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Annual Report and Accounts
for the year ended 30 June 2007

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Contents

Highlights for the year

- Revenues up 55% to £15 3m (2006 £9 9m)
- Recurring maintenance revenue at 63% (2006 62%)
- Earnings before interest, taxation, depreciation and amortisation[1] (EBITDA) increased 54% to £3 7m (2006 £2 4m[3])
- Adjusted operating profit[2] up 55% to £3 5m (2006 £2 3m[3])
- Operating margin[2] of 23% (2006 23%[3])
- Adjusted profit before tax[2] up 46% to £3 3m (2006 £2 3m[3])
- Profit before tax up by 11% to £1 7m (2006 £1 5m[3])
- Operating cash is 121% (2006 111%[3]) of operating profit[2]
- Adjusted earnings per share[2] up 29% to 2 38p (2006 1 85p[3])
- Dividend of 0 17p per share proposed - an increase of 31% on last year

[1] before charge for share based payments
[2] before goodwill amortisation and charge for share based payments
[3] restated for prior year adjustment - change in accounting policy for development costs

Ascribe plc is a leading healthcare company that develops and markets software solutions supporting patient, clinical and business processes to Primary and Secondary healthcare providers in the UK and overseas. The Group offers solutions that directly improve patient care and deliver financial savings to our customers Ascribe provides solutions to clinical professionals and sells to Primary and Secondary Care health providers rather than through centrally driven political initiatives Offering patient and decision support information to clinicians in context with their activity is the key to our ongoing success. Ascribe currently employs over 220 personnel through its seven operating businesses in the UK, Kenya, Australia and New Zealand

The Group currently delivers systems for the following health requirements

- **Electronic Patient Records ("EPR") and Patient Administration Systems ("PAS")**
- **Hospital Pharmacy Departments**
- **Electronic Prescribing & Medicine Administration**
- **Accident and Emergency and Minor Injury Units**
- **Mental Health and Community Care**
- **Substance Misuse Systems**
- **General Practice**
- **Primary Pharmacy and Retail Sales**
- **Theatres Management**
- **Radiology Information Systems**
- **Electronic Discharge Systems**
- **Dispensary Robotic Interfaces**
- **Medical Equipment Asset Management**

Ascribe is committed to developing a common integrated solution that meets all these needs regardless of care location Our solutions can work as standalone modules or as integrated systems - integrating with each other and with third party IT systems Integrated healthcare systems such as electronic prescribing and medicines administration provide a far more effective safeguard to protect patients' safety, helping to reduce risk and providing healthcare professionals with better access to patient and medication information

In a market that has an increasing demand for clinical systems operated by teams of health professionals from many disciplines, Ascribe continues to deliver innovation, development and sustainable growth

The Group's goal is to provide 'birth to death' records that will enable clinicians and healthcare professionals to make more informed decisions at 'the point of care', thereby reducing risk and errors and so provide patients with better healthcare Such a solution is required for health organisations to move to their preferred method of a patient being treated by multiple carers in multiple locations against a common record

Competitive Advantages:

- A robust and mature product suite of healthcare solutions that can be delivered today across primary and secondary care
- Strong and scalable infrastructure that employs economies of scale to increase efficiency and reduce wastage
- Development focus on system integration and interoperability – our internal development resource is one of our most significant assets We can build systems on time and to agreed budgets Most importantly of all, we consistently deliver healthcare IT solutions that work
- Experienced professional workforce, many recruited from within the NHS, helps us to work closely with customers and understand the issues that are key to them Our support teams respond quickly and professionally and extend our customer relationship well past the point of purchase Ascribe is well known for its excellent service and support
- Many of our solutions are compliant to the standards required by the UK Government's Connecting for Healthcare ("CfH") initiative

Executive Chairman's Statement

Introduction

I am pleased to report good progress across the Group as our acquisitions perform well and we see organic growth. Whilst there was uncertainty in the market in the last quarter of the financial year this is generally resolved at local level, where we trade directly with hospital trusts, and leaves us with enormous opportunity and an increased sales pipeline. Our challenge has been to grow the Group's operational capacity to meet this demand.

After a period of consolidation, the Group has an excellent platform to undertake and integrate further acquisitions. Ascribe has now moved to having each Group function under one manager and one group-wide control system The Ascribe brand is now evolving and will be further developed. We have maximised our ability to respond to defined markets, through our divisions, using common group-wide services

Ascribe has invested heavily in the development of its integrated suite of software. Some of the implementations delayed at the end of our financial year were the first customer sites going live on our web based platform. This platform enables us to install and maintain customers more efficiently and effectively as well as delivering all our products as an integrated package Since the year end these customers have gone live on the software. This gives me confidence that our plans to maximise operational capacity are being delivered as well as giving us follow on sales opportunities as new and existing customers seek to upgrade.

The investment in enlarging the Group's sales and marketing team is showing the first signs of success as Ascribe has won new sales in overseas markets. Since the year end the Group has won its first Accident and Emergency contract in Australia. We now have many more cross selling opportunities as we produce a suite of compatible software solutions against a common sales and marketing plan. Our customers are able to buy all of their solutions from a single supplier and use them to complement solutions they already have acquired from Ascribe.

A Successful Year

Ascribe's strategy of combining organic growth and earnings enhancing acquisitions has continued to fuel our growth this year Turnover has increased by 55% to £15 3m (2006 £9 9m) Operating profit before goodwill amortisation and share based payments has increased 55% to £3 5m (2006 £2 3m restated) yielding a return on sales of 23% (2006 23%) Adjusted basic earnings per share for the year increased by 29% to 2 38p from 1 85p restated in 2006

This year's record profitability has been fully converted into cash - operating cash in 2007 was 121% of operating profit (2006 111% restated)

Strategy

The business can grow from strength to strength selling at local level We can add acquisitions to the Group with little distraction to gain market share and operational capacity We are maximising our efficiency to allow us to operate at higher levels as we expect demand to rise further in the coming years To ensure Ascribe keeps and expands its market share we focus on the patient as the end customer in all that we do

Market

Ascribe trades in multiple markets globally and across many healthcare sectors, although generally at local level This gives us resilience to current changes in the English NHS as well as many cross selling opportunities We currently trade in the UK, Ireland, Australia, New Zealand, Malaysia and Hong Kong

Lord Hunt, the minister responsible for Connecting for Health stated in May this year that "we can and should devolve more to the local level" Whilst this initially created uncertainty around the funding model, we believe that this gives us a great opportunity in the markets we trade This is now demonstrated in our strong pipeline of sales

The Group's overseas markets have performed well and new sales are now coming from areas where we have invested our sales and marketing efforts

The English market has been disappointed by promises from the national initiatives that have not been delivered It is quite possible that Ascribe could deliver to the English national agenda through various channels such as the alternative supplier catalogue (Additional Supply Capability and Capacity "ASCC") or may be directly to the Local Service Providers ("LSP's") After continuing to win in competitive tenders against all competition, including that coming from the National Programme for IT ("NPfIT"), we know we are able to deliver in a market which is now able to make local decisions to procure

Management and Staff

Ascribe's Board has been strengthened by the welcome arrival of a new Non-Executive Director, Ian Priestner, formerly a member of the Executive Leadership Team at United Utilities plc

Having spent the last twelve months consolidating and growing the business organically I am proud of what the team has achieved The Group is now capable of addressing the wider opportunity ahead of us, improving patient care and delivering value to stakeholders On your behalf, I would like to thank the staff at Ascribe for all their hard work during the year

Dividend

The Board has recommended a final dividend of 0 17p per share (2006 0 13p) Subject to shareholder approval, the final dividend will be paid on 1 November 2007 to shareholders on the register at the close of business on 12 October 2007

Current Trading and Outlook

Ascribe continues to expand the capacity of the Group by maximising our operational synergies, moving products to our more efficient web based platform and undertaking further recruitment This positions Ascribe to quickly respond as customers prepare to buy locally

The feedback we are getting from our customers about the Group's new products and integrated software means we are confident about the expectations for 2007/8 Many of our customers have extended their contracts with us this year giving us assurance about our long term maintenance income which still exceeds 60% of our turnover

Stephen Critchlow

Stephen Critchlow
Executive Chairman

Chief Operating Officer's Review

Introduction

Ascribe's business model is to supply Health IT solutions directly to Healthcare Trusts at local levels in the UK and overseas.

Integration and Consolidation

The Group has undertaken a comprehensive programme of integration and consolidation of the businesses acquired since flotation designed to ensure we are able to take full advantage of our growing market opportunity in the UK and overseas

Investment in our key operational activities has included consolidation of our software development team which has led to improved product management and development planning Core functionality is now used across multiple market areas improving efficiency and the ability to integrate our software In parallel with the improvement in the effectiveness of software development and the wider commercial opportunities in the UK and overseas health IT markets, the Board has approved the capitalisation of part of its development expenditure as permitted by UK GAAP This capitalisation results in an intangible asset that represents the investment in new software solutions which will underpin future sales over the medium term

The processes used by our project management and implementation teams have also been improved with teams now able to deliver multiple products In addition to this, our support operations have been consolidated and a new customer relationship management system has been introduced, together these will provide improved robustness and efficiency of our customer support Our finance systems have been replaced to provide improved management reporting

Operating Divisions

Ascribe has four market-based divisions Pharmacy, Electronic Patient Records, Mental Health and Community Care, and Primary and Unscheduled Care Over the last twelve months these divisions have seen new sales in three broad areas, existing customers looking for additional licenses and increased functionality, new customers looking for robust and available IT solutions that can be easily integrated with their existing systems and processes, and thirdly, there is a growing number of healthcare providers looking to Ascribe to deliver combinations of our products, across multiple departments, on an ongoing basis, to provide a single cohesive and integrated patient-centric solution - which we can deliver, Gateshead NHS Health Trust being a particular example of a customer who is purchasing multi-product five year contract extensions Many of our contracts yield recurring maintenance income for a minimum period of between three and five years, being the length of the initial contract, and enhance further the visibility of the Group's earnings

