Global Security Specialists

red24 plc

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2009

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red24 plc

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FINANCIAL STATEMENTS

For the year ended
31 March 2009

Company Registration No. SC086069

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DIRECTORS AND ADVISERS

DIRECTORS

S A Richards, MA MSc FCA *(Executive Chairman)*
J E A Mocatta, MA FCA *(Non-Executive Director)*
M S H Worsley-Tonks MBE *(Executive Director)*

SECRETARY

J E A Mocatta, MA FCA

REGISTERED OFFICE:

Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

ADMINISTRATIVE OFFICE:

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Berkshire RG40 5QT

NOMINATED ADVISER AND BROKER:

Seymour Pierce Limited
20 Old Bailey
London EC4M 7EN

BANKERS:

HSBC Bank plc
26-28 Broad Street
Reading
Berkshire RG1 2BU

REGISTRARS:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

SOLICITORS:

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

AUDITOR:

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present our annual report for the year ended 31 March 2009 and I am particularly pleased to report that the progress revealed in the half yearly statement has been more than maintained so that we have met almost all our financial objectives for the year.

Financial Overview

Compared with the last financial year revenue has increased by 20% to £3,320,725 from £2,763,148 and an operating profit of £583,725 has been achieved, in complete contrast to a loss of £293,590 last year. Whilst currency movements have played a part as we enjoyed a gain of £97,374 in the year compared to a loss of £42,082 last year, nonetheless this represents very substantial progress. Initially the improvement was largely down to reducing costs, but in recent months significant improvement has also come about from the growth of the business, which has been achieved with only modest increases in the cost base. The Board believe that the growth enjoyed last year in the red24 business can be sustained and will return value to shareholders. I congratulate Maldwyn Worsley-Tonks and his team on achieving the goals set for them by the Board last year.

The improved trading performance has been assisted by a strengthened balance sheet, where the much improved position is valued by our customers. Our net worth has increased by £390,000 without recourse to capital markets, and we have over £600,000 of cash on the balance sheet at the year end, despite repaying one third of the loan stock immediately prior to the year end. The remaining loan note holders have agreed to an extension of the notes to 30 September 2010, though this is subject to shareholders approval of the associated warrants. If for any reason this is not forthcoming the loan notes will be repaid in September 2009 and the accounts have been prepared on that basis as we have no wish to treat shareholders approval as a foregone conclusion. Sidebell Limited have, in view of the significant costs associated with a circular to shareholders seeking a waiver from a bid obligation should their stake go above 30%, undertaken not to exercise any such warrants if doing so would trigger a bid obligation.

I am also pleased to report that the resolutions passed at the AGM to cancel the deferred shares have been approved by the Scottish Court. The underlying objective of this action is to make it possible to pay dividends should our future progress so warrant.

red24

red24 is a global security service providing preventative and reactive advice to help individuals avoid and manage personal risks to themselves and their families.

We have adopted a modular approach in our business strategy, matching staff responsibilities to this, thereby enabling us to meet market demand, particularly in relation to the travel industry. Whilst our focus remains on the core business of security management, we are now able, through our partnerships with other travel service providers, to offer a much broader range of assistance products to our customers. This allows us to include not only security related services but also more general assistance whilst travelling.

Although our two key distribution channels remain through HSBC and AIU Holdings, we have had a clear strategic aim over the year to broaden our customer base and are very pleased with the number of new customers taking services from us. New business is running ahead of budget and we continue to add new features to the products. This will continue to be the focus for the coming year where we are confident that the travel industry, international corporations and the financial sector all hold significant potential for us to expand. Whilst the revenues generated from each new customer may not individually be material, collectively they are starting to show a marked improvement in revenue streams.

HSBC provide red24 services as part of HSBC's Premier and Plus banking offerings. The enhanced HSBC Plus account, 'Club Class Banking', was widely advertised in a recent national campaign and the red24 product was mentioned by name throughout. We continue to provide a relocation service for the bank's Passport account to assist customers arriving in UK for the first time. More recently we have increased our services to HSBC Global Premier members providing all customers worldwide with an overview and risk evaluation for countries to which they may be travelling. Since the year end First Direct's First Directory account holders have also been added to the red24 service.

