Chairman's Statement

Background

The Board of Billam Plc ("Billam" or "the Company"), announces its interim results for the six months to 30 June 2008.

We have been extremely disappointed with the performance of the investment portfolio and have taken steps to rationalise it and to reduce Billam's outstanding liabilities. Unfortunately, for reasons set out below we have had to write off two of the Company's investments.

The investments which have been written off are those in EiRx Therapeutics plc and TRI-MEX Group Limited which had book values as at 31 December 2007 of approximately £283,000 and £150,000 respectively. These write-downs, which in aggregate amount to £433,000, together with a loss on the disposal of part of the Company's investment in Cybit Holdings PLC, constitute a significant reduction in Billam's net asset value, which amounted to £703,000 as at 31 December 2007.

EiRx Therapeutics plc announced the proposed appointment of a liquidator to its subsidiary EiRx Therapeutics Limited on 20 August 2008. Whilst we hope that the Directors of EiRx Therapeutics plc will be able to preserve the company there can be no certainty that this will be the case and we have therefore prudently written off our investment.

TRI-MEX Limited's business was sold to Trafficmaster PLC on 22 July 2008 on terms which may or may not result in any consideration (which includes deferred payments of up to a maximum of £4.75 million over the next three years, which are subject to performance) being received by the Company. TRI-MEX's unaudited accounts for the year to 31 March 2008 showed turnover of £1,101,000 up 82% on the previous year (2007: £606,000) and a loss before tax of £886,000 (2007: loss of £1,032,000). The net liabilities of TRI-MEX at 31 March 2008 were £2,261,000. The eventual receipt of any consideration by TRI-MEX shareholders is therefore sufficiently uncertain that we have written off our investment completely.

I reported in Billam's annual accounts for the year ended 31 December 2007 that the direct result of the credit crunch had been to reduce the availability of both debt and equity, of the type offered by our wholly owned development finance subsidiary Development Funding Limited ("DFL"), to the small and medium sized housebuilders. Since my last comments, a number of the major housebuilding groups in the UK have reported further redundancies and rationalisation of their operations, and a continued slowdown in sales of new homes. As a result we continue to adopt an extremely cautious approach to requests for new funding.

The first development that DFL has provided mezzanine finance to is located in Northamptonshire. The development comprises 29 new freehold houses and I am pleased to report that despite the poor conditions in the market as a whole, completions have been recorded on seven houses with reservations on three further houses.

As previously reported DFL is sharing the development risk with the developer and the financing of DFL's investment has been provided by Stephen Wicks, who has made loans to the Group, on commercial terms, totalling £1.5 million as at 30 June 2008. Sadly I have to report that the building contractor for this project went into voluntary liquidation in August, 2008. The build element of the project is however substantially complete and we are negotiating a new build contract to complete the

outstanding work on the development. We are also considering taking over the development company for a small consideration in order to take control of the development.

As a consequence of the foregoing we initiated discussions with Mr Stephen Wicks, who has advanced loans totalling £1.5 million to Billam and Mr Wicks agreed to convert £360,000 of this debt into 13,090,909 new Shares at an effective price of 2.75p per new Share. This debt for equity conversion will not only improve the balance sheet but will help to preserve Billam's cash by saving the interest, which would amount to over £20,000 per annum, that would have otherwise been payable on this element of Mr Wick's loan. Mr Wicks has also agreed that the remainder of his loan to Billam, amounting in aggregate to £1.15 million will not be repayable for a minimum of twelve months unless the Company is able to do so.

Shareholders will shortly receive a circular which sets out the detailed proposal with regard to this debt for equity swap which will be voted on by Billam shareholders at an Extraordinary General Meeting to be convened for the purpose.

Billam owns its shareholdings in EiRx Therapeutics PLC and Physiomics PLC through EiRx Pharma Limited, in which Billam has a 39.2% shareholding. Following a vote of the shareholders EiRx Pharma Limited to effect a distribution in specie of the assets of that company by way of a members' voluntary winding up, on 12 August 2008 Leonard Curtis were appointed liquidators to EiRx Pharma Limited. It was estimated at that time that there would be a surplus available to shareholders after paying all the company's debts in full.

Results

The Board announce that the deficit on ordinary activities before taxation is £0.84 million, which includes a write down of the investment portfolio of £0.68 million (six months to 30 June 2007 write down of £0.4 million), as compared with a deficit of £0.43 million for the comparative period last year. Further details of the investment portfolio are set out below.

There was a deficit on net assets at 30 June 2008 of £128,000 (30 June 2007: assets of £1.1 million) which the debt for equity swap as described above, if approved by Billam's shareholders, will help to alleviate.

The Directors do not intend to recommend a dividend.

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

Quoted Investments

Cybit Holdings plc

Cybit Holdings plc ("Cybit" or the "Group") is one of Europe's leading telematics service providers that has over 1,700 customers using its fleet and asset management solutions to manage over 46,000 vehicle based assets. In a recent press release Cybit reported that it had achieved significant revenue growth in the first few months of its current financial year notwithstanding the challenging economic conditions.

EiRx Therapeutics plc

EiRx Therapeutics plc ("EiRx") is based in Cork, Ireland and is a drug discovery house developing targeted therapies for cancer. The shares are currently suspended.

Physiomics plc

Physiomics plc ("Physiomics") is a company that develops computational models that predict and understand the efficacy of cancer drugs. In a recent trading update Physiomics announced a number of new contract wins and that, subject to the achievement of deliverables, that the revenue for the year ended 30 June 2009 will be significantly ahead of the previous year.

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.

