

Press Release

21 September 2007

General Capital Group plc

("General Capital" or "the Group")

Interim Results

General Capital Group Plc (AIM: GENC), the asset and venture finance specialist, today announces its interim results for the six month period ended 30 June 2007.

Financial highlights

- Group revenue up 127% to £6.8m (2006: £3.0m)
- Profit before taxation increased to £2.8m (2006: £0.1m)
- Earnings per share 11.00p (2006: 0.26p)
- Equity fund raising of £10m (before expenses) completed in March 2007

Operational highlights

- Acquisition of Norton Folgate completed in March 2007 for £2.6m
- Net loan portfolio up 28% to £43m (2006: £33m)
- Record new business levels of £17.3m (2006: £9.6m)

Commenting on the Results, Mark Edworthy, Managing Director of General Capital, said: "We are delighted with the results for the first half of this year. We continue to focus on our strategy of growing our loan portfolio, concentrating on risk diversification and profit maximisation through exploitation of the supply and demand imbalance that exists in lending to small UK corporates. The acquisition of Norton Folgate and the debt and equity fund raising in March gives us further scope and capacity to accelerate our growth. We look forward to the remainder of 2007 with confidence."

For further information:

General Capital Group Plc

Mark Edworthy, Managing Director

mark.edworthy@generalcapital.co.uk

Tel: +44 (0) 1603 610 610

www.generalcapital.co.uk

Collins Stewart Europe Ltd

Chris Wells / Mark Connelly / Adam Cowen

mconnelly@collins-stewart.com

acowen@collins-stewart.com

Tel: +44 (0) 20 7523 8000

www.collins-stewart.com

Media enquiries

Abchurch Communications

Heather Salmond / Franziska Boehnke

franziska.boehnke@abchurch-group.com

Tel: +44 (0) 20 7398 7700

www.abchurch-group.com

Chairman's Statement

Introduction

I am pleased to report another strong performance by the Group in the six months to 30 June 2007. Significant increases in revenues, profits and portfolio growth have been reported in all three of the Group's trading divisions. In addition to this, the Group has further strengthened its capital base with the raising of new equity and extended its lending capacity with an increase in its senior debt facilities.

Financial reporting

This is the first period under which the Group is reporting its results under International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Prior year comparatives have also been restated in line with IFRS.

We have also taken the opportunity to adopt a more detailed presentational layout within the consolidated income statement. We believe that this adds greater clarity and transparency of group revenues and profits.

Financial performance

Group revenue increased significantly during the period from £3.0m in 2006 to £6.8m in 2007, on the back of core portfolio growth, opportunistic and regular fee income and gains on investments.

Record new business levels were achieved in the first six months of this year with advances to clients of £17.3m, compared to £9.6m in 2006. The loan portfolio grew, as a result, and net receivables at 30 June 2007 were £43m (2006: £33m).

Bad debt levels remained modest, relative to the size of the loan portfolio, and the charge for the period, both in respect of receivables and investments, was £0.6m (2006: £0.2m).

Group overheads remained tightly under control, with the incremental increase on 2006 arising as result of the costs associated with our status as a quoted company and the acquisition of Norton Folgate FG Plc (“Norton Folgate”). The Group continues to benefit from the scalability of its business model and whilst further investment will continue to be made in people and infrastructure, we are able to leverage more business volume from the existing cost base.

The Group disposed of its entire shareholding in Greatfleet Plc during the period, realising a gain of £1.1m and cash of £1.6m. Under IFRS the gain is now included within the Group’s core income and earnings.

Acquisition of Norton Folgate

The acquisition of Norton Folgate was completed in March this year for consideration of £2.6m, payable in cash and new ordinary shares. The company, an established asset finance broker, has since been fully integrated into the Group’s Asset Finance division during the period, but retains its trading name to distinguish between the Group’s broking and lending activities.

Following the acquisition, and the subsequent strong contribution made by Norton Folgate to new business levels within the Group during the period, Robert Keep has been appointed Managing Director of the Asset Finance division.

