

SSP HOLDINGS PLC

Report and Financial Statements

31 March 2008

**Deloitte & Touche LLP
Leeds**



SSP HOLDINGS PLC

REPORT AND FINANCIAL STATEMENTS 2008

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SSP HOLDINGS PLC

OFFICERS AND PROFESSIONAL ADVISERS **Year ended 31 March 2008**

DIRECTORS

D A Rasche
L J B Walker
N J Bate
G Folwell
B Quinn
S Broughton
S Verrall

SECRETARY

N J Bate

REGISTERED OFFICE

Fearnley Mill
Dean Clough
Halifax
West Yorkshire

BANKERS

Barclays Bank plc
PO Box 190
2nd Floor
1 Park Row
Leeds
LS1 5WU

AUDITORS

Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Leeds

CHAIRMAN'S REPORT

Overview

I am pleased to report on another successful year for SSP, in which we achieved strong results in the UK and internationally, in both broking and insurance company systems

The acquisition of the Sirius business, announced this time last year, has been very successful. Its integration into the enlarged group has been well managed, with further benefits expected, positioning SSP even more strongly in the UK and international markets. At the financial year end and since we have enhanced our international footprint, adding more customers, staff and products with our Australian/Asia Pacific acquisitions.

Our financial results were ahead of the Board's expectations, with revenues of £64.4m being 66.8% above last year and an adjusted EBITA (as per the highlights section) 52.7% ahead at £15.3m. We have maintained good margins and the high quality of our visible revenue streams, both of which are ahead of expectations set at the time of the Sirius acquisition. With continued double digit organic growth in the original SSP business, the Group is significantly larger than last year, our annualised run rate of revenues are now £70.7m per annum.

During the year we further developed our already strong product base. In particular, it now includes very competitive UK broker offerings and, through Insure¹, one of the very best new technology insurance company products available worldwide. While we do not expect Insure¹ to generate substantial short-term revenues, we believe it will be a significant revenue generator in future years.

The Board believes that the business is positioned extremely well for growth in the UK and international markets in both the broking and insurance company sectors.

Business Scale and Employees

We are now one of the largest specialist providers of general insurance software worldwide, with over 830 staff experienced in the sector. This scale enables us to bid for and manage larger projects than most competitors, outside the major international consultancies. We believe that it also makes our services more attractive than those of our smaller competitors, to large UK brokers.

Our people are highly knowledgeable in general insurance systems with expertise across the whole consumer to carrier spectrum. They have specialist skills in design, implementation and project management of solutions, from internet point of sale, through broking, to underwriting systems for large and small customers. We have many highly talented individuals who work very well together in multi-disciplined teams to deliver excellent modern technology solutions to our customers in over 50 countries.

They work hard to deliver for the business and our customers and the Board is very appreciative of their efforts.

Recommended cash acquisition

The board of directors of H&F Sensor Bidco Limited, a company formed at the direction of funds managed and advised by H&F, and the Independent Directors have separately announced today that they have reached agreement on the terms of a recommended cash acquisition to be made by H&F Sensor Bidco Limited of SSP Holdings plc.

Under the terms of the proposed acquisition, shareholders of the Company will receive 190 pence in cash for each of their shares in the Company valuing the issued and to be issued ordinary share capital of the Company at approximately £157 million. This offer represents a premium of approximately 47.3 per cent to the price of 129 pence, being the average closing price for the six month period ending 17 June 2008, the day before the announcement by the Company that it was in discussions regarding the Acquisition.

The acquisition is being unanimously recommended by the Independent Directors, who consider the terms of the Acquisition to be fair and reasonable, having been so advised by KBC Peel Hunt Ltd.

CHAIRMAN'S REPORT (continued)

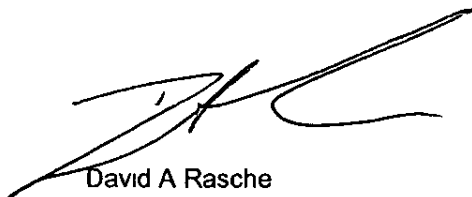
Outlook

Continued structural changes to our core UK broking market are creating additional opportunities for us to win new customers and help our existing customers grow their businesses

The general insurance industry is expanding worldwide. Our experience and analysts surveys indicate that the general insurance sector is reasonably well insulated from the direct effects of the credit crunch, as most players appear to have minimal exposure to impaired investments. At present the UK commercial lines market is seeing more pressure on rates, but overall insurers remain confident. At the same time, the large Bancassurers are likely to seek greater returns from general insurance as their profits are hit elsewhere and are therefore likely to invest in this sector.

In most markets there are structural dynamics which demand new technology to cope with improved speed to market, changes in distribution patterns and much greater eBusiness between business partners and customers. These developments play to our expertise and strengths, gleaned over many years in the world's most sophisticated general insurance markets.

The Board of SSP believe the outlook for the business is positive, both in the UK and overseas and current trading is as expected. With the SSP Group's strong recurring and visible revenues from a large, secure and increasingly international customer base, the Board of SSP expects to continue to grow organically and maintain good operating margins in the coming year and beyond.



David A Rasche
Executive Chairman

CHIEF EXECUTIVE'S REPORT

Financial Performance

I am pleased to report another strong performance, with an operating profit before interest, amortisation of goodwill, reorganisation, tax and share option costs of £15.3m on revenues of £64.4m which are up 52.7% and 66.8% respectively compared to prior year. Our operating divisions delivered a gross profit of over 40%. Profit before tax for the year increased from £6.4m to £8.8m.

The Group's balance sheet reflects the substantial investment in acquisitions during the year, with Net Assets increasing from £37.3m to £58.4m.

Our Intermediary Division, which services small to medium sized UK broker market delivered a 31.7% increase in revenues to £23.9m. Our Corporate Division, which services larger UK brokers, grew revenues by 43.3% to £21.4m. Our combined broker transaction and e-commerce revenues grew by 26.1% to £13.1m.

The Insurer Division, responsible for the supply of software and services to UK insurance companies, showed strong growth of 141.2% to £11.3m, reflecting an increased demand for core administration systems and e-commerce solutions within the UK insurer market and the acquisition of Sirius. Important customer wins in all channels - intermediated, direct, internet, reflect the strength of our customer proposition and capability.

In our International Division a strong performance in emerging markets has driven an over eightfold growth in revenue to £7.8m. This primarily reflects the acquisition of Sirius and new customer wins. Our international business now has over 80 insurance company customers in more than 50 countries and a number of opportunities exist for our insurance company solutions moving forward.

Products and Services

Increases in transaction volumes and our ability to e-enable the broker channel have continued to deliver strong growth and reflect the efficiencies that SSP can deliver to its customers at both ends of the insurance value chain. Penetration of our Managed Service proposition will continue to deliver efficiencies throughout the channel, as well as to our own operational activities. Deployment of one core trading platform in personal and commercial lines throughout the SSP broker product set adds further value to our insurance company customers by rationalising their e-trading channel.

The success of our sales effort with Sirius for Insurance (S4I) has further developed our insurance company systems capability and is delivering significant additional functionality and value to customers.

Our Insure^J product is attracting significant interest from insurance companies, both foreign and domestic, and we are building delivery capability that can be deployed globally from a core team.

Operating Structure

Following the acquisition of Sirius we have reviewed our operating structure in order to deliver efficiencies throughout the group. The enlarged business has delivered better than anticipated synergies in our core operating functions and has strengthened our sales and marketing proposition. Rationalisation of our product offerings will allow us to deliver further synergies moving forward.

Subsequent to this reporting period we combined the two broker divisions, Intermediary and Corporate, in order to enhance the service proposition to both customer segments and to capitalise on rationalising our insurance distribution channel.

The structure of three market facing divisions, Insurer, Broker and International, serviced by central functions within Group Operations, has allowed us to focus on our strategic objectives in our core markets. At the same time, it has allowed us to deliver economies of scale throughout the business.

The acquisition of the Australasian I90 business from Computer Sciences Corporation has strengthened our international business and the acquisition of Koukia from Wesfarmers has enhanced our insurer product offering by gaining the global rights to the Insure^J product.

CHIEF EXECUTIVE'S REPORT (continued)

Customers

Continued rationalisation of the broker market in the UK is driving growth in professional services, as brokers use technology to increase efficiency and achieve competitive advantage. The penetration of personal lines e-trading into the broker channel is high and is delivering high margin revenues within the Broker Division. The development of commercial lines e-trading has some way to go to reach the maturity of personal lines, but we anticipate that it will provide the next phase of growth in our transaction based revenue streams.

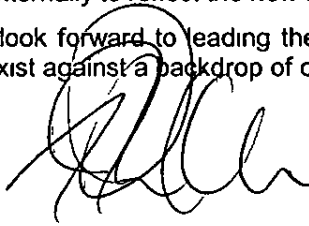
Insurance companies have started to look at replacing their core administration systems after many years of focussing on peripheral systems. These peripheral systems, used to deliver such facilities as e-commerce channel management, are now becoming too costly and are a constraint to agility. Solutions, such as our Insure^J product, provide these facilities as part of the core administration system and opportunities in this area will fuel long-term growth in our Insurer and International divisions.

Culture and Communication

Our capability led re-branding has delivered a higher market profile, as well as aligning our 830 staff around the core business values, and the vision, set out as part of the Sirius acquisition process. This new brand better reflects a technology provider of our scale and reach.

We have rolled out the new brand internally and we have started to change our marketing messages externally to reflect the new brand essence of Knowledge, Talent, Technology.

I look forward to leading the business into the coming year and to capitalising on the opportunities that exist against a backdrop of continued and positive market development.



