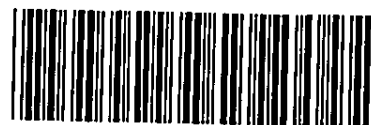




**1 PM (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2008**

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|-----------------|------------|-----|
| A57             | 15/07/2008 | 42  |
| COMPANIES HOUSE |            |     |
| A01021AE        |            |     |
| A36             | 10/07/2008 | 348 |
| COMPANIES HOUSE |            |     |

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****COMPANY INFORMATION****DIRECTORS**

R O Channon

M R Johnson

M L Hampton

P D Connell

**COMPANY SECRETARY**

R O Channon

**REGISTERED OFFICE**

12 George Street

Bath

Avon

BA1 2EH

**REGISTERED NUMBER**

03681755

**AUDITORS**

Moore Stephens

Chartered Accountants

30 Gay Street

Bath

BA1 2PA

**NOMINATED ADVISER**

Blomfield Corporate Finance Limited

1-3 College Hill

London

EC4R 2RA

**BROKER**

SVS Securities plc

2 London Wall Buildings

London Wall

London

EC2M 5PP

**FINANCIAL PR**

Biddicks

Mercury House

Triton Court

14-18 Finsbury Square

London

EC2A 1BR

**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

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| Balance Sheet                      | 8       |
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**The following pages do not form part of the financial statements.**

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| Notes to the detailed profit and loss account | 22 |

## **1 PM (UK) LIMITED**

### **FOR THE YEAR ENDED 31 MAY 2008**

#### **DIRECTORS' REPORT**

The directors present their report and the financial statements of the company for the year ended 31 May 2008

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of providing equipment lease rental finance to UK businesses

#### **BUSINESS REVIEW/CHAIRMAN'S STATEMENT**

##### **Financial highlights**

- new management delivers turnaround success following revised focus on the small ticket leasing market
- results ahead of our expectations with business momentum building into the next financial year
- operating profit of £86,061 compared to an operating loss of £431,706 for the year ended 31 May 2007
- new business volumes for the year up 53.7% compared to 2007
- four major funding partners in place with significantly increased facilities enabling further growth
- credit crunch accelerating growth with record levels of new business secured
- the Board is confident of future prospects as significant market opportunities exist

##### **Overview**

I am delighted to report an exceptional set of results, which indicates the success of 1pm's restructuring under new management in tandem with the Company's revised focus on the small ticket leasing market

The Company has delivered a significant turnaround performance moving from an operating loss of £431,706 for the year ended 31 May 2007 to delivering an operating profit of £86,061 for the year ended 31 May 2008. Whilst the Board has provided strong and clear leadership and direction, the successful turnaround has been achieved due to the stability, conscientiousness and dedicated operations team led by Maria Hampton

During October 2007 the Company raised £675,000 via a placing, with the Board investing heavily to the extent of almost 50% of total monies raised. This demonstrated our confidence both in our strategy for growth as well as the potential of our target market. In addition, it sent out a strong message to our funding partners, which has been very beneficial in terms of their ongoing support.

Testimony to this is the fact that we now have facilities in place, via four major funding partners, of over £3.5 million as opposed to just £750,000 for the previous comparable period. In addition, we recently announced, post period end, the securing of an additional £900,000 of funding bringing a total of £1.65 million of new debt finance being raised over the last three months.

1pm now has the capability to significantly scale up its business, secure new clients and in turn drive growth and profitability.

Indicative of this success is the fact that new business volumes increased by 53.7% during the year ended 31 May 2008 compared to the year ended 31 May 2007. I expect this momentum to continue due to significant opportunities in our target market to provide funding to well established, small businesses with proven payment histories.

**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

## **DIRECTORS' REPORT**

### **Business turnaround**

The turnaround in the business has been achieved by the new management team's action of withdrawing from the sub-prime market, terminating all aligned broker relationships and the subsequent appointment of thirty new brokers personally known to the management team. In addition, the appointments of Rod Channon as Finance Director and Paul Connell as non-executive director, both of whom have a strong leasing background, have strengthened the Board.

