Typical subscribers in the private sector are financial services organisations and professions.

ACCESS INTELLIGENCE PLC
("Access Intelligence" or "the Group")
(Software and computer services business*)*

INTERIM FINANCIAL RESULTS
FOR
THE 6 MONTHS ENDED 31 MAY 2008

Chairman's Statement

I am pleased to announce our results for the 6 months ended 31 May 2008. Whilst overall we have got off to a slow start this year, we have seen progress in a number of areas and still have a positive cash balance at the period end of £557,000.

Results

Group turnover was up by 11% to £1.94m (2007: £1.74m) and the turnover of continuing operations was up by 20% to £672,000 (2007; £560,000). The Group's loss after taxation generated by continuing operations was £96,000 (2007: loss £71,000). The losses associated with the operations to be sold are £2,749,000, which includes a £2,700,000 impairment of Goodwill. The basic loss per share was 2.59p (2007: loss 0.08p) and for continuing operations were 0.09p (2007: 0.06p). In light of this performance, the Group is not proposing to pay a dividend on the ordinary shares.

These are the Group's first results to be presented under International Financial Reporting Standards and the comparative figures have been restated to reflect these changes. Full details of the changes are shown in the attached financial statements.

The year in focus

The accelerating transmission speeds and reliability of the internet have improved the opportunities for 'Software as a Service' businesses where visible recurring revenues are the prize. Both Due North and MS2M fall into this category where today we have £40,000 and £20,000 monthly recurring revenues respectively.

Due North has invested in the first half into both its sales team and product development. Sales were up 35% on the previous year, the pipeline has grown considerably and we are optimistic about substantial growth in the future. Several significant public sector wins have increased our domination of the local authority supply chain support systems and we have also achieved our first win in the transport sector and with housing associations. One key target going forward is to encourage all local authorities who have access to our software to use more of the modules available to them from which the user can gain greater functionality and efficiency than from the basic version. This offers sales opportunities which far exceed current monthly recurring revenues.

MS2M has had another frustrating half where considerable sales effort has still not achieved the wins we believe it deserves. Again the market is bubbling with opportunity as the FSA continues to penalise widely for non-compliance but we are having to be very patient and determined as we endeavour to land a material sale. That said several pilots are being run and the pipeline of opportunity is again growing.

Willow Starcom had a slow start to the year but is picking up momentum now. It has had its first success with e-mail archiving and is building its customer base with its on-line storage solution. The sales management appointment mentioned at the full year has not worked and for the time being the sales team is reporting again to Mark Berry, the Managing Director of Willow Starcom.

Strategy

The Group's objective has been to acquire and build businesses providing software and systems solutions in the areas of compliance and data management. As stated before, your board is of the opinion that our current share price does not allow us to continue acquisition activity nor have we had any success in finding suitable partners with whom to merge, due largely to the number of diverse activities carried on within a very small Group.

With this is mind the board undertook a strategic review of the Group, and determined that the Group should become more focused on the provision of software services and products as a hosted service thereby emphasising the recurring revenue streams capable of being generated by such businesses. The board believe this is a growth area and one that allows maximum return for the cost of software development. Accordingly the board has decided that the Group needs to dispose of those of its businesses that do not fit into this category.

To that end we are in discussions regarding the possible sale of The Marketing Guild, Wired Gov, Willow Starcom and Backup and Running. Once the disposal of these businesses has been successfully completed, the proceeds will support expansion of the software businesses.

The future focus on software also underlines the need to strengthen the board with the appropriate skills. We hope to announce the appointment of a senior executive in due course.

Directors and Senior Management

Brendan Austin has stepped down as Chief Executive of the Group from today, for health reasons. Brendan has been running the Group since it reversed into the cash shell Readymarket plc in November 2003 and I take this opportunity to thank him for his support over the last 5 years.

Alan Gray will add MS2M to his existing responsibility for Due North and along with the Managing Directors of the businesses we are proposing to sell will report directly to me. Alan has been a director of Due North since its inception in 2001.

Current Trading

There has been no fundamental change in trading in the eight weeks since the end of the half year and the sales pipeline remains strong. The successful conclusion of the reshaping of the Group and strengthening of the board remains our immediate priority. We are confident that these measures will bring fresh impetus and enable the Group to focus on providing 'Software as a Service'.

