Company Registration No. 5334983

Atex Group Limited

Financial Statements

Year ended 31 December 2007

Atex Group Limited

Year ended 31 December 2007

Contents

Atex Group Limited

Officers and professional advisors

Directors

John Hawkins - CEO
Åge Korsvold - Chairman
Dag Sørsdahl
Alan Reardon
David Gibbon
James Rose
Robin Johnson
Johan Seeman

Secretary

David Gibbon

Registered Office

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GreenPark
Reading
Berkshire
RG2 6GP
United Kingdom

Bankers

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Berkshire
RG1 2EQ
United Kingdom

Solicitors

Lovells LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Auditor

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS
United Kingdom

Atex Group Limited

Directors' report

The Directors present their annual report on the affairs of the group, together with the financial statements and auditors report, for the year ended 31 December 2007 The financial statements are denominated in United States Dollars ($) as the Directors believe this is the primary operating currency of the group

Principal activities

Atex is a leading global solutions and technology provider for the media industry, principally newspapers, magazines and online publications with primary operating regions in the Americas, Europe and Asia Pacific Following the acquisitions noted below, Atex currently has approximately 800 active clients and over 500 employees globally Atex customers include newspapers, magazine publishers, web content providers as well as global multi-media organisations

The subsidiary and associated undertakings principally affecting the profits or net assets of the group in the year are listed in notes 14 and 15 to the financial statements

Results and dividends

These results have been prepared under International Financial Reporting Standards (IFRS) The group profit for the year, after taxation, was $835,000 (six months to December 2006 loss $4,562,000)

The Directors do not recommend a final dividend be paid on the ordinary shares Interest of $1,645,000 (six months to December 2006 $779,000) has been accrued on the preference shares

Business review and future prospects

Financial overview

During the first two months of the year, the Group completed the acquisition of two businesses, namely Fusio and Unisys Media division (see note 16 for further details) This has significantly increased the Group's turnover for the year ended 31 December 2007 to $103 3 million (six month to 31 December 2006 $21 4 million) Profit before tax was $2 3 million (six months to 31 December 2006 loss of $4 5 million)

The directors are pleased with the Group's performance and believe that the Group is in a strong position to expand its market share and increase profitability

Financial performance

Financial performance for the year is analysed below

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Revenue	**103,288**	21,413
Gross profit	**65,988**	11,044
Profit/ (loss) before tax	**2,325**	(4,516)

Strategy

The strategy adopted during the year has been to achieve growth through a combination of organic growth and acquisitions in order to build on the market position established by the Group The acquisitions have elevated the Group's visibility and worldwide coverage especially in Southern Europe and South America To achieve future market growth the directors are committed to increasing regional presence, with established sales and support networks around the world

Atex Group Limited

Directors' report

Operating costs

Operations teams from Atex and from the acquired entities have combined in the year to create a homogenous Atex team with one vision all working towards the Atex roadmap

The change in operations during the year is primarily due to the additional net 172 employees as part of the acquisitions This resulted in total staff costs of $41 9m

Marketing, product development, finance and other administrative expenses account for the majority of other operating costs

Research and development

The company continues to invest in the quality and design of our products We believe continued investment in our research and development is fundamental to the continuing growth of the business The amount capitalised in the year was $4 0 million (six months to 31 December 2006 $376,000), with amounts expensed of $12 2 million (six months to 31 December 2006 $5 6 million)

Exceptional items

The exceptional non-recurring reorganisational costs of $2 6m were incurred during the year and relate to redundancy costs, professional fees and incremental costs incurred as a result of switching to an acquired software product from an existing Atex product

Capital expenditure

The Directors regularly review capacity and capability of Atex's capital to ensure it is providing efficient, accurate and timely output Upgrades to capital are made as required

Summary of key performance indicators

The directors have monitored the progress of the overall group/company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators

	Year ended 31 December 2007	Period ended 31 December	Method of Calculation
Gross profit margin (%)	**63.9**	51 6	Gross profit margin is the ratio of gross profit to sales expressed as a percentage
Capital expenditure ($'000)	**5,796**	575	Investment made in respect of capital items during the year
Average head count	**451**	279	Average of total monthly headcounts derived from the payroll records

Atex Group Limited

Directors' report

Future developments for the business/Future outlook

Directors expect the general level of activity to increase in 2008 and cross selling of the enlarged group's products to enhance growth prospects An order book including maintenance of $85 2 million at the end of December 2007 and a strong portfolio of products are in place to enhance the group's ability to provide mission critical solutions

The group continues to invest in research and development and will continue to invest in the acquired products The Directors regard investment in product development as a prerequisite for future success in the medium to long term

Post balance sheet events

Please see note 33 for details of post balance sheet events

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks

The directors have set out below the principal risks facing the business

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below Where possible, processes are in place to monitor and mitigate such risks

Economic downturn

The success of the business is reliant on consumer spending An economic downturn, resulting in reduction of consumer spending power will have a direct impact on the income achieved by the Group

In response to this risk, senior management aim to keep abreast of economic conditions In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions

High proportion of fixed overheads and variable revenues

A large proportion of the Group's overheads are fixed There is the risk that any significant changes in revenue may lead to the inability to cover such costs

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues

Competition

The market in which the Group operates is highly competitive As a result there is constant downwards pressure on margins and the additional risk of being unable to meet customers expectations Policies of constant price monitoring and ongoing market research are in place to mitigate such risks

Product obsolescence

Due to the nature of the market in which the Group operates, products are subject to technological advances and as a result of obsolescence The directors are committed to the Research and Development strategy in place, and are confident that the Group is able to react effectively to the developments within the market

Fluctuations in currency exchange rates

Approximately 68% of our turnover relates to operations where the functional currency is not the US dollar As a Group, we are therefore exposed to foreign currency fluctuations On the $80m loan, movements on foreign exchange rates against the USD are reviewed bi-annually Any movement greater than 5% adverse on the foreign exchange rates from the rate at the date of the loan being taken out is payable to the bank

Atex Group Limited

Directors' report

Financial risk management

Please see note 22 for the Group Financial risk management policies

Directors

The Directors of the company are

John Hawkins - CEO
Åge Korsvold - Chairman
Dag Sørsdahl
Alan Reardon
David Gibbon
James Rose
Robin Johnson

On 6 February 2007, Johan Seeman was appointed a director of the company

On 31 October 2007, John Rennocks was appointed a director of the company On 31 January 2008, John Rennocks resigned as a director of the company

Existence of branches outside the United Kingdom

Branches of the Group located outside the United Kingdom existed in Portugal, Czech Republic, Colombia, Norway and New Zealand during the year and at the year end

Charitable and political contributions

Donations to charitable organisations amounted to $2,980

The following individual charitable contribution(s) over $200 were made by the Group

Charitable organisation	$
Rory Peck Trust	2,980

No donations were made to EU political organisations

Atex Group Limited

Directors' report

Statement of directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year In preparing those financial statements, the Directors are required to

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

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

In so far as the Directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting

By order of the Board

David Gibbon
13/2/08

David Gibbon
Secretary

100 Longwater Avenue
GreenPark
Reading
Berkshire
RG2 6GP
United Kingdom

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ATEX GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Atex Group Limited for the year ended 31 December 2007 which comprise of the accounting policies, consolidated income statement, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated and company statement of recognised income and expenses and notes 1 to 33 These financial statements have been prepared under the accounting policies set out therein

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

Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Financial Statements is consistent

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

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

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board, of the state of the group's affairs as at 31 December 2007 and of the group's profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007, and

- the information given in the Directors' Report is consistent with the financial statements
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985

Separate opinion in relation to IFRSs

As explained in Note 1 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as adopted by the European Union as issued by the International Accounting Standards Board

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group and the parent company's affairs as at 31 December 2007 and of the group's profit for the year then ended

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

13th February 2008

Atex Group Limited

Consolidated income statement
Year ended 31 December 2007

	Note	Year ended 31 December 2007 $'000	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	Period ended 31 December 2006 $'000
Revenue	2		**103,288**		21,413
Cost of sales			**(37,300)**		(10,369)
Gross profit			**65,988**		11,044
Distribution costs			**(14,467)**		(4,309)
Impairment loss recognised on investment in associate	14	-		(167)	
Amortisation and amounts written off intangible assets	12	**(9,375)**		(283)	
Depreciation	13	**(566)**		(209)	
Loss on disposal of investment	14	**(209)**		-	
Share based payment	26	**(1,859)**		(439)	
Reorganisational and integration costs	4	**(2,606)**		-	
Costs of group refinancing		**(710)**		-	
Other administrative expenses		**(20,987)**		(7,754)	
Administrative expenses			**(36,312)**		(8,852)
Operating profit/(loss)	5		**15,209**		(2,117)
Finance income	7		**96**		-
Finance costs	7		**(12,980)**		(2,436)
Share of post-tax operating profits of associate	14		-		37
Profit/(loss) before taxation			**2,325**		(4,516)
Tax charge	8		**(1,490)**		(46)
Profit/(loss)for the year/period	27		**835**		(4,562)

Earnings/ (Loss) per share from total and continuing operations (note 10)

Basic earnings/(loss) per share	**$0.41**	($2 73)
Diluted earnings/(loss) per share	**$0.34**	($2 73)

All profit/ (loss) for the year and loss per share are attributable to equity holders of the parent and derived from continuing operations

The notes form an integral part of these financial statements

Atex Group Limited

Consolidated statement of recognised income and expenditure
Year ended 31 December 2007

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Profit/(loss) attributable to members of the company	**835**	(4,562)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	**1,519**	1,796
Deferred tax on translational differences	**705**	113
Total recognised income and expense for the year attributable to equity holders of the parent company	**3,059**	(2,366)

The notes form an integral part of these financial statements

Company statement of recognised income and expenditure
Year ended 31 December 2007

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Loss attributable to members of the company	**(6,189)**	(2,077)
Foreign exchange translation differences on translation to group primary operating currency	**21**	-
Total recognised income and expense for the year attributable to equity holders of the company	**(6,168)**	(2,077)

