WIN plc

No. 5175576

ANNUAL REPORT & ACCOUNTS 2008

WIN plc
1 Cliveden Office Village
Lancaster Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3YZ

T: +44 (0)1494 750 500
F: +44 (0)1494 750 800

WIN is a dynamic enabler of entertainment, information and interaction services in the mobile media environment. WIN enables leading content owners, mobile operators, enterprises, media and entertainment businesses to engage consumers, create brand loyalty, enhance revenues, increase efficiency and reduce costs.

2p
DIVIDEND

£1.8m
UNDERLYING PROFIT

£3.4m
CASH

£38m
REVENUE

Highlights

In 2008 we completed the current phase of the strategic positioning of WIN towards a greater focus on managed services and enterprise and we have seen good growth in these sectors. This has been reflected in the increase in overall gross margin by 3.1% to 25.8%.

WIN is operating cash generative, ending 2008 with a cash balance of £3.4m and carries no debt. We had a good final quarter performance in our UK Managed Services and Enterprise businesses. The focus in 2009 will be on completing the integration of our recent acquisitions (which are now all out of earn-out period) as well as continuing to enhance our current product range.

OPERATIONAL HIGHLIGHTS

Restructured business into three divisions: Managed Services, Enterprise, and New Media – each with a clear market focus:

- **Managed Services**
  - Acquired Pocket Group, to provide mobile music capability
  - Launched the music managed service for Sony Ericsson – live in 10 countries, with 9 more planned in 2009
  - Launched mobile web and WAP services for AOL in the UK and Germany
  - Launched mobile Video-on-Demand platform in Germany
- **Enterprise**
  - Enterprise division up over 50% year-on-year
  - New blue chip clients include Sun Micro Systems, ADP, Fujitsu, GE Money and Centrica
  - Delivered very successful Centrica voice push appointment reminder service
- **New Media**
  - Completed a console licence sale to BBC
  - Premium rate declined

FINANCIAL HIGHLIGHTS

- Gross Profit of £9.9m (2007: £8.9m), up 10.7%
- Turnover was £38.1m (2007: £39.2m), down 2.6%
- Gross Margin increased to 25.8% (2007: 22.7%)
- EBITDA* was £2.8m (2007: £3.2m), down 14.4%
- Underlying profit before tax* was £1.8m (2007: £2.65m), down 31.9%
- Stated loss before tax of £760,000 following impairment charges of £1.4m
- Underlying EPS* of 13.7p (2007: 19.3p)
- Cash generative with cash balances of £3.4m (2007: £4.7m)
- Final dividend of 1p to make a total of 2p for the year (2007: 2p)

* before amortisation on acquired intangible assets of £817k (2007: £489k), impairment charges of £1,377k (2007: £68k), share-based payment charges of £92k (2007: £90k) discontinued business profit before tax of £nil (2007: £20k) and non-recurring items of £278k (2007: £323k)

Business Profile

Managed Services

Mobile solutions are at the very heart of the Managed Services sector, and WIN works in close partnership with operators, handset providers and content organisations to ensure that they deliver the very best service to their customers.

The very nature of their business requires that they outsource elements of their technologies and services to WIN. These services will vary dependent upon their strategies and, as such, product offerings are often diverse.

Our managed services strategy has been closely aligned with the continued outsourcing direction of our key customers. Whilst this has demonstrated continued and strong growth in recent years, WIN has seen this gather pace in key customers during 2008. As more companies streamline, focusing on core business and customers, to cope with current economic trends, this has caused them to increase their reliance on WIN's mobile outsourcing capabilities. This includes both revenue generating services, customer retention and acquisition projects, and business process efficiencies.

In a market where the mobile organisation needs to react to consumer trends the key is to identify and realise business efficiencies which enable them to take their propositions to market in the fastest time possible. It is imperative that these offerings are launched with a trusted partner such as WIN.

Sony Ericsson's "PlayNow" offering enables customers to listen to the latest music. The store front and content from leading independent music labels and artists is provided by WIN. Such is its success that Sony Ericsson have now rolled out the service to 19 different countries.

T-Mobile in Germany have been quick to recognise that consumers are looking to watch video content at a time that suits them, rather than at a time that suits the broadcasters. Video-on-Demand enables the consumer to select rich media content and stream it to their mobile handset.

T-Mobile's Video on demand service is accessible via the T-Mobile Web 'n' Walk portal. Along with this service, WIN also host and manage a range of content such as DSDS and Bundesliga on Web 'n' Walk for both T-Mobile Germany and T-Mobile UK.

UK network operators launched their PayforIT service in conjunction with WIN as the partner best able to monitor and manage this service for them. The level of integration means the operation is totally transparent to the end user.

PayforIT is a solution to combat consumer concerns over security when invited to pay for goods and services using their mobile phone. Some consumers may be reluctant to give their debit or credit card details online, whilst others may be worried about widely-reported problems with irresponsible premium-rated services. With PayforIT, there is no need for a bank account, no need for a payment card and no registration. In fact, customers don't even need to enter their mobile phone number. When they're asked for payment via PayforIT on a mobile internet site, their number is automatically detected and purchases are either charged directly to their mobile bill or deducted from their prepaid credit.

O_2 has also selected WIN and SecureTrading to handle online payments for its new prepay broadband service. O_2 prepay customers can now purchase mobile broadband packages – with daily, weekly and monthly options available – for as little as £2/day, £7.50/week or £15/month.

Vodafone's use of WIN services has developed in 2008. Vodafone operating companies throughout the world continue to work with WIN and Pocket Group to offer cutting edge music, including both full track music and ringtones to its consumers.

Vodafone now use WIN's services for both customer interaction (for the enterprise and consumer businesses), but also for their own internal communications. As an example of this, Vodafone are able to cascade rich communications, to members of their customer facing teams, via mobile. The new communication channel, allows the management team to disseminate quickly and share critical information to employees and importantly, allows employees to respond. This new communication embraces SMS, MMS and 3G video technologies to foster and facilitate the communication.

Vodafone are not only a New Media partner, but they also utilise the technologies adopted by many of our Enterprise Customers. They provide excellent added value service to their customers by sending out regular text updates on the status of orders, be it new services or handsets.

For consumer content services, the discovery channel of our customers is changing, this is partially due to the increase in handset capabilities and also partially driven by the success of the Apple Application store. To support this, WIN is now providing successful applications (also known as widgets) via our key customers portals.

Business Profile

Enterprise

One of the fastest growing areas of business for WIN comes from Enterprise accounts, with clients from the Banking, Insurance, Utilities, Government, Transport, Logistics and Pharmaceutical Industries.

The adoption of mobile technology as an innovative approach is becoming more widespread which means that more and more companies find themselves needing to embrace the technology in order to compete. This puts WIN in an ideal position as a leading provider of mobile messaging technology in the Enterprise arena.

The WIN service solutions allow Enterprises to drive down direct costs and improve operational efficiency whilst also increasing customer satisfaction levels. The portfolio of products used today by clients in each of the vertical sectors covers a range of business needs, with the majority of products servicing across the verticals giving both range and scale for WIN.

One of our newest clients is Yell 118 24 7. Yell, the international directories business, has launched "118 24 7 TextBack". This is a new SMS service which allows consumers to quickly text simple directory enquiry requests for classified business information. They then receive a fast text response that contains an embedded link to call the business telephone number directly.

Centrica have successfully integrated WIN Voice Push and SMS technologies within British Gas to not only increase their customer service, but also to decrease the number of wasted engineer call-outs. Once an appointment has been booked for an engineer to visit a consumer, British Gas will automatically send a customer reminder using SMS or Voice Push 24 hours in advance, with a request to contact Customer Services should the appointment time no longer be convenient.

The Enterprise Manager Web product is being used by a number of leading High Street banks within their call centre and debt management teams to reduce outstanding debt recovery and increase cash flow. The flexibility of the Enterprise Manager also allows it to be used across the sectors. Examples within the utilities sector includes Meter Readings and Workforce Management, reducing manpower requirements and improving speed of response which is reflected in compliance towards regulator performance criteria.

Fully integrated systems deliver automated improvements to business process reducing the load on "manned" services and improving customer satisfaction with Clients, including The AA who now cover many parts of their business including roadside assistance, insurance, driving schools and more. The same benefits apply to all of the sectors with a number of services within the logistics market covering parcel delivery notifications or tracking for Parcelforce.

New Media

The New Media Sector concentrates on delivering a range of services within Broadcast Media, Premium Rate Content and Agencies.

Within the Broadcast sector, WIN's market leading broadcast console is now being utilised by a number of media and broadcast clients on a local and national level with a focus on enabling clients to drive greater interaction via the mobile device. Enhanced functionality allows a broadcaster to fully interact with their audience via common Shortcodes and by all of the mobile communication methods including SMS, MMS, voice, video and email with a single application, allowing ease of use and a single view of audience interaction. Key clients include the BBC, The Guardian and The Local Radio Company, who all use WIN for a host of solutions including the Multi-Media Console, mobile internet site hosting and mobile campaign management, from user generated content to reverse auctions.

Following the suspension of online voting within the media and its subsequent scrutiny by Ofcom and PhonepayPlus, the phone-paid services regulator, WIN were amongst the first group of companies to be granted permission to provide phone-paid interactive broadcast services to the broadcasting industry.

Increasingly, companies are recognising the value of providing mobile interaction within their marketing campaigns. WIN's ability to provide standardised mobile campaign services as well as building bespoke applications, means that WIN is building a strong reputation as the mobile partner of choice for brands wishing to deliver long term value to customers and to their advertisers. WIN has a number of direct relationships with both brands and media agencies where our comprehensive service offering provides a range of solution elements including mobile advertising, Bluetooth, location-based services, mobile couponing, interactive and downloading that can be combined into a complete campaign proposition.

Highly developed mobile portals bring additional customer interaction and extend the reach of trusted brands to their audience. The Guardian Jobs – Mobile Site has been very successful and allows the user to search for new roles and obtain details on each position through their mobile with detailed information e-mailed to them as a follow up.

With any service, the ability to generate a direct revenue stream can be critical to the service offering. WIN's premium rate services allow clients to interact and bill via Premium SMS as well as the recently introduced PayforIT through its Wincast Platform. WIN is one of only a limited number of service providers approved for the delivery of PayforIT (a cross operator direct billing mechanism), which is being mandated by most UK network operators covering content purchases through WAP portals.

The introduction by WIN of video-streaming and voice shortcodes allows the expansion of existing text based services to a multi-bearer environment along with the introduction of new services, each with full premium rate capabilities.

Over the past two years WIN has been transformed from a business primarily focused on delivering aggregated content to become a leading provider of end-to-end, rich media mobile solutions, and is now a recognised partner for Europe's leading mobile operators and large corporate enterprises.

2008 was a year of continuing change and some degree of uncertainty at WIN. We continued to develop the Group through an acquisition early in the year and re-organised the Group into three market facing divisions. We also invested in our processes and technology to provide the necessary quality of services to support our offerings to large corporations and to major mobile operators. Over the past two years WIN has been transformed from a business primarily focused on delivering aggregated content to become a leading provider of end-to-end, rich media mobile solutions, and is now a recognised partner for Europe's leading mobile operators and large corporate enterprises.

In the middle of 2008 we received an unsolicited approach from a third party regarding a potential business combination which could have led to an offer for the Company and subsequently, at the request of certain of our major shareholders, we explored alternative options. While we terminated discussions on 24 March 2009, the protracted period of potential corporate activity has inevitably been a source of distraction and uncertainty to the Company, its employees and customers.

During the year, we continued to change the mix of our business through our focus on richer media solutions, reflected in the growth of managed service provision and enterprise solutions. Within these businesses we made particularly good progress in our UK Managed Services business, with continuing sales to Vodafone, T-Mobile, O_2 and Sony Ericsson, together with major developments for AOL. In our Enterprise business, gross profits increased again by over 50% with a long list of major clients such as Sun Micro Systems, ADP, Fujitsu, GE Money and Centrica. As expected, the premium rate business in the New Media sector continued to be challenging during 2008.

Last year's acquisitions have had mixed results. Pocket Group achieved good growth in the managed services it provides to handset manufacturers but its direct to consumer business was scaled down following a tightening of the regulatory framework. WIN AG (formerly Quattrocomm) initially made limited progress due to technical issues in the implementation of our Video-on-Demand service although we saw a steady improvement in the uptake of this service following the resolution of these technical issues.

In the operational side of our business, the focus in the first half of 2009 will be on completing the integration of Pocket Group and WIN AG into our Managed Services division, while focusing on continued development of our current product sets.

The Board has also announced its intention to declare a final dividend of 1p (2007: 1.2p), making a total of 2p for the year which will be payable on 29 June 2009 to shareholders on the register on 5 June 2009.

RICHARD JOYCE
Non-executive Chairman

We continue to regard the Managed Services division as the key to our future long-term strategy. It currently provides 57% (2007: 50%) of our overall gross profit.

WIN has grown both organically through the natural increase in the demand for new mobile related services and through acquisition. The Group increased its content management offering and geographical reach in preparation and anticipation of the future needs of the market.

We have become further embedded with our existing customers, providing new products and services, enabling increased efficiency, reduced costs and improved customer satisfaction. We have found that our Enterprise clients are embracing our Customer Relationship Management ("CRM") services as technology evolves and mobile phone users become more receptive to its capabilities. Growth in this sector has again proved particularly strong.

Mid-way through the year, we reordered the Group into three clearly defined divisions – Managed Services, Enterprise and New Media. These divisions are supported by a common operations, development and infrastructure team. Each division has its own management structure and sales function allowing the senior members of the Group's Board to focus on corporate development and strategic issues.

