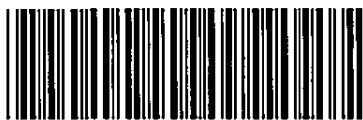


Building on Success

IT Solutions & IT Services

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FDM Group Plc
Annual Report & Accounts
Year ended 31 December 2007

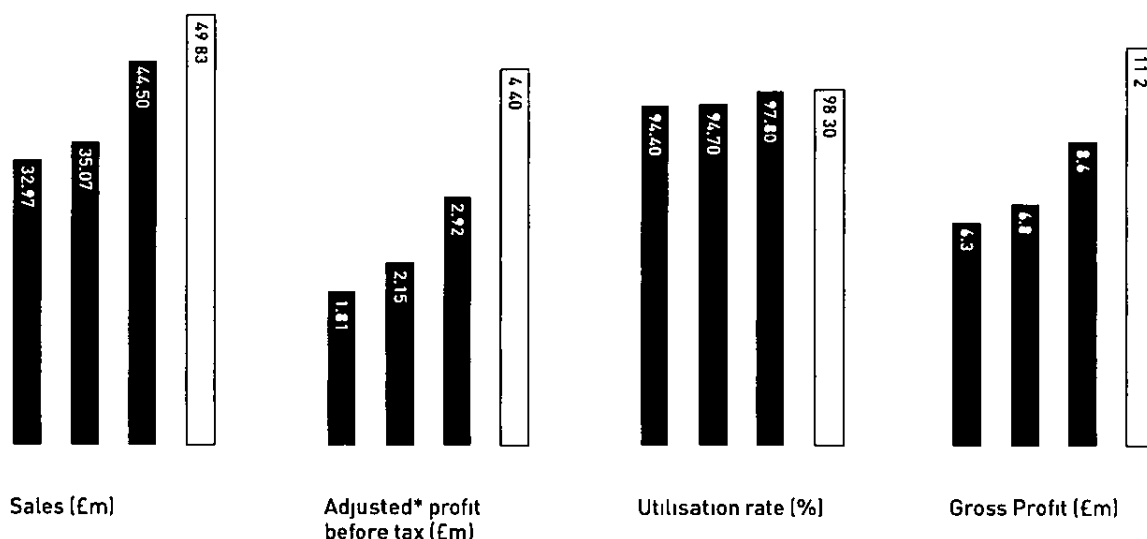
FDM is an international IT group providing IT consulting and technology solutions to companies for over 17 years. With offices in the UK, USA and Europe, FDM has maintained its leadership in this highly competitive marketplace by investing in a unique, industry-leading IT training programme (FDM Academy).

FDM provides IT solutions across multiple business sectors including Financial Services, Systems Integrators and Software Houses, Telecommunications and Broadband, Media, and Transport. Clients include over 180 blue-chip organisations such as JP Morgan, Sony Barclays, Deutsche Bank EDS, The BBC, The AA, Siemens and T-Mobile. FDM has established solid partnerships with IT industry authorities such as IBM, Oracle, Sybase, Sun and Microsoft, enabling the Group to offer services in leading-edge technical environments.

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Business Development



Financial Highlights

Revenues increased by 12% to £49.83 million (2006: £44.50 million)
 Gross profit increased by 31% to £11.23 million (2006: £8.60 million)
 Adjusted* profit before tax increased by 51% to £4.40 million (2006: £2.92 million)
 Profit before tax £4.25 million (2006: £2.78 million)
 Adjusted* fully diluted earnings per share increased by 3.1p to 12.7p (2006: 9.6p)
 Fully diluted earnings per share of 12.0p (2006: 9.0p)
 Final dividend of 1.9p per share, making a total dividend of 2.7p per share (2006: 1.9p)
 Net cash and cash equivalents increased to £5.95 million (2006: £1.98 million), with debtor days reduced from 81 days in 2006 to 68 days in 2007

* excluding IFRS2 Share-based payment charges

Operational Highlights

Overall gross margins increased to 22.5% (2006: 19.3%) and are significantly above industry averages
 Operating margin increased to 8.1% in 2007 from 6.4% in 2006
 Mountie utilisation rates higher at 98.3% (2006: 97.8%)
 New training Academy opened in Manchester in December 2007, creating additional training capacity to service client needs. City of London office at full capacity
 New client wins include Williams Lea, Bear Stearns and Swiftcover Insurance
 Current trading conditions still remain positive in spite of turbulent financial markets

Outpacing a growth market

"The UK's voracious appetite will require another 140,000 IT professionals, per year for the next five years – a testament to the still-untapped appetite for technology"

Source: E-Skills UK 2008

Global IT Spend

2008
\$3.1 trillion

Global presence, client focus

Brighton

+5%

UK IT market growth in 2007

Brighton is the Group's HQ and provides back-office support and sales to over 180 clients. In addition to offering the full-range of IT training programmes to over 40 resident students. As our international centre, Brighton also sees trainees from Europe who have relocated through our association with the Leonardo da Vinci Programme. As the centre of operations, the UK is crucial in identifying and recruiting key sales, back-office and management personnel.

London

50

Mounties trained in London

Our London Office provides space for 40 students and additional facilities for sales and support for our London network of clients. Since the London Centre opened in early 2007, the demand for places has been high and this centre has been at full capacity for much of 2007. Ideally situated, we have significantly increased the number of IT recruits and given FDM a wider pool of people to draw on. This office provides our entire range of programmes with a particular emphasis on finance and testing.

Frankfurt, Germany

+23%

Growth of GP in Germany

Frankfurt is a key location with its central location and excellent infrastructure, FDM also enjoys fast links to our key Austrian and Swiss clients. FDM GmbH has this year been working with clients in the finance, telecoms and media sectors including Deutsche Bank, The Borse 02 and SonyNet. Management has continued to diversify its business across our international clients and will focus during 2008 on developing the Mountie programme in this region.

Luxembourg

+43%

Growth in sales turnover

FDM SA is an ideal base to service the Benelux region and France and works with customers such as Intrisoft Clearstream BNP Paribas and JP Morgan. As part of the European initiative to provide key IT skills, FDM SA now receives funding from the Leonardo Lifelong Learning Programme and this has helped transition students from France and Belgium to the UK. This programme will hasten the growth of the FDM Academy in this region, crucial in supporting our cross-selling activities throughout the group.

Washington DC, USA

+92%

Growth in PBT in USA

FDM Inc provides IT services to key government and banking clients in Washington DC, as well as global business financial media and technology companies based in New York. Located in the USA for over 10 years, our Washington DC and New York offices provide Java EE and Microsoft Net development to clients such as HSBC UBS EDS and Unisys.

Manchester

+700

Applicants since Training Academy opened in Manchester

As the UK's pre-eminent regional centre for financial professional and business services, Manchester is the ideal location for FDM's third office. Since opening in December, we have received over 700 applications to join the Academy. We expect this to deliver good Moutie numbers to our North-West clients and offer additional resource to existing UK clients. This office has space to train over 70 students and with a sales presence we anticipate 2008 to see exponential growth as a firmly established IT solutions provider.

Overview of 2007

"2007 was the most successful year of operation in the history of FDM "

Rod Flavell

£49.8m

Sales increased +12%

£4.25m

Pre-tax profit +53%

1462+

Mounties interviewed +140%

Upbeat after a bumper year

Jan

New Training Academy
opens in the city of London

Feb

Introduces soft skills'
to **enhance training**
programmes

Jun

FDM Academy attends
its 50th **career fair**

Jul

Strong trading with
Geek Power in first half
of 2007

Oct

Leonardo da Vinci
Life Long Learning
Programme **commences**
in **Luxembourg**

Nov

David Templeman joins
FDM as CFO

£4.40m

Underlying profits +51%

208

Mounties at year end +38%

+5%

UK IT Market growth

May

Launch of the
Global Services
Technical Consultant

Aug

FDM celebrates its
300th employee

Sep

Positive trading update –
big jump in FDM's pre-tax
profits

Dec

FDM opens its doors in
Manchester

Chairman's Statement

I am pleased to report that 2007 was FDM's best ever year, with both revenues and profitability at record levels. This strong performance continues the Group's margin-led growth and we look to 2008 and beyond with optimism.

Introduction

I am pleased to report that 2007 was FDM's best ever year, with both revenues and profitability at record levels. This strong performance continues the Group's margin-led growth and we look to 2008 and beyond with optimism. We are well positioned for steady progress and expansion in both the UK and internationally.

Results

2007 has seen profit growth across all of our areas of operations with gross profit increasing by over 30% reflecting our margin focused sales policy and revenues up by 12% to reach almost £50m. Our international businesses have all contributed strongly to our performance with improvement in gross profitability across all locations. Profit before tax after adjusting for IFRS2 share-based payments amounted to £4.4m against £2.9m in 2006 and therefore showed an increase of 51%. Adjusted fully-diluted earnings per share grew by 3.1p to 12.7p representing a 32% increase. Profit before tax was £4.3m (2006: £2.8m).

Against this background of strong performance the Board is pleased to recommend a final dividend of 1.9p per share making a total dividend for the year of 2.7p per share, an increase of 42% on the prior year (2006: 1.9p).

This is the Group's first set of results presented under IFRS (International Financial Reporting Standards) having been previously reported under UK Generally Accepted Accounting Principles (UK GAAP). The results for the comparative year have been restated from UK GAAP to IFRS. There has been no material impact on the results from the transition, details of which are shown in notes 25 and 26 of the accounts.

