20

Altair Financial Services International Plc

Consolidated financial statements
for the 6 months to 31 December 2006

Company No. 5528312

Altair Financial Services International Plc

Contents of the Consolidated Financial Statements for the 6 months to 31 December 2006

Altair Financial Services International Plc

Company Information
for the 6 months to 31 December 2006

Directors
Lee Britton
Edward Evans
Firdaus Ruttonshaw
Kenneth West
Jonathan Freeman

Registered Office
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

Company Secretary
SLC Registrars Limited

Solicitors
Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP

Auditors
Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Registrars
SLC Registrars Limited
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

Principal place of business
37 Maddox Street
London
W1S 2PP

Altair Financial Services International Plc

Report of the Directors
for the 6 months to 31 December 2006

The directors present their annual report on the affairs of the company, together with the audited consolidated financial statements for the 6 months to 31 December 2006

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES
The principal activity of Altair Financial Services International Plc ("the group") is the provision of pre-paid debit card programmes and transaction processing for credit and debit cards

The results for the group show total revenue of £587k (11 months to 30 June 2006 £57k) and a net loss of £2,572k (11 months to 30 June 2006 £1,980k loss) for the six months to December 31, 2006 The group has net assets of £3,434k (June 30 2006 £447k) The net cash outflows from operating activities for the six months to December 31, 2006 were £1,522k (11 months to 30 June 2006 £2,087k)

The results for the period are in line with management's expectations

BUSINESS ENVIRONMENT
Pre-paid cards or "stored value cards" are offered by a wide variety of organisations They can be re-loadable, meaning it is possible to add more money to this type of card and keep using it, or non-reloadable which means that you can only use the funds originally loaded on to the card In addition, pre-paid cards can be "closed loop" meaning the card can only be used in specific locations (for example, a named group of retail stores) or "open loop" meaning they can be used in many different locations

The pre-paid card market initially developed around ten years ago in the USA and has begun to develop in Europe and Australasia over the last two years and more recently in Africa and parts of Asia

The acceptance and increasing use of pre-paid cards around the world is being driven by many factors including

- Increasing mobility of the workforce around the world
- Increased buying power of the youth sector
- Increasing sale of products and services via the internet
- The rapid expansion of pre-paid mobile phones (which has encouraged the acceptance of the pre-paid concept)
- The increasing use of digital distribution of products
- The increasing movement away from paper and towards electronic payments
- Increasing governmental focus on providing an electronic solution to banking for the unbanked in both the developed and developing economies
- Increasing demand for consumer convenience in payment systems and methods
- Global adoption of pre-paid as recognised products by corporations such as MasterCard® and Visa®

It is estimated that the number of pre-paid cards in issue in the UK in 2006 was approximately 7 million and that this will grow to approximately 59 million by 2010 This represents 2 3 billion transactions per annum and an increase of 110 percent per annum over the next five years (source PSE Consulting)

Altair Financial Services International Plc

Report of the Directors
for the 6 months to 31 December 2006

STRATEGY

During the period under review the Company and its subsidiaries have worked towards achieving the Group's strategic objectives This has involved raising £5 26m, through a private placing at £6 50 per share to facilitate the acquisition of Symmetrex Inc, an established transaction processing company with operation centres in Maitland, Florida and Salt Lake City, Utah in the USA The acquisition was completed on 3 November 2006 for a total consideration of US$ 15 6 million, satisfied by a cash payment on completion of US$11 million, a further cash payment of $1 1 million which was settled on 12 February 2007, and $3 5 million to be satisfied by the issue of ordinary shares

Having a wholly owned payment processing platform will enable the group to offer a stable, scalable and flexible service to clients, eliminating the need to outsource payments processing This reduces processing costs and streamlines the integration and operation processes

The Group has also worked towards expanding its client base and securing issuing banks and card programmes

RESEARCH AND DEVELOPMENT

The group operates in an industry where competitive advantage is heavily dependent on technology Therefore the directors regard the investment in research and development as integral to the continuing success of the business and ensuring that the group stays abreast of technological changes

FUTURE OUTLOOK

The group offers end-to-end pre-paid card programme development and management services matched to client's specific needs The group focuses on B2B solutions, allowing clients to focus on delivering a successful Pre-paid Card Programme to their customers The future success of the group will be reliant on the successful offering of pre-paid card programmes and the ultimate acceptance and usage of prepaid cards by the end consumer

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the group and the execution of its strategy are subject to a number of risks, particularly as the business is in its infancy and developing rapidly As a consequence the Board is constantly reviewing its strategy and risk environment At this particular juncture the key business risk affecting the group is that further funds may be required to develop the group's business and execute its business strategy

KEY PERFORMANCE INDICATORS ("KPIs")

