Billam plc
Condensed Consolidated Interim Financial statements for the period ended 30 June 2007

Chairman's Statement

Background

The Board of Billam Plc ("the Group"), announces its interim results for the six months to 30 June, 2007.

As reported in my statement to shareholders which accompanied the 2006 Annual Report and Accounts, we have, through our wholly owned subsidiary company, Development Funding Limited ("DFL"), made our first investment of mezzanine finance to a privately owned housebuilder, for a specific development in Northamptonshire. The development consists of 29 three and four bedroom houses. Building work has progressed well and the first two units including the showhouse, which was opened at the end of August, have now been completed. We anticipate that construction on the whole project will have been completed in the first quarter of 2008.

To date we have provided over £ 0.9 million to this project, with these funds having been made available to Billam by Stephen Wicks, who is the Company's largest shareholder. At 30 June, 2007 Mr Wicks had lent the Company £1.1 million on commercial terms.

Further details of our quoted and unquoted investment portfolio are set out below.

Results

The Board announce that the deficit on ordinary activities before taxation has been reduced to £0.435 million, as compared with a deficit of £0.759 million for the comparative period last year. The principal reason for the deficit in the first half was the reduction in the value of our quoted and unquoted investment portfolio, which amounted to £0.394 million, further details of which are set out below.

I am however, pleased to be able to report that we have been successful in reducing our administrative overheads for the period to £120,000 from £262,000 for the comparative period last year.

Net assets at 30 June, 2007 were £1.1 million (2006: £1.6 million) compared with the net assets at 31 December, 2006 which amounted to £1.5 million.

The Directors do not recommend a payment of an interim dividend.

We have a number of quoted and unquoted investments in our portfolio, as follows:

Quoted Investments

Cybit Holdings plc

Cybit Holdings plc ("Cybit") is one of Europe's leading telematics service providers that has over 1,500 customers using its fleet and asset management solutions to manage over 40,000 vehicle based assets. The company has recently released an extremely positive trading statement in which it stated that they now have a leading position in a number of key sectors in the market and that their trading results are benefiting from a significant contribution from their three most recent acquisitions, that have been successfully integrated.

Cybit have also reported that current trading has started extremely well in the first four months of the year and that the directors of Cybit are confident about the company's prospects.

EiRx Therapeutics plc

EiRx Therapeutics plc ("EiRx") is based in Cork, Ireland and is a drug discovery house developing targeted therapies for cancer. EiRx has recently announced that it has received a grant from Enterprise Ireland to fund the development of new cancer medicines through a collaboration with the University College Cork. This award amounts to €0.36 million spread over a two year period. The collaboration will work on optimisation of the most promising of EiRx's panel of molecules identified by EiRx's proprietary EnPADTM platform.

Physiomics plc

Physiomics plc ("Physiomics") is a company that develops computational models that predict and understand the efficacy of cancer drugs. Physiomics has recently announced that it has signed an agreement with Eli Lilley, the NYSE listed global pharmaceutical company, to provide simulations of cancer cellular processes in support of Eli Lilley's cancer drug discovery research.

Unquoted Investments

TRI-MEX Group Limited

TRI-MEX Group Limited ("TRI-MEX") provides monitoring and protection solutions for the protection of vehicles and goods in transit. TRI-MEX has agreements with Jaguar cars and Land Rover to provide pan-European EUROWATCH services for each of their own brand tracking products. TRI-MEX has recently signed a contract with TIP Trailer Services, a division of General Electric Equipment Services, to allow the users of their EUROWATCH service to gain access to police whenever and wherever a freight crime occurs.

Basis of accounts preparation

Previously the Board of Billam had taken the view that, whilst Billam plc was not an investment company within the meaning of the Companies Act, it was managed in a manner similar to that of an Investment Trust. As such, Billam had reported its results in line with the Statement of Recommended Practice for Investment Trusts.

As shareholders may be aware, groups listed on AIM are now required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Accordingly, these financial statements have been prepared under IFRS rather than UK GAAP, the accounting convention that Billam's previous financial statements were prepared under. Where appropriate a reconciliation between the respective figures has been provided in the text that accompanies these results.

Outlook

Your Board continues to look at investment opportunities that we are seeing through our development financing business DFL and our quoted and unquoted investment portfolio. We intend to take advantage, funds permitting, of such opportunities and to further rationalise our investment portfolio when we receive offers that match our valuations.