Funding

The Group completed an institutional equity placing in March this year, raising £10m before expenses. The Group senior debt facilities were also extended in March, by a further £10m, and recommitted for a three year term. Of the current £40m facility, £30m is provided by Bank of Scotland Plc and £10m by NM Rothschild & Sons Ltd.

Interest rate hedging has been adopted by the Group during the period and the Group now maintains a balanced portfolio of capped and variable rate borrowings.

Board change

Jonathan Hill, who founded the business in 1991 and who has been the lead adviser on the Group's most significant Venture Finance transactions since then, stepped down from the Board last month, following his resignation from two other AIM quoted companies. Whilst this means that he will have no ongoing executive responsibilities, he will continue to work with the Group in a consultancy role, originating and advising on future Venture Finance deals. He remains a substantial shareholder in the Company.

Prospects

The Group has once again reported strong results and continues to operate successfully in its chosen markets. Whilst it may take some time before the uncertainties currently being experienced in the debt markets are resolved, and trading and funding conditions stabilise, we remain confident that sufficient and appropriate deal flow exists for us to achieve our objectives. As debt becomes less readily available to smaller UK corporates we believe that this will provide further opportunities to us as specialist lenders. Accordingly the Directors remain confident of the Group's prospects for the remainder of the year, and beyond. In the meantime, and since the period end, the Group has continued to trade in line with expectations.

David Hickey

Chairman

20 September 2007

Independent review report to General Capital Group Plc

Introduction

We have been instructed by the company to review the financial statements, which comprise the income statement, statement of recognised income and expense, balance sheet, cash flow statement and the related notes, as set out below. We have also read the other information in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of their interim financial report and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities

The interim financial report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Financial Report in accordance with the AIM Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the company's annual report and accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom, as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the disclosed accounting policies have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007

Baker Tilly UK Audit LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk IP32 7FA

**Consolidated income statement
for the six month period ended 30 June 2007**

		Six months ended		Year ended
		30 Jun	30 Jun	31 Dec 2006
		2007	2006	
		Unaudited	Unaudited	Unaudited
			<i>(Restated)</i>	<i>(Restated)</i>
	Notes	£'000	£'000	£'000
Revenue				
Interest income		3,630	2,650	5,632
Fees and other income		1,767	340	1,345
Gains on investments		1,384	1	624
		6,781	2,991	7,601
Interest payable and related funding costs		(1,175)	(858)	(1,819)
Provisions for impairment of assets		(653)	(247)	(1,310)
Other direct costs		(339)	(325)	(655)
Administrative expenses		(1,597)	(1,238)	(2,573)
Depreciation and amortisation		(77)	(79)	(181)
Other interest costs		(140)	(111)	(258)
		2,800	133	805
Taxation expense	2	(490)	(98)	(393)
		2,310	35	412
Profit for the period attributable to equity shareholders of the parent				
Basic and diluted earnings per share	3	11.00	0.26	2.81

The above consolidated income statement should be read in conjunction with the accompanying notes

**Consolidated statement of recognised income and expense
for the six month period ended 30 June 2007**

	Six months ended		Year ended
	30 Jun	30 Jun	31 Dec 2006
	2007	2006	
	Unaudited	Unaudited	Unaudited
		<i>(Restated)</i>	<i>(Restated)</i>
	£'000	£'000	£'000
Available-for-sale investments:			
Valuation gains / (losses) taken to equity	(122)	(408)	1,748
Transferred to profit and loss on disposal	(1,152)	-	-
Tax on items taken directly to or transferred from equity	382	122	(525)
Net income recognised directly in equity	(892)	(286)	1,223
Profit for the period	2,310	35	412
Total recognised income and expense for the period attributable to equity shareholders	1,418	(251)	1,635