Laurence J B Walker

Chief Executive

SSP HOLDINGS PLC

DIRECTORS' REPORT

Year ended 31 March 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008

PRINCIPAL ACTIVITY AND RESULTS

The principal activity of the group is that of the supply of software products and services to the international insurance company, underwriting and intermediary markets

A full review of the business is set out in the Chairman's and Chief Executive's reports on pages 2 to 5

The directors do not recommend the payment of a dividend on the Ordinary shares

Movements in share capital in the year are shown in note 29 to the financial statements

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served during the year and subsequently were as follows

D A Rasche
L J B Walker
N J Bate
G J Folwell
B Quinn
S Broughton
S J Verrall (appointed 9 July 2007)

Directors' interests in the ordinary share capital and share options of the company are as follows

	Options over		Ordinary shares of 0.1p each	
	2008	2007	2008	2007
	Number	Number	Number	Number
D A Rasche	145,000	-	11,224,686	11,224,686
L J B Walker	160,000	-	6,539,524	6,539,524
N J Bate	145,000	-	3,008,795	3,008,795
G J Folwell	-	-	1,376,742	1,376,742
B Quinn	-	-	10,204	10,204
S Broughton	-	-	20,408	20,408
S J Verrall	-	-	2,224,726	-

ACQUISITIONS

On 9 July 2007, the group acquired the entire share capital of Sirius Financial Solutions Plc for total consideration of £44,182,000, funded by a combination of shares and cash

On 28 March 2008, the group acquired business and assets of CSC Australia Pty Limited, CSC Computer Sciences Pte Limited and CSC Computer Sciences Sdn Bhd for a consideration of £1,008,000, funded by cash

On 30 May 2008, the group acquired the entire share capital of Koukia Pty Limited for a consideration of £1,795,000, funded by cash

Further details are set out in note 31 to the financial statements

CHARITABLE AND POLITICAL CONTRIBUTIONS

The group contributed £31,677 to charities There were no political contributions

SSP HOLDINGS PLC

DIRECTORS' REPORT (continued) Year ended 31 March 2008

SUBSTANTIAL SHAREHOLDINGS

On 30 June 2008, the company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the company

	Percentage of voting rights and issued share capital	Number of ordinary shares
D A Rasche	13.58%	11,224,686
Axa Framlington	13.47%	11,134,199
L J B Walker	7.91%	6,539,524
Artemis Investment Management Limited	7.27%	6,010,000
F&C Asset Management	6.24%	5,155,383
Rensburg Sheppards	4.88%	4,030,000
N J Bate	3.64%	3,008,795
Hermes Pensions Management	3.46%	2,861,935
Aegon UK plc	3.37%	2,786,795
Gartmore	3.05%	2,522,070
Blackrock Investment	3.04%	2,513,311

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and company newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. An employee SAYE share scheme has been introduced and share options were granted to employees in accordance with this scheme on 15 April 2008. It is open to all employees.

DIRECTORS' REPORT (continued) **Year ended 31 March 2008**

CORPORATE GOVERNANCE

The requirements of the combined code of principles of corporate governance set out in the listing rules of the Financial Services Authority are not mandatory for AIM listed companies. However, the directors are committed to complying with the best practice in this area and have adopted certain principles where they have been considered appropriate.

Board of Directors and Board Committees

The Board of Directors, which consists of three executive and four non-executive Directors, is responsible for the Group's system of corporate governance. The role of the non-executive Directors is to bring independent judgement to Board discussions and decisions.

The Board meets at least ten times per year. It has a schedule of matters referred to it for decision, which includes Group strategy and future developments, allocation of financial resources, annual results, major acquisitions, divestments and capital expenditure, reviewing the group's systems of financial control and risk management.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for board and committee meetings. The papers are supplemented by information specifically requested by the directors from time to time.

The Non-Executive Directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the group's and management's performance against agreed objectives.

Chairman

The Chairman is responsible for organising the business of the board and ensuring its effectiveness. The Chairman facilitates the effective contribution of Non-Executive Directors and constructive relations between Executive and Non-Executive Directors, and ensures that directors receive accurate, timely and clear information and ensures effective communication with shareholders.

Senior Non-Executive Director

Gren Folwell, the Senior Independent Director, is always available to meet shareholders on request and to ensure that the board is aware of shareholders' concerns not resolved through the existing mechanisms for investor communication.

The Company has three Board committees, which operate within defined terms of reference.

Nominations Committee

The Nomination Committee, comprising the three Non-executive Directors, Steve Broughton (Chair), Gren Folwell and Barney Quinn, is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

Audit Committee

The Audit Committee, comprising Gren Folwell (Chair), Steve Broughton and Barney Quinn, is responsible for reviewing the results and monitoring the framework of internal control.

DIRECTORS' REPORT (continued) **Year ended 31 March 2008**

Remuneration Committee

The Remuneration Committee, comprising Steve Broughton (Chair), Gren Folwell and Barney Quinn reviews the remuneration of the Executive Directors and any senior executive of the Group and considers the grant of options and payment of performance-related bonuses

Internal Control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. The directors have continued to review the effectiveness of the group's financial and non-financial controls and these reviews have included a report from the external auditor on matters identified in the course of its statutory audit work. On the basis that such a system can only provide reasonable but not absolute assurance against material misstatement or loss and that it relates only to the needs of the business at the time, the system as a whole was found by the Directors at the time of approving the accounts to be appropriate to the size of the business.

Going concern

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

Shareholder Communication

The Executive Chairman and the Finance Director take responsibility for meeting the major shareholders and the Group's broker regularly to develop an understanding of their views which are communicated to the rest of the board. The group also maintains an Investors Information section on its corporate website (www.ssp-uk.com), which contains a wide range of information of interest to institutional and private investors.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in interest rates. The group uses interest rate contracts to hedge these exposures.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

DIRECTORS' REPORT (continued)

Year ended 31 March 2008

Price risk

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

SUPPLIER PAYMENT POLICY

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The average credit period taken on trade purchases is 40 days (2007: 37 days).

ADOPTION OF IFRS

The group is listed on the Alternative Investment Market and as such, it is required to prepare financial statements for the year ending 31 March 2008 in accordance with IFRS.

The financial information reported in the financial statements has therefore been prepared in accordance with IFRS and comparative information has been restated accordingly. The effect of the restatement of prior periods results and balance sheets in accordance with IFRS and the reconciliations from UK GAAP to IFRS are set out in note 36 to these interim financial statements.

In adopting IFRS, we have:

- Reversed the goodwill amortisation charged during the year ended 31 March 2007 and frozen the goodwill balance as at 1 April 2006. Under IFRS, goodwill is subject to an annual review for impairment rather than being amortised.
- Reclassified capitalised software from tangible fixed assets to intangible fixed assets with a corresponding reclassification of the related amortisation charge from depreciation to amortisation.
- Capitalised certain product development costs which satisfy the criteria in IAS 38.
- Recorded the fair value of our interest rate collar on the balance sheet with movements in the fair value being reflected through the income statement. Accounting for the interest rate collar has no impact on the restatement of prior periods as the fair value of such instruments in prior periods is immaterial.
- Attributed a value to the separable intangible assets within the acquisition of Sirius Financial Solutions Plc in the current period and the South African business in the prior period with a charge for amortisation over the useful economic life along with a corresponding deferred tax liability.

The change to IFRS has had no impact on the group's cash flows.

SSP HOLDINGS PLC

DIRECTORS' REPORT (continued) **Year ended 31 March 2008**

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

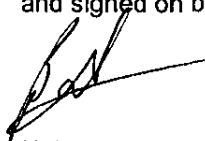
- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- Each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



N J Bate
Company Secretary
22 July 2008

DIRECTORS' REMUNERATION REPORT
Year ended 31 March 2008

The directors present their remuneration report for the year ended 31 March 2008. Although not required to do so by Schedule 7A to the Companies Act or by the listing rules of the Financial Services Authority, the directors present this information in order to comply with best practice in this area.

REMUNERATION COMMITTEE

The Remuneration Committee of the board is responsible for ensuring that the remuneration packages provided to Executive Directors are appropriate to individual levels of experience, responsibility and performance and that the Group's remuneration policy is in line with the principles of good corporate governance.

The Remuneration Committee is composed entirely of the Non-Executive Directors who have no financial interest in the group (other than as shareholders), no personal interest in the Committee's decisions, and no involvement in the day-to-day management of the group's operations. The members of the Committee during the year were Steve Broughton (Chair), Gren Folwell and Barney Quinn.

The Committee usually meets at least twice a year. The Chairman is normally invited to attend its meetings in order to make recommendations concerning remuneration and external advice is obtained when necessary. The Chairman is not present when his own remuneration is being discussed.

REMUNERATION POLICY

The group's policy on directors' remuneration is that its remuneration packages should be capable of attracting, rewarding and retaining both Executive and Non-Executive Directors who have the skills, experience and expertise that will enable the group to deliver superior levels of shareholder return.

Account is taken of the salary and total remuneration levels prevailing in comparable jobs in similar size organisations, together with the individual performance and contribution of each of the Executive Directors.

The remuneration of Executive Directors consists of base salary, performance related bonus, benefits in kind (a car or car allowance, medical expenses insurance, life assurance and income protection insurance), share options and pension provision.

All Executive Directors participate in a bonus scheme that is related to consolidated group profitability. Remuneration details of each director are given on page 13.