Managed Services
Our Managed Services division provides content acquisition, management and merchandising services plus the technology platforms to support these services to mobile operators, handset manufacturers and ISPs. It includes WIN's business in the Telco sector as well as the acquired businesses of WIN AG (formerly Quattrocomm) and Pocket Group. Much of the business in this sector is provided on multi-year contracts which come up for periodic review.

We continue to regard the Managed Services division as the key to our future long-term strategy. It currently provides 57% (2007: 50%) of our overall gross profit.

We launched the mobile web and WAP portal service for AOL in the UK and Germany. Under the contract, WIN is responsible for sourcing and merchandising all the content on the portals as well as managing the storefronts for this service. We are looking to provide this service in further territories for AOL.

Our business of providing the alerts platforms to Vodafone live! and T-Mobile's T-Zones and web'n'walk services continues to be successful with subscriber numbers growing in some categories by as much as 45% over the year. In our existing services, ongoing profitability will depend on the continued uptake of alerts and other content by the mobile operators' customers. While we are not currently experiencing any fall in overall registrations we remain cautious on future levels of consumer activity. We continue to expand our services to our major clients, for example T-Mobile's web'n'walk and the recently launched O_2 Surprises campaign. However, we continue to see good opportunities for WIN by focusing on improving the depth of our offering in order to aid network operators to grow ARPU and improve brand loyalty. The Board believes that the barriers to entry within this sector continue to rise as service providers need to pass strict criteria to integrate with the mobile operators' own core systems.

As previously announced, our UK on-SIM business had been declining since early 2007. This service reached a stable level in the second half of 2007 and this level has been maintained, with some modest improvement towards the end of 2008.

Operational Review

Pocket Group's operator and handset business made good progress as we expanded our offering to Orange across a range of music and entertainment services. In September, we launched the PlayNow service for Sony Ericsson and this is now live in 10 countries with a further 9 planned in the first half of 2009. In addition, we now provide a managed service for a further leading handset manufacturer. As mentioned above, Pocket Group's direct to consumer business which had been generating revenues of over £100,000 per month at the beginning of the year reduced sharply in May 2008 following a tightening of the regulatory code.

In Germany, we launched our Video-on-Demand service through T-Mobile. As a result of a number of technical issues in the interface between WIN and T-Mobile which have now been resolved, anticipated traffic volumes for 2008 were not met. This highly complex integration provides WIN with a fully embedded platform within one of Europe's leading mobile operators. We expect an extension to the initial contract for this service. Improvement in consumer uptake and traffic volumes will depend upon marketing campaigns by the operator and the state of the German economy.

Operators are expected to continue to look for ways to improve ARPU and increase customer loyalty as well as attract new customers from competitors. WIN is also seeing significant efforts by the operators to turn their pre-paid subscribers into contract customers through more targeted marketing and promotional campaigns to their user base. In addition, given the cost pressure on mobile operators, we expect to see further moves by them to outsource content and marketing services.

Enterprise

The Enterprise business provides solutions to major companies which allow them to improve efficiency, reduce costs, increase customer loyalty and attract new customers.

Gross profit in this sector increased by 52% in the year and the Group has seen a strong take-up of its services by a number of large companies including ADP, Centrica, The AA, GE Money and National Rail Enquiries. The introduction of new products including the voice enablement of the WIN Gateway has directly increased gross profit and added diversity from text only services. The Enterprise sector represented 15% of gross profit in 2008 (2007: 11%). We expect further good progress in the growth of this sector in the coming year.

The Enterprise sector is expanding from simple communication type services into Value Added premium services with the likes of Yell and National Rail Enquires. Further new value added premium services are already in development for 2009.

Despite a rise of competition within the Enterprise market, we believe there is still capacity to accommodate more service providers. Our continued growth in this sector during 2008 indicates that the impact of the recession may be minimal on the take-up of these services.

New Media
The New Media sector provides aggregation and billing services to content owners, principally through the use of premium rate solutions as well as managed services and other solutions to agencies, media businesses and broadcasters.

The New Media proportion of overall gross profit fell from 39% to 28% following an expected decline in premium rate profitability, partly in the former WIN Interactive business. We further reduced our exposure to clients with regulatory difficulties during the year with a consequent impact on profitability but we have also won some new clients in the middle range of this sector, attributable to WIN offering better support and terms than some of our competitors. Nevertheless, we remain particularly cautious about this sector as consumer demand for these services comes under pressure and regulation continues to stiffen – a move we support and work closely with the regulator to achieve.

Parts of the media and broadcast sector continued to offer good growth opportunities and we expanded our relationship with the BBC. A major new release of our Multi-Media Console was provided to the BBC in the second half of the year. This now provides much enhanced functionality and fully supports SMS, MMS, video, voice and e-mail in one package, enabling audience participation using just one shortcode for any mobile bearer. We also continue to expand our video offerings and provide services to over 40 local radio stations.

In Greece, our launch of MT billing services gained pace from September. We have seen signs that regulation will be imposed which may impact its development, including a current enquiry by the local regulator.

Outlook
The Board believes progress in the year will depend upon the challenging economic environment and its impact in particular on the premium rate market which continues to be under pressure. At this stage it is too early to judge the rate of progress across the business.

A key focus in 2009 will be on completing the integration of Pocket Group into our Managed Service division where the full impact will flow through in the second half. In the first half of the year we have continued to strengthen our resources to reflect the expected benefits of this integration.

We remain cautious on future levels of consumer activity but we continue to see good opportunities for WIN through focusing on improving the depth of our product offerings, particularly in the managed services and enterprise sectors. Our strategy is to become further embedded with our existing customers, offering them new products and services, enabling them to increase efficiency, reduce costs and improve customer satisfaction – all attractive value-add services in the current climate.

GRAHAM RIVERS
CEO

Financial Review

Gross profit increased by 10.7% to £9.9m largely due to the impact of our acquisitions, and despite the decline of the UK on-SIM business by £470,000 compared to the previous year. The financial position remains strong with cash of £3.4m and no debt after paying out £1.9m in relation to acquisitions, corporation tax and dividends.

We have presented these results consistently with the format of prior years and the table below illustrates the analysis from reported profit before tax to underlying profit. The greater part of the adjustments relate to amortisation of acquired intangible assets and to impairment. Impairment has increased this year as we have taken more cautious assumptions on the future of both cash flows and the discount rate applied. Of the impairment £0.5m relates to WIN Interactive, which now performs the bulk of the development activities for the Group, whilst its previous premium rate business has largely been ended. We have impaired Pocket Group by £0.4m mainly due to the impact of the cessation of the direct to consumer business and we have impaired WIN AG (formerly Quattrocomm) by £0.3m reflecting the lower anticipated level of profitability from the video-on-demand service.

Group Trading Summary

	2008	2007
Revenue	38,148	39,173
Loss/ profit before tax	(760)	1,680
Share option costs	92	90
Amortisation of IFRS3 and other intangibles	817	489
Impairment	1,377	68
Non-recurring costs		
Redundancies	118	323
Costs relating to the offer period	160	-
Underlying profit	**1,804**	**2,650**
Adjusted effective tax rate	23.2%	29.6%
Adjusted earnings per share	13.7p	19.3p
Dividend per share (based on proposed final dividend)	2p	2p

Turnover fell by 2.6% to £38.1m, reflecting the decline in the premium rate business where average gross margins are less than 10%. The Group's gross margin increased to 25.8% from 22.7% reflecting the change in mix towards the higher margin enterprise and managed services businesses. Within the underlying profit result, we have taken a charge of some £100,000 relating to prior years in our business in Greece.

Administrative expenses excluding amortisation of intangible assets, goodwill impairment and charges for share based payments were £9.9m (2007: £8.9m) of which £1m relates to acquired businesses. The balance of the increase largely reflects additional investment in both technology and project managers required to support our focus on managed services. We also increased our charge for bad debts from £180,000 to £427,000.

Charges for amortisation of intangible assets under IFRS rose from £0.8m to £1.25m, of which the element relating to internally developed intangible assets rose from £0.2m to £0.4m; the charge for this category of intangible assets is expected to continue to increase. The charge for share-based payments remained at £0.09m.

During the year there were non-recurring costs of £0.3m relating to redundancies and costs incurred to date relating to the offer period.

Interest income fell due to lower average cash balances and lower prevailing interest rates. Reported loss before tax was £(0.8)m (2007: profit £1.7m) and underlying profits were £1.8m, (2007: £2.7m).

Tax benefited from a credit in the year due to recovery of prior year research and development credits. On an underlying basis the effective tax rate was 23.2%.

Stated basic earnings per share fell from 11.3p to (3.6)p principally due to the impact of the amortisation of acquired intangible assets and impairment. On an underlying basis, adjusted earnings per share were 13.7p (2007: 19.3p).

Trading cash generation remained strong during the year and amounted to £2.0m pre-acquisitions, capital expenditure of £1.7m and dividend payments of £0.2m. Following cash payments of £1.5m for acquisitions and tax payments of £0.2m, cash balances were £3.4m at year end. The typical cash movement within a month is £2.0m but as our business changes we expect this figure to increase.

During the year we commenced our investment into the Next Generation Messaging Platform and £0.6m of our total capital expenditure relates to this project. Development activity on this project was suspended whilst we pursued discussions with third parties. We will now seek to accelerate the development of this important project which has a total estimated cost of £2.5m. Delivery is now expected in 2010 and should allow us greater reliability and scale.

We have satisfied the final payment for the acquisition of Quattrocomm by way of issue of 73,442 shares in WIN ("Ordinary Shares"). These new Ordinary Shares will rank pari passu with the existing Ordinary Shares and application will be made for them to be admitted to trading on AIM, which is expected to occur on 31 March 2009.

There is a single payment of €50,000 due in March relating to the acquisition of WIN SA. There are no payments expected for the acquisitions of WIN Interactive or Pop-i. In July 2008 we made a further payment of £351,000 relating to the acquisition of Pocket Group and a further payment may become payable in shares, dependent on the results of Pocket Group for the year to March 2009.

LANCE MOIR
CFO

Board of Directors

1. RICHARD JOYCE
Non-executive Chairman

Richard joined WIN as a non-executive director in October 2000, and became Chairman in January 2001. Prior to this, he worked in a variety of senior executive positions for 3Com Corporation for 13 years (including Senior Vice President of Worldwide Sales) and served on the Executive Committee for seven years. Prior to 3Com, he served as Managing Director (Europe) for Cambridge International, along with senior management positions within Network Systems and RFL Electronics.

2. GRAHAM RIVERS
CEO

Graham Rivers joined WIN as Chief Executive in August 2006. Previously he was a member of the UK Operating Board of T-Mobile UK Limited where he was responsible for the wholesale business (including Virgin Mobile) and for non-voice revenues. He is currently Chairman of Telrock plc, a mobile payments processing company.

3. LANCE MOIR
CFO

Lance joined WIN in April 2007. He has over 20 years international finance experience including the roles of Group Finance Director of First Choice Holidays plc, Director of Corporate Finance at Bass plc and Head of Corporate Finance and Planning at Storehouse plc. He holds a PhD from Cranfield University and is a Fellow of the Association of Corporate Treasurers, where he also served on the Council. He is a non-executive director of Gartmore Global Trust plc.

4. JOHN RANDS
UK Managing Director

John Rands joined WIN Financial in 1992. Formerly, as CTO, John was overall architect of the WIN platform and was responsible for developing network operator relationships. As UK MD, John now heads up the New Media and Enterprise businesses. Prior to joining WIN, John worked for Cognito, Bell South (UK) and Marconi.

5. MICHAEL DE KARE-SILVER
Non-executive Director

Michael de Kare-Silver joined WIN in September 2004 as a non-executive director. He has over 10 years plc main board experience from GUS plc where he was responsible for the Argos and Experian web operations and more recently with Thus Group plc where he was a non executive director and Chair of the Remco for 6 years. He was previously the global head of e-business for PA Consulting and built his own strategy/marketing firm Kalchas before merging it with CSC. Michael has written a number of books on emerging technologies and is a visiting professor at Middlesex University Business School.

6. PETER MARTIN
Non-executive Director

Peter Martin joined WIN in September 2004 as a non-executive director. He is Chief Executive of Tribal Group plc, a listed support services business. He is a Sloan Fellow of the London Business School and was previously a founder partner of Anvil Partners, a private equity adviser. Prior to Anvil Partners, he was a Director of Kleinwort Benson Limited.

Directors' Report & Financial Statements

Directors' Report

The directors present their report and financial statements for the year ending 31 December 2008.

Principal activities

The company's principal activity is that of a holding company. The activities of the subsidiaries enable mobile operators, corporate customers and individuals to send and receive mobile messages and data as well as to deliver content and to provide managed services for a range of customers using mobile technology.

Business review

2008 was a year of continuing change and some degree of uncertainty at WIN. We continued to strengthen the Group through an acquisition early in the year and also re-organised the Group into three market facing divisions. We invested in our processes and technology to provide the necessary quality to support our businesses to blue chip corporations and to major mobile operators. Over the last two years, WIN has been transformed from a business primarily focused on delivering aggregation to become a leading provider of end-to-end, rich media mobile solutions, and is now a recognised partner for Europe's leading mobile operators and blue-chip businesses.

Profitability on a reported basis fell to a loss of £364,000 during the year, principally due to impairment charges and assets written off totalling £1,377,000 and amortisation relating to acquired intangible assets of £817,000. Excluding these non-cash items, the group remains profitable and ended the year with a strong cash position of £3,352,000 (2007: £4,651,000) after investing in the acquisition of Pocket Group and in developing the Group's technology. The management anticipate that the business will continue to invest in 2009 in particular in the development of our core messaging platform.