Pharmacy

Ascribe's Pharmacy Division has continued to win new health IT contracts during the year and continues to install our new web pharmacy software solution in the UK and overseas, this product upgrade not only increases the scalability of our solution, it also supports additional and complimentary pharmacy and reporting systems, such as Ascribe's electronic prescribing and medicines management solutions

Primary and Unscheduled Care

Our Primary and Unscheduled Care Division has installed our Accident and Emergency system, Symphony, at a number of sites including Guys and St Thomas', and Hammersmith and Charing Cross in London and at Dewsbury which becomes one of a group of three hospitals operating from a single Symphony database Ascribe's GP system, Exeter, has passed conformance testing for Scottish Enhanced Functionality (SEF) Tranche 3 Amongst other benefits this includes tighter prescribing safety checks including warnings for similarly named drugs

Mental Health and Community Care (MH&CC)

This division continues to perform well within its existing user base by selling increased licenses and new feature enhancing modules Major new contracts include a significant new agreement to supply a MH&CC solution to Central and North West London NHS Foundation Trust Our customers for this division are represented by small dedicated teams and departments through to major trusts, such as Bolton, Salford & Trafford Mental Health

Electronic Patient Record (EPR)

Our EPR division has performed exceptionally well, overcoming competition from National Programme suppliers Contract extensions have been sold to West Middlesex University Hospital NHS Trust and to County Durham and Darlington Foundation NHS Trust as part of an extended and expanded contract New and extended contracts have also been sold to customers including South Tees Hospitals NHS Trust, Northern Lincolnshire and Goole Hospitals NHS Trust and Hull and East Yorkshire Hospitals NHS Trust The division also expanded its NPfIT compliant 'Choose and Book' Services and successfully sold this functionality to Gateshead Health NHS Trust, Mid Yorkshire Hospitals NHS Trust and Benenden This means that all of Ascribe's Patient Administration System customers will have a compliant direct booking service for 'Choose and Book'

Sales and Marketing

Our overseas activities have performed ahead of expectations with orders from new customers, orders for new functionality from our current customers as well as contracts to upgrade our pharmacy customers to the new web based solution I am pleased to report that our international operations have contributed 14 4% of the Group's turnover compared to 9 3% in 2006 Due to a variety of factors our UK turnover has not grown as expected Orders have been delayed in the English NHS as localised procurement processes are being re-established We are still in active negotiations on all these contracts and expect them to be delivered in the year in which we are now trading Some have been achieved in the last few weeks

Chris Dickson
Chief Operating Officer

Financial Review

The year ended 30 June 2007 saw record sales and profitability during a period when the business invested significant time and funds into the integration of the seven acquisitions made by Ascribe in the two and a half years since flotation. The business is now positioned to continue growing organically and to integrate further acquisitions

Trading results

Turnover grew 55% to £15 3m for the year ended 30 June 2007 (2006 £9 9m) whilst like-for-like organic sales growth has increased by an average of 3% Turnover generated from recurring maintenance contracts remains a significant and visible component of the Group's revenue, comprising 63% of sales during the year (2006 62%) The remaining sales, of new software solutions, are generated from new and existing customers The Group has an enviable record in competing for new tenders whilst the cross selling opportunities from introducing further companies to the Group have continued to drive account development sales with existing customers

The Board's decision in May 2006 to invest in the Australasian market at a time when its web-based software solutions were nearly ready for launch has created momentum in our overseas sales The proportion of the Group's sales being generated outside the UK and Ireland grew in 2007 to 14 4% (2006 9 3%) to £2 2m representing an organisation with critical mass capable of further growth in the region

Operating margins have remained constant during the year The return on sales, before goodwill amortisation and share based payments, is 23% (2006 23%) This represents a mix of the impact of increased sales, the investment in the integration of the acquired businesses in readiness for further growth and the capitalisation of development expenditure under the guidelines set out under UK GAAP The Board is committed to the continued and targeted investment in research and development expenditure, which for 2007 amounted to £2 74m (2006 £1 86m)

Operating profit before goodwill amortisation and share based payments was £3 5m compared to £2 3m as restated in the previous year Adjusted EBITDA grew to £3 7m (2006 £2 4m restated) Operating profit after goodwill amortisation and share based payments grew 24% to £1 9m (2006 £1 5m restated)

Accounting Policies

Following the Group's review of its accounting under SSAP 13, Accounting for Research and Development Expenditure, the financial statements for the year ended 30 June 2006 have been restated to show the impact of capitalised expenditure relating to the period up to that date

During the year the group has capitalised development costs of £0 6m (2006 £0 1m restated) A prior year adjustment has been made in respect of the capitalised development credit relating to the period before 1 July 2006

International Financial Reporting Standards

The requirement to comply with International Financial Reporting Standards ("IFRS") is effective for accounting periods commencing on or after 1 January 2007 Our December 2007 Interim Report and June 2008 Annual Report will be presented under IFRS

As UK GAAP accounting closely mirrors the IFRS treatment of share based payments and the capitalisation of development expenditure, the principal areas that will have material impact on the Group results relate only to goodwill amortisation and financial instruments Under IFRS the annual goodwill amortisation will cease and be replaced by a full impairment review at the balance sheet date with any impairment charge being written off to the profit and loss account

Interest

The Group is now a net payer of interest although, due to its very seasonal cash flow, the Group is in a net cash position for part of the year, including the year end as a result of the annual invoicing and payment of maintenance contracts Net interest payable for the year was £187k (2006 £(7)k) The Group has a five year bank loan and a offsetting overdraft facility with RBS, taken out to part fund the consideration of earlier acquisitions Interest is paid at 1 5% over the Royal Bank of Scotland plc's base rate

Goodwill

A charge of £1 54m (2006 £0 59m) for the amortisation of goodwill has been made in the year Amortisation represents a full year's charge for all seven of the acquisitions made since flotation

Goodwill arising on consolidation continues to be amortised over a period of twenty years Goodwill purchased as part of the acquisition of the healthcare division of Jade Health is being amortised over a period of five years In all cases these are the periods that the Board believe the Group will derive economic benefit

Taxation

The tax charge for the year of £0 39m (2006 £0 29m) represents an effective rate of tax of 11 6% (2006 12 8%) on profit before tax, goodwill amortisation and share based payments The effective rate of tax remains low due to the Group's ability to utilise the UK tax credits arising from investment in research and development

Financial review cont

Earnings per share

Adjusted basic earnings per share ("EPS"), before goodwill amortisation and share based payments, increased 29% to 2 38p (2006 1 85p restated) Basic EPS, calculated after charging goodwill amortisation reduced to 1 14p (2006 1 15p restated)

Funding and bank facilities

The Group's net funds position at 30 June 2007 was £0 8m (2006 Net debt £0 5m) The Group has an overdraft facility and a fixed term debt facility with its principal banker, the Royal Bank of Scotland plc

The facilities include a term loan facility amounting to £3 4m at 30 June 2007 (2006 £2 6m) which will be repaid by 30 June 2011 and an overdraft facility of £1 6m (2006 £1 6m) The interest charge for both the loan and overdraft facilities is 1 5% over the Royal Bank of Scotland plc's base rate

Acquisitions

Ascribe has not made any acquisitions during 2007 as it has focused on the integration of the seven made during the two and a half years since flotation Further acquisitions are constantly being considered where they are earnings enhancing and represent good value for the Group's stakeholders

Dividends

In November 2006, a dividend of 0 13p per ordinary share was paid in respect of the year ended 30 June 2006 The Board has recommended to the Group's shareholders that a final dividend of 0 17p per ordinary share be paid during the year ending 30 June 2008

Jeremy Lee
Group Finance Director

Case Studies

Case Study 1

Mid Cheshire NHS Hospitals Trust - Ascribe Web Pharmacy

Mid Cheshire NHS Hospitals Trust selected Ascribe's Web Pharmacy as their departmental IT solution in Leighton Hospital to help deliver improved patient care The system integrates the Pharmacy's Dispensary, Stores, Finance & Reporting It will also utilises a software interface to the Hospital's existing Patient Administration System (PAS) to enable a more comprehensive Electronic Patient Record (EPR) Ascribe's Pharmacy solution was selected by Mid Cheshire as the best fit for their clinical and information needs following an open procurement review of competitive bids "Our decision to install Ascribe's Pharmacy is based upon the strengths of their clinical systems and the improvements that these bring to patient-care," said Alan Denby, Chief Pharmacist of Leighton Hospital

Case Study 2

Rugby House - Substance Misuse System (SMS)

The Ascribe Substance Misuse System (SMS) is currently being implemented at Rugby House in London to support the drug and alcohol services provided by the organisation Rugby House provides services for those who misuse alcohol and drugs, and to enable communities to understand how alcohol and drugs can affect everyday life

The Ascribe Substance Misuse System is a fully functional database system that supports drug and alcohol services within the provision of DAAT, NHS and non-public organisations The system supports client management through care plans These are an effective tool for clinicians to address and improve a service user's physical and psychological well-being This is backed up with the in-built production of the core NTA and Home Office datasets (NDTMS, DIP, etc) together with the ability to produce reports for local reporting needs

The system is based on the successful ePEX Mental Health system that has been developed over the last 20 years to provide support for clinical services and the required national and local downloads

As the system can be tailored to support individual customer requirements, consultancy is underway to ensure the system is set-up correctly to meet the needs of Rugby House A full implementation and training plan is in place to ensure the successful delivery of the system

Case Study 3

Central & North West London NHS Foundation Trust – Mental Health IT Solutions

Central & North West London NHS Foundation Trust (CNWL) is one of the largest Mental Health Trusts in England and has just completed the first phase of a two year implementation of Ascribe's JCC solution The roll out will be to nearly three thousand staff and will incorporate Ascribe's Prescription Manager Application for Substance Misuse Services CNWL selected Ascribe's JCC solution as it felt the application was the best fit for its clinical and information needs from an options appraisal that included the LSP (Local Service Provider) Configuration of the application is underway to meet the requirements for the organisation and will include interfacing to other applications in the local health and social care community