Jeremy Hamer
Chairman
6 August 2008

Access Intelligence Plc

Consolidated Income Statement
for the six months ended 31 May 2008

	Note	**Unaudited**	Unaudited	Audited
				Year ended
		Six months to	Six months to	30 November
		31 May 2008	31 May 2007	2007
		£000	£000	£000
Continuing activities				
Revenue		**672**	560	1,337
Cost of sales		**(81)**	(62)	(155)
Gross profit		**591**	498	1,182
Administrative expenses		**(711)**	(587)	(1,185)
Operating loss		**(120)**	(89)	(3)
Financial income		**3**	8	15
Financial expenses		**(1)**	(7)	(10)
Net financing income		**2**	1	5
(Loss)/ profit before tax		**(118)**	(88)	2
Taxation	2	**22**	17	16
(Loss)/ profit from continuing operations		**(96)**	(71)	18
Loss from discontinued operations	3	**(49)**	(21)	(110)
Goodwill impairment in respect of discontinued operations	4	**(2,700)**	-	-
Loss for the period attributable to equity shareholders of the parent		**(2,845)**	(92)	(92)
Earnings per share				
Basic loss per share	5	(2.59p)	(0.08p)	(0.08p)
Diluted loss per share	5	(2.49p)	(0.08p)	(0.08p)
Continuing operations				
Basic (loss)/ earnings per share	5	(0.09p)	(0.06p)	0.02p
Diluted (loss)/ earnings per share	5	(0.08p)	(0.06p)	0.02p

There were no recognised gains and losses in the period, or in the prior periods shown, other than the results shown above.

Access Intelligence Plc
Consolidated Balance Sheet
at 31 May 2008

	Note	**Unaudited 6 Months to 31 May 2008 £000**	Unaudited 6 months to 31 May 2007 £000	Audited Year ended 30 November 2007 £000
Non-current assets				
Property, plant and equipment		**111**	188	198
Intangible assets		**3,320**	8,234	7,046
Deferred tax asset		**-**	16	-
Trade receivables		**54**	-	-
Total non-current assets		**3,485**	8,438	7,244
Current assets				
Inventories		**-**	313	351
Trade and other receivables		**729**	1,223	1,156
Cash and cash equivalents		**557**	699	872
		1,286	2.235	2,379
Non-current assets classified as held for resale	6	**2,084**		
Total current assets		**3,370**	2,235	2,379
Total assets		**6,855**	10,673	9,623
Current liabilities				
Other interest-bearing loans and borrowings		**13**	8	31
Trade and other payables		**81**	272	360
Current tax payable		**-**	151	-
Accruals and deferred income		**455**	696	915
Other financial liabilities		**-**	599	6
Other liabilities		**187**	204	270
		736	1,930	1,582
Liabilities directly associated with non-current assets held for resale	6	**925**	-	-
Total current liabilities		**1,661**	1,930	1,582
Non-current liabilities				
Other interest-bearing loans and borrowings		**-**	4	2
Other financial liabilities		**-**	700	-
Total non-current liabilities		**-**	704	2
Total liabilities		**1,661**	2,634	1,584
Net assets		**5,194**	8,039	8,039
Equity				
Share capital		**549**	549	549
Share premium		**7,906**	7,906	7,906
Capital redemption reserve		**178**	142	160
Retained earnings		**(3,439)**	(558)	(576)
Total equity attributable to equity shareholders		**5,194**	8,039	8,039

Access Intelligence Plc
Consolidated Cash Flow Statement
for the six months ended 31 May 2008

	Note	**Unaudited 6 months ended 31 May 2008 £000**	Unaudited 6 months ended 31 May 2007 £000	Audited Year ended 30 November 2007 £000
Cash flows from continuing operating activities				
(Loss)/profit for the year attributable to equity shareholders of the parent		**(96)**	(71)	18
Adjustments for:				
Depreciation		**11**	9	23
Amortisation of intangible assets		**18**	10	28
Financial income		**(3)**	(8)	(15)
Financial expense		**1**	7	10
Taxation		**(22)**	(17)	(16)
Operating (loss)/profit before changes in working capital and provisions		**(91)**	(70)	48
Increase in trade and other receivables		**(62)**	(201)	(14)
Increase in trade and other payables		**203**	72	146
(Decrease)/ increase in provisions		**(15)**	-	30
Cash generated from /(utilised by) the continuing operations		**35**	(239)	210
Tax paid		**-**	(89)	(230)
Net cash inflow/ (outflow) from continuing operating activities		**35**	(288)	(20)
Cash flows from investing in continuing activities				
Interest received		**3**	8	15
Expenditure on business acquisitions		**-**	(5)	(4)
Acquisition of property, plant and equipment		**(38)**	(16)	(23)
Acquisition of intangible assets			-	(91)
Net cash outflow from investing in continuing activities		**(35)**	(13)	(103)
Cash flows from financing continuing activities				
Interest paid		**(1)**	(7)	(10)
Repayment of borrowings		**(18)**	(118)	(136)
Net cash outflow from financing continuing activities		**(19)**	(125)	(146)
Net decrease in cash and cash equivalents		**(19)**	(426)	(269)
Cash (utilised by)/from discontinued operations	3	**(296)**	123	139
Opening cash and cash equivalents		**872**	1,002	1,002
Closing cash and cash equivalents		**557**	699	872