The key performance indicator used by the board to monitor the business is Gross Profit, organised in the three business sectors. Note 4 to these accounts sets out that information in the format used by the board. Other measures used to monitor the business include the number of messages, including billing success rate and various regulatory measures. Given the scale of the business, non-financial KPIs are not formally used as we monitor the state of our various markets.

The market for managed services and enterprise solutions continues to present good growth opportunities for WIN. The premium rate market remains under pressure from both consumer demand and from increased regulation.

On 18 January 2008, the company acquired the entire issued share capital of Pocket Group Ltd ("Pocket Group") for a maximum consideration of £4,500,000.

The company paid an initial consideration of £1,037,000 in cash on completion, an amount of £175,000 on 31 March 2008 and a further £351,000 on 30 July 2008. An additional payment, in shares of WIN plc at the price prevailing at 31 March 2009, may be due in 2009 depending upon the performance of Pocket Group for the year to 31 March 2009.

The principal risk to the business would be a catastrophic failure of any of WIN's core systems, content feeds and network connections. This has been reduced through the implementation of a dual-site architecture and the dual routing of all traffic. Continued investment will be made to minimise these risks as well as to increase the flexibility and scalability of our technology.

Competitive pressures in the UK and in Germany are a continuing risk to the Group, which could result in losing sales to competitors. The business manages this risk by providing and implementing innovative new services together with greater value added services to its key clients and by maintaining strong relationships with customers, including long-term contracts, as well as diversifying its risk from a limited number of key customers. Certain of these contracts are significant and fall due for period renewal; the failure to renew such contracts could have a material impact on the profitability of the Group. Within the premium rate markets in the UK and Greece, increased regulation may inhibit the growth of the market and this may impact the prospects in these markets. The demand for some of our services, in line with our competitors, may vary with the level of general economic activity. However, some of our solutions also allow our customers to reduce their costs and opportunities may be enhanced by the economic environment.

The Group's sales overseas are made in foreign currency, primarily the Euro, and it is therefore exposed to movement in exchange rates. This is partially mitigated by the fact that the company contracts with clients in the same foreign currency. The Group has bank accounts in foreign currencies to manage this risk.

Details of the Group's financial risk management objectives and policies are set out in note 27 of the financial statements.

Future prospects

The Board believes progress in the year will depend upon the challenging economic environment and its impact in particular on the premium rate market which continues to be under pressure. At this stage it is too early to judge the rate of progress across the business.

A key focus in 2009 will be on completing the integration of Pocket Group into our Managed Service division where the full impact will flow through in the second half. In the first half of the year we have continued to strengthen our resources to reflect the expected benefits of this integration.

We remain cautious on future levels of consumer activity but we continue to see good opportunities for WIN through focusing on improving the depth of our product offerings, particularly in the managed services and enterprise sectors. Our strategy is to become further embedded with our existing customers, offering them new products and services, enabling them to increase efficiency, reduce costs and improve customer satisfaction – all attractive value-add services in the current climate.

Dividend

Dividends paid during the year comprised a final dividend of 1.2p per share in respect of the year ended 31 December 2007 and an interim dividend of 1.0p per share for the year ended 31 December 2008.

The directors have announced an intention to declare a final dividend of 1.0p per share in respect of the year ended 31 December 2008, subject to approval of shareholders in general meeting.

Supplier payment policy

The Group aims to maintain good relations with all its trading partners. In particular, it is the .group's policy to pay its clients and suppliers in accordance with terms and conditions agreed at inception of contract. At 31 December 2008 the number of days of annual purchases represented by trade creditors amounted to 44 days (2007: 45 days).

Donations

During the year the Group made charitable donations of £750 (2007: £250).

Corporate responsibility

As WIN is involved in the provision, via our customers, of premium rate mobile services, we strongly support the efforts to act responsibly to the public and work closely with the major operators and PhonePayPlus in the UK and EETT in Greece. We remove services to customers who do not comply with the various regulations.

Our key employment policies cover all aspects of equal opportunities. We also offer specific skills training to our staff which we believe improves retention of key employees and their motivation. We also support some of the charitable activities of our employees.

Basis of preparation

Going Concern

The Directors of WIN have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The results for the year are shown in detail on page 23.

Directors' Report

continued

Substantial shareholdings

The Company's issued share capital consists of 10,081,455 ordinary shares with a nominal value of 10 pence each ("Ordinary Shares"), each share having equal voting rights. There is no restriction on the transfer of the Company's AIM securities.

The Company does not hold any ordinary shares in treasury and, therefore, the total number of ordinary shares with voting rights is 10,081,455.

As of 9 February 2009, the Company has been notified, in accordance with the Disclosure and Transparency Rules, of the following shareholdings amounting to 3% or more of the ordinary share capital of the Company:

Name	Total shareholding	%
AXA SA (Sun Life/Framlington)	1,630,000	16.17
Amvescap PLC (including Invesco English & International Trust plc)	1,052,202	10.44
Legal and General PLC	889,500	8.82
New Star Asset Management Ltd	670,000	6.65
Dalton Strategic Partnership LLP	653,000	6.48
ISIS EP LLP	496,818	4.93
Stargas Nominees Ltd (National Grid UK Pension Scheme)	418,539	4.15

Directors

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

» R W Joyce

» G R Rivers

» L S Moir

» J Rands

» M de Kare-Silver

» P J Martin

Research and development

The Group's research and development programme plays a key role in supporting its activities. The Group continued to invest in research and development during the year and that policy is expected to continue into the future.

Corporate governance statement

The Board of WIN plc is committed to achieving good standards of corporate governance, integrity and business ethics for all activities. Under AIM rules, the Company is not required to comply with the Combined Code. Although the Company does not comply with the provisions of the Combined Code it has taken on the recommendations of the Combined Code with regard to the Audit Committee and Remuneration Committee.

Audit committee

The Audit Committee consists of the non-executive directors with Michael de Kare-Silver as Chairman. The committee meets at least twice a year, linked to the timing of the publication of the Group's results. The committee also meets on an ad hoc basis when necessary. The external auditors attend the meeting. The committee operates within specific terms of reference which include:

» considering the appointment of external and internal auditors;

» reviewing the relationship with external auditors;

» reviewing the financial reporting and internal control procedures;

» reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors; and

» reviewing the consistency of accounting policies both on a year to year basis and across the company.

Remuneration Committee

The Remuneration Committee consists of the non-executive directors with Peter Martin as Chairman.

The Chief Executive of the Company, Graham Rivers, may also be invited to attend certain meetings of the Remuneration Committee.

The Remuneration Committee reviews and determines on behalf of the Board and Shareholders of the Company the pay, benefits and other terms of service of the executive directors of the company and the broad pay strategy with respect to senior company employees.

Directors' remuneration

The particulars of the remuneration of the directors are as shown in note 6 of the financial statements.

Directors' service contracts

All executive directors are employed under service contracts. The services of all executive directors may be terminated by the provision of a maximum of 12 months notice by the company.

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 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.

On behalf of the board

GRAHAM RIVERS
CEO

LANCE MOIR
CFO

1 Cliveden Office Village
Lancaster Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3YZ

24 March 2009

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 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 year; 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 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 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 WIN plc

KPMG AUDIT PLC
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

We have audited the Group and parent company financial statements (the "financial statements") of WIN plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, Consolidated and Company Statement of Recognised Income and Expenses, Consolidated and Company Balance Sheets, Consolidated and Company Cash Flow Statements 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 20.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report to the Members of WIN plc

continued

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 2008 and of its loss 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 2008;
- 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

24 March 2009

Consolidated Income Statement

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Revenue	4	38,148	39,173
Cost of sales		(28,294)	(30,268)
Gross profit		9,854	8,905
Other administrative expenses		(7,957)	(6,431)
Amortisation		(1,250)	(803)
Charge in relation to share-based payments		(92)	(90)
Impairment charges/assets written-off		(1,377)	(68)
Administrative expenses		(10,676)	(7,392)
Operating (loss)/profit	4	(822)	1,513
Financial income	8	62	167
(Loss)/profit before income tax	5	(760)	1,680
Income tax credit/(expense)	9	396	(594)
(Loss)/profit from continuing operations		(364)	1,086
Discontinued operation			
Profit from discontinued operation	2	–	7
(Loss)/profit for the year attributable to equity holders of the company		(364)	1,093
Earnings per share	10		
– basic earnings per share		(3.6)p	11.3p
– diluted earnings per share		(3.6)p	11.1p
Continuing operations			
– basic earnings per share		(3.6)p	11.2p
– diluted earnings per share		(3.6)p	11.0p

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2008

	2008 £'000	2007 £'000
Foreign currency translation differences for foreign operations	7	(83)
Income/(expense) recognised directly in equity	7	(83)
(Loss)/profit for the financial year	(364)	1,093
Total income and expense recognised for the period attributable to equity holders of the company	(357)	1,010

Company Statement of Recognised Income and Expense

for the year ended 31 December 2008

	2008 £'000	2007 £'000
(Loss)/profit for the financial year	(487)	787
Total income and expense recognised for the period attributable to equity holders of the company	(487)	787

Consolidated Balance Sheet

as at 31 December 2008

	Note	2008 £'000	2007 £'000
Non-current assets			
Property, plant and equipment	11	1,219	940
Intangible assets	12	6,475	6,374
Other financial assets	14	200	100
Total non-current assets		7,894	7,414
Current assets			
Trade and other receivables	15	9,102	7,630
Cash and cash equivalents	22	3,352	4,651
Tax receivables		61	–
Total current assets		12,515	12,281
Total assets		20,409	19,695
Current liabilities			
Trade and other payables		(8,553)	(6,835)
Tax payable	16	–	(297)
Total current liabilities		(8,553)	(7,132)
Non-current liabilities			
Deferred tax liability	17	(658)	(823)
Provisions	18	(41)	(102)
Total non-current liabilities		(699)	(925)
Total liabilities		(9,252)	(8,057)
Net assets		11,157	11,638
Equity			
Share capital	19	1,008	1,008
Shares to be issued	19	74	168
Share premium	19	2,288	2,288
Capital redemption reserve	19	656	656
Merger reserve	19	9,040	9,040
Translation reserve	19	(76)	(83)
Retained earnings	19	(1,833)	(1,439)
Total equity attributable to equity holders of the Company	19	11,157	11,638

These financial statements were approved by the board of directors on 24 March 2009 and were signed on its behalf by:

GRAHAM RIVERS
CEO

LANCE MOIR
CFO

Company Balance Sheet

as at 31 December 2008

	Note	2008 £'000	2007 £'000
Non-current assets			
Investment in subsidiaries	13	5,891	6,054
Other financial assets	14	1,486	993
Total non-current assets		7,377	7,047
Current assets			
Trade and other receivables	15	276	185
Cash and cash equivalents	22	69	153
Total current assets		345	338
Total assets		7,722	7,385
Current liabilities			
Trade and other payables	16	(3,829)	(2,818)
Total current liabilities		(3,829)	(2,818)
Non-current liabilities			
Provisions	18	–	(33)
Total non-current liabilities		-	(33)
Total liabilities		(3,829)	(2,851)
Net assets		3,893	4,534
Equity			
Share capital	19	1,008	1,008
Shares to be issued	19	74	168
Share premium	19	2,288	2,288
Capital redemption reserve	19	656	656
Merger reserve	19	922	922
Translation reserve	19	–	–
Retained earnings	19	(1,055)	(508)
Total equity attributable to equity holders of the Company	19	3,893	4,534

These financial statements were approved by the board of directors on 24 March 2009 and were signed on its behalf by:

GRAHAM RIVERS
CEO

LANCE MOIR
CFO

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
(Loss)/profit for the year		(364)	1,093
Adjustments for:			
Depreciation and amortisation		1,830	1,227
Impairment loss and assets written-off		1,377	68
Foreign exchange movement		(33)	(83)
Financial income	8	(62)	(171)
Loss on sale of property, plant and equipment		–	13
Equity settled share-based payment expenses	24	92	90
Taxation	9	(396)	607
Operating profit before changes in working capital and provisions		2,444	2,844
(Increase)/decrease in trade and other receivables		(1,023)	856
Increase in trade and other payables		881	680
Decrease in provisions	18	(61)	(18)
Cash generated from the operations		2,241	4,362
Tax paid		(210)	(677)
Net cash from operating activities		2,031	3,685
Cash flows from investing activities			
Interest received		62	171
Acquisition of subsidiaries	3	(1,470)	(1,816)
Acquisition of property, plant and equipment	11	(950)	(606)
Capitalised development expenditure	12	(724)	(554)
Acquisition of other intangible assets	12	(66)	(33)
Net cash from investing activities		(3,148)	(2,838)
Cash flows from financing activities			
Proceeds from the issue of share capital		–	65
Dividends paid	19	(222)	(77)
Net cash from financing activities		(222)	(12)
Net (decrease)/increase in cash and cash equivalents		(1,339)	835
Foreign exchange adjustment		40	–
Cash and cash equivalents at 1 January		4,651	3,816
Cash and cash equivalents at 31 December	22	3,352	4,651

Company Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
(Loss)/profit for the year		(487)	787
Adjustments for:			
Impairment loss	13	1,941	591
Foreign exchange movement		(304)	-
Financial income		(25)	(68)
Dividend Income		(1,998)	(2,200)
Equity settled share-based payment expenses	24	62	102
Operating loss before changes in working capital and provisions		(811)	(788)
Increase in trade and other receivables		(247)	(143)
Decrease/(increase) in trade and other payables		789	(366)
Net cash from operating activities		(269)	(1,297)
Cash flows from investing activities			
Interest received		25	68
Dividend received		1,998	2,200
Acquisition of subsidiaries	3	(1,616)	(1,816)
Net cash from investing activities		407	452
Cash flows from financing activities			
Proceeds from the issue of share capital		-	65
Dividends paid	19	(222)	(77)
Net cash from financing activities		(222)	(12)
Net decrease in cash and cash equivalents		(84)	(857)
Cash and cash equivalents at 1 January		153	1,010
Cash and cash equivalents at 31 December	22	69	153

1. ACCOUNTING POLICIES

WIN plc (the "Company") is a company domiciled in the United Kingdom.