SERVICE CONTRACTS

Executive Directors are all employed under agreements which set out their responsibilities and obligations to the group, and the terms of their employment include a twelve month rolling notice period and meet the requirements of the Combined Code. None of the service contracts contain any specific termination provisions. The board notes and has reviewed the provision of the Combined Code concerning notice periods and the ABI/NAPF joint guidelines on service contracts. In agreeing these contracts, account has been taken of the board's wish to retain people of high calibre. Unless the interests of the group require otherwise (which it is anticipated will only be in exceptional circumstances), it is the board's intention that any future executive appointments to the board will be on the basis that notice periods will not exceed twelve months, or if they do this will only be for a short initial term.

In the event of early termination, the Remuneration Committee will take careful account of the prevailing circumstances in awarding compensation and will take appropriate professional advice to ensure that best practice is consistent with the parties' contractual rights. The Committee would look favourably on a request by an Executive Director to take up a non-executive appointment at a non-competing company having regard to the time commitment that this would entail compared to the benefits that it could bring the group.

SSP HOLDINGS PLC

DIRECTORS' REMUNERATION REPORT (continued)

Year ended 31 March 2008

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors receive fees for their services, which are determined by the Executive Directors

The Non-Executive Directors have letters of appointment, with rolling notice periods of twelve months or shorter. They are not eligible for pension scheme membership or for contributions to their own individual pension schemes, receive no benefits in kind, and do not participate in any profit sharing, share option or other incentive schemes.

DIRECTORS' EMOLUMENTS

						Company Contributions to Money Purchase Pension Schemes	
	Salary & Fees £000	Bonus £000	Benefits £000	Total 2008 £000	Total 2007 £000	2008 £000	2007 £000
<u>Aggregate remuneration</u>							
<u>Executive Directors</u>							
David Rasche	200	70	18	288	267	40	40
Laurence Walker	216	67	16	299	250	-	-
Nick Bate	171	53	16	240	200	-	-
<u>Non-Executive Directors</u>							
Gren Folwell	37	-	-	37	34	-	-
Steve Broughton	32	-	-	32	15	-	-
Barney Quinn	29	-	-	29	18	-	-
Stephen Verrall	41	-	-	18	-	-	-
Totals	726	190	50	966	784	40	40

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT ON THE GROUP FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SSP HOLDINGS PLC

We have audited the group financial statements of SSP Holdings plc for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 36. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of SSP Holdings plc for the year ended 31 March 2008.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the group financial statements give a true and fair view, whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Report and the Chief Executive's Report that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

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

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 group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group'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 group 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 group financial statements.

INDEPENDENT AUDITORS' REPORT ON THE GROUP FINANCIAL STATEMENTS

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its profit for the year then ended,
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation,
- the information given in the Directors' Report is consistent with the group financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds, England
22 July 2008

SSP HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Revenue	4	64,405	38,621
Cost of sales		(37,674)	(23,026)
Gross profit		26,731	15,595
Operating expenses			
– distribution costs		(2,589)	(2,108)
– administration expenses		(8,824)	(3,459)
– intangible amortisation		(1,219)	(287)
– reorganisation costs		(1,331)	-
– share option expense		(105)	(236)
Total operating expenses		(14,068)	(6,090)
Operating profit		12,663	9,505
Investment revenue	9	98	140
Other gains and losses	10	(1,094)	-
Finance costs	11	(2,832)	(3,262)
Profit before taxation		8,835	6,383
Taxation	12	(2,871)	1,106
Profit for the period attributable to equity holders of the parent	6	5,964	7,489
Earnings per share			
- Basic and Diluted	14	7 50p	13 55p
- Pre-tax adjusted Basic and Diluted	14	15 82p	12 49p

All of the above results arose from continuing operations

SSP HOLDINGS PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE Year ended 31 March 2008

	2008 £'000	2007 £'000
Exchange differences on translation of foreign operations	(49)	-
Equity settled share based payments recognised in equity	105	236
Deferred tax on items recognised directly in equity	29	-
	<hr/>	<hr/>
	85	236
Profit for the period	5,964	7,489
	<hr/>	<hr/>
Total recognised income and expense for the period	<u>6,049</u>	<u>7,725</u>

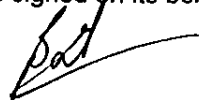
SSP HOLDINGS PLC

CONSOLIDATED BALANCE SHEET As at 31 March 2008

	Note	2008 £'000	2007 £'000
Non-Current Assets			
Goodwill	15	76,880	42,996
Other intangible assets	16	15,723	1,033
Property, plant & equipment	17	3,988	1,731
		<u>96,591</u>	<u>45,760</u>
Current assets			
Inventories	19	169	94
Trade and other receivables	20	25,281	11,655
Corporation tax	12	-	841
Cash and cash equivalents	21	-	6,089
		<u>25,450</u>	<u>18,679</u>
Total current assets			
		25,450	18,679
Current Liabilities			
Bank overdraft	24	1,597	-
Trade and other payables	22	16,637	7,150
Corporation tax		1,549	-
Obligations under finance leases	25	140	-
Deferred consideration	23	89	4,177
Bank loans	24	6,735	1,500
Provisions	27	133	-
		<u>26,880</u>	<u>12,827</u>
Total current liabilities			
		26,880	12,827
Net Current (Liabilities)/Assets		(1,430)	5,852
Non-Current Liabilities			
Bank loans	24	31,368	13,927
Obligations under finance leases	25	40	-
Provisions	27	822	-
Derivative financial instruments		1,094	-
Deferred tax liability	12	3,399	386
		<u>36,723</u>	<u>14,313</u>
Total non-current liabilities			
		36,723	14,313
Net assets		<u>58,438</u>	<u>37,299</u>
Equity			
Share capital	29	83	72
Share premium account	30	29,372	14,293
Merger reserve	30	15,143	15,143
Capital redemption reserve	30	50	50
Translation reserve	30	(49)	-
Retained earnings	30	13,839	7,741
		<u>58,438</u>	<u>37,299</u>
Equity attributable to equity holders of the parent		<u>58,438</u>	<u>37,299</u>

These financial statements were approved by the Board of Directors and authorised for issue on 22 July 2008. They were signed on its behalf by

NJ Bate



Director

SSP HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Net cash flows from operating activities	32	5,767	7,368
Investing activities			
Purchases of property, plant and equipment		(1,178)	(1,119)
Purchase of intangible assets		(321)	(362)
Expenditure on product development		(1,942)	(304)
Acquisition of subsidiary undertakings and businesses		(32,966)	357
Payment of deferred consideration		(4,177)	(2,285)
Net cash used in investing activities		<u>(40,584)</u>	<u>(3,713)</u>
Financing activities			
Dividends paid		-	(8)
Repayment of loans		(20,677)	(29,758)
Repayment of obligations under finance leases		(158)	(18)
Proceeds on issue of shares		4,802	14,083
New loans		43,353	15,427
Net cash from/(used in) financing activities		<u>27,320</u>	<u>(274)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(7,497)</u>	<u>3,381</u>
Cash and cash equivalents at beginning of year		6,089	2,708
Effect of foreign exchange rate changes		(189)	-
Cash and cash equivalents at end of year		<u><u>(1,597)</u></u>	<u><u>6,089</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2008

1 GENERAL INFORMATION

SSP Holdings plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 6.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS1 concerning the transition from UK GAAP to IFRSs are given at note 36. The financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

At the date of approval of these financial statements the following standards and interpretations, were in issue but not yet effective and have not been applied in these financial statements:

IFRIC 14 The limit on a defined benefit asset, Minimum funding requirements and their interaction

IFRIC 11 IFRS 2 Group and Treasury Share Transactions

IFRIC 12 Service Concession Arrangements

IFRIC 13 Customer Loyalty Programs

IFRS 8 Operating Segments

IAS 23 (revised) borrowing costs

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group, except for additional disclosures on operating segments when the relevant standards come into effect for periods commencing on or after 1 January 2008.

The financial statements have been prepared on the historical cost convention as modified by the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS5 'Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising on acquisition before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

Revenue recognition

Revenue in respect of goods and services supplied in the normal course of business is measured at the fair value of consideration received or receivable, net of discounts, VAT and other sales related taxes.

Revenue from the supply of software licenses is recognised when the licence is issued, a legally binding commitment exists, and no significant costs remain in respect of outstanding licence obligations to the customer.

Revenue from installation, consultancy, support and training chargeable on a time and materials basis is recognised with respect to the amount of work performed.

Services and maintenance revenue billed to customers which relates to subsequent accounting periods is deferred and is recognised equally over the period that the service is to be provided.

Revenue from contracts that contain multiple elements is allocated on the basis of the fair value of each element. Where revenue streams are linked in a way that the contractual obligations to the customer in respect of the individual elements of the contract cannot be separated, revenue is recognised over the contract period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided so as to write-off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

The useful lives used to calculate depreciation are as follows:

Plant and equipment	3 years
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Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Separately identifiable intangible assets that are acquired in a business combination are recognised at their fair value at the date of acquisition, and subsequently amortised over their expected useful lives. Intangible assets and related useful economic lives are as follows:

Technology-related (core technology and specific in-house software)	4 to 11 years
Marketing-related (product brands)	4 to 11 years
Customer-related (customer contracts and customer relationships)	3 to 13 years
Third party software licences	3 years

Internal software research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on software development is capitalised only if the expenditure relates to a separately identifiable asset, is probable that incremental future economic benefits will flow, the technical and commercial feasibility of the asset has been established, and the costs incurred in developing it can be measured reliably. Amortisation of capitalised software development expenditure is not recognised until economic benefits flow from commercial trading of the related product.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include those incurred in bringing each product to its present location and condition. Net realisable value is based on an estimate of selling price less further costs expected to be incurred to completion and disposal.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the parent company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling denominated assets and liabilities.