Outlook

Your Board is extremely cautious as to the short term outlook for our development financing business DFL. We expect to make other development financing investments as and when suitable opportunities arise and finance to implement such developments is available and remain confident of the longer term prospects for DFL in more normal market conditions.

S Bennett
30 September 2008

Condensed consolidated interim income statement

	Note	**Unaudited 6 months to 30 June 2008 £'000**	Unaudited 6 months to 30 June 2007 £'000	Audited Year to 31 December 2007 £'000
Continuing operations				
Revenue		**48**	47	363
Cost of sales		**(684)**	(394)	(808)
Gross loss		**(636)**	(347)	(445)
Administrative costs		**(183)**	(120)	(361)
Finance costs		**(50)**	(52)	(115)
Finance income		**30**	84	84
Loss before tax		**(839)**	(435)	(837)
Income tax expense		**-**	-	-
Loss for the period		**(839)**	(435)	(837)
Loss per share:				
Basic and diluted loss per share from total and continuing operations	4	**(7.91)p**	(4.10)p	(7.89)p

Condensed consolidated interim balance sheet

	Note	**Unaudited 30 June 2008 £'000**	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
ASSETS				
Non-current assets				
Financial assets at fair value through profit and loss	3	**1,052**	1,787	1,651
Current assets				
Loans and receivables		**1,229**	923	1,026
Trade and other receivables		**31**	31	208
Other current assets		**210**	149	-
Cash and cash equivalents		**-**	20	5
		1,470	1,123	1,239
Total assets		**2,522**	2,910	2,890
LIABILITIES				
Current liabilities				
Trade and other payables		**536**	420	466
Short-term borrowings		**1,806**	1,064	1,422
		2,342	1,484	1,888
Non-current liabilities				
Long-term borrowings		**308**	291	299
Other payables		**-**	59	-
Total non-current liabilities		**308**	350	299
Total liabilities		**2,650**	1,834	2,187
Net (liabilities)/assets		**(128)**	1,076	703
EQUITY				
Equity attributable to equity holders of the parent				
Share capital		**2,279**	2,279	2,279
Share premium account		**5,423**	5,423	5,423
Convertible loan		**88**	68	88
Merger reserve		**1.012**	1,012	1,012
Profit and loss account		**(8,930)**	(7,706)	(8,099)
Total equity		**(128)**	1,076	703

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 2006	2,279	5,423	18	1,012	(7,271)	1,461
Changes in equity for first half of 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 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 2006	2,279	5,423	18	1,012	(7,271)	1,461
Changes in equity for 2007						
Loss for the period	-	-	-	-	(837)	(837)
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	(837)	(837)
Share based compensation	-	-	-	-	9	9
Convertible loan – equity element	-	-	70	-	-	70
Balance at 31 December 2007	**2,279**	**5,423**	**88**	**1,012**	**(8,099)**	**703**

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 2007	2,279	5,423	88	1,012	(8,099)	703
Changes in equity for 2008						
Loss for the period	-	-	-	-	(839)	(839)
Total recognised income and expense for the period	**-**	**-**	**-**	**-**	(839)	(839)
Share based compensation	-	-	-	-	8	8
Balance at 30 June 2008	**2,279**	**5,423**	**88**	**1,012**	**(8,930)**	**(128)**

Condensed consolidated interim cash flow statement

	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited Year to 31 December 2007
	£'000	£'000	£'000
Cash flows from operating activities			
Loss after taxation	**(839)**	(435)	(837)
Adjustments for:			
Fair value adjustments	**675**	430	580
Loss/(profit) on sale of investments	**1**	(36)	(37)
Interest expense	**50**	52	115
Increase in trade and other receivables	**(235)**	(914)	(920)
Increase/(decrease) in trade payables	**101**	(70)	(104)
Interest received	**(30)**	(19)	(84)
Share option charge	**8**	-	9
Net cash flow from operating activities	**(269)**	(992)	1,278
Cash flows from investing activities			
Purchase of investments	**(85)**	-	(13)
Proceeds from sale of investment	**8**	265	265
Net cash used in investing activities	**(77)**	265	252
Cash flows from financing activities			
Proceeds from short-term borrowings	**285**	777	1,134
Re-payment of short term borrowings	**-**	-	(82)
Net cash used in financing activities	**285**	777	1,052
Net (decrease)/increase in cash and cash equivalents	**(61)**	50	26
Cash and cash equivalents at beginning of period	**(4)**	(30)	30
Cash and cash equivalents at end of period	**(65)**	**20**	(4)

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 2007, prepared under International Financial Reporting Standards ("IFRS"), 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 2008 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).

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

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2008. 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	Other unlisted investments £'000	Total £'000
Carrying amount at 1 January 2008	1,025	626	1,651
Purchases	85	-	85
Disposals	(9)		(9)
Fair value adjustments	(98)	(577)	(675)
Carrying amount at 30 June 2008	**1,003**	**49**	**1,052**

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

	Listed £'000	Other unlisted investments £'000	Total £'000
Carrying amount at 1 January 2007	1,087	1,359	2,446
Additions	13		13
Disposals	(115)	(113)	(228)
Fair value adjustments	40	(620)	(580)
Carrying amount at 31 December 2007	**1,025**	**626**	**1,651**

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 2008

Losses attributable to ordinary shareholders	£(839,000)
Weighted average number of shares	10,603,835
Basic loss per share	(7.91)p

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

Year ended 31 December 2007

Losses attributable to ordinary shareholders	£(837,000)
Weighted average number of shares	10,603,835
Basic earnings per share	(7.89)p

Diluted earnings per share is taken as equal to basic earnings per share as the Group has recorded a loss and therefore the effect of including share options is anti-dilutive.

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