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.

Measurement convention
The financial statements are prepared on the historical cost basis, except financial instruments classified as available for sale which are stated at fair value.

Basis of consolidation

Subsidiaries
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.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are released into the income statement upon disposal.

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal.

Classification of financial instruments issued by the Group
Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

1. ACCOUNTING POLICIES (continued)

Classification of financial instruments issued by the Group (continued)
To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Investments in debt and equity securities
Investments in subsidiaries are carried at cost less impairment.

Other investments in debt and equity securities held by the Group are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Intra-group financial instruments
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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:

Leasehold improvements	–	3 years
Plant and equipment	–	3 years
Computer equipment	–	3 years
Furniture and equipment	–	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets and goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2006, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

» capitalised development costs	3 - 5 years
» computer software and technology	3 - 5 years
» customer relationships	2 - 5 years
» other intangible assets	5 years

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 of the statement of cash flows.

Impairment excluding deferred tax assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. ACCOUNTING POLICIES (continued)

Share capital

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions
The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted 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 Black-Scholes 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 forfeiture is only due to share prices not achieving the threshold for vesting. A long-term initiative plan for directors and senior executives (LTIP) was introduced during 2008. The value of this plan is evaluated using a Monte Carlo model. Further details are provided in Note 24 to these accounts.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a discount rate that reflects risks specific to the liability.

Revenue
Revenue represents the amounts (excluding value added tax) derived from the provision of services to customers as transaction fees, development fees and monthly service fees. Revenue for transaction fees is recognised at the point of service delivery. Revenue for monthly service fees is recognised in the month to which it relates. Revenue for development work is recognised in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to reviews of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Expenses

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.

Net financing costs
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Taxation
Income tax on the profit or loss for the year comprises current and deferred tax. Income 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 using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprises share options granted to employees.

Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is represented in respect of the Group's business and geographical segments. The business segments are determined based on the Group's management and internal reporting structure.

Adopted IFRS not yet applied
The following Adopted IFRSs were available for early application but have not been applied by the Group and the Company in these financial statements. Their adoption is not expected to have a material affect on the financial statements unless otherwise indicated:

- IFRS 8 Operating Segments (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 23 'Borrowing Costs' (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 1 'Presentation of Financial Statements' (mandatory for the year commencing on or after 1 January 2009).
- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009).
- Revised IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1 January 2009).
- Amendments to IFRS 2 'Share-based payment – Vesting Conditions and Cancellations' (mandatory for the year commencing on or after 1 January 2009).
- Amendments to IFRS 32 'Financial Instruments' (mandatory for the year commencing on or after 1 January 2009).
- IFRIC 13 'Customer Loyalty Programmes' (mandatory for the year commencing on or after 1 January 2009).

1. ACCOUNTING POLICIES (continued)

Use 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Acquisition of subsidiaries:
Judgements have been made on contingent consideration due to the purchase of Pocket Group Limited. These accounts include an amount of £211,000 payable in shares of WIN plc at the price prevailing around 31 March 2009. This depends on the profits of Pocket Group for the year to 31 March 2009 and those used are based on management's best estimates of the relevant future profits which may vary and in accordance with the terms of the sale and purchase agreement; accordingly the amount payable may differ from those included in these accounts. Any variation in the actual profits used to calculate the contingent consideration will have a multiplier effect of six times the variance in profit. Further details are provided in Note 3.

Intangible assets and goodwill
The carrying value of intangible assets depends upon estimates of future sales relating to the intangible assets. These are based upon management's best estimates of the market potential for such assets and, in particular, for those acquired, relating to near term cash flows. These cash flows may vary.

In terms of carried goodwill, specific assumptions have been made relating to appropriate discount rates and the market value of the acquired goodwill. Further detail relating to each acquisition has been made in note 12.

Management has exercised judgement on the likely continued market for such assets, including the development of competitor technology and consumer demand.

2. DISCONTINUED OPERATION

During the previous financial year the company assigned the subscriber base of WIN Financial Limited, its paging subsidiary, to MarketSource UK Ltd. WIN Financial Limited had ceased trading at 31 December 2007 and had not been disposed of. The contribution of WIN Financial Limited to group profit is set out below and includes the proceeds of the sale of the subscriber base.

Results of discontinued operation

	Note	2008 £'000	2007 £'000
Revenue		–	154
Cost of sales		–	(92)
Gross profit		–	62
Administrative expenses		–	(46)
Results from operating activities		–	16
Financial income	8	–	4
Profit before income tax		–	20
Income tax expense	9	–	(13)
Profit for the year		–	7
Basic earnings per share		–	0.1p
Diluted earnings per share		–	0.1p

3. ACQUISITIONS OF SUBSIDIARIES

Effect of acquisitions

The acquisition of Pocket Group in 2008 had the following effect on the Group's assets and liabilities.

Acquiree's net assets at the acquisition date

	Recognised values on acquisition £'000	Fair value adjustments £'000	Pre-acquisition carrying amounts £'000
Property, plant and equipment	24	–	24
Intangible assets	323	168	155
Trade and other receivables	495	(11)	506
Cash and cash equivalents	146	–	146
Trade and other payables	(615)	–	(615)
Deferred tax liability	(84)	(83)	(1)
Net identifiable assets and liabilities	**289**	**74**	**215**
Goodwill on acquisition	**1,584**		
Total consideration	**1,873**		
Less amounts due from shareholders deducted from payments made	(46)		
Less contingent consideration*	(211)		
Consideration paid, satisfied in cash	1,616		
Less cash acquired	(146)		
Net cash outflow	**1,470**		

* This is an estimate based upon management expectations.

On 18 January 2008, the Company acquired the entire issued share capital of Pocket Group Ltd ("Pocket Group"). The company paid an initial consideration of £1,037,000 in cash on completion (and additionally £99,000 of acquisition costs), with a further three payments, comprising a payment in March 2008 of £175,000, a payment of £351,000 in July 2008 and a further payment estimated at £211,000 in 2009, payable in shares of WIN plc at the price prevailing around 31 March 2009, dependent upon the performance of Pocket Group for the year to 31 March 2009. The committed minimum total consideration is £1,400,000 and the maximum total consideration is £4,500,000. As Pocket Group was acquired on 18 January 2008, any pre-acquisition results for the year are immaterial.

Pocket Group, established in 1999, is one of the leading mobile entertainment companies in Europe, providing mobile technology, content and marketing services to over 50 operators across the world. Pocket Group specialises in mobile music and video content, and represents the mobile sector rights for over 1,500 independent record labels and bands, helping them maximise their revenues from mobile distribution.

Pocket Group comprised two major lines of business. First, direct to consumer; this business reduced considerably in May 2008 due to a failure of the marketing database to meet regulatory standards. Conversely, the business supplying managed services to network operators and handset manufacturers has improved, with a major contract to Sony Ericsson as well as the existing business, principally to Orange. During the year, Pocket Group operated at a loss, although it had moved into profit on a monthly basis by the end of the period.

Included in the £1,584,000 of goodwill recognised are intangible assets that do not meet the definition of intangible assets under IAS38. These items include an assembled workforce and operating synergies.

The £323,000 intangible assets consist of customer contracts and technology. These have been valued on a basis of estimated future profitability over 3 years discounted at a pre-tax rate of 10.4%.

The contingent consideration will be calculated by reference to six times the adjusted profit before tax for the year to 31 March 2009 less amounts paid to date.

Effect of acquisitions (continued)
The acquisition of Quattrocomm AG in 2007 had the following effect on the Group's assets and liabilities.

Acquiree's net assets at the acquisition date

	Recognised values on acquisition £'000	Fair value adjustments £'000	Pre-acquisition carrying amounts £'000
Property, plant and equipment	12	–	12
Intangible assets	1,255	1,195	60
Trade and other receivables	447	(3)	450
Cash and cash equivalents	26	–	26
Trade and other payables	(170)	78	(248)
Deferred tax liability	(339)	(339)	–
Net identifiable assets and liabilities	**1,231**	**931**	**300**
Goodwill on acquisition	**1,750**		
Total consideration	**2,981**		
Less consideration paid, satisfied in shares	(971)		
Less deferred consideration*	(168)		
Consideration paid, satisfied in cash	1,842		
Less cash acquired	(26)		
Net cash outflow	**1,816**		

* The £168,000 deferred consideration was an estimate at the prior year based upon management expectations. In 2008, this estimate has been revised to £74,000 based on the actual results.

On 20 September 2007, the company acquired all of the shares in Quattrocomm AG for £2,683,000 (including acquisition costs amounting to £78,000), £1,712,000 satisfied in cash and £971,000 in shares. Contingent consideration was originally estimated at £168,000 but has now been revised to £74,000 based on the actual profits generated by Quattrocomm in 2008 and will be settled in shares at the end of 2008. Quattrocomm AG is a mobile content enabler focusing on managed rich-media content services for mobile network operators ("MNOs") and content owners. In the three months to 31 December 2007, the subsidiary contributed net profit of £63,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2007, Group revenue would have been £40,087,000 and net profit would have been £1,158,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2007.

Notes (continued)

4. SEGMENT REPORTING

All revenue was derived from the Group's principal activity. As has been explained, the Group is now organised in three distinct business divisions and this separation has been adopted by the board and senior management of the Group. Accordingly, the segmentation between Managed Services, New Media and Enterprise has been adopted as the primary segments. The management only reviews turnover and gross profit in these segments. The majority of the operating costs and assets relate to the major platforms of the business which operate across all segments and no meaningful allocation of these assets makes sense. Only direct costs such as sales costs can be directly attributed to the primary segments, but as these may be moved around to meet business needs, no analysis below gross profit has been provided. Geographical destination of revenue is disclosed as the secondary segment.

Segment analysis

	Revenue		Gross profit	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Enterprise	3,142	2,084	1,515	993
New Media	28,000	31,845	2,758	3,464
Managed Services	7,006	5,244	5,581	4,448
Total	38,148	39,173	9,854	8,905

Segment analysis

	UK		Rest of world		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Revenue	35,576	38,056	2,572	1,117	38,148	39,173
Gross profit	9,044	8,253	810	652	9,854	8,905
Operating (loss)/profit	(638)	1,580	(184)	(67)	(822)	1,513
Total assets	17,393	17,969	3,016	1,726	20,409	19,695
Total liabilities	(6,868)	(6,628)	(2,384)	(1,429)	(9,252)	(8,057)
Capital expenditure	1,590	1,149	150	44	1,74	1,193

5. EXPENSES AND AUDITORS REMUNERATION

(Loss) / Profit on ordinary activities before taxation is stated after charging:

	2008 £'000	2007 £'000
Depreciation of tangible fixed assets – owned	580	492
Amortisation of acquired intangible assets	767	462
Amortisation of development costs	433	244
Amortisation of other intangible assets	50	27
Restructuring costs	118	–
Impairment loss on goodwill	1,146	68
Impairment loss on intangible assets	68	–
Impairment loss on development costs	48	–
Loss due to obsolete computer software asset written-off	115	–
Exchange (gain)	(300)	(95)
Hire of plant and machinery – rentals payable under operating leases	295	295
Hire of other assets – rentals payable under operating leases	42	41

Auditors' remuneration:

	2008 £'000	2007 £'000
Audit of these financial statements	41	32
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries	31	46
Other services relating to taxation	–	10
Other services relating to acquisition investigations	3	47
Services relating to corporate transactions	7	–
Other services relating to IFRS transition review of interim statements	28	31
	110	166

6. DIRECTORS' REMUNERATION

	2008 £'000	2007 £'000
Directors' emoluments	415	472
Company contributions to defined contribution stakeholder pension scheme	81	34
Compensation for loss of office	–	77
	496	583

The aggregate of emoluments of the highest paid director was £150,000 (2007: £150,000) and company pension contributions of £4,500 (2007: £4,000) were made to a defined contribution stakeholder pension scheme on his behalf.