S Bennett
27 September 2007

Condensed consolidated interim income statement

	Note	**Unaudited 6 months to 30 June 2007 £'000**	Unaudited 6 months to 30 June 2006 £'000	Unaudited Year to 31 December 2006 £'000
Continuing operations				
Revenue		**47**	42	86
Losses on investments		**(394)**	(530)	(454)
Gross loss		**(347)**	(488)	(368)
Administrative costs		**(120)**	(262)	(515)
Finance costs		**(52)**	(9)	(29)
Finance income		**84**	-	-
Loss before tax		**(435)**	(759)	(912)
Income tax expense		**-**	-	-
Loss for the period		**(435)**	(759)	(912)
Loss per share:				
Basic and diluted loss per share from total and continuing operations	4	**(4.10)p**	(7.26)p	(8.67)p

Condensed consolidated interim balance sheet

	Note	**Unaudited 30 June 2007 £'000**	Unaudited 30 June 2006 £'000	Unaudited 31 December 2006 £'000
ASSETS				
Non-current assets				
Financial assets at fair value through profit and loss	3	**1,787**	2,551	2,446
Current assets				
Loans and receivables		**923**	-	-
Trade and other receivables		**31**	130	121
Other current assets		**149**	-	50
Cash and cash equivalents		**20**	11	1
		1,123	141	172
Total assets		**2,910**	2,692	2,618
LIABILITIES				
Current liabilities				
Trade and other payables		**420**	386	352
Short-term borrowings		**1,064**	193	353
		1,484	579	705
Non-current liabilities				
Long-term borrowings		**291**	280	282
Other payables		**59**	271	170
Total non-current liabilities		**350**	551	452
Total liabilities		**1,834**	1,130	1,157
Net assets		**1,076**	1,562	1,461
EQUITY				
Equity attributable to equity holders of the parent				
Share capital		**2,279**	2,250	2,279
Share premium account		**5,423**	5,409	5,423
Convertible loan		**68**	9	18
Merger reserve		**1,012**	1,012	1,012
Profit and loss account		**(7,706)**	(7,118)	(7,271)
Total equity		**1,076**	1,562	1,461

Condensed consolidated interim statement of changes in equity

	Share capital	Share premium account	Convertible Loan	Merger reserve	Profit and Loss account	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2005	2,250	5,409	-	1,012	(6,359)	2,312
Changes in equity for first half of 2006						
Loss for the period	-	-	-	-	(759)	(759)
Total recognised income and expense for the period	-	-	-	-	(759)	(759)
Convertible loan – equity element		-	9	-	-	9
Balance at 30 June 2006	**2,250**	**5,409**	**9**	**1,012**	**(7,118)**	**1,562**

Condensed consolidated interim statement of changes in equity (continued)

	Share capital	Share premium account	Convertible loan	Merger reserve	Profit and loss	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 December 2005	2,250	5,409	-	1,012	(6,359)	2,312
Changes in equity for 2006						
Loss for the period	-	-	-	-	(912)	(912)
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	(912)	(912)
Issue of share capital	29	14	-	-	-	43
Convertible loan – equity element	-	-	18	-	-	18
Balance at 31 December 2006	**2,279**	**5,423**	**18**	**1,012**	**(7,271)**	**1,461**

Condensed consolidated interim statement of changes in equity (continued)

	Share capital	Share premium account	Convertible loan	Merger reserve	Profit and loss account	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 December 2006	2,279	5,423	18	1,012	(7,271)	1,461
Changes in equity for 2007						
Loss for the period	-	-	-	-	(435)	(435)
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	(435)	(435)
Convertible loan – equity element		-	50	-	-	50
Balance at 30 June 2007	**2,279**	**5,423**	**68**	**1,012**	**(7,706)**	**1,076**

Condensed consolidated interim cash flow statement

	6 months to 30 June 2007	6 months to 30 June 2006	Year to 31 December 2006
	£'000	£'000	£'000
Cash flows from operating activities			
Loss after taxation	**(435)**	(759)	(912)
Adjustments for:			
Fair value adjustments	**430**	506	588
(Profit)/loss on sale of investments	**(36)**	24	(134)
Interest expense	**52**	9	29
Increase in trade and other receivables	**(914)**	(62)	-
Decrease in trade payables	**(70)**	12	(197)
Interest received	**(19)**	-	-
Net cash from operating activities	**(992)**	(270)	(626)
Cash flows from investing activities			
Purchase of investments	**-**	(46)	(46)
Proceeds from sale of investment	**265**	171	352
Net cash used in investing activities	**265**	125	306
Cash flows from financing activities			
Proceeds from short-term borrowings	**777**	150	335
Re-payment of short term borrowings	**-**	(3)	(54)
Net cash used in financing activities	**777**	147	281
Net increase/(decrease) in cash and cash equivalents	**50**	2	(39)
Cash and cash equivalents at beginning of period	**(30)**	9	9
Cash and cash equivalents at end of period	**20**	11	(30)

Notes to the condensed consolidated interim financial statements

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2006, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 237(2) of the Companies Act 1985.