AIG Travel Assist, through the newly formed AIU Holdings Ltd, is responsible for the distribution of our products throughout the AIG group to the global travel market. Despite the turbulent year experienced by AIG, our product is valued by a number of AIG operating companies and we have enjoyed significant growth in revenue from them in the year, particularly in North America. Our distribution agreement with AIG Travel Assist has just over two years to run, but we believe that we will be able thereafter to continue to expand our business in the travel market through AIU Holdings.

The launch of our Travel Tracker™ service earlier this year, which enables a company to be advised of the location of an employee travelling overseas, thereby providing reassurance and, if necessary, assistance, has been well received. We have further enhanced this service by including the ability to offer a global tracking service via a satellite phone system.

Our consulting business continues to develop and we now support three underwriting organisations at Lloyds of London and in the North American market, all of which were new contracts in 2008. This improvement in our relationships in the insurance market has been greatly assisted by our decision to move into the City within the last year. New business has been developed with a number of other entities providing security related services, including evacuation planning for those operating in medium to high risk countries.

Overall we have made good progress in expanding our customer base and further enhancing the product offering. This has led to a significant improvement across all the red24 companies.

Training

The Arc Training International Academy for Security Management is one of the UK's leading provider of security management training courses and one of the best-known international security management training companies in the world. The courses offer a range of qualification, education, training and certification routes for full-time security professionals and for managers for whom security is one of their key responsibilities. The 2009 programme has been published and there has been a good response to the discounts offered for early booking. In addition we have worked hard to develop an international side to the business running courses abroad where venue costs are much lower. Further we are working towards global partnerships with other training companies in order to increase training capacity in key regions of the world.

Although our training business has grown by some 16% from last year's record level of sales, this is largely due to the timing of a popular course which took place in March this year, but last year was held in May. Without this underlying growth was more like 5%. Furthermore profitability has suffered as the downturn puts pressure on margins. That said we have seen significant growth in the training business year on year and there is every possibility that this will continue.

Outlook

The Board are most encouraged by the very solid progress the business has been making and would hope that, despite the negligible impact the progress has had on the share price, shareholders are similarly impressed. Since the business is now cash positive the Board have no current need to access the market for capital and potential investors will need to buy shares in the market if they wish to be part of the company. This should have a positive impact on the share price and, hopefully, should lead the market to value the business more highly. In the meantime, the Board are considering what practical steps can be taken to draw the attention of potential investors to the company. A first step has been to appoint Seymour Pierce as Nomad and Broker to the company, which took effect last month.

Staff

It is with great regret that I have to announce the death of David Hill, who, frequently, was the public face of red24 on television. In addition to the wisdom and experience he brought to the group, he made a great contribution to public awareness of the red24 brand and will be sorely missed.

The staff have contributed significantly to the progress made by the group and have embraced the strategy of the Board, firstly to stabilise the business and then seek to grow it in a sustainable manner. The Board are most grateful to the staff for their hard work in achieving this and are confident that many of them will choose to continue to build their careers with the group,

Simon Richards
Chairman

10 June 2009

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company and of the group for the year ended 31 March 2009.

Principal activities, business review, future developments, principal risks and key performance indicators

red24 plc is incorporated in Scotland and domiciled in England. Its shares are listed on the AIM Market ("AIM") of the London Stock Exchange. The company acts as a holding company. The principal activity of its wholly-owned trading subsidiaries is the provision of security risk management and training services. These activities are expected to continue for the foreseeable future.

A fair review of the business, and its future prospects, is contained in the Chairman's Statement on pages 3 to 5. The Board considers the key performance indicators to be turnover, gross profit, profit before tax and available cash and the Board consider that the progress made in the second half of the year was satisfactory. The Board intend to adopt non-financial key performance indicators in the coming year.

The principal risks and uncertainties facing the group have changed markedly during the year. Although the timing of revenues can still be of concern, revenues have grown to a degree that monthly revenues almost always exceed monthly costs and both the trading divisions, and the group as a whole, are now trading profitably. Profitability has led to an improved cash flow and a much stronger balance sheet, thereby enabling the group to maintain reserves against the possibility of periods of inadequate working capital. Internally the dependence on one or two key accounts for a significant proportion of our revenue remains a key risk. The Board are endeavouring to mitigate this risk by broadening the customer base. Externally the economic environment has changed markedly to one of extreme credit sensitivity, raising questions over customers' ability to pay for services rendered. Despite dealing with some of the largest companies in the world the group has not been immune from this changed environment, but government intervention has, at least so far, prevented the worst fears from being realised, and the Board assumes that this will continue to be the case. Other normal business risks include dependence on the continued availability of key personnel to ensure that our clients receive the level of service they are entitled to expect, and the ability of the group to continue to provide that level of service. The reputation of the group is critical to its continued success and it works hard to develop and protect its reputation by ensuring that it only associates itself with activities that are appropriate for a company in its sector.

