Company Registered No. 3195485

WYG International Limited

Report and Financial Statements

30 June 2009

WYG International Limited

Report and financial statements 2009

Contents

WYG International Limited

Officers and professional advisers

Directors

K J Cook	
A S Dziurdzik	
D C Ford	
G Lamond	
N Parison	
P Hamer	(appointed 1 July 2008)
G Olver	(appointed 3 August 2009)
C White	(appointed 1 March 2009)
D Wilton	(appointed 10 February 2009)
D P Connery	(resigned 5 November 2008)
R Hartley	(resigned 14 April 2009)
L J Haynes	(resigned 5 January 2009)
J P L Bacharach	(resigned 1 July 2008)
L Cowles	(resigned 24 December 2008)
S J McCormick	(resigned 1 July 2008)
J Miller	(resigned 1 July 2008)
M J Parry	(resigned 1 July 2008)

Company secretary

C Farbridge

Registered number

3195485

Registered Office

Arndale Court
Headingley
Leeds, LS6 2UJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Benson House
33 Wellington Street
Leeds, LS1 4JP

Solicitors

Eversheds
Bridgewater Place
Water Lane
Leeds, LS11 5BZ

Bankers

Fortis Bank
Camomile Court
23 Camomile Street
London, EC3A 7PP

WYG International Limited

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2009.

Business review and principal activities

WYG International Limited ("the Company") is incorporated in the UK, and both the Company and Group are domiciled in the UK. The principal activities of the Group are management, economic and human resource consultancy, focused primarily on assisting the social and economic transition from centralised to democratic pluralist society. The principal geographic focus is Central and Eastern Europe, Central Asia and the Mediterranean area.

The largest part of the Group's income is derived from the major bilateral and multi-lateral development agencies, including the World Bank, the European Commission and the UK Department for International Development.

The results for the Group show a pre-tax loss of €7,104,000 (2008: €772,000 profit) for the year and revenue of €61,972,000 (2008: €64,670,000). No dividends (2008: €Nil) were paid during the year.
Exceptional items of €8,179,000 were incurred in the year and arose predominantly from the restructuring of the Group, and relate to redundancies and office closure costs, the write down of work in progress and trade receivables balances, the impairment of goodwill and other general restructuring costs.

Future outlook

Trading conditions remain challenging, although there are variations across the differing markets served by the Group. There remains a lack of confidence and liquidity in many areas in which we trade, but there are also some encouraging signs in respect of opportunities and new contract wins.

Trading for the financial year to date is in line with the Board's expectations.

Principal risks and uncertainties

The management of the business and the execution of the Company's and Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition and employee retention. Further discussion of these risks and uncertainties, in the context of the WYG group as a whole, is provided on pages 38 and 39 of White Young Green Plc's annual report which does not form part of this report.

Key performance indicators

The directors of WYG Plc manage the White Young Green group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Group and Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Group or Company.

The development, performance and position of the WYG group is discussed on page 34 of WYG Plc's annual report which does not form part of this report.

Acquisitions

On 14 August 2007 the Company acquired the entire share capital of Management Consultants Group Limited. The initial consideration was €2,670,000 comprising €1,131,000 in cash and 172,266 shares in WYG Plc at a market value of British £4.644. Further consideration of up to €520,000, payable if certain performance targets were met, was released back to goodwill during in August 2008.

Trade creditors

The Group's policy is to settle invoices promptly according to terms and conditions as far as is practicable.

At 30 June 2009 the amount due to trade creditors for the Company represented 61 days (2008: 35 days), and for the Group represented 60 days (2008: 24 days) purchases received from those creditors.

Employee information

The Company's policy is to ensure the adequate provision for the health, safety and welfare of its employees and of other people who may be affected by its activities.

The Company treats applications for employment from disabled persons equally with those of other applicants having regard to their ability, experience and the requirements of the job. Where existing employees of the Company become disabled every effort is made to provide them with continuing suitable work within the Company.

WYG International Limited

Directors' report

The success of the Company depends upon the skill and motivation of its workforce and it is the Company's policy that employees are kept informed of matters affecting their employment and of the financial results of the Company on a regular basis.

Statement of directors' responsibilities in respect of the Annual 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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to the independent auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed. A resolution to re-appoint them as independent auditors will be proposed at the Annual General Meeting.

Cautionary statement

Certain statements contained in this report, including those under the "Future outlook" heading constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and Group to be materially different from any future results, performance or achievements expressed or implied by such statements.