Case Study 4

Hinchingbrooke Health Care NHS Trust – Electronic Patient Care - Emergency Care Centre

In April 2007 Hinchingbrooke Health Care NHS Trust completed the roll-out of the eCaMIS Emergency Care Centre system developed by Ascribe PLC to replace their previous A&E system All clinical data concerning a patient's visit to the Emergency Care Centre (ECC) is recorded in real time by clinical staff at the point of giving care As a result of this, for the first time since the Trust computerised its A&E department in 1994, there has been no backlog of data input This means that GP's get a meaningful clinical summary of their patients care within the ECC immediately via the Clinical Viewer and without delay via a GP letter

Board of directors

Stephen Critchlow
Executive Chairman, Aged 46

Stephen is the founder and Executive Chairman of Ascribe plc A member of the Royal Pharmaceutical Society of Great Britain, he received his B Sc from Manchester University in 1982 and worked for the NHS as a pharmacist post qualification, rising to the position of Director of Pharmacy in 1987 for the Royal Manchester Children's Hospital and Prestwich Hospital He founded ASC Computer Software Ltd in 1989 and managed the company through its flotation on AIM in December 2004

Jeremy Lee
Finance Director, Aged 47

Jeremy began his professional career as a Chartered Accountant for Coopers & Lybrand In 1987 he was recruited by Campbell Soup Co Inc before joining Life Sciences International plc in 1992 He was appointed as Finance Director for the AIM-listed biotechnology group, Tepnel Life Sciences plc in 1998 In 2001 he was recruited by OFEX listed technology company, FeONIC plc and in July 2004 he joined Ascribe Jeremy has considerable experience in acquisitions, public fund-raising activities and of managing early stage R&D companies

Chris Dickson
Chris Dickson, Chief Operating Officer, Aged 47

Chris undertook his medical education in London before training and working as a GP In 1994 he joined Independent British Healthcare, later becoming operations director of their occupational health division Chris then worked in Hong Kong for five years where he managed the medical support for the construction of the new airport and later the global medical arrangements for Cathay Pacific Airways Chris was Head of Health Care Services at BUPA in the UK before joining Hybrid-4 Ltd, a mobile technology solutions, as CEO

David Hughes
Non-executive Director, Aged 65

David joined the Board in 2002 after a career with IBM, McDonnell Douglas Information Systems, Apricot Computers and latterly Misys plc where he was Managing Director of TIS Software Ltd before being appointed Chief Executive Officer of ACT Financial Systems Ltd in 1995 He has been successfully managing software houses since 1985 both in terms of restoring profitability, growing UK and international operations and integrating acquired businesses

Ian Priestner,
Non-executive Director, Aged 50

Ian is currently a Non-Executive Director of the Walton Centre for Neurology and Neurosurgery NHS Trust Recently he has worked as Head of Public Policy and Government Relations (UK and International) for British Gas plc and was Group Director of Corporate Communications for United Utilities plc where he was a member of their Executive Leadership Team from 2000 to 2006 In 1979, Ian worked for the Confederation of British Industry in its International Affairs Department and later moved to become the Public Affairs Specialist for the United States Embassy in London In 1986, Ian became Chief Press Officer for the Social Democratic Party He later became a Communications Consultant for Lowe Bell, and Public Affairs Manager for Conoco (UK) Ltd Ian holds degrees in International Relations and Law

Report of the Directors

For the year ended 30 June 2007

The Directors present the annual report and audited financial statements for the year ended 30 June 2007

Principal Activities, Business Review and Future Developments

The principal activity of the Group is the development, supply and support of software solutions for the UK and international health market

The Group's business review for the year is set out in the Executive Chairman's Statement, the Chief Operating Officer's Review and the Financial Review on pages 6 to 12

Results and Dividends

The results of the Group are set out in the consolidated profit and loss account on page 23 The Directors recommend the payment of a dividend of 0 17p per ordinary share (2006 0 13p)

Research and Development

The Group is continuously developing its software products to meet the needs of the health IT market During the year, the Group incurred expenditure on software research and development of £2 7m (2006 £1 9m)

Change in Accounting Polices

The Group has changed its accounting policy with respect to development costs Qualifying development costs have been capitalised during the year and will be amortised over the period that the Group believes it will derive economic benefit from the assets

Substantial Interest in Shares

As at 10 September 2007, the Company had been notified of the following substantial holdings in its issued ordinary share capital

Business Risks

The Board reviews and were possible mitigates known business risks The principal risks include

- Political influence on health spending Changes to political healthcare initiatives cause uncertainty and potential delays to new orders as the full meaning of the changes is understood by Health IT decision makers The National Programme for IT("NPfIT"), a central initiative for delivering improved systems in England, has created considerable uncertainty in the Health IT market, not least because of its lack of delivery which has led to an alternative supplier list being developed Ascribe continues to operate directly with NHS Trusts to mitigate this risk and considers the creation of the alternative list to be a major opportunity for the Group
- Delivery of new software Delivery of fully tested software that meets the needs of clinicians is key to Ascribe's success The Group's Project Management Board reviews and prioritises all development projects whilst operational management reviews live development and implementation projects to ensure timely delivery and that risks are minimised
- Financial detailed financial risk management, objectives and policies are disclosed in note 16 of the financial statements

Directors

The names of the current Directors together with brief biographical details are shown on page 14

The changes to Directors in office during the year under review were as follows

Appointments
Ian Priestner 16 July 2007

Resignations
Mark Woodbridge 6 February 2007

Having being appointed since the last AGM, Ian Priestner will offer himself for reappointment Directors' interests in the shares of the Company are disclosed in the Remuneration Report on page 20

	Number of shares	% of total
AS Critchlow*	**15,848,970**	13 62
C K Jones	**15,803,747**	13 58
Morgan Stanley Securities Limited	**12,495,599**	10 74
Artemis Investment Management Limited	**11,962,497**	10 28
A R Bradshaw	**11,360,244**	9 76
Jade Direct NZ Limited	**5,815,033**	5 00
Legal and General Investment Management Limited	**4,300,000**	3 70

* includes shares of connected persons

Payment to Creditors

The policy for all Group suppliers is to set terms of payment when agreeing the terms for each business transaction and to ensure that the supplier is aware of these terms The Group seeks to abide by those terms whenever it is satisfied that the supplier has met the contractual obligations   At 30 June 2007 the number of days of the trade creditors for the Group, calculated by reference to the total amounts invoices by suppliers was 48 days (2006 45 days)

Political Contributions and Charitable Donations

There have been no political contributions during the period and charitable donations amounted to £5,000 (2006 £15,000)

Corporate Governance

The corporate governance report is set out on page 17

Annual General Meeting

Formal notice of the forthcoming Annual General Meeting, to be held at the Group's head office in Bolton commencing at 10am on 31 October 2007 is given on page 43 This notice sets out the resolutions to be proposed at the Annual General Meeting, together with explanatory notes   The proxy card for registered shareholders is enclosed with this report

There are two items of special business

Resolution 7 proposes to grant Directors authority for a period of 15 months from the date of the AGM to allot a maximum of 23,665,407 relevant securities

Resolution 8 proposes to permit Directors, for a period of 15 months from the date of the AGM to allot up to 11,633,459 equity securities wholly for cash other than on a pre-emptive basis to the current shareholders pro rata to their existing holdings This represents 10% of the aggregate current issued ordinary share capital

Statement of Directors Responsibilities

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985   They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The annual report and accounts is available on the Group website **www ascribe com** The maintenance and integrity of the Group's website is the responsibility of the Directors The work carried out by the auditors does not include consideration of these matters Legislation in the UK governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions

Provision of Information to Auditors

In so far as each of the Directors are aware

- There is no relevant audit information of which the Group's auditors are unaware, and
- The Directors individually have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP were appointed as auditors during the year They have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting

By order of the Board

J S W Lee
Secretary
18 September 2007

Corporate Governance Report

Corporate governance, in general terms is the way in which a company is controlled and directed and, in particular, is concerned with the role of the Board of Directors, how the Board and committees of the Board operate, and accountability within the Company

The Company's shares are listed on AIM The Group is subject to the AIM Admission Rules of the London Stock Exchange and is consequently not required to comply fully with best practice corporate governance provisions contained within Section 1 of the Combined Code appended to the Listing Rules of the Financial Services Authority However, the Directors believe good corporate governance is essential and, having considered the provisions of the Combined Code, set out below the principles of the Combined Code that the Group has adopted and how the Group has applied these principles The current size of the Group means that full compliance with the provisions of the Combined Code is not practical or cost effective However, in areas where the Board of Directors believe that the provisions set out in the Combined Code are paramount to corporate governance, procedures for compliance have been established

The Board

The Board of Directors includes a balance of Executive and Non-Executive Directors The Board comprises two Non-Executive Directors and three Executive Directors The Executive Directors are the Executive Chairman, the Chief Operations Officer and the Group Finance Director The Executive Directors and the Non-Executive Directors bring a wide range of business experience and expertise to the Board's discussions and decision making The Board of Directors has put in place an organisational structure with clearly defined responsibilities and delegation of authority Biographical details of all the Directors are set out on page 14

Of the two Non-Executive Directors, the Board considers that both are independent of management

The full Board meets formally each month to consider all matters of significance for the Group as they arise, as well as matters reserved specifically for their consideration These matters include development of business strategy and policy, the review and approval of operating budgets and monitoring of business performance against objectives, the approval of significant financing and capital expenditure programmes, the approval of business alliances and acquisitions and disposals, the approval of interim and annual financial statements and consideration of matters relating to internal control The Board is supplied in a timely manner with all relevant information to assist it in the discharge of its duties

All the Directors have access to the advice and services of the Company Secretary, Jeremy Lee, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with There is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should that be necessary, the cost of which would be met by the company