Board changes

In August 2007, we announced the appointment to the Board of FDM of our new Chief Financial Officer, David Templeman, who joined us in November 2007. A Chartered Accountant, David was a partner in BDO Stoy Hayward before taking up a divisional CFO role within Citigroup and more recently acting as Head of Finance and IT for an international bank in the City.

I am also delighted to confirm two internal promotions to the Board that we announced in January 2008. Andrew Brown and Sheila Flavell are both long-standing employees of FDM and respectively head our Sales and Global Services Delivery functions.

Andrew joined FDM in 1994, and was instrumental in establishing FDM as a leading provider of Client Server development and consultancy services within the UK. He also developed FDM's Financial Services Sector offering and won FDM's first major finance client, NatWest. He subsequently went on to establish FDM as a key vendor to other major financial organisations, including Deutsche Bank, UBS, HSBC, ABN Amro and RBS. This paved the way for the opening of FDM's City office in 2007. He is now Head of Group Sales and is responsible for the development of products and services for FDM and its customers.

Sheila has enjoyed a successful business career stretching over 20 years in both the public and private sectors of information technology. She joined FDM in 1998 as a senior executive and has been fundamental to the success and development of FDM's Global Services. Sheila has responsibility for FDM's Testing, Consultancy, Support and Training business areas as well as overseeing the strategic direction of the FDM Academy programme. She holds both an MBA and an MA in Marketing and is a qualified PRINCE2 Practitioner.

Julian Divett, Chief Operating Officer of the Company stepped down from the Board on 10 March 2008 to pursue other interests overseas. Julian has been with the Company since 1991 and has been on the Board since 2001. He has been an integral part of the Company's development and was heavily involved in the Company's successful flotation on AIM in 2005. The Board would like to record their appreciation of all Julian's hard work since he joined FDM. In light of the appointments of Sheila Flavell and Andrew Brown, the Board of FDM does not intend to appoint a replacement Chief Operating Officer.

In the last annual report, it was noted that April Denney was the subject of a dispute following her departure from FDM in December 2006. This dispute was resolved in 2007 with no additional charge to the profit and loss account.

Outlook


We have experienced no slowdown in our sales pipeline as a result of the turbulence in the financial markets. This is no surprise to us, given the nature of our client base and the types of support and back-office functions that our staff perform within client organisations.

FDM operates across a broad range of business sectors from financial services to communication to supporting government contracts.

We have experienced no slowdown in our sales pipeline as a result of the turbulence in the financial markets. This is no surprise to us, given the nature of our client base and the types of support and back-office functions that our staff perform within client organisations.

Our diverse client base, together with the nature of our support contracts, also means that we are relatively sheltered from the vagaries of the global credit markets. Even within our financial services client base, we perform back-office services necessary for the very working of these organisations. As such, despite shocks to their profits, these financial organisations are reliant on our services to continue normal operations.

We approach this year with continued optimism. The FDM business model is proven and successful. We have expanded our footprint in the UK and will seek further opportunities to do so, both here and abroad. The successful opening of our London and Manchester training academies show that we are now beginning to demonstrate the scalability of our Mountie programme. With improved geographic presence in our chosen marketplaces and the ability to attract and retain quality IT professionals, we expect further growth in 2008, in line with current expectations. The year has begun well and I look forward to providing further updates.


Ivan Martin
Chairman
10 March 2008

Chief Executive's Review

2007 was an excellent year for FDM and further validates our business model of driving profit-led growth. We opened two new offices during the year in London and Manchester which have given us a strong footprint in these locations and enable us to tap into the rich local resources for our unique Mountie training programme.

Introduction

2007 was an excellent year for FDM and further validates our business model of driving profit-led growth. We opened two new offices during the year in London and Manchester which have given us a strong footprint in these locations and enable us to tap into the rich local resources for our unique Mountie training programme. Our operating margins continue to exceed the industry average and with excellent control systems we are prepared for further strong improvement.

Key performance indicators

Strong cost management and a managed growth programme have allowed our conversion rate (the ratio of profit before tax to gross profitability) to reach 38% up from 32% in 2006 and by some distance the best among our peer group. We regard this as our most important performance indicator, which reflects our productivity and the effectiveness of FDM's business model.

The strength of our model can also be seen within a number of business critical KPI's which revolve around the throughput of Mounties in our Academy programme: the utilisation rates of fully-trained Mounties, our gross and net profit margins and collections from our clients. All of these KPI's have seen improvement in 2007 from already very acceptable levels in 2006. In 2007, 95 new Mounties graduated from our Academies and the utilisation rate for Mounties remains around 98%. We have seen increases in gross and net profit margins as noted above. In addition, notwithstanding the blue-chip nature of most of our clients, it is essential that we maintain control over the collection of cash arising from our Mountie and freelance sales. Debtor days at 31 December show improvement at 68 days average against 81 days at 31 December 2006.

Review of operations

FDM's business model is centred on the selling of IT services to what are often large, multinational businesses in a variety of sectors. Our business model relies on us resourcing our IT service contracts with a mix of in-house resource (our Mountie IT professionals) and bought-in freelance contractors. Our Mounties are all IT professionals who have passed through our accreditation programme in one of the Java, .Net, testing or finance streams and who are contracted to work for us for a minimum period of two years after accreditation. Freelance resources are subjected to a rigorous selection procedure and we strive to match our resources carefully with client needs.

Increasingly our business model is one where institutions require service teams to operate under Service Level Agreements (SLAs). Our clients demand a fit-for-purpose solution constructed by, and carrying FDM's badge of excellence. Our SLA driven services normally comprise a blend of Consulting, Support, Testing and Training and all areas have seen growth during 2007.

We now have sales presence in Brighton, London and Manchester within the UK and overseas offices in America, Germany, Belgium and Luxembourg allowing us to work closely with our clients. We retain a strong core of blue-chip institutions with whom we work including British Airways, The BBC, the Metropolitan Police, Barclays Wealth, The AA, ABN Amro, Deutsche Bank and UBS.

Global Services and IT Staffing

The Group continues to focus in moving away from low-margin, high volume freelance sales whilst driving up profitability by selling increasing numbers of our own internally trained resources.

Global Services manages teams of Mounties and freelance consultants delivering a range of services such as Support, Development, Testing and Training to our clients. Global Services has seen significant growth this year in both sales and gross profit, sales were up 30% to £13.5m (2006: £10.3m) and gross profit increased by 48%. Gross margins increased to 45.8% (2006: 40.4%). Mountie numbers increased from 154 as at 31 December 2006 to 208 as at 31 December 2007. New client wins include Atos Euronext Market Solutions, Cedegim RX and Citigroup.

UK IT – Hold on to your hat!

The IT Sector contributes
£66.5bn to the UK economy
every year.

The industry grew 125%
between 1992 and 2004,
compared to 90% for all
other sectors.

It employs 1m people directly
and supports 3m.

Source: Computing 13/12/07

Our Mountie training programme has been central to our success and 2008 should see some of the production-led constraints on our growth being eased with increased Academy capacity

IT staffing provides clients with freelance contractors to meet their IT requirements. sales growth in this area increased by 6.3% to £36.3m on the prior year (2006: £34.2m). Gross profits increased by 14% on the prior year and gross margins increased to 13.9% (2006: 12.9%).

FDM Academy

One of the unique aspects of our business model is our Mountie accreditation programme which allows us to retain highly skilled IT staff for a minimum of two years after they have graduated from our in-house training programme. Training of our Mounties takes place within our three FDM Academies located in Brighton, London and Manchester which fulfil the resource needs of our international businesses in Europe and the US as well as the UK.

We opened our London training Academy early in 2007 and demand for places has been very high, so much so that our training capacity is at 100% and has been since shortly after the training centre opened. With excellent lease terms on our existing premises, it is likely that we will be able to expand our London presence in 2008 in line with client demand for our Mountie professionals.

Our second expansion of 2007 took place with the opening of our Manchester Academy in December. Manchester is the UK's pre-eminent regional centre for financial, professional and business services employing almost 200,000 people and currently generating more than £9 billion of business each year. With very competitive infrastructure costs and geographic mobility of our Mounties, we are looking to Manchester to provide us with a strong push in Mountie numbers to service both our North-West client demands and to provide resource for the UK in general.

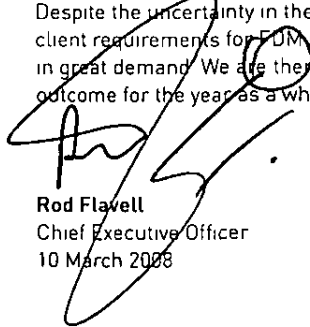
We will continue to consider regional expansion of the Academy model in 2008 and beyond, but will only do so where we can see client-driven demand for our Mounties in these locations or where national and international demand dictates.

Outlook

In my review of 2006 I stated that FDM would continue its strategy of focusing on higher-margin projects where the best opportunities exist for our specific skillset to be applied. This is exactly what we did in 2007 and we will continue with this core strategy in 2008. Our Mountie training programme has been central to our success and 2008 should see some of the production-led constraints on our growth being eased with increased Academy capacity. Given the increase in client demand for our Mounties, new capacity will be rapidly filled.

Recent statistics show that while the overall number of computing science students graduating from universities continues to fall, the demand for skilled IT workers has never been higher. This has created a severe and unprecedented skills shortage in the IT industry. FDM's training programme seeks to address this shortage but it also clearly represents a long term growth opportunity.