Retirement benefit costs

The Group operates defined contribution retirement benefit schemes for eligible employees. Contributions are charged as an expense to the income statement as they become payable in accordance with scheme rules.

Leasing and hire purchase commitments

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Operating profit

Operating profit is stated after charging restructuring costs but before investment revenues and finance costs.

Financial instruments

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

Financial assets are classified as 'loans and receivables' and financial liabilities are classified as 'other financial liabilities' within the meaning of IFRS7 'Financial instruments: Disclosure' other than interest rate collar derivative financial instruments that are classified as at fair value through profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the historic average, as well as observable changes in economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised would have been had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement by applying the effective interest rate.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, notably through interest rate collar arrangements. Further details of derivative financial instruments are disclosed in note 28 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured at their fair value at each balance sheet date. The fair value of the Group's interest rate collar derivative financial instrument is based upon the present value of future estimated cash flows discounted based upon applicable yield curves derived from quoted interest rates.

The Group does not adopt hedge accounting and changes in the fair value of derivative financial instruments are recognised in the income statement as they arise. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Share-based payments

The Group has applied the requirements of IFRS2 'Share-based Payment' In accordance with the transitional provisions, IFRS2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 April 2006

The Group issues equity-settled share-based payments to certain employees and operates an Inland Revenue approved SAYE scheme that allows the grant of share options at a discount to the market price at the date of invitation Equity-settled share-based payments 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 equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

The fair value is calculated using the Black-Scholes option pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors considered to be relevant Actual results may differ from these estimates

The critical judgements that have been made and the key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements are set out below

Revenue recognition

Where the supply of goods and services to a customer includes multiple elements comprising more than one of software licenses, installation, consultancy, support, training, service and maintenance elements, the directors make judgements as to the amount and timing of revenue recognition by reference to the specific customer contract, the nature of services rendered, delivery of services and the Group's accounting policies in relation to revenue recognition

Acquisitions and impairment of goodwill

When acquiring a business, the directors have to make judgements and best estimates about the fair value allocation of the purchase price to cash-generating units The Group assesses annually whether goodwill has suffered any impairment, in accordance with the relevant accounting policy, and the recoverable amounts of cash-generating units determined based on value-in-use calculations that require the use of estimates

Acquisitions and recoverability of intangible assets

When acquiring a business, the directors have to make judgements and best estimates about the fair value of intangible assets acquired The directors have considered the recoverability of the Group's internally generated intangible asset, comprising capitalised research and development expenditure in connection with its InsureJ product, and its other intangible assets, comprising core technology and specific in-house software, product brands, customer contracts and customer relationships, based on value-in-use calculations that require the use of estimates In particular, the directors have made judgements as to anticipated revenues from the InsureJ project having regard to its technical and commercial progress

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Fair value of derivative and other financial instruments

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

4 REVENUE

The Group's revenue is derived entirely from the rendering of software and services to its customers, with the exception of investment revenue disclosed at note 9 to the consolidated financial statements.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's business comprises the supply of software products and services to the international insurance company, underwriting and intermediary markets. The dominant source and nature of the group's risks and returns are derived from the Insurance sector from which the group's revenues are derived.

The most significant geographical territory from which the Group derives 88% of its revenues is the United Kingdom. The Group's principal overseas operations are located in North America, Europe, South Africa, India, and Australasia. The currency, economic and political risks to which these overseas operations are exposed are significantly different. None of these contribute more than 10 per cent of the group's revenues, nor do they constitute more than 10 per cent of the group's assets.

Segment information about these businesses is presented below.

2008	United Kingdom £'000	Other £'000	Total £'000
Revenue	56,623	7,782	64,405
Result	21,562	3,478	25,040
Unallocated corporate expenses			(12,377)
Operating profit			12,663
Investment revenues			98
Other gains and losses			(1,094)
Finance costs			(2,832)
Profit before tax			8,835
Taxation			(2,871)
Profit for the period			5,964
Capital additions	3,161	280	3,441
Depreciation and amortisation	2,273	191	2,464
Segment assets	116,713	5,328	122,041
Segment liabilities	61,929	1,674	63,603

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

2007	United Kingdom £'000	Other £'000	Total £'000
Revenue	37,773	848	38,621
Result	13,905	257	14,162
Unallocated corporate expenses			(4,657)
Operating profit			9,505
Investment revenues			140
Other gains and losses			-
Finance costs			(3,262)
Profit before tax			6,383
Taxation			1,106
Profit for the period			7,489
Capital additions	1,783	2	1,785
Depreciation and amortisation	1,580	12	1,592
Segment assets	63,304	1,135	64,439
Segment liabilities	25,548	1,592	27,140

6 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting)

	2008 £'000	2007 £'000
Depreciation of property, plant and equipment		
- owned plant and equipment	1,105	1,305
- assets held under finance leases	140	-
Amortisation of intangible assets	1,219	287
Impairment of goodwill	-	-
Operating lease rentals		
- land and buildings	1,031	328
- plant and equipment	572	310
Cost of inventories recognised as expense	2,152	1,224
Impairment loss recognised on trade receivables	455	116
Staff costs	25,309	15,522
Share-based payments	105	236
Auditors' remuneration		
- audit services		43
- non-audit services		66
Net foreign exchange losses/(gains)	113	-
Re-organisation costs	1,331	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Re-organisation costs represent the costs of activities connected with the operational integration of the acquired business of Sirius Financial Solutions plc with the Group, including staff redundancy costs

7. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows

	2008 £'000	2007 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts		35
Fees payable to the company's auditors and their associates for other services to the Group		
- The audit of the company's subsidiaries pursuant to legislation		8
Total audit fees		43
- Other services pursuant to legislation		
- Tax services		66
- Corporate finance services		-
- Other services		-
Total non-audit fees		66

Fees payable to Deloitte and Touche LLP for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis

8. STAFF COSTS

The average monthly number of employees (including executive directors) was as follows

	2008 Number	2007 Number
Production	537	321
Administration	46	25
	583	346

Their aggregate remuneration comprised

	2008 £'000	2007 £'000
Wages and salaries	21,864	13,214
Social security costs	2,187	1,432
Other pension costs	1,258	876
	25,309	15,522

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

9. INVESTMENT REVENUE

	2008 £'000	2007 £'000
Bank interest receivable	<u>98</u>	<u>140</u>

No investment revenue has been earned on financial assets other than loans and receivables (including cash and bank balances)

10. OTHER GAINS AND LOSSES

	2008 £'000	2007 £'000
Movement in the fair value of financial derivative instrument – interest rate collar	<u>1,094</u>	<u>-</u>

11. FINANCE COSTS

	2008 £'000	2007 £'000
Interest on bank loans and overdrafts	2,695	2,399
Interest on obligations under finance leases	39	-
Amortisation of debt issue costs	98	863
	<u>2,832</u>	<u>3,262</u>

12. TAXATION

The Group tax charge recognised in the income statement comprises

	2008 £'000	2007 £'000
Corporation tax		
- current year UK corporation tax	3,477	(804)
- adjustment to prior years' UK corporation tax	-	(109)
Total corporation tax	<u>3,477</u>	<u>(913)</u>
Deferred tax		
- current year deferred tax	(606)	2
- adjustment to prior years' deferred tax	-	(195)
Total deferred tax	<u>(606)</u>	<u>(193)</u>
Total tax on profit on ordinary activities	<u>2,871</u>	<u>(1,106)</u>
Tax on items charged to equity		
- deferred tax on share options	<u>(29)</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Corporation tax is calculated at 30% (2007 30%) of the estimated assessable profit for the year
 The charge for the year can be reconciled to the profit per the income statement as follows

		2008		2007
	%	£'000	%	£'000
Profit on ordinary activities before taxation		8,835		6,383
Tax using the UK corporation tax rate		2,651		1,915
Tax relief on share options		-		(2,755)
Expenses not deductible for tax purposes		256		38
Movement in unprovided deferred tax losses		(88)		-
Effect of tax rate changes		26		-
Adjustment in respect of foreign tax rates		26		-
Adjustment to prior period UK corporation tax		-		(109)
Adjustment to prior period deferred tax		-		(195)
Total tax in income statement	32.5	2,871	(17.3)	(1,106)

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period

	Intangible assets £'000	Other £'000	Total £'000
At 1 April 2006		457	457
Charge to income		(193)	(193)
Recognition of intangible assets	122	-	122
At 1 April 2007	122	264	386
Charge to income	(592)	(14)	(606)
Charge to equity	-	(29)	(29)
On acquisition of business	-	(166)	(166)
Recognition of intangible assets	3,814	-	3,814
At 31 March 2008	3,344	55	3,399

At the balance sheet date, the gross amount of undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £1,352,000 (2007 £187,000). No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries because the Group is in a position to control the timing and reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

As at the balance sheet date, deferred tax assets of £220,000 (2007 £Nil) are not recognised owing to uncertainty as to their recoverability in the foreseeable future.