### **Operational controls**

Further to our financial restructuring, Maria Hampton, Operations Director, was appointed to the Board during the year and introduced an effective collection policy, which has been strengthened by the appointment of two specialist lawyers. These actions have resulted in the recovery of £583,000 during the period under review (this is compared to £413,000, for the respective period in 2007). In addition, our arrears position is currently running at 1%, which is well below the market target of 3% and is a key factor in the improved performance of the Company, which the Directors anticipate will continue going forward. Maria Hampton also implemented the introduction of a new underwriting policy designed specifically to exclude any form of adverse credit and which is contributing significantly to the strong performance of the Company.


These fundamental changes which underpin our business model has created a secure operating platform that will enable the Group to take full advantage of its emerging position within the small ticket leasing environment.

### **Outlook**

We now have a well-established, multi-talented team in place, underpinned by strong administrative and operational support. With increasing funding lines in place, we are now in a position to capitalise on the significant opportunities that exist in our core market.

In my previous Chairman's statement, I referred to a "New Start", I believe that this is well and truly underway. I expect further success in the current year as we continue to grow our market share by offering "Simple Finance For Smart Business".

I look forward to reporting further progress in due course.



CHAIRMAN

## **1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

### **DIRECTORS' REPORT**

#### **THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY**

The company is a 100% subsidiary of 1pm plc. The director's interests in the parent company, 1pm plc are disclosed in the group financial statements.

#### **EMPLOYEES**

The company has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from the training and the career development programmes in common with all employees.

The company has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

#### **PAYMENT TO SUPPLIERS**

Suppliers are made aware of payment terms and how disputes are to be settled and payment is made in accordance with those terms. At 31 May 2008 the company has an average of 23 days (2007: 23) purchases outstanding in trade creditors.

#### **FINANCIAL RISK**

The group and company's exposure to financial risk is disclosed in note 15 to these financial statements.

## **1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

### **DIRECTORS' REPORT**

#### **DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the directors are aware,

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **AUDITORS**

Moore Stephens have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be made at the forthcoming annual general meeting.

Registered office  
12 George Street  
Bath  
Avon  
BA1 2EH

Signed by order of the Board

  
M L Hampton  
Director

Approved by the Board on 27<sup>th</sup> June 2008

## **1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1 PM (UK) LIMITED**

We have audited the financial statements of 1 PM (UK) Limited for the year ended 31 May 2008 on pages 7 to 20, which 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 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 Directors' Report is consistent with the financial statements.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, and the Chairman's Statement. 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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.



**1 PM (UK) LIMITED**

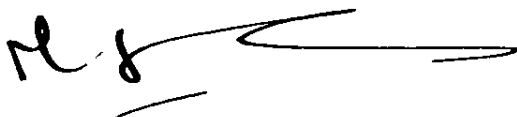
**FOR THE YEAR ENDED 31 MAY 2008**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1 PM (UK) LIMITED**

**Opinion**

In our opinion

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



**Moore Stephens**  
Registered Auditors  
Chartered Accountants  
30 Gay Street  
Bath

Date 21<sup>st</sup> June 2008

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****INCOME STATEMENT**

|  | Note     | 2008             | 2007             |
|--|----------|------------------|------------------|
|  |          | £                | £                |
| <b>TURNOVER</b>                        |          | <b>848,477</b>   | <b>871,965</b>   |
| Cost of sales                          |          | <u>(291,933)</u> | <u>(792,711)</u> |
| <b>GROSS PROFIT</b>                    |          | <b>556,544</b>   | <b>79,254</b>    |
| Administrative expenses                |          | <u>(470,483)</u> | <u>(510,960)</u> |
| <b>OPERATING PROFIT/(LOSS)</b>         | <b>2</b> | <b>86,061</b>    | <b>(431,706)</b> |
| Finance income                         |          | <b>2,602</b>     | <b>5,971</b>     |
| Finance costs                          |          | <u>(8,795)</u>   | <u>(12,372)</u>  |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b> |          | <b>79,868</b>    | <b>(438,107)</b> |
| Income tax expense                     | <b>5</b> | <b>-</b>         | <b>83,238</b>    |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>      |          | <b>79,868</b>    | <b>(354,869)</b> |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 20 form part of these financial statements.