Clearly all businesses need to be aware of the economic climate in which they operate and in this respect FDM is no different. However we are confident in our business model which we believe is robust, and we have experienced no adverse impact from the much publicised global credit crunch. In my view, our broad client base across many business sectors and the back-office roles that we perform mean that our performance will be more resilient than most in times of stress. It is against this backdrop that I am confident of a successful future. 2008 has started positively with our business metrics firmly on track. Despite the uncertainty in the wider economic climate client requirements for FDM's Mountie proposition remains in great demand. We are therefore optimistic of a favourable outcome for the year as a whole.



Rod Flavell
Chief Executive Officer
10 March 2008

FDM is delighted to welcome Andy Brown and Sheila Flavell to the Board of FDM

Board of FDM Group

Ivan Martin

Ivan is FDM's Non-Executive Chairman and brings to FDM his previous expertise as a main Board Director and Chief Executive. He chairs the Remuneration Committee and is a member of the Audit Committee. His earlier role with Misys Plc, where he headed their banking division, has entailed significant operational experience including sales, customer services, software development, professional services and product management. He is Executive Chairman of Sesame Group Ltd.

Rod Flavell

Rod has been involved in the IT services industry since 1982. He is a founder of FDM and became Chief Executive Officer in 2001. He has in-depth knowledge of sales and business management. He is responsible for the overall strategic development and organic growth of the Group. Since becoming the Chief Executive Officer, he has focused the business on generating higher margins as well as reducing the Group's costs during the downturn experienced by the IT sector during 2001, 2002 and 2003.

David Templeman

David, a chartered accountant, was appointed as the Group's Chief Financial Officer in November 2007, having spent over 20 years in a broad range of senior financial positions. David was a partner at BDO Stoy Hayward before joining Citigroup, and more recently acting as Head of Finance and IT for an international bank in the City. David is working to drive FDM's organic growth and acquisition programme, with responsibility for ensuring that FDM maintains robust systems to underpin its continuous development.

Julian Divett

Julian has over 17 years' experience working in the IT services industry and is one of the Group's founders. He was responsible for developing FDM's European presence, having led the acquisition of Rosemount Consulting and opened the Frankfurt office. Julian has a Business Studies degree from Kingston University. Julian was appointed to the Board in July 2001 and is responsible for FDM's international training strategy and for overseeing the Mainland European operations.

Karl Monaghan

Karl was appointed a Non-Executive Director of FDM Group in November 2005, and has considerable expertise in the finance and accounting arena, having previously been employed by KPMG, Credit Lyonnaise Securities and R W Baird. Karl chairs the Audit Committee and is a member of the Remuneration Committee. He is also a Non-Executive Director of a number of AIM quoted companies.

Jacs Flavell

As a member of the Group since 1991, Jacs has over 17 years' IT services industry experience, encompassing sales, administration, personnel and finance. As a previous Director of FDM Group, she stepped down in 2002 and is now the Group's Company Secretary. She is responsible for the Group's marketing strategy and all aspects relating to Group public relations.

Andrew Brown

Andrew joined FDM in 1994 and was instrumental in establishing FDM as a leading provider of Client Server development and consultancy services within the UK. He also developed FDM's Financial Services Sector, offering and won FDM's first major finance client, NatWest. He established FDM as a key vendor to other major financial organisations, paving the way for FDM's first city-based office. He is now Head of Group Sales and is responsible for the development of products and services for FDM and its customers.

Sheila Flavell

Sheila has enjoyed a successful business career stretching over 20 years in both the public and private sectors of information technology. She joined FDM in 1998 as a senior executive and has been fundamental to the success and development of FDM's Global Services. Sheila has responsibility for FDM's Testing, Consultancy, Support and Training business areas as well as overseeing the strategic direction of the FDM Academy programme. She holds both an MBA and an MA in Marketing and is a qualified PRINCE2 Practitioner.

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 December 2007

Principal activities

The Group's principal activity is that of an international IT services provider. The Group specialises in recruiting and training its own permanent IT consultants known as Mounties.

The Company has overseas subsidiaries based in the USA, Belgium, Luxembourg and Germany.

Business review

A review of the business covering Key Performance Indicators and the performance of the Group is set out in the Chairman's Statement and Chief Executive's Review on pages 6 to 11.

The principal risk facing the Group remains around general market conditions. We continuously monitor these and necessary steps will be taken to minimise impact on trading if conditions change.

Proposed dividend

The Directors have proposed a final ordinary dividend in respect of the current financial year of 1.9p per share.

Dividends paid during the year comprise a final dividend of £301,860/1.3p per share in respect of the previous year ended 31 December 2006, together with an interim dividend in respect of the year ended 31 December 2007 of £185,760/0.8p per share.

Policy and practice on payment of creditors

It is the policy of the Company to settle outstanding accounts with suppliers on normal terms of credit which are agreed before initial transactions are contracted.

At the year end there were 23 days (2006: 22 days) purchases in trade payables.

Directors

The Directors who held office during the year were as follows:

I Martin (Chairman)
RN Flavell
JN Divett (resigned 10 March 2008)
K Monaghan
DG Templeman (appointed 12 November 2007)

A Brown and S Flavell were appointed Directors on 29 January 2008.

Political and charitable contributions

During the year the Group made charitable donations of £2,626 (2006: £1,672). No political contributions were made (2006: £nil).

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 385 of The Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


Jacqueline Flavell
Secretary

2nd Floor
Lanchester House
Trafalgar Place
Brighton
East Sussex
BN1 4FU

10 March 2008

Report on Directors' Remuneration

The Remuneration Committee (the Committee) which comprises of the two Non-Executive Directors Ivan Martin and Karl Monaghan is appointed by the Board and is responsible for determining the service contracts remuneration packages (including benefits pension rights and compensation payments) and the grant of share options to the Executive Directors. The Committee is chaired by Ivan Martin.

Remuneration policy

Remuneration of the Executive Directors is agreed by the Committee. Terms of appointment of senior management are agreed and approved by the Chief Executive Officer. Policies are designed to ensure that the remuneration offered to Directors is competitive in order to retain attract and motivate individuals of suitable calibre. Remuneration is tailored to reflect the individual responsibilities of the Directors and provide incentives to deliver the Group's objectives as well as reward for enhancing value to shareholders. The remuneration comprises of a mixture of performance related and other remuneration which is designed to incentivise Directors without detracting from the goals of Corporate Governance.

All the service agreements of the Executive Directors provide for a notice period by either party giving not more than twelve months.

It is the Committee's intention to operate this remuneration policy during the next and subsequent financial years.

Remuneration – Executive Directors

Salary and other benefits

The Committee assesses the levels of remuneration of the Executive Directors to ensure that the rates of pay reflect performance and also are in line with similar positions in comparable companies. This principle is also applied, where practicable throughout the organisation.

Performance Linked Bonus

A performance related bonus payment is payable to the Executive Directors depending on the level of Group profit performance for the year compared to budget. This is subject to the Committee's approval at the start of the financial year. A scheme is also in place for certain senior managers based on sales and contribution.

Pension contributions

The Company makes pension contributions calculated on basic salary to a Group Pension Plan. Such contributions represent between 3% and 4% of the basic salary.

Benefits in kind

Benefits in kind consist of taxable benefits including:

- the provision of a company car or car allowance paid in lieu of supply of a company car
- health care insurance

Share Options

The Company operates an HMRC Approved share option scheme namely The FDM Group EMI Share Option Plan in which two forms of options are granted:

- options under which the price to be paid on exercise is equal to the market value of the Ordinary Shares at the date of grant. These shares are generally awarded to employees based on seniority and length of service and are referred to as market value options. Options over a total of 553,528 shares have been issued under this scheme.
- options under which the price to be paid on exercise is the nominal value of the Ordinary Shares. Such options are awarded only to selected senior management and are subject to performance conditions in relation to growth in EPS in excess of RPI. These options are referred to as long term incentive plan options. Options over a total of 480,000 shares have been issued under the scheme. A list of grants to Directors are set out in Directors' interests in share options listed overleaf.

Remuneration – Non-Executive Directors

Fees payable to the Non-Executive Directors are determined by the Board at the beginning of each financial year having given due consideration to market practice

Directors' remuneration

Executive Directors	Salary		Performance Bonus		Benefits in kind		Pension		Total	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
Roderick Flavell	190,000	167,500	142,500	103,000	12,595	12,607	6,440*	6,480*	351,535	289,587
Julian Divett	120,000	95,000	90,000	83,000	6,795	6,818	3,000	2,850	219,795	187,668
David Templeman	15,513	–	5,200	–	199	–	–	–	20,912	–
April Denney	–	88,917	–	–	–	6,123	–	2,668	–	97,708
									592,242	574,963

Non-Executive Directors	Salary		Consultancy Fees		Total	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
Brian Divett	–	28,000	–	–	–	28,000
Ivan Martin	50,000	19,346	–	10,000	50,000	29,346
Jonathan Wright	–	2,346	–	10,000	–	12,346
Karl Monaghan	6,000	6,000	27,000	29,000	33,000	35,000
					83,000	104,692

* The amount shown as Roderick Flavell's pension includes a sum of £5,940 (2006: £6,480) in lieu of not being in the company pension scheme. This ceased on 30 November 2007 and pension contributions commenced 1 December 2007 into a defined contribution scheme of which £500 (2006: Nil) was paid into the scheme by the company.

Consultancy fees in respect of Karl Monaghan were paid to Ashling Capital LLP.