Results for the year

The financial result for the year ended 31 March 2009 and the comparative result for the year ended 31 March 2008 are set out on page 17. No dividend is recommended (2008: £Nil).

Directors

S A Richards, J E A Mocatta and M S H Worsley-Tonks held office throughout the year.

M S H Worsley-Tonks retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Biographies of Directors

Simon Richards, who is a Chartered Accountant, is the company's executive chairman. He also acts as the part time finance director as well as being the chairman of Sidebell Limited.

Mal Worsley-Tonks is a former Lieutenant Colonel in the British Army, having commanded a regular Parachute Battalion. He has over ten years' experience in the security industry. He is responsible for the red24 business segment worldwide.

John Mocatta, who is a Chartered Accountant, is the company's non-executive director. He is a specialist in corporate finance and company reorganisation and has previously been both an executive and a non-executive director of a number of public and private companies.

Directors' interests

The interests of the directors in the company's share capital, including shares held by companies controlled by the directors, were as follows:

			31 March 2009		
	Ordinary shares of 1p each	*Deferred shares of 0.9p each*	*Warrants to subscribe for shares (iii)*	*Warrants to subscribe for shares (iv)*	*Ordinary share options (v)*
S A Richards (i)	580,000	–	–	–	50,000
J E A Mocatta (ii)	600,000	–	–	–	50,000
M S H Worsley-Tonks	913,500	–	–	–	175,000

			31 March 2008		
	Ordinary shares of 1p each	*Deferred shares of 0.9p each*	*Warrants to subscribe for shares (iii)*	*Warrants to subscribe for shares (iv)*	*Ordinary share options (v)*
S A Richards (i)	445,000	2,600,000	45,000	185,000	50,000
J E A Mocatta (ii)	365,000	2,650,000	50,000	100,000	50,000
M S H Worsley-Tonks	513,500	1,500,000	25,000	363,500	175,000

(i) S A Richards is also interested in the shares of Sidebell Limited, which held 11,909,250 ordinary shares of 1p each at 31 March 2009 (1 April 2008: 9,779,250 ordinary shares of 1p each). At 31 March 2009 Sidebell Limited held £190,000 (1 April: £300,000) of the 12% Loan Notes 2010.

At 31 March 2008 Sidebell Limited also held warrants to subscribe for 3,635,000 ordinary shares of 1p each at a subscription price of 3.75p per share at any time up to 31 March 2009, these warrants were not exercised and have now lapsed.

At 31 March 2009 Sidebell Limited also held further warrants, associated with the Loan Notes, to subscribe for 1,900,000 (31 March 2008: 3,000,000) ordinary shares of 1p each at a subscription price of 10p per share at any time up to 31 March 2009. Following the extension of the loan notes from 31 March 2009 to 30 September 2010, the subscription price will, subject to shareholder approval, become 5p per share exercisable at any time up to 30 September 2010.

S A Richards is also interested in the shares of Financial & General Securities Limited, which held 500,000 new ordinary shares of 1p each at 31 March 2009 (1 April 2008: 500,000).

(ii) J E A Mocatta is also interested in 20,000 (1 April 2008: 10,000) ordinary shares held in trust for his grandchildren.

(iii) These warrants, which were exercisable at a price of 10p per ordinary share at any time up to 31 March 2009, have now expired.

(iv) These warrants, which are exercisable at a price of 3.75p per ordinary share at any time up to 31 March 2009, have now expired.

(v) On 16 April 2004 options over ordinary shares of 1p each at a price of 18.75p per share were granted to directors and certain employees. These options are exercisable between 16 April 2006 and 15 April 2014.

(vi) At 31 March 2008 S A Richards and J E A Mocatta each held £5,000 of the 12% Loan Notes 2009. These were repaid during the year. Each £1 of loan note carried a warrant to subscribe for 10 ordinary shares of 1p each at a price of 10p each, exercisable at any time before 31 March 2009. These warrants were not exercised and have now lapsed.