Due to the group's infancy and development stage of its business, no formal KPI's have been developed or presented The most relevant information is that presented in the Consolidated Financial Statements

TREASURY POLICY

The group treasury policy is one of conservatism approved by the board Cash balances are managed as in note 15 As a matter of policy, Altair does not undertake speculative transactions, which would increase its currency or interest rate exposure

RESULTS AND DIVIDENDS

The audited accounts for the period ended 31 December 2006 are set out on pages 8 to 34 The Consolidated Income Statement showing the results for the period is set out on page 8 The directors do not recommend the payment of a dividend

DIRECTORS

The directors during the period were

Lee Britton	
Edward Evans	
Michael Muscato	(Resigned 3 November 2006)
Iain-Stuart Robson	(Resigned 9 October 2006)
F S Antani	(Appointed 6 December 2006)

On 1 May 2007 Mr F S Antani resigned as a director On 3 July 2007 Mr Firdaus Ruttonshaw and Mr Kenneth West were appointed directors On 1 October 2007 Mr Jonathan Freeman was appointed a director

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the Group at 31 December 2006 were equivalent to 30 days (30 June 2006 30 days) purchases, based on the average daily amount invoiced by suppliers during the period

CREDIT RISK

The Group's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

INTEREST RATE RISK

The Group finances its operations by a mixture of shareholders equity and shareholder loans

LIQUIDITY RISK

The Group's policy is to ensure continuity of funding

DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are responsible for the maintenance and integrity of the company website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This information is given and should be interpreted in accordance with the provisions of s234Z of the Companies Act 1985

AUDITORS

A resolution to re-appoint the auditors Nexia Smith & Williamson will be proposed at the next Annual General Meeting

BY ORDER OF THE BOARD
42-46 High Street
Esher
Surrey KT10 9QY

On behalf of the board

E Evans
Director
11th February 2008

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Altair Financial Services International plc

We have audited the group and parent company accounts (the 'accounts') of Altair Financial Services International plc for the period ended 31 December 2006 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Shareholders' Equity, and the related notes 1 to 30 These accounts 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985 are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts 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 accounts It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Altair Financial Services International plc

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the group's and parent company's affairs as at 31 December 2006 and of the group's loss for the year then ended, and
- the accounts have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the accounts

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date 29 / 2 / 08

Altair Financial Services International Plc

Consolidated Income Statement
for the 6 months to 31 December 2006

	Notes	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Revenue	3	587	57
Cost of sales		(103)	(25)
Gross profit		484	32
Administrative expenses		(3,005)	(2,141)
Loss from operations	4	(2,521)	(2,109)
Profit on sale of investments		-	135
Interest and similar income receivable	7	19	15
Difference on exchange		(2)	-
Interest and similar charges payable	8	(44)	(21)
Loss before taxation		(2,548)	(1,980)
Taxation	9	(24)	-
Loss attributable to equity shareholders		(2,572)	(1,980)
Earnings per share			
Basic and fully diluted loss per share	10	(21 57p)	(20 68p)

Altair Financial Services International Plc

Consolidated Statement of Changes in Equity for the 6 months to 31 December 2006

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payments £'000	Currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 4 August 2005	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(1,980)	(1,980)
Issue of share capital	11,250	1,200	-	-	-	-	12,450
Share Issue expenses	-	(165)	-	-	-	-	(165)
Share based payments	-	-	-	142	-	-	142
Reserve arising on group reconstruction	-	-	(10,000)	-	-	-	(10,000)
Balance at 30 June 2006	11,250	1,035	(10,000)	142	-	(1,980)	447
Loss for the period	-	-	-	-	-	(2,572)	(2,572)
Currency translation adjustment	-	-	-	-	12	-	12
Total recognised income and expense for the period	-	-	-	-	12	(2,572)	(2,560)
Share based payments	-	-	-	560	-	-	560
Issue of share capital	810	4,177	-	-	-	-	4,987
Balance at 31 December 2006	12,060	5,212	(10,000)	702	12	(4,552)	3,434

Altair Financial Services International Plc
Consolidated Balance Sheet
At 31 December 2006

	Notes	31 December 2006 £'000	30 June 2006 £'000
Assets			
Non-current assets			
Goodwill	11	6,100	-
Other intangible assets	12	2,642	-
Property, plant and equipment	13	168	17
		8,910	17
Current assets			
Inventories	14	111	-
Trade and other receivables	15	395	625
Cash and cash equivalents	16	327	305
		833	930
Total assets		9,743	947
Equity and liabilities			
Equity attributable to equity holders of the company:			
Called up share capital	24	12,060	11,250
Share premium account	25	5,212	1,035
Merger reserve	26	(10,000)	(10,000)
Share-based payments reserve	29	702	142
Currency translation reserve		12	-
Accumulated losses		(4,552)	(1,980)
Total equity		3,434	447
Current liabilities			
Trade and other payables	17	3,809	500
Bank overdrafts and loans	18	2,500	-
Total current liabilities		6,309	500
Total liabilities		6,309	500
Total equity and liabilities		9,743	947