The details of the service contracts of those who served as Directors during the year are:

	Employment Date	Contract Date	Contract End Date	Notice Periods
Roderick Flavell	01/01/91	23/03/05	–	12 months
Julian Divett	01/01/91	23/03/05	–	12 months
Karl Monaghan	01/11/05	01/11/05	–	6 months
Ivan Martin	01/07/06	01/07/06	–	6 months
David Templeman	12/11/07	12/11/07	–	6 months

Report on Directors' Remuneration (continued)

Directors' interests in shares

The Directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of FDM Group Plc according to the register of directors' interests

	Shares held at 1 Jan 2007	Shares held at 31 Dec 2007
Roderick Flavell	2,830,000	1,830,000
Julian Divett	1,209,000	1,094,000
Ivan Martin	15,000	15,000
Karl Monaghan	15,000	15,000
Total	4,069,000	2,954,000

Directors' interests in share options

	At 1 Jan 2007	Lapsed	Exercised	At 31 Dec 2007	Exercise price	Name of scheme
Roderick Flavell	30,000	-	-	30,000	1p	LTIP Apr 05
	20,000	-	-	20,000	1p	LTIP Sept 05
Julian Divett	30,000	-	-	30,000	1p	LTIP Apr 05
	20,000	-	-	20,000	1p	LTIP Sept 05
Total	100,000	-	-	100,000		

Roderick Flavell's wife, Sheila Flavell, held 186,924 ordinary shares in the company as at 31 December 2007 and his dependants held 13,333 shares; therefore Roderick Flavell has an indirect interest in these shares. There have been no other changes in the interests or rights to subscribe for shares of the Directors in the ordinary share capital of the Company since the end of the financial year.

The share options held under the FDM Group EMI Share Option Plan referred to as long term incentive plan options (LTIP) are exercisable in accordance with the rules of this scheme and shall only be exercisable during a period beginning three years and ending ten years after the date of grant. These options are subject to the achievement of performance requirements.

The Company's share price at 31 December 2007 was 125 (2006: 93.5) pence per share. The subscription price on float on 7 April 2005 was 78 pence per share and the high/low prices during 2007 were 155 (2006: 111.5) pence per share and 93.5 (2006: 70.5) pence per share respectively.

This report was approved by the Board on 10 March 2008 and has been signed on its behalf by

Ivan Martin
Chairman



Corporate Governance

The Board, which comprises the Executive Directors, a Non-Executive Chairman, Ivan Martin, and one independent Non-Executive Director, Karl Monaghan, are responsible for establishing the strategic direction of the Group, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds at least six Board meetings each year. The Directors believe the Board is favourably constituted although, at this stage of the Group's development, it is felt the functions of a Nominations Committee can be adequately fulfilled by deliberation of the full Board; this will nevertheless be kept under review.

The Company complies with the Combined Code on the Principles of Good Governance and the Code of Best Practice so far as is reasonably practicable for an AIM quoted company. Where full compliance is not considered appropriate by the Board, the Directors will refer to guidance issued by the Quoted Companies Alliance. Ivan Martin and Karl Monaghan are deemed to be independent Non-Executive Directors for the purposes of the Combined Code. The Company maintains appropriate directors' and officers' liability insurance.

The Board has established an audit committee, which consists of Karl Monaghan (Chairman) and Ivan Martin. The audit committee is primarily responsible for ensuring that the financial performance of the Company is properly measured and reported on and will review any reports from the management and the auditors regarding the accounts and will consider draft interim and annual accounts. The audit committee will make recommendations concerning the application of the financial reporting and internal control principles, including reviewing the effectiveness of the Company's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. It will also make recommendations to the Board on the appointment of the auditors and the audit fee. It will meet at least twice each year.

In addition, the Board has established a remuneration committee made up of Ivan Martin (Chairman) and Karl Monaghan. The remuneration committee is responsible for making recommendations to the Board on remuneration policy for the Executive Directors and the terms of their service contracts, with the aim of ensuring that their remuneration, including awards made under the EMI Plan, is based both on their own performance and that of the Group generally. The remuneration committee administers and establishes performance targets for the EMI Plan and approves awards made under this plan and will administer any future incentive schemes. The Group has adopted a policy of regular reviews of option awards and the remuneration committee meets every six months to ensure the appropriate incentives are in place. In addition, it advises on the remuneration policy for the Group's employees. In exercising this role, the terms of reference of the remuneration committee require it to comply with the Code of Best Practice published in the Combined Code. The remuneration committee also has responsibility for making recommendations on the appointment of additional directors to the Board.

The Company has adopted a model code for dealings in its Ordinary Shares by Directors and senior employees which is appropriate for an AIM quoted company.

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable laws

The group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the parent company and the performance for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing each of the group and parent company financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRSs as adopted by the EU and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditors' Report to the Members of FDM Group Plc

We have audited the group and parent company financial statements (the financial statements) of FDM Group Plc for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 18.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
1 Forest Gate, Brighton Road
Crawley, West Sussex RH11 9PT

10 March 2008

Consolidated Income Statement

for the year ended 31 December 2007

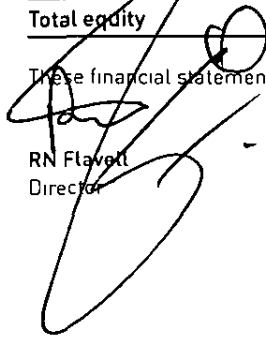
	Note	2007 £000	2006 £000
Revenue	2	49,826	44,504
Cost of sales		38,595	(35,906)
Gross profit		11,231	8,598
Administrative expenses	3	(7,182)	(5,900)
Operating profit		4,049	2,698
Financial income	6	212	100
Financial expenses	6	(7)	(19)
Net financing costs		205	81
Profit before tax		4,254	2,779
Taxation	7	(1,421)	(689)
Profit for the year attributable to equity holders of the parent company		2,833	2,090
Earnings per share (pence)	20		
Basic		12.3p	9.1p
Diluted		12.0p	9.0p

Consolidated and Parent Company Balance Sheets

at 31 December 2007

	Note	2007 £000	Group 2006 £000	2007 £000	Company 2006 £000
Non-current assets					
Property, plant and equipment	8 9	373	186	349	163
Intangible assets	10	110	16	110	16
Deferred tax assets	12	212	117	212	117
		695	319	671	296
Current assets					
Trade and other receivables	13	9,527	10 080	8,252	8 969
Cash and cash equivalents	14	5,953	2,002	4,832	1,387
		15,480	12,082	13,084	10 356
Total assets		16,175	12,401	13,755	10 652
Current liabilities					
Bank overdraft	14	–	27	–	–
Trade and other payables	15	4,841	4,107	4,285	3,766
Tax payable		830	441	765	396
Total liabilities		5,671	4,575	5,050	4,162
Net assets		10,504	7,826	8,705	6 490
Equity attributable to equity holders of the parent					
Share capital	17 18	232	232	232	232
Share premium	17 18	3,332	3,332	3,332	3,332
Translation Reserve	17 18	64	(49)	–	–
Capital Redemption Reserve	17 18	63	63	63	63
Retained earnings	17 18	6,813	4 248	5,078	2,863
Total equity		10,504	7,826	8,705	6,490

These financial statements were approved by the Board of Directors on 10 March 2008 and were signed on its behalf by


RN Flavett
Director

Consolidated and Parent Company Cash Flow Statements

for the year ended 31 December 2007

	Note	2007 £000	Group 2006 £000	2007 £000	Company 2006 £000
Cash flows from operating activities					
Profit for the year		2,833	2 090	2,483	1,880
Adjustments for					
Depreciation and amortisation	3	210	104	199	93
Financial income	6	(212)	(100)	(205)	(97)
Financial expense	6	7	19	5	13
Equity settled share-based payment expenses	16	147	137	147	137
Taxation	7	1,421	689	1,313	594
Decrease/(increase) in trade and other receivables	13	665	(2,525)	788	(2 929)
Increase in trade and other payables	15	688	610	478	965
Interest paid	6	(7)	(19)	(5)	(13)
Tax paid		(1,059)	(824)	(980)	(751)
Net cash from operating activities		4,693	181	4,223	(108)
Cash flows from investing activities					
Interest received	6	212	100	205	97
Acquisition of property plant and equipment	8 9	(380)	(91)	(370)	(84)
Acquisition of other intangible assets	10	(109)	(11)	(109)	(11)
Net cash from investing activities		(277)	(2)	(274)	2
Cash flows from financing activities					
Decrease in cash held by Trust in year	16	(22)	(170)	(22)	(170)
Dividends paid	19	(482)	(368)	(482)	(368)
Net cash from financing activities		(504)	(538)	(504)	(538)
Net increase/(decrease) in cash and cash equivalents		3,912	(359)	3,445	(644)
Cash and cash equivalents at 1 January		1,975	2,342	1,387	2,031
Effect of exchange rate fluctuations on cash held		66	(8)	-	-
Cash and cash equivalents at 31 December	14	5,953	1 975	4,832	1 387

Consolidated and Parent Company Statement of Recognised Income and Expenditure

for the year ended 31 December 2007

Group	2007 £000	2006 £000
Foreign exchange translation differences	113	(49)
Deferred tax on share-based payments	89	33
Income and expense recognised directly in equity	202	(16)
Profit for the financial year	2,833	2 090
Total recognised income and expenditure since last annual report	3,035	2,074

Company	2007 £000	2006 £000
Foreign exchange translation differences	113	(49)
Deferred tax on share-based payments	89	33
Income and expense recognised directly in equity	202	(16)
Profit for the financial year	2,483	1 880
Total recognised income and expenditure since last annual report	2,685	1,864

Notes

{forming part of the financial statements}

1 ACCOUNTING POLICIES

FDM Group Plc (the Company) is a company incorporated in the UK

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The parent company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of the transition to Adopted IFRSs.