To facilitate the effective running of each individual business unit, the Board of Directors has put in place an organisation structure with clearly defined lines of responsibility and delegation of authority Senior management meet monthly to monitor and discuss all major issues affecting the Group which do not require Board Discussion or approval by other Board Committees The Company does not presently have a Nomination committee, as it is not believed to be appropriate given the Group's present size The Board continues to keep this decision under review All Directors are subject to election by shareholders at the first opportunity after their initial appointment, and to re-election thereafter, in accordance with the Articles of Association

Remuneration

The Remuneration Committee seeks to ensure that its policies on remuneration are such that the Group is able to attract and retain high calibre executives, and that those executives are rewarded in a way consistent with the interests of shareholders Remuneration and incentive packages are awarded according to the individual's performance, experience and responsibility

The Remuneration Committee comprises both Non-Executive Directors and is chaired by David Hughes The Executive Chairman and Finance Director attend meetings of the Committee by invitation The Committee meets at least annually and is responsible for making recommendations to the Board on the remuneration policy of the Executive Directors and senior staff, and for determining salaries, incentive payments and longer term incentives in the form of share options The remuneration of the Non-Executive Directors is set by the Executive Directors ensuring that no Director is responsible for the determination of their own remuneration

In determining the level of remuneration, individual performance and competitiveness within the sector is considered when setting or reviewing the remuneration package of Executive Directors Details of Directors emoluments are disclosed in the Remuneration Report on pages 19 to 21

Accountability and Audit

All the Directors are equally accountable under the law for the proper stewardship of the Group's affairs The Board acts in a way which allows all Directors to bring their independent judgement to bear on issues of strategy, performance, resources, including key appointments and standards of conduct

Audit Committee

The Audit committee comprises both Non-Executive Directors and is chaired by David Hughes It has primary responsibility for ensuring that the financial performance of the Group is properly measured and reported on, and for reporting on and reviewing reports from the Group's auditors relating to the Group's accounting controls The Committee monitors the scope, results and cost effectiveness of the audit

Internal Control

The Board of Directors is responsible for ensuring that the Group maintains an adequate system of risk management and internal control Due to the relatively small size of the Group, the processes it has employed to identify, evaluate and manage significant business risks have been informal, and have depended upon the close involvement of senior management, including the three Executive Directors in all aspects of the Group's operations

The Group has undertaken significant integration in all parts of the business during the last 12 months To maintain an adequate system of risk management and internal control, the Group is updating its internal control environment which will be appropriate for the Group's size and complexity

The key elements of the Group's internal control are

- A clearly defined management structure and delegation of authority to committees of the Board, heads of department and individual business divisions,
- Regular and comprehensive information provided to management, covering financial performance and key performance, including non-financial measures,
- A detailed budgeting process and rolling strategic plan which is approved by the Board,
- Procedures for the approval of capital expenditure and business acquisitions, and
- Monthly monitoring and re-forecasting of results versus budget, with analysis, investigation and action taken in relation to variances

The Group does not currently have an internal audit function The Board believes that this is appropriate given the current size of the Group

With the adoption of International Financial Reporting Standards in 2007, the Board has assessed the areas which it believes the Group is affected by, and is developing a plan to address these areas The Group will present its December 2007 Interim Report and June 2008 Annual Report under IFRS

Relations with Shareholders

The Company seeks to maintain and enhance its good relations with its shareholders This is achieved through the provision of interim and annual reports, through meetings with shareholders and presentations to them in general meetings and after major company announcements, by responses to individual enquiries, and through the Company's website, **www ascribe.com**

The Annual General Meeting is the primary opportunity to meet individual shareholders, to make presentations to them, to encourage their participation through questions and to talk informally to them after the formal proceedings Separate resolutions are proposed at the Annual General Meeting on each substantially separate issue

The Board is always ready, where practicable, to enter into dialogue with institutional and individual shareholders based on the mutual understanding of objectives

Remuneration Report

The remuneration report sets out the Company's remuneration policy and its application to its Directors The Remuneration Committee is appointed by the Board and during the year the following Directors served

David Hughes
(Chairman)

Mark Woodbridge
(until 6 February 2007)

Ian Priestner
(from 16 July 2007)

The Remuneration Committee's terms of reference are set and approved by the Board

Directors Contracts

Each Executive Director has a rolling service contract with the Company which may be terminated by either party with not less than 12 months' notice Non-executive Directors have letters of appointment, not service contracts, which are terminable in not less than 12 months

Remuneration Policy

The Board has appointed the Remuneration Committee to ensure that the Company's Executive Directors are rewarded to attract, retain and motivate individuals of the appropriate quality at a fair level

Performance Graph

The graph illustrates the relative performance of the shares in Ascribe plc against the AIM Allshare Index since 1 July 2006

Executive Directors' Remuneration

The main elements of the Director's remuneration package are as follows

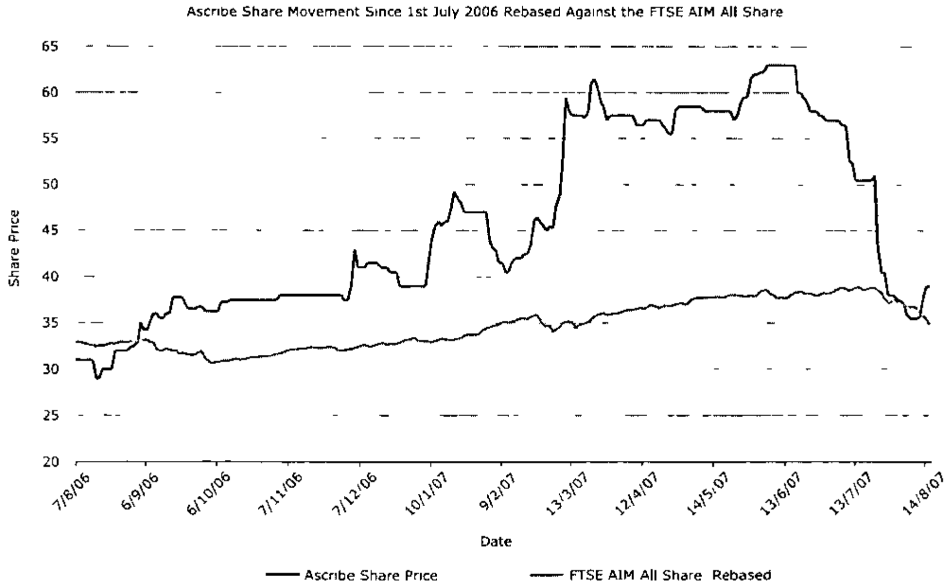
- Basic salary – reviewed annually in June,
- Benefits including pension contributions, life assurance, company car allowance and healthcare,
- Annual bonus payment determined on certain financial targets agreed by the Committee

Share Option Plans

Ascribe plc operates approved and unapproved discretionary share option schemes for staff of the Group The Committee decides which individuals should participate and the extent of their participation Share options are awarded within the scheme rules subject to Inland Revenue rules

Pension Benefits

The Ascribe Group operates a number of Stakeholder and Contracted-In Money Purchase schemes where the Group matches staff contributions up to a maximum of 5% In July 2006 the Group introduced a new on-line benefits package across the majority of the Group with the intention of harmonising and enhancing benefits across the enlarged business All Executive Directors accrue benefits under Money Purchase schemes In addition the Group operates an executive pension scheme whereby Stephen Critchlow and Chris Dickson receive a contribution equal to 15% and 10%, respectively, of their basic salaries Access to independent financial advice is provided to all eligible staff to ensure that they are aware of the need to make adequate provision for retirement



Remuneration Report cont

Emoluments

The remuneration of each Director who served during the year, excluding share options, is set out in the table below

	Salary & fees 2007 £'000	Benefits 2007 £'000	Annual Bonus 2007 £'000	Other 2007 £'000	Total 2007 £'000	Total 2006 £'000	Pension 2007 £'000	Pension 2006 £'000
Executive								
Stephen Critchlow	**178**	**18**	-	-	**196**	239	**27**	25
Chris Dickson	**109**	**4**	-	-	**113**	8	**3**	-
Jeremy Lee	**96**	**5**	-	-	**101**	105	**5**	4
Graham Lewis	-	-	-	-	-	255	-	13
Sub total	**383**	**27**	-	-	**410**	607	**35**	42
Non-Executive								
David Hughes	**31**	-	-	-	**31**	26	-	-
Mark Woodbridge	**27**	-	-	-	**27**	20	-	-
Chris Moore	-	-	-	-	-	15	-	-
Sub total	**58**	-	-	-	**58**	61	-	-
TOTAL	**441**	**27**	-	-	**468**	668	**35**	42

The highest paid director was Stephen Critchlow

Directors' Interests in Shares

The Directors at 30 June 2007 and their interests in the ordinary share capital of the Company at the year end are set out below Certain Directors have been granted share options, the details of which are set out in the Remuneration Report on page 21

	Number of ordinary shares of 1p each	
	30 June 2007	**30 June 2006**
Stephen Critchlow	15,848,970	16,598,970
David Hughes	350,000	350,000
Jeremy Lee	62,000	62,000
Chris Dickson	300,000	-

Remuneration Report cont

Share Options

The following chart relates to participation in Ascribe plc Employee Share Option Scheme The middle market value of the Company's ordinary shares on 30 June 2006 was 57 5p and the range during the year was 29p to 63p

			Number of shares					
	Notes	Exercise Price	As at 1/7/06	Granted in year	Exercised in year	As at 30/6/07	Earliest Vesting Date	Expiry Date
S Critchlow*	1,2	18p	1,000,000	-	-	1,000,000	17/12/05	17/12/14
S Critchlow*	1,2	18p	1,000,000	-	-	1,000,000	17/12/06	17/12/14
S Critchlow*	1,2	18p	1,000,000	-	-	1,000,000	17/12/07	17/12/14
C Dickson*	1,2	36p	-	266,667	-	266,667	18/09/07	18/08/16
C Dickson*	1,2	36p	-	266,667	-	266,667	18/09/08	18/08/16
C Dickson*	1,2	36p	-	266,666	-	266,666	18/09/09	18/08/16
J Lee*	1	18p	170,000	-	-	170,000	17/12/05	17/12/14
J Lee*	1	18p	170,000	-	-	170,000	17/12/06	17/12/14
J Lee*	1	18p	170,000	-	-	170,000	17/12/07	17/12/14
D Hughes	2	18p	500,000	-	-	500,000	17/12/06	17/12/14
D Hughes*	2	18p	34,000	-	-	34,000	17/12/05	17/12/14
D Hughes*	2	18p	34,000	-	-	34,000	17/12/06	17/12/14
D Hughes*	2	18p	34,000	-	-	34,000	17/12/07	17/12/14