The above consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes

**Consolidated balance sheet
as at 30 June 2007**

	As at 30 Jun 2007 Unaudited	As at 30 Jun 2006 Unaudited (Restated)	As at 31 Dec 2006 Unaudited (Restated)
Notes	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	309	312	281
Goodwill	5,541	2,873	2,873
Other intangible assets	148	193	173
Deferred tax	194	310	164
Available-for-sale investments	3,555	1,320	5,708
Trade receivables	23,107	12,901	14,719
	<u>32,854</u>	<u>17,909</u>	<u>23,918</u>
Current assets			
Trade and other receivables	20,821	12,357	19,362
Cash and cash equivalents	2,209	99	219
	<u>23,030</u>	<u>12,456</u>	<u>19,581</u>
Total assets	<u><u>55,884</u></u>	<u><u>30,365</u></u>	<u><u>43,499</u></u>
Liabilities			
Current liabilities			
Trade and other payables	2,229	2,086	2,236
Borrowings	33,398	24,093	30,363
Current tax payable	913	423	411
	<u>36,540</u>	<u>26,602</u>	<u>33,010</u>
Non-current liabilities			
Trade and other payables	135	135	135
Borrowings	438	1,617	3,314
Deferred tax	145	-	527
	<u>718</u>	<u>1,752</u>	<u>3,976</u>
Total liabilities	<u><u>37,258</u></u>	<u><u>28,354</u></u>	<u><u>36,986</u></u>

Equity				
Called up share capital	4	22,620	23	14,966
Share premium account		3,227	520	186
Capital reserve		962	345	1,854
Profit and loss account		3,810	1,123	1,500
Reverse acquisition reserve		(11,993)	-	(11,993)
Total equity		18,626	2,011	6,513
Total equity and liabilities		55,884	30,365	43,499

The above consolidated balance sheet should be read in conjunction with the accompanying notes

**Consolidated cash flow statement
for the six month period ended 30 June 2007**

	Six months ended		Year ended
	30 Jun	30 Jun	31 Dec 2006
	2007	2006	
	Unaudited	Unaudited	Unaudited
		<i>(Restated)</i>	<i>(Restated)</i>
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	2,800	133	805
Depreciation of property, plant and equipment	52	46	126
Amortisation of intangible assets	25	22	46
(Profit) / loss on disposal of property, plant and equipment	-	8	9
Gains on investments	(1,384)	-	(254)
Provision for loss on investments	42	-	495
	1,535	209	1,227
Changes in working capital			
(Increase) / decrease in trade and other receivables	(9,028)	(1,089)	(12,425)
Increase / (decrease) in trade and other payables	(157)	229	829
Net cash generated / (used) in operations	(7,650)	(651)	(10,369)
Taxation paid	13	-	(437)
Net cash inflow / (outflow) from operating activities	(7,637)	(651)	(10,806)
Cash flow from investing activities			
Acquisition of subsidiary / reverse acquisition	(1,398)	-	159
Purchase of property, plant and equipment	(29)	(7)	(62)

Proceeds from sale of property, plant and equipment	-	17	107
Purchase of intangible assets	-	(113)	(118)
Purchase of investments	(164)	(197)	(164)
Proceeds from sale of investments	2,385	-	37
Net cash generated / (used) in investing activities	<u>794</u>	<u>(300)</u>	<u>(41)</u>
Cash flow from financing activities			
Proceeds from issue of share capital	10,000	400	2,825
Direct costs associated with the issue of new shares	(576)	-	-
Proceeds from issue of preference shares	-	1,375	1,375
Repayment of preference shares	(300)	(95)	(145)
Repayment of loan notes	(1,200)	-	(1,800)
Payment of hire purchase liabilities	(47)	(43)	(103)
Proceeds from borrowings	1,074	-	9,383
Net cash generated / (used) in financing activities	<u>8,951</u>	<u>1,637</u>	<u>11,535</u>
Net increase / (decrease) in cash and cash equivalents	2,108	686	688
Cash and cash equivalents at beginning of the period	<u>101</u>	<u>(587)</u>	<u>(587)</u>
Cash and cash equivalents at end of the period	<u>2,209</u>	<u>99</u>	<u>101</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes

Notes to the interim financial report for the six month period ended 30 June 2007

1 Basis of preparation

The interim financial report for the six month period ended 30 June 2007 was approved by the Board on 20 September 2007.

The interim financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), using accounting policies and practices consistent with those applied in the restatement of the 2006 financial statements and those expected to be applied in the Group's first full set of financial statements prepared under IFRS for the year ending 31 December 2007.