The financial statements were approved by the Board of Directors and signed on its behalf by

E Evans
Director

Date 11 February 2008

Altair Financial Services International Plc
Company Balance Sheet
At 31 December 2006

	Notes	31 December 2006 £'000	30 June 2006 £'000
Assets			
Non-current assets			
Investment in subsidiaries	21	18,551	10,000
Group receivable		1,483	800
Property, plant and equipment	13	25	14
		20,059	10,814
Current Assets			
Trade and other receivables	15	62	563
Cash and cash equivalents	16	67	70
		129	633
Total assets		20,188	11,447
Equity and liabilities			
Equity attributable to equity holders of the company:			
Called up Share capital	24	12,060	11,250
Share premium account	25	5,212	1,035
Share-based payments reserve	29	702	142
Retained losses		(2,954)	(1,434)
Total equity		15,020	10,993
Current liabilities			
Trade and other payables	17	2,668	454
Bank overdrafts and loans	18	2,500	-
Total current liabilities		5,168	454
Total liabilities		5,168	454
Total equity and liabilities		20,188	11,447

The financial statements were approved by the Board of Directors and signed on its behalf by

E Evans
Director

Date 11 February 2008

Altair Financial Services International Plc

Consolidated Cash Flow Statement
for the 6 months to 31 December 2006

	Notes	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Net cash used in operating activities	27	(1,522)	(2,087)
Investing activities			
Interest received		19	15
Acquisition of subsidiary		(6,118)	-
Purchases of property, plant and equipment		(70)	(22)
Purchase of investments		-	(660)
Proceeds from sale of investments		-	795
Net cash (used in)/generated from investing activities		(6,169)	128
Financing activities			
Net proceeds on issue of shares		4,987	2,285
Net cash balance from acquisition		263	-
Net proceeds of short term debt		2,500	-
Interest paid		(44)	(21)
Net cash generated from financing activities		7,706	2,264
Net increase in cash and cash equivalents		15	305
Exchange rate translation adjustment		7	-
Cash and cash equivalents at beginning of period		305	-
Cash and cash equivalents at end of period		327	305

Altair Financial Services International Plc

Company Cash Flow Statement
for the 6 months to 31 December 2006

	Notes	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Net cash used in operating activities	28	(630)	(1,315)
Investing activities			
Interest received		2	15
Acquisition of subsidiary		(6,118)	-
Loans to subsidiaries		(683)	(1,012)
Purchases of property, plant and equipment		(15)	(17)
Purchase of investments		-	(660)
Proceeds from sale of investments		-	795
Net cash used in investing activities		(6,814)	(879)
Financing activities			
Net proceeds on issue of shares		4,987	2,285
Net proceeds of short term debt		2,500	-
Interest paid		(44)	(21)
Net cash generated from financing activities		7,443	2,264
Net (decrease)/increase in cash and cash equivalents		(1)	70
Exchange rate translation adjustment		(2)	-
Cash and cash equivalents at beginning of period		70	-
Cash and cash equivalents at end of period		67	70

Altair Financial Services International Plc

Company statement of changes in equity
for the 6 months to 31 December 2006

	Share capital £'000	Share premium £'000	Share-based payments £'000	Accumulated losses £'000	Total equity £'000
Balance at 4 August 2005	-	-	-	-	-
Loss for the period	-	-	-	(1,434)	(1,434)
Issue of share capital	11,250	1,035	-	-	12,285
Share-based payments	-	-	142	-	142
Balance at 30 June 2006	11,250	1,035	142	(1,434)	10,993
Loss for the period	-	-	-	(1,520)	(1,520)
Share-based payments	-	-	560	-	560
Issue of share capital	810	4,177	-	-	4,987
Balance at 31 December 2006	12,060	5,212	702	(2,954)	15,020

1. Basis of preparation

The consolidated and company financial statements for the period ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union including International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below

Presentation of financial information
These consolidated financial statements have been prepared under the historical cost convention

Basis of Consolidation
The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December 2006 Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

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

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

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

Business combinations
Under the requirements of IFRS 3, all business combinations are accounted for using the purchase method The cost of business acquisitions is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, equity instruments issued by the acquirer and any costs directly attributable to the business combination The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date The acquisition date is the date on which the acquirer effectively obtains control of the acquiree Intangible assets are recognised if they meet the definition of an intangible asset contained in IAS 38 and its fair value can be measured reliably The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill

New standards and interpretations not applied
The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements

		Effective for accounting periods beginning on or after:
IFRS 7	Financial Instruments Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IAS 1	Amendment – Presentation of Financial Statements Capital Disclosures	1 January 2007
IFRIC 11	IFRS 2 Group and treasury share transactions	1 March 2007

New standards and interpretations not applied (continued)
In addition, IFRIC have issued the following standards and interpretations that are not applicable to the Group

IFRIC 7	Applying the restatement approach under IAS 29
IFRIC 9	Re-assessment of embedded derivatives
IFRIC 12	Service concession arrangements

Upon adoption of IFRS 7, the Group will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks to which they give rise to More specifically the Group will need to disclose the fair value of its financial instruments and its risk exposure in greater detail There will be no effect on reported income or net assets

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

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS required the use of certain critical accounting estimates It also requires management to exercise its judgment in the process of applying the Group's accounting policies Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Group makes estimates and assumptions concerning the future The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results The assumptions and/or estimates that have been made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value No provision for impairment was made in the period and the carrying value of goodwill at the balance sheet date was £6,100,000.

Share based payments
In determining the fair value of equity settled share based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

Intangible assets
Intangible assets are treated in accordance with the stated policy Determining the amounts to be amortised requires management to make judgements on the useful economic lives of the assets Management have assessed the useful lives as being between 5 and 8 years

2. Significant accounting policies

Share-based payments
The Group has applied the requirements of IFRS 2 Share-based Payments

The Group has issued equity-settled share-based payments to directors Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date has been expensed over the vesting period, based on the Group's estimate of shares that will eventually vest Fair value is measured by using a binomial valuation model The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis in accordance with the terms of the relevant lease

Retirement benefit costs
The company does not maintain a pension scheme for the staff or its directors; nor does it make payments to any other scheme

Research and Development
Internal research costs are charged against income as incurred Internal development costs are capitalised as intangible assets only when there is an identifiable asset that will generate expected future economic benefits and when the cost of such an asset can be measured reliably As a result of the acquisition of Symmetrex the Group recognised the fair value of proprietary software acquired as an intangible asset in the sum of £896,000 ($1,700,000), to be amortised over five years Other internal development costs are charged against income as incurred since the criteria for their recognition as an asset are not met

Taxation
The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed It is calculated using rates that have been enacted or substantively enacted by the balance sheet date

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

Deferred tax liabilities are recognised for taxable temporary differences arising in subsidiaries and associates except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on the net basis

2. Significant accounting policies (continued)

Intangible assets
Intangible assets are treated in accordance with the stated policy Determining the amounts to be amortised requires management to make judgements on the useful economic lives of the assets In addition to proprietary software acquired (noted under Research and development) the group has recognised the fair value of customer contracts acquired on the acquisition of Symmetrex in the sum of £1,580,000 ($2,997,000), for which management have assessed the useful life as being eight years Amortisation in respect of intangible assets is included in administration expenses in the Income Statement

Goodwill
On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i e discount on acquisition) is credited to profit and loss in the period of acquisition Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually Any impairment is recognised immediately in profit or loss and is not subsequently reversed

Impairment
At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any) Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Goodwill arising on acquisition is allocated to cash-generating units The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired

If the recoverable amount of an asset (or cash- generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase However, impairment losses relating to goodwill may not be reversed

Property, plant and equipment
Equipment held for use in the production or supply of goods or services, or for administration purposes, is stated in the balance sheet at cost less accumulated depreciation

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following basis

Office equipment straight line basis over three to five years

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

2. Significant accounting policies (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution

Financial instruments
Financial assets and financial liabilities are recognised in the group's balance sheet when the group has become a party to the contractual provisions of the instrument

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates to their fair values at the date of the transaction due to the relatively short term maturity of these instruments Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis 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

Investments in subsidiaries
Investments in subsidiaries are stated at cost less any provision for impairment

Investments in securities
Investments in securities are recognised on a trade-date basis and are initially measured at cost

Investments are classified as either fair value through profit or loss or available-for-sale and are measured at subsequent reporting dates at fair value Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period For available-for-sale investments, unrealised gains and losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period

Equity instruments
Equity instruments are recorded at the proceeds received, net of direct issue costs

Provisions
Provisions are recognised when the group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated

Provisions for restructuring costs are recognised when the group has a detailed formal plan for the restructuring which has been notified to affected parties

2. Significant accounting policies (continued)

Revenue Recognition

The Group's revenue is derived from
(i) Transaction processing for cardholder programmes, on both the acquiring and issuing side, for credit cards, debit cards, and prepaid stored value cards
(ii) The provision of prepaid debit cards and cash movement solutions

Transaction based fees are set by the Group and are recorded as revenue at the time the transactions are processed