Atex Group Limited

Consolidated balance sheet

Year ended 31 December 2007

	Note	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Assets			
Non-current			
Property, plant and equipment	13	**2,736**	609
Goodwill	11	**62,246**	3,112
Intangible assets	12	**55,864**	2,276
Investment accounted for using the equity method	14	**-**	1,504
Deferred tax asset	9	**7,337**	3,831
		128,183	11,332
Current			
Assets held for sale	14	**1,295**	-
Trade and other receivables	17	**38,855**	14,729
Deferred tax asset	9	**711**	-
Cash and cash equivalents	18	**9,924**	6,418
		50,785	21,147
Total assets		**178,968**	32,479
Equity and liabilities			
Equity attributable to equity holders of the parent			
Equity share capital	25	**36**	29
Equity component of financial instrument	27	**14,535**	14,535
Equity reserve	27	**19,621**	2,028
Merger reserve	27	**74,197**	74,197
Foreign exchange reserve	27	**3,124**	1,605
Retained earnings	27	**(102,370)**	(105,106)
		9,143	(12,712)
Liabilities			
Non-current liabilities			
Financial liabilities	21	**95,767**	11,984
Provisions	20	**6,575**	-
Deferred tax liability	9	**11,442**	-
Other non-current liabilities		**247**	249
		114,031	12,233
Current liabilities			
Trade and other payables	19	**46,569**	24,698
Financial liabilities	21	**2,154**	8,157
Provisions	20	**2,541**	-
Deferred tax liability	9	**2,647**	-
Current tax payable	8	**1,883**	103
		55,794	32,958
Total liabilities		**169,825**	45,191
Total equity and liabilities		**178,968**	32,479

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

The notes form an integral part of these financial statements

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Atex Group Limited

Company balance sheet
Year ended 31 December 2007

	Note	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Assets			
Non-current			
Property, plant and equipment	13	**75**	39
Intangible assets	12	-	-
Investment in subsidiary undertakings	15	**4,885**	2,599
Investment accounted for using the equity method	14	-	1,504
		4,960	4,142
Current			
Assets held for sale	14	**1,295**	-
Trade and other receivables	17	**128,067**	24,156
Cash and cash equivalents	18	**191**	-
		129,553	24,156
Total assets		**134,513**	28,298
Equity and liabilities			
Equity attributable to equity holders of the parent			
Called up share capital	25	**36**	29
Equity component of financial instrument	27	**14,535**	14,535
Equity reserve	27	**19,621**	2,028
Merger reserve	27	**2,572**	2,572
Foreign exchange reserve	27	**21**	-
Retained earnings	27	**(16,965)**	(11,972)
		19,820	7,192
Liabilities			
Non-current liabilities			
Financial liabilities	21	**94,352**	10,504
		94,352	10,504
Current liabilities			
Trade and other payables	19	**18,352**	2,432
Financial liabilities	21	**1,989**	8,170
		20,341	10,602
Total liabilities		**114,693**	21,106
Total equity and liabilities		**134,513**	28,298

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

13.2.08

The notes form an integral part of these financial statements

Atex Group Limited

Consolidated cash flow statement

Year ended 31 December 2007

	Note	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Cash flows from operating activities			
(Loss)/profit before taxation		**2,325**	(4,516)
Adjustments to reconcile loss before taxation to net cash flows from operating activities			
Non-cash			
- Depreciation	13	**566**	209
- Amortisation and amounts written off intangible assets	12	**9,375**	283
- Impairment loss recognised	14	**-**	167
- Share based payment	26	**1,859**	439
- Share of (profit)/loss of associate	14	**-**	(37)
- Loss on disposal of investment	14	**209**	-
- Finance charges	7	**12,980**	971
- Finance income	7	**(96)**	-
Working capital adjustments			
- Increase/(decrease) in trade and other receivables		**(15,460)**	145
- Increase in trade and other payables		**829**	1,491
- Income tax paid	8	**(427)**	(178)
Net cash flow from operating activities		**12,160**	(1,026)
Cash flows from investing activities			
Interest paid	7	**(7,489)**	(192)
Interest received	7	**96**	-
Purchase of subsidiary undertakings		**(95,267)**	-
Additions to property, plant and equipment	13	**(1,755)**	(199)
Additions to other intangibles	12	**(4,041)**	(376)
Net cash flow from investing activities		**(108,456)**	(767)
Cash flows from financing activities			
Net cash flow from issue of share capital	27	**16,383**	2,029
Decrease/(increase) in shareholder loans		**(2,000)**	1,000
Other loans (repaid)/ received		**(395)**	1,480
Notes repaid		**(736)**	(147)
Bank loan repaid		**(4,308)**	-
Bank loan received		**82,428**	1,053
Cash flows arising from acquisitions	16	**8,715**	-
Net cash flow from financing activities		**100,087**	5,415
Net increase in cash and cash equivalents		**3,791**	3,623
Effect of foreign exchange differences on cash balances		**(285)**	(971)
Cash and cash equivalents at beginning of the year/period		**6,418**	3,766
Cash and cash equivalents at end of the year/period		**9,924**	6,418

Atex Group Limited

Notes to the financial statements

Year ended 31 December 2007

1. **Accounting policies**

The financial statements have been prepared on the going concern basis using the accounting policies adopted by the Group for the year ended 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the European Union and additional International Financial Reporting Standards issued by International Accounting Statndards Board

Basis of preparation

Group

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union and are applied in accordance with the Companies Act 1985 The accounting policies that follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2007

The Group financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars ($000) except where otherwise indicated

The financial statements have been prepared under the historical cost convention However there are certain items acarried at fair value eg IFRS 5 held for sale assets The measurement bases and principal accounting policies of the Group are set out below

Accounting estimates and judgments

It should be noted that in preparing the financial statements, management are required to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year Although these estimates are based on management's best knowledge of current events and actions, actual outcomes could differ from those estimates The key sources of estimation and uncertainty where judgment has been applied by management are discussed below

Impairment of goodwill, intangibles and investment in associate

The Group tests annually the carrying values of goodwill and other intangibles for any possible impairment in accordance with the accounting policy statement in Note 1 The Group uses an estimated discount rate, based on management's estimation of the specific risks in connection with the company, and cash flows generated from approved budgets The achievement of the growth and profitability by the individual cash generating units is critical in substantiating the carrying value of goodwill and intangibles Refer to note 11 and note 13, for the carrying value at the balance sheet date

Share options

The share options calculation takes into account a volatility rate of 31 15%, based on expected share price using closely aligned companies listed on the London Stock Exchange The risk free interest rate were based on the return from a 10 year government bond on the date of issue The expected life of the options is dependent upon the restriction within the agreements and managements estimates of behavioural conditions

Deferred tax

Deferred tax assets have been based on estimated future taxable profits on the future cash flow forecasts and the assumptions that underlie those forecasts The effective tax rate to calculate the assets has been estimated by management to encompass an average rate across the geographical regions where losses are to be utilised

The carrying value of the deferred tax asset for these losses at 31 December 2007 is $3,950,000 (2006 $3,500,000)

Management do not believe that there are any significant judgements required in applying its policies

New Standards and interpretations not applied

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

International Financial Reporting Standard		Effective Date
IFRS 8	Operating Segments	1 January 2009
IAS 23	Borrowing Costs (revised 2007)	1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 11	IFRS2 - Group & Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmers	1 July 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the year of initial application

The possible outcome of applying the revised version of IAS 23 is considered by management to be minimal Under the new Standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised The Group already accounts for such costs in this way and therefore no change in accounting policy will be required

The directors do not intend to apply any of these standards and interpretations early

Basis of consolidation

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2007 Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities The Group obtains and exercises control through voting rights

Acquisitions of subsidiaries are dealt with by the purchase method from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date such control ceases

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill The results of subsidiary undertakings acquired during the financial year are included from the effective date of acquisition

All intercompany balances and transactions, including unrealised gains are eliminated in full

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to date of transition

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement

Revenue and long-term contracts

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts Revenue is recognised upon the performance of services or transfer of risk to the customer The following criteria must also be met before revenue is recognised

Sale of goods – Maintenance and third party hardware

Revenue from the sale of goods is recognised when all the following conditions have been satisfied

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when third party hardware has been delivered to the customer Maintenance revenue is recognised equally over the contractual period,
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when hardware has been delivered, or the maintenance period ceases,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Rendering of services – Software and professional services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the stage of completion of the transaction at the balance sheet date can be measured reliably and is estimated by reference to own labour hours incurred to date as a percentage of total estimated own labour hours for each contract An expected loss on a contract is recognised immediately in the income statement Where the outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the element of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance

Taxation

Current tax is the tax currently payable based on taxable profit for the year and at the tax rates and laws that are enacted or substantially enacted by the balance sheet date

Deferred income taxes are calculated using the liability method on all temporary differences Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit or loss Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets

Deferred tax liabilities are provided in full, with no discounting Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset

Disposal of assets

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

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual installments over their estimated useful economic lives The rates generally applicable are

Computers and equipment	33%
Leasehold improvements	Period of lease
Fixtures and fittings	20% to 33%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset

Leased assets

Leases where the lessee does not receive all the risks and benefits of ownership of the asset are classified as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term Lease incentives are spread over the term of the lease

Goodwill

Business combinations on or after the date of transition (1 July 2005) are accounted for under IFRS 3 using the purchase method

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment Goodwill is carried at cost less accumulated impairment losses To the extent that the fair value exceeds the cost of investment, a gain is recognised immediately in the income statement

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves There is no re-instatement of goodwill that was amortised prior to transition to IFRS Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal

For the purpose of impairment testing, goodwill is allocated to the related cash generating units monitored by management Where the recoverable amount of the cash generating units is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement

Intangible assets

Internally-generated intangible assets - Capitalisation of development expenditure

Expenditure on research is recognised as an expense in the period in which it is incurred

Development costs such as employee costs and overheads incurred on specific projects are capitalised when all the following conditions are satisfied

- completion of the intangible asset is technically feasible so that it will be available for use or sale,
- the Group intends to complete the intangible asset and use or sell it,
- the Group has the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits,
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably

Development costs not meeting the criteria for capitalisation are expensed as incurred

Amortisation is shown within administrative expenses included in other operating costs in the income statement The period over which the costs are amortised is three years from when the product is first sold, which is managements expected period of benefit Amortisation of development costs are on a straight line basis

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition Judgments are based on the information available at each balance sheet date, such as medium term forecasts In addition,

Notes to the financial statements

Year ended 31 December 2007

all internal activities related to the research and development of new software products are continuously monitored by the directors

The carrying value of development expenditure is reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying value may not be recoverable

Separately identifiable intangible assets arising on business combinations

Separately identifiable intangible assets such as customer relations, technology and in process R&D are recognised only when the assets meet the following conditions

a) meet the definition of an intangible asset and,
b) are separately identifiable

The criteria to be separately identifiable are met when the intangible asset
i) is capable of being separated from the acquired business, or
ii) arises from contractual or legal rights, regardless of whether those rights are transferable or separable from the acquired company or other rights and obligations

The amortisation period ranges from two to ten years and is based on equal annual installments over the assets' estimated useful life Amortisation is shown within administrative expenses included in other operating costs in the income statement

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets Reviews are performed regularly to ensure the recoverability of these intangible assets

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount The Group assesses at each reporting date whether there is an indication that an asset may be impaired If any such indication exists, or when annual impairment testing of an asset is required, the Group makes an estimation of the asset's recoverable amount The recoverable amount is the higher of fair value, reflecting market conditions, less costs to sell, and value in use based on an internal discounted cash flow evaluation