**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

**BALANCE SHEET**

|                                     | Notes | 2008             | 2007             |
|-------------------------------------|-------|------------------|------------------|
|                                     |       | £                | £                |
| <b>ASSETS</b>                       |       |                  |                  |
| <b>NON CURRENT ASSETS</b>           |       |                  |                  |
| Property, plant and equipment       | 6     | <u>66,091</u>    | <u>42,512</u>    |
| <b>CURRENT ASSETS</b>               |       |                  |                  |
| Trade and other receivables         | 7     | <u>4,559,142</u> | <u>2,826,951</u> |
| Cash and cash equivalents           |       | <u>10,352</u>    | <u>145</u>       |
| <b>TOTAL CURRENT ASSETS</b>         |       | <u>4,569,494</u> | <u>2,827,096</u> |
| <b>TOTAL ASSETS</b>                 |       | <u>4,635,585</u> | <u>2,869,608</u> |
| <b>EQUITY</b>                       |       |                  |                  |
| Share capital                       | 12    | <u>264,400</u>   | <u>264,400</u>   |
| Retained earnings                   |       | <u>(275,001)</u> | <u>(354,869)</u> |
| <b>TOTAL EQUITY</b>                 | 13    | <u>(10,601)</u>  | <u>(90,469)</u>  |
| <b>LIABILITIES</b>                  |       |                  |                  |
| <b>CURRENT LIABILITIES</b>          |       |                  |                  |
| Trade and other payables            | 8     | <u>3,201,580</u> | <u>2,297,701</u> |
| <b>NON CURRENT LIABILITIES</b>      |       |                  |                  |
| Trade and other payables            | 9     | <u>1,444,606</u> | <u>662,376</u>   |
| Deferred tax liabilities            | 10    | <u>-</u>         | <u>-</u>         |
| <b>TOTAL LIABILITIES</b>            |       | <u>4,646,186</u> | <u>2,960,077</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <u>4,635,585</u> | <u>2,869,608</u> |

These financial statements were approved by the Board on the 21.6.08 and are signed on their behalf by

  
M R JOHNSON  
Director

The notes on pages 10 to 20 form part of these financial statements.

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****CASH FLOW STATEMENT**

|   | Notes | 2008      | 2007      |
|---|-------|-----------|-----------|
|   |       | £         | £         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |       |           |           |
| Consumed by operations  | 14    | (186,951) | 257,919   |
| Taxation  |       | (19,464)  | (54,783)  |
| Net cash generated from operating activities                  |       | (206,415) | 203,136   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |       |           |           |
| Interest received   |       | 2,602     | 5,971     |
| Interest paid   |       | (8,795)   | (12,372)  |
| Purchase of property, plant and equipment                     |       | (42,948)  | (34,756)  |
| Net cash generated from investing activities                  |       | (49,141)  | (41,157)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |       |           |           |
| Dividends paid  |       | -         | -         |
| Issue of shares net of cost                                   |       | -         | -         |
| Net cash generated from financing activities                  |       | -         | -         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>              |       | (255,556) | 161,979   |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> |       | (106,586) | (268,565) |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       |       | (362,142) | (106,586) |

The notes on pages 10 to 20 form part of these financial statements.

## **1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. ACCOUNTING POLICIES**

##### **Adoption of new and revised standards**

The financial statements have adopted the requirements of International Financial Reporting Standards and International Accounting Standards as endorsed by the EU (collectively IFRSs') for the first time in these financial statements for the year ended 31 May 2008

##### **Basis of preparation**

The financial statements have been prepared in accordance with IFRS and with the Companies Act 1985

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

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

##### **Leased assets and turnover**

Assets leased to customers on finance leases are recognised in the Balance Sheet and present them as a receivable at an amount equal to the net investment in the lease. Receipts from finance lease contracts contain a capital element which reduces the debtor and an interest charge which is credited to revenue using the "rule of 78". In addition 5% of total interest charges are credited to revenue in the year of inception of each lease to cover initial administration costs. All turnover arose within the UK.

##### **Funding payables and cost of sales - interest**

Finance received from funding providers is classified as payables in the Balance Sheet. Payments to the funding providers contain a capital element which reduces the creditor and an interest charge is debited to the cost of sales using the "rule of 78".

##### **Property, plant and equipment**

All property, plant and equipment (PPE) are shown at cost less subsequent depreciation and impairment. Depreciation is charged so as to write off the cost of assets over their useful economic lives, using the straight-line method, on the following basis:

Fixtures & fittings      -      25% on cost

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lease. All other leases are classed as operating leases.

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

Operating lease rentals are charged to the income statement on a straight-line basis over the term of the lease.