Transition to IFRS

The Group is required under the AIM listing rules to present its financial statements under IFRS for the year ending 31 December 2007. The main changes in accounting policies as a result of this transition are set out below.

Deferred Tax

The Group has derived deferred tax from the differences arising from the carrying amount of its assets and liabilities and their tax base. The deferred tax which was previously shown within current assets is now shown as a non-current asset in accordance with IAS12 – Income taxes. The main change resulting relates to share-based payments where the Group is to recognise an expense for the consideration of share options granted to employees. A tax deduction on the options will not be recognised until the options are exercised, therefore the Group will recognise deferred tax assets in respect of the options outstanding at the end of the financial year.

The Effects of Foreign Exchange

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Foreign exchange differences arising on the retranslation are now recognised directly in a separate component of equity.

Transition to Adopted IFRSs

Both the Group and the Company are preparing their financial statements in accordance with Adopted IFRS for the first time and consequently both have applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 25 and 26.

In addition to exempting companies from the requirement to restate comparatives for IAS 32 and IAS 39, IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 January 2006.
- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 January 2006.

Basis of preparation

Uses of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates, assumptions and judgements that are likely to contain the greatest degree of uncertainty are summarised below.

Income taxes

In recognising income tax assets and liabilities, estimates have to be made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain and on the expected manner of realisation or settlement of deferred tax assets and liabilities.

Revenue

Non-receipted time sheets are accrued at the estimated contract value within the period and released the following month on receipt of time sheets.

Fair values

IFRSs require many assets, liabilities and expenses to be recognised at fair value. This includes the intangible assets and trade receivables, by their nature, fair values are estimates and subject to different interpretation.

Useful lives

The useful economic life of property, plant and equipment is reviewed on an annual basis. The period of actual or economic benefit may vary from the estimated life and residual values.

Share-based payments

The calculation of the fair value of share-based payments is calculated using the bi-nomial option model and requires assumptions and estimates to be made, details are disclosed in note 16.

Basis of consolidation

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

Intragroup balances and unrealised income or expenditure is eliminated in preparing the consolidated financial statements and any gains or losses arising from the translation are recognised in the income statement.

Foreign currency

a) Functional and presentation currency

The financial statements are presented in Great British Pounds which are rounded to the nearest thousand.

b) Group subsidiaries

The results and financial position of all Group subsidiaries that have a functional currency that differs from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and Liabilities for each balance sheet are translated at the closing rate at the date of balance sheet,
- Income and Expenses for each income statement are translated at the average exchange rate for the period, and
- All resulting exchange differences are recognised as a separate component of equity in accordance with IAS21 – The effects of foreign exchange rates.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs on 1 January 2006.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent depreciation

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

- | | |
|---------------------------|-----------------|
| • Motor Vehicles | 4 years |
| • Plant and Equipment | 4 years |
| • Furniture and Equipment | 4 years |
| • Leasehold Improvements | Length of Lease |

Intangible assets

The Group only holds acquired software and software licences as intangible assets. Acquired software and software licences are capitalised on the basis of cost and amortised over the estimated useful lives of the software which is estimated to be four years or license term if shorter.

Trade receivables

Trade receivables are stated at amortised cost, their carrying value being reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are stated at amortised cost.

Cash and cash equivalents

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

Employee benefits

Defined contribution plans

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Share-based payment transactions

The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and those not yet vested as at the effective date of adopting IFRS 2 is recognised as an employee expense with a corresponding increase in equity.

The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted is measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where variations are due only to share prices not achieving the threshold for vesting or due to performance conditions not being achieved (see note 16).

Employee Benefit Trust

The Group operates an Employee Benefit Trust, which holds shares in the Company for the purpose of incentive plans.

The Company's own shares held in the Trust are deducted in arriving at equity attributable to equity holders if the parent.

Any proceeds from subsequent disposal of shares by the Trust are required to be added to equity attributable to equity holders if the parent.

Revenue

Revenue represents the amounts [excluding Value Added Tax] derived from the provision of supplying IT staff and consultancy services to third party customers

Revenue is chargeable on signed time-sheets being received having shown the service has been provided and is recognised in the period in which the consultant has performed the work

Operating lease payments

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

Net financing costs

Net financing costs comprise bank interest payable and receivable which is recognised in profit or loss as it accrues using the effective interest method

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are also shown arising from the consideration of employee share options granted but not yet exercised at the end of the period. The tax deductible on these options will not be realised until the options have been exercised. Deferred tax is classified as a non-current asset or liability dependent on its nature to the extent that it is not yet realised

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantially enacted by the reporting date

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

Recent accounting developments

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements

- Amendments to IFRS2 Share-based Payments – Vesting Conditions and Cancellations is applicable from 2009
- IFRS8 Operating Segments is applicable for the Group's 2009 financial statements. The application of IFRS8 is not expected to have any impact on the balance sheets or income statement as the standard is concerned only with disclosure
- IAS1 Presentation of Financial Statements (Revised) is applicable for the Group's 2009 financial statements. The application of the revision to IAS1 will change the format of the financial statements but is not expected to fundamentally change the reported financial position or performance

Notes (continued)

2 SEGMENTAL REPORTING

The segmental reporting is based on the geography of the division. The Group operates in three geographic areas: the UK being the predominant area.

Geographical Breakdown 2007

	UK £000	Europe £000	America £000	Consolidation Adjustments £000	Totals £000
Revenue	42,560	5,286	1,980	–	49,826
Profit before tax	3,796	322	136	–	4,254
Depreciation and Amortisation	(199)	(8)	(3)	–	(210)
Purchase of non-current assets	(479)	(10)	–	–	(489)
Total non-current assets	671	21	3	–	695
Total Assets	13,755	2,084	629	(293)	16,175
Total Liabilities	(5,050)	(669)	(245)	293	(5,671)
Equity attributable to equity holders of the parent	8,705	1,415	384	–	10,504

The consolidation adjustments are the removal of inter-company balances.

Geographical Breakdown 2006

	UK £000	Europe £000	America £000	Consolidation Adjustments £000	Totals £000
Revenue	37,759	4,459	2,286	–	44,504
Profit before tax	2,474	228	77	–	2,779
Depreciation and Amortisation	(93)	(7)	(4)	–	(104)
Purchase of non-current assets	(95)	(5)	(2)	–	(102)
Total non-current assets	296	17	6	–	319
Total Assets	10,652	1,558	444	(253)	12,401
Total Liabilities	(4,162)	(478)	(188)	253	4,575
Equity attributable to equity holders of the parent	6,490	1,080	256	–	7,826

The revenue and gross profit derived in these geographical locations can be further broken down into the two divisional sales business units known as IT Staffing and Global Services, as shown below. It is not possible to segment the administrative expenses and assets of these divisions accurately as they are only reportable within the Group's accounts to the extent shown.

	Global Services £000	IT Staffing £000	Totals £000
2007			
Revenue	13,514	36,312	49,826
Gross Profit	6,190	5,041	11,231
2006			
Revenue	10,340	34,164	44,504
Gross Profit	4,180	4,418	8,598

3 EXPENSES AND AUDITORS REMUNERATION

Included in profit/loss are the following

	2007 £000	2006 £000
Hire of property – operating leases	376	233
Rent received from sub-tenants	(120)	(120)
Exchange gains/(losses)	3	(4)
Depreciation and Amortisation	210	104
Auditors remuneration		
	2007 £000	2006 £000
Audit of these financial statements	72	63
Amounts receivable by auditors and their associates in respect of		
Other services pursuant to such legislation	22	22
Other services relating to taxation	19	10

Amounts paid to the company's auditor in respect of services to the company other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4 STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year analysed by category was as follows

	Group Number of employees		Company Number of employees	
	2007	2006	2007	2006
Programmers	198	161	150	106
Sales	38	38	27	24
Technical	2	2	2	2
Administration	39	33	34	27
	277	234	213	159

The aggregate payroll costs of these persons were as follows

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Wages and salaries	9,517	7,531	7,265	5,618
Share based payments (See note 16)	147	137	147	137
Social security costs	1,034	822	768	600
Other pension costs	35	43	35	43
	10,733	8,533	8,215	6,398

Notes (continued)

5 DIRECTORS REMUNERATION

	2007 £000	2006 £000
Directors' emoluments	671	675
Company contributions to money purchase pension plans	4	5

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £351,535 (2006: £289,587). An amount of £5,940 (2006: £6,480) was paid to the highest paid Director in lieu of not being in the company pension scheme; this has now ceased and pension contributions into a defined contribution scheme of £500 (2006: Nil) were paid into the scheme by the company.

	2007 Number of Directors	2006 Number of Directors
Retirement benefits are accruing to the following number of Directors under Money purchase schemes	2	2

Directors' rights to subscribe for shares in or debentures of the company and its subsidiaries are indicated below:

	At start of year	Number of options At end of year	Exercise price £
Roderick Flavell	50,000	50,000	0.01
Julian Divett	50,000	50,000	0.01

6 FINANCE INCOME AND EXPENSE

	2007 £000	2006 £000
Interest income on bank accounts	212	100
Financial income	212	100
Interest payable on overdraft	7	19
Financial expenses	7	19

7 TAXATION

Recognised in the income statement	2007 £000	2006 £000
Current tax expense		
Current year	1,314	896
Adjustments for prior years	113	(170)
Total current tax	1,427	726
Deferred tax		
Origination and reversal of temporary differences (Note 12)	(6)	(37)
Total deferred tax	(6)	(37)
Total tax in income statement	1,421	689

The current tax charge for the year is higher (2006: lower) than the standard rate of corporation tax in the UK: 30% (2006: 30%).