By order of the Board

C Farbridge
Company Secretary
28 January 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WYG INTERNATIONAL LIMITED

We have audited the Group and parent Company financial statements (the "financial statements") of WYG International Limited for the year ended 30 June 2009 which comprise the Income Statement, the Balance Sheets, the Statements of Recognised Income and Expense, the Cash Flow Statements, the Statements of Changes in Shareholders' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Morrison

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 January 2010

WYG International Limited

Consolidated Income Statement
For the year ended 30 June 2009

	Note	Before exceptional items 2009 €'000	Exceptional items 2009 €'000	Total 2009 €'000	Before exceptional items 2008 €'000	Exceptional items 2008 €'000	Total 2008 €'000
Continuing operations							
Revenue		**61,972**	—	**61,972**	64,670	—	64,670
Operating expenses	3	**(60,207)**	**(8,179)**	**(68,386)**	(63,646)	—	(63,646)
Operating (loss)/profit	3	**1,765**	**(8,179)**	**(6,414)**	1,024	—	1,024
Investment income		—	—	—	71	—	71
Finance costs	5	**(690)**	—	**(690)**	(323)	—	(323)
(Loss)/profit before tax		**1,075**	**(8,179)**	**(7,104)**	772	—	772
Tax (charge)	7	**(311)**	—	**(311)**	(1,087)	—	(1,087)
Loss attributable to equity shareholders		**764**	**(8,179)**	**(7,415)**	(315)	—	(315)

The accompanying notes to the financial statements are an integral part of this Consolidated Income Statement.

WYG International Limited

Balance Sheets
As at 30 June 2009

	Note	Group 2009 €'000	Group 2009 €'000	Company 2009 €'000	Company 2009 €'000
Non-current assets					
Goodwill	9	2,442	5,002	—	—
Other intangible assets	10	269	131	—	—
Property, plant and equipment	11	953	869	188	158
Investments	12	—	—	4,460	4,822
		3,664	6,002	4,648	4,980
Current assets					
Work in progress		24,491	19,687	18,002	13,556
Trade and other receivables	13	67,074	58,811	62,589	52,295
Tax recoverable		—	539	—	422
Cash and cash equivalents		6,999	6,742	6,232	3,612
		98,564	85,779	86,823	69,885
Current liabilities					
Trade and other payables	14	(55,283)	(35,518)	(47,776)	(27,507)
Current tax liabilities		(239)	(356)	(174)	(356)
		(55,522)	(35,874)	(47,950)	(27,863)
Net current assets		43,042	49,905	38,873	42,022
Net assets		46,706	55,907	43,521	47,002
Shareholders' equity					
Share capital	16	141	141	141	141
Share premium account	17	47,020	47,020	47,020	47,020
Retained earnings	17	(455)	8,746	(3,640)	(159)
Total shareholders' equity		46,706	55,907	43,521	47,002

The accompanying notes to the financial statements are an integral part of these Balance Sheets.

The financial statements were approved by the Board of Directors on 28 January 2010 and signed on its behalf by:

D Wilton

Director

28 January 2010

Company number 3195485

WYG International Limited

Cash Flow Statements
For the year ended 30 June 2009

		Group		Company	
		2009	2009	**2009**	2009
	Note	**€'000**	€'000	**€'000**	€'000
Operating activities					
Cash generated from operations	18	1,853	4,607	2,563	3,700
Interest (paid) / received		(690)	(323)	(193)	25
Tax received / (paid)		123	(1,504)	69	(631)
Net cash generated from operating activities		1,286	2,780	2,439	3,094
Investing activities					
Purchases of property, plant and equipment		(574)	(653)	(181)	(103)
Purchases of businesses		(161)	(1,131)	362	(2,747)
Purchases of intangible assets (computer software)		(294)	(192)	—	—
Cash balances acquired with businesses		—	318	—	—
Interest received		—	71	—	—
Net cash (used in)/generated from investing activities		(1,029)	(1,587)	181	(2,850)
Net increase in cash and cash equivalents		257	1,193	2,620	244
Cash and cash equivalents at beginning of year		6,742	5,549	3,612	3,368
Cash and cash equivalents at end of year		6,999	6,742	6,232	3,612

The accompanying notes to the financial statements are an integral part of these Cash Flow Statements.

WYG International Limited

Statements of Changes in Shareholders' Equity
For the year ended 30 June 2009

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Loss for the year	(7,415)	(315)	(3,481)	(1,305)
Exchange differences on translation of foreign operations	(1,786)	865	—	-
New share capital issued, net of expenses	-	47,020	—	47,020
Net (reduction)/addition to shareholders' funds	(9,201)	47,570	(3,481)	45,715
Equity attributable to equity shareholders of the Company at beginning of year	55,907	8,337	47,002	1,287
Equity attributable to equity shareholders of the Company at end of year	46,706	55,907	43,521	47,002

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

1. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Subsidiaries with non-coterminus year ends are consolidated using management financial statements made up to 30 June 2009.