Interests in associates

Entities whose economic activities are significantly influenced by the Group and which are neither subsidiaries nor joint ventures are accounted for using the equity method

Acquired investments in associates are subject to purchase method accounting Any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment Changes resulting from the profit or loss generated by the associate are reported in "share of profits/ (loss) of associates" in the consolidated income statement and therefore affect net results of the Group These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities

Financial statements of associates are prepared for the same reporting period as the Group Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group Adjustments are also made to eliminate the Group's share of unrealised gains or losses on transactions between the Group and its associates

Investments in Subsidiaries

Investments in subsidiary undertakings in the balance sheet of the Company are included at the cost of the shares held less amounts written off

Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts when there is objective evidence that the asset is impaired Where the time value of money is material, receivables are carried at cost using the effective interest rate method

The allowance recognised is the difference between the asset's carrying amount and the estimated future cash flows on an undiscounted basis Balances are written off completely when the probability of recovery is assessed as remote

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with an original maturity of three months or less

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Equity

Equity comprises the following

- "Equity share capital" represents the nominal value of equity shares
- "Equity component of financial instrument" represents the equity element of the preference shares issued
- "Equity reserve" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Merger reserve" represents merger reserve created prior to the transition to IFRS
- "Foreign exchange reserve" represents foreign currency exchange differences upon conversion of subsidiaries results
- "Retained earnings" represents retained profits/ (losses) of the parent entity plus post acquisition profits/ (losses) of subsidiaries, as well as other recognised gains and losses not reflected in the income statement

Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the balance sheet The corresponding dividends relating to the liability component are charges as an interest expense in the income statement

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement All other financial liabilities are recorded initially at fair value, net of direct issue costs

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement All other financial liabilities, such as loans and borrowings are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires

Financial liabilities include preference shares issued The details of which can be found in note 21

Foreign currency

The presentational currency for these financial statements is US dollars ($) which is the functional currency by which the majority of the Group's transactions occur

Transactions in currencies other than the presentational currency of the group are recorded at the rate of exchange at the date of the transaction At each balance sheet date monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are retranslated at the rates of exchange prevailing at that date Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined The exchange differences arising on retranslation are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date The resulting exchange differences are taken directly to a separate component of equity On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement

Any translational differences occurring prior to the transition date (1 July 2005) have been written off to $nil in accordance with IFRS 1 'first time adoption' exemptions

The parent company's functional currency is British pounds

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past transaction or event and it is probable that an outflow of economical benefits will be required to settle the 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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when recovery is virtually certain

The expense relating to any provision is presented in the income statement net of any reimbursement, where discounting is used, the increase in provision as a result of unwinding the discount is recognised as a finance cost in the income statement

Financial instruments - hedging activities

Derivative financial instruments are used by the Group for the management of its risk related to interest rate exposures Such derivative financial instruments are initially recognised at fair value on the date on which the derivatives contracts are entered into and are subsequently re-measured at fair value Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative

The fair value of the derivatives contracts is determined by reference to current market values for similar instruments

Derivatives used to hedge financial assets and liabilities are accounted for using hedge accounting. Hedge accounting recognises the offsetting effects on profit or loss or exchanges in the fair values of the hedging instrument and the hedged item For hedged items carried at amortised cost, the adjustment is amortised through the income statement such that it is fully amortised by maturity

A hedging relationship qualifies for hedge accounting if and only if all of the following conditions are met

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge,
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk,
- for cash flow hedges, a forecast transaction that is the subject of a hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,
- the effectiveness of the hedge can be measured reliably,
- the hedge is assessed on an ongoing basis and actually determined to have been highly effective throughout the reporting periods for which the hedge was designated

Cash flow hedging

For cash flow hedges, the effective portion of the gain or loss is recognised directly in equity, while the ineffective portion is recognised in the income statement

Changes in the carrying amount of cash flow hedging instruments are charged or credited to the "cash flow hedging reserve" Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects the profit or loss When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously shown in equity are transferred and included in the initial measurement of the cost of the asset or liability To the extent that a cash flow hedge is ineffective, gains and losses on the hedging instrument are recognised directly in profit or loss

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the income statement

Employee benefits

Defined Benefit Pension Scheme

Group companies operate two defined benefit pension schemes The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations

Typically, a defined benefit pension plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent upon one or more factors such as age, years of service and compensation

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs The defined benefit surplus or obligation is calculated annually by independent actuaries using the projected unit credit method The present value of the defined benefit surplus or obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance revenue or cost

Past-service costs are recognised immediately in income, unless changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period) In this case, the past-service costs are amortised on a straight-line basis over the vesting period

Actuarial gains and losses are recognised as an expense and charged or credited to the income statement over the employees' expected average remaining working lives The resulting surplus or deficit is presented with other net assets on the balance sheet The related deferred tax is shown within other deferred tax balances A surplus is recognised only to the extent that it is recoverable by the Group

Defined Contribution Pension Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period to a privately administered pension plan The group has no further payment obligations once the contributions have been paid

Termination benefits

Termination benefits are payable when an employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy Benefits falling due more than 12 months after the balance sheet date are discounted to their present value

Share-based payment

Equity settled share-based payment

All share-based payment arrangements granted after 7 November 2002 and that had not vested before the date of transition (1 July 2005) are recognised in the financial statements in accordance with the exemption in IFRS 1, which the Group has taken advantage of

The Group has issued equity-settled share based payments in the form of warrants to its ultimate parent company The Group also issues equity-settled share based payments to certain employees in the form of share options

The cost of equity-settled share based payments is measured by reference to the fair value at the date of the grant The fair value determined at the grant date is expensed through the income statement on a straight-line basis over the vesting period, with a corresponding credit to "retained earnings", based on the Group's estimate of the number of shares that will eventually vest Fair value is measured using the Black-Scholes 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 behavioral considerations No account has been taken of other vesting conditions, other than conditions linked to the price of the shares of the company

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium

Where the equity settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not recognised in the income statement for the award is expenses immediately Any compensation paid up to the fair value of the award is deducted from equity with any excess over fair value being treated as an expense in the income statement

Financial guarantees received

Where the Group is in receipt of financial guarantees from third parties indemnifying the Group against non-performance on specified contracts, an asset is recognised when management have grounds to believe the reasonable certainty of the requirement to call in that guarantee

Amounts are recognised initially at the fair value of the amount required to settle the third party's obligations to the Group under the contract and are reviewed for impairment as and when circumstances dictate that such a review should be undertaken and at least annually

Where the amount required by the third party to settle the Group's obligations is estimated to fall due after one year, the amount receivable is discounted to its present value using the Groups weighted average cost of capital as the discount rate

Notes to the financial statements
Year ended 31 December 2007

2. Revenue

Revenue recognised in the income statement is analysed as follows

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Professional services	26,559	4,603
Software	26,211	3,729
Maintenance	42,045	10,648
Other	8,473	2,433
Total	**103,288**	21,413

All revenue has been derived from continuing operations in both periods

3. Segmental information

Geographical segments

The following table presents revenue, profit and certain assets and liability information regarding the Group's geographical segments, based on the location of customers and location of assets

Geographical segments 31 December 2007	Northern Europe $'000	Southern Europe and Latin America	Northern America $'000	Asia Pacific $'000	Consolidation $'000	Total $'000
Revenue						
From external customers	30,017	20,951	32,575	19,745	-	103,288
From other segments	2,046	2,424	1,990	914	(7,374)	-
Total revenue	**32,063**	**23,375**	**34,565**	**20,659**	**(7,374)**	**103,288**
Operating profit	**6,201**	**5,192**	**10,271**	**7,940**	**(14,395)**	**15,209**
Finance costs – net	40	(211)	(105)	(864)	(11,744)	(12,884)
(Loss)/Profit before tax	6,241	4,981	10,166	7,076	(26,139)	2,325
Tax (charge)/credit	(690)	(370)	(870)	(787)	1,227	(1,490)
(Loss)/Profit for the year	**5,551**	**4,194**	**9,795**	**6,206**	**(24,911)**	**835**
Assets and liabilities						
Segment assets	79,606	48,580	27,580	10,171	11,436	177,673
Investment in associate	-	-	-	-	1,295	1,295
Total assets	**79,606**	**48,580**	**27,580**	**10,171**	**12,731**	**178,968**
Segment liabilities	11,057	26,062	18,195	6,555	107,955	169,824
Total liabilities	**11,057**	**26,062**	**18,195**	**6,555**	**107,955**	**169,824**
Other segment information						
Capital expenditure	388	1,834	1,898	1,613	63	5,796
Depreciation and amortisation	495	884	338	99	7,573	9,390

Notes to the financial statements

Year ended 31 December 2007

3. **Segmental information (continued)**

Geographical segments 31 December 2006	Europe $'000	Northern America $'000	Asia Pacific $'000	Consolidation $'000	Total $'000
Revenue					
From external customers	7,732	6,421	7,260	-	21,413
From other segments	115	-	30	(145)	-
Total revenue	**7,847**	**6,421**	**7,290**	**(145)**	**21,413**
Operating profit/(loss)	**(4,209)**	**1,151**	**2,101**	**(1,161)**	**(2,117)**
Finance costs – net	(2)	(25)	38	(2,447)	(2,436)
Share of operating loss of associate	-	-	-	37	37
(Loss)/Profit before tax	(4,211)	1,126	2,139	(3,571)	(4,516)
Tax (charge)/credit	(103)	(75)	-	132	(46)
(Loss)/Profit for the year	**(4,314)**	**1,051**	**2,139**	**(3,439)**	**(4,562)**
Assets and liabilities					
Segment assets	10,990	8,484	4,506	6,995	30,975
Investment in associate	-	-	-	1,504	1,504
Total assets	**10,990**	**8,484**	**4,506**	**8,498**	**32,479**
Segment liabilities	(9,828)	(10,287)	(4,452)	(20,624)	(45,191)
Total liabilities	**(9,828)**	**(10,287)**	**(4,452)**	**(20,624)**	**(45,191)**
Other segment information					
Capital expenditure	111	144	321	-	575
Depreciation and amortisation	239	187	51	14	491

Primary segment reporting format is deemed to be geographical as the Group's risks and rates of return are affected predominately by geographical location The operating businesses are organised and managed separately according to location, with each segment representing a strategic business unit that serves different markets

Transfer prices, where appropriate, are set on an arms length basis in a manner similar to transactions with third parties

Notes to the financial statements

Year ended 31 December 2007

3. Segmental information (continued)

Segmental results are stated inclusive of transfers between business segments but are eliminated on consolidation in the financial statements

Business segments

The following table presents revenue, capital expenditure and certain asset information regarding the Group's business segment