Cardholder programme fees include activation fees, assessment fees, settlement fees and other contracted monthly service fees that are not transaction specific Revenue from activation fees is recognised in the month a card programme is activated Revenue from other contracted monthly service fees is recognised monthly as the services are performed

Custom programming services performed are contractual agreements and are charged either by the hour, month or project Custom programming revenue is recorded as work is performed

Software licencing and maintenance revenue is not recognised until each of the following four criteria are met evidence of an agreement exists, delivery and acceptance has occurred or services have been rendered, the selling price is fixed or determinable, and collection of the selling price is reasonably assured

Revenue in respect of the provision of prepaid debit card programmes is recognised when a contractual arrangement exists and an invoice is raised

Interest income is accrued on the time basis, by reference to the principal outstanding and at the interest rate applicable

Foreign currency translation

Group companies

The consolidated financial statements are presented in Sterling, which is considered by management to be the most appropriate presentation currency for its consolidated financial information

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transaction Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date Profits and losses arising on exchange are included in the net profit or loss for the period All translation differences are recognised as a separate component of equity

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Transactions and balances

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions or translated at the average exchange rates for the period Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of income using the exchange rate ruling on that date

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Foreign currency gains and losses arising from the translation of assets and liabilities are reflected in the income statement as foreign exchange translation movements

Altair Financial Services International Plc

Notes to the Financial Statements
for the 6 months to 31 December 2006

3. Turnover

The operations for the provision of prepaid debit cards are carried out in the UK and the transaction processing operations are located in the USA

The following table provides an analysis of the group's external sales by geographical market

For the Group	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
North America	522	-
Europe	65	57
	587	57

4 Loss from operations

Loss from operations has been arrived at after charging

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Staff costs (note 6)	754	161
Share-based payments	560	142
Research and development	15	68
Depreciation and amortisation	84	5
Operating lease payments	104	79
Cost of inventories recognised as an expense	102	25

5. Auditors' fees and expenses

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Fees payable to the Group's auditor for the audit Of the Group's financial statements	23	23
(including £5,000 in respect of the Company (30 June 2006 £5,000))		
Fees payable in respect of the audit of subsidiary companies	2	2
Fees payable to the Group's auditor and its associates for other services		
Services in respect of taxation	-	-
Services in respect of corporate finance transactions	-	-
All other services	4	-

6. Personnel and staff costs

	6 months to 31 December 2006 Number	11 months to 30 June 2006 Number
Average number of employees including executive directors		
Employed in the UK	6	3
Employed in the US	8	-
	14	3

Salaries, pension costs, other benefits and social security costs

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Wages and salaries	699	144
Share-based payments	560	142
Social security costs	71	17
	1,330	303

Directors' remuneration

Remuneration paid to the directors during the period was as follows -

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Aggregate emoluments	322	122

Included above are the emoluments of the highest paid director who received aggregate emoluments of £172,000 in the period (period to 30 June 2006 £65,000)

7. Investment revenue

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Interest income	19	15
	19	15

8. Finance costs

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Interest payable on bank loans and overdrafts	40	-
Other interest payable	4	21
	44	21

9. Taxation

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Current tax	24	-
Deferred tax	-	-
Total tax expense for the period	24	-

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

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Loss before taxation	(2,548)	(1,980)
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	(764)	(594)
Effect of		
Expenses not allowable for taxation	2	22
Capital allowances in excess of depreciation	(3)	(1)
Losses brought forward	(505)	-
Adjustment in respect of losses brought forward	(84)	-
Foreign tax adjustment	-	68
Losses carried forward	1,378	505
Total tax expense for the period	(24)	-

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable The group did not recognise a deferred income tax asset of £1,378,000 (30 June 2006 £505,000) in respect of losses amounting to £4,593,000 (30 June 2006 £1,688,000) that can be carried forward against future taxable income

10. Earnings per share

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Loss		
Loss for the purpose of basic and diluted loss per share	(2,572)	(1,980)
Number of shares		
Weighted average number of ordinary shares in issue during the period	11,924,921	9,575,091
Basic and fully diluted loss per share	(21 57p)	(20 68p)

11. Goodwill

	£'000
Cost and net book amount	
At 5 August 2005 and 1 July 2006	-
Arising on acquisitions	6,100
At 31 December 2006	6,100
At 30 June 2006	-

The above carrying amount of goodwill is allocated against the Group's transaction processing operations in the USA

At the balance sheet date the Group performed impairment tests on the level of cash generating units by using cash flow projections based on current operative planning covering a five year period These current forecasts are based on past experience as well as on future expected market developments The Group determined the recoverable amounts to be in excess of their carrying value including goodwill Therefore there was no impairment of goodwill.