Access Intelligence Plc
Statement of Changes in Shareholders' Equity

Unaudited 31 May 2008	**Share capital**	**Share premium**	**Capital redemption reserve**	**Retained earnings**	**Total**
	£000	**£000**	**£'000**	**£000**	**£000**
Net income recognised directly in equity					
Loss for the period	-	-	-	(2,845)	(2,845)
Total recognised income and expense	**-**	**-**	**-**	**(2,845)**	**(2,845)**
Redemption value of preference shares	-	**-**	18	(18)	-
Opening shareholders' funds at 1 December 2007	549	7,906	160	(576)	8,039
Closing shareholders' funds at 31 May 2008	**549**	**7,906**	**178**	**(3,439)**	**5,194**

Unaudited 31 May 2007	**Share capital**	**Share premium**	**Capital redemption reserve**	**Retained earnings**	**Total**
	£000	**£000**	**£'000**	**£000**	**£000**
Net income recognised directly in equity					
Loss for the period	-	-	-	(92)	(92)
Total recognised income and expense	**-**	**-**	**-**	**(92)**	**(92)**
Redemption value of preference shares	-	**-**	118	(118)	-
Opening shareholders' funds at 1 December 2006	549	7,906	24	(348)	8,131
Closing shareholders' funds at 31 May 2007	**549**	**7,906**	**142**	**(558)**	**8,039**

Unaudited 30 November 2007	**Share capital**	**Share premium**	**Capital redemption reserve**	**Retained earnings**	**Total**
	£000	**£000**	**£'000**	**£000**	**£000**
Net income recognised directly in equity					
Loss for the year	-	-	-	(92)	(92)
Total recognised income and expense	**-**	**-**	**-**	**(92)**	**(92)**
Redemption value of preference shares	-	-	136	(136)	-
Opening shareholders' funds at 1 December 2006	549	7,906	24	(348)	8,131
Closing shareholders' funds 30 November 2007	**549**	**7,906**	**160**	**(576)**	**8,039**

Notes
(forming part of the interim financial statements)

1. Basis of preparation

The consolidated interim financial statements of the Group for the period ended 31 May 2008 are unaudited and do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

From 1 December 2007, Access Intelligence is required to prepare its consolidated financial statements in accordance with adopted International Financial Reporting Standards (IFRS) as adopted by the European Union ('adopted IFRS'). Reconciliations and descriptions of the effect of the transition from UK GAAP to adopted IFRS on the Group's balance sheet and its income statement are provided after these notes to the interim report.

This consolidated interim financial information has been prepared on the basis of the recognition and measurement requirements of endorsed IFRS as at 31 May 2008 that are effective (or available for early adoption) at 30 November 2008, the Group's first annual reporting date at which it is required to apply adopted IFRS. Based on these adopted IFRS, the directors have applied the accounting policies set out in the restatement report, included in this document, which they expect to apply when the first annual financial statements are prepared in accordance with adopted IFRS for the year ending 30 November 2008.

Standards currently in issue and adopted by the EU are subject to interpretation issued from time to time by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board that will be adopted for financial years beginning on or after 1 December 2007. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 30 November 2008.

The comparative figures for the financial year ended 30 November 2007 are not the Group's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Taxation

The tax charge is based on the estimated tax rate for the year ended 30 November 2008.

3. Discontinued operations

The Group has decided to focus its trading activities on software as a service and as a result will look to sell its other trading subsidiaries which are Willow Starcom Limited, Wired Gov Limited and The Marketing Guild. The comparative income statement has been re-presented to show the discontinued operations separately from continuing operations, which reflect the Group's focus on the "software as a service" sector.