Business segments 31 December 2007	Professional services $'000	Software $'000	Maintenance $'000	Other $'000	Consolidation $'000	Total $'000
Revenue						
From external customers	**26,559**	**26,211**	**42,045**	**8,473**	**-**	**103,288**
Assets						
Segment assets	8,548	12,750	33,836	2,119	-	57,254
Investment in associate	-	1,295	-	-	-	1,295
Goodwill	-	-	3,112	-	-	3,112
Unallocated assets	-	-	-	-	117,308	117,308
Total assets	**8,458**	**14,045**	**36,948**	**2,119**	**117,308**	**178,968**
Other segment information						
Capital expenditure	-	4,041	-	-	1,755	5,796

Segment assets are reconciled to entity assets as follows

	$'000
Segment assets	61,661
Unallocated	
Property, plant and equipment	2,736
Goodwill	59,133
Other intangible assets	32,456
Prepayments and accrued income	4,688
Other receivables	319
Cash and cash equivalents	9,924
Deferred tax asset	8,048
Total assets	**178,968**

Notes to the financial statements

Year ended 31 December 2007

3. **Segmental information (continued)**

Business segments 31 December 2006	Professional services $'000	Software $'000	Maintenance $'000	Other $'000	Consolidation $'000	Total $'000
Revenue						
From external customers	**4,603**	**3,729**	**10,648**	**2,431**	**-**	**21,413**
Assets						
Segment assets	2,078	3,034	4,245	(51)	-	9,306
Investment in associate	-	1,504	-	-	-	1,504
Goodwill	-	-	3,112	-	-	3,112
Unallocated assets	-	-	-	-	21,670	21,670
Total assets	**2,078**	**4,538**	**7,357**	**(51)**	**21,670**	**32,479**
Other segment information						
Capital expenditure	-	376	-	-	199	575

Segment assets are reconciled to entity assets as follows

	$'000
Segment assets	13,922
Unallocated	
Property, plant and equipment	609
Other intangible assets	2,276
Prepayments and accrued income	1,731
Other receivables	3,694
Cash and cash equivalents	6,418
Deferred tax asset	3,831
Total assets	**32,479**

4. **Reorganisational and integration costs**

Reorganisational costs include redundancy costs, professional fees, costs incurred as a result of integrating to an acquired software product from an existing Atex product and other incremental integration costs

	$'000
Redundancy costs	493
Professional fees	669
Costs incurred as a result of integrating to an acquired software product from an existing Atex product	774
Other incremental integration costs	670
Total reorganisational costs	**2,606**

Notes to the financial statements

Year ended 31 December 2007

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Loss on disposal of share in associate	**209**	-
Depreciation and amounts written off property, plant and equipment	**566**	209
Amortisation of acquired intangible assets	**8,294**	-
Research and development		
- current year expenditure	**12,155**	5,600
- amortisation and amounts written off capitalised development costs	**1,081**	283
Rentals under operating leases		
- hire of plant and machinery	**337**	338
- other operating leases	**1,758**	1,042
Foreign exchange differences	**70**	991
Auditor's remuneration		
- for group audit services	**70**	70
- for non-audit services		
- subsidiary audit services	**111**	111
- taxation	**108**	108

6. Information regarding directors and employees

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Directors' remuneration		
Emoluments	1,633	761
Share based payment	860	349
	2,493	1,110

In the year to 31 December 2007 and period ended 31 December 2006, no directors received other pension contributions

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Emoluments	617	313
Share based payment	11	37
	628	350

6. Information regarding directors and employees (continued)

Employees

The average monthly number of employees (including executive directors) was 451 (period ended 31 December 2006 279), split as follows

	Year ended 31 December 2007 Number	Period ended 31 December 2006 Number
Research and development	**163**	119
Sales, customer support and marketing	**138**	76
Installation and project management	**105**	49
Administrative and services	**45**	35
	451	279

	Year ended 31 December 2007 \$'000	Period ended 31 December 2006 \$'000
Their aggregate remuneration comprised		
Wages and salaries	**31,735**	11,306
Social security costs	**8,900**	1,691
Share based payments	**1,859**	439
Other pension costs	**609**	593
	43,103	14,029

Included in the cost of share based payments is an expense of \$1,196,000 (for the period ended 31 December 2006 \$284,400) which relates entirely to transactions accounted for as equity settled share based payment transactions (see note 26)

Notes to the financial statements

Year ended 31 December 2007

7. Finance charges/ income

Finance charges	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Interest on shares classed as financial liabilities	1,645	779
Bank loans	6,351	192
Fees relating to loan arrangements	991	-
Other interest payable and similar charges	527	-
Exchange loss on foreign currency borrowings less deposits	3,466	1,465
	12,980	2,436
Finance income		
Interest receivable and similar income	96	-
	96	-

The introduction of IAS32 has resulted in the dividends due on the preference shares to be classified as interest The interest on these preference shares represents the 7% annual charge on the nominal value of these shares

8. Tax on (loss)/profit on ordinary activities

The tax (charge)/credit comprises

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Current tax		
UK corporation tax	-	-
Foreign tax	(1,773)	(178)
(Over)/ under provided in prior years	239	-
Total current tax	(2,012)	(178)
Deferred tax		
Increase in estimate of recoverable deferred tax asset	248	-
Deferred tax asset – share based payments	106	132
Increase in accruals	408	-
Timing differences	(301)	-
Change in rate of deferred tax	61	-
Total deferred tax	522	132
Total tax charge on profit on ordinary activities	(1,490)	(46)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

8. Tax on (loss)/profit on ordinary activities (continued)

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Group (loss)/profit on ordinary activities before tax	**2,325**	(4,516)
Tax on group (loss)/profit on ordinary activities at standard UK corporation tax rate of 30%	**698**	(1,355)
Effects of		
Expenses not deductible for tax purposes	**(321)**	1,401
Utilisation of tax losses	**(264)**	-
Tax losses not utilised	**2,536**	-
Tax release on intangible asset amortisation	**(2,322)**	-
Tax release on provision utilisation	**1,368**	-
Utilisation of timing differences	**(408)**	-
(Over)/ under provided in prior years	**239**	-
Change in rate of deferred tax	**(36)**	-
Total Group tax charge for year	**1,490**	46

The tax charge in future periods may be affected by the distribution of profits between the jurisdictions in which the group operates Profit/ (Losses) by jurisdiction are as follows

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Northern Europe	**6,241**	(4,211)
Southern Europe and Latin America	**4,981**	-
Northern America	**10,165**	1,126
Asia Pacific	**7,076**	2,139
Consolidation	**(26,138)**	(3,571)
Total Profit/(Loss) before tax	**2,325**	(4,516)

Notes to the financial statements

Year ended 31 December 2007

9. Analysis of deferred tax balances

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Total deferred tax asset as at beginning of period	**3,831**	3,586
Decrease in estimate of recoverable deferred tax asset	**(875)**	-
Acquired deferred tax asset	**1,346**	-
Deferred tax asset – share based payments	**510**	132
Deferred tax asset – foreign exchange differences recognised in equity	**705**	113
Deferred tax asset – provisions	**2,553**	-
Change in tax rate	**(22)**	-
Total deferred tax asset as at 31 December	**8,048**	3,831
Deferred tax asset consists of the following		
Recoverable tax losses	**3,950**	3,500
Deferred tax on share based payments	**671**	161
Deferred tax asset on foreign exchange differences recognised in equity	**874**	170
Deferred tax asset provisions	**2,553**	-
Total deferred tax asset as at 31 December	**8,048**	3,831
Current deferred tax assets	**711**	-
Non-current deferred tax assets	**7,337**	3,831
Total deferred tax asset as at 31 December	**8,048**	3,831

A deferred tax asset of $3,950,000 has been recognised at 31 December 2007 (31 December 2006 $3,500,000) in relation to trading losses In the opinion of the Directors, it is more likely than not that there will be suitable taxable profits available in the foreseeable future against which these losses can be utilised, based on medium term forecasts

A deferred tax asset of $34,400,000 (31 December 2006 $34,400,000) in respect of tax losses and other timing differences has not been recognised due to uncertainty as to recoverability

9. Analysis of deferred tax balances (continued)

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Total deferred tax liability as at beginning of period	-	-
Deferred tax liability – acquired intangible assets	16,410	-
Amounts utilised in the year	(2,322)	-
Total deferred tax liability as at 31 December	14,088	-
Deferred tax liability consists of the following		
Deferred tax liability on acquired intangible assets	14,088	-
Total deferred tax liability as at 31 December	14,088	-
Current deferred tax liabilities	2,647	-
Non-current deferred tax liabilities	11,441	-
Total deferred tax liability as at 31 December	14,088	-

10. Earnings per share

Basic earnings per share is calculated by dividing the profit/loss for the year by the weighted average number of shares in issue The weighted average number of shares for the calculation of diluted earnings per share includes dilutive share options under the terms of IAS 33 of 446,015 (2006 431,075) shares for year ended 31 December 2007

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares

	Year ended 31 December 2007			Period ended 31 December 2006		
	Profit for the year	Weighted average number of shares	Earnings per share	Loss for the period	Weighted average number of shares	Earnings per share
	$'000	'000	$	$'000	'000	$
Basic earnings/(loss) per share	835	2,089	0.41	(4,562)	1,668	(2 73)
Diluted earnings/(loss) per share	835	2,535	0.34	(4,562)	1,668	(2 73)

11. Goodwill

	Goodwill $'000
Cost	
At 1 January 2007 and 1 July 2006	3,112
Acquisition of Fusio AB	34,945
Acquisition of Unisys Media	23,289
Acquisition of Vogsys	900
At 31 December 2007	62,246
Provision for impairment	
At 1 January 2007 and 1 July 2006	-
Charge for the year	-
At 31 December 2007	-
Net book value	
At 31 December 2007	**62,246**
At 31 December 2006	3,112

Goodwill

Acquisition accounting has been adopted in respect of all business combinations after 1 July 2005 The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

Goodwill acquired in a business combination is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation

Impairment of goodwill

The recoverable amounts of the CGUs are determined from value in use calculations, derived from the present value of future cash flows generated from the CGUs In determining the future cash flows generated the following assumptions have been made

Goodwill acquired through business combinations have been allocated for impairment testing to 4 CGUs, which are also reportable segments as follows

	2007 $'000	2006 $'000
Northern America	**4,641**	1,109
Asia Pacific	**2,788**	2,003
Northern Europe	**38,034**	-
Southern Europe and Latin America	**16,783**	-
Carrying amount as at 31 December 2007 and 2006	**62,246**	3,112

Notes to the financial statements

Year ended 31 December 2007

11. **Goodwill (continued)**

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes

Although the Board are satisfied that the assumptions used are appropriate to the current circumstances of the Group, changes to these key assumptions or estimates could significantly affect the results of the impairment calculation The basis of the assumptions used is as follows