Reconciliation of effective tax

	2007 £000	2006 £000
Profit before tax	4,254	2,779
Tax using the UK corporation tax rate of 30 % (2006: 30 %)	1,276	834
Different tax rates on overseas earnings	(29)	3
Non-deductible expenses	(13)	12
IFRS 2 – Share based payment charge	44	41
Depreciation for year in excess of capital allowances	36	6
Under/(over) provided in prior years	113	(170)
Origination and reversal of temporary differences (Note 12)	(6)	(37)
Total tax expense	1,421	689

8 PROPERTY, PLANT AND EQUIPMENT – GROUP

2007	Leasehold Improvements £000	Motor Vehicles £000	Plant and Equipment £000	Fixtures & Fittings £000	Total £000
Cost					
Balance at beginning of year	168	62	259	478	967
Additions	179	–	75	126	380
Disposals	–	(9)	(40)	(87)	(136)
Effect of movements in foreign exchange	–	–	6	(1)	5
Balance at end of year	347	53	300	516	1,216
Depreciation					
Balance at beginning of year	110	36	241	394	781
Depreciation charge for the year	111	9	19	56	195
Disposals	–	(9)	(40)	(87)	(136)
Effect of movements in foreign exchange	–	–	2	1	3
Balance at end of year	221	36	222	364	843
Net book value					
Balance at beginning of year	58	26	18	84	186
Balance at end of year	126	17	78	152	373

Notes (continued)

8 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

2006	Leasehold Improvements £000	Motor Vehicles £000	Plant and Equipment £000	Fixtures & Fittings £000	Total £000
Cost					
Balance at beginning of year	147	59	260	429	895
Additions	21	10	9	51	91
Disposals	–	(7)	–	(2)	(9)
Effect of movements in foreign exchange	–	–	(10)	–	(10)
Balance at end of year	168	62	259	478	967
Depreciation					
Balance at beginning of year	67	36	240	362	705
Depreciation charge for the year	43	7	11	34	95
Disposals	–	(7)	–	(2)	(9)
Effect of movements in foreign exchange	–	–	(10)	–	(10)
Balance at end of year	110	36	241	394	781
Net book value					
Balance at beginning of year	80	23	20	67	190
Balance at end of year	58	26	18	84	186

9 PROPERTY, PLANT AND EQUIPMENT – COMPANY

2007	Leasehold Improvements £000	Motor Vehicles £000	Plant and Equipment £000	Fixtures & Fittings £000	Total £000
Cost					
Balance at beginning of year	168	46	125	478	817
Acquisitions	179	–	66	125	370
Disposals	–	(9)	–	(87)	(96)
Balance at end of year	347	37	191	516	1,091
Depreciation					
Balance at beginning of year	110	30	120	394	654
Depreciation charge for the year	111	6	11	56	184
Disposals	–	(9)	–	(87)	(96)
Balance at end of year	221	27	131	363	742
Net book value					
Balance at beginning of year	58	16	5	84	163
Balance at end of year	126	10	60	153	349

2006	Leasehold Improvements £000	Motor Vehicles £000	Plant and Equipment £000	Fixtures & Fittings £000	Total £000
Cost					
Balance at beginning of year	147	43	123	429	742
Acquisitions	21	10	2	51	84
Disposals	-	(7)	-	(2)	(9)
Balance at end of year	168	46	125	478	817
Depreciation					
Balance at beginning of year	67	33	117	362	579
Depreciation charge for the year	43	4	3	34	84
Disposals	-	(7)	-	(2)	(9)
Balance at end of year	110	30	120	394	654
Net book value					
Balance at beginning of year	80	10	6	67	163
Balance at end of year	58	16	5	84	163

10 INTANGIBLE ASSETS

Group and Company	2007 Software and Software Licenses £000	2006 Software and Software Licenses £000
Cost		
Balance at beginning of year	155	144
Additions	109	11
Balance at end of year	264	155
Amortisation and impairment		
Balance at beginning of year	139	130
Amortisation for the year	15	9
Balance at end of year	154	139
Net book value		
At beginning of year	16	14
At end of year	110	16

Amortisation charge

The amortisation charge is recognised in administrative expenses in the income statement

Notes (continued)

11 INVESTMENTS IN SUBSIDIARIES

The Group and Company have the following investments in subsidiaries

	Country of incorporation	Class of shares held	Ownership 2007	2006
Group and Company				
FDM Group Inc	USA	Ordinary	100%	100%
FDM Group NV	Belgium	Ordinary	100%	100%
FDM Group GmbH	Germany	Ordinary	100%	100%
FDM Group SA	Luxembourg	Ordinary	100%	100%
Mountfield Software Limited (Dormant)	Great Britain	Ordinary	100%	100%

The Group's principal activity is that of an international IT services provider. The Group specialises in recruiting and training its own permanent IT consultants known as 'Mounties'.

12 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	2007 £000	Assets 2006 £000
Property, plant and equipment	4	30
Share-based payments	208	87
Deferred tax asset	212	117

Movement in deferred tax during the year

	1 January 2007 £000	Recognised in income statement £000	Recognised in equity £000	31 December 2007 £000
Property, plant and equipment	30	(26)	–	4
Share-based payments	87	32	89	208
	117	6	89	212

Movement in deferred tax during the prior year

	1 January 2006 £000	Recognised in income statement £000	Recognised in equity £000	31 December 2006 £000
Property, plant and equipment	47	(17)	–	30
Share-based payments	–	54	33	87
	47	37	33	117

13 TRADE AND OTHER RECEIVABLES

	2007 £000	Group 2006 £000	2007 £000	Company 2006 £000
Trade receivables due from subsidiaries	-	-	79	47
Trade receivables	9,254	9,888	7,935	8,758
Other receivables	23	31	22	14
Prepayments and accrued income	250	161	216	150
	9,527	10,080	8,252	8,969

At 31 December 2007, trade receivables are shown net of an allowance for doubtful debts of £nil (2006 £141 000)

Trade and other receivables denominated in currencies other than Great British Pounds comprise £1 319,000 (2006 £1 111 000), denominated in Euros and US dollars

14 CASH AND CASH EQUIVALENTS/BANK OVERDRAFTS

	2007 £000	Group 2006 £000	2007 £000	Company 2006 £000
Cash and cash equivalents per balance sheet	5,953	2 002	4,832	1,387
Bank overdrafts	-	[27]	-	-
Cash and cash equivalents per cash flow statements	5,953	1 975	4,832	1 387

Cash denominated in currencies other than Great British Pounds comprise £1,121,000 (2006 £138 000), denominated in Euros and US dollars

15 TRADE AND OTHER PAYABLES

	2007 £000	Group 2006 £000	2007 £000	Company 2006 £000
Trade payables due to subsidiaries	-	-	214	206
Trade payables	2,675	2 696	2,121	2,310
Other payables	150	128	145	126
Other taxes and social security	1,151	787	990	707
Accruals and deferred income	865	496	815	417
	4,841	4 107	4,285	3,766

Trade and other payables denominated in currencies other than Great British Pounds comprise £161 000 (2006 £341 000) denominated in Euros and US dollars

Notes (continued)

16 EMPLOYEE BENEFITS

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans

The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £35 000 (2006 £43 000). Amounts paid by the Company were £35,000 (2006 £43 000)

There were no outstanding or prepaid contributions at the end of the financial year

Share-based payments – Group

The Employee Benefit Trust generally grants options to the employees at the market value of the date of grant. The Trust acquires shares from the market to settle these awards at the date of grant.

During 2007 the trust purchased 38,864 ordinary shares with a nominal value of 1p for £50 875 to cover the future demand for share options held by employees, this represented 0.16% of the total called up share capital. The maximum number of shares held by the trust during the year was 286 497 shares which is 1.2% of the total called up share capital.

At the balance sheet date 271 861 shares with a market value of £339 826 (2006 £267 877) were held by the Trust which had not yet vested unconditionally with employees. The Trust net cash has reduced by £22 000 (2006 £170 000) and, therefore shareholders funds have reduced accordingly. The reduction in cash is the difference between the amount received from employees on the exercise of share options less the amounts paid in acquiring additional shares to cover future options that will be exercised.

At the year end 899,400 (2006 989 200) shares are under option to employees or have been conditionally gifted to them.

Employee share options

The terms and conditions of grants are as follows whereby all options are settled by physical delivery of shares.

The exercise of the 55p share options was conditional upon the shares becoming tradable on a recognised stock market. Accordingly these have been exercisable since the date of the Company's admission to AIM on 7 April 2005.

The 78p and 86.5p share options have been granted with an exercise price equal to the market price of the company shares at the date of grant (market price options) and the only condition with these options is that they can only be exercised after the third anniversary of the date of grant and not exercised any later than the tenth anniversary of the date of grant.

The exercise of the 1p options is conditional upon the satisfaction of specified growth in earnings per share over the three years to 31 December 2007. These options can only be exercised if the company's growth based on annualised earnings per share in the base period compared with the third year after the grant exceeds RPI plus an average of 3% per annum. These conditions have now been met and therefore the 1p options are now exercisable.

No options granted can be transferred, assigned, mortgaged or charged and options can only be exercised by option holders if they are still employees or Directors of the company.