	Unaudited 6 months ended 31 May 2008 £000	Unaudited 6 months ended 31 May 2007 £000	Audited Year ended 30 November 2007 £000
Results of discontinued operations			
Revenue	**1,270**	1,178	2,731
Expenses	**(1,330)**	(1,206)	(2,859)
Operating loss	**(60)**	(28)	(128)
Finance Income	**4**	3	5
Finance expense	**(1)**	(1)	(2)
Loss before tax	**(57)**	(26)	(125)
Taxation	**8**	5	15
Loss after tax	**(49)**	(21)	(110)
Cash (used) in discontinued operations			
Net cash (used in)/ from operating activities	**(273)**	185	235
Net cash (used in) investing activities	**(19)**	(58)	(87)
Net cash (used in) financing activities	**(4)**	(4)	(9)
Net cash (used in)/ from discontinued operations	**(296)**	123	139

4. Goodwill impairment

The Group has undertaken an impairment review on goodwill on the basis that the companies would be retained within the Group in the foreseeable future and have valued goodwill on the basis of the net present value of the cash generated by those companies. In view of the decision to sell certain companies an impairment review of goodwill associated with the companies has been undertaken and has incorporated an assessment of the likely sales proceeds. As a result we have impaired goodwill by £2,700,000.

5. Earnings per share

The calculation of the basic earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue, being 109,800,999 *(period ended 31 May 2007 :109,800,999 ; year ended 30 November 2007 :109,800,999).*

The diluted earnings per share takes the weighted average number of ordinary shares in issue during the period and adjusts this for dilutive share options existing at the period end. The diluted weighted average number of shares in the period ended 31 May 2008 was 114,150,999 *(period ended 31 May 2007:109,800,999 ; year ended 30 November 2007 :114,150,999).*

6. Assets and liabilities held for resale

	Unaudited 6 months ended 31 May 2008 £000
Assets held for resale	
Goodwill	**800**
Property, plant and equipment	**96**
Intangible assets	**196**
Inventories	**357**
Trade and other receivables	**635**
	2,084
Liabilities associated with assets held for resale	
Trade and other payables	**355**
Accruals and deferred income	**570**
	925

This statement is being sent to the shareholders of the Company and will also be available at the Company's registered office at Regency House, Westminster Place, York Business Park, York, YO26 6RW and on the website www. accessintelligence.com.

IFRS Restatement report (unaudited)

Access Intelligence plc transition to IFRS

From 1 December 2007 the Group is required to prepare its consolidated accounts under International Accounting Standards and International Financial Reporting Standards (collectively referred to as "adopted IFRS" throughout this document) as adopted by the European Union ("EU") having previously prepared its accounts under UK Generally Accepted Accounting Principles ("UK GAAP"). The transition date for the Group is 1 December 2006 and this report covers the restatement of the opening consolidated balance sheet as at 1 December 2006, the consolidated accounts for the year ended 30 November 2007 and the consolidated accounts for the six months ended 31 May 2007. This report shows the impact of the transition to adopted IFRS on the Group's reported performance and financial position; reconciles this to previously reported financial information; and explains the reasons for the adjustments.

Transitional arrangements – Application of IFRS 1

The Group's financial statements for the year ended 30 November 2008 will be the Group's first annual financial statements in compliance with adopted IFRS. The Group's transition date is 1 December 2006 and the Group prepared its opening IFRS balance sheet at that date.

On transition to adopted IFRS an entity is generally required to apply adopted IFRS retrospectively, except where an exemption is available under IFRS 1 'First-time Adoption of International Financial Reporting Standards'.

The Group has considered the key elections from IFRS 1 and has elected to adopt the IFRS 1 exemption in relation to business combinations and will only apply IFRS 3 'Business Combinations' prospectively from 1 December 2006. As a result the balance of goodwill under UK GAAP as at 30 November 2006 will be deemed the cost of goodwill at 1 December 2006.

International Financial Reporting Standards – Changes in accounting policies

The interim results for the period ended 31 May 2008 have been prepared in accordance with accounting policies under adopted IFRS. The Group's revised accounting policies under IFRS are included in note 2 to this restatement report.