Results of subsidiary undertakings acquired or sold during the year are consolidated from or to the date on which control passes. The trading results of companies acquired during the year are accounted for under the purchase method of accounting.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group has recorded a category for 'exceptional items' in the income statement in 2009. In 2008, the Group did not record any exceptional items. The exceptional items accounting policy can be found in the significant accounting policies in the notes to the accounts.

The company is reliant on the financial support of its ultimate parent company, WYG Plc, in order to enable it to meet its liabilities as they fall due and continue as a going concern.

At the time of the ultimate holding company's accounts approval in October 2009, material uncertainties existed around the going concern of the Group. The Group had agreed heads of terms on a restructuring which involved the conversion to equity of a proportion of the Group's bank borrowings together with three year borrowing facilities, however this was still subject to shareholder approval at an Extraordinary General Meeting, by a majority of 75% of those shareholders attending and voting.

At the Extraordinary General Meeting on 6 January 2010, over 95% of shareholders were in favour of the proposal and the resolution was passed. The Groups banks have converted some £53m of debt into equity and provided new lending facilities totalling £58.25m and €38m of committed bonding facilities. 60.5% ownership of the Group has transferred to the banks, 24.5% to staff and management and 15% to existing shareholders. Following this refinancing and restructure, WYG's listing on the stock exchange will be transferred from the Main Market to the Alternative Investment Market.

This agreement has significantly reduced the uncertainties which existed at the time of the approval of the WYG Plc accounts and the Directors believe that this debt to equity conversion and the refinanced facilities provide a material strengthening of the Groups capital structure and financial position. Based on the above, the Directors believe the going concern assumption to be appropriate for preparing the company's accounts. The ultimate parent company has provided a letter of support to the directors of the Company confirming its intention to provide financial support for a period of at least 12 months from the date of approval of the financial statements.

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

1. Significant accounting policies (continued)

Revenue recognition

Revenue represents the value of work earned during the year on contracts by reference to total contract value and stage of completion.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Work in progress is stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost comprises direct staff costs and attributable overheads. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract, as earned at the balance sheet date. Work-in-progress is recognised when projects are assessed for contract progress and the proportion of contract work completed at the balance sheet date is determined in relation to the total contract works. Appropriate provisions are made for slow moving and irrecoverable work-in-progress.

Third party payments represent costs incurred by the Company on behalf of clients which are invoiced at no margin. Progress payments receivable in excess of the value of work executed on individual contracts are included in trade and other payables.

Unbilled revenue

As described above revenue represents the value of work earned during the year by reference to the total contract value and stage completion. Unbilled revenue is the difference between the revenue recognised and the amounts actually invoiced to customers. Where invoicing exceeds the amount of revenue recognised these amounts are included in trade and other payables. When consumables are used, a charge is made to cost of sales.

Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. Items that may give rise to classification as exceptional items include, but are not limited to, significant and material restructuring closures and reorganisation programmes, asset impairments, and the profit or losses on the closure of offices.

Goodwill

Goodwill arising on asset acquisitions represents the excess of the cost of acquisition over the net assets of the acquired Company. Goodwill is recognised as an asset and tested for impairment at least annually by reference to the relevant cash flow forecasts and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised at cost and amortised on a straight line basis over their useful economic life. The useful economic lives used are as follows:

Computer software – 3 years

Impairment of assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs") discounted at an appropriate rate.

1. Significant accounting policies (continued)

Property, plant and equipment

Properties, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bring the asset into use. Borrowing costs related to the purchase of fixed assets are not capitalised.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives as follows:

Motor vehicles	– 25% per annum on net book value
Office furniture and equipment	– 20–33.3% per annum on original cost

Leased assets

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Work in progress

Work in progress is stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost comprises direct staff costs and attributable overheads. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract, as earned at the balance sheet date. Work-in-progress is recognised when projects are assessed for contract progress and the proportion of contract work completed at the balance sheet date is determined in relation to the total contract works. Appropriate provisions are made for slow moving and irrecoverable work-in-progress

Cash & cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Company's balance sheet at cost less any provision for impairment in value.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1. **Significant accounting policies (continued)**

Tax

The tax expense represents the sum of the tax currently payable and deferred tax along with any adjustments to prior year estimates.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Employee Benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Short term compensated absences

A liability for short-term compensated absences, such as holiday, is recognised in trade and other payables for the amount the Company may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Deferred and Contingent Consideration