Substantial shareholdings

The following shareholders had advised the company of holding an interest of 3% or more in the issued ordinary share capital of the company at 26 May 2009:

	Number of ordinary shares of 1p each	*Percentage of issued ordinary share capital*
Sidebell Limited	11,909,250	26.80
J M Briggs and EMIS	6,753,568	15.20
R G C Whiting and Regent Trust Company	3,744,922	8.43
Pershing Nominees Limited	2,215,545	4.99

Directors' and officers liability insurance

During the year the company has maintained insurance to indemnify the directors against potential claims arising from the performance of their duties.

Related parties

The group considers that the Directors, their spouses and children and other companies or businesses of which the Directors, their spouses or children are either directors or principals, or both, are related parties. Transactions with related parties are carried out at arms length and full details are disclosed in note 24 to these accounts. The interests of related parties in the shares and loan notes issued by the company are set out above.

Equal opportunities

The group endorses and supports the principles of equal employment opportunities. It is the policy of the group to provide equal employment opportunities to all qualified individuals, which ensures that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis.

Disabled employees

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

Product development

The group invests in its products and services on a continuous basis to ensure that its offerings remain at the forefront of those on offer in the market place.

Suppliers' payment terms

It is the policy of the group to agree terms of payment with its suppliers when trading relationships are established, to ensure that the terms of payment are clear and to abide by the agreed terms, provided the suppliers meet their obligations. Payable days at 31 March 2009 were 38 (2008: 38) for the group and 104 (2008: 51) for the company.

Financial instruments

Details of the financial instruments of the company and its subsidiary undertakings are contained in note 25.

Employee participation

The group places considerable value on the involvement of its employees and keeps them informed of matters affecting them as employees and on the various factors affecting the performance of the group.

Statements as to disclosure of information to auditors

Each of the directors confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

A resolution proposing that Baker Tilly UK Audit LLP, Chartered Accountants, be appointed as auditor of the company will be put to the members at the Annual General Meeting. Baker Tilly UK Audit LLP have indicated its willingness to continue in office.

By order of the Board

J E A Mocatta
Secretary

10 June 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have also elected to prepare financial statements for the company in accordance with IFRS.

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

(a) properly select and apply accounting policies consistently;

(b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

(c) provide additional disclosures when compliance with the specific requirements for IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;

(d) make judgements and estimates that are reasonable and prudent; and

(e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are also responsible for ensuring that the group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements 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 corporate and financial information included on the red24 plc website.

The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the website.

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

CORPORATE GOVERNANCE STATEMENTS

As a company listed on the AIM Market of the London Stock Exchange, the Directors' policy is, as far as is possible in relation to the group's size, to manage the affairs of the group in accordance with the Principles of Good Governance and Code of Best Practice issued by the Financial Reporting Council ("the Combined Code").

Application of the principles of good governance

The names of the directors and their respective responsibilities are shown on page 6. The Board presently consists of two executive and one non-executive director. The full Board meets regularly and receives appropriate information from management in advance of its meetings. Certain functions are delegated to Board Committees.

The Remuneration Committee is chaired by the non-executive director and consists of that director and the Chairman. Its key role is to make recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost and to determine on behalf of the Board specific remuneration packages for the Executive Directors.

The Audit Committee consists of the Chairman and the non-executive director, both of whom are Chartered Accountants. The Committee, which is chaired by the non-executive director, meets with the independent auditors to consider the group's financial reporting in advance of its publication.

The Board considers that its structure is appropriate to its present stage of development and that the non-executive director is independent of the executives in both character and judgement.

Internal financial control

The Board has overall responsibility for ensuring that the group maintains a system of internal financial control to provide it with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. There are inherent limitations in any system of internal financial control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The key features of the internal financial control system that operated during the year may be summarised as follows:

- the Board is responsible for overall strategy and for approving budgets, forecasts and plans;
- clear lines of authority, responsibility and financial accountability within each business unit, ensuring an appropriate organisational structure for planning, executing, controlling and monitoring its business operations;
- consideration and review by the Board of monthly management accounts which compare actual results with budgets and prior years' results;
- regular reporting of legal and accounting developments to the Board; and
- comprehensive accounting policies and regular reviews of compliance with those policies.

The Audit Committee reviews the operation and effectiveness of this framework on a regular basis and, on behalf of the Board, has reviewed the half yearly report and the annual financial statements along with the nature and scope of the external audit.