Management estimates discounts rates using pre-tax rates that reflect current market assessments of the time value of money and the risk associated with the business

The period in which the discounted cash flows have been prepared are for 5 years based on a static gross profit The rate used to discount the forecast pre-tax cash flows was 10% and represents management's current best estimate of weighted average cost of capital in each of the years for which cash forecasts have been discounted

The carrying amount of goodwill at the balance sheet date was $49 2 million (2006 3 1 million) No impairment loss has been recognised in the year

Sensitivity analysis

Based on the forecasts and discount factor above the following sensitivities have been conducted on the results of the impairments testing

Management do not believe that there are circumstances which can be currently foreseen as reasonably possible that would cause a decrease in revenue sufficient to result in the carrying value falling below the recoverable amount

Notes to the financial statements

Year ended 31 December 2007

12. Intangible assets

Group

	Capitalised development costs $'000	Acquired customer lists $'000	Acquired sales order backlogs $'000	Acquired maintenance contracts $'000	Acquired software $'000	Total $'000
Cost						
At 1 July 2006	6,049	-	-	-	-	6,049
Additions	376	-	-	-	-	376
Disposals	(130)	-	-	-	-	(130)
At 31 December 2006	6,295	-	-	-	-	6,295
Additions	4,041	-	-	-	-	4,041
Acquisition of Fusio AB	-	5,368	4,073	13,149	5,445	28,035
Acquisition of Unisys Media	-	6,495	1,960	13,133	8,986	30,574
Disposals	(3,928)	-	-	-	-	(3,928)
Foreign exchange	(207)	-	-	-	-	(207)
At 31 December 2007	6,201	11,863	6,033	26,282	14,431	64,810
Amortisation						
At 1 July 2006	3,736	-	-	-	-	3,736
Charge for the year	283	-	-	-	-	283
At 31 December 2006	4,019	-	-	-	-	4,019
Charge for the year	529	1,487	2,682	2,874	1,248	8,820
Disposals	(3,373)	-	-	-	-	(3,373)
Foreign exchange	(520)	-	-	-	-	(520)
At 31 December 2007	655	1,487	2,682	2,874	1,248	8,946
Net book value						
At 31 December 2007	**5,546**	**10,376**	**3,351**	**23,408**	**13,183**	**55,864**
At 31 December 2006	2,276	-	-	-	-	2,276

12 Intangible assets (continued)

Company	Acquired software $'000
Cost	
At 1 January 2007 and 1 July 2006	-
Acquisition of Unisys Media	8,986
Disposals – transfer to subsidiary undertaking	(8,986)
At 31 December 2007	-
Amortisation	
At 1 January 2007 and 1 July 2006	-
Charge for the year	-
Disposals	-
At 31 December 2007	-
Net book value	
At 31 December 2007	-
At 31 December 2006	-

Capitalised development costs

Development costs are amortised over their useful lives of 3 years after the date at which the products are available for use

Other acquired intangible assets

The other acquired intangible assets are amortised over their useful lives as indicated below from the date of acquisition

	Useful Life (years)	Remaining amortisation period (years)
Acquired customer lists	7	6
Acquired sales order backlogs	2	1
Acquired maintenance contracts	8	7
Acquired software	10	9

Impairment of intangibles

The Group tests intangible assets that are being amortised for impairment if there are indications that impairment has arisen

Management are satisfied that no intangible assets have shown any indication of impairment during the year

Notes to the financial statements

Year ended 31 December 2007

13. Property, plant and equipment

Group	Leasehold improvements $'000	Computer equipment $'000	Fixtures and fittings $'000	Total $'000
Cost				
At 1 July 2006	328	3,438	1,080	4,846
Additions	12	169	19	200
Disposals	-	-	(266)	(266)
Foreign exchange differences	14	39	33	86
At 31 December 2006	354	3,646	866	4,866
Additions	609	880	266	1,755
Acquisition of Fusio AB	-	359	50	409
Acquisition of Unisys Media	79	486	82	647
Transfers between categories	70	-	(70)	-
Disposals	(228)	(12)	(70)	(310)
Foreign exchange differences	(93)	(271)	(323)	(687)
At 31 December 2007	791	5,088	801	6,680
Depreciation				
At 1 July 2006	225	3,136	666	4,027
Charge for the year	21	138	50	209
Disposals	-	-	(41)	(41)
Foreign exchange differences	9	26	27	61
At 31 December 2006	255	3,300	702	4,257
Charge for the year	168	268	130	566
Transfers between categories	54	-	(54)	-
Disposals	(228)	(10)	(70)	(308)
Foreign exchange differences	(88)	(419)	(64)	(569)
At 31 December 2007	161	3,139	644	3,944
Net book value				
At 31 December 2007	**630**	**1,949**	**157**	**2,736**
At 31 December 2006	99	346	164	609

13. **Property, plant and equipment (continued)**

Company	Leasehold improvements $'000	Computer equipment $'000	Fixtures and fittings $'000	Total $'000
Cost				
At 1 July 2006	-	20	179	199
Additions	-	-	-	-
Disposals	-	-	(124)	(124)
Foreign exchange	-	2	11	13
At 31 December 2006	-	22	66	88
Additions	30	24	9	63
Disposals	-	-	-	-
Foreign exchange	-	-	1	1
At 31 December 2007	30	46	76	152
Depreciation				
At 1 July 2006	-	10	62	72
Charge for the year	-	6	9	15
Disposals	-	-	(41)	(41)
Foreign exchange	-	-	3	3
At 31 December 2006	-	16	33	49
Charge for the year	1	8	18	27
Disposals	-	-	-	-
Foreign exchange	-	(1)	1	-
At 31 December 2007	1	23	52	77
Net book value				
At 31 December 2007	**28**	**23**	**24**	**75**
At 31 December 2006	-	6	33	39

14. Investment in associate

At 31 December 2007 the Group had interests in the following associate

Associate	Country of incorporation	Class of share capital held	Proportion held by parent company	Proportion held by the group	Nature of business
Vensure Inc dba Media Spectrum	USA	Ordinary	43 0% (2006 49 9%)	43 0% (2006 49 9%)	Media Software

Vensure Inc dba Media Spectrum is a private entity that is not listed on any public exchange

	Group Total $000	Company Total $000
At 1 July 2006	1,634	1,634
Share of profit of associate after taxation for period ended 31 December 2006	37	37
Impairment loss recognised	(167)	(167)
At 31 December 2006	1,504	1,504
Share of profit of associate after taxation	-	-
Disposal	(209)	(209)
At 31 December 2007	**1,295**	**1,295**

On 18 December 2007 Atex disposed of 484,171 shares of its investment in Media Spectrum The loss on disposal was $208,889

In exchange for the shares, Atex acquired the IP for OLSS for the value of the shares, the fair value of which is $nil

The remaining investment in Media Spectrum has been classified as an asset held for sale, as Atex expects to dispose of the investment within 12 months of the balance sheet date

15. Subsidiary undertakings

	Company Year ended 31 December 2007 $'000	Company Period ended 31 December 2006 $'000
Subsidiary undertakings	**4,885**	2,599

Atex Group Limited has the following principal subsidiary companies

Name	Principal location	Principal field of activities
Atex Media Command, Inc	USA - Burlington, MA	US headquarters, marketing, engineering, legal, finance, human resources, sales, services and support
Atex Media Command, Incorporated	USA - Tampa, FL	Latin America Region headquarters, with Colombia branch Sales, services and support
Atex Media Command Pty Ltd	Australia - Melbourne	Australia Region headquarters Sales, services and support
Atex Media Solutions Pty Ltd	Australia - Melbourne	Old AMC regional headquarters with New Zealand branch
Atex Media Command GmbH	Germany – Moefelden– Walldorf	Central Europe Region headquarters includes Germany, Austria and Switzerland, with Czech Republic branch Sales, services and support
Atex Media Command Oy	Finland – Oulu	Finland Region headquarters Engineering, sales, services and support
Atex Media Command B V	The Netherlands – Gouda	Region headquarters Sales, services and support
Atex Media Command Pte Ltd	Singapore	Asia Region headquarters Sales, services and support
Atex Media Command Ltd	UK – Latimer, Bucks and Reading, Berks (HQ)	Western Europe Region headquarters Sales, services and support
Atex Media Command Sdn Bhd	Malaysia – Kuala Lumpur	Services and support
Atex Global Media SpA	Italy - Milan	Southern Europe Region headquarters Sales, services and support
Atex Global Media SAS	France – Paris	Region headquarters Sales, services and support
Atex Global Media SLU	Spain - Madrid	Region headquarters, with Portugal branch Sales, services and support
Atex Midia Global Ltda	Brazil – Sao Paulo	Brazil Region headquarters Sales, service and support
Atex Media Holding Sweden AB	Sweden	Holding company for acquired Mactive business

All subsidiaries are 100% owned

16. Acquisitions

Fusio AB and subsidiaries

On 6 February 2007, the Group acquired all the issued share capital of Fusio AB and its subsidiaries, a company based in Sweden The group provides advertising and circulation software to the media industry primarily in Sweden and America The net cash consideration (after taking account of $8 7 million cash in the business and including acquisition costs) amounted to $51 2 million

Based on an assessment of the fair values of the net assets acquired and intangible assets, goodwill of $34 9 million arose on acquisition As part of the fair value exercise, intangible fixed assets comprising customer lists ($5 4 million), sales order backlog ($4 1 million), acquired maintenance contracts ($13 1 million) and computer software ($5 4 million) were identified

The acquisition was funded by a long term loan and has been accounted for using the acquisition method of accounting

	Book Value	Fair Value Adjustments	As Adjusted
	$'000	$'000	$'000
Net assets acquired.			
Intangible assets	2,621	25,414	28,035
Deferred tax on intangible assets	-	(7,850)	(7,850)
Property, plant and equipment	409	-	409
Deferred tax assets	1,346	-	1,346
Trade and other receivables	3,330	-	3,330
Cash and cash equivalents	8,715	-	8,715
Trade and other payables	(9,016)	-	(9,016)
			24,969
Purchased goodwill			**34,945**
Total purchase consideration, including expenses			59,915

	$'000
Net outflow of cash in respect of acquisition	
Cash paid for acquisition, including expenses	59,915
Net cash acquired	(8,715)
Total outflow of cash from Group	**51,200**

It is not possible to separate the financial information of Fusio AB and subsidiaries after the acquisition date as the businesses have been fully integrated in terms of product portfolio, employees and management reporting systems The business has been merged operationally into the four geographical regions of the Atex Group (being Northern Europe, Southern Europe and Latin America, Northern America and Asia-Pac)

16 Acquisitions (continued)

Unisys Media

On 28 February 2007, the Group acquired the business and assets of the media section of Unisys The section provides content management software to the media industry primarily in America and Europe The net cash consideration (including acquisition costs) amounted to $35 1 million