In respect of acquisitions for which part of the purchase consideration is payable during future accounting periods, the full amount of the deferred consideration is recognised immediately, except in respect of acquisitions for which part of the purchase consideration is determined by the profits generated by the acquired Company during future accounting periods. In such cases the contingent consideration is included in the accounts based on the best estimates of future profitability of the Company at this time. Estimates are revised as further and more certain information becomes available. Goodwill and deferred consideration are adjusted accordingly.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

1. Significant accounting policies (continued)

Trade payables

Trade payables are not interest-bearing and are stated at amortised cost.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Significant judgements and key sources of estimation uncertainty

The preparation of the accounts requires the Group to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

• Revenue recognition and the assessment of the percentage of contract completion achieved. The Group assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works.

• Review of asset carrying values and impairment charges. The Group performs impairment testing in accordance with the accounting policy described within the significant accounting policies in the notes to the accounts. The calculation of recoverable amounts requires the use of estimates and assumptions consistent with the most recent budgets and plans that have been formally approved by management.

• Professional indemnity insurance. The Group operates a captive insurance company in the UK called Oakdale. This company provides reinsurance exclusively to certain companies within the Group. Provision is made on actuarial assessment of the reserve for future claims necessarily includes estimates as to the likely trend of future claims costs and as to the emergence of further claims subsequent to the year end. An actuarial review of claims is performed annually. To the extent that actual claims differ from those projected, the provisions could vary significantly.

• Work in progress and receivables valuation. The Group assess work in progress and trade receivables for exposure to losses. Provision is made in full for estimated losses.

New IFRS standards and interpretations not applied

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of these financial statements.

The following standards and interpretations are not yet effective and have not been early adopted by the Group:

• IAS 23, Borrowing costs (effective 1 January 2009). The amendment to the standard is still subject to endorsement by the EU. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 July 2009.

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

1. Significant accounting policies (continued)

- IAS 1 (revised) Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) is not expected to have any significant impact on the results of the Group although it will have a presentational impact.
- IFRS 2 (Amendment) Share-based payments (effective for accounting periods beginning on or after 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. All cancellations, whether by the Group or by other parties, will receive the same accounting treatment.
- Amendment to IAS 32, Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) addresses the liability versus equity classification of certain puttable financial instruments and instruments, or components thereof, which impose upon an entity an obligation to deliver a pro-rata share of net assets on liquidation.
- IAS 27 (revised) Consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009), is not expected to have any significant impact on the results of the Group.
- IFRS 3 (revised) Business combinations (effective for annual periods beginning on or after 1 July 2009) will impact the calculation of consideration and goodwill for future acquisitions, as transaction costs will be expensed and some contingent payments will be re-measured at fair value through the income statement.
- Amendment to IAS 39 Financial instruments: recognition and measurement (effective for annual periods beginning on or after 1 July 2008) prohibits designating inflation as a hedgeable component of a fixed rate debt and the inclusion of time value in the one-sided hedged risk when designating options as hedges.

The following interpretations to existing standards are not yet effective and have not been early adopted by the Group:

- IFRIC 16, Hedges of a net investment in a foreign operation (effective for annual periods beginning on or after 1 October 2008) clarifies that only the functional currency of a parent entity creates the exposure to which an entity may apply hedge accounting and not its presentation currency. It also concludes that the hedging instruments may be held by any entity or entities within the Group and that IAS 39 is applied to determine the amount to reclassify from the foreign currency translation reserve to profit or loss in respect of hedging instruments while IAS 21 is applied in respect of hedged items.
- IFRIC 17, Distribution of non cash assets to owners (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18, Transfer of assets from customers (effective for annual periods beginning on or after 1 July 2009).

The following interpretation to existing standards are not yet effective and are not relevant to the Group's operations:

- IFRIC 13, Customer loyalty programmes (effective for annual periods beginning on or after 1 July 2008) clarifies that where goods and services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.
- IFRIC 15, Agreements for construction of real estates (effective for annual periods beginning on or after 1 January 2009).