**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

**NOTES TO THE FINANCIAL STATEMENTS**

**ACCOUNTING POLICIES (continued)**

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Income Statement.

**Deferred taxation**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary timing differences can be utilised.

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

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

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Provision for doubtful debts**

Provision is made for contracts in arrears after taking into account expected recovery proceeds. All outstanding amounts on contracts passed to collection agents are written off in full, less expected subsequent recovery proceeds. During the period the company's provisioning policies were reconsidered and additional provisions made as required.

**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. OPERATING PROFIT / (LOSS)**

Operating profit / (loss) stated after charging

|   |  | <b>2008</b>          | <b>2007</b>   |
|---|--|----------------------|---------------|
|   |  | <b>£</b>             | <b>£</b>      |
| Depreciation of property, plant and equipment |  | <b>19,369</b>        | 10,644        |
| Auditors remuneration (see below)             |  | <b>13,260</b>        | 9,087         |
| Staff costs (see note 3)                      |  | <b>272,990</b>       | 370,416       |
| Management charge                             |  | <b>82,467</b>        | -             |
| Operating costs                               |  |                      |               |
| Other   |  | <b><u>15,218</u></b> | <u>15,000</u> |

**Auditors' remuneration:**

|  |  | <b>2008</b>          | <b>2007</b>  |
|--|--|----------------------|--------------|
|  |  | <b>£</b>             | <b>£</b>     |
| <b>Audit services</b>                  |  |                      |              |
| Statutory audit                        |  | <b>7,750</b>         | 9,087        |
| <b>Non audit services</b>              |  |                      |              |
| Other services pursuant to legislation |  | <b><u>3,250</u></b>  | -            |
| <b>Total</b>                           |  | <b><u>11,000</u></b> | <u>9,087</u> |

**3. STAFF COSTS**

|                       |  | <b>2008</b>           | <b>2007</b>    |
|-----------------------|--|-----------------------|----------------|
|                       |  | <b>£</b>              | <b>£</b>       |
| Wages and salaries    |  | <b>249,539</b>        | 313,869        |
| Social security costs |  | <b>14,584</b>         | 24,755         |
| Other pension costs   |  | <b><u>8,867</u></b>   | <u>31,792</u>  |
|                       |  | <b><u>272,990</u></b> | <u>370,416</u> |

The average number of staff employed by the company during the financial period amounted to

|                |  | <b>2008</b>     | <b>2007</b> |
|----------------|--|-----------------|-------------|
|                |  | <b>No</b>       | <b>No</b>   |
| Administrative |  | <b>6</b>        | 5           |
| Management     |  | <b><u>1</u></b> | <u>4</u>    |
|                |  | <b><u>7</u></b> | <u>9</u>    |

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****NOTES TO THE FINANCIAL STATEMENTS****4. DIRECTORS' REMUNERATION**

The directors' aggregate emoluments in respect of qualifying services were

|   |  | <b>2008</b>    | <b>2007</b> |
|---|--|----------------|-------------|
|   |  | <b>£</b>       | <b>£</b>    |
| Aggregate emoluments  |  | <b>131,770</b> | 186,559     |
| Value of company pension contributions to money purchase scheme |  | <b>8,867</b>   | 31,792      |
|   |  | <b>140,637</b> | 218,351     |

The number of directors who accrued benefits under company pension scheme was as follows

|                        |  | <b>2008</b> | <b>2007</b> |
|------------------------|--|-------------|-------------|
|                        |  | <b>No</b>   | <b>No</b>   |
| Money purchase schemes |  | <b>2</b>    | 2           |

**5. INCOME TAX EXPENSE**

| <b>(a)</b>                |  | <b>2008</b> | <b>2007</b> |
|---------------------------|--|-------------|-------------|
| <b>Current tax</b>        |  | <b>£</b>    | <b>£</b>    |
| UK corporation tax charge |  | -           | (3,683)     |
| Deferred tax (note 10)    |  | -           | (79,555)    |
| Current tax               |  | -           | (83,238)    |

Corporation tax is calculated at 20% (2007 19%) of the estimated assessable profit for the year