Based on an assessment of the fair values of the net assets acquired and intangible assets, goodwill of $23 3 million arose on acquisition As part of the fair value exercise, intangible fixed assets comprising customer lists ($6 5 million), sales order backlog ($2 0 million), acquired maintenance contracts ($13 1 million) and computer software ($9 0 million) were identified

The acquisition was funded by a long term loan and has been accounted for using the acquisition method of accounting

	Book Value	Fair Value Adjustments	As Adjusted
	$'000	$'000	$'000
Net assets acquired:			
Intangible assets	6,888	23,686	30,573
Deferred tax on intangible assets	-	(8,560)	(8,560)
Property, plant and equipment	646	-	646
Deferred tax assets	3,920	-	3,920
Trade and other receivables	9,848	-	9,848
Cash and cash equivalents	-	-	-
Trade and other payables	(24,643)	-	(24,643)
			11,784
Purchased goodwill			**23,289**
Total purchase consideration, including expenses			35,073

	$'000
Net outflow of cash in respect of acquisition	
Cash paid for acquisition, including expenses	35,073
Net cash acquired	-
Total outflow of cash from Group	**35,073**

It is not possible to separate the financial information of Unisys media division after the acquisition date as the businesses have been fully integrated in terms of product portfolio, employees and management reporting systems The business has been merged operationally into the four geographical regions of the Atex Group (being Northern Europe, Southern Europe and Latin America, Northern America and Asia-Pac)

16. Acquisitions (continued)

Vogsys

On 1 September 2007, the Group acquired the business and assets of Vogsys, a company based in Brazil The company installs media software to the media industry primarily in Brazil The net consideration (including acquisition costs) amounted to $0 9 million, part of which is deferred

Based on an assessment of the fair values of the net assets acquired and intangible assets, goodwill of $0 9 million arose on acquisition A significant part of the acquisition costs can be attributed to the sales force and the sales know-how of key personnel of Vogsys At the acquisition however, no intangible asset qualified for recognition in this respect These circumstances contributed to the amount recognised as goodwill

The acquisition was funded from a combination of existing cash resources and shares issued from the Group company, and has been accounted for using the acquisition method of accounting

The net consideration (after acquisition costs) is set out below

	$'000
Cash consideration	180
Cash equivalent share consideration	225
Total deferred consideration accrued	495
Total consideration	**900**
Acquisition expenses	-
Net consideration payable	**900**

Deferred consideration accrued is the Group's best estimate of the contingent consideration payable to vendors, which may subject to change as this is dependent on the fulfilment of certain performance targets of the businesses acquired This amount was discounted to its PRESENT value in accordance with IFRS3 – Business Combinations

Pre acquisition, Vogsys primarily installed advertising software Atex's previous expertise was in content management software The acquisition is to acquire the skills from the Vogsys staff to install advertising software in the region

Total purchased goodwill is $900,000

	$'000
Net outflow of cash in respect of acquisition	
Cash paid for acquisition, including expenses	900
Net cash acquired	-
Total outflow of cash from Group	**900**

It is not possible to separate the financial information of Vogsys after the acquisition date as the businesses have been fully integrated in terms of product portfolio, employees and management reporting systems The business has been merged operationally into the four geographical regions of the Atex Group (being Northern Europe, Southern Europe and Latin America, Northern America and Asia-Pac)

17. Trade and other receivables

	Group		Company	
	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	**Year ended 31 December 2007 $'000**	Period ended 31 December 2006 $'000
Trade receivables	**21,448**	6,470	-	2
Amounts recoverable on contracts	**12,400**	2,836	-	-
Amounts due from group undertakings	-	-	**125,871**	20,665
Other receivables	**319**	3,692	**469**	3,404
Prepayments and accrued income	**4,688**	1,731	**1,727**	85
	38,855	14,729	**128,067**	24,156

All of the Group's trade and other receivables have been reviewed for indicators of impairment Certain trade receivables were found to be impaired and a provision of $264,000) (2006 $129,000) has been recorded accordingly The impaired trade receivables are mostly due from customers in the Group's business-to-business market that are experiencing financial difficulties

In addition, some of the unimpaired trade receivables are past due as at the reporting date The age of financial assets past due but not impaired is as follows

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Not more than 30 days	**6,797**	870
More than 30 days but not more than 60 days	**664**	1,568
More than 60 days	**1,488**	765
	8,949	3,203

18. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group in bank accounts The carrying amount of these assets approximates their fair value

	Group		Company	
	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	**Year ended 31 December 2007 $'000**	Period ended 31 December 2006 $'000
Cash	**9,924**	6,850	**191**	-
Bank overdraft	-	(432)	-	(432)
Total cash and cash equivalents	**9,924**	6,418	**191**	(432)

Notes to the financial statements
Year ended 31 December 2007

18. Cash and cash equivalents (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group

As at 31 December 2007, the Group has available $nil (period ended 31 December 2006 $195,000) of undrawn borrowing facility in respect of which all conditions precedent had been met $nil (period ended 31 December 2006 $100,000) of these facilities fall due for review within one year and is repayable upon demand

19. Trade and other payables

	Group		Company	
	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	**Year ended 31 December 2007 $'000**	Period ended 31 December 2006 $'000
Trade payables	**4,841**	4,163	**1,757**	-
Amounts due to group undertakings	**-**	-	**16,185**	-
Other creditors	**1,909**	733	**-**	1,613
Amounts due to customers for contract work	**22,804**	11,721	**-**	-
Accruals	**17,015**	8,081	**409**	819
	46,569	24,698	**18,351**	2,432

20. Provisions

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
As at 1 January	**-**	-
Arising in the year	**14,000**	-
Utilised	**(4,884)**	-
As at 31 December	**9,116**	-
Analysed as		
Current	**2,541**	-
Non-Current	**6,575**	-
	9,116	-

The above provision is in connection with an acquired contract from the Unisys acquisition The provision relates to the expected loss on that contract

The provision has been based on the cash flows associated with the contract over its estimated completion period of 2 years

21. Financial liabilities

	Group		Company	
	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	**Year ended 31 December 2007 $'000**	Period ended 31 December 2006 $'000
Current				
Loan notes	-	2,695	-	2,694
Other loans	**185**	1,154	**185**	736
Deferred consideration	**165**	-	-	-
Bank overdraft	-	-	-	432
Bank loan	-	4,308	-	4,308
Accrued interest on bank loan	**1,804**	-	**1,804**	-
	2,154	8,157	**1,989**	8,170
Non-current				
Shares classed as financial liabilities	**7,827**	7,827	**7,827**	7,827
Bank loan	**82,428**	-	**82,428**	-
Other loans	**1,210**	1,790	**125**	310
Deferred consideration	**330**	-	-	-
Accrued interest on shares classed as financial liabilities	**3,972**	2,367	**3,972**	2,367
	95,767	11,984	**94,352**	10,504
Shares classed as financial liabilities				
Share capital	**198**	198	**198**	198
Share premium	**7,629**	7,629	**7,629**	7,629
	7,827	7,827	**7,827**	7,827

Under IAS32, compound financial instruments are to be split into their financial liability and equity elements and disclosed as such The accrued interest on these shares has been included as a financial liability

As at 31 December 2007, there were 11,024,696 (2006 11,024,696) non-convertible cumulative redeemable preference shares in issue Each share has a nominal value of £0 01 and is redeemable only upon the occurrence of a redemption event A redemption event would either be a sale of the business or an Initial Public Offering

The preference shares carry a dividend of 7% per annum which is payable on redemption, which is included as 'accrued interest on shares classed as financial liabilities' above

21. Financial liabilities (continued)

Bank loans

During the year the Group repaid the existing bank loan as at 1 January 2007 in full A new loan facility was drawn down in January and February The loan was drawn down in various currencies (Australian dollars, Euros, British pounds, Swedish Krona and US dollars) The loan consists of a $70 million loan facility repayable in February 2009, and a $10 million revolver which is renewed on a monthly basis The $70 million facility bears an interest charge of LIBOR plus 2 5% per annum and is payable on a six month basis The amount accrued as at 31 December 2007 was $1,804,000 The $10 million revolver bears an interest charge of LIBOR plus 2 5% and is payable on a monthly basis The entire loan is secured by means of all existing and future securities held by the bank

22. Financial risk management

Capital structure

The Group's capital structure is as follows

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Cash and cash equivalents	**9,924**	6,418
Loans and similar liabilities	**85,792**	9,947
Liability component of preference share capital	**7,827**	7,827
Net debt	**103,543**	24,192
Shareholders' equity	**9,143**	(12,712)
Capital employed	**112,686**	11,480

The group uses various financial instruments which include loans, cash, preference shares and various items, such as trade receivables and trade payables that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations and manage its working capital requirements

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

The main risks arising from the group financial instruments are market risk, currency risk, liquidity risk, interest rate risk and credit risk The Directors review and agree policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

Market risk

Atex is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities The Group's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets Long term financial investments are managed to generate lasting returns Atex does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below See also note 23 for a summary of Atex's financial assets and liabilities by category

Notes to the financial statements

Year ended 31 December 2007

22. Financial risk management (continued)

The group policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below

Currency risk

The group is exposed to translation and transaction foreign exchange risk In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency

The group has offices around the world that trade within their own specific currencies Receipts and payments are made in these currencies and hence reduce the currency risks that may arise

Most of the Group's transactions are carried out in US Dollars Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Euros, British pounds and Australian Dollars To mitigate the Group's exposure to foreign currency risk, non-US Dollar cash flows are monitored in accordance with Atex's risk management policies

Foreign currency denominated financial assets and liabilities, translated into US Dollars at the closing rate, are as follows

As at 31 December 2007

Nominal amounts	Euros $000	British Pounds $000	Australian Dollars $000	Other $000
Financial assets	11,920	10,701	3,996	7,129
Financial liabilities	(1,334)	(4,050)	(142)	(537)
Short term exposure	**10,587**	**6,651**	**3,854**	**6,593**
Financial assets	-	-	-	-
Financial liabilities	-	(94,351)	-	(1,415)
Long term exposure	**-**	**(94,351)**	**-**	**(1,415)**

As at 31 December 2006

Nominal amounts	Euros $000	British Pounds $000	Australian Dollars $000	Other $000
Financial assets	330	8,763	3,638	1,384
Financial liabilities	(835)	(10,297)	(346)	(236)
Short term exposure	**(505)**	**(1,534)**	**3,292**	**1,148**
Financial assets	-	-	-	-
Financial liabilities	-	(10,504)	-	(1,480)
Long term exposure	**-**	**(10,504)**	**-**	**(1,480)**