13. DIVIDENDS

	2008 £'000	2007 £'000
Amounts recognised as distributions to equity holders in the period	-	8

No dividends are proposed for the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

14 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following

	2008	2007
	£'000	£'000
Profit for the period attributable to equity holders	<u>5,964</u>	<u>7,489</u>
	No.	No.
Number of shares		
Basic weighted average number of ordinary shares	<u>79,561,751</u>	<u>55,288,383</u>
Basic and diluted earnings per share	<u>7 50p</u>	<u>13 55p</u>

There is no dilutive impact of outstanding share options

The calculation of pre-tax adjusted earnings per share is based on the following

	2008	2007
	£'000	£'000
Profit for the period attributable to equity holders	5,964	7,489
Adjustments to earnings		
Taxation	2,871	(1,106)
Interest rate collar expense	1,094	-
Intangible amortisation	1,219	287
Re-organisation costs	1,331	-
Share option expense	<u>105</u>	<u>236</u>
Adjusted earnings	<u>12,584</u>	<u>6,906</u>
Basic and diluted pre-tax adjusted earnings per share	<u>15 82p</u>	<u>12 49p</u>

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

15 GOODWILL

	Total £'000
Cost	
At 1 April 2006	43,342
Additions	788
Adjustments to consideration for prior year acquisitions	(1,134)
	<hr/>
At 31 March 2007	42,996
Additions	33,762
Adjustments to consideration for prior year acquisitions	122
	<hr/>
At 31 March 2008	76,880
	<hr/>
Accumulated impairment losses	
At 1 April 2006	-
Impairment losses for the year	-
	<hr/>
At 31 March 2007	-
Impairment losses for the year	-
	<hr/>
At 31 March 2008	-
	<hr/>
Net book value	
At 31 March 2008	76,880
	<hr/>
At 31 March 2007	42,996
	<hr/>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following cash generating units of the Group:

	2008 £'000	2007 £'000
SSP	42,434	42,434
I90 (Africa) Software	684	562
Sirius Financial Solutions	33,009	-
I90 Australia	753	-
	<hr/>	<hr/>
	76,880	42,996
	<hr/>	<hr/>

Goodwill is tested for impairment annually at the balance sheet date or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill as at 31 March 2008 was measured on the basis of the value in use of each cash generating unit. As this exceeded carrying value in each case, no impairment losses have been recognised.

The key assumptions used in the value in use calculations are future revenue projections, and the continuing availability of skilled resources to maintain the competitive position of each cash generating unit's products and services. The most recent financial results and internal budgets were used, and extrapolated over a five year period by applying a weighted average annual growth rate of 6.4%. For the purpose of testing for impairment no long-term growth is assumed beyond this five year period and a post-tax discount rate of 11% is applied based upon historic growth trends and the Group's calculated weighted average cost of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

16 OTHER INTANGIBLE ASSETS

	Tech- nology- related £'000	Marketing -related £'000	Customer -related £'000	Third- party software £'000	Develop- ment costs £'000	Total £'000
Cost						
At 1 April 2006	-	-	-	961	-	961
Acquisition of business	183	21	201	-	-	405
Additions	-	-	-	362	100	462
Internally generated	-	-	-	-	204	204
At 31 March 2007	183	21	201	1,323	304	2,032
Acquisition of business	6,139	708	6,729	70	-	13,646
Additions	-	-	-	321	1,117	1,438
Internally generated	-	-	-	-	825	825
At 31 March 2008	6,322	729	6,930	1,714	2,246	17,941
Amortisation						
At 1 April 2006	-	-	-	712	-	712
Charge for the year	-	-	-	287	-	287
At 31 March 2007	-	-	-	999	-	999
Charge for the year	358	55	497	310	-	1,219
At 31 March 2008	358	55	497	1,309	-	2,218
Net book value						
At 31 March 2008	5,964	675	6,433	405	2,246	15,723
At 31 March 2007	183	21	201	324	304	1,033

Included within capitalised development costs above are internally generated development costs of £1,029,000

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

17 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000
Cost	
At 1 April 2006	3,004
Acquisition of business	2
Additions	1,119
Disposals	-
	<hr/>
At 31 March 2007	4,125
Acquisition of business	2,324
Additions	1,178
Disposals	-
	<hr/>
At 31 March 2008	7,627
	<hr/>
Accumulated depreciation	
At 1 April 2006	1,089
Disposals	-
Charge for the year	1,305
	<hr/>
At 31 March 2007	2,394
Disposals	-
Charge for the year	1,245
	<hr/>
At 31 March 2008	3,639
	<hr/>
Net book value	
At 31 March 2008	3,988
	<hr/>
At 31 March 2007	1,731
	<hr/>

The net book value of property, plant and equipment includes an amount of £216,000 (2007 £Nil) in respect of assets held under finance leases

The Group's borrowings are secured against the assets of the Group including property, plant and equipment

18. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given in note 4 to the company's financial statements

19. INVENTORIES

	2008 £'000	2007 £'000
Goods held for resale	169	94
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

20. TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
Amount receivable for the sale of products and services	14,553	6,463
Allowance for doubtful debts	2,028	440
	<u>12,525</u>	<u>6,023</u>
Trade receivables	12,525	6,023
Prepayments	1,053	802
Other debtors and accrued income	11,703	4,830
	<u>25,281</u>	<u>11,655</u>

The average credit period taken on trade receivables is 48 days (2007 27 days) No interest is charged on overdue amounts An allowance has been made for estimated irrecoverable amounts from trade receivables comprising specific amounts, the recovery of which are considered doubtful, and general provision for overdue amounts which may become irrecoverable, determined by reference to past default experience

Movement in the allowance for doubtful debts

	2008 £'000	2007 £'000
Balance at the beginning of the period	440	974
Acquisition of business	1,509	-
Impairment losses recognised	455	116
Amounts written off as uncollectible	(249)	(247)
Amounts recovered during the year	-	-
Impairment losses reversed	(127)	(403)
	<u>2,028</u>	<u>440</u>

Included in the Group's trade receivables balance are debtors with a carrying amount of £5,597,000 (2007 £1,311,000) which are past due at the reporting date and for which no allowance has been made as there has not been a significant change in credit quality and the amounts are considered recoverable The Group does not hold any collateral over these balances The average age of these receivables is 67 days (2007 46 days)

Ageing of trade receivables past due but not impaired

	2008 £'000	2007 £'000
60 – 90 days	5,062	1,292
90 – 120 days	391	19
More than 120 days	144	-
	<u>5,597</u>	<u>1,311</u>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being large and unrelated

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts

Included in the allowance for doubtful debts are individually impaired receivables with a balance of £2,028,000 (2007 £440,000) The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of expected recoveries The Group does not hold any collateral over these balances

Ageing of impaired trade receivables

	2008 £'000	2007 £'000
60 – 90 days	70	-
90 – 120 days	583	284
More than 120 days	1,375	156
Total	<u>2,028</u>	<u>440</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value

21 CASH AND CASH EQUIVALENTS

	2008 £'000	2007 £'000
Cash and cash equivalents	<u>-</u>	<u>6,089</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates to their fair value

22. TRADE AND OTHER PAYABLES

	2008 £'000	2007 £'000
Trade payables	2,359	1,300
Other taxation and social security	3,174	1,755
Accruals and deferred income	11,104	4,095
	<u>16,637</u>	<u>7,150</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken on trade purchases is 40 days (2007 37 days)

Deferred income represents revenue billed to customers which relates to subsequent accounting periods

The directors consider that the carrying amount of trade payables approximates to their fair value

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

23 DEFERRED CONSIDERATION

	2008 £'000	2007 £'000
Deferred consideration - included in current liabilities	89	4,177

Deferred consideration at the balance sheet date relates to the acquisition of business and assets of CSC Australia Pty Limited, CSC Computer Sciences Pte Limited and CSC Computer Sciences Sdn Bhd. Deferred consideration relating to the acquisition of Holdgrove Limited on 2 December 2005 was settled during the year.

24. BANK OVERDRAFT AND LOANS

	2008 £'000	2007 £'000
Secured borrowing at amortised cost		
Bank overdraft	1,597	-
Bank loans	38,103	15,427
	<u>39,700</u>	<u>15,427</u>
Total bank overdraft and loans	<u>39,700</u>	<u>15,427</u>
Amount due for settlement within 12 months	<u>8,332</u>	<u>1,500</u>
Amount due for settlement after 12 months	<u>31,368</u>	<u>13,927</u>

The Group's borrowings are made under the terms of a facility agreement with its bankers. The principal features of the facility include a £35m term loan facility repayable quarterly in 20 equal instalments commencing 30 September 2007, and a £20m revolving facility repayable on the last day of each quarterly interest period and in full by 30 June 2012. Interest on these facilities is calculated at LIBOR plus 1.5 per cent per annum.

A reducing portion of the interest on these facilities is hedged by way of Interest Rate Collar derivative financial instruments comprising a Floor Rate of 6.19 per cent per annum, and a Cap Rate of 6.95 per cent per annum. The term of the derivative financial instrument is to 19 July 2011 and the amount of borrowings to which the Interest Rate Collar applies at the reporting date is £33.9m.

All bank loans are denominated in sterling. The carrying amount of the Group's borrowings approximates to their fair value.

The Group's borrowings are secured against the assets of the Group.

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

25 OBLIGATIONS UNDER FINANCE LEASES

	2008 £'000	2007 £'000
Amounts payable under finance leases		
Within one year	155	-
Between two and five years	45	-
	<u>200</u>	<u>-</u>
Less future finance charges	(20)	-
	<u>180</u>	<u>-</u>
Current obligation	140	-
Non-current obligation	40	-
	<u>180</u>	<u>-</u>

The Group leases certain of its plant and equipment under finance leases. The average lease term is 3 years. For the year ended 31 March 2008, the average effective borrowing rate was 9.5%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis.

All lease obligations are denominated in sterling.

The fair value of the Group's lease obligations approximates their carrying amount.