The interim financial information has been prepared on the basis of all International Accounting Standards ("IAS") and IFRS published by the International Accounting Standards Board ("IASB") that are currently in issue, with the exception of IAS 34. "Interim Financial Reporting". New interpretations may be issued by the International Financial Reporting Interpretations Committee ("IFRIC") on existing standards and best practice continues to evolve. It is therefore possible that the accounting policies adopted by the Group in the preparation of this interim financial report may be updated by the time the Group prepares its full set of financial statements under IFRS for the year ending 31 December 2007.

The financial information contained in this report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. The financial information for the six month period ended 30 June 2006 and the year ended 31 December 2006 has been restated in line with IFRS (as set out in the Company's announcement on 20 September 2007). Accordingly this comparative information differs to the interim financial report and annual report for these respective periods, which were produced under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). A copy of the statutory accounts for the year ended 31 December 2006, as prepared under UK GAAP, has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under Sections 237 (2) or (3) of the Companies Act 1985.

Bank loans as at 30 June 2006 have been reclassified within this financial report as liabilities due within one year, in line with the terms of the facilities at that point in time. The adjustment is a balance sheet reclassification only and there is no effect on profit.

2 Taxation

The corporation tax charge for the period has been estimated using a tax rate of 30%. No tax charge has been applied on investment disposals where the Group expects to obtain Substantial Shareholder Relief.

3 Earnings per share

	Six months ended		Year ended
	30 Jun 2007	30 Jun 2006	31 Dec 2006
	Unaudited	Unaudited <i>(Restated)</i>	Unaudited <i>(Restated)</i>
	£	£	£
Earnings attributable to equity shareholders	2,310,000	35,000	412,000
	<hr/>	<hr/>	<hr/>
Weighted average *	20,998,157	13,859,170	14,686,623
	<hr/>	<hr/>	<hr/>

* On 14 September 2006, being the date of the reverse acquisition, 22,570 ordinary shares in General Capital Holdings Plc were exchanged, at a price of £576 per share, for 13,000,000 ordinary shares in General Capital Group Plc. Therefore in determining the weighted average number of shares in issue during 2006, the number of shares in issue within General Capital Holdings Plc has been substituted with an equivalent number of shares in General Capital Group Plc, at a ratio of £576 per share. The directors consider that this approach gives a more comparable earnings per share calculation.

4 Share capital

Ordinary shares of £0.90 each	30 June 2007	
	Number	£
Authorised	35,000,000	31,500,000
	<hr/>	<hr/>
Allotted, called up and fully paid	25,133,042	22,619,738
	<hr/>	<hr/>

The following shares were issued by the Company (General Capital Group Plc) during the period:

Ordinary shares of £0.90 each	Number	Nominal value £	Consid- eration £
29 March 2007 – placing shares	7,692,400	6,923,160	10,000,120
29 March 2007 – consideration shares	812,307	731,076	1,271,260
	<u>8,504,707</u>	<u>7,654,236</u>	<u>11,271,380</u>

Direct costs of £576,832 associated with the issue of new shares have been charged directly to the share premium account.

5 Business combinations

On 29 March 2007 the Group acquired the entire issued share capital of Norton Folgate FG Plc.

The fair value of the assets acquired was as follows:

Net assets acquired	£
Non-current assets	467,626
Current assets	473,369
Current liabilities	(579,478)
Non-current liabilities	(353,204)
	<u>8,313</u>
Goodwill	2,627,499
Consideration	<u><u>2,635,812</u></u>
Consideration satisfied by:	
Shares (812,307 shares at £1.565 each)	1,271,260
Cash	1,294,000
Acquisition expenses	70,552
	<u><u>2,635,812</u></u>

The book values and the fair values of the assets and liabilities at the date of acquisition were considered to be the same.