IFRS Restatement report (continued)

Reconciliation of income statement from UK GAAP to adopted IFRS (unaudited)

	UK GAAP 31 May 2007 £000	Goodwill amortisation (note 1) £000	IFRS 31 May 2007 £000	UK GAAP 30 November 2007 £000	Goodwill amortisation (note 1) £000	IFRS 30 November 2007 £000
Revenue	1,738	-	1,738	4,068	-	4,068
Cost of sales	(857)	-	(857)	(1,958)	-	(1,958)
Gross profit	881	-	881	2,110	-	2,110
Goodwill amortisation	(209)	209	-	(355)	355	-
Non-recurring expenses	-	-	-	(126)	-	(126)
Administration expenses	(999)	-	(999)	(2,115)	-	(2,115)
Operating loss	(327)		(118)	(486)	355	(131)
Financial income	11	-	11	20	-	20
Financial expenses	(7)	-	(7)	(12)	-	(12)
Net financing income	4	-	4	8	-	8
Loss before tax	(323)	209	(114)	(478)	-	(123)
Taxation	22	-	22	31	-	31
Loss for the period, all attributable to equity shareholders of the parent	**(301)**	**209**	**(92)**	**(447)**	**355**	**(92)**
Basic (loss)/earnings per share	(0.27p)	0.19p	(0.08p)	(0.41p)	0.33p	(0.08p)
Diluted (loss)/earnings per share	(0.27p)	0.19p	(0.08p)	(0.39p)	0.31p	(0.08p)

IFRS Restatement report (continued)
Reconciliation of balance sheet from UK GAAP to adopted IFRS (unaudited)

	UK GAAP 31 May 2007 £000	Goodwill amortisation (note 1) and reclassification £000	IFRS 31 May 2007 £000	UK GAAP 30 November 2007 £000	Goodwill amortisation (note 1) and reclassification £000	IFRS 30 November 2007 £000
Non current assets						
Property plant and equipment	188	-	188	198	-	198
Intangible assets	8,025	209	8,234	6,691	355	7,046
Deferred tax asset	-	16	16	-	-	-
Trade and other receivables	-	-	-	-	54	54
Total non current assets	8,213	225	8,438	6,889	355	7,298
Current assets						
Inventories	313	-	313	351	-	351
Trade and other receivables	1,239	(16)	1,223	1,156	(54)	1,102
Cash and cash equivalents	699	-	699	872	-	872
Total current assets	2,251	(16)	2,235	2,379	(54)	2,325
Total assets	10,464	209	10,673	9,268	355	9,623
Current liabilities						
Other interest-bearing loans and borrowings	8	-	8	6	-	6
Trade and other payables	272	-	272	360	-	360
Current tax payable	151	-	151	-	-	-
Accruals and deferred income	696	-	696	915	-	915
Other financial liabilities	599	-	599	31	-	31
Other liabilities	204	-	204	270	-	270
Total current liabilities	1,930	-	1,930	1,582	-	1,582
Non current liabilities						
Other interest-bearing loans and borrowings	4	-	4	2	-	2
Other financial liabilities	700	-	700	-	-	-
Total non current liabilities	704	-	704	2	-	-
Total liabilities	2,634	-	2,634	1,584	-	1,584
Net assets	7,830	209	8,039	7,684	355	8,039
Equity						
Share capital	549	-	549	549	-	549
Share premium	7,906	-	7,906	7,906	-	7,906
Capital redemption reserve	142	-	142	160	-	160
Retained earnings	(767)	209	(558)	(931)	355	(576)
Total equity attributable to equity shareholders	7,830	209	8,039	7,684	355	8,039

IFRS Restatement report (continued)

Reconciliation of balance sheet from UK GAAP to adopted IFRS (unaudited) (continued)

	UK GAAP		IFRS
	1 December 2006	Reclassification	1 December 2006
	£000	£000	£000
Non current assets			
Property plant and equipment	157	-	157
Intangible assets	8,251	-	8,251
Deferred tax asset	-	16	16
Total non current assets	**8,408**	**16**	**8,424**
Current assets			
Inventories	314	-	314
Trade and other receivables	1,216	(16)	1,200
Cash and cash equivalents	1,002	-	1,002
Total current assets	**2,532**	**(16)**	**2,516**
Total assets	**10,940**	**-**	**10,940**
Current liabilities			
Other interest-bearing loans and borrowings	174	-	174
Trade and other payables	299	-	299
Current tax payable	265	-	265
Accruals and deferred income	660	-	660
Other financial liabilities	550	-	550
Other liabilities	153	-	153
Total current liabilities	**2,101**	**-**	**2,101**
Non current liabilities			
Other interest-bearing loans and borrowings	8	-	8
Other financial liabilities	700	-	700
Deferred tax liabilities			
Total non current liabilities	**708**	**-**	**708**
Total liabilities	**2,809**	**-**	**2,809**
Net assets	**8,131**	**-**	**8,131**
Equity			
Share capital	549	-	549
Share premium	7,906	-	7,906
Capital redemption reserve	24	-	24
Retained earnings	(348)	-	(348)
Total equity attributable to equity shareholders	**8,131**	**-**	**8,131**

IFRS Restatement report (continued)

Reconciliation of cash flow statements from UK GAAP to adopted IFRS (unaudited)

With the exception of reclassifications, there were no material differences between cash flows presented under adopted IFRS and the cash flows presented under UK GAAP.