Options under the Company's schemes can normally be exercised only on the achievement of performance criteria set by the Remuneration Committee and linked to the underlying performance of the Group

* Performance Criteria – annual growth in earnings per share (excluding goodwill amortisation and exceptional items) above the corresponding annual growth in the Retail Price Index

1 Company's Approved Executive Share Option Scheme
2 Company s Unapproved Executive Share Option Scheme

Independent Auditors' Report

To the Members of Ascribe Plc

We have audited the group and parent company financial statements (the "financial statements") of Ascribe plc for the year ended 30 June 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Executive Chairman's Statement, the Chief Operating Officer's Review, the Financial Review, the Report of the Directors and the Corporate Governance Report 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

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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's profit and cash flows for the year then ended,
- 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
18 September 2007

Consolidated Profit and Loss Account

For the year ended 30 June 2007

Continuing operations	Note	2007 £'000	Restated 2006 £ 000
Turnover	1	**15,313**	9,881
Cost of sales		**(1,544)**	(701)
Gross profit		**13,769**	9,180
Goodwill amortisation		**(1,536)**	(593)
Share based payments		**(98)**	(162)
Other administration expenses		**(10,253)**	(6,909)
Total administration expenses		**(11,887)**	(7,664)
Operating profit before goodwill amortisation and share based payments		**3,516**	2,271
Operating profit	3	**1,882**	1,516
Bank interest received	4	**38**	48
Interest payable	4	**(225)**	(41)
Profit on ordinary activities before taxation		**1,695**	1,523
Taxation on ordinary activities	5	**(387)**	(290)
Profit on ordinary activities after taxation		**1,308**	1,233
Basic earnings per share (pence)	7	**1 14**	1 15
Fully diluted earnings per share (pence)	7	**1 09**	1 11

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 30 June 2007

	2007 £'000	2006 £'000
Profit for the year	**1,308**	1,233
Currency translation differences on retranslation of subsidiary undertakings	**(12)**	(50)
Total gains and losses recognised	**1,296**	1,183
Effects of prior year adjustments	**121**	
Total gains recognised since the last annual report	**1,417**	

Consolidated and Company Balance Sheets

at 30 June 2007

	Note	Group 2007 £'000	Group Restated 2006 £'000	Company 2007 £'000	Company Restated 2006 £'000
Fixed assets					
Intangible fixed assets	8	**16,815**	19,082	**-**	-
Tangible fixed assets	9	**507**	294	**97**	83
Investment in subsidiary undertakings	10	**-**	-	**19,345**	20,796
		17,322	19,376	**19,442**	20,879
Current assets					
Debtors amounts falling due within one year	12	**3,075**	3,124	**1,891**	892
Debtors amounts falling due after more than one year	12	**-**	-	**-**	2,000
Total debtors		**3,075**	3,124	**1,891**	2,892
Cash at bank and in hand		**4,190**	3,160	**887**	-
		7,265	6,284	**2,778**	2,892
Creditors amounts falling due within one year	13	**(10,293)**	(11,330)	**(5,260)**	(7,210)
Net current liabilities		**(3,028)**	(5,046)	**(2,482)**	(4,318)
Total assets less current liabilities		**14,294**	14,330	**16,960**	16,561
Creditors. amounts falling due after more than one year	14	**(3,224)**	(5,196)	**(3,224)**	(5,196)
Net assets		**11,070**	9,134	**13,736**	11,365
Capital and reserves					
Called up share capital	18	**1,143**	1,142	**1,143**	1,142
Shares to be issued	21	**650**	-	**650**	-
Share premium account	19	**9,220**	9,181	**9,220**	9,181
Merger reserve	19	**561**	561	**-**	-
Profit & loss account	19	**(504)**	(1,750)	**2,723**	1,042
Shareholders' funds	20	**11,070**	9,134	**13,736**	11,365

The financial statements on pages 23 to 42 were approved by the Board of Directors on 18 September 2007 and were signed on its behalf by

Stephen Critchlow

A S Critchlow

J S W Lee

Directors

Consolidated Cash Flow Statement

for the year ended 30 June 2007

	Note	**Year ended 30 June 2007 £'000**	Restated Year ended 30 June 2006 £ 000
Net cash inflow from operating activities	24a	**4,287**	2,528
Return on investments and servicing of finance			
Interest paid		**(225)**	(41)
Interest received		**38**	48
		(187)	7
Taxation			
Corporation tax paid		**(594)**	(319)
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets		**(385)**	(103)
Purchase of intangible fixed assets		**(788)**	(121)
Proceeds from the sale of fixed assets		-	9
Net cashflow from capital expenditure and financial investment		**(1,173)**	(215)
Acquisitions			
Net cash acquired with subsidiaries		-	2,424
Cash consideration and expenses		**(38)**	(6,803)
Payment of deferred consideration		**(850)**	(800)
Net cashflow from acquisitions		**(888)**	(5,179)
Equity dividends paid to shareholders		**(148)**	(107)
Net cash inflow/(outflow) before financing		**1,297**	(3,285)
Financing			
Fundraising expenses		-	38
Loan advances		**1,431**	2,600
Loan repayments		**(557)**	(50)
		874	2,588
Increase / (decrease) in cash	24b	**2,171**	(697)

Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and are in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards The following principal accounting policies have been applied on a consistent basis as set out below with the exception of the treatment of development costs and shares to be issued which are explained in Note 25 of the financial statements

Basis of Consolidation

The Group financial statements consolidate those of the Company and of its subsidiaries up to 30 June 2007 The results of the other subsidiaries and businesses acquired during the period are included from the effective date of acquisition Profits and losses on intra-Group transactions are eliminated in full On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date No profit and loss account is presented for the Company, as permitted by Section 230 of the Companies Act 1985

Goodwill

Goodwill arising on acquisition of a subsidiary undertaking or business is the difference between the purchase consideration and the fair value of the assets and liabilities acquired Purchased goodwill and goodwill arising on consolidation is amortised through the profit and loss account over the Directors' estimate of the useful economic life of between 5 and 20 years Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or circumstances change

Turnover and Long-term Contracts

Turnover comprises the value of goods and services provided during the period, excluding value added tax, and includes income from licences, project implementation, installation, support, maintenance, training, consultancy and the supply of third party software and hardware Each element of turnover is recognised when

i) Delivery of goods or provision of services has taken place,

ii) There are no significant obligations remaining to be delivered, and

iii) Collection of the amount due from the customers reasonably assured

The supply of licences is only recognised when the software is installed and appropriate training provided Revenue for project implementation, installation, training and consultancy is recognised proportionately as the work progresses The supply of hardware is recognised on delivery to the customer

For maintenance sales, only that proportion of revenue is recognised which relates to the part of the maintenance period falling within the accounting year

Income recognised in turnover but not invoiced at the period end is recorded in prepayments and accrued income in debtors Where invoices are raised in advance of the provision of services they are recorded as deferred income in creditors

Revenue on long-term contracts is ascertained in a manner appropriate to the stage of completion of the contract at the period end date, with due regard to anticipated future costs Amounts recoverable on such contracts are included within debtors Payments on account in excess of turnover are included within creditors Full provision is made for losses on all contracts in the year in which the loss is first foreseen

Research and Development Costs

All software research and development expenditure is expensed in the period in which it is incurred except where the development expenditure meets the criteria set out in SSAP 13 "Accounting for Research and Development Expenditure" when the qualifying expenditure is capitalised and amortised over the period that the group expects to derive economic benefit from the developments currently estimated between one and five years This is a change in accounting policy from previous years

Fixed Asset Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value Cost comprises the aggregate of cash consideration, the fair value of shares issued and acquisition expenses

Depreciation

Depreciation is provided to write off the costs, less estimated residual values, of all fixed assets on a straight-line basis It is calculated at the followings rates

Leasehold improvements	20% per annum or life of the lease if less
Fixtures and fittings	20% - 33⅓% per annum
Computer equipment	33⅓% per annum
Motor vehicles	33⅓% per annum

Deferred Consideration

The terms of an acquisition may provide that the fair value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company The amounts recognised in the financial statements are the fair value of the deferred consideration that is reasonably expected to be paid at the balance sheet date

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board No timing differences are recognised in respect of revalued tangible fixed assets or fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset The deferred tax assets and liabilities are not discounted

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling with the rate of exchange ruling at the balance sheet date, or at the contracted rate when covered by a forward exchange contract Differences on exchange arising from the retranslation of the opening net investments in subsidiary undertakings are taken to reserves and reported in the statement of recognised gains and losses All other foreign exchange differences are taken to the profit and loss account

Operating Leases

Operating lease rentals are charged to the profit and loss account on an accruals basis over the term of the lease

Pension Costs

Contributions to staff and Directors defined contribution pension schemes are charged to the profit and loss account in the period in which they become payable

Share Based Payments

The Group has applied the requirements of FRS 20 "Share-based Payments" in respect of all share options issued from the date of incorporation

The Group issues share options as a long term incentive plan to certain employees These share options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant The fair value determined at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured using the Black-Scholes model

Financial Instruments

Short term debtors and creditors have not been treated as financial assets and liabilities for disclosure purposes The Group does not hold or issue derivative financial instruments for trading purposes

Dividends

Interim dividends are recognised when paid and final dividends are recognised as a liability when the dividend has been approved by the Company's shareholders Dividends paid are not disclosed on the face of the profit and loss account but as a distribution out of profit and loss reserves