12. Other intangible assets

	Customer contracts £'000	Proprietary software £'000	Total £'000
Cost			
At 4 August 2005 and 1 July 2006	-	-	-
Arising on acquisitions (note 22)	1,817	896	2,713
At 31 December 2006	1,817	896	2,713
Amortisation			
At 4 August 2005 and 1 July 2006	-	-	-
Charge for the year	41	30	71
At 31 December 2006	41	30	71
Net book amount			
At 31 December 2006	1,776	866	2,642
At 30 June 2006	-	-	-

13. Property, plant and equipment

	Group		Company	
	Office Equipment £'000	Total £'000	Office Equipment £'000	Total £'000
Cost				
At 4 August 2005	-	-	-	-
Additions	22	22	17	17
At 30 June 2006	22	22	17	17
Arising on acquisitions	354	354	-	-
Additions	70	70	15	15
At 31 December 2006	446	446	32	32
Depreciation				
At 4 August 2005	-	-	-	-
Depreciation for period	5	5	3	3
At 30 June 2006	5	5	3	3
Arising on acquisitions	261	261	-	-
Depreciation for period	12	12	4	4
	278	278	7	7
Net book value at 31 December 2006	168	168	25	25
Net book value at 30 June 2006	17	17	14	14

14. Inventories

Group	31 December 2006 £'000	30 June 2006 £'000
Stocks and work in progress	111	-
	111	-

15. Trade and other receivables

Trade and other receivables comprise amounts as set out below

	Group		Company	
	6 months to 31 December 2006	11 months to 30 June 2006	6 months to 31 December 2006	11 months to 30 June 2006
	£'000	£'000	£'000	£'000
Trade receivables	181	84	-	23
Other receivables	188	523	57	522
Prepayments and accrued income	26	18	5	18
	395	625	62	563

The average credit period taken on sale of goods was 45 days (30 June 2006 45 days)

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

16. Cash and bank balances

Cash and bank balances comprise cash and short-term deposits The carrying amount of these assets approximates to their fair value

17. Trade and other payables

Trade and other payables comprise amounts as set out below

	Group		Company	
	6 months to 31 December 2006	11 months to 30 June 2006	6 months to 31 December 2006	11 months to 30 June 2006
	£'000	£'000	£'000	£'000
Trade payables	876	141	92	105
Other taxes and social security costs	35	7	35	7
Current income tax liabilities	24	-	-	-
Outstanding consideration payable in respect of acquisition of subsidiary	2,433	-	2,433	-
Other creditors	226	8	-	-
Accruals and deferred income	215	344	108	342
	3,809	500	2,668	454

The average credit period taken during the period was 30 days (30 June 2006 30 days)

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

18. Bank overdrafts and loans

On 3 November 2006 the Company entered into a loan note instrument for £2,500,000, secured by a floating charge on the assets of the Company and convertible into ordinary shares at £4 per share at the option of the loan note holder or repayable on or before 3 May 2007 Interest was payable on the principal amount of the loan at the rate of 10% per annum The carrying value represents the fair value of the loan, which was repaid on 12 February 2007

19. Operating Lease Commitments

	Group		Company	
	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Minimum lease payments under operating leases recognised in expenses for the period	104	79	20	79
At the balance sheet date, the group had outstanding commitments under non-cancellable leases, which fall due as follows				
Within one year	180	35	-	35
In the second to fifth years inclusive	580	-	-	-
After five years	20	-	-	-

20. Related party transactions

Group and company

Included in Administration expenses in the Company is an amount of £64,000 (11 months to 30 June 2006 - £305,000) invoiced to the Company by Mr I-S Robson for consultancy services Of this amount there was an outstanding balance of £7,000 at 31 December 2006 (£165,000 at 30 June 2006)

At the balance sheet date the Group was in receipt of loans totaling £179,000 from two of its shareholders This amount is included in Other creditors The loans were repaid in April 2007

On 4 October 2006 the Group entered into a contract with M2 Systems Corporation, of which Michael Muscato and Joseph Adams are controlling directors, for the provision of management and support services

During the period Altair Financial Services International Plc funded the activities of its subsidiary companies At the balance sheet date it was owed £1,483,000 (at 30 June 2006 - £1,012,000) by its subsidiary companies

20. Related party transactions (continued)

The remuneration of the directors who are the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Short-term employee benefits	363	137
Share-based payments	558	142
	921	279

21. Investment in subsidiary undertakings

The carrying value of the investment in subsidiary undertakings represents the fair value of the consideration paid to acquire 100% of the issued share capital of, and voting rights, in its subsidiary companies as detailed below·

	Country of Incorporation
Altair Financial Services Limited	England & Wales
Altair Financial Services International Inc	USA
Altair Financial Services International (Antigua) Limited	Antigua
Mini Media (UK) Limited	England & Wales
Symmetrex Inc	USA
M2 Inc	USA
M2 Antigua Ltd	Antigua
Gkbill Ltd	Antigua