1 Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2007 and have been prepared under the historical cost convention, except for the revaluation of certain non-current assets and financial assets and liabilities.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 December 2007 or are expected to be adopted and effective at 31 December 2007, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Billam plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 December 2006. The date of transition to IFRS was 1 January 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 5.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

2 Summary of significant accounting policies

The Group has taken advantage of certain exemptions available under IFRS1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained under the respective accounting policy.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements. These accounting policies are prepared based on recognition and measurement principles expected to be adopted and effective for the year ending 31 December 2007.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2007. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS3 Business Combinations retrospectively to business combinations prior to the date of transition.

Accordingly the classification of the combination (merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided and the sale of investments, excluding VAT and discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Rendering of services

Services represent management fees excluding VAT.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the balance sheet date can be measured reliably

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Where a contract involves delivery of several different elements and is not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the overall contract.

Rent receivable

Revenue includes rent receivable (excluding VAT) from third parties and is recognised in the period to which the rental relates.

Sale of investments

Revenue from the sale of investments is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the investment which is generally when title has passed or an unconditional contract for sale has been entered into.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the investments which is generally when the beneficial ownership has transferred to a third party.
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividends are recognised when the shareholders right to receive payment is established.

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

Financial assets are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

Financial assets are designated as at fair value through profit or loss where they are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and certain other current assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

They are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments and IFRS 1 - exemptions utilised by the Group

Designation of previously recognised financial instruments

The Group has elected to designate certain financial instruments at the date of transition to IFRS as a financial asset or financial liability at fair value through profit or loss.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Profit and loss reserve" represents retained profits.
- "Merger reserve" represents the excess of the nominal value of shares issued in the acquisition of a subsidiary undertaking and the nominal value of those shares.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, otherwise such gains and losses are recognised in the income statement.

3 Additions and disposals of investments

The following tables shows the significant additions and disposals of investments.

	Listed £'000	Listed overseas £'000	Other Unlisted investments £'000	Total £'000
Carrying amount at 1 January 2007	1,087	-	1,359	2,446
Disposals	(115)	-	(114)	(229)
Fair value adjustments	70	-	(500)	(430)
Carrying amount at 30 June 2007	**1,042**	**-**	**745**	**1,787**

	Listed £'000	Listed overseas £'000	Other unlisted investments £'000	Total £'000
Carrying amount at 1 January 2006	1,383	222	1,601	3,206
Additions	-	-	46	46
Disposals	(152)	(43)	-	(195)
Fair value adjustments	(223)	(68)	(215)	(506)
Carrying amount at 30 June 2006	**1,008**	**111**	**1,432**	**2,551**

	Listed £'000	Listed overseas £'000	Other Unlisted investments £'000	Total £'000
Carrying amount at 1 January 2006	1,383	222	1,601	3,206
Additions	-	-	46	46
Disposals	(69)	(82)	(67)	(218)
Fair value adjustments	(227)	(140)	(221)	(588)
Carrying amount at 31 December 2006	**1,087**	**-**	**1,359**	**2,446**

4 Basic and diluted loss per share from total and continuing operations

The calculation of the basic loss per share is based on the losses attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The losses and weighted average number of shares used in the calculations are set out below.

6 months to 30 June 2007

Losses attributable to ordinary shareholders	£(435,000)
Weighted average number of shares	10,603,835
Basic loss per share	(4.10)p

6 months to 30 June 2006

Losses attributable to ordinary shareholders	£(759,000)
Weighted average number of shares	10,460,000
Basic loss per share	(7.26)p

Year ended 31 December 2006

Losses attributable to ordinary shareholders	£(912,000)
Weighted average number of shares	10,524,035
Basic earnings per share	(8.67)p

There is no difference between basic and diluted loss per share.

5 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS permits groups adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 1 January 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations".

- the Group has elected to designate certain financial instruments at the date of transition to IFRS as a financial asset or financial liability at fair value through profit and loss.

Notes to the reconciliations

The Group has applied IAS 39; Financial instruments: Recognition and Measurement to certain loan agreements as follows:

a) An interest free loan from Billam AG. The loan was previously included under UK GAAP at the value of the proceeds of the loan. This has now been shown on initial recognition at fair value and recorded at amortised cost on subsequent measurement.

b) Borrowings with rights to convert to shares. Historically, not being material, the loan was accounted for as a debt instrument under UK GAAP. On conversion, as the instrument has increased in value as a result of piecemeal advances to the company, the instrument has been split between debt and equity with the equity element of the convertible loan calculated by discounting the liability to its net present value . The loan is then decreased to the settlement value over the period of the loan with the net interest debited to the income statement and a corresponding increase in the loan.

c) An interest free loan with a former director. The loan was previously included at the value of the proceeds of the loan. This has now been shown on initial recognition at fair value and recorded at amortised cost on subsequent measurement.

d) The reclassification to financial assets at fair value through profit and loss on transition of an amount previously included in current assets.