6 Statement of changes in shareholders' equity

For the six month period ended 30 June 2007:

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Reverse acquisitio n reserve £'000	Total equity £'000
Shareholders' equity at 1 January 2007	14,966	186	1,854	1,500	(11,993)	6,513
Changes in equity:						
Available-for-sale investments						
Valuation gains / (losses) taken to equity	-	-	(122)	-	-	(122)
Transferred to profit or loss on sale	-	-	(1,152)	-	-	(1,152)
Tax on items taken directly to or transferred from equity	-	-	382	-	-	382
Net income recognised directly in equity	-	-	(892)	-	-	(892)
Profit for the period	-	-	-	2,310	-	2,310
Total recognised income and expense for the period	-	-	(892)	2,310	-	1,418
Issue of share capital	7,654	3,041	-	-	-	10,695
Shareholders equity at 30 June 2007	22,620	3,227	962	3,810	(11,993)	18,626

For the period ended 30 June 2006:

	Share capital	Share premiu m account	Capital reserve	Profit and loss account	Reverse acquisiti on reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Shareholders's equity at 1 January 2006	22	121	631	1,088	-	1,862
Changes in equity:						
Available for sale investments						
Valuation gains / (losses) taken to equity	-	-	(408)	-	-	(408)
Tax on items taken directly to or transferred from equity	-	-	122	-	-	122
Net income recognised directly in equity	-	-	(286)	-	-	(286)
Profit for the period	-	-	-	35	-	35
Total recognised income and expense for the period	-	-	(286)	35	-	(251)
Issue of share capital	1	399	-	-	-	400
Shareholders' equity at 30 June 2006	23	520	345	1,123	-	2,011

For the year ended 31 December 2006:	Share capital	Share premium account	Capital reserve	Profit and loss account	Reverse acquisition reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Shareholders' equity at 1 January 2006	22	121	631	1,088	-	1,862
Changes in equity:						
Available for sale investments						
Valuation gains / (losses) taken to equity	-	-	1,748	-	-	1,748
Tax on items taken directly to or transferred from equity	-	-	(525)	-	-	(525)
Net income recognised directly in equity	-	-	1,223	-	-	1,223
Profit for the period	-	-	-	412	-	412
Total recognised income and expense for the period	-	-	1,223	412	-	1,635
Issue of share capital post reverse acquisition	13,993	132	-	-	-	14,125
Capital adjustment for reverse acquisition	951	(67)	-	-	-	884
Reserve created on reverse acquisition	-	-	-	-	(11,993)	(11,993)
Shareholders' equity at 31 December 2006	14,966	186	1,854	1,500	(11,993)	6,513

Capital reserve

This reserve represents the difference between the fair value of available for sale investments and their cost, where fair value is greater.

Reverse acquisition reserve

This reserve was created as a result of the reverse acquisition of General Capital Group Plc in September 2006.

7 IFRS restatement of prior period comparatives

Full details of the IFRS adjustments set out in this note can be seen in the Company's announcement "Restatement of Financial Information under IFRS", dated 20 September 2007.

a) Consolidated income statement for the year ended 31 December 2006

	UK GAAP	IFRS	IFRS
	31 Dec 06	Adjustments	31 Dec 06
	£'000	£'000	£'000
Revenue			
Interest income	5,632		5,632
Fees and other income	1,831	(486)	1,345
Gains on investments	624		624
	<u>8,087</u>		<u>7,601</u>
Interest payable and related funding costs	(1,819)		(1,819)
Provisions for impairment of assets	(1,307)	(3)	(1,310)
Other direct costs	(731)	76	(655)
Administrative expenses	(2,573)		(2,573)
Depreciation and amortisation	(359)	178	(181)
Other interest costs	(258)		(258)
	<u>1,040</u>		<u>805</u>
Profit before taxation			
Taxation expense	(517)	124	(393)
	<u>523</u>		<u>412</u>
Profit for the period attributable to equity shareholders of the parent			
	<u><u>523</u></u>		<u><u>412</u></u>
Basic and diluted earnings per share	<u>3.56</u>		<u>2.81</u>