22. Acquisition of subsidiary

On 6 November 2006 the company completed the purchase of 100% of the issued share capital of Symmetrex Inc, an established transaction processing company with operation centres in Maitland, Florida and Salt Lake City, Utah in the USA The total consideration was US$ 15 6 million, satisfied by a cash payment of US$11 million, a further cash payment of $1 1 million which was settled on 12 February 2007, and deferred consideration of $3 5 million to be satisfied by the issue of Altair shares 18 months after completion

22. Acquisition of subsidiary (continued)

Net assets acquired	Book value £'000	Fair value adjustments £'000	Fair value £'000
Property, plant and equipment	93		93
Intangible assets	-	2,713	2,713
Trade and other receivables	336	5	341
Cash balances	263		263
Trade and other payables	(959)		(959)
Borrowings	-		-
	(267)	2,718	2,451
Goodwill			6,100
Total consideration			8,551
Satisfied by			
Cash payment on completion			5,791
Cash payment settled 12 February 2007			578
Deferred consideration to be satisfied by the issue of Altair shares			1,855
Directly attributable costs			327
			8,551
Net cash outflow arising on acquisition			
Cash consideration			6,369
Cash and cash equivalents acquired			(263)
			6,106

The goodwill arising on the acquisition of Symmetrex is attributable to the anticipated future operating synergies from the combination

Symmetrex contributed revenue of £494,000 and a loss of £57,000 to the Group's loss before tax for the period between the date of acquisition and the balance sheet date

It has not been practicable to quantify the contribution that Symmetrex would have made if the acquisition had been completed on the first day of the financial period as no accounts have been prepared for Symmetrex for the period to 30 June 2006

23. Post Balance Sheet events

Since the balance sheet date the Company has raised an additional £11 6 million through the issue of 1 9 million shares and the conversion of 700,000 warrants The share issue proceeds have been used to settle the outstanding $1 1 million consideration for the purchase of Symmetrex and for repaying the convertible loan note of £2 5 million The balance of the funds raised have been used to provide working capital for the Group

24. Called up share capital

	6 months to 31 December 2006 Number of shares	£'000	11 months to 30 June 2006 Number of shares	£'000
Authorised:				
Ordinary shares of £1 each	100,000,000	100,000	100,000,000	100,000
Allotted, issued and fully paid:				
Brought forward	11,250,000	11,250	-	-
Issued for cash	809,905	810	800,002	800
Issued in satisfaction of a loan	-	-	450,000	450
Issued in respect of the acquisition of a subsidiary	-	-	9,999,998	10,000
	12,059,905	12,060	11,250,000	11,250

The company has one class of ordinary shares, which carry no right to fixed income
During the period the following numbers of ordinary shares were issued

(i) On the 7 August 2006 373,078 shares were issued for cash at a price of £6 50 per share

(ii) On 9 August 2006 436,827 shares were issued for cash at a price of £6 50 per share

Warrants

In consideration of its support in connection with the initial financing of the Group's activities Dexapoint United Corporation was granted warrants to subscribe for 200,000 ordinary shares at £2.50 per share exercisable at any time prior to 29 December 2006

By a Supplemental Deed dated 21 November 2006 Dexapoint was granted a warrant to subscribe for an additional 100,000 shares at £2 50 per share on or before 30 June 2007 and the exercise period for the original warrant for 200,000 shares was extended to 30 June 2007 On 16 April 2007 an Extension Letter was issued notifying Dexapoint that the exercise period for all the warrants was extended to 31 December 2007 On 20 November 2007 Dexapoint exercised its rights under the Warrant Deed to subscribe for 200,000 shares In December 2007 the directors resolved to extend the exercise period in respect of the remaining 100,000 warrants to 31 December 2008

In April and May 2006 1,000,000 warrants were granted to directors, exercisable at £1 per share at any time prior to 31 December 2007 On 22 June 2007 Mr Robson, having resigned as a director, notified the Company of his intention not to exercise the warrant in respect of 500,000 shares and the warrant deed was revoked On the same day a warrant to subscribe for 500,000 shares at £1 per share prior to 31 December 2007 was granted to Palmdale Investments SA This warrant was exercised in full on 20 July 2007 In December 2007 the directors resolved to extend the exercise period in respect of the remaining 500,000 warrants to 28 February 2008

Options

On 13 July 2006 the following options were granted -

(i) 420,000 options were granted under the Company's Unapproved Option Scheme
(ii) 95,000 options were granted under the Company's EMI Option Scheme

All the above options are exercisable at £2 50 per share 50% of the options are exercisable on the listing of the Company's shares on the London Stock Exchange and the remaining 50% are exercisable 12 months after the listing