Notes Forming Part of the Financial Statements

1 Segmental Analysis

Turnover is wholly attributable to the principal activities A geographical analysis of turnover is as follows

	2007 £'000	2006 £'000
United Kingdom	**13,107**	8,964
Rest of the World	**2,206**	917
	15,313	9,881

All turnover by geographical operation is generated by the UK with the exception of £3,004,000 (2006 £490,000), generated from Australasia and Africa All net assets are held in the UK with the exception of net liabilities of £68,000 (2006 net liabilities of £26,000), held in Australasia and Africa

The Directors believe that there are two distinct business classes being maintenance of software and the supply of new software

	2007 £'000	2006 £ 000
Maintenance income	**9,619**	6,112
Income relating to sales of software	**5,694**	3,769
	15,313	9,881

2 Employees

	2007 £'000	2006 £'000
Staff costs (including Directors) consist of		
Wages and salaries	**6,288**	4,535
Social security costs	**602**	451
Pension costs	**349**	152
Share based payments	**98**	162
	7,337	5,300

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The pension costs for the period represents contributions payable by the Group to these funds and amounted to £349,000 (2006 £152,000)

Directors	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Emoluments		
Remuneration for management services	**437**	627
Amounts paid to Directors' connected parties for their services	**31**	41
Company contributions to a defined pension scheme	**35**	42
	503	710

At the year end, there was £30,000 unpaid pension contributions (2006 £7,000)

2 Employees (continued)

Highest paid Director	**2007 £'000**	2006 £ 000
Aggregrate emoluments	**196**	239
Company contribution to a defined contribution pension scheme	**27**	25
	223	264

The average number of employees allocated by their principal activity (including directors) during the year was as follows

	2007 Number	2006 Number
Sales	**73**	63
Administration	**52**	33
Research and development	**76**	64
	201	160

3 Operating Profit

This is arrived at after charging / (crediting)	**2007 £'000**	Restated 2006 £'000
Net research and development costs (after capitalisation of £788,000 (2006 £121,000))	**2,036**	1,735
Depreciation of owned assets	**168**	118
Amortisation of goodwill (note 8)	**1,536**	593
Amortisation of capitalised development expenditure (note 8)	**195**	-
Auditor's remuneration		
Fees paid to Company auditors for the audit of the parent Company and consolidated accounts	**30**	15
The audit of the Company's subsidaries pursuant to legislation	**30**	30
Taxation services	**20**	5
Services in relation to acquisitions	**-**	38
	80	88
Operating leases		
Land and buildings	**376**	248
Other	**8**	35
Profit on disposal of fixed assets	**-**	(1)

Included within the remuneration paid to the auditor's above, was £38,000 in 2006 relating to acquisitions made during that year which were capitalised as part of the cost of acquisitions

The Group had annual commitments under non-cancellable operating leases at the balance sheet date which expire in

	2007		2006	
	Land & buildings £'000	**Other £'000**	Land & buildings £ 000	Other £'000
Within one year	**82**	**8**	27	3
2 - 5 years	**57**	**-**	87	2
In more than 5 years	**228**	**-**	220	0

Notes Forming Part of the Financial Statements cont

4 Interest

	2007 £'000	2006 £ 000
Bank interest receivable	**38**	48
Interest payable	**(225)**	(41)
	(187)	7

5 Taxation Charge on Profit on Ordinary Activities

a) Analysis of charge for the year

	2007 £'000	2006 £ 000
Current tax		
UK corporation tax on profits for the year	**413**	328
Adjustment with respect to previous periods	**(37)**	(43)
Overseas taxation	**23**	5
Total current tax	**399**	290
Deferred tax - current year	**154**	-
Deferred tax - prior year	**(166)**	-
Group taxation	**387**	290

b) Factors affecting tax charge for the year

The tax charge for the year is different to the standard rate of corporation tax in the UK
The differences are explained below

	2007 £'000	Restated 2006 £'000
Profit on ordinary activities before taxation	**1,695**	1,523
Theoretical tax at UK corporation tax rate of 30%	**509**	457
Effects of		
Depreciation in excess of capital allowances	**(16)**	14
Amortisation of goodwill	**234**	134
Utilisation of tax losses	**(6)**	(151)
Marginal relief	**-**	(3)
Expenses not deductible for tax purposes	**4**	2
FRS 20 provision not deductible for tax purposes	**30**	48
Research and development enhanced deduction	**(157)**	(95)
Capitalised development expenditure	**(178)**	(36)
Timing differences	**16**	(37)
Adjustment to tax charge in respect to previous periods	**(37)**	(43)
Current tax charge for the year	**399**	290

5 Taxation Charge on Profit on Ordinary Activities (continued)

c) Factors that may affect future tax charges

At 30 June 2007, there are corporation tax losses within certain subsidiaries of approximate £217,000 (2006 £242,000) which are available for set off against future taxable profits of those same trades

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts The changes had not been enacted at the balance sheet date and these changes are not therefore included in these financial statements

The effect of the changes enacted in the Finance Act 2007 would be to reduce the deferred tax liability provided at 30 June 2007 by £1,000 This tax decrease would increase profit for the year by £1,000 The decrease in deferred tax is due to the reduction in the corporation tax rate from 30% to 28% with effect from 1 April 2008

6 Dividends

	2007 £'000	2006 £ 000
Dividends payable on equity shares		
Equity dividends paid in the year		
0 13 pence per share (2006 0 10 pence per share)	**148**	107
Dividends proposed since the year end		
0 17 pence per share (2006 0 13 pence per share)	**198**	148

Subject to Shareholder approval at the Annual General Meeting to be held on 31 October 2007, a dividend of £198,000 will be paid to shareholders on 1 November 2007

7 Earnings Per Share

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary shareholders by the weighted average number of shares in issue Diluted earning per share is the weighted average number of ordinary shares in issue adjusted for the potential ordinary share dilution from share options and shares to be issued Adjusted basic earning per share is calculated by adding back goodwill amortisation, share based payments and the dividends and appropriations relating to non equity shares repaid at flotation, to more accurately reflect the Group's underlying earnings

		2007			2006 Restated	
	Basic	**Adjusted**	**Diluted**	Basic	Adjusted	Diluted
Profit after taxation (£'000)	**1,308**	**1,081**	**1,308**	1,233	1,233	1,233
Share based payments (£'000)	**-**	**98**	**-**	-	162	-
Goodwill amortisation (£'000)	**-**	**1,536**	**-**	-	593	-
Profit attributable to ordinary shareholders (£'000)	**1,308**	**2,715**	**1,308**	1,233	1,988	1,233
Number of shares (thousands)	**114,250**	**114,250**	**120,487**	107,678	107,678	110,865
Earnings per share (pence)	**1 14**	**2.38**	**1 09**	1 15	1 85	1 11
Basic weighted average no of shares (thousands)	**-**	**-**	**114,250**	-	-	107,678
Dilutions arising from share options (thousands)	**-**	**-**	**4,227**	-	-	3,187
Dilution from shares to be issued (thousands)	**-**	**-**	**2,010**	-	-	-
Diluted weighted average number of shares	**-**	**-**	**120,487**	-	-	110,865

Notes Forming Part of the Financial Statements cont

8 Intangible Fixed Assets

	Goodwill £'000	Restated Development Expenditure £'000	Total £'000
Group			
Cost			
At 1 July 2006	19,702	121	19,823
Additions	-	788	788
Adjustments	(1,324)	-	(1,324)
At 30 June 2007	**18,378**	**909**	**19,287**
Amortisation			
At 1 July 2006	741	-	741
Charge for the year	1,536	195	1,731
At 30 June 2007	**2,277**	**195**	**2,472**
Net book value at 30 June 2007	**16,101**	**714**	**16,815**
Net book value at 30 June 2006	18,961	121	19,082

Adjustments to goodwill relate to the cancellation of consideration payable in relation to Park Systems Limited and Arkive Computing Limited and the revision to estimated deferred consideration for the acquisition of HE Information Systems Limited (note 11)
The assets are being amortised over a period of up to 20 years as this is the period which the Board of Directors believe the Group will derive economic benefit from these assets

9 Tangible Fixed Assets

	Group					Company
	Leasehold improvements £'000	Motor vehicles £'000	Fixtures & fittings £'000	Computer Equipment £'000	Total £ 000	Computer equipment £ 000
Cost:						
At 1 July 2006	260	256	517	561	1,594	83
Additions	130	-	26	229	385	34
Reclassifications	-	(29)	(298)	327	-	-
Disposals	-	(11)	-	-	(11)	-
At 30 June 2007	**390**	**216**	**245**	**1,117**	**1,968**	**117**
Amortisation						
At 1 July 2006	216	190	454	440	1,300	-
Charge for the year	27	26	27	88	168	20
Reclassifications	-	(22)	(264)	286	-	-
Disposals	-	(7)	-	-	(7)	-
At 30 June 2007	**243**	**187**	**217**	**814**	**1,461**	**20**
Net book value						
At 30 June 2007	**147**	**29**	**28**	**303**	**507**	**97**
At 30 June 2006	44	66	63	121	294	83

Notes Forming Part of the Financial Statements cont

10 Fixed Asset Investments - Company

	£'000
At 1 July 2006	20,796
Adjustment with respect to investments held at 1 July 2006	(1,451)
At 30 June 2007	**19,345**

The principal subsidiary undertakings are as follows

Name of Company	Principal Activity	Country of Incorporation	% of issued ordinary shares held and voting rights
ASC Computer Software Ltd	Health Software	England & Wales	100
Protechnic Exeter Ltd	Health Software	England & Wales	100
Footman Walker Associates Ltd	Health Software	England & Wales	100
Barwick Systems Ltd	Health Software	England & Wales	100
HE Information Systems Ltd	Health Software	England & Wales	100

All of the investments are directly held

11 Acquisitions

The Group acquired Barwick Systems Limited (on 14 March 2006), the trade and assets of Jade Healthcare (on 10 May 2006) and HE Information Systems Limited (on 29 June 2006) These acquisitions have been accounted for using the acquisition method of accounting At 30 June 2006 provisional figures were used for the fair values Final fair values have now been determined and are unchanged as shown below