Reconciliation of equity at 1 January 2006

	UK GAAP	Note a	Note d	IFRS
	£'000	£'000	£'000	£'000
Non-current assets				
Financial assets at fair value through profit and loss	3,106	-	100	3,206
Current assets				
Trade and other receivables	121	-	(100)	21
Other current assets	50	-	-	50
Cash and cash equivalents	9	-	-	9
Current liabilities				
Trade and other payables	(205)	-	-	(205)
Short-term borrowings	(54)	-	-	(54)
Non-current assets				
Long-term borrowings	(397)	157	-	(240)
Other payables	(475)	-	-	(475)
Net assets	2,155	157	-	2,312
Equity				
Share capital	2,250	-	-	2,250
Share premium account	5,409	-	-	5,409
Merger reserve	1,012	-	-	1,012
Profit and loss account	(6,516)	157	-	(6,359)
Total equity	2,155	157	-	2,312

Reconciliation of equity at 30 June 2006

			Note			
	UK GAAP	**a**	**b**	**c**	**d**	**IFRS**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets						
Financial assets at fair value					100	2,551
through profit and loss	2,451	-	-	-		
Current assets						
Trade and other receivables	230	-	-	-	(100)	130
Cash and cash equivalents	11	-	-	-		11
Current liabilities						
Trade and other payables	(420)	-	-	34	-	(386)
Short-term borrowings	(201)	-	8	-	-	(193)
Non-current assets						
Long-term borrowings	(397)	117	-	-	-	(280)
Other payables	(271)	-	-	-	-	(271)
Net assets	1,403	117	8	34	-	1,562
Equity						
Share capital	2,250	-	-	-	-	2,250
Share premium account	5,409	-	-	-	-	5,409
Convertible loan	-	-	9	-	-	9
Merger reserve	1,012	-	-	-	-	1,012
Profit and loss account	(7,268)	117	(1)	34	-	(7,118)
Total equity	1,403	117	8	34	-	1,562

Reconciliation of equity at 1 January 2007

	UK GAAP £'000	Note a £'000	Note b £'000	Note c £'000	IFRS £'000
Non-current assets					
Financial assets at fair value through profit and loss	2,446	-	-	-	2,446
Current assets					
Trade and other receivables	121	-	-	-	121
Other current assets	50	-	-	-	50
Cash and cash equivalents	1	-	-	-	1
Current liabilities					
Trade and other payables	(379)	-	-	27	(352)
Short-term borrowings	(366)	-	13	-	(353)
Non-current assets					
Long-term borrowings	(397)	115	-	-	(282)
Other payables	(170)	-	-	-	(170)
Net assets	1,306	115	13	27	1,461
Equity					
Share capital	2,279	-	-	-	2,279
Share premium account	5,423	-	-	-	5,423
Convertible loan	-	-	18	-	18
Merger reserve	1,012	-	-	-	1,012
Profit and loss account	(7,408)	115	(5)	27	(7,271)
Total equity	1,306	115	13	27	1,461

Reconciliation of profit for the 6 months ended 30 June 2006

	UK GAAP	Note a	Note b	Note c	IFRS
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
Revenue	42	-	-	-	42
Losses on investments	(530)	-	-	-	(530)
Gross loss	(488)	-	-	-	(488)
Administrative costs	(262)	-	-	-	(262)
Finance costs	(3)	(2)	(1)	(3)	(9)
Loss before tax	(753)	(2)	(1)	(3)	(759)
Income tax expense	-	-	-	-	-
Loss after tax	(753)	(2)	(1)	(3)	(759)

Reconciliation of profit for the year to 31 December 2006

	UK GAAP	Note a	Note b	Note c	IFRS
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
Revenue	86	-	-	-	86
Cost of sales	(454)	-	-	-	(454)
Gross loss	(368)	-	-	-	(368)
Administrative costs	(513)	-	-	-	(515)
Finance costs	(11)	(3)	(5)	(10)	(29)
Loss before tax	(892)	(3)	(5)	(10)	(912)
Income tax expense	-				
Loss after tax	(892)	(3)	(5)	(10)	(912)

COMPANY INFORMATION

The company is a public limited company registered in England and Wales. The registered office and principal place of business is Trinity Court, Batchworth Island, Church Street, Rickmansworth, Hertfordshire, WD3 1RT