The directors consider that there have been no weaknesses in internal financial control that have resulted in any material losses, contingencies or uncertainties requiring disclosure in the group's financial statements.

Relations with shareholders

The Chairman makes himself available to major shareholders on request and periodically attends meetings with and presentations to shareholders. The Annual General Meeting is normally attended by all directors and shareholders are invited to ask questions during the meeting and to meet with directors after the formal proceedings have ended.

Going concern

Having made enquiries, the directors have a reasonable expectation that the company and the group as a whole will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

AUDITOR INDEPENDENCE

The Audit Committee undertakes a formal assessment of the external auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- receipt from the auditors of a written report detailing relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 4 to the accounts.

On behalf of the board

J E A Mocatta
Chairman
Audit committee

10 June 2009

REMUNERATION REPORT

Year ended 31 March 2009

The Remuneration Committee comprises J E A Mocatta, as Chairman and S A Richards.

Policy on remuneration of executive directors

The purpose of the Remuneration Committee is to consider all aspects of executive directors' remuneration and determine the specific remuneration packages of each of the executive directors and, as appropriate, other senior executives, ensuring that the remuneration packages are competitive within the service industry and reflect both group and personal performance.

The current remuneration packages of the executive directors consist of basic salary, share options and a discretionary bonus.

M S H Worsley-Tonks has a letter of appointment dated 1 April 2008, which is capable of termination by twelve months notice by either party. Prior to that date his services were provided by Worsley-Tonks Consulting to red24 Operations Limited under an agreement dated 23 September 2004.

S A Richards has a letter of appointment dated 23 September 2004, which is capable of termination by twelve months' notice by either party.

Non-executive director

John Mocatta & Co has agreed to provide the services of J E A Mocatta, as a non-executive director, under a letter of appointment dated 23 September 2004. The remuneration of the Non-Executive Director is set by the Board as a whole and the appointment is capable of termination by the giving of twelve months notice by either party.

Directors' remuneration

The emoluments of the individual directors, which comprise salaries or fees and bonus, no bonuses were payable for 2008, were as follows:

	Salary or fees	*Bonus*	*2009 Total*	*2008 Total*
	£	£	£	£
S A Richards	60,000	6,000	66,000	60,000
J E A Mocatta	28,500	–	28,500	28,500
S G Wakeling	–	–	–	70,504
M S H Worsley-Tonks	84,000	16,800	100,800	75,000
	172,500	22,800	195,300	234,004

S G Wakeling resigned on 7 August 2007 and received £28,000 as compensation for loss of office, which is included in the total emoluments received by him in that year. None of the directors received any benefits in kind during the year or during the previous year, nor were any pension contributions made on behalf of any director in either year.

Directors' interests in shares and options

The interests of the directors holding office at 31 March 2009 in the company's share capital, including share options and also including shares held by companies controlled by the directors, are shown in the directors' report on page 7.

Whilst the directors continue to believe that the success of the group will depend to a high degree on the future performance of the management team, disappointingly the incentive arrangements established by the group to date have been ineffective. Of the three series of share options granted prior to 31 March 2007, the terms of which are set out in the directors' report on page 7, two have lapsed as the performance targets, which were based on profits, were not met, and the third is at a very large premium to the current share price.

The Board do not believe that share option schemes are likely to assist in aligning the interests of management directly with those of shareholders in the current depressed conditions of the AIM Market. As a result the Board have encouraged managers to take advantage of the group's share loan scheme and actually purchase shares. This scheme was used by five managers, who subscribed for £14,100 of shares during the year.

The Board recognises that this potentially excludes those staff unable to take on such a commitment and will consider introducing arrangements to assist them when market conditions improve.

J E A Mocatta
Chairman
Remuneration Committee

10 June 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED24 PLC

Year ended 31 March 2009

We have audited the group and parent company financial statements on pages 17 to 51.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information in the Directors' Report includes specific information contained in the Chairman's Statement that is cross referenced from the Principal Activities, Business Review, Future Developments, Principal Risks and Key Performance Indicators section in the Directors' Report.