Notes to the financial statements

Year ended 31 December 2007

22. Financial risk management (continued)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US Dollar – Euro exchange rate, US Dollar – British Pound and US Dollar – Australian Dollar exchange rate

It assumes a +/- 5% change of the exchange rates for the year ended at 31 December 2007 (2006 5%) This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months The sensitivity analysis is based on Atex's foreign currency financial instruments held at each balance sheet date

	Euros $000	British Pounds $000	Australian Dollars $000	Total $000
5% strengthening of the US Dollar				
Net results for the year	3,381	(17,127)	4,172	(9,574)
Equity	11,803	2,058	12,802	26,663
5% weakening of the US Dollar				
Net results for the year	3,737	(18,930)	4,611	(10,582)
Equity	13,045	2,275	14,149	29,470

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions Nonetheless, the analysis above is considered to be representative of Atex's exposure to currency risk

Interest rate risk

Atex's policy is to minimise interest rate cash flow risk exposures on long-term financing Longer-term borrowings are therefore at fixed rates, through the use of interest rate hedges Atex has no short term borrowings that are exposed to an interest rate risk As in the previous year, all other financial assets and liabilities have fixed rates

Credit risk

Atex's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below

	2007 $000	2006 $000
Classes of financial assets – carrying amounts		
Cash and cash equivalents	**9,924**	6,418
Trade and other receivables	**38,855**	14,729
	48,779	21,147

In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Atex's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due

Notes to the financial statements

Year ended 31 December 2007

22. **Financial risk management (continued)**

None of Atex's financial assets are secured by collateral or other credit enhancements

In respect of trade and other receivables, Atex is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

Liquidity risk

Atex manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly

Atex's liabilities have contractual maturities which are summarised below

As at 31 December 2007

	Current		Non-Current	
	Within 6 months $000	6 to 12 months $000	1 to 5 years $000	Later than 5 years $000
Long term bank loans	-	-	82,428	-
Other non-current financial liabilities	-	-	13,339	-
Trade payables	4,841	-	-	-
Other short term financial liabilities	1,969	185	-	-
	6,810	**185**	**95,767**	**-**

As at 31 December 2006

	Current		Non-Current	
	Within 6 months $000	6 to 12 months $000	1 to 5 years $000	Later than 5 years $000
Long term bank loans	-	-	-	-
Other non-current financial liabilities	-	-	11,984	-
Trade payables	4,163	-	-	-
Other short term financial liabilities	7,972	185	-	-
	12,135	**185**	**11,984**	**-**

Notes to the financial statements

Year ended 31 December 2007

23. Summary of financial assets and liabilities by category

The carrying amounts of Atex's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows

	2007 $000	2006 $000
Current assets		
Trade and other receivables (loans and other receivables)	38,855	14,729
Cash and cash equivalents	9,924	6,418
	48,779	21,147
Non current liabilities		
Financial liabilities designated at fair value through profit or loss		
- shares classed as financial liabilities	7,827	7,827
- bank loan	82,428	-
- other loans	1,210	1,790
- deferred consideration	330	-
- accrued interest on shares classed as financial liabilities	3,972	2,367
Current liabilities		
Financial liabilities designated at fair value through profit or loss		
- loan notes	-	2,695
- other loans	185	1,154
- deferred consideration	165	-
- bank loan	-	4,308
- accrued interest on bank loan	1,804	-
Trade payables (financial liabilities measured at amortised cost)	4,841	4,163
	102,762	24,304

24. Financial instruments

Fair values

Fair values of short term assets and liabilities (including trade receivables, trade payables and borrowings) are not materially different to their book values due to their short maturity and floating rates

The fair value of the non-convertible preference shares have been calculated including the cumulative accrued interest payable on these instruments.

Notes to the financial statements

Year ended 31 December 2007

24. Financial instruments (continued)

	Carrying amount		Fair value	
	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000	**Year ended 31 December 2007 $'000**	Period ended 31 December 2006 $'000
Bank loans	**(82,428)**	(4,308)	**(82,428)**	(4,308)
Non-convertible preference shares	**(7,827)**	(7,827)	**(11,799)**	(10,194)

Interest rate risks

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk

As at 31 December 2007	Cash $'000	Bank overdraft available for $'000	Total cash and cash equivalents $'000	Bank loans $'000	Preference shares $'000
Within one year	9,924	-	9,924	(82,428)	-
Indeterminable	-	-	-	-	(7,827)
Total	**9,924**	-	**9,924**	**(82,428)**	**(7,827)**

As at 31 December 2006	Cash $'000	Bank overdraft available for $'000	Total cash and cash equivalents $'000	Bank loans $'000	Preference shares $'000
Within one year	6,850	(432)	6,418	(4,308)	-
Indeterminable	-	-	-	-	(7,827)
Total	**6,850**	**(432)**	**6,418**	**(4,308)**	**(7,827)**

The interest rate exposure of the financial assets and liabilities of the group are shown in the tables below The tables include trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk

Interest on the $70m loan has been fixed over the term of the loan and is payable bi-annually in August and February Interest is charged at between 6 0% and 8 9% depending on the currency borrowed

On the $70m loan, movements on foreign exchange rates against the USD are reviewed bi-annually Any movement greater than 5% is payable / recoverable

Notes to the financial statements

Year ended 31 December 2007

24. Financial instruments (continued)

As at 31 December 2007	Fixed	Interest rate Floating	Zero	Total
Financial assets				
Cash	-	9,924	-	9,924
Trade receivables	-	-	21,448	21,448
	-	9,924	21,448	31,372
Financial liabilities				
Overdrafts	-	-	-	-
Bank loans	82,428	-	-	82,428
Trade payables	-	-	4,841	4,841
7% Preference shares	7,827	-	-	7,827
	90,255	-	4,841	95,096

$80m bank loan is drawn down in various currencies and a $2 4m foreign exchange loss is shown

As at 31 December 2006	Fixed	Interest rate Floating	Zero	Total
Financial assets				
Cash	-	6,418	-	6,418
Trade receivables	-	-	6,470	6,470
	-	6,418	6,470	12,888
Financial liabilities				
Overdrafts	-	-	-	-
Bank loans	-	4,308	-	4,308
Trade payables	-	-	4,163	4,163
7% Preference shares	7,827	-	-	7,827
	7,827	4,308	4,163	16,298

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Year ended 31 December 2007

25. Called up share capital

	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Authorised:		
3,000,000 ordinary shares of £0 01 each	54	45
12,500,000 7% redeemable preference shares of £0 01 each	224	224
300,000 deferred shares of £0 01 each	5	5
	283	274
Called up, allotted and fully paid		
Equity shares		
Ordinary shares of £0 01 each	36	29
Shares classified as financial liabilities		
7% redeemable preference shares of £0 01 each	198	198
	234	227

The movements in the number of called up, allotted and fully paid shares is shown below

	Year ended 31 December 2007		Period ended 31 December 2006	
	Ordinary shares of £0.01 each Number	7% redeemable preference shares of £0.01 each Number	Ordinary shares of £0 01 each Number	7% redeemable preference shares of £0 01 each Number
Shares in issue at beginning of year	1,728,895	11,024,696	1,621,046	11,024,696
New issues of shares	359,811	-	107,849	-
Shares in issue at end of year	2,088,706	11,024,696	1,728,895	11,024,696

During the year the company allotted the following ordinary shares

	Number of shares Number	Nominal value per share £	Issue price per share £
	348,107	0.01	25 61
	6,735	0.01	29 88
	1,517	0 01	38 41
	802	0.01	42 68
Total shares issued in the year	359,811		

25. Called up share capital (continued)

The 7% redeemable preference shares carry an entitlement to, a fixed, cumulative dividend at the rate of 7% per annum and may be redeemed only upon the occurrence of a redemption event A redemption event would either be a sale of the business or an Initial Public Offering Provision is made for the dividend payable on redemption and is included within financial liabilities At 31 December 2007 the amount accrued was $3,972,000 (31 December 2006 $2,367,000) Other than as described above, the holders of the preference shares are not entitled to any further right of participation in the profits of Atex Group Limited In the event of liquidation, reduction of capital or winding up of Atex Group Limited, the assets available for distribution amongst the shareholders shall be applied as follows

(i) first, in paying to the holders of the preference shares, an amount equal to the sum of the aggregate subscription price of such preference shares and an amount equal to any accrued but unpaid preference dividend,

(ii) second, in paying to the holders of the ordinary shares, an amount equal to the sum of the aggregate subscription price of such ordinary shares and an amount equal to any accrued but unpaid dividend, and

(iii) finally, in paying any balance amongst the holders of the ordinary shares in proportion to the amounts paid up or credited as paid up on such shares The holders of the preference shares are not entitled to vote or to receive notice of or attend general shareholder meetings of Atex Group Limited

26. Share based payments

	Year ended 31 December 2007		Period ended 31 December 2006	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Outstanding at beginning of period	**431,075**	**$2.63**	395,000	$2 63
Granted during the year	**14,940**	**$34.54**	36,075	$0 01
Outstanding at end of period	**445,985**	**$6.98**	431,075	$2 63
Exercisable at end of period	**445,985**	**$6.98**	431,075	$2 63
Exercisable at beginning of period	**431,075**	**$2.63**	395,000	$2 63

The total charge to the income statement for share based payments for the year ended 31 December 2007 was $1,859,000 (period ended 31 December 2006 $439,000)

The options outstanding at 31 December 2007 had a weighted average remaining contractual life of 15 months (31 December 2006 9 months) The weighted average fair value of options outstanding as at 31 December 2007 was $7 77 (31 December 2006 $1 28)

The share based payment plans are described below There have been no modifications or cancellations of the plans during the year

26 Share based payments (continued)

Warrant issues

Kistefos (the ultimate parent company) have provided guarantees to a customer in regards to a contract The guarantee is as follows

The guarantor (Kistefos) unconditionally and irrevocably guarantees the customer (Trinity Mirror) due performance by the principal (Atex Media Command Limited) of its obligations under (and subject to) the terms and conditions of the agreement, including, without limitation, the obligation to pay money and to indemnify damages pursuant to the provisions of the Agreement The aggregate maximum liability of the guarantor toward the company shall be limited to the total payments made by the company under the Agreement

In return for this guarantee Atex Group Limited has issued to Kistefos 375,000 warrants on ordinary shares at a subscription price of $2 per warrant This option is exercisable at any time during the warrant period which expires on 30 June 2009 and commenced upon signing of the warrant instrument

Kistefos has assigned 95,625 of these warrants to John Hawkins who in return accepted 25 5% of the obligation of the guarantee to the customer

The warrants outstanding at 31 December 2007 had a weighted average remaining contractual life of 15 months (31 December 2006 9 months)

The fair value of the warrants granted has been determined using the Black-Scholes valuation model, with the following inputs being used