b) Consolidated income statement for the period ended 30 June 2006

	UK GAAP	IFRS	IFRS
	30 Jun 06	Adjustments	30 Jun 06
	£'000	£'000	£'000
Revenue			
Interest income	2,650		2,650
Fees and other income	602	(262)	340
Gains on investments	1		1
	<u>3,253</u>		<u>2,991</u>
Interest payable and related funding costs	(858)		(858)
Provisions for impairment of assets	(247)		(247)
Other direct costs	(314)	(11)	(325)
Administrative expenses	(1,238)		(1,238)
Depreciation and amortisation	(159)	80	(79)
Other interest costs	(111)		(111)
	<u>326</u>		<u>133</u>
Profit before taxation			
Taxation expense	(180)	82	(98)
	<u>146</u>		<u>35</u>
Profit for the period attributable to equity shareholders of the parent			
	<u>1.05</u>		<u>0.26</u>
Basic and diluted earnings per share			

c) Consolidated statement of recognised income and expense for the year ended 31 December 2006

	UK GAAP	IFRS	IFRS
	31 Dec 06	Adjustments	31 Dec 06
	£'000	£'000	£'000
Available-for-sale investments:			
Valuation gains / (losses) taken to equity	1,730	18	1,748
Tax on items taken directly to or transferred from equity	(519)	(6)	(525)
Net income recognised directly in equity	<u>1,211</u>		<u>1,223</u>
Profit for the period	523	(111)	412
Total recognised income and expense for the period attributable to equity shareholders	<u>1,734</u>		<u>1,635</u>

e) Consolidated balance sheet as at 31 December 2006

	UK GAAP	IFRS	IFRS
	31 Dec 06	Adjustments	31 Dec 06
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	454	(173)	281
Goodwill	3,639	(766)	2,873
Other intangible assets	-	173	173
Deferred tax	164		164
Available-for-sale investments	5,868	(160)	5,708
Trade receivables	14,602	117	14,719
	<u>24,727</u>		<u>23,918</u>
Current assets			
Trade and other receivables	19,122	240	19,362
Cash and cash equivalents	219		219
	<u>19,341</u>		<u>19,581</u>
Total assets	<u><u>44,068</u></u>		<u><u>43,499</u></u>
Liabilities			
Current liabilities			
Trade and other payables	1,731	505	2,236
Borrowings	30,363		30,363
Current tax payable	456	(45)	411
	<u>32,550</u>		<u>33,010</u>
Non-current liabilities			
Trade and other payables	135		135
Borrowings	3,314		3,314
Deferred tax	574	(47)	527
	<u>4,023</u>		<u>3,976</u>
Total liabilities	<u><u>36,573</u></u>		<u><u>36,986</u></u>

Equity

Called up share capital	14,966		14,966
Share premium account	186		186
Capital reserve	1,964	(110)	1,854
Profit and loss account	1,428	72	1,500
Reverse acquisition reserve	(11,049)	(944)	(11,993)
Total equity	7,495		6,513
	<hr/>		<hr/>
Total equity and liabilities	44,068		43,499
	<hr/> <hr/>		<hr/> <hr/>

f) Consolidated balance sheet as at 30 June 2006

	UK GAAP 30 Jun 06 £'000	IFRS Adjustments £'000	IFRS 30 Jun 06 £'000
Assets			
Non-current assets			
Property, plant and equipment	505	(193)	312
Goodwill	2,793	80	2,873
Other intangible assets	-	193	193
Deferred tax	301	9	310
Available-for-sale investments	1,349	(29)	1,320
Trade receivables	12,827	74	12,901
	<u>17,775</u>		<u>17,909</u>
Current assets			
Trade and other receivables	12,160	197	12,357
Cash and cash equivalents	99		99
	<u>12,259</u>		<u>12,456</u>
Total assets	<u><u>30,034</u></u>		<u><u>30,365</u></u>
Liabilities			
Current liabilities			
Trade and other payables	1,804	282	2,086
Borrowings	24,093		24,093
Current tax payable	427	(4)	423
	<u>26,324</u>		<u>26,602</u>
Non-current liabilities			
Trade and other payables	135		135
Borrowings	1,617		1,617
	<u>1,752</u>		<u>1,752</u>
Total liabilities	<u><u>28,076</u></u>		<u><u>28,354</u></u>