26. OPERATING LEASE ARRANGEMENTS

	Land and buildings 2008 £'000	Land and buildings 2007 £'000	Other 2008 £'000	Other 2007 £'000
Minimum lease payments under operating leases recognised as an expense in the year	<u>1,031</u>	<u>328</u>	<u>572</u>	<u>310</u>

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

	Land and buildings 2008 £'000	Land and buildings 2007 £'000	Other 2008 £'000	Other 2007 £'000
Within one year	1,210	500	424	380
Between two and five years	2,790	1,378	319	454
After five years	545	323	-	-
	<u>4,545</u>	<u>2,201</u>	<u>743</u>	<u>834</u>

Operating lease payments represent rentals payable by the Group for office premises and for motor vehicles.

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

27 PROVISIONS

	Vacant leasehold £'000
At 1 April 2007	-
On acquisition of subsidiary	1,066
Utilisation of provision	(111)
	<hr/>
At 31 March 2008	955
	<hr/>
Included in current liabilities	133
Included in non-current liabilities	822
	<hr/>
	955
	<hr/>

The provision relates to lease obligations assumed upon acquisition of Sirius Financial Solutions plc in relation to premises which are vacant and currently unsuitable for occupation

Utilisation of the provision and the corresponding outflow of economic benefits are expected to occur evenly over the term of the lease obligation which expires in May 2015

28 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the balance between debt and equity. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 29, and 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

Gearing ratio

The Group's management reviews the capital structure periodically and, in doing so, considers the cost of capital and the risks associated with each class of capital

The gearing ratio at the year end was as follows

	2008 £'000	2007 £'000
Debt	38,372	19,604
Cash and cash equivalents	1,597	(6,089)
Net debt	<u>39,969</u>	<u>13,515</u>
Equity	<u>58,438</u>	<u>37,299</u>
Net debt to equity ratio	<u>68%</u>	<u>36 %</u>

Debt is defined as long- and short-term borrowings, as detailed in note 24. Equity includes all capital and reserves of the Group attributable to equity holders of the parent

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements

Categories of financial instruments

The carrying amounts of the Group's financial instruments are disclosed in the notes to the financial statements. The Group's financial assets are categorised as 'loans and receivables' within the meaning of IFRS 7 'Financial instruments: disclosures' and are measured at amortised cost. The Group's financial liabilities are measured at amortised cost. The Group's interest rate collar derivative financial instruments are classified as at fair value through profit or loss.

Financial risk management objectives

The Group's activities expose it to a number of risks that include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow risk.

The Group seeks to manage the effects of these risks through application of policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, and the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are monitored on an ongoing basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities		Assets	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Danish Krone	18	26	171	418
Euro	81	75	194	377
Rand	929	79	1,181	374
New Zealand Dollar	196	-	923	-
Indian Rupee	47	-	257	-
US Dollar	307	-	1,447	-

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies. This sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity when sterling strengthens by 10%. For a 10% weakening in sterling there would be an equal and opposite impact on the profit and other equity.

	Impact on profit or loss		Impact on equity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Danish Krone	14	9	(4)	16
Euro	2	-	5	19
Rand	46	-	(30)	19
New Zealand Dollar	1	-	45	-
Indian Rupee	(12)	-	25	-
US Dollar	30	-	43	-

The Groups' sensitivity to foreign currency has increased during the reporting period owing to the acquisition of a number of overseas subsidiaries during the year.

Interest rate risk management

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest collar arrangements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of derivative financial instruments is governed by the Group's treasury policies as approved by the board of directors which determines the principles for the Group's use of financial instruments. The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates of financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the year would correspondingly decrease/increase by £20,000 (2007: £54,000). The Group's sensitivity to interest rates reflects the effect of the interest rate collar assuming no significant impact of the effect of changes in interest rates on the fair value of the interest rate collar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This is influenced by information supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed periodically.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities. Concentration of credit did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements, which are reviewed monthly. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At 31 March 2008, the Group had available £10m (2007 £4m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The amount of such facilities reflects the reduction in the £35m term loan facility corresponding to loan repayments made.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows having regard to interest rates at the reporting date.

	Weighted average effective interest rate %	Less than 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
2007							
Trade payables	-	1,300	-	-	-	-	1,300
Deferred consideration	-	-	-	4,177	-	-	4,177
Bank loans	7.1%	88	677	2,244	15,257	-	18,266
		<u>1,388</u>	<u>677</u>	<u>6,421</u>	<u>15,257</u>	<u>-</u>	<u>23,743</u>
2008							
Trade payables	-	2,359	-	-	-	-	2,359
Finance leases	9.5%	13	26	116	44	-	199
Bank loans	7.2%	232	2,215	7,157	38,277	-	47,881
		<u>2,604</u>	<u>2,241</u>	<u>7,273</u>	<u>38,321</u>	<u>-</u>	<u>50,439</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

The Group has no non-derivative financial assets except for trade receivables, disclosed at Note 20.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up on the basis of the undiscounted cash inflows/(outflows) projected to arise in relation to the Group's interest rate collar derivative financial instruments having regard to interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
2007						
Interest rate collar	-	-	-	-	-	-
2008						
Interest rate collar	(11)	(13)	(61)	(190)	-	(276)

29. SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
120,000,000 (2007: 120,000,000) Ordinary Shares of 0.1p each	120	120
Issued and fully paid		
82,631,604 (2007: 71,662,762) Ordinary Shares of 0.1p each	83	72

The company has one class of ordinary shares which carries no right to fixed income. During the year 10,643,848 Ordinary shares of 0.1p each were allotted in consideration for the acquisition of Sirius Financial Solutions Plc. A further 324,994 Ordinary shares of 0.1p each were allotted to option holders upon exercise of share options previously granted.

The Group operates a Discretionary Share Option Plan for executives and employees. The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below. Share options outstanding at 31 March 2007 relate to share options granted under an Enterprise Management Incentive scheme that were exercised during the year.

Date of grant	Exercise price (p)	Exercise period	2008 Number	2007 Number
29 March 2004	7.9	29/3/2004 – 29/3/2014	-	10,880
3 December 2007	147.5	3/12/2010 – 3/12/2017	1,390,900	-
9 January 2008	147.5	9/1/2011 – 9/1/2018	450,000	-
			1,840,900	10,880

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

30 STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Merger reserve £'000	Capital redemp- tion reserve £'000	Other reserve £'000	Transl- ation reserve	Share premium account £'000	Retained earnings £'000	Total £'000
At 1 April 2006	-	15,143	-	664	-	282	(590)	15,499
Retained profit for the period	-	-	-	-	-	-	7,489	7,489
Issue of shares	72	-	-	-	-	14,011	-	14,083
Credit to equity for equity settled share based payments	-	-	-	-	-	-	236	236
Dividends	-	-	-	-	-	-	(8)	(8)
Redemption of preference shares	-	-	50	-	-	-	(50)	-
Transfer	-	-	-	(664)	-	-	664	-
At 31 March 2007	72	15,143	50	-	-	14,293	7,741	37,299
Retained profit for the period	-	-	-	-	-	-	5,964	5,964
Issue of shares	11	-	-	-	-	15,079	-	15,090
Exchange differences on retranslation of overseas operations	-	-	-	-	(49)	-	-	(49)
Deferred tax on items recognised directly in equity	-	-	-	-	-	-	29	29
Credit to equity for equity settled share based payments	-	-	-	-	-	-	105	105
At 31 March 2008	83	15,143	50	-	(49)	29,372	13,839	58,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

31. ACQUISITION OF SUBSIDIARY

On 9 July 2007, the Group acquired 100 per cent of the issued share capital of Sirius Financial Solutions plc for a total consideration of £44.2m funded by a combination of shares and cash. Sirius Financial Solutions plc is the parent company of a group of companies engaged in the development and supply of insurance specific application software, and related professional services, consultancy and support. The transaction has been accounted for by the purchase method of accounting.

	Book value £'000	Provisional fair value £'000
Net assets acquired		
Intangible assets	69	13,321
Property, plant and equipment	2,324	2,324
Inventories	15	15
Trade and other receivables	8,035	6,738
Cash and cash equivalents	1,806	1,847
Trade and other payables	(4,693)	(13,072)
	<u>7,556</u>	<u>11,173</u>
Goodwill		<u>33,009</u>
Total consideration		<u>44,182</u>
Satisfied by		
Cash		32,818
Shares		10,288
Directly attributable costs		1,076
		<u>44,182</u>
Net cash outflow arising on acquisition		
Cash consideration (including costs)		33,894
Cash and cash equivalents acquired		(1,847)
		<u>32,047</u>

The element of consideration that relates to shares represents 7,385,702 ordinary shares of 0.1p each at a fair value of £10,288,000 based on the market price at the date of issue.

The goodwill arising on the acquisition of Sirius Financial Solutions plc is attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combination and the fair value of the workforce in place at the date of acquisition.

The business units of Sirius Financial Solutions plc contributed £18,939,000 revenue and £2,442,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been £70,718,000 and the Group profit attributable to equity holders of the parent would have been £6,640,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

On 28 March 2008, the group acquired business and assets of CSC Australia Pty Limited, CSC Computer Sciences Pte Limited and CSC Computer Sciences Sdn Bhd for a consideration of £1,008,000, funded by cash

The acquired business is engaged in the development and supply of insurance specific application software, and related professional services, consultancy and support. The transaction has been accounted for by the purchase method of accounting

	Book value £'000	Provisional fair value £'000
Net assets acquired		
Intangible assets	-	325
Trade and other receivables	97	97
Trade and other payables	(76)	(167)
	<u>21</u>	<u>255</u>
Goodwill		753
Total consideration		<u>1,008</u>
Satisfied by		
Cash		<u>1,008</u>
Net cash outflow arising on acquisition		
Cash consideration		919
Deferred consideration		89
		<u>1,008</u>

The goodwill arising on the acquisition is attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combination and the fair value of the workforce in place at the date of acquisition

The business was acquired three days before the reporting date and therefore made no material contribution either to revenue or to the Group's profit before tax for the period between the date of acquisition and the balance sheet date

If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been £65,166,000 and the Group profit attributable to equity holders of the parent would have been £6,284,000

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

On 30 May 2008, the group acquired the entire share capital of Koukia Pty Limited for a consideration of £1,795,000, funded by cash. Koukia Pty Limited is engaged in the development and supply of insurance specific application software, and related professional services, consultancy and support. The transaction has been accounted for by the purchase method of accounting.