Reconciliation of retained earnings from UK GAAP to adopted IFRS (unaudited)

	UK GAAP 31 May 2007 £000	Goodwill amortisation (note 1) £000	IFRS 31May 2007 £000	UK GAAP 30 November 2007 £000	Goodwill amortisation (note 1) £000	IFRS 30 November 2007 £000
Loss for the financial period	(301)	209	(92)	(447)	355	(92)
Total recognised income in the period	**(301)**	**209**	**(92)**	**(447)**	**355**	**(92)**
Value of preference shares redeemed	**(118)**	**-**	**(118)**	**(136)**	**-**	**(136)**
Opening retained earnings	(348)	-	(348)	(348)	-	(348)
Closing retained earnings	**(767)**	**209**	**(558)**	**(931)**	**(355)**	**(576)**

Notes to the IFRS Restatement report

1. IFRS 3 *'Business combinations'* – income statement

The Group has elected to take the exemption available under IFRS 1 in respect of restating business combinations and therefore the net book value of goodwill as at the transition date 1 December 2006, is deemed to be cost.

The adoption of IFRS 3 'Business Combinations' has resulted in the write back of goodwill amortised since 1 December 2006 (see note 2). In the six months ended 31 May 2007 £209,000 amortisation has been added back and £355,000 has been added back for the year ended 30 November 2007.

Under UK GAAP goodwill is amortised over its useful estimated life. Under IFRS goodwill is not amortised but assessed at least every 12 months for impairment. The Group undertook an impairment review as at the date of transition, 1 December 2006, and at 30 November 2007 in accordance with IAS 36.

2. Accounting policies

The following accounting policies represent the Group's revised policies under IFRS which will be adopted by the Group in its financial statements for the year ended 30 November 2008.

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all of its subsidiary undertakings made up to the financial year end. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The results of subsidiary undertakings acquired or disposed of in the year are included in the Group Income Statement from the effective date of acquisition or to the effective date of disposal. Accounting policies are consistently applied throughout the Group. Inter-company balances and transactions have been eliminated. Material profits from inter company sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Fixtures, fittings and equipment – 5 to 10 years

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as the cost of materials, direct labour and appropriate production overheads estimated based on normal capacity levels. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 December 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Adjustments are made where necessary to bring the accounting policies of acquired businesses into alignment with those of the Group.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units and is not amortised, but is tested annually for impairment. An impairment charge is recognised for any amount by which the carrying value of goodwill exceeds its fair value.

In respect of acquisitions prior to 1 December 2006, goodwill is included at 1 December 2006 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Development expenditure is cost incurred on clearly defined unique projects whose outcome can be assessed with reasonable certainty and which are expected to lead to new products and revenue streams. Development expenditure is amortised over the period during which the Group derives economic benefit from the project which is expected to be 10 years.

Expenditure on research activities which do not produce economically viable projects is recognised in the income statement as an expense as incurred.

2. Accounting policies (continued)

Revenue

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax.

In respect of income relating to annual service contracts which are invoiced in advance at the inception of the agreement, it is the group's policy to defer a proportion of the income as each contract has an element of associated costs which are incurred throughout the contract's life.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Impairment of assets

The carrying amounts of the Group's assets other than, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

2. Accounting policies (continued)

Impairment of assets (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 December 2006, the date of transition to Adopted IFRS, even though no indication of impairment existed.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Accounting policies (continued)

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Employee benefits

Defined contribution plan

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the income statement.

Share based payments

The share option programme allows Group's employees to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights are also granted by the Group to employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on an option valuation model, taking into account the terms and conditions upon which the instruments were granted. The liability is re-measured at each balance sheet date and at settlement date and any changes in fair value recognised in profit or loss spread equally over the vesting period.

2. Accounting policies (continued)

Financial instruments

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group); and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

The Group does not hold or issue derivative financial instruments for trading purposes.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement. In accordance with IFRS 5, the above policy is effective from 1 December 2006; no reclassifications are made in prior periods.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including the comparative period) as a column analysing the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.