The number and weighted average exercise prices of share options are as follows:

	2007 Weighted average exercise price	2007 Number of options	2006 Weighted average exercise price	2006 Number of options
Outstanding at the beginning of the period	0.40	989,200	0.45	1,217,150
Granted during the period	–	–	–	–
Forfeited/lapsed during the period	0.79	(36,300)	0.71	(181,450)
Exercised during the period	0.55	(53,500)	0.55	(46,500)
Outstanding at the end of the period	0.38	899,400	0.40	989,200
Exercisable at the end of the period	0.55	105,000	0.55	163,000

The weighted average share price at the date of exercise of share options exercised during the period was 122p (2006 87p)

The options outstanding at the year end have an exercise price in the range of 1p to 86 5p and a weighted average contractual life of 6 9 years (2006 7 7 years)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options, adjusted for any expected changes to future volatility due to publicly available information)

Date of grant	7/4/05	7/4/05	8/9/05	8/9/05
Type of Instrument	Share Options	LTIP	Share Options	LTIP
Valuation Model	Binomial	Binomial	Binomial	Binomial
Number Outstanding	248,400	270 000	96,000	180 000
Share Price On Date of Grant (£)	0 78	0 78	0 865	0 865
Exercise Price (£)	0 78	0 01	0 865	0 01
Expected Volatility [%]	50	50	50	50
Vesting Period [yrs]	3	3	3	3
Expected Life [yrs]	10	10	10	10
Risk-Free Rate [%]	4 7	4 7	4 25	4 25
Expected Annual Dividend [%]	2	2	2	2
Fair Value (£)	0 35	0 73	0 39	0 81

Share options are granted under a service condition and, for grants to Directors and senior management, a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

As at 31 December 2007 outstanding options to subscribe for ordinary shares of 1p were as follows

Grant date	Employees entitled	No of options	Performance conditions	Exercise price
30/05/2000	Management & Employees	105,000	Upon flotation of company	£0 55
07/04/2005	Employees	248,400	No performance conditions	£0 78
07/04/2005	Management	270 000	EPS growth target	£0 01
08/09/2005	Employees	96 000	No performance conditions	£0 87
08/09/2005	Management	180 000	EPS growth target	£0 01
Total		899,400		

The Company recognised a total expense within administration expenses of £147 296 (2006 £137 296) related to share-based payment transactions, all of which were accounted for as equity-settled share-based payment arrangements with a corresponding credit direct to equity reserves. The cumulative credit to equity reserves in respect of share-based payments totalled £394 592 (2006 £247 296)

Notes (continued)

17 CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves – Group

	Share capital £000	Share premium £000	Capital Redemption reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2006	232	3,332	63	–	2 526	6,153
Total recognised income and expense	–	–	–	–	2 090	2 090
Exchange Adjustments	–	–	–	[49]	–	[49]
Movement in Trust cash balance	–	–	–	–	[170]	[170]
IFRS 2 – Share based payment charge	–	–	–	–	137	137
Deferred tax on share options	–	–	–	–	33	33
Dividends	–	–	–	–	[368]	[368]
Balance at 31 December 2006	232	3,332	63	[49]	4,248	7,826
Balance at 1 January 2007	232	3 332	63	[49]	4 248	7 826
Total recognised income and expense	–	–	–	–	2,833	2,833
Exchange Adjustments	–	–	–	113	–	113
Movement in Trust cash balance	–	–	–	–	[22]	[22]
IFRS 2 – Share based payment charge	–	–	–	–	147	147
Deferred tax on share options	–	–	–	–	89	89
Dividends	–	–	–	–	[482]	[482]
Balance at 31 December 2007	232	3,332	63	64	6,813	10,504

The aggregate current and deferred tax relating to items that are charged or credited to equity is £122 000 (2006 £33 000)

18 CAPITAL AND RESERVES (continued)

Reconciliation of movement in capital and reserves – Company

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2006	232	3,332	63	1 351	4,978
Total recognised income and expense	–	–	–	1 880	1 880
Movement in Trust cash balance	–	–	–	[170]	[170]
IFRS 2 – Share based payment charge	–	–	–	137	137
Deferred tax on share options	–	–	–	33	33
Dividends	–	–	–	[368]	[368]
Balance at 31 December 2006	232	3,332	63	2,863	6,490
Balance at 1 January 2007	232	3 332	63	2,863	6,490
Total recognised income and expense	–	–	–	2 483	2 483
Movement in Trust cash balance	–	–	–	[22]	[22]
IFRS 2 – Share based payment charge	–	–	–	147	147
Deferred tax on share options	–	–	–	89	89
Dividends	–	–	–	[482]	[482]
Balance at 31 December 2007	232	3,332	63	5,078	8,705

The aggregate deferred tax relating to items that are charged or credited to equity is £122,000 (2006 £33 000)

Share capital

	2007 €000	2006 €000
Authorised		
100,000,000 Ordinary shares of 1p each	1,000	1,000
Allotted, called up and fully paid		
23 220 000 Ordinary shares of 1p each	232	232
Shares classified in shareholders funds	232	232

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

Capital redemption reserve

In 2005, the Group re-purchased and cancelled 6,280,000 of its own ordinary shares of 1p each. An amount equal to the nominal value of these shares has been transferred to the capital redemption reserve equating to £62,800

Share premium reserve

In 2005 the Group on admission to AIM issued 4 500,000 ordinary 1p shares for cash at 78p per share. The proceeds arising from this transaction were transferred to the share premium account. There have been no further issue of shares since this date

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The Group has elected to take advantage of the exemption on the adoption of IFRS1 to set the cumulative exchange differences to zero at 1 January 2006

19 DIVIDENDS

	2007 €000	2006 €000
Ordinary Dividends		
Final (prior year)	302	232
Interim (current year)	186	139
Dividend waived by Employee Benefit Trust in year	(6)	(3)
	482	368

After the balance sheet date, the Board recommended a final dividend of 1.9p (2006: 1.3p) per share making a total dividend of 2.7p (2006: 1.9p). The final dividend has not been provided for in these financial statements

Notes (continued)

20 EARNINGS PER SHARE

	2007 £000	2006 £000
Earnings		
Profit after tax	2,833	2,090
Add IFRS 2 share-based payment charges	147	137
Adjusted earnings before IFRS 2 share based payment charges	2,980	2,227
Earnings per share		
Basic	12.3p	9.1p
Diluted	12.0p	9.0p
Adjusted basic	13.0p	9.7p
Adjusted diluted	12.7p	9.6p

The calculation of basic earnings per share is based on profit after tax. The calculation of adjusted earnings uses the basic earnings before IFRS 2 share-based payment charges and is presented to show more clearly the underlying performance of the Group.

The weighted average number of ordinary shares used in the calculation of the basic, diluted and adjusted earnings per share is as follows:

	2007 No	2006 No
Weighted average number of shares in issue during the year		
used in the calculation of basic and adjusted basic earnings per share	22,950,608	22,943,962
Dilutive effect of options treated as exercisable at the year end	588,786	369,237
	23,539,394	23,313,199

21 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Less than one year	444,947	365,030	364,312	282,689
Between one and five years	729,509	361,965	713,358	282,689
More than five years	212,019	-	212,019	-
	1,386,475	726,995	1,289,689	565,378

Company

During the year the Company sub-let one of its buildings and recognised income of £120,000 within the administrative expenses of the income statement in respect of operating leases (2006: £120,000). This sub-lease is to continue until the end of the lease commitment which expires in December 2008, therefore future payments in 2008 of £120,000 will be receivable by the Group.

22 CONTINGENCIES

Group and Company

The Company has guaranteed the overdrafts of its subsidiaries FDM Group Inc. and FDM Group NV, the amount outstanding at the year end was £Nil (2006: £27,000).

23 RELATED PARTIES

Group

Directors and key management of the Group and their relatives control 38.7 per cent of the voting shares of the Company. The compensation of key management personnel (including the Directors) is as follows:

	Group and Company	
	2007 £000	2006 £000
Key management emoluments	1,067	1,036
Company contributions to money purchase pension plans	10	10
	1,077	1,046

Included within key management emoluments is an amount of £156,700 which is due to be paid in March 2008.

Company

The Company holds inter-company balances with its subsidiary undertakings as detailed in notes 13 and 15. The transactions taken place are all in relation to administrative expenses and inter-company loan repayments which are listed below by subsidiary:

	2007 Administrative Expenses £000	2007 Loan Repayments £000	2007 Total £000
FDM Group Inc	118	(78)	40
FDM Group NV	–	–	–
FDM Group SA	6	(18)	(12)
FDM Group GmbH	6	–	6
	130	(96)	34

24 FINANCIAL RISK MANAGEMENT

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group which primarily relate to credit, interest, liquidity and currency risks which arise in the normal course of the Company's and Group's business.

Credit risk

Financial instruments which potentially expose the Group to credit risk consist primarily of cash and cash equivalents and trade receivables. Cash is held in overnight deposit accounts and is accessible on demand. The Group provides credit to customers in the normal course of business and the amount that appears in the balance sheet is net of an allowance of £Nil (2006: £140,929) for specific doubtful receivables, the allowance being due to age or other issues. The Group does not require collateral in respect of financial assets.

All material trade receivable balances relate to sales transactions with the Group's blue-chip client base. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The trade receivables as at 31 December are aged as follows:

	2007 £000	2006 £000
Not due	5,899	4,935
Not more than three months past due	3,118	4,218
More than three months but not more than six months past due	237	735
Trade receivables	9,254	9,888

Notes (continued)

24 FINANCIAL RISK MANAGEMENT (continued)

Interest and liquidity risk

The Group holds cash and hence its interest and liquidity risks are associated with short-term cash deposits. The Group's overall objective with respect to these deposits is to maintain a balance between accessibility of funds and competitive rates of return. In practice this means that no deposits are made with a maturity date greater than three months. All deposits are at current market rates.