	Number of directors 2008	2007
Retirement benefits are accruing to the following number of directors under:		
Defined contribution stakeholder pension schemes	3	3

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

Share Options (see further detail in Note 24)

	At beginning of period	Granted	At end of period	Exercise price	Date first exercisable	Date of expiry
R W Joyce	181,475	–	181,475	£2.060	3 May 2003	3 May 2012
J Rands	181,475	–	181,475	£2.060	3 May 2003	3 May 2012
G Rivers	300,000	–	300,000	£1.200	14 Aug 2007	14 Aug 2016
L Moir	100,000	–	100,000	£2.190	23 Apr 2008	23 Apr 2017
	762,950	–	762,950			

Long-Term Incentive Plan (see further detail in Note 24)

	At beginning of period	Granted	At end of period	Exercise price	Date first exercisable	Date of expiry
J Rands	–	15,000	15,000	£0.000	11 Mar 2011	11 Mar 2018
	–	15,000	15,000			

7. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group and Company (including directors) during the year, analysed by category, was as follows:

	Number of employees Group		Number of employees Company	
	2008	2007	2008	2007
Management	10	10	6	6
Sales and marketing	25	18	–	–
Administration	18	10	–	–
Operations and development	76	37	–	–
	129	75	6	6

The aggregate payroll costs of these persons were as follows:

		Group		Company	
	Note	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Wages and salaries		3,656	3,204	426	549
Social security costs		432	360	47	62
Other pension costs		277	206	74	34
Share-based payments	24	92	90	62	122
		4,457	3,860	609	767

8. FINANCIAL INCOME - GROUP

	2008 £'000	2007 £'000
Continuing operations		
Bank interest receivable	43	150
Early settlement discounts	14	10
Interest receivable on rent deposit	5	7
Financial income from continuing operations	62	167
Discontinued operation		
Bank Interest receivable	–	4
	62	171

9. INCOME TAX (CREDIT) / EXPENSE

Recognised in the income statement

	2008 £'000	2007 £'000
Current tax (credit) / expense		
Current year	234	624
Adjustments for prior years	(382)	42
Current tax (credit) / expense	(148)	666
Origination and reversal of temporary differences	(248)	(72)
Deferred tax (credit)	(248)	(72)
Tax (credit) / expense in income statement (excluding tax on discontinued operation)	(396)	594
Tax from discontinued operation	–	13
Total tax (credit) / expense	(396)	607

Reconciliation of effective tax rate

	2008 £'000	2007 £'000
(Loss) / profit for the year	(364)	1,093
Total tax (credit) / expense (including tax on discontinued operations and equity accounted investees)	(396)	607
(Loss) / profit excluding taxation	(760)	1,700
Tax using the UK corporation tax rate of 28% (2007: 30%)	(213)	510
Effect of tax rates in foreign jurisdictions	(115)	(16)
Non-deductible expenses	320	421
Research and development tax credit	(80)	(89)
Tax exempt adjustments	–	(6)
Losses relating to foreign subsidiary	–	41
Increase / (decrease) in losses carried forward	74	(296)
Adjustments in respect of prior periods	(382)	42
Total tax (credit) / expense (including tax on discontinued operations and equity accounted investees)	(396)	607

The 2008 tax credit of £396,000 includes non-deductible expenses which reflects the impairment of goodwill.

The £382,000 adjustment in respect to prior periods (2007: £42,000). This adjustment mainly reflects a £357,000 cash payment received from HMRC relating to Research and Development tax credits for 2002-2006 (2007: £nil) which had not been previously recognised due to the uncertainty of recoverability of the amount.

The £74,000 increase in losses carried forward reflects the losses on Pocket Technology (£113,000), Win SA (£140,000) & FYROM (£10,000) at 28%.

10. EARNINGS PER SHARE

	2008 £'000	2007 £'000
(Loss) / profit for the year from continuing operations	(364)	1,086
Profit for the year from discontinued operation	–	7
(Loss) / profit for the year	(364)	1,093
(Loss)/profit before tax	(760)	1,680
Adjustments to the (loss)/profit before tax for the year:		
Share-based payment charges	92	90
Acquired intangible asset amortisation	817	489
Impairment and write-off of assets	1,377	68
Non recurring costs	278	323
Underlying profit before tax for the year	1,804	2,650

	No. of shares	No. of shares
Weighted average number of shares in issue	10,081,455	9,711,139
Dilutive effect of share options	84,063	168,454
Fully diluted weighted average number of shares in issue	10,165,518	9,879,593
From continuing operations		
Basic earnings per share	(3.6)p	11.2p
Diluted earnings per share	(3.6)p	11.0p
From discontinued operation		
Basic earnings per share	–	0.1p
Diluted earnings per share	–	0.1p
Total (including discontinued operation)		
Basic earnings per share	(3.6)p	11.3p
Diluted earnings per share	(3.6)p	11.1p

Earnings per share are calculated by dividing the profit on ordinary activities attributable to shareholders by the weighted average number of shares in issue during the year. The weighted average number of shares in the diluted earnings per share calculation is the figure used in the basic earnings per share calculation adjusted by the number of shares deemed to be issued for no consideration.

Adjusted earnings per share at 13.7p are calculated by taxing the underlying profit at the effective rate of 23.2%.

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements £'000	Plant and equipment £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
Cost					
Balance at 1 January 2007	367	377	2,001	161	2,906
Additions	20	–	562	24	606
Additions from acquisition	–	–	11	1	12
Disposals	–	(292)	(334)	–	(626)
Balance at 31 December 2007	387	85	2,240	186	2,898
Balance at 1 January 2008	387	85	2,240	186	2,898
Additions	15	–	930	5	950
Additions from acquisition	–	–	–	24	24
Assets written-off	–	–	(387)	–	(387)
Balance at 31 December 2008	402	85	2,783	215	3,485
Depreciation					
Balance at 1 January 2007	289	356	1,305	128	2,078
Charged in year	44	21	402	25	492
Disposals	–	(292)	(320)	–	(612)
Balance at 31 December 2007	333	85	1,387	153	1,958
Balance at 1 January 2008	333	85	1,387	153	1,958
Charged in year	50	–	484	46	580
Assets written-off	–	–	(272)	–	(272)
Balance at 31 December 2008	383	85	1,599	199	2,266
Carrying amounts					
Balance at 1 January 2007	78	21	696	33	828
Balance at 31 December 2007	54	–	853	33	940
Balance at 1 January 2008	54	–	853	33	940
Balance at 31 December 2008	19	–	1,184	16	1,219
Carrying value of assets written-off in year	–	–	115	–	115

12. INTANGIBLE ASSETS

Group

	Goodwill £'000	Other assets £'000	Development Costs £'000	Licences £'000	Total £'000
Cost					
Balance at 1 January 2007	1,394	1,833	650	–	3,877
Acquisitions through business combinations	1,750	1,224	–	31	3,005
Other acquisitions – internally developed and additions	–	–	554	33	587
Balance at 31 December 2007	3,144	3,057	1,204	64	7,469
Balance at 1 January 2008	3,144	3,057	1,204	64	7,469
Change in contingent consideration relating to Quattrocomm (See note 19)	(94)	–	–	–	(94)
Acquisitions through business combinations	1,584	333	–	–	1,917
Other acquisitions – internally developed and additions	–	–	724	66	790
Balance at 31 December 2008	4,634	3,390	1,928	130	10,082
Amortisation					
Balance at 1 January 2007	14	162	116	–	292
Charged in year	–	462	244	27	733
Impairment charge	68	–	–	–	68
Effect of movements in foreign exchange	2	–	–	–	2
Balance at 31 December 2007	84	624	360	27	1,095
Balance at 1 January 2008	84	624	360	27	1,095
Charged in year	–	767	433	50	1,250
Impairment charge	1,146	68	48	–	1,262
Balance at 31 December 2008	1,230	1,459	841	77	3,607
Carrying amounts					
Balance at 1 January 2007	1,380	1,671	534	–	3,585
Balance at 31 December 2007	3,060	2,433	844	37	6,374
Balance at 1 January 2008	3,060	2,433	844	37	6,374
Balance at 31 December 2008	3,404	1,931	1,087	53	6,475

The goodwill and acquired intangible assets recognised during the year arose from the acquisitions of Pocket Group Limited (note 3).

12 INTANGIBLE ASSETS (continued)

Impairment of goodwill and intangible assets

The recoverable amount of the intangible assets is based on their value in use. Value in use is determined by discounting the estimated future cash flows generated from the assets and was based on the following key assumptions:

1. The key assumption is sales growth based on future plans for the business and historical growth.
2. There are zero growth assumptions.
3. A higher pre-tax discount rate was applied in 2008 to all entities in determining the recoverable amount, reflecting the generally higher cost of risk capital.
4. Cash flows were projected based on actual operating results and the estimated useful life of the asset or list.

For Goodwill calculations, the assumptions vary by company.

For WIN Interactive, the expected cash flows have been forecast for a further four years (2007: five years) and discounted at the same rate as for intangible assets. A combination of lower expected cash flows following declines in the premium rate market and a higher pre-tax discount rate (2008: 13% / 2007: 10%) has led to an impairment of this goodwill of £424,000 (2007: £68,000). A 10% reduction in the cash estimates would lead to a further impairment of £29,000.

For Quattrocomm, the estimated future cash flows of the business, including one anticipated further sale have been forecast for five years (2007: five years) and discounted at the higher rate of 11% pre-tax (2007: 8%). The anticipated future cash flows remain the most significant assumption. The combination of lower anticipated profitability and the higher discount rate has led to an impairment of this goodwill of £303,000 (2007: Nil). A decline of cash estimates of just over 10% would lead to a further impairment of £271,000.

For Pocket Group, the anticipated future profit of the business has been valued on a market multiple of expected profit before tax which is lower than that assumed at the time of acquisition. The anticipated profits are lower than anticipated at the time of acquisition due to the decline in the direct to consumer business, offset by the benefits of the handset manufacturer business; this is the major assumption in the carrying value. This goodwill has been impaired by £419,000. A decline of 10% in the estimates would lead a further impairment of £200,000.

For WIN SA (Greece), the estimated cash flows (based on current estimates) have been discounted at 11% pre-tax (2007: 8%) for five years and then maintained at a long-term growth rate of 2.25% (2007: 2.25%). No impairment of this asset has been accounted for. Eliminating all the terminal value would still not lead to any impairment (2007: Nil).

See tables below for carry values of goodwill for 2008 (and 2007).

Other intangible assets consist mainly of computer software and technology and customer relationships acquired through the acquisitions of WIN Interactive Ltd, Quattrocomm AG and Pocket Group Ltd. These assets are amortised over periods of between 2–5 years.

The total impairment of other intangible assets in 2008 was £68,000 (2007: £nil) which relates entirely to the assets of Pop-i Media. No other intangible assets were impaired.

Development assets of £48,000 were impaired in 2008 (2007: £nil). A full review of these assets identified those where there were insufficient commercial prospects to support the carrying value.

Carrying amounts of goodwill

Group

	Goodwill at cost 2008 £'000	Impairment 2008 £'000	Other 2008 £'000	Carrying amounts of goodwill 2008 £'000
WIN Interactive	599	(424)	–	175
Quattrocomm AG*	1,750	(303)	(94)	1,353
Pocket Group	1,584	(419)	–	1,165
WIN SA	711	–	–	711
Total	4,644	(1,146)	(94)	3,404

* Other reflects the Quattrocomm adjustment of £94,000 for the reduction in contingent consideration. See note 19.

Carrying amounts of goodwill

Group

	Goodwill at cost 2007 £'000	Impairment 2007 £'000	Other 2007 £'000	Carrying amounts of goodwill 2007 £'000
WIN Interactive	683	(68)	(16)	599
Quattrocomm AG	1,750	–	–	1,750
Pocket Group	–	–	–	–
WIN SA	711	–	–	711
Total	3,144	(68)	(16)	3,060

13. INVESTMENTS IN SUBSIDIARIES

Company

	Investment in subsidiaries £'000
Cost	
At beginning of year	6,645
Additions	1,778
At end of year	8,423
Impairment	
At beginning of year	591
Impairment charge	1,941
At end of year	2,532
Net book value	
At 31 December 2008	5,891
Net book value	
At 31 December 2007	6,054

Impairment charge and net book value

Group

	Impairment 2008 £'000	Net Book Value 2008 £'000	Impairment 2007 £'000	Net Book Value 2007 £'000
WIN Limited	–	1,448	–	1,448
WIN Interactive	814	635	591	1,449
WIN SA	–	161	–	161
WIN FYROM	14	–	–	14
Quattrocomm AG	514	2,242	–	2,851
Pop-i	131	–	–	131
Pocket Group	468	1,405	–	–
	1,941	5,891	591	6,054

Note 12 shows additional detail regarding the assumptions used in the impairment calculations.

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and % of shares held
Subsidiary undertakings			
WIN Societe Anonyme Wireless Products and Services (WIN SA)	Greece	Data systems and services	Ordinary 100%
WIN Interactive Limited (formerly Cumulus Technology Limited)	England & Wales	Data systems and services	Ordinary 100%
Wireless Information Network Limited	England & Wales	Data systems and services	Ordinary 100%
WIN Financial Limited*	England & Wales	Dormant	Ordinary 100%
WIN Mobile Limited*	England & Wales	Dormant	Ordinary 100%
Bellboy Limited**	England & Wales	Dormant	Ordinary 100%
Wireless Information Network Inc.**	USA	Dormant	Ordinary 100%
WIN Mobile Limited	Rep of Macedonia	Data system and services	Ordinary 100%
Quattrocomm AG	Switzerland	Data systems and services	Ordinary 100%
Quattrocomm GmbH***	Germany	Data systems and services	Ordinary 100%
IMD Europe KFT***	Hungary	Data systems and services	Ordinary 100%
Pop-i Media Limited	England & Wales	Dormant	Ordinary 100%
Pocket Group Limited	England & Wales	Content Provider	Ordinary 100%
Three Communications Limited#	England & Wales	Content Provider	Ordinary 100%
Pocket Entertainment Limited#	England & Wales	Content Provider	Ordinary 100%
Pocket Technology Limited#	England & Wales	Content Provider	Ordinary 100%

* This company is held indirectly through Wireless Information Network Limited.

** These companies are held indirectly through WIN Financial Limited.

*** These companies are held indirectly through Quattrocomm AG.

\# These companies are held indirectly through Pocket Group Limited.

The results of Wireless Information Network Limited, WIN SA, WIN Interactive Limited, WIN Financial Limited, Quattrocomm AG, Quattrocomm GmbH, IMD Europe KFT, Pop-i Media Limited and Pocket Group Ltd are included in the consolidation.

Notes (continued)

14. OTHER FINANCIAL ASSETS

Group

	2008 £'000	2007 £'000
Investment classified as available for sale	200	100

The investment classified as available for sale (Group and Company) relates to a 13% investment in Textanywhere Limited. The investments has been valued on a market multiple of the profitability of Textanywhere for the year to 31 October 2008 together with surplus cash.