	Book value £'000	Provisional fair value £'000
Net assets acquired		
Intangible assets	-	718
Property, plant and equipment	184	184
Trade and other receivables	267	267
Cash and cash equivalents	340	340
Trade and other payables	(693)	(693)
Loans	(1,861)	(1,861)
	<u>(1,763)</u>	<u>(1,045)</u>
Goodwill		2,840
Total consideration		<u>1,795</u>
Satisfied by		
Cash		<u>1,795</u>
Net cash outflow arising on acquisition		
Cash consideration		<u>1,795</u>

The goodwill arising on the acquisition of Koukia Pty Limited is attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combination and the fair value of the workforce in place at the date of acquisition.

For each of the business combinations above, the fair values represent the directors' current estimates of the net assets acquired. In accordance with IFRS3, the values attributed may be revised as further information becomes available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

32. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of profit for the year to net cash from operating activities

	2008 £'000	2007 £'000
Profit for the year	5,964	7,495
Adjustments for		
Investment revenues	(98)	(140)
Finance costs	2,832	3,262
Income tax expense	2,871	(1,106)
Amortisation of intangible assets	1,219	287
Depreciation of property, plant and equipment	1,245	1,305
Share-based payment expense	105	236
Derivative financial instrument expense	1,094	-
Operating cash flows before movements in working capital	15,232	11,339
Decrease/(Increase) in inventories	(60)	84
(Increase) in receivables	(6,856)	(2,191)
Increase in payables	1,116	198
Cash generated by operations	9,432	9,430
Income taxes paid	(1,029)	205
Interest received	98	140
Interest paid	(2,734)	(2,407)
Net cash from operating activities	<u>5,767</u>	<u>7,368</u>

b) Analysis of net debt

	At 1 April 2007 £'000	On acquisition £'000	Cash flow £'000	Other non cash changes £'000	31 March 2008 £'000
Cash and cash equivalents	6,089	-	(7,497)	(189)	(1,597)
	<u>6,089</u>	<u>-</u>	<u>(7,497)</u>	<u>(189)</u>	<u>(1,597)</u>
Hire purchase liabilities	-	(338)	158	-	(180)
Deferred consideration	(4,177)	(89)	4,177	-	(89)
Bank loans	(15,427)	-	(22,676)	-	(38,103)
Net debt	<u>(13,515)</u>	<u>(427)</u>	<u>(25,838)</u>	<u>(189)</u>	<u>(39,969)</u>

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

c) Reconciliation of net cash flow to movement in net funds

	2008 £'000	2007 £'000
Increase in cash in the year	(7,497)	3,381
Net cash flow from loan and deferred consideration payments	(18,341)	16,634
	(25,838)	20,015
Other non cash movements	(189)	(125)
	(26,027)	19,890
Movement in net debt in period	(26,027)	19,890
Net debt at 1 April	(13,515)	(31,991)
Net debt on acquisitions	(427)	(1,414)
Net debt at 31 March	(39,969)	(13,515)

33. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Group operates a Discretionary Share Option Plan for executives and employees. Options are exercisable at a price equal to the average quoted market price of the company's shares on date of the grant. The vesting period is 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The Group's Enterprise Management Incentive share option scheme was wound-up during the year.

Details of the share options outstanding during the year are as follows:

	2008				2007	
	EMI Options (No.)	Weighted average exercise price (p)	DSOP Options (No.)	Weighted average exercise price (p)	EMI Options (No.)	Weighted average exercise price (p)
Outstanding at beginning of period	10,880	5.8	-	-	9,909,800	5.8
Granted during the period	-	-	1,857,600	147.5	-	-
Forfeited during the period	-	-	16,700	147.5	-	-
Exercised during the period	10,880	5.8	-	-	9,898,920	5.8
Expired during the period	-	-	-	-	-	-
Outstanding at the end of the period	-	-	1,840,900	147.5	10,880	5.8
Exercisable at the end of the period	-	-	-	-	10,880	5.8

The weighted average share price at the date of exercise for share options exercised during the period was 5.8p. The options outstanding at 31 March 2008 had a weighted average exercise price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

of 147.5 pence, and a weighted average remaining contractual life of 10 years. During the reporting period, options were granted on 3 December 2007 and 9 January 2008. The aggregate of the estimated fair values of the options granted on those dates is £1,037,000. In 2007, no options were granted.

The fair value of share options granted is calculated at the date of grant using a Black-Scholes option pricing model. The following table lists the inputs to the model used for options granted in the years ended 31 March 2008 and 31 March 2007, based on information at the date of grant.

	March 2003	March 2004	November 2005	December 2007	January 2008
Share price at grant date	0.7p	7.9p	9.7p	147.5p	142.5p
Weighted average exercise price	1.3p	7.9p	9.7p	147.5p	147.5p
Expected volatility	60%	60%	60%	50%	50%
Expected life	3 years	3 years	3 years	3 years	3 years
Risk free rate	3.4%	4.4%	4.3%	5.0%	5.0%
Expected dividend yield	Nil %	Nil %	Nil %	Nil %	Nil %

Expected volatility was determined by reference to the historical volatility of the Group's share price having regard also to the volatility in share prices of similar companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £105,000 (2007: £236,000) related to equity-settled share-based payment transactions for the year.

34. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related party Disclosures'. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report.

	2008 £'000	2007 £'000
Short-term employee benefits	966	784
Post-employment benefits	40	40
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	18	64
	<u>1,024</u>	<u>888</u>

35. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, on 30 May 2008, the group acquired the entire share capital of Koukia Pty Limited for a consideration of £1,795,000, funded by cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

36 FIRST TIME ADOPTION OF IFRS

The year ending 31 March 2008 is the first year that the Group has presented its consolidated financial statements under International Financial Reporting Standards ('IFRS'). The last financial statements under UK GAAP were for the year ended 31 March 2007, the Group's date of transition to IFRS was therefore 1 April 2006. The disclosures required in the year of transition are given below.

The adoption of IFRS represents an accounting change only and does not affect the operations or cash flows of the Group.

Reconciliation of equity at 1 April 2006

	UK GAAP 31 March 2006 £'000	Effect of transition to IFRS £'000	Restated under IFRS £'000
Non-Current Assets			
Goodwill	43,342	-	43,342
Intangible assets	92	157	249
Property, plant & equipment	2,072	(157)	1,915
	45,506	-	45,506
Current assets			
Inventories	178	-	178
Trade and other receivables	9,032	-	9,032
Corporation tax	133	-	133
Cash and cash equivalents	2,708	-	2,708
Total current assets	12,051	-	12,051
Current Liabilities			
Trade and other payables	8,992	-	8,992
Current tax liabilities	-	-	-
Bank loans	4,052	-	4,052
Total current liabilities	13,044	-	13,044
Net Current Assets	(993)	-	(993)
Non-Current Liabilities			
Deferred consideration	2,731	-	2,731
Bank loans	25,826	-	25,826
Deferred tax liability	457	-	457
Total non-current liabilities	29,014	-	29,014
Net assets	15,499	-	15,499
Equity			
Share capital	-	-	-
Share premium account	282	-	282
Merger reserve	15,143	-	15,143
Capital redemption reserve	-	-	-
Other reserve	664	-	664
Retained earnings	(590)	-	(590)
Equity attributable to equity holders of the parent	15,499	-	15,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Year ended 31 March 2008

Notes to the reconciliation of equity at 1 April 2006

- 1 The application of IAS 38 requires computer software to be recognised as an intangible asset. Computer software under UK GAAP was capitalised and recorded as property, plant and equipment. Assets with a net book value of £157,000 have been reclassified.
- 2 The amount reclassified represents an increase of £113,000 on the amount previously published, reflecting a more accurate analysis of the group's non-current assets.

Reconciliation of profit for the year ended 31 March 2007

	UK GAAP Year ended 31 March 2007 £'000	Effect of transition to IFRS £'000	Restated under IFRS £'000
Revenue - Continuing operations	38,621	-	38,621
Cost of sales	(23,026)	-	(23,026)
Gross profit	15,595	-	15,595
Operating expenses			
– other	(6,014)	447	(5,567)
– intangible amortisation	(4,861)	4,574	(287)
– share option expense	(236)	-	(236)
Total operating expenses	(11,111)	5,021	(6,090)
Operating profit – continuing operations	4,484	5,021	9,505
Interest Received	140	-	140
Finance costs	(3,262)	-	(3,262)
Profit on ordinary activities before taxation	1,362	5,021	6,383
Taxation	1,106	-	1,106
Profit for the period attributable to equity holders of the parent	2,468	5,021	7,489

Notes to the reconciliation of profit for the year ended 31 March 2007

- 1 Under UK GAAP goodwill was amortised over its useful economic life, but under IFRS no amortisation charge is made. This increases reported profit for the year ended 31 March 2007 by £4,817,000.
- 2 The application of IAS 38 requires computer software to be recognised as an intangible asset. Computer software under UK GAAP was capitalised and recorded as property, plant and equipment. Consequently, depreciation of that asset amounting to £243,000 is reclassified as intangible amortisation.
- 3 Under UK GAAP, the accounting policy was to expense all research and development cost in the period that it was incurred. Under IAS 38, however, development costs must be capitalised and amortised if certain criteria are met.