	Year ended 31 December 2007	Period ended 31 December 2006
Weighted average share price	$2 00	$2 00
Weighted average exercise price	$2 00	$2 00
Expected volatility	31 15%	31 15%
Expected life	40 months	28 months
Risk-free rate	4 16%	4 16%
Dividend yield	$0	$0
Fair value	$0 60	$0 46

Expected volatility was determined by comparing the share price fluctuations of closely aligned companies that are listed on the London Stock Exchange The expected life used in the model has been adjusted, based on management best estimate, for the effects of non-transferability, exercise restrictions, and behavioural conditions

26 **Share based payments (continued)**

Share options to dırectors

The optıons are exercısable at varıous dates after the grant date The optıons outstandıng at 31 December 2007 had a weıghted average remaınıng contractual lıfe of 6 months (31 December 2006 12 months)

The faır value of the optıons granted has been determıned usıng the Black-Scholes valuatıon model, wıth the followıng ınputs beıng used

	Year ended 31 December 2007	Perıod ended 31 December 2006
Weıghted average share prıce	$15 73	$15 73
Weıghted average exercıse prıce	$15 73	$15 73
Expected volatılıty	31 15%	31 15%
Expected lıfe	12-36 months	12-36 months
Rısk-free rate	3 97%	3 97%
Dıvıdend yıeld	$0	$0
Weıghted average faır value	$3 20	$3 21

Expected volatılıty was determıned by comparıng the share prıce fluctuatıons of closely alıgned companıes that are lısted on the London Stock Exchange The expected lıfe used ın the model has been adjusted, based on management best estımate, for the effects of non-transferabılıty, exercıse restrıctıons and behavıoural condıtıons

Share options to employees

The optıons outstandıng at 31 December 2007 had a weıghted average remaınıng contractual lıfe of 15 months (31 December 2006 33 months)

The faır value of the optıons granted has been determıned usıng the Black-Scholes valuatıon model, wıth the followıng ınputs beıng used

	Year ended 31 December 2007	Period ended 31 December 2006
Weıghted average share prıce	$26 27	$26 27
Weıghted average exercıse prıce	$41 72	$41 72
Expected volatılıty	31 15%	31 15%
Expected lıfe	48 months	36 months
Rısk-free rate	4 45%	4 45%
Dıvıdend yıeld	$0	$0
Weıghted average faır value	$18 85	$16 67

Expected volatılıty was determıned by comparıng the share prıce fluctuatıons of closely alıgned companıes that are lısted on the London Stock Exchange The expected lıfe used ın the model has been adjusted, based on management best estımate, for the effects of non-transferabılıty, exercıse restrıctıons, and behavıoural condıtıons

26. Share based payments (continued)

Matching share offer to employees and directors

The Company issued in total 29,880 shares to employees with a conditional matching offer dependent upon company valuation The shares outstanding at 31 December 2007 had a weighted average remaining contractual life of 15 months The Company has estimated that 50% of the matching shares will be issued

The fair value of the matching shares granted has been determined using the Black-Scholes valuation model, with the following inputs being used

	Year ended 31 December 2007
Weighted average share price	$51 81
Weighted average exercise price	$34,54
Expected volatility	31 15%
Expected life	20 months
Risk-free rate	4 45%
Dividend yield	$0
Weighted average fair value	$46 84

Expected volatility was determined by comparing the share price fluctuations of closely aligned companies that are listed on the London Stock Exchange The expected life used in the model has been adjusted, based on management best estimate, for the effects of non-transferability, exercise restrictions, and behavioural conditions

27. Statement of changes in equity

Group

For the year ended 31 December 2007	Share capital $'000	Equity reserve $'000	Merger reserve and other reserves $'000	Retained earnings $'000	Total $'000
At 1 January 2007	29	16,563	75,802	(105,106)	(12,712)
Ordinary shares issued	7	17,593	-	-	17,600
Share based payment charge for the year	-	-	-	1,196	1,196
Currency translation difference on revaluation of foreign subsidiary accounts	-	-	1,519	-	1,519
Deferred tax on exchange reserve	-	-	-	705	705
Retained profit for the year	-	-	-	835	835
At 31 December 2007	36	34,156	77,321	(102,370)	9,143

Share capital represents the nominal value of equity shares
Equity reserve represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue

Notes to the financial statements

Year ended 31 December 2007

27. **Statement of changes in equity (continued)**

Merger and other reserves represents a merger reserve created prior to the transition to IFRS and foreign currency exchange differences upon conversion of subsidiaries results
Retained earnings represents retained profits/ (losses)

Group

For the period ended 31 December 2006	Share capital $'000	Equity reserve $'000	Merger reserve and other reserves $'000	Retained earnings $'000	Total $'000
At 1 July 2006	28	14,535	74,006	(101,096)	(12,527)
Ordinary shares issued	1	2,028	-	-	2,029
Share based payment charge for the period	-	-	-	439	439
Currency translation difference on revaluation of foreign subsidiary accounts	-	-	1,796	-	1,796
Deferred tax on exchange reserve	-	-	-	113	113
Retained loss for the year	-	-	-	(4,562)	(4,562)
At 31 December 2006	29	16,563	75,802	(105,106)	(12,712)

Equity reserve is calculated as follows	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Share premium account	30,782	13,851
Profit and loss account	2,712	2,712
	33,494	16,563

The profit and loss account adjustment is as a result of items previously charged to the share premium account The share premium account originally included the premium on the preference shares issued which are classified as debt under IFRS

Merger and other reserves comprise of the following	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Merger reserve	74,197	74,197
Exchange reserve	3,124	1,605
	77,321	75,802

Notes to the financial statements

Year ended 31 December 2007

27. Statement of changes in equity (continued)

Company

For the year ended 31 December 2007	Share capital $'000	Equity reserve $'000	Merger reserve and other reserves $'000	Profit and loss account $'000	Total $'000
At 1 January 2007	29	16,563	2,572	(11,972)	7,192
Ordinary shares issued	7	16,931	-	-	16,938
Foreign exchange on opening reserves	-	-	21	-	23
Share based payment charge for the year	-	-	-	1,859	1,196
Retained loss for the year	-	-	-	(6,189)	(6,189)
At 31 December 2007	36	33,494	2,593	(16,965)	19,821

Company

For the period ended 31 December 2006	Share capital $'000	Equity reserve $'000	Merger reserve and other reserves $'000	Profit and loss account $'000	Total $'000
At 1 July 2006	28	14,535	2,572	(9,876)	7,259
Ordinary shares issued	1	2,028	-	-	2,029
Foreign exchange on opening reserves	-	-	-	(426)	(426)
Share based payment charge for the period	-	-	-	537	537
Impairment of Associate	-	-	-	(130)	(130)
Retained loss for the year	-	-	-	(2,077)	(2,077)
At 31 December 2006	29	16,563	2,572	(11,972)	7,192

Merger and other reserves comprise of the following	Year ended 31 December 2007 $'000	Period ended 31 December 2006 $'000
Merger reserve	**2,572**	2,572
Exchange reserve	**21**	-
	2,593	2,572

Notes to the financial statements

Year ended 31 December 2007

28 Financial commitments

The Group's minimum operating lease payments are as follows

Group	31 December 2007			31 December 2006		
Future minimum payments due:	**Land and buildings $'000**	**Other $'000**	**Total $'000**	Land and buildings $'000	Other $'000	Total $'000
- within one year	2,054	394	2,448	860	306	1,166
- one to five years	5,354	545	5,899	1,233	255	1,488
- more than five years	930	26	956	51	-	51
	8,337	966	9,303	2,144	561	2,705

Company	31 December 2007			31 December 2006		
Future minimum payments due:	**Land and buildings $'000**	**Other $'000**	**Total $'000**	Land and buildings $'000	Other $'000	Total $'000
- within one year	105	6	111	149	-	149
- one to five years	-	22	22	99	-	99
	105	28	133	248	-	248

Lease payments recognised as an expense during the year amounts to $2,095,000 (period ended 31 December 2006 $1,380,000)

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

Operating lease agreements do not contain any contingent rent clauses None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt

29. Related party transactions

Kistefos AS (the ultimate parent company) loaned Atex Group Limited $2,000,000 in December 2006 which was outstanding at the beginning of the year The $2,000,000 including interest at the Norwegian Interbank Offered Rate ("NIBOR") as reported in The Financial Times for the first business day of each calendar month, plus three percent (3%) per annum, compounded monthly and was converted to share capital in March 2007 at an issue price of $47 85 per share (NOK 300)

A further $13,000,000 was invested in share capital in Atex Group Limited by Kistefos AS in January 2007 at an issue price of $47 89 (NOK 300) per share

An amount of $105,000 (period ended 31 December 2006 $89,000) was accrued to be paid to John Hawkins (a director) in respect of conference facilities and $60,000 (period ended 31 December 2006 $27,500) was paid to Craven Corporation Limited, a company controlled by John Hawkins, in respect of secretarial services These were charged to the income statement for the year An additional charge of $277,000 (period ended 31 December

29. Related party transactions (continued)

2006 $189,000) for human resource and marketing services was also paid to Craven Corporation Limited and charged to the income statement for the year

At 31 December 2007 $310,000 (31 December 2006 $1,045,655) is owed by the company to former shareholders of Media Command Inc This is a non-interest bearing debt repayable at the behest of the company as and when sufficient funds are available It has been negotiated with the former shareholders that 60% will be paid within one year and the remainder within two years

Key management personnel

Key management personnel remuneration includes the following expenses

	Year ended 31 December 2007	Period ended 31 December 2006
	$'000	$'000
Short-term employee benefits		
- Salaries	**2,326**	638
- Social security	**752**	183
	3,078	821
Post-employment benefits, relating to defined contribution plan	**16**	-
Share based payments	**990**	330
Total	**4,084**	1,151

30. Controlling party

The group is a subsidiary of Kistefos AS and the results of the group are consolidated into Kistefos AS The consolidated accounts of Kistefos AS are available from Kistefos AS, Stranden 1A, N-0250, Oslo, Norway

The ultimate controlling party is Mr Christen Sveaas, who directly or indirectly owns 67 2 % of the issued ordinary share capital of the company by way of his ownership of Kistefos AS and other companies

31. Pensions

The Group operates a number of defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds All costs are included in administrative expenses in other operating costs The amounts associated with all pension schemes included in administrative expenses for the year ending 31 December 2007 was $609,000 (period ending 31 December 2006 $593,000)

32. Parent company profit and loss

The parent company is exempt from publishing its own profit and loss account under Section 230 of the Companies Act and has taken advantage of this exemption

33. Post balance sheet event

On 7th February 2008, the directors agreed to convert the remaining 43% investment in the associate Vensure Inc dba Media Spectrum into a loan note with a face value of $6,200,000 and with an interest rate of 8% per annum, payable to the Group on a monthly basis over a period of 36 months