2. Revenue

	2009	2008
	€'000	€'000
United Kingdom	116	120
Europe	34,912	37,745
Other	26,944	26,805
	61,972	64,670

3. Operating Expenses

	2009	2008
	€'000	€'000
Staff costs (note 4)	11,687	13,578
Other external and operating charges	56,048	49,693
Depreciation	459	295
Amortisation of intangible assets	192	80
	68,386	63,646

Operating (loss)/profit has been arrived at after charging:

	2009	2008
	€'000	€'000
Depreciation of property, plant and equipment	459	295
Amortisation of intangible assets	192	80
Loss on sale of property, plant and equipment	21	51
Loss on sale of intangible assets	-	14
Operating lease rentals – land & buildings	851	562
Operating lease rentals – plant & machinery	76	26
Loss on foreign exchange	1,786	51

During the year, the Group obtained the following services from the Group's auditors:

	2009	2008
	€'000	€'000
The audit of the Group's accounts	79	39
Other services supplied pursuant to legislation	61	45

4. Employees and directors

Staff employed directly by the Group are, the directors, senior managers and support staff based at the head office in Nottinghamshire, plus those employed in subsidiary companies. The Group also has resources from its work force of permanent associates. As a supplement to these resources, services are bought in from specialist associates and sub-contractors. The following table details the resources deployed for staff and associates worldwide:

The average monthly number of employees (including directors) was:

	2009 Number	2008 Number
Persons employed	412	352
Associates deployed by the group	409	696
	821	1,048

	2009 €'000	2008 €'000
Their aggregate remuneration comprised:		
Wages and salaries	9,912	11,947
Social security costs	1,496	1,204
Pension costs (see note 22)	279	427
	11,687	13,578

Key management compensation

The directors have identified 6 (2008:13) key management personnel whose compensation was as follows:

	2009 €'000	2008 €'000
Short term employment benefits	646	2,234
Post employment benefits	180	175
Compensation for loss of office	241	-
	1,067	2,409

The key management figures given above include directors.

Directors

	2009 €'000	2008 €'000
Aggregate emoluments	646	2,234
Contributions to defined contribution pension schemes	180	175
Compensation for loss of office	241	-
	1,067	2,409

4. Employees and directors (continued)

Directors accruing retirement benefits

	2009 Number	2008 Number
Defined contribution pension schemes	5	11

The emoluments disclosed above are in respect of the thirteen directors employed by the Company. The remaining directors who served during the year are employed by a fellow subsidiary company to which they devote the substantial part of their time and accordingly they receive no remuneration, fees or benefits from the Company.

Highest paid director

	2009 €'000	2008 €'000
Aggregate emoluments	158	238
Contributions to defined contribution pension schemes	14	21

5. Finance costs

	2009 €'000	2008 €'000
Interest on bank loans, guarantees and overdrafts	139	74
Intercompany interest	551	249
	690	323

6. Exceptional items

The following is an analysis of the exceptional items arising within the Group during the period, all of which have been included in the Consolidated Income Statement.

	2009 €'000	2008 €'000
Employee termination costs	456	-
Office closure costs	590	-
Work in progress and trade receivables provisions	4,070	-
Impairment of goodwill	2,684	-
Other restructuring costs	379	-
Exceptional items	8,179	-

6. Exceptional items (continued)

WYG International has incurred significant exceptional costs in the financial year. These exceptional costs arose predominantly from the restructuring of the Group, and relate to redundancies and office closure costs, the write down of work in progress and trade receivables balances, the impairment of goodwill and other general restructuring costs.

The Board has implemented measures to reduce headcount in the financial year. These headcount reductions have been across the entire Group.

A provision has been made as an exceptional cost in respect of vacant leasehold charges primarily made up of rent, rates and service charges payable by the Group over the remaining lease terms on vacated properties. The Group is actively seeking to sub-let these properties.

A review was undertaken as part of the overall review of the balance sheets and the Board now considers it necessary to provide £4.1m in respect of a provision against work in progress and trade receivables such balances. This review covered all receivable balances and was undertaken in the context of current market conditions and the Group restructuring. Where appropriate, efforts will be made to recover as much of these balances as possible.

The Group has reviewed the value of the goodwill arising upon past acquisitions carried on its balance sheets. Following this review, the Group has reduced the value of goodwill carried on the balance sheet. This impairment charge is an accounting matter and does not represent a cash cost.

7. Tax

	2009	2008
	€'000	€'000
Current tax:		
UK corporation tax on profits for the year at 28% (2008: 29.5%)	-	-
Overseas tax on profits for the year	311	1,087
	311	1,087

Factors affecting the current tax charge for the year

The tax charge for the year is higher (2008: higher) than the standard rate of corporation tax in the UK when applied to reported profit. The differences are explained below:

	2009	2008
	€'000	€'000
(Loss) / profit before tax	(7,104)	772
(Loss)/profit before tax multiplied by the standard rate of UK corporation tax rate of 28% (2008: 29.5%)	(1,989)	228
Losses carried forward	2,410	-
Expenses not deductible for tax purposes	-	12
International corporate rate differential	(110)	641
Other temporary differences	-	206
Total tax charge	311	1,087

There is an unrecognised deferred tax asset at the year end of €Nil (2008: €34,000) arising mainly from the tax written down value of fixed assets exceeding the net book amount shown in the financial statements. The recovery of the deferred tax asset is dependent on the levels of future profits and capital expenditure.