Company

	2008 £'000	2007 £'000
Loan due from subsidiary undertaking classified as loans and receivables	1,286	893
Investment classified as available for sale	200	100
	1,486	993

The loan is payable by WIN Societe Anonyme Wireless Products and Services (WIN SA) to the company, the amounts above representing the element of the loan which is due to the Company after one year (the current portion of £202,000 (2007: £99,000) is included within Trade and other receivables). The carrying amount of the loan as at 31 December 2008 is €1,350,000 (2007: €1,350,000).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade debtors	4,661	4,454	–	–
Amounts owed by Group undertakings	–	–	213	99
Other debtors	275	190	48	33
Prepayments and accrued income	4,166	2,986	15	53
	9,102	7,630	276	185

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade creditors	3,982	4,386	60	166
Amounts owed to Group undertakings	–	–	3,454	2,540
Other creditors	915	114	249	86
Accruals and deferred income	3,656	2,335	66	26
	8,553	6,835	3,829	2,818

17. DEFERRED TAX LIABILITY

The elements of deferred taxation are as follows:

	2008 £'000	2007 £'000
Property, plant and equipment	144	82
Intangible assets	(802)	(905)
Net liability	(658)	(823)
Movement in deferred tax liability:		
At beginning of year	(823)	(548)
Property, plant and equipment	62	19
Intangible assets	103	(290)
Share-based payments	–	(4)
Net liability	(658)	(823)

The deferred tax asset recognised by the Company at 31 December 2008 was £nil (2007: £nil). The Group has tax losses at the year end of £800,000 (2007: £900,000) relating to a number of its subsidiaries on which no deferred tax has been provided. Deferred Tax has not been provided as it is not probable that future tax profits will be available against which the tax losses can be utilised.

18. PROVISIONS FOR LIABILITIES

Group

	2008 £'000	2007 £'000
At beginning of year	102	120
Credit to the income statement for the year	(28)	(18)
Credit shown in other debtors reversed against provision	(33)	–
At end of year	41	102

The 2008 provision relates to an empty property, leased by the business but no longer in use. £28,000 of the original £69,000 provision has been utilised in the year. The remaining period of the lease is 2.5 years and the remaining provision is for the onerous element.

Company

	2008 £'000	2007 £'000
At beginning of year	**33**	33
Credit shown in other debtors reversed against provision	**(33)**	
At end of year	**-**	33

The 2007 provision has been released against a corresponding debtor balance.

19. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Group

	Share capital £'000	Shares to be issued £'000	Share premium £'000	Capital redemption reserve '000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2007	954	–	2,228	656	8,118	–	(2,545)	9,411
Total recognised income and expense	–	–	–	–	–	(83)	1,093	1,010
Shares issued	54	–	60	–	922	–	–	1,036
Shares to be issued	–	168	–	–	–	–	–	168
Share-based payments	–	–	–	–	–	–	90	90
Dividends to shareholders	–	–	–	–	–	–	(77)	(77)
Balance at 31 December 2007	1,008	168	2,288	656	9,040	(83)	(1,439)	11,638
Balance at 1 January 2008	1,008	168	2,288	656	9,040	(83)	(1,439)	11,638
Total recognised income and expense	–	–	–	–	–	7	(364)	(357)
Increase in fair value of available-for-sale financial asset	–	–	–	–	–	–	100	100
Shares to be issued	–	(94)	–	–	–	–	–	(94)
Share-based payments	–	–	–	–	–	–	92	92
Dividends to shareholders	–	–	–	–	–	–	(222)	(222)
Balance at 31 December 2008	1,008	74	2,288	656	9,040	(76)	(1,833)	11,157

Reconciliation of movement in capital and reserves

Company

	Share capital £'000	Shares to be issued £'000	Share premium £'000	Capital redemption reserve '000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2007	954	–	2,228	656	–	–	(1,320)	2,518
Total recognised income and expense	–	–	–	–	–	–	787	787
Shares issued	54	–	60	–	922	–	–	1,036
Shares to be issued		168						168
Share-based payments	–	–	–	–	–	–	102	102
Dividends to shareholders	–	–	–	–	–	–	(77)	(77)
Balance at 31 December 2007	1,008	168	2,288	656	922	–	(508)	4,534
Balance at 1 January 2008	1,008	168	2,288	656	922	–	(508)	4,534
Total recognised income and expense	–	–	–	–	–	–	(487)	(487)
Increase in fair value of available-for-sale financial asset	–	–	–	–	–	–	100	100
Shares to be issued	–	(94)	–	–	–	–	–	(94)
Share-based payments	–	–	–	–	–	–	62	62
Dividends to shareholders	–	–	–	–	–	–	(222)	(222)
Balance at 31 December 2008	1,008	74	2,288	656	922	–	(1,055)	3,893

Share capital: number of shares

Group and Company

	Ordinary shares	
	2008 '000	**2007 '000**
On issue at 1 January	10,081	9,541
Exercise of share options	–	46
Issued as consideration for acquisitions	–	494
On issue at 31 December – fully paid	10,081	10,081

At 31 December 2008, the authorised share capital comprised 30,000,000 ordinary shares of 10 pence (2007: 30,000,000 of 10 pence).

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

20. CONTINGENT LIABILITIES

Wireless Information Network Limited has given a fixed and floating charge over the undertaking, all property, assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures fixed, plant and machinery to National Westminster Bank plc.

21. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2008 £'000	2007 £'000
Less than one year	337	336
Between one and five years	1,090	1,162
More than five years	453	712
	1,880	2,210

The Group leases a number of offices and office facilities under operating leases. None of the leases includes contingent rentals.

One of the leased properties has been sublet by the Group. The lease expires in June 2011 and the sublease expires in June 2009. The Group has recognised a provision of £41,000 in respect of this lease (see note 18).

During the year ended 31 December 2008, £337,000 was recognised as an expense in the income statement in respect of operating leases (2007: £336,000).

22. CASH AND CASH EQUIVALENTS

Group

	2008 £'000	2007 £'000
Cash and cash equivalents per balance sheet	3,352	4,651
Cash and cash equivalents per cash flow statements	3,352	4,651

Company

	2008 £'000	2007 £'000
Cash and cash equivalents per balance sheet	69	153
Cash and cash equivalents per cash flow statements	69	153

23. PENSION SCHEME

The Group operates a defined contribution stakeholder pension scheme. The pension charge for the year represents contributions payable to that scheme and amounted to £277,000 (2007: £206,000).

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

24. EMPLOYEE SHARE SCHEMES

Share-based payments - Group

The Group has share option schemes whereby directors and employees are able to subscribe for ordinary shares in the Group.

Share options are granted on the recommendation of the Remuneration Committee. The schemes are used to provide long-term incentives to the recipients to assist in creating and sustaining growth in share value. Share options granted are conditional on continued employment of up to four years after the grant of the option. These share options have been granted periodically, typically twice a year to eligible employees. The Company has shareholder approval for share options of up to 18% of the issued ordinary share capital. At 31 December 2008 the outstanding share options, including those under the long-term incentive plan represented 11% of the issued share capital.

All share incentives are over 10p ordinary shares of the Company. The Group grants share incentives to employees in the form of share options. Share options vest over a period of 0 to 4 years, whilst individuals are employed by the Group or by agreement by the remuneration committee. There are no market conditions associated with the share option grants.

The employee expense is recognised equally over the time from grant until vesting of the incentive. The employee expense in 2008 was £92,000 (2007: £90,000). The fair value has been measured using a Black-Scholes model. The expected volatility is based on the historic volatility. The material inputs into the model have been:

Share Option	Granted 02/05/2006	Granted 14/08/2006	Granted 23/04/2007	Granted 02/07/2007	Granted 11/03/2008
Average Fair Value	£0.912	£0.468	£0.648	£0.678	£0.418
Share price at Grant	£3.200	£1.200	£2.190	£2.300	£1.500
Exercise Price	£3.200	£1.200	£2.190	£2.300	£1.500
Vesting Periods	1-4 years	1-4 years	1-4 years	1-4 years	1-4 years
Expected volatility	40%	60%	40%	40%	40%
Expected life	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free rate of return	4.67%	4.75%	5.54%	5.59%	4.04%

The number and weighted average exercise prices of share options at 31 December 2008 were as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	31 December 2008	31 December 2008	31 December 2007	31 December 2007
Outstanding at the beginning of the period	£1.866	1,134,200	£1.827	1,394,175
Forfeited during the period	–	–	£1.778	(92,250)
Exercised during the period	–	–	£1.385	(46,250)
Surrendered during the period	£2.992	(65,000)	£2.006	(296,475)
Granted during the period	£1.500	15,000	£2.237	175,000
Outstanding at the end of the period	£1.793	1,084,200	£1.866	1,134,200
Exercisable at the end of the period	£1.856	793,825	£1.950	708,606

For all share options exercised in 2007 the weighted average share price at the time of exercise was £2.076.

24. EMPLOYEE SHARE SCHEMES (continued)

Share-based payments – Company

The Company has share option schemes whereby directors and employees are able to subscribe for ordinary shares in the Company. The terms of the scheme are the same as described in the Group note above.

The employee expense is recognised equally over the time from grant until vesting of the incentive. The employee charge in 2008 was £62,000 (2007: £122,000). The fair value has been measured using a Black-Scholes model. The expected volatility is based on the historic volatility. The material inputs into the model have been:

Share Option	Granted 14 August 2006	Granted 23 April 2007
Average Fair Value	£0.468	£0.648
Share price at Grant	£1.200	£2.190
Exercise Price	£1.200	£2.190
Vesting Periods	1-4 years	1-4 years
Expected volatility	60%	40%
Expected life	10 years	10 years
Expected dividends	0%	0%
Risk-free rate of return	4.75%	5.54%

The number and weighted average exercise prices of share options at 31 December 2008 were as follows:

	Weighted average exercise price 31 December 2008	Number of options 31 December 2008	Weighted average exercise price 31 December 2007	Number of options 31 December 2007
Outstanding at the beginning of the period	£1.759	822,950	£1.797	1,004,425
Surrendered during the period	–	–	£2.046	(284,475)
Granted during the period	–	–	£2,190	100,000
Outstanding at the end of the period	£1.759	822,950	£1.759	822.950
Exercisable at the end of the period	£1.846	597,950	£1.926	497,950

Long-term Incentive Plan ('LTIP')

The Company has introduced a long-term incentive plan with the following objectives:

» to focus and appropriately reward senior managers for building shareholder value;

» balance the costs and benefits for the Company's shareholders;

» align the interests of participants with those of the Company's shareholders;

» provide an appropriate balance between senior managers' levels of salary and potential total compensation; and

» will foster a culture of share ownership in the Company.

Participation in the LTIP

The participants in the LTIP have been awarded nil-cost options over WIN ordinary shares ("Nil-Cost Options") in two tranches with the initial tranche allocated in 2008. The second tranche will be allocated to participants in the LTIP in 2009 following the announcement of the audited results for the year ended 31 December 2008. The entire scheme has a capacity for 500,000 Nil-Cost Options. In order to participate in the plan, participants must commit to purchasing a certain level of ordinary shares in the Company in the 12 months following allocation (the "Holding Requirement").

The following table sets out the maximum number of Nil-Cost Options allocated to Participants who have satisfied the "Holding Requirement".

Participant	Maximum Number of Nil Cost Options	Granted at 31 December 2008
John Rands	25,000	15,000
Executives	12,500	7,500

The Nil-cost Options will vest to participants provided that a number of targets in relation to basic earnings per share ("EPS") and the Company's share price are achieved over a three year performance period. The table shows the percentage of the Nil-Cost Options that will vest and be capable of exercise at the end of the performance period.

	Share price target (p)			
EPS annual growth	Threshold 300p	Median 400p	Upper 500p	Maximum 600p
Threshold Performance 20%	20%	50%	80%	100%
Median Performance 25%	50%	70%	90%	100%
Maximum Performance 30%	80%	90%	100%	100%

The number and weighted average exercise prices of the long-term incentive plan options at 31 December 2008 were as follows:

	Weighted average exercise price 31 December 2008	Number of options 31 December 2008
Granted during the period	£0.000	237,500
Lapsed during the period	£0.000	(215,000)
Outstanding at the end of the period	**£0.000**	**22,500**
Exercisable at the end of the period	**£0.000**	**22,500**

The fair value has been measured using the Monte Carlo model. The expected volatility is based on the historic volatility.

The material inputs into the model have been:

Share Option	Granted 11/03/2008
Average Fair Value	£0.3648
Share price at Grant	£1.500
Exercise Price	£nil
Vesting Periods	1-3 years
Expected volatility	41%
Expected life	3 years
Expected dividends	0%
Risk-free rate of return	3.89%

25. RELATED PARTY DISCLOSURES

Group
The directors consider there to be no ultimate controlling party.

During the year, there were payments made to R W Joyce, a director of the company, totalling £16,000 (2007: £14,000) for consultancy services.

Directors of the Company and their immediate relatives control 5% of the voting shares of the Company.

Company
The company received a dividend of £1,998,000 (2007: £2,200,000) from Wireless Information Network Limited during the year. There have been no other significant transactions with any other group companies as set out in note 13.

26. DIVIDENDS

On 12 October 2007, 9 June 2008 and 17 October 2008, the Company paid dividends ("Dividends") totalling £298,464 without first filing interim accounts showing the requisite level of distributable profits. This is a technical infringement of the Companies Act 1985. At the time of payment of the Dividends the Company had sufficient distributable profits. The Company has been advised that it may have claims against present and past shareholders who were recipients of these payments to recover the amounts paid in technical infringement of the Act in certain circumstances. The Company has also been advised that it may have claims against those directors who participated at the Board meeting at which the decisions were taken to pay the Dividends.