The charge for the year can be reconciled to the Income Statement as follows

| <b>(b)</b>  |  | <b>2008</b>     | <b>2007</b> |
|---|--|-----------------|-------------|
|   |  | <b>£</b>        | <b>£</b>    |
| Profit / (loss) on ordinary activities before tax           |  | <b>79,868</b>   | (223,707)   |
| Loss on ordinary activities by rate of tax                  |  | <b>15,974</b>   | (62,872)    |
| Capital allowances for the period in excess of depreciation |  | <b>(2,362)</b>  | (1,864)     |
| Operating income non-taxable                                |  | -               | (20,366)    |
| Unrelieved losses   |  | -               | 61,499      |
| Utilisation of loss relief                                  |  | <b>(23,105)</b> | -           |
| Underprovision of current tax                               |  | <b>(525)</b>    | -           |
| Unexplained differences                                     |  | <b>4</b>        | -           |
| Other short term timing differences                         |  | <b>10,014</b>   | 19,920      |
| Total current tax (note 5(a))                               |  | -               | (3,683)     |



**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. PROPERTY, PLANT AND EQUIPMENT**

|                                 |  | <b>2008</b>           | <b>2007</b>          |
|---------------------------------|--|-----------------------|----------------------|
|                                 |  | <b>£</b>              | <b>£</b>             |
| <b>COST</b>                     |  |                       |                      |
| At 1 June 2007                  |  | <b>66,629</b>         | <b>31,873</b>        |
| Additions                       |  | <b>42,948</b>         | <b>34,756</b>        |
| Disposals                       |  | <b>-</b>              | <b>-</b>             |
| <b>At 31 May 2008</b>           |  | <b><u>109,577</u></b> | <b><u>66,629</u></b> |
| <b>ACCUMULATED DEPRECIATION</b> |  |                       |                      |
| At 1 June 2007                  |  | <b>24,117</b>         | <b>13,473</b>        |
| Charge for the year             |  | <b>19,369</b>         | <b>10,644</b>        |
| Eliminated on disposal          |  | <b>-</b>              | <b>-</b>             |
| <b>At 31 May 2008</b>           |  | <b><u>43,486</u></b>  | <b><u>24,117</u></b> |
| <b>NET BOOK VALUE</b>           |  |                       |                      |
| <b>At 31 May 2008</b>           |  | <b><u>66,091</u></b>  | <b><u>42,512</u></b> |
| <b>At 31 May 2007</b>           |  | <b><u>42,512</u></b>  | <b><u>18,400</u></b> |

Assets held under finance leases and hire purchase contracts, included in the relevant heading in the above table are,

|                       | <b>Cost</b>         | <b>Accumulated Depreciation</b> | <b>Charge for the year</b> |
|-----------------------|---------------------|---------------------------------|----------------------------|
| <b>At 31 May 2008</b> | <b><u>5,475</u></b> | <b><u>1,939</u></b>             | <b><u>1,369</u></b>        |
| <b>At 31 May 2007</b> | <b><u>5,475</u></b> | <b><u>570</u></b>               | <b><u>570</u></b>          |

**1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. TRADE AND OTHER RECEIVABLES**

|                                |  | <b>2008</b>      | <b>2007</b>      |
|--------------------------------|--|------------------|------------------|
|                                |  | <b>£</b>         | <b>£</b>         |
| Trade receivables              |  | <b>4,048,367</b> | 2,625,960        |
| VAT recoverable                |  | <b>174,761</b>   | 36,580           |
| Other receivables              |  | <b>210,151</b>   | 68,983           |
| Prepayments and accrued income |  | <b>31,080</b>    | 16,567           |
| Deferred taxation              |  | <b>78,861</b>    | 78,861           |
| Corporation tax                |  | <b>15,922</b>    | -                |
|                                |  | <b>4,559,142</b> | <b>2,826,951</b> |

Trade debtors wholly represent finance lease debtors

|   |  | <b>2008</b>        | <b>2007</b>      |
|---|--|--------------------|------------------|
|   |  | <b>£</b>           | <b>£</b>         |
| <b>Gross receivables from finance leases</b>                    |  |                    |                  |
| No later than 1 year  |  | <b>2,569,267</b>   | 2,514,956        |
| Later than 1 year and no later than 5 years                     |  | <b>2,610,991</b>   | 813,819          |
| Later than 5 years  |  |                    |                  |
| Unearned future finance income on finance lease                 |  | <b>(1,131,891)</b> | <b>(702,815)</b> |
| <b>Net investment in finance leases</b>                         |  | <b>4,048,367</b>   | <b>2,625,960</b> |
| The net investment in finance leases may be analysed as follows |  |                    |                  |
| No later than 1 year  |  | <b>1,914,527</b>   | 1,275,821        |
| Later than 1 year and no later than 5 years                     |  | <b>2,133,840</b>   | 1,350,139        |
| Later than 5 years  |  | -                  | -                |