8. Holding Company income statement

The directors have taken advantage of Section 408 of the Companies Act 2006 and have not prepared a separate income statement for the Company. The consolidated profit attributable to equity shareholders includes a loss of €3,481,000 (2008: €1,305,000) attributable to the Company.

9. Goodwill

	Group €'000
Cost	
At 1 July 2007	2,676
Recognised on acquisition of businesses	2,326
At 1 July 2008	5,002
Recognised on acquisition of businesses	124
At 30 June 2009	5,126
Accumulated impairment losses	
At 1 July 2007, 1 July 2008	-
Impairment charge	(2,684)
Accumulated impairment losses at 30 June 2009	(2,684)
Net book value	
At 30 June 2009	2,442
At 30 June 2008	5,002

Goodwill is tested for impairment annually and whenever there are indications that it may have suffered an impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell of the company to which it is allocated. In the impairment tests of goodwill performed in 2009, the recoverable amount was determined based on the value in use calculations.

Management based the value in use calculations on cash flow forecasts derived from the most recent three year financial plans approved by the Board including certain sensitivities, in which the principal assumptions were those regarding sales growth and changes in direct costs.

Cash flows for the years beyond the three year financial plans for the company to which significant amounts of goodwill were allocated were calculated as follows: cashflows in the fourth and fifth years and those thereafter were projected to grow at 2% per annum which does not exceed the long term growth rates in the principal end markets in the UK and Europe.

Management applied discount rates to the resulting cashflow projections that reflect current market assessments of the time. Pre tax discount rates used in the annual impairment were 14%.

During the financial period, impairments totalling €2,684,000 were recognised in relation to the goodwill recorded in WYG International Group.

10. Other intangible assets

Group	Computer software €'000
Cost	
At 1 July 2007	180
Additions	192
Disposals	(27)
Exchange differences	30
At 1 July 2008	375
Additions	294
Disposals	(2)
Businesses acquired	37
Exchange differences	(2)
At 30 June 2009	702
Amortisation	
At 1 July 2007	150
Charge for the year	80
Disposals	(13)
Exchange differences	27
At 1 July 2008	244
Charge for the year	192
Disposals	(1)
Exchange differences	(2)
At 30 June 2009	433
Net book value	
At 30 June 2009	269
At 30 June 2008	131

There were no intangible assets in the Company (2008: €Nil).

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

11. Property, plant and equipment

Group	Motor vehicles €'000	Office furniture and equipment €'000	Total €'000
Cost			
At 1 July 2007	336	1,264	1,600
Additions	195	458	653
Acquired on business combinations	-	5	5
Disposals	(58)	(218)	(276)
Exchange differences	2	34	36
At 1 July 2008	475	1,543	2,018
Additions	148	426	574
Disposals	(31)	(51)	(82)
Transfers	(53)	53	-
Exchange differences	(6)	(9)	(15)
At 30 June 2009	533	1,962	2,495
Accumulated depreciation			
At 1 July 2007	184	878	1,062
Charge for the year	99	196	295
Disposals	(39)	(186)	(225)
Exchange differences	9	8	17
At 1 July 2008	253	896	1,149
Charge for the year	122	337	459
Disposals	(17)	(45)	(62)
Transfers	(22)	22	-
Exchange differences	(4)	-	(4)
At 30 June 2009	332	1,210	1,542
Net book value			
At 30 June 2009	201	752	953
At 30 June 2008	222	647	869

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

11. Property, plant and equipment (continued)

Company	**Motor vehicles €'000**	**Office furniture and equipment €'000**	**Total €'000**
Cost			
At 1 July 2007	157	632	789
Additions	-	103	103
At 1 July 2008	157	735	892
Additions	87	94	181
Disposals	(22)	(44)	(66)
At 30 June 2009	222	785	1,007
Accumulated depreciation			
At 1 July 2007	81	518	599
Charge for the year	39	96	135
At 1 July 2008	120	614	734
Charge for the year	52	88	140
Disposals	(14)	(41)	(55)
At 30 June 2009	158	661	819
Net book value			
At 30 June 2009	64	124	188
At 30 June 2008	37	121	158

Neither the Group or Company held any property, plant and equipment under finance leases in either the current or prior year.