It is not the intention of the Company that any such claim should be made by the Company against either shareholders or directors. This Company has been advised that matter can be remedied by shareholders passing resolutions which put shareholders and directors into the position in which they were always intended to be. Resolutions will be proposed at the General Meeting to sanction the appropriation of profits to the payments concerned, to waive any rights of the Company against those shareholders who received the relevant interim dividends, to waive any rights of the Company against both past and present directors in respect of the dividends and to approve the Company entering into deeds of release in favour of such shareholders and directors. Accordingly no asset has been recognised in these financial statements.

27. FINANCIAL INSTRUMENTS

Policies

The Group's and Company's financial instruments comprise trade debtors, trade creditors, cash and equity shares. The main purpose of these financial instruments is to raise finance for the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade debtors	4,661	4,454	–	–
Amounts owed by group undertakings	–	–	213	99
Other debtors	275	190	48	33
Prepayments and accrued income	4,166	2,986	15	53
Cash and cash equivalents	3,352	4,651	69	153
	12,454	12,281	345	338

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was:

Group

	2008 £'000	2007 £'000
UK	3,262	3,894
Rest of world	1,399	560
	4,661	4,454

The ageing of trade receivables at the balance sheet date was:

Group

	Gross 2008 £'000	Impairment 2008 £'000	Gross 2007 £'000	Impairment 2007 £'000
Not past due	2,640	38	2,862	–
Past due 0–30 days	474	39	646	2
Past due 31–60 days	735	38	371	38
More than 60 days	1,239	312	755	140
	5,088	427	4,634	180

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Gross 2008 £'000	Gross 2007 £'000
Balance at 1 January	180	112
Provided during the year	391	96
Utilised during the year	(144)	(28)
Balance at 31 December	**427**	**180**

Based on historic default rates, the Group believes that no general impairment allowance is necessary in respect of trade receivables. The impairment in 2008 predominantly reflects the increase in the bad debt provision of £391,000 (2007: £96,000) provided for in respect of trade receivables where the Group or Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Interest risk

The Group and Company has financed its operations through equity.

The Group at the year end held cash at bank amounts of £3,352,000 (company: £69,000) for the majority of which the applicable interest rate is 0.1% below the Bank of England base rate.

Liquidity risk

As regards liquidity, the Group's policy has throughout the year been to ensure continuity of funding. The Group and Company has not entered into any derivative transactions in either year.

All trade payables (note 16) are due to be paid within six months of the balance sheet date (2007: within six months).

Currency risk

The Group now has an increasing international exposure and in 2008 7% of turnover and 8% of gross profit arose overseas. It is expected that the level of profits in Euro will be expected to increase in the future. A 1% movement in the GBP/EUR exchange rate would have impacted gross profits by £8,000. Therefore, the Group has an exposure to translation of profits, which is not hedged; this includes elements relating to translation of inter-company trading balances. In particular, the Group's reported profits are increasingly exposed to the Euro. Within each statutory entity, there is a small amount of trading with overseas customers which are settled in foreign currencies. The majority of the sales however are denominated and settled in sterling for the UK and Euro for WIN SA and the WIN AG.

The Group at the year end held cash at bank amounts of 543,000 EUR (for which the UK pound equivalent was £517,000), 4,000 Swiss Francs (for which the UK pound equivalent was £3,000), 7,090,000 Hungarian Forints (for which the UK pound equivalent was £25,000) and 110,000 Australian Dollars (for which the UK pound equivalent was £53,000). The company at year end did not hold any material cash at bank amounts denominated in a foreign currency.

27. FINANCIAL INSTRUMENTS (continued)

Financial assets
Other than short-term debtors and cash balances, the group had the following financial assets:

Group

	Fair Value £'000	Cost £'000
Investment classified as available for sale	200	100

The fair value and carrying value are the same in both 2008 and 2007.

Other than short-term debtors and cash balances, the company had the following financial assets:

Company

	Fair Value £'000	Cost £'000
Loan due from subsidiary undertaking classified as loans and receivables	1,286	1,286
Investment classified as available for sale	200	100
	1,486	1,386

The loan is payable by WIN Societe Anonyme Wireless Products and Services (WIN SA) to the company. The carrying amount of the loan as at 31 December 2008 is €1,350,000 (2007: €1,350,000).

The fair value and carrying value are the same in both 2008 and 2007.

Fair values
There are deemed to be no differences of a material nature between the carrying values and the fair values of trade and other receivables, cash and cash equivalents and trade and other payables (2007: £nil).

Capital
The Group's capital comprises entirely equity. The Group believes that it has adequate capital to support its business, although further acquisitions might require the issue of further equity either to the vendors or from existing shareholders. During the period, no new equity has been raised. The Group's overdraft facility is used to support working capital variations.

Notice of Annual General Meeting

NOTICE IS GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at 3rd Floor, Aldermary House, 10-15 Queen Street, London EC4N 1TX on 25 June 2009, at 2p.m.

Business of the Meeting

Resolutions 1 to 8 set out below will be proposed as Ordinary Resolutions and Resolutions 9 to 14 will be proposed as Special Resolutions. For resolutions 1 to 8 to be passed, more than 50% of votes cast must be in favour and for resolutions 9 to 14 to be passed more than 75% of the votes cast must be in favour. Resolutions 1 to 10 constitute the ordinary business of the meeting and are matters which are generally dealt with at each AGM. Resolutions 11 to 14 deal with special business and further information regarding these resolutions is set out in the notes below.

Ordinary Business

Resolution 1

THAT the company's Annual Accounts for the financial year ended 31 December 2008 together with the last Directors' Report, and the Auditors' Report on those accounts be received.

The directors of the Company will present the Company's Accounts, their report on the business of the Company and the Auditor's Report on the Accounts, to the shareholders at the meeting. The Accounts, Directors Report and Auditors Report are contained in the enclosed document entitled "Annual Report and Accounts" a copy of which can be downloaded from our website www.winplc.com.

Resolution 2

THAT the Directors' Remuneration Report for the financial year ended 31 December 2008, together with the Auditor's report thereon, be received and approved.

The Director's Remuneration report contains among other things, details on each director's remuneration. It complies with the Companies Act 1985 (as amended) for a report on the remuneration of all directors. The members are entitled to vote to approve the Remuneration Report, although failure to approve will not affect the remuneration of any particular individual director. A copy of the Report can be found at page 21 of the Annual Report and Accounts.

Resolution 3

THAT a final dividend for the financial year ended 31 December 2008 of 1 penny per ordinary share of 10 pence each payable on 29 June 2009 to those shareholders on the register at the close of business on 5 June 2009 (the "Record Date") be declared.

A final dividend must be approved by the shareholders before it can be paid. The Company is proposing to pay a dividend as set out above. Any member who is not entered as a member in the register of members on the Record Date will not be entitled to receive this dividend.

Resolution 4

THAT Peter Martin be re-elected as a director of the Company

The Company's articles require one third of the directors to retire by rotation at each Annual General Meeting as well as any director who is attending this AGM as his third AGM since appointment or re-appointment. The directors required to retire will be selected in order of length of office and shall include any director who wishes to retire.

At this meeting Peter Martin and Graham Rivers will retire and stand for re-election as directors.

Resolution 5

THAT Graham Rivers be re-elected as director of the Company

See notes under resolution 4.

Resolution 6

THAT KPMG Audit PLC be reappointed as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

This resolution will allow KPMG Audit PLC to be reappointed as auditors of the Company. The auditors are required to be reappointed at each annual general meeting at which accounts are presented. The board, on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the re-appointment of KPMG Audit Plc.

Resolution 7

THAT the directors be authorised to set the remuneration of the Auditors

This resolution will give the directors the authority to authorise payment of the Auditors.

Details of the remuneration paid to the auditors for 2009 and details of how the Company monitors the effectiveness and independence of external auditors can be found in the Corporate governance statement contained in the Annual Report.

Resolution 8

THAT the board be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 (as amended)) up to an aggregate nominal amount of £304,646.40 provided that this authority is for a period expiring at the Company's next Annual General Meeting but 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 board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired

If approved, this resolution will renew the director's authority to allot shares until the conclusion of the next AGM in 2010 and will enable the directors to exercise their authority to allot under article 10 of the Company's Articles of Association.

The director's authority to allot is limited to £304,646.40 of relevant securities. This represents 30% of the issued ordinary share capital of the Company as at 12 May 2009 (the latest date before publication of this notice) which is 10,154,879 ordinary shares.

Resolution 9

THAT subject to the passing of the previous resolution the board be and it is hereby empowered pursuant to (Section 95 of the Companies Act 1985) to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:

(i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them and,

(ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £50,774.39

and shall expire on the date 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 board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

This Special Resolution will allow the directors to allot equity securities of the Company as if the pre-emption provisions of Section 89(1) of the Companies Act 1985 (as amended) do not apply. This means that when new securities are allotted or treasury shares are sold for cash the Company does not need to first offer these to the existing shareholders pro-rata to their holdings.

If this resolution is passed the authority would be limited to the allotment of equity securities or the sale of treasury shares for cash having an aggregate nominal value of £50,774.39 being a maximum of 507,743 ordinary shares representing five per cent of the total ordinary share capital of the Company currently in issue as at 12 May 2009 (the latest date before publication of this notice). The directors do not have any current plans to make use of this authority or the authority contained in Resolution 8 but wish to have the power to make use of these provisions at short notice. The Company has not in the last 3 years allotted more than 7.5% of the total Ordinary share capital of the Company under any similar authority.

Resolution 10

THAT the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 10 Pence each and to hold such shares as treasury shares, provided that:

(i) the maximum number of shares to be repurchased shall be 1,015,487;

(ii) the minimum price (exclusive of expenses) which may be paid for a share shall be 10 Pence;

(iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount equal to 105% of the average market values of the shares (as derived from the Alternative Investment Market of the London Stock Exchange) for the five business days immediately preceding the date on which the share is purchased;

(iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 3 December 2010; and

(v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

This special resolution is to authorise the Company to make market purchases of up to 10% of its own shares in issue, subject to maximum and minimum prices. The authority will expire at the next annual general meeting or on 25 December 2010, whichever is earlier.

The directors consider that in certain circumstances it may be advantageous for the Company to purchase its own shares and such purchases will only be made on AIM within guidelines established from time to time by the board of directors.

The directors will only consider exercising this authority if they consider that such purchases would be to the advantage of the Company and its shareholders as a whole. The principal aim of this share buy back facility is to enhance shareholder value as and when the directors consider this appropriate. The Company will also be in a better position to address any imbalance between supply and demand for the shares trading on AIM.

The directors intend that any shares purchased under this authority will be held by the Company as treasury shares within the limits allowed by law unless the directors consider that purchasing the shares and cancelling them would be to the advantage of the Company and its shareholders. The directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to the rights of pre-emption granted by shareholders in general meeting (see resolutions 8 and 9 and the notes thereto).

Special Business

The special business to be discussed at the meeting will include the ratification of various dividends as set out below and the adoption of new Articles of Association.

Resolution 11

THAT:

(i) the appropriation of distributable profits of the Company (as shown in the interim audited accounts of the Company made up to 30 June 2007, the interim audited accounts of the Company made up to 30 June 2008 and the final accounts for the year ended 31 December 2007 respectively) to the payment of the interim and final dividends ("Dividends") declared on the Company's ordinary shares of 10 pence each and paid on 12 October 2007, 17 October 2008 and 9 June 2008 respectively to shareholders on the register at the close of business on 21 September 2007, 27 September 2008 and 16 May 2008 respectively (the "Record Dates") be and are hereby authorised, confirmed and ratified;

(ii) any and all claims which the Company may have in respect of the payment of the Dividends against its shareholders who appeared on the register of shareholders on each respective Record Date be released and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention by him on behalf of the said shareholders;

(iii) any distribution involved in the giving of such release in relation to the Dividends be made out of the profits appropriated in respect of each Dividend as aforesaid by reference to a Record Date which shall be identical to the Record Date relating to that Dividend; and

(iv) any and all claims which the Company may have against its Directors (both past and present) arising out of the payment of the Dividends, be released and that a deed of release in favour of the Company's Directors be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention by him on behalf of the said directors.

The above resolution deals with a technical issue which has arisen in respect of the interim and final dividends paid by the Company to its Shareholders on 12 October 2007 and 17 October 2008 (the "Interim Dividends") and 9 June 2008 (the "Final Dividend"). At the time that each of the Interim Dividends was declared and paid, the interim accounts, upon which the decision to recommend and subsequently pay each dividend was based, were not filed at Companies House. Although the Company did have sufficient profits to pay each of the Interim Dividends at the relevant times, failure to formally file the Interim Accounts resulted in a technical breach of the Companies Act 1985 (as amended). In addition, at the time that the Final Dividend was declared the final accounts on which the decision to recommend and subsequently pay that dividend, did not show the distributable reserves of the Company. Although the Company did have distributable reserves sufficient to pay the final dividend, the omission of the figure from the final accounts was a technical breach of the Companies Act 1985 (as amended).

In order to rectify this matter, it is proposed the above ratifying resolution is passed. The effect of the resolution will be to confirm and ratify each of the dividend payments so that, notwithstanding the Company's failure to file the interim accounts or show the distributable reserves on the final accounts, the payments will be lawful under the Companies Act 1985 (as amended).

The resolution proposes to sanction the appropriation of profits to the payments concerned, to waive any rights of the Company against the Shareholders who received either or all of the Dividend to recover the same, to waive any rights of the Company against the Directors in respect of each of the Dividends and approve the Company entering into deeds of release in favour of such Shareholders and Directors. Draft forms of the deeds are available for inspection at the offices of the Company [and are available for down load from www.winplc.com].