The Company has a multi-option facility with its bankers that can be drawn to meet working capital requirements if needed. The maximum facility is £2 500,000, this facility was not used during the year, due to the Company holding surplus funds.

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US Dollars and Euros. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

The Group has not entered into hedging contracts for cash positions denominated in foreign currencies.

Capital management

The Company maintains a strong capital base so as to maintain employee, customer, market, investor and creditor confidence in the business. The Board monitors the capital position and determines the level of annual dividend and when and how a return of capital to shareholders is appropriate.

Fair values

Unless otherwise disclosed, there is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the Group and Company's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value.

25 EXPLANATION OF TRANSITION TO ADOPTED IFRSs – GROUP

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented in these financial statements for the year ended 31 December 2006 and in the preparation of an opening IFRS balance sheet at 1 January 2006 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

			1 January 2006 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000		31 December 2006 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
	Note	UK GAAP £000			UK GAAP £000		
Non-current assets							
Property plant and equipment		190	–	190	186	–	186
Intangible assets		14	–	14	16	–	16
Deferred tax assets	a	–	47	47	–	117	117
		204	47	251	202	117	319
Current assets							
Trade and other receivables	a	7,704	(47)	7,657	10,110	(30)	10,080
Cash and cash equivalents		2,568	–	2,568	2,002	–	2,002
		10,272	(47)	10,225	12,112	(30)	12,082
Total assets		10,476	–	10,476	12,314	87	12,401
Current liabilities							
Bank overdraft		226	–	226	27	–	27
Trade and other payables		3,541	–	3,541	4,107	–	4,107
Tax payable		556	–	556	441	–	441
Total liabilities		4,323	–	4,323	4,575	–	4,575
Net assets		6,153	–	6,153	7,739	87	7,826
Equity attributable to equity holders of the parent							
Share capital		232	–	232	232	–	232
Share premium		3,332	–	3,332	3,332	–	3,332
Capital redemption reserve		63	–	63	63	–	63
Translation reserve	b	–	–	–	–	(49)	(49)
Retained earnings	a b	2,526	–	2,526	4,112	136	4,248
Total equity		6,153	–	6,153	7,739	87	7,826

Notes (continued)

25 EXPLANATION OF TRANSITION TO ADOPTED IFRSs – GROUP (continued)

Reconciliation of profit for 31 December 2006

	Note	UK GAAP £000	2006 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue		44,504	–	44,504
Cost of sales		(35,906)	–	(35,906)
Gross profit		8,598	–	8,598
Other operating income		43	–	43
Administrative expenses		(5,943)	–	(5,943)
Operating profit before net financing costs		2,698	–	2,698
Financial income		100	–	100
Financial expenses		(19)	–	(19)
Net financing costs		81	–	81
Profit before tax		2,779	–	2,779
Taxation	a	(743)	87	(689)
Profit for the year		2,036	87	2,090

Notes to the reconciliation of equity and income statement

a) The Group has derived deferred tax from the differences arising from the carrying amount of its assets and liabilities and its tax base. The deferred tax which was previously shown within current assets is now shown as a non-current asset in accordance with IAS12 – Income taxes. The main change resulting relates to share-based payments where the Group is to recognise an expense for the consideration of share options granted to employees. A tax deduction on the options will not be recognised until the options are exercised, therefore the Group has recognised deferred tax assets in respect of the options outstanding at the end of the financial year.

b) Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. All assets and liabilities denominated in foreign currency are translated into Great British Pounds at the foreign exchange rate at that date. The assets and liabilities of foreign subsidiaries have been translated into Great British Pounds at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on the retranslation are now recognised directly in a separate component of equity.

There are no material differences between the cash flow statement presented under Adopted IFRSs and the cash flow statement presented under UK GAAP.

26 EXPLANATION OF TRANSITION TO ADOPTED IFRSs – COMPANY

Reconciliation of equity

	Note	UK GAAP £000	1 January 2006 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000	UK GAAP £000	31 December 2006 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Non-current assets							
Property, plant and equipment		163	–	163	163	–	163
Intangible assets		14	–	14	16	–	16
Deferred tax assets	a	–	47	47	–	117	117
		177	47	224	179	117	296
Current assets							
Trade and other receivables	a	6,120	(47)	6,073	8,999	(30)	8,969
Cash and cash equivalents		2,031	–	2,031	1,387	–	1,387
		8,151	(47)	8,104	10,386	(30)	10,356
Total assets		8,328	–	8,328	10,565	87	10,652
Current liabilities							
Trade and other payables		2,851	–	2,851	3,766	–	3,766
Tax payable		499	–	499	396	–	396
Total liabilities		3,350	–	3,350	4,162	–	4,162
Net assets		4,978	–	4,978	6,403	87	6,490
Equity attributable to equity holders of the parent							
Share capital		232	–	232	232	–	232
Share premium		3,332	–	3,332	3,332	–	3,332
Capital redemption reserve		63	–	63	63	–	63
Retained earnings	a	1,351	–	1,351	2,776	87	2,863
Total equity		4,978	–	4,978	6,403	87	6,490

Reconciliation of profit for 31 December 2006

	Note	£000
UK GAAP Profit after tax		1,826
Deferred Tax on share options	a	87
Adopted IFRS Profit after tax		1,913

Notes to the reconciliation of equity and profit

- a) The Group has derived deferred tax from the differences arising from the carrying amount of its assets and liabilities and its tax base. The deferred tax which was previously shown within current assets is now shown as a non-current asset in accordance with IAS12 – Income taxes. The main change resulting relating to share-based payments where the Group is to recognise an expense for the consideration of share options granted to employees. A tax deduction on the options will not be recognised until the options are exercised, therefore the Group will recognise deferred tax assets in respect of the options outstanding at the end of the financial year.

Cash flow statement

Under UK GAAP the parent company was not required to and did not, prepare a cash flow statement.

Notice of Annual General Meeting

FDM GROUP PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of FDM Group plc (the Company) for 2008 will be held at Second Floor, Lanchester House, Trafalgar Place, Brighton BN1 4FU at 10.30 am on 7 May 2008 for the following purposes

Ordinary Business

- 1 To declare a final dividend for the financial year ended 31 December 2007 of 1.9p per share
- 2 To receive and adopt the accounts of the Company for the financial year ended 31 December 2007 together with the Directors Report and the Auditors report on those accounts
- 3 To re-elect Rod Flavell as a Director of the Company
- 4 To re-elect Andrew Brown as a Director of the Company
- 5 To re-elect Sheila Flavell as a Director of the Company
- 6 To re-elect David Templeman as a Director of the Company
- 7 To re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of the annual general meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to fix their remuneration

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as to Resolution 8 as an ordinary resolution and as to Resolutions 9 and 10 as special resolutions

- 8 THAT in substitution for any existing authority under section 80 of the Companies Act 1985 (the Act) but without prejudice to the exercise of any such authority prior to the date hereof the Directors be and are authorised generally and unconditionally for the purposes of section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount equal to £89,215 to such persons and at such times and on such terms as they think proper during the period expiring (unless previously revoked or varied by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired
- 9 THAT in substitution for any existing power under section 95 of the Act but without prejudice to the exercise of any such power prior to the date hereof the Directors be and are empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on the Directors by resolution 8 contained in the notice of the Annual General Meeting of the Company of which this resolution forms part as if sub-section (1) of section 89 of the Act did not apply to such allotment provided that this power shall (unless previously revoked or varied by the Company in general meeting) expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired and save also that the power conferred by this resolution shall be limited to
- 9.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interest of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising in connection with the laws of or the requirements of any regulatory body or any stock exchange in, any territory and
- 9.2 the allotment (otherwise than pursuant to sub-paragraph 9.1 above) of equity securities up to an aggregate nominal value not exceeding £11,635
- 10 THAT, with immediate effect, the Articles of Association produced to the Meeting and for the purpose of identification marked A and signed by the Chairman of the Meeting be adopted in substitution for and to the exclusion of the existing Articles of Association of the Company

By order of the board
Jacqueline Lesley Flavell
10 March 2008

Registered office
Second Floor
Lanchester House
Trafalgar Place
Brighton
BN1 4FU

Notes

- 1 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those members registered in the Register of Members of the Company at 6pm on 5 May 2008 (or if the General Meeting is adjourned members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 6pm on 5 May 2008 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- 2 A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and to vote instead of him. A proxy need not be a member of the Company but must attend the General Meeting. If a member wishes his proxy to speak on his behalf at the General Meeting he will need to appoint his own choice of proxy (not the Chairman) and give his instructions directly to them. Completion and return of a form of proxy will not preclude a member from attending and voting at the General Meeting or any adjournment thereof in person. If a proxy is appointed and the member attends the General Meeting in person the proxy appointment will automatically be terminated.
- 3 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please sign and date the form of proxy and attach a schedule listing the names and addresses (in block letters) of all of your proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'.
- 4 A form of proxy is enclosed and details of how to appoint and direct a proxy to vote on each resolution are set out in the notes to the form of proxy. To be valid the form of proxy must be completed and signed and lodged with the Registrars of the Company, Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time fixed for the General Meeting or for any adjournment thereof together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member, which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 5 In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. In the event that more than one of the joint holders purports to appoint a proxy, the appointment submitted by the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.
- 6 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy may vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- 7 In order to revoke a proxy instruction a member will need to send a signed hard copy notice clearly stating your intention to revoke a proxy appointment to Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority. In the case of a member which is a company the notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. A member entitled to attend and vote at the General Meeting convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote instead. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting at the General Meeting or any adjournment thereof in person.