WYG International Limited

Notes to the Financial Statements
For the year ended 30 June 2009

12. Investments

Company	**Shares in subsidiary undertakings €'000**
Cost and net book value	
1 July 2007	2,215
Additions	2,747
Dividends from pre-acquisition reserves	(140)
1 July 2008	4,822
Additions	(362)
At 30 June 2009	4,460

Subsidiary companies	**Country of incorporation**	**Ordinary shares % held**
WYG International Projects Limited	England & Wales	100
WYG International Sp.z.o.o	Poland	100
PSDB Sp.z.o.o **	Poland	100
WYG HR Consulting Sp.z.o.o.*	Poland	100
IMC Danismanlik Limited Sirketi*	Turkey	100
DeLeeuw International Yonetim Danismanligi Ticaret Limited Sirketi	Turkey	100
WYG Bulgaria EOOD *	Bulgaria	100
International Economic & Energy Consultants Limited *	England & Wales	100
White Young Green International SRL*	Romania	100
Management Consultants Group Limited *	England & Wales	100
International Management Consultants Limited ***	England & Wales	100
WYG o.o.o.	Russia	100
WYG & Partners ****	Bulgaria	76

* Denotes shares held by WYG International Projects Limited
** Denotes shares held by WYG International Polska Sp.z.o.o
*** Denotes shares held by Management Consultants Group Limited
**** The full name of this entity is WYG and Partners – WYG International Limited, WYG Bulgaria EOOD and Balkan Institute for Labour and Social Policy OOD

All the above companies are engaged in the provision of training and consultancy services with the exception of WYG International Projects Limited and Management Consultants Group Limited which act as intermediate holding companies.

Additions in the year relate to the acquisition of Management Consultants Group Limited. Investments in group undertakings are stated at cost.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

13. Work-in-progress

	Group		Company	
	2009	2008	**2009**	2008
	€'000	€'000	**€'000**	€'000
Work-in-progress	24,647	19,687	18,158	13,556
Provision	(156)	-	(156)	-
Net work-in-progress	24,491	19,687	18,002	13,586

The value of work in progress comprises the costs incurred on a contract plus an appropriate proportion of overheads and attributable profit. Profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses.

14. Trade and other receivables

	Group		Company	
	2009	2009	**2009**	2009
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Amounts receivable on contracts	17,063	7,509	12,800	6,861
Less: provision for impairment of trade receivables	(392)	-	(158)	-
Trade receivables - net	16,671	7,509	12,642	6,861
Prepayments and accrued income	1,284	1,712	1,048	1,505
Amounts owed by group undertakings	47,020	47,020	48,716	40,659
Other receivables	2,099	2,570	183	3,270
	67,074	58,811	62,589	52,295

At 30 June 2009 €1,367,000 (2008: €337,000) trade receivables were considered for potential impairment.

At 30 June 2009 trade receivables of €5,647,000 (2008: €3,565,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables according to invoice due date is as follows:

	2009	2008
	€'000	€'000
Between 0 and 30 days	-	2,208
Between 31 and 60 days	3,135	466
Between 61 and 120 days	259	112
Greater than 120 days	2,253	779
	5,647	3,565

At 30 June 2009 trade receivables of €11,024,000 (2008: €3,944,000) were neither past due nor impaired.

14. Trade and other receivables (continued)

The other classes within trade and other receivables do not contain impaired assets. There is no material difference between the carrying value and the fair value of financial assets and financial liabilities at the balance sheet date.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

15. Trade and other payables

	Group		Company	
	2009	2009	**2009**	2009
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade payables	5,341	4,223	4,129	3,883
Payments received on account	22,807	17,633	18,846	17,136
Social security and other taxes	-	19	41	338
Other payables	3,679	1,834	2,369	1,327
Accruals	5,927	4,329	3,139	2,739
Amounts due to group undertakings	17,529	7,480	19,252	2,084
	55,283	35,518	47,776	27,507

16. Derivative financial instruments

The Group and Company are exposed to a number of different market risks in the normal course of business including foreign currency risks, interest rate risks and credit risks.

Foreign currency risk

The Group and Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Euros. However, most of the Group's trading is denominated in the currencies relevant to the local subsidiaries, thus matching the currency with its cost base. As a result the Group and Company does not hedge everyday foreign currency transactions.

Credit risk

Credit risk arises from deposits with banks and credit exposure to customers, including outstanding receivables and invoiced work performed for these parties.

Policy for cash deposits is that only banks and institutions with an independently determined short-term credit rating of A1 and a long-term credit rating of at least AA- (under Standard & Poors' definitions) are used for investments.

The Group and Company have a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At 30 June 2009 there were no significant concentrations of credit risk. The maximum exposure to credit risk is the carrying amount of each financial asset included on the balance sheet.