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

We read 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, the Chairman's Statement, the Corporate Governance Statement and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its profit for the year then ended;

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;

- 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.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

10 June 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 £	2008 £
Revenue	3	3,320,725	2,763,148
Cost of sales		(727,124)	(718,778)
Gross profit		2,593,601	2,044,370
Administrative expenses		(2,009,876)	(2,337,960)
Operating profit/(loss)	4	583,725	(293,590)
Investment income	5	7,141	8,618
Finance costs	6	(54,129)	(58,269)
Profit/(loss) before tax	3	536,737	(343,241)
Tax (charge)/credit	10	(121,088)	80,580
Profit/(loss) for the year attributable to equity holders of the parent company	21	415,649	(262,661)
Basic and diluted profit/(loss) per share (pence)	11	0.95p	(0.78p)

The results above arose from continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2009

	Notes	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Currency translation differences	21	(34,562)	60,838	–	–
Net income recognised directly in equity		(34,562)	60,838	–	–
Profit/(loss) for the year		415,649	(262,661)	361,764	(352,344)
Total recognised income for the year attributable to equity holders of the parent company		381,087	(201,823)	361,764	(352,344)

The accompanying notes are an integral part of these financial statements.

BALANCE SHEETS

31 March 2009

	Notes	*Group 2009* £	*Group 2008* £	*Company 2009* £	*Company 2008* £
Assets					
Non-current assets					
Intangible assets	12	278,925	262,561	16,379	–
Investment in group companies	13	–	–	127,125	127,125
Property, plant & equipment	14	61,095	67,291	–	–
Deferred tax assets	15	138,144	230,445	–	–
Trade and other receivables		10,780	–	628,184	531,796
		488,944	560,297	771,688	658,921
Current assets					
Trade and other receivables	16	415,037	604,346	172,433	193,065
Cash and cash equivalents	17	626,180	82,380	71,388	3,232
		1,041,217	686,726	243,821	196,297
Total assets		1,530,161	1,247,023	1,015,509	855,218
Capital and reserves					
Called-up share capital	20	444,411	3,356,108	444,411	3,356,108
Share premium account	21	–	748,303	–	748,303
Other reserves	21	45,570	47,240	45,570	47,240
Translation reserve	21	62,118	96,680	–	–
Retained earnings	21	(23,321)	(4,109,670)	140,716	(3,891,748)
Equity attributable to equity holders of the parent	21	528,778	138,661	630,697	259,903
Non-current liabilities					
Borrowings	19	28,121	45,229	–	–
Current liabilities					
Trade and other payables	18	703,039	671,609	134,812	220,315
Borrowings	19	270,223	391,524	250,000	375,000
		973,262	1,063,133	384,812	595,315
Total equity and liabilities		1,530,161	1,247,023	1,015,509	855,218

The financial statements on pages 17 to 51 were approved and authorised for issue by the Board of Directors on 10 June 2009.

Signed on behalf of the Board of Directors

S A Richards
J E A Mocatta } Directors

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENTS

For the year ended 31 March 2009

	Notes	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Net cash inflow/(outflow) from operating activities	22	728,075	(461,393)	200,926	(538,591)
Investing activities					
Interest received		7,141	8,618	457	925
Dividend received		–	–	50,000	50,000
Purchase of intangibles		(18,749)	(5,778)	(16,379)	–
Purchase of property, plant & equipment		(13,136)	(11,037)	–	–
Proceeds on disposal of property, plant & equipment		–	2,072	–	–
Net cash (outflow)/inflow from investing activities		(24,744)	(6,125)	34,078	50,925
Financing activities					
Interest paid		(61,629)	(58,269)	(52,548)	(45,252)
Repayment of finance lease obligations		(3,401)	(7,749)	–	–
Issue of ordinary share capital		22,100	499,750	22,100	499,750
Cost of share cancellation		(11,400)	–	(11,400)	–
Repayment of bank loans		(10,008)	(10,138)	–	–
Repayment of loan notes		(125,000)	–	(125,000)	–
Net cash (outflow)/inflow from financing activities		(189,338)	423,594	(166,848)	454,498
Net increase/(decrease) in cash and cash equivalents	22	513,993	(43,924)	68,156	(33,168)
Cash and cash equivalents at the beginning of the year		82,380	127,900	3,232	36,400
Effect of foreign exchange rates		29,807	(1,596)	–	–
Cash and cash equivalents at the end of the year		626,180	82,380	71,388	3,232

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

1 Accounting policies

(a) Basis of preparation

From 1 April 2007, the group and company have adopted International Financial Reporting Standards ("IFRS") and the International Financial Report Interpretations Committee ("IFRIC") interpretations as adopted by the European Union ("EU") in the preparation of its consolidated financial statements. The financial statements have been prepared under the historical cost basis.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and all of the entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities. The acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange of contracts, plus cost directly attributable to the acquisition.