Equity

Called up share capital	23		23
Share premium account	520		520
Capital reserve	365	(20)	345
Profit and loss account	1,050	73	1,123
Reverse acquisition reserve			-
Total equity	<u>1,958</u>		<u>2,011</u>
Total equity and liabilities	<u>30,034</u>		<u>30,365</u>

g) Consolidated cash flow statement for the year ended 31 December 2006

	UK GAAP	IFRS	IFRS
	31 Dec 06	Adjustments	31 Dec 06
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	1,040	(235)	805
Depreciation of property, plant and equipment	172	(46)	126
Amortisation of intangible assets	178	(132)	46
(Profit) / loss on disposal of property, plant and equipment	9		9
Gains on investments	(254)		(254)
Provision for loss on investments	492	3	495
	<u>1,637</u>		<u>1,227</u>
Changes in working capital			
(Increase) / decrease in trade and other receivables	(12,349)	(76)	(12,425)
Increase / (decrease) in trade and other payables	343	486	829
Net cash generated / (used) in operations	<u>(10,369)</u>		<u>(10,369)</u>
Taxation paid	(437)		(437)
Net cash inflow / (outflow) from operating activities	<u>(10,806)</u>		<u>(10,806)</u>
Cash flow from investing activities			
Acquisition of subsidiary / reverse acquisition	159		159
Purchase of property, plant and equipment	(62)		(62)
Proceeds from sale of property, plant and equipment	107		107
Purchase of intangible assets	(118)		(118)
Purchase of investments	(164)		(164)
Proceeds from sale of investments	37		37
	<u> </u>		<u> </u>

Net cash generated / (used) in investing activities	<u>(41)</u>	<u>(41)</u>
Cash flow from financing activities		
Proceeds from issue of share capital	2,825	2,825
Proceeds from issue of preference shares	1,375	1,375
Repayment of preference shares	(145)	(145)
Repayment of loan notes	(1,800)	(1,800)
Payment of hire purchase liabilities	(103)	(103)
Proceeds from borrowings	9,383	9,383
Net cash generated / (used) in financing activities	<u>11,535</u>	<u>11,535</u>
Net increase / (decrease) in cash and cash equivalents	688	688
Cash and cash equivalents at beginning of the period	<u>(587)</u>	<u>(587)</u>
Cash and cash equivalents at end of the period	<u>101</u>	<u>101</u>

h) Consolidated cash flow statement for the period ended 30 June 2006

	UK GAAP	IFRS	IFRS
	30 Jun 06	Adjustments	30 Jun 06
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	326	(193)	133
Depreciation of property, plant and equipment	68	(22)	46
Amortisation of intangible assets	81	(59)	22
(Profit) / loss on disposal of property, plant and equipment	8		8
	<u>483</u>		<u>209</u>
Changes in working capital			
(Increase) / decrease in trade and other receivables	(1,098)	9	(1,089)
Increase / (decrease) in trade and other payables	(36)	265	229
Net cash generated / (used) in operations	<u>(651)</u>		<u>(651)</u>
Taxation paid	-		-
Net cash inflow / (outflow) from operating activities	<u>(651)</u>		<u>(651)</u>
Cash flow from investing activities			
Purchase of property, plant and equipment	(7)		(7)
Proceeds from sale of property, plant and equipment	17		17
Purchase of intangible assets	(113)		(113)
Purchase of investments	(197)		(197)
Net cash generated / (used) in investing activities	<u>(300)</u>		<u>(300)</u>
Cash flow from financing activities			
Proceeds from issue of share capital	400		400

Proceeds from issue of preference shares	1,375	1,375
Repayment of preference shares	(95)	(95)
Payment of hire purchase liabilities	(43)	(43)
Net cash generated / (used) in financing activities	<u>1,637</u>	<u>1,637</u>
Net increase / (decrease) in cash and cash equivalents	686	686
Cash and cash equivalents at beginning of the period	<u>(587)</u>	<u>(587)</u>
Cash and cash equivalents at end of the period	<u>99</u>	<u>99</u>

-Ends-