Interest rate risk

The Group and Company do not have any floating rate financial liabilities and therefore is not exposed to any signicicant interest rate risks.

Fair values

The fair values of the financial assets and liabilities of the Group and Company are considered to be materially equivalent to their book value. Fair values have been calculated by reference to cash flows discounted at prevailing interest rates.

17. Share capital

	2009 €'000	2008 €'000
Authorised:		
141,000 ordinary shares of €1 each	141	141
Issued and fully paid:		
141,000 ordinary shares of €1 each	141	141

18. Reserves

Group	**2009 Retained Earnings €'000**	**2009 Share Premium Account €'000**	2008 Retained Earnings €'000	2008 Share Premium Account €'000
Balance at 1 July	8,746	47,020	8,196	-
Retained loss for the year	(7,415)	-	(315)	-
Currency translation differences	(1,786)	-	865	-
Premium on issue of shares	-	-	-	47,020
Balance at 30 June	(455)	47,020	8,746	47,020

Company	**2009 Retained Earnings €'000**	**2009 Share Premium Account €'000**	2008 Retained Earnings €'000	2008 Share Premium Account €'000
Balance at 1 July	(159)	47,020	1,146	-
Retained loss for the year	(3,481)	-	(1,305)	-
Premium on issue of shares	-	-	-	47,020
Balance at 30 June	(3,640)	47,020	(159)	47,020

19. Cash generated from operations

	Group		Company	
	2009	2009	**2009**	2009
	€'000	€'000	**€'000**	€'000
(Loss)/profit from operations	(6,414)	1,024	(3,117)	(415)
Adjustments for:				
Depreciation of property, plant and equipment	459	295	140	135
Amortisation of intangible assets	192	80	-	-
Loss on disposal of property, plant and equipment	21	65	11	-
Impairment of goodwill	2,684	-	-	-
Operating cash flows before movements in working capital	(3,058)	1,464	(2,966)	(280)
(Increase)/decrease in inventories	(4,804)	3,086	(4,446)	2,047
(Increase)/decrease in receivables	(8,102)	4,346	(10,294)	2,610
Increase/(decrease) in payables	17,817	(4,289)	20,269	(677)
Cash generated from operations	1,853	4,607	2,563	3,700
Interest (paid)/received	(690)	(323)	(193)	25
Tax received/(paid)	123	(1,504)	69	(631)
Net cash generated from operating activities	1,286	2,851	2,439	3,094

20. Contingent liabilities and guarantees

The Group has issued bonds and guarantees to the value of €38,893,000 (2008: €33,681,000) in the ordinary course of business. No liability is expected to arise from these bonds and guarantees.

The Company and its subsidiary undertakings cross guarantee to the WYG group's principal bankers the overdrafts, if any, of each Company covered by the guarantee. At 30 June 2009 the WYG group's overdrafts amounted to €7,529,000 (2008: €486,000).

In common with other professional firms, the WYG group maintains professional indemnity insurance against claims for professional negligence which in the ordinary course of business have been received, or may be received in the future. The directors assess each claim and provide for legal and settlement costs where, on the basis of advice received, it is considered that a liability may exist.

21. Financial commitments

At 30 June 2009 the Group and Company had no (2008: €Nil) capital commitments outstanding.

At 30 June 2009, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009		2008	
	Land and buildings	**Other**	Land and buildings	Other
	€'000	**€'000**	€'000	€'000
Within one year	772	93	573	33
In the second to fifth years inclusive	1,943	339	867	33
After five years	318	-	74	86
	3,033	432	1,514	152

22. Retirement benefit schemes

The WYG group operates a defined contribution retirement benefit scheme for all UK qualifying employees with Scottish Equitable Plc. The assets of the schemes are held separately from those of the WYG group in funds under the control of trustees.

WYG International Limited's contributions to the scheme for the year ended 30 June 2009 were €279,000 (2008: €427,000).

23. Events after the balance sheet date

Since the balance sheet date the Group has agreed terms for capital restructuring with its lenders as discussed in note 1. There have been no other significant events since the balance sheet date.

24. Related party transactions

During the year the Company was charged €550,000 interest by WYG Plc, the Company's ultimate parent undertaking. It also purchased net services from WYG Engineering Limited, a fellow subsidiary, to the value of €4,499,000 (2008: €1,291,000).
Intercompany balances between the respective companies reflect the above transactions.

25. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is WYG Plc, a company registered in England & Wales. Copies of the group financial statements can be obtained from The Secretary, WYG Plc, Arndale Court, Headingley, Leeds, LS6 2UJ.

The Company is a wholly owned subsidiary of WYG Group Limited.