The cost of assets acquired for the purpose of letting under finance leases were as follows, 2008 £2,999,524 (2007 £1,886,398)

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****NOTES TO THE FINANCIAL STATEMENTS****8. CURRENT LIABILITIES**

|                                      |  | <b>2008</b>      | <b>2007</b>      |
|--------------------------------------|--|------------------|------------------|
|                                      |  | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts            |  | <b>372,494</b>   | 106,731          |
| Trade payables                       |  | <b>1,164,978</b> | 1,184,607        |
| Corporation tax                      |  | -                | 3,542            |
| Other taxation and social securities |  | <b>5,270</b>     | 9,086            |
| Other payables                       |  | <b>83,687</b>    | 7,330            |
| Accruals and deferred income         |  | <b>38,011</b>    | 71,070           |
| Amounts due to group undertaking     |  | <b>1,537,140</b> | <b>915,335</b>   |
|                                      |  |                  |                  |
|                                      |  | <b>3,201,580</b> | <b>2,297,701</b> |

Trade payables wholly represent funding creditors, which are secured on the value of finance leases written during the financial year

The trade payables figure is made up of numerous funding blocks that are repaid by monthly instalments. The length of the repayment term varies from 29 to 60 months and interest rates from 8 2% to 12%

The company's banking facilities are secured by a mortgage debenture, dated 7 December 2007 incorporating a fixed and floating charge over all current and future assets of the company

**9. NON CURRENT LIABILITIES**

|                           |  | <b>2008</b>      | <b>2007</b>    |
|---------------------------|--|------------------|----------------|
|                           |  | <b>£</b>         | <b>£</b>       |
| Bank loans and overdrafts |  | -                | -              |
| Trade payables            |  | <b>1,444,606</b> | 662,376        |
|                           |  |                  |                |
|                           |  | <b>1,444,606</b> | <b>662,376</b> |

Trade creditors are secured as noted above, with the same repayment and interest rates

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****NOTES TO THE FINANCIAL STATEMENTS****10. DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows

|                         |  | <b>2008</b>          | <b>2007</b>          |
|-------------------------|--|----------------------|----------------------|
|                         |  | <b>£</b>             | <b>£</b>             |
| Included in receivables |  | <b>78,861</b>        | 78,861               |
| Included in provision   |  | -                    | -                    |
|                         |  | <b><u>78,861</u></b> | <b><u>78,861</u></b> |

The movement in the deferred taxation account during the year was

|                         |  | <b>2008</b>            | <b>2007</b>            |
|-------------------------|--|------------------------|------------------------|
|                         |  | <b>£</b>               | <b>£</b>               |
| Beginning of the year   |  | <b>(78,861)</b>        | 694                    |
| Income statement charge |  | -                      | <b>(79,555)</b>        |
| End of year             |  | <b><u>(78,861)</u></b> | <b><u>(78,861)</u></b> |

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

|                          |  | <b>2008</b>            | <b>2007</b>            |
|--------------------------|--|------------------------|------------------------|
|                          |  | <b>£</b>               | <b>£</b>               |
| Other timing differences |  | <b><u>(78,861)</u></b> | <b><u>(78,861)</u></b> |

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****NOTES TO THE FINANCIAL STATEMENTS****11. COMMITMENTS**

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

|                               |  | <b>2008</b> | <b>2007</b> |
|-------------------------------|--|-------------|-------------|
|                               |  | <b>£</b>    | <b>£</b>    |
| Property, Plant and equipment |  | <u>-</u>    | <u>-</u>    |

The group leases offices under non-cancellable operating lease agreements. The lease term is years and is renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

|   |  | <b>2008</b>          | <b>2007</b>          |
|---|--|----------------------|----------------------|
|   |  | <b>£</b>             | <b>£</b>             |
| No later than 1 year                        |  | <b>15,000</b>        | 15,000               |
| Later than 1 year and no later than 5 years |  | <b>20,000</b>        | 35,000               |
| Later than 5 years                          |  | <u>-</u>             | <u>-</u>             |
|   |  | <b><u>35,000</u></b> | <b><u>50,000</u></b> |