The results of subsidiaries sold or acquired are included in the consolidated income statement up to, or from, the date control passes. 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.

The company has not presented its own income statement as permitted by Section 230 (3) of the Companies Act 1985. The profit/(loss) for the year was £350,364 (2008: (£352,344)).

(c) Revenue recognition

Revenue represents the fair value of the consideration received or receivable in respect of services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Sales of services are recognised when the services have been provided, services invoiced in advance are treated as deferred income and income is accrued where services have been provided but not yet invoiced.

Interest income is accrued on a time-apportioned basis.

(d) Cost of sales, gross profit and operating profit

Cost of sales represent the fair value of costs directly incurred in the supply of goods sold and services provided. Costs are recognised at the time when the goods have been supplied or the services have been provided. Costs relating to services still to be provided are carried forward in other receivables to the extent it is considered probable they will be recovered.

Gross profit is defined as revenue recognised less cost of sales.

Operating profit is arrived at after deducting all administrative expenses from gross profit, including restructuring and impairment costs, but before investment income and finance costs.

(e) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred. Interest costs are accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable.

1 Accounting policies (continued)

(f) Taxation

The tax credit or expense represents the sum of the current tax expense and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred income tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity.

Deferred tax is provided on temporary timing differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(g) Intangible assets

Goodwill, being the excess of the cost of acquisition over the fair value of net assets, including any intangible assets identified, acquired, is capitalised. Goodwill is not amortised but is tested at least annually for impairment and carried at cost less accumulated impairment provisions.

Goodwill is allocated to cash generating units for the purpose of impairment testing. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, then any goodwill is considered to be impaired. Impairment losses recognised for goodwill are not reversed in subsequent periods.

The recoverable amounts of the cash generating units are determined from value in use calculations. The group prepares cash flow forecasts from the most recent financial budgets approved by management. The cash flows are then discounted at an appropriate interest rate to determine value in use.

Intellectual properties, including computer software licences, are capitalised at cost and are amortised on a straight-line basis over their estimated useful economic lives of between one and three years.

(h) Property, plant & equipment and depreciation

Property, plant and equipment is valued at cost less accumulated depreciation and less provisions for impairment. Depreciation is provided at the following annual rates in order to write off each asset, on a straight-line basis, over its estimated useful life:

Fixtures, fittings and equipment	16.67% to 50% per annum
Motor vehicles	20% per annum
Leased assets	the shorter of the lease term and the useful economic life of the asset

The depreciation charge is time apportioned in the years of acquisition and disposal of assets.

1 Accounting policies (continued)

(i) Product development

Product development is written off to the income statement as incurred unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

(j) Foreign currency translation

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

In preparing the financial statements of the individual companies, transactions expressed in currencies other then the entity's functional currency (foreign currencies) are at rates of exchange approximating to those ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates ruling at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss before income tax for the period.

In presenting the consolidated financial statements the assets and liabilities of the overseas subsidiary are translated at the rate ruling at the balance sheet date. The results of the overseas subsidiary have been translated at the average exchange rate ruling during the year. Differences arising on retranslation are added to or deducted from the group's translation reserve.

(k) Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Loans and receivables". These receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest rate method less any provision for impairment.

Financial assets are assessed for indications of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the asset have been impacted. For trade and other receivables the carrying amount is reduced by an allowance reflecting the impairment. When a trade receivable is uncollectible it is written off against the allowance, subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are reflected in the income statement.

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

1 **Accounting policies (continued)**

(l) **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the contracted arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance the substance of the transaction. At the date of issue the fair value of the liability is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instrument reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity through other reserves and is not subsequently re-measured.

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method. Interest bearing bank loans and overdrafts together with obligations under finance leases are classified as "Borrowings". Trade payables and other payables and borrowings for the purposes of IAS 39 are classified as "other financial liabilities".

(m) **Net debt**

Net debt is defined as the excess of Borrowings over cash and cash equivalents.

(n) **Investments**

Non-current investments representing investments in subsidiary undertakings are valued at cost less any provision for impairment in the value of the investment.