Acquisition date	Barwick Systems Ltd 14 March 2006 £'000	Jade Healthcare 10 May 2006 £'000	HE Information Systems Ltd 29 June 2006 £'000	Total £'000
Tangible fixed assets	-	-	94	94
Debtors	176	220	598	994
Cash at bank and in hand	200	-	2,224	2,424
Creditors	(271)	(450)	(1,858)	(2,579)
Net assets/(liabilities) acquired	**105**	**(230)**	**1,058**	**933**
Goodwill	1,971	3,778	4,555	10,304
Total assets acquired	**2,076**	**3,548**	**5,613**	**11,237**
Less costs of acquisitions	(76)	(168)	(121)	(365)
	2,000	**3,380**	**5,492**	**10,872**
Satisfied by cash	2,000	1,500	2,994	6,494
Satisfied by equity	-	1,230	998	2,228
Deferred consideration	-	650[1]	1,500[2]	2,150
	2,000	**3,380**	**5,492**	**10,872**

[1] Deferred consideration is payable by means of the issue of ordinary shares to the value of £650,000 after 10 May 2007 subject to the Jade business meeting performance targets These targets were met and the equity issued on 16 July 2007

[2] Payment of deferred consideration in relation to HE Information Systems Limited is subject to meeting certain performance targets in the three years to 29 June 2009 Based on the results to 30 June 2007 and forecasts, the estimated deferred consideration has been reduced from £2,500,000 (the maximum payable) to £1,500,000 Under the contractual arrangements, deferred consideration once determined is settled 50% in cash and 50% in shares

12 Debtors

Amounts due within one year	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Trade debtors	**2,008**	2,309	-	-
Amounts due from subsidiary undertakings[1]	-	-	**1,724**	787
Amounts recoverable on contracts	**92**	87	-	-
Other debtors	**12**	107	**57**	51
Prepayments and accrued income	**951**	621	**36**	54
Deferred taxation	**12**	-	**74**	-
	3,075	3,124	**1,891**	892
Amounts due after more than one year				
Amounts due from subsidiary undertakings	-	-	-	2,000
	-	-	-	2,000
Total debtors	**3,075**	3,124	**1,891**	2,892

[1] Amounts due from subsidiary undertakings are unsecured and do not accrue interest

13 Creditors: Amounts falling due within one year

	Group 2007 £'000	Group Restated 2006 £'000	Company 2007 £'000	Company Restated 2006 £'000
Bank overdraft	-	1,129	-	1,129
Bank loan	**700**	759	**700**	759
Trade creditors	**1,245**	685	**116**	155
Amounts owed to subsidiary undertakings[1]	-	-	**3,358**	3,846
Corporation tax	**306**	510	**8**	-
Other taxation and social security	**906**	721	**4**	-
Deferred consideration	**1,000**	1,000	**1,000**	1,000
Other creditors	**181**	53	**9**	10
Deferred income	**5,628**	5,881	-	-
Accruals	**327**	592	**65**	311
	10,293	11,330	**5,260**	7,210

[1] Amounts due to subsidiary undertakings are unsecured and do not accrue interest

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2007 **£'000**	Restated 2006 £'000	**2007** **£'000**	Restated 2006 £'000
Bank loan	**2,724**	1,791	**2,724**	1,791
Deferred consideration (note 11)	**500**	3,405	**500**	3,405
	3,224	5,196	**3,224**	5,196

15 Bank and Borrowings

	Group		Company	
	2007 **£'000**	2006 £'000	**2007** **£'000**	2006 £'000
Cash in hand	**(4,190)**	(3,160)	**(887)**	-
Bank loan	**3,424**	2,550	**3,424**	2,550
Bank overdraft	**-**	1,129	**-**	1,129
	(766)	519	**2,537**	3,679
The bank loan and overdraft is repayable as follows.				
Within one year or on demand	**700**	1,888	**700**	1,888
In more than one year but not more than two years	**882**	882	**882**	882
In more than two years but not more than five years	**1,842**	909	**1,842**	909
	3,424	3,679	**3,424**	3,679

The bank loans are secured by the assets of the group and are denominated in sterling For details of the Groups banking facilities and interest rate exposure see note 16

16 Financial Instruments

The Group's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations and deferred consideration liabilities The main purpose of these instruments is to raise finance for the Group's operations As permitted by Financial Reporting Standard 13 Derivatives and Other Financial Instruments, short term debtors and creditors have been excluded The Directors consider the main financial risks to which the Group is exposed to from its operations are interest rate risk, liquidity risk and foreign exchange risk

Interest rate risk

The Group seeks to minimise net interest payments by offsetting Group cash balances to limit overdrafts and maximise centrally placed term deposits

During the year bank facilities were provided by the Royal Bank of Scotland plc The bank loan and overdraft facility bear interest at a rate of 1 5% above the Royal Bank of Scotland plc's base rate

The Group does not have any financial instruments to hedge against floating interest rate risk

All other financial assets and liabilities are non-interest bearing

Liquidity risk

The Group finances its operations through a mixture of retained profits, equity and borrowings Borrowings are raised at Group level and the Group's policy is to maintain a mixture of short-term and medium-term bank facilities to meet foreseeable peak funding requirements Short term flexibility is achieved by overdraft facilities

As at 30 June 2007, the bank facilities were as follows

Overdraft	£1,600,000	Next Review date set at June 2008
Five Year Loan	£3,424,000	Next Review date set at June 2011

The overdraft was unutilised at 30 June 2007

Currency risks

The group does not actively hedge against the effect of exchange rate differences resulting from the translation of foreign currency earnings, except in so far as a significant proportion of the foreign currency trade receivables are matched by similar denominated trade payables Material surplus cash balances that are not denominated in sterling are promptly converted into sterling

Fair values

The fair value of financial assets and financial liabilities are not considered to be materially different from its book value

Financial assets

Financial assets comprise net cash at bank and in hand as follows

	30 June 2007 £'000	30 June 2006 £ 000
Net cash at bank and in hand		
Sterling	**3,592**	1,675
Australian dollar	**507**	341
New Zealand dollar	**74**	9
Kenyan Shilling	**17**	6
	4,190	2,031

All balances accrue interest at market rates

Notes Forming Part of the Financial Statements cont

Financial liabilities

Financial liabilities comprise the following

	30 June 2007 £'000	30 June 2006 £ 000
Bank overdraft	**-**	1,129
Bank loan due within one year	**700**	759
Bank loan due after more than one year	**2,724**	1,791
Deferred consideration after more than one year	**500**	3,405
	3,924	7,084

All financial liabilites are denominated in Sterling

17 Deferred Taxation

The potential deferred taxation (asset)/liability is as follows

	Unprovided		**Provided**	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Accelerated capital allowances	**-**	(84)	**(57)**	-
Sundry timing differences	**-**	(27)	**(37)**	-
Share based payments	**-**	-	**(78)**	
Capitalised research and development expenditure	**-**	-	**214**	
Tax losses	**-**	(4)	**(54)**	-
	-	(115)	**(12)**	-

	£'000
Deferred taxation at 1 July 2006	**-**
Transfered from Profit and Loss Account	**12**
Deferred taxation at 30 June 2007	**12**

Notes Forming Part of the Financial Statements cont

18 Share Capital

	2007 £'000	2006 £'000
Authorised		
140,000,000 (30 June 2006 140,000,000)	**1,400**	1,400
ordinary shares of 1p each		
Allotted, called up and fully paid		
114,324,076 (30 June 2006 114,178,033)	**1,143**	1,142
Ordinary shares of 1p each		

Movement in share capital

	2007 £'000	2006 £'000
At 1 July 2006	**1,142**	1,070
Issued in respect of the exercise of share options	**1**	-
Issued in respect of acquisitions	**-**	72
Allotted, called up and fully paid share capital at 30 June 2007	**1,143**	1,142

On 20 December 2006, the Company issued 66,940 ordinary shares of 1p each to satisfy an employee share option exercised at 18p per share

On 5 January 2007, the Company issued 64,103 ordinary shares of 1p each in deferred consideration, at 39p per share, in relation to the acquisition of Arkive Computing Ltd completed on 17 June 2005

On 14 February 2007, the Company issued 15,000 ordinary shares of 1p each to satisfy an employee share option exercised at 18p per share

Share options

The following options of the Ascribe plc Share Option Scheme, which include Director's share options, were outstanding at 30 June 2007

Date of Grant	At 1 July 2006	Issued in the year	Exercised in the year	Lapsed in the year	At 30 June 2007	Period of options	Price per share
17 Dec 2004	6,711,551	-	(81,940)	(126,500)	6,503,111	17 Dec 2007 - 16 Dec 2014	18p
27 May 2005	500,000	-	-	(200,000)	300,000	27 May 2008 - 26 May 2015	24p
19 Dec 2005	399,000	-	-	(55,000)	344,000	19 Dec 2008 - 18 Dec 2015	34 5p
18 Sep 2006	-	821,000	-	-	821,000	18 Sep 2009 17 Sep 2016	36p
Total	**7,610,551**	**821,000**	**(81,940)**	**(381,500)**	**7,968,111**		

Share options cont

The Executive Share Option Plan (ESOP) was introduced in December 2004 Under the ESOP the remuneration committee can grant options over shares in the company to employees of the group Options are granted with a fixed exercise price equal to the market price of the shares under the option at the date of grant The contractual life of an option is 13 years The company does not make annual grants of share options Options granted under the ESOP will become exercisable between one and up to 12 years of the anniversary of the date of grant Options were valued using the Black-Scholes option pricing model No performance conditions were included in the fair value calculations The fair value per option granted and the assumptions used in the calculation are as follows