The Company has applied to HM Revenue and Customs ("HMRC") for confirmation that each Dividend will continue to be treated as a distribution for United Kingdom tax purposes (made at the time at which each Dividend was paid) and that the proposed releases will have no tax implications for Shareholders who received all or any of the dividend. If granted, HMRC will treat the tax position of the Company and of United Kingdom tax resident Shareholders as being unaffected by the irregularity and the tax position will be as if the Dividends had been correctly paid on each of the payment dates.

The Company has also requested that the HMRC confirm that it will accept the Dividend and tax credit vouchers already issued.

The Company is not aware of any reason why HMRC would not provide the requested confirmation.

If any non-UK tax resident shareholder has any doubt about his or her foreign tax position, he or she should consult their own professional adviser.

Resolution 12

THAT with immediate effect, the Articles of Association of the Company are hereby amended by the addition of the following new Article 89 and the renumbering of Articles 89 to 161 (and any cross references to those Articles) to Articles 90 to 162 respectively:

89 Conflicts of interest requiring Board authorisation

89.1 The directors may, in accordance with the requirements set out in this article, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest ('Conflict').

89.2 Any Director (including the Director concerned) may propose that the Director concerned by authorised in relation to any matter which is the subject of a Conflict provided that:

89.2.1 the matter in question shall have been proposed in the same way that any other matter may be proposed to the directors under the provisions of these articles or in such other manner as the directors may determine;

89.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question; and

89.2.3 the matter was agreed to without his voting or, where the director does vote, would have been agreed to if his vote had not been counted.

89.3 Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

89.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the Conflict so authorised;

89.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; or

89.3.3 be terminated or varied by the directors at any time. This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

89.4 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the company and in respect of which he owes a duty of confidentiality to another person the director is under no obligation to:

89.4.1 disclose such information to the directors or to any director or other officer or employee of the company;

89.4.2 use or apply any such information in performing his duties as a director;

where to do so would amount to a breach of that confidence.

89.5 Where the directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authorisation or subsequently) that the director:

89.5.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;

89.5.2 is not given any documents or other information relating to the Conflict;

89.5.3 subject to any provision contained in Article 90, may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

89.6 Where the directors authorise a Conflict:

89.6.1 the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict;

89.6.2 the director will not infringe any duty he owes to the company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.

89.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds."

Notice of Annual General Meeting (continued)

The Companies Act 2006 ("2006 Act") contains a number of director's duties. Under section 175 of the 2006 Act, director's have a duty to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict with the company's interests. This duty has a particularly wide scope due to the fact that it includes not only actual direct conflicts but indirect and 'potential' conflicts.

The 2006 Act allows the board of directors to authorise a conflict of interest if the Company's Articles of Association contain a provision to this effect. The new Article 89 as set out above gives the directors authority to approve a conflict of interest. There are certain restrictions on this power which include:

(a) the director with the conflict is not entitled to vote or count in the quorum with regard to the decision to authorise the conflict;

(b) the directors may impose any such terms and conditions as they fit upon the conflicted director; and

(c) in making the decision, the remaining directors will still be bound to abide by their existing duties, including the duty to act in the best interests of the Company.

Resolution 13

THAT, with effect from 1 October 2009:

(1) the Memorandum of Association of the Company be amended by deleting all the provisions which, by virtue of section 28 of the Companies Act 2006, are to be treated as part of the Company's Articles of Association;

(2) the Articles of Association produced to the Meeting and initialed by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

It is proposed in resolution 13 to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles") primarily to take account of changes in company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in Part 2 to the notes.

Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in the additional explanatory notes.

A copy of the proposed New Articles of the company, and a copy of the Current Articles marked to show the changes being proposed in resolution 13 will be available for inspection during normal business hours from Monday to Friday (except public holidays) at the offices of the Company until the time of the Annual General Meeting. [The same are available for download from www.winplc.com].

Resolution 14

THAT the Company hereby approves general meetings (other than annual general meetings) being called on 14 clear days' notice.

Under both the Current Articles and the New Articles, the board is able to call general meetings (other than Annual General Meetings) on 14 days' notice. The Shareholder Rights Directive is intended to be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. Resolution 14, if approved, would enable the company to continue to call a general meeting (other than annual general meetings) on 14 days' notice after the Directive is implemented.

Recommendation

The directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board

L.S. MOIR
COMPANY SECRETARY

1 Cliveden Office Village
Lancaster Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3YZ
12 May 2009

Notes to the Notice of Annual General Meeting

ENTITLEMENT TO ATTEND AND VOTE

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6.00 pm on 23 June 2009; or
   - if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. 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 you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Electronic appointment of proxies

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service may do so for the general meeting to be held on 25 June 2009 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (Euroclear) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent Capita Registrars (ID-RA10) by the latest time(s) for receipt of proxy appointments specified in the Notice of General Meeting. For this purpose, the time of receipt shall be taken as the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the company's agent Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure his/her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

Issued shares and total voting rights

8. As at 9am on 12 May 2009, the Company's issued share capital comprised 10,154,879 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9am on 12 May 2009 is 10,154,879. On a show of hands every member shall have one vote on a poll every member present or by proxy shall have vote for every voting share held by him. In the case of joint shareholders the vote of most senior of the shareholders who tenders a vote shall be accepted to the exclusion of the other shareholders. Seniority is determined by the order in which the names stand in the register in respect of the relevant share.

Website publication of audit concerns

9. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by either:
   - a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company; or
   - at least 100 members have a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital,

   the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to either the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

   Where the Company is required to publish such a statement on its website:
   - it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
   - it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
   - the statement may be dealt with as part of the business of the Meeting.

   A member wishing to request publication of such a statement on the Company's website must send the request in hard copy form to **The Company Secretary, WIN plc at 1 Cliveden Office Village, Lancaster Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3YZ** – the request must be signed by you and either posted in a pre paid envelop or delivered by hand.

   The request must:
   - either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
   - be received by the Company at least one week before the Meeting.

Nominated persons

10. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):
    - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
    - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
    - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Notes to the Notice of Annual General Meeting (continued)

Voting

11. Voting on all resolutions will unless otherwise required be conducted on a show of hands.

Documents on display

12. Copies of the service contracts and letters of appointment of the directors and all other documents referred to in this Notice will be available:

- for at least 15 minutes prior to the Meeting; and
- during the Meeting.

Alternative Attendance

13. The meeting will be held at 1 Cliveden Office Village, Lancaster Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3YZ and no other location.

Communication

14. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

- by post to **The Company Secretary, WIN plc at 1 Cliveden Office Village, Lancaster Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3YZ**

You may not use any electronic address provided either:

- in this notice of annual general meeting; or
- any related documents (including the chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

During the last eighteen months, a number of new provisions have been introduced by the Company's Act 2006 ("2006 Act") which impact on the Company's Articles of Association ("Articles"). The final provisions of the 2006 Act are due to come into force on 1 October 2009 and, in order to ensure that the Company's Articles reflect these new provisions and are up to date with the current legislation, the Company is proposing to make a number of changes to them.

A summary of the main changes is set out below and a version of the current Articles showing the amendments to be made is available for download from the Company's website. If Resolution 13 set out in the Notice of Annual General Meeting is passed, the new Articles will be adopted from 1 October 2009.

1. The Company's Objects

The 2006 Act significantly reduces the information which must be contained in a Company's Memorandum of Association ("Memorandum"). The Memorandum contains provisions which regulate the operations of the Company, including, amongst other things, the objects clause, which sets out the scope of the activities which the Company is authorised to undertake.

From 1 October 2009, the only information required to be contained in the Memorandum will be the names and addresses of the first subscribers. All other remaining information will be deemed to be part of the Company's Articles.

As a result of these changes, the Company is proposing to remove its objects clause together will all other provisions contained in its Memorandum and which will, from 1 October 2009, be treated as forming part of the Articles.

2. References

Where appropriate, the amendments will include removing references to the Companies Act 1985 ("1985 Act") and ensuring that these refer to new sections of the 2006 Act.

3. Authorise Share Capital

The concept of authorised share capital is abolished by the 2006 Act. All references to the authorised share capital, its increase or its reduction will be removed from the new Articles.

4. Consolidation, subdividing and purchase of own shares

The 2006 Act allows a company to consolidate, subdivide or purchase its own shares with shareholder authority. It is therefore no longer necessary for the Articles to contain an enabling provision, as was previously required under the 1985 Act. In response to this, the enabling provisions relating to consolidation, sub-divisions and purchase of own shares will be deleted.

5. Register of Members

Under the 2006 Act the Company will no longer have the power to close its register of members and the register must be kept open continuously. The power to close the register for up to 30 days will be removed.

6. Extraordinary General Meetings and Resolutions

The term 'extraordinary' has been abolished and extraordinary resolutions and meetings are not a concept contained in the 2006 Act. Changes will be made throughout the Articles to remove reference to this terminology.

7. Proxies

The provisions relating to proxies will be updated to allow proxies to vote on a show of hands and speak at a general meeting. Provisions will also be added to ensure that multiple proxies or corporate representatives appointed by the same member will not constitute a quorum at general meeting.

8. Nomination Notices

The 2006 Act allows members to elect another person to enjoy and exercise the rights of their shareholding. Provisions will be inserted into the new Articles to deal with the giving of nomination notices.

9. General Amendments

The above is a brief summary of the main amendments and for full information on all amendments being made, you are referred to the marked up articles available for download from the Company's website.

In addition to updating the Articles in line with current legislation, opportunity has been taken to update the article generally.

AGM Proxy Form

I/we, the undersigned appoint the Chairman of the meeting or

of

as my proxy to vote on my/our behalf at the annual general meeting of the company to be held on 25 June 2009, and at any adjournment of such meeting.

This form is to be used in respect of the resolutions mentioned below, I/we request my/our proxy to vote in the manner indicated with an 'X' as follows:

ORDINARY BUSINESS:	FOR	AGAINST	VOTE WITHHELD
1. To receive the report and accounts			
2. To receive and approve the Directors' Remuneration Report			
3. To declare a final dividend of 1.0p per share			
4. To re-elect Peter Martin as a director of the company			
5. To re-elect Graham Rivers as a director of the company			
6. To reappoint KPMG Audit plc as auditors			
7. To authorise the directors to set the remuneration of the auditors			
8. That the directors of the company be generally and unconditionally authorised to allot equity securities up to an aggregate nominal value of £304,646.60			
9. That subject to the passing of Resolution 8, the directors of the company be given power pursuant to section 95 of the Companies Act 1985			
10. That the company be authorised to make market purchases of its own shares			
SPECIAL BUSINESS:			
11. To ratify the payments of the interim and final dividends ("Dividends") declared on the Company's ordinary shares of 10 pence each and paid on 12 October 2007, 17 October 2008 and 9 June 2008.			
12. To amend the Articles of Association by the addition of a new Article 89.			
13. To amend the Memorandum of Association of the company and adopt new Articles of Association to take effect 1 October 2009.			
14. To approve general meetings (other than AGMs) being called on 14 days notice			

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting in respect of the resolutions specified and also on any other business (including amendments to resolutions) which may properly come before the meeting.

Name (IN BLOCK CAPITALS)

Address

Date

Signed

Fold three and tuck in

Business Reply Service
Licence Number
MB122

Capita Registrars (Proxies)
PO Box 25
The Registry
34 Beckenham Road
BECKENHAM
Kent
BR3 4BR

Fold one

Fold two

Notes to Members

1. A proxy need not be a member of the company. Completion and return of this form of proxy does not does not preclude a member from subsequently attending and voting at the Meeting. If you wish to appoint a proxy other than the Chairman of the Meeting, please cross out the words "the Chairman of the Meeting or" and write the full name and address of your proxy in the space provided. The change should be initialled.
2. If you do not indicate how you wish your proxy to vote on any resolution or on any other matter (including any amendment to any resolution), the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from such a manner as he/she thinks fit.
3. This form must be signed and dated by the shareholder as his/her attorney duly authorised in writing. In the case of a corporation this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. A form of proxy must be valid, must be signed and dated and must be lodged together with the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority with the company's registrars, Capita Registrars, by hand only to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or in accordance with the replied paid details not less than 48 hours before the time appointed for holding the Meeting.
5. In the case of joint holders the signature of any one of them will suffice but the names of a joint holders should be stated.
6. Any alteration to this form must be initialled.
7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Annual General Meeting is 6pm on 23 June 2009 or if the Meeting is adjourned such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Meeting.

Investor Relations Contacts

WIN PLC

Incorporated in England and Wales
under the Companies Act 1985
No. 5175576

REGISTERED OFFICE, BUSINESS ADDRESS AND MAILING ADDRESS

1 Cliveden Office Village

Lancaster Road

Cressex Business Park

High Wycombe

Buckinghamshire HP12 3YZ

NOMINATED ADVISER

Beaumont Cornish Limited

2nd Floor

Bowman House

29 Wilson Street

London EC2M 2SJ

BROKER

Arden Partners Limited

Nicholas House

3 Laurence Pountney Hill

London EC4R 0EU

AUDITORS

KPMG Audit Plc

8 Salisbury Square

London EC4Y 8BB

REGISTRAR

Capita Registrars

Northern House

Woodsome Park

Fenay Bridge

Huddersfield

West Yorkshire HD8 0LA

PRINCIPAL BANKERS

NatWest Bank plc

Moorgate Branch

PO Box 712 94

Moorgate Branch

London EC2M 6XT

FINANCIAL PR

ICIS

Aldermary House

10-15 Queen Street

London EC4N 1TX