Whilst the majority of the Group's software development activity did not meet the criteria for recognition in IAS 38, costs of £204,000 were capitalised during the 12 month period to 31 March 2007. No amortisation has yet been charged in respect of the capitalised costs.

SSP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) Year ended 31 March 2008

Reconciliation of equity at 31 March 2007

	UK GAAP 31 March 2007 £'000	Effect of transition to IFRS £'000	Restated under IFRS £'000
Non-Current Assets			
Goodwill	38,462	4,534	42,996
Intangible assets	87	946	1,033
Property, plant & equipment	2,068	(337)	1,731
	<u>40,617</u>	<u>5,143</u>	<u>45,760</u>
Current assets			
Inventories	94	-	94
Trade and other receivables	11,655	-	11,655
Corporation tax	841	-	841
Cash and cash equivalents	6,089	-	6,089
	<u>18,679</u>	<u>-</u>	<u>18,679</u>
Current Liabilities			
Trade and other payables	7,150	-	7,150
Deferred consideration	4,177	-	4,177
Bank loans	1,500	-	1,500
	<u>12,827</u>	<u>-</u>	<u>12,827</u>
Net Current Assets	<u>5,852</u>	<u>-</u>	<u>5,852</u>
Non-Current Liabilities			
Bank loans	13,927	-	13,927
Deferred tax liability	264	122	386
	<u>14,191</u>	<u>122</u>	<u>14,313</u>
Net assets	<u>32,278</u>	<u>5,021</u>	<u>37,299</u>
Equity			
Share capital	72	-	72
Share premium account	14,293	-	14,293
Merger reserve	15,143	-	15,143
Capital redemption reserve	50	-	50
Other reserve	-	-	-
Retained earnings	2,720	5,021	7,741
	<u>32,278</u>	<u>5,021</u>	<u>37,299</u>
Equity attributable to equity holders of the parent	<u>32,278</u>	<u>5,021</u>	<u>37,299</u>

Notes to the reconciliation of equity at 31 March 2007

- The application of IAS 38 requires computer software to be recognised as an intangible asset. Computer software under UK GAAP was capitalised and recorded as property, plant and equipment. Assets with a net book value of £337,000 have been reclassified. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
Year ended 31 March 2008

amount reclassified represents an increase of £254,000 on the amount previously published, reflecting a more accurate analysis of the group's non-current assets

- 2 Under UK GAAP goodwill was amortised over its useful economic life, but under IFRS no amortisation charge is made. This increases reported profit for the period ended 31 March 2007 by £4,817,000.
- 3 In accordance with IFRS 3, intangible assets with a value of £405,000 have been recognised in relation to the acquisition of Software Solutions Partners (Pty) Limited, with a corresponding reduction to goodwill. A related deferred tax liability of £122,000 arises.
- 4 Under UK GAAP, the accounting policy was to expense all research and development cost in the period that it was incurred. Under IAS 38, however, development costs must be capitalised and amortised if certain criteria are met. Whilst the majority of the Group's software development activity did not meet the criteria for recognition in IAS 38, costs of £204,000 were capitalised during the 12 month period to 31 March 2007. No amortisation has yet been charged in respect of the capitalised costs.

INDEPENDENT AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SSP HOLDINGS PLC

We have audited the parent company financial statements of SSP Holdings plc for the year ended 31 March 2008 which comprise the Balance Sheet and the related notes 1 to 11. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of SSP Holdings plc for the year ended 31 March 2008.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company 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 parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Report and Chief Executive's Report that is cross referred from the Business Review section of the Directors' Report.

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

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

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 parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the 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 parent company 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 parent company financial statements.

SSP HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008,
- the parent company 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 parent company financial statements

Deloitte & Touche UP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds, England

22 July 2008

SSP HOLDINGS PLC

COMPANY BALANCE SHEET 31 March 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	4	<u>69,664</u>	<u>25,482</u>
CURRENT ASSETS			
Debtors	5	-	7,858
CREDITORS: Amounts falling due within one year	6	<u>23,967</u>	<u>2,763</u>
NET CURRENT ASSETS		<u>(23,967)</u>	<u>5,095</u>
NET ASSETS		<u>45,697</u>	<u>30,577</u>
CAPITAL AND RESERVES			
Called-up share capital	7	83	72
Share premium	8	29,372	14,293
Merger reserve	8	15,143	15,143
Capital redemption reserve	8	50	50
Profit and loss account	8	<u>1,049</u>	<u>1,019</u>
TOTAL SHAREHOLDERS' FUNDS		<u>45,697</u>	<u>30,577</u>
Analysis of shareholders' funds			
Equity		45,697	30,577
Non equity		-	-
TOTAL SHAREHOLDERS' FUNDS		<u>45,697</u>	<u>30,577</u>

These financial statements were approved by the Board of Directors on 22 July 2008

Signed on behalf of the Board of Directors

NJ Bate



The accompanying notes are an integral part of this company balance sheet

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year ended 31 March 2008

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The principal accounting policies adopted are summarised below. These policies have been applied consistently throughout the year and the preceding year.

Investments

Investments in subsidiaries are shown at cost less provision for impairment.

Share-based payments

The company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expressed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

2 STAFF COSTS

The company had 3 employees (2007: 3). The remuneration received by the directors is disclosed in the Directors' Remuneration Report on page 12.

3 PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the company has elected not to present its own profit and loss account for the year. The company's profit for the financial year amounted to £30,000 (2007: £111,111).

The auditors' remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

SSP HOLDINGS PLC

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued) Year ended 31 March 2008

4 FIXED ASSET INVESTMENTS

Subsidiary undertakings

	2008 £'000	2007 £'000
Subsidiary undertakings	69,664	25,482
<i>Subsidiary undertakings</i>		
	£'000	£'000
Cost and net book value		
At beginning of year	25,482	26,243
Acquisitions	44,182	-
Adjustment to consideration for prior year acquisitions	-	(997)
Share-based payments expense	-	236
At 31 March	69,664	25,482

The group has investments in the following principal subsidiary undertakings, which carried on the business of the supply of software products and services to the international insurance company, underwriting and intermediary markets

	Country of Registration	Proportion ordinary shares held
SSP Limited	England & Wales	100%
SSP (Denmark) ApS	Denmark	100%
SSP (Africa) Pty Ltd	South Africa	100%
SSP Sirius Solutions Limited	England & Wales	100%
SSP Sirius Limited	England & Wales	100%
Sirius Financial Systems Group Limited	England & Wales	100%
SSP (India) Private Limited	India	100%
SSP (USA) Inc	USA	100%
SSP (New Zealand) Limited	New Zealand	100%
SSP (Australia) Pty Limited	Australia	100%
Mediamaker Limited	England & Wales	100%
Mediquote Health Solutions Limited	England & Wales	100%
Key Choice Insurance Marketing Limited	England & Wales	100%
Sirius Financial Systems (Caribbean) Limited	Barbados	100%

SSP Limited has a number of dormant wholly owned subsidiary undertakings, all of which are registered in England and Wales, Scotland or Ireland as follows

Holdgrove Limited
Sectornet Limited
Policy Master Group Limited

SSP HOLDINGS PLC

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued) Year ended 31 March 2008

5. DEBTORS

	2008 £'000	2007 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	-	7,858

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Amounts due to group undertakings	23,967	-
Deferred consideration	-	2,763

7. SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
120,000,000 (2007 120,000,000) Ordinary Shares of 0 1p each	120,000	120,000
	120,000	120,000
Called-up, allotted and fully paid		
82,631,604 (2007 71,662,762) Ordinary Shares of 0 1p each	83	71
	83	71

The company has one class of ordinary shares which carries no right to fixed income. During the year 10,643,848 Ordinary shares of 0 1p each were allotted in consideration for the acquisition of Sirius Financial Solutions Plc. A further 324,994 Ordinary shares of 0 1p each were allotted to option holders upon exercise of share options previously granted.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2008

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

Company	Share capital £'000	Merger reserve £'000	Capital redemption £'000	Share premium account £'000	Profit and loss Account £'000	Total £'000
At beginning of period	72	15,143	50	14,293	1,019	30,577
Issue of shares	11	-	-	15,079	-	15,090
Retained profit for the period	-	-	-	-	30	30
At 31 March 2008	83	15,143	50	29,372	1,049	45,461

The cost attributable to share options charged to the profit and loss account in the prior year has been transferred to a subsidiary undertaking and the corresponding amount deducted from the cost of investments

9. ACQUISITIONS

On 9 July 2007, the group acquired the entire share capital of Sirius Financial Solutions Plc for total consideration of £44,182,000, funded by a combination of shares and cash

On 28 March 2008, the group acquired the business and assets of CSC Australia Pty Limited, CSC Computer Sciences Pte Limited and CSC Computer Sciences Sdn Bhd for a consideration of £1,008,000, funded by cash

On 30 May 2008, the group acquired the entire share capital of Koukia Pty Limited for a consideration of £1,795,000, funded by cash. Details of acquisitions are set out at note 31 to the consolidated financial statements

10. SHARE-BASED PAYMENTS

Details of share options granted by Group companies to employees, and that remain outstanding, over the company's shares are set out in note 33 to the consolidated financial statements