	17 December 2004	27 May 2005	19 December 2005	18 September 2006
Share price at grant date (£)	0 18	0 24	0 345	0 36
Exercise price (£)	0 18	0 24	0 345	0 36
Number of employees	39	2	54	10
Shares under option (number)	6,503,111	300,000	344,000	821,000
Vesting period (years)	1-3	3	3	1-3
Expected volatility	33%	30%	30%	30%
Option life (years)	10	10	10	10
Expected life (years)	3	3	3	3
Risk free rate	4 4%	4 3%	4 3%	4 9%
Expected dividends expressed as a dividend yield	0 1%	0 3%	0 3%	0 3%
Fair value per option (£)	0 0527	0 0643	0 0958	0 0916

The expected volatility is based on historical volatility of Ascribe plc and a number of listed companies within the IT and Health sectors over the last three years The expected life is the average expected period to exercise The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life A reconciliation of option movements is shown above

The weighted average fair value of options granted in the year was £75,000 (2006 £33,000)

	2007				2006			
Range of exercise prices	Weighted average exercise price	Number of shares ('000)	Weighted average remaining life Expected	Weighted average remaining life Contractual	Weighted average exercise price	Number of shares ('000)	Weighted average remaining life Expected	Weighted average remaining life Contractual
34 5 - 36p	36p	821	2 years	12 years	34 5p	344	2 years	12 years

The weighted average share price during the period for options exercised over the year was £0 36 (2006 £0 345) The total charge for the year relating to employee share based payment plans was £98,000 (2006 £162,000), all of which related to equity-settled share based payment transactions After deferred tax, the total charge was £69,000 (2006 £113,000)

19 Reserves

	Merger reserve £'000	Share premium £'000	Profit & loss account £'000
Group			
At 1 July 2006 as originally reported	561	9,181	(1,871)
Prior year adjustments (note 25)	-	-	121
At 1 July 2006 as restated	561	-	(1,750)
Exchange differences	-	-	(12)
Profit for the year	-	-	1,308
Share based payments	-	-	98
Dividend paid	-	-	(148)
Issue of shares (net of issue costs)	-	39	-
At 30 June 2007	**561**	**9,220**	**(504)**

19 Reserves cont

	Merger reserve £'000	Share premium £'000	Profit & loss account £'000
Company			
At 1 July 2006	561	9,181	1,042
Profit for the year	-	-	1,731
Share based payments	-	-	98
Dividend paid	-	-	(148)
Issue of shares (net of issue costs)	-	39	-
At 30 June 2007	**561**	**9,220**	**2,723**

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements The profit for the financial year for the Company was £1,731,000 (2006 £453,000)

20 Reconciliation of Movements in Equity Shareholders' Funds

	Group		Company	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Profit for the year	**1,308**	1,233	**1,731**	453
Equity dividend	**(148)**	(107)	**(148)**	(107)
Other recognised losses in the year	**(12)**	(50)	**-**	-
Issue of shares (including premium net of issue costs)	**40**	2,274	**40**	2,274
Shares to be issued	**650**	-	**650**	-
Share based payments	**98**	162	**98**	162
Net increase in equity shareholders' funds	**1,936**	3,512	**2,371**	2,782
Opening equity shareholders' funds	**9,134**	6,477	**11,365**	9,438
Prior year adjustments	**-**	(855)	**-**	(855)
Opening equity shareholders' funds restated	**9,134**	5,622	**11,365**	8,583
Closing equity shareholders' funds	**11,070**	9,134	**13,736**	11,365

21 Shares to be Issued

	Group		Company	
	2007 £'000	Restated 2006 £'000	**2007 £'000**	Restated 2006 £ 000
In respect of deferred consideration	**650**	-	**650**	-

Deferred consideration of £650,000, payable within one year, relates to the acquisition of Jade Healthcare and is dependent upon the financial performance of the business during the period to 10 May 2007

On 16 July 2007, following the satisfaction of performance criteria, the Company issued 2,010,517 ordinary shares of 1p each in deferred consideration, at 32 33p per share, in relation to the acquisition of Jade Healthcare completed on 10 May 2006

Notes Forming Part of the Financial Statements cont

22 Capital Commitments

The Group contracted for, but did not provide, £178,000 of capital expenditure at 30 June 2007 (30 June 2006 £nil)

There was no capital expenditure contracted for but not provided for at 30 June 2007 for the Company (£nil 30 June 2006)

23 Related Party Transactions

The Group has the following related party transactions to disclose for the financial year

AT Communications plc
Mr M Woodbridge was Group Finance Director of AT Communications plc The Group engaged the services of AT Communications plc for the supply and installation of IT systems The Group was invoiced £188,000 during the year, on normal commercial terms of which £52,000 was outstanding in the year end up until his resignation on 6 February 2007 Mr M Woodbridge was the Chairman of the Audit Committee

24 Notes to the Cash Flow Statement

a) Reconciliation of operating profit to net cash inflow from operating activities	**Year ended 30 June 2007 £'000**	Restated Year ended 30 June 2006 £'000
Operating profit	**1,882**	1,516
Depreciation of tangible fixed assets	**168**	118
Goodwill amortisation	**1,536**	593
Capitalised development expenditure amortisation	**195**	-
Charge for share based payments	**98**	162
Loss / (profit) on sale of tangible fixed assets	**4**	(9)
Decrease / (increase) in debtors	**49**	(606)
Increase in creditors	**355**	754
Net cash inflow from operating activities	**4,287**	2,528

Reconciliation of net cash flow to movement in net funds / (debt)		
Increase / (decrease) in cash	**2,171**	(697)
Cash outflow from increase in debt	**(874)**	(2,550)
Change in net cash / (debt) arising from cash flow	**1,297**	(3,247)
Exchange movement	**(12)**	49
Opening net (debt) / funds	**(519)**	2,679
Closing net funds / (debt)	**766**	(519)

b) Analysis of changes in net (debt) / funds

	1 July 2006 £'000	**Cash flow £'000**	**Non-cash movement £'000**	**30 June 2007 £'000**
Bank overdraft	(1,129)	1,129	-	-
Cash at bank	3,160	1,042	(12)	**4,190**
	2,031	2,171	(12)	**4,190**
Debt due within one year	(759)	59	-	**(700)**
Debt due after more than one year	(1,791)	(933)	-	**(2,724)**
	(519)	1,297	(12)	**766**

25 Prior Year Adjustments

A prior year adjustment has been made with respect to a change in accounting policy in relation to capitalisation of Development costs

The group believe that there is significant value to the software development that it undertakes each year and that it will be able to derive economic benefits from the developments for a number of subsequent years Prior years have been restated accordingly and the profit and loss account credit for the year ended 30 June 2006 was £121,000

The treatment of contingent deferred consideration as equity has been reconsidered and the accounts adjusted to reflect this as a liability in accordance with FRS 25 As a consequence, net assets decreased by £2,155,000 as at 30 June 2006 There is no effect on the profits of either 2006 or 2007

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ascribe plc will be held at Ascribe House, Brancker Street, Westhoughton, Bolton, BL5 3JD, on 31 October 2007 at 10am for the following purposes

Ordinary Business

1 To receive and adopt the report of the Directors and the audited financial statements for the year ended 30 June 2007

2 To recommend to the Company's shareholders that a dividend of 0 17 pence per ordinary share in the capital of the Company be paid for the year ended 30 June 2007

3 To approve the Directors' remuneration report for the year ended 30 June 2007

4 To re-appoint PricewaterhouseCoopers LLP as the Company's auditors to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company and to authorise the Directors of the Company to determine their remuneration

5 To appoint Ian Priestner as a Director of the Company

6 To re-appoint, as a Director of the Company, David Hughes who is retiring by rotation

Special Business

7 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution

THAT, for the purposes of and pursuant to section 80(1) of the Companies Act 1985 (the "Act"), the Directors of the Company be authorised generally and unconditionally to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £236,654 to such persons at such time and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired

8 To consider and, if thought fit, pass the following resolution which will be proposed as an special resolution

THAT, for the purposes of and pursuant to section 95(1) of the Act, the Directors of the Company be and they are hereby authorised and empowered to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by resolution numbered 8 in this notice of meeting as if section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that this authority and power shall be limited

a to the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the Directors of the Company may deem necessary or expedient to deal with fractional entitlement or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory) to be respective numbers of ordinary shares held by them,

b to the allotment (otherwise than pursuant to paragraph a above) for cash of equity securities up to an aggregate nominal amount of £116,334 59

By order of the Board

Jeremy Lee	Ascribe House
Company Secretary	Brancker Street
18 September 2007	Westhoughton
	Bolton, BL5 3JD

Notes

1) A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him A proxy need not be a member of the company A form of proxy is attached to this notice of general meeting and instructions for use are given on the form, the form must be lodged at the company s registered offices not less than 48 hours before the time appointed for the holding of the meeting Completion and return of the form of proxy will not prevent a member from attending and voting at the meeting should he so wish

2) The Company pursuant to the Uncertified Securities Regulations 2001, has specified that only holders of ordinary shares registered in the register of members of the Company as at 6 00pm on 29 October 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name Changes in the register of members after 6 00pm on 29 October 2007 shall be disregarded in determining the right of any person to attend and vote at the meeting

3) The following documents will be available for inspection at the Company s registered office during normal business hours on any weekday (Saturday and Sundays excluded) from the date of this Notice until the date of the meeting and at the place of the meeting from 10 45 on 29 October 2007 until its conclusion (a) the register of Directors' interests in the capital of the company, (b) copies of the Directors' contracts of service

Directors

A S Critchlow	Executive Chairman
J S W Lee	Finance Director
C Dickson	Chief Operating Officer
D M Hughes*Δ	Non-Executive Director
I Priestner*Δ	Non-Executive Director

* Member of the Audit Committee
Δ Member of the Remuneration Committee

Secretary
J S W Lee

Company Registration Number
5204003

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BL5 3JD

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Registered Auditors
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Manchester
M2 3PW

Solicitors
Pinsent Masons
100 Barborolli Square
Manchester
M2 3SS

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Manchester
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Nominated Advisor and stockbroker
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EC2R 7AS

Registrar
Neville Registrars Limited
18 Laurel Lane
Halesowen
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Principal Bankers
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