25. Share premium account

	£'000
Premium arising on issue of shares	1,200
Share issue expenses	(165)
Balance at 30 June 2006	1,035
Premium arising on issue of shares	4,454
Share issue expenses	(277)
Balance at 31 December 2006	5,212

26. Merger reserve

	£'000
Reserve arising on Group reconstruction	(10,000)
Balance at 30 June and 31 December 2006	(10,000)

27. Cash used in operations – Group

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Operating loss	(2,521)	(2,109)
Depreciation and amortization	83	5
Share-based payments	560	142
(Increase) in inventories	(111)	-
decrease/(increase) in receivables	565	(625)
(decrease)/increase in payables	(98)	500
Cash used in operations	(1,522)	(2,087)

28. Cash used in operations – Company

	6 months to 31 December 2006 £'000	11 months to 30 June 2006 £'000
Operating loss	(1,476)	(1,563)
Depreciation charge	4	3
Share-based payments	560	142
Provision against inter-company balances	-	212
decrease/(increase) in debtors	501	(563)
(decrease)/increase in creditors	(219)	454
Cash used in operations	(630)	(1,315)

29. Share-based payments

Options

The Company has granted share options to directors and employees during the period as follows

	Unapproved option scheme	EMI option scheme
Lee Britton	210,000 shares	40,000 shares
Edward Evans	210,000 shares	40,000 shares
Alex Lubin	-	15,000 shares

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

	At 31 December 2006		At 30 June2006	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of period	-	-	-	-
Granted during the period	515,000	£2 50	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at end of period	515,000	£2 50	-	-
Exercisable at end of period	-	-	-	-

50% of the options are exercisable at £2 50 per share on the listing of the Company's shares on the London Stock Exchange and the remaining 50% are exercisable 12 months after the listing

The cost of the award of these options has been measured as the fair value of the award at the date of grant The fair value has been determined using a Binomial Valuation model The inputs in respect of these options into the model are as follows

Price at date of grant	£2 50	Exercise price	£2 50
Expected volatility	30%	Option life	10 years
Risk free rate	4 75%	Expected dividend yield	0 0%

Expected volatility was determined using Bloomberg- Historical Comparable Volatility over the Exercise Period of the options, adjusted for Private Company status The weighted average share price factored into the model was £2 50

The weighted average fair value of the options at the date of grant was 59p per share

The group recognised a total cost of share-based payments in respect of these options of £89,000 in the period

No options were exercised, forfeited or expired during the period

29. Share-based payments (continued)

Warrants

In Aprıl and May 2006 the Company granted warrants to subscrıbe for shares to dırectors as follows

Iaın-Stuart Robson	500,000 shares
Lee Brıtton	300,000 shares
Edward Evans	200,000 shares

Detaıls of the warrants outstandıng durıng the year are as follows

	At 31 December 2006		At 30 June2006	
	Warrants	Weıghted average exercıse price	Warrants	Weıghted average exercıse prıce
Outstandıng at begınnıng of perıod	-	-	-	-
Granted during the perıod	1,000,000	£1 00	1,000,000	£1 00
Forfeıted durıng the perıod	-	-	-	-
Exercısed durıng the perıod	-	-	-	-
Expıred durıng the perıod	-	-	-	-
Outstandıng at end of perıod	1,000,000	£1 00	1,000,000	£1 00
Exercısable at end of perıod	1,000,000	£1 00	1,000,000	£1 00

The warrants were originally exercısable at £1 00 per share at any tıme prıor to 31 December 2007, but ıt was resolved ın December 2007 that the exercıse perıod ın respect of the warrants for messrs Brıtton and Evans be extended to 28 February 2008 The agreement ın respect of the warrants for Mr Robson was revoked followıng hıs notıfyıng the company that he would not be exercısıng them

The cost of the award of these warrants has been measured as the faır value of the award at the date of grant The faır value has been determıned usıng a Bınomıal Valuatıon model The ınputs ın respect of these warrants ınto the model are as follows

Prıce at date of grant	£2 50	Exercıse prıce	£1 00
Expected volatılıty	25 0%	Optıon lıfe	31 December 2007
Rısk free rate	4 44%	Expected dıvıdend yıeld	0 0%

Expected volatılıty was determıned usıng Bloomberg- Hıstorıcal Comparable Volatılıty over the Exercıse Perıod of the warrants, adjusted for Prıvate Company status The weıghted average share prıce factored ınto the model was £2 50

The weıghted average faır value of the warrants at the date of grant was £1 57 per share

The group recognısed a total cost of share based payments ın respect of these warrants of £471,000 ın the current perıod and £142,000 ın the prevıous perıod to 30 June 2006

30. Ultimate control

As far as ıs known to the dırectors there ıs no controllıng shareholder