**12. SHARE CAPITAL**

**Authorised share capital:**

|                                    |  | <b>2008</b>           | <b>2007</b>           |
|------------------------------------|--|-----------------------|-----------------------|
|                                    |  | <b>£</b>              | <b>£</b>              |
| 264,400 Ordinary Shares of £1 each |  | <b><u>264,400</u></b> | <b><u>264,400</u></b> |

**Allotted, called up and fully paid.**

|                            | <b>2008</b>           |                       | <b>2007</b>           |                       |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                            | <b>Number</b>         | <b>Value</b>          | <b>Number</b>         | <b>Value</b>          |
|                            |                       | <b>£</b>              |                       | <b>£</b>              |
| Ordinary Shares of £1 each | <b><u>264,400</u></b> | <b><u>264,400</u></b> | <b><u>264,400</u></b> | <b><u>264,400</u></b> |

**1 PM (UK) LIMITED****FOR THE YEAR ENDED 31 MAY 2008****NOTES TO THE FINANCIAL STATEMENTS****13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|                            |  | <b>2008</b>            | <b>2007</b>            |
|----------------------------|--|------------------------|------------------------|
|                            |  | <b>£</b>               | <b>£</b>               |
| At 1 June 2007             |  | <b>(90,469)</b>        | 264,400                |
| Profit/(loss) for the year |  | <b>79,868</b>          | (354,869)              |
| Equity dividends           |  | <b>-</b>               | <b>-</b>               |
| At 31 May 2008             |  | <b><u>(10,601)</u></b> | <b><u>(90,469)</u></b> |

**14. NOTES TO THE STATEMENT OF CASH FLOW****CASH FLOWS FROM OPERATING ACTIVITIES**

|                                    |  | <b>2008</b>             | <b>2007</b>           |
|------------------------------------|--|-------------------------|-----------------------|
|                                    |  | <b>£</b>                | <b>£</b>              |
| Profit / (loss) before income tax  |  | <b>86,061</b>           | (431,706)             |
| Adjustment for                     |  |                         |                       |
| Fixed assets                       |  | <b>19,369</b>           | 10,644                |
| Trade and other receivables        |  | <b>(934,039)</b>        | (7,874)               |
| Trade and other payables           |  | <b>641,658</b>          | 766,410               |
| Movement in deferred tax provision |  | <b>-</b>                | (79,555)              |
| Cash generated from operations     |  | <b><u>(186,951)</u></b> | <b><u>257,919</u></b> |

## **1 PM (UK) LIMITED**

**FOR THE YEAR ENDED 31 MAY 2008**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **15. FINANCIAL INSTRUMENTS**

The company's financial instruments comprise cash and liquid resources that arise directly from operations. The main purpose of the financial instruments is to fund the company's operations. As a matter of policy the group does not trade in financial instruments, nor does it enter into any derivative transactions.

The operations of the company have principally been financed to date through the funds raised on the placing of its shares on the AIM and funding creditors. The company has an overdraft facility in place with the company's bankers, and an overdraft facility totalling £350,000 as at 31 May 2008 (2007 £210,000).

The main risks to the company, and the policies adopted by the directors to minimise the effects on the group are as follows:

**Credit Risk** – The directors believe that credit risk is limited due to debts being spread over a large number of debtors. No individual debtor poses a significant risk.

**Interest rate and liquidity risk** – All of the company's cash balances and short term deposits are held in such a way that enables the correct balance of access to working capital and a competitive rate of interest is achieved. Working capital requirements are constantly monitored.

#### **16. TRANSACTIONS WITH DIRECTORS**

A director Mr M R Johnson has given personal guarantees to Svenska Handelsbanken plc £350,000, Hitachi Capital Limited to £10,000,000 & Kingston Asset Finance Limited to the outstanding debt at the time of the agreement being terminated.

During the year the following directors invoiced the company for services rendered:

A F Williams invoiced the company for £5,400  
P D Connell invoiced the company for £7,770  
M R Johnson invoiced the company for £93,016  
R O Channon invoiced the company for £15,000

There were no balances at the year-end.