(o) **Share based payments**

The group issues equity-settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the group's estimate of options that will eventually vest. Fair value is measured by use of the Black Scholes model. The assumptions underlying the number of awards expected to vest are subsequently adjusted to reflect conditions prevailing at the balance sheet date. At the vesting date of an award, the cumulative expense is adjusted to take account of the awards that actually vest.

The group has issued warrants to subscribers of certain equity issues and these are measured at fair value at the date of grant in the same way as employee related share based payments.

(p) **Leased assets and obligations**

An asset is acquired when substantially all the risks and rewards are transferred and is capitalised as an asset under a finance lease with the corresponding liability to the finance company included in trade and other payables. Depreciation on assets held under finance leases is provided in accordance with the policy noted in (h) above. Finance lease payments are treated as consisting of capital and interest elements and the interest is charged to the income statement on a constant rate basis over the period of the agreement. Finance charges are charged directly to income. All other leases are operating leases.

Rentals receivable or payable under operating leases are credited or charged to the income statement on a straight line basis over the lease term.

1 Accounting policies (continued)

(q) Adoption of new and revised standards

The following Standards and Interpretations, which were effective for this financial period, have no material impact on the financial statements of the Group:

- IFRIC 7 'Applying the Restatement Approach under IAS 29 "Reporting in Hyperinflatory Economies"';
- IFRIC 8 'Scope of IFRS 2';
- IFRIC 9 'Reassessment of Embedded Derivatives';
- IFRIC 10 'Interim Financial Reporting and Impairment'.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

- IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009); this Standard replaces IAS 14 'Segment Reporting' and requires segmental information reported to be based on that which management uses internally for evaluating performance of operating segments and requires increased disclosure relating to reportable segments.

There were no other Standards and Interpretations which were in issue but not effective at the date of authorisation of these financial statements that the directors anticipate will have a material impact on the financial statements of the Group.

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are evaluated on a continual basis and are based on historical experience together with expectations of future events believed to be reasonable at the time. In considering the possible impairment of intangible assets and in recognising deferred tax assets, estimates of future revenues are particularly critical. The directors have prepared forecasts of revenues and expenses covering the next two financial years to assist in the making of estimates and judgements.

In the process of applying the group's accounting policies, which are described in note 1, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The group are currently engaged in a contractual review of an agreement with a major distributor which is likely to incorporate new products developed by the group since the existing contract, an alteration of territorial exclusivity and an alteration of payment terms, in particular to eliminate payments in advance. Until this variation agreement is finalised there may exist an obligation to provide future services for advance payments received amounting to £170,000, as such the group have not recognised this amount received as revenue.

3 Revenue and segment analysis

For management purposes the group is currently organised into two divisions – red24 and Training. These divisions are the basis on which the group reports its management information and thus is considered its primary segment information.

Primary
Business segment

	2009 red 24 £	*2009* Training £	*2009* Consolidated £	*2008* red 24 £	*2008* Training £	*2008* Consolidated £
Revenue	2,412,052	908,673	3,320,725	1,978,486	784,662	2,763,148
Segment result	806,670	41,811	848,481	(136,847)	72,878	(63,969)
Unallocated head office costs			(264,756)			(229,621)
Operating profit/(loss)			583,725			(293,590)
Investment income			7,141			8,618
Finance expense			(54,129)			(58,269)
Profit/(loss) before income taxation			536,737			(343,241)
Income tax			(121,088)			80,580
Profit/(loss) for the year			415,649			(262,661)

Primary
Business segment
Balance sheet

	2009 red 24 £	*2009* Training £	*2009* Consolidated £	*2008* red 24 £	*2008* Training £	*2008* Consolidated £
Segment assets	1,102,710	156,841	1,259,551	521,897	357,959	879,856
Unallocated corporate assets			132,294			136,712
Deferred tax assets			138,316			230,455
Consolidated total assets			1,530,161			1,247,023
Segment liabilities	438,048	130,179	568,227	321,419	215,890	537,309
Unallocated corporate liabilities			134,812			134,300
Borrowings			298,344			436,753
Consolidated total liabilities			1,001,383			1,108,362

3 Revenue and segment analysis (continued)

Primary
Business segment
Other segment items

	2009 red 24 £	2009 Training £	2009 Consolidated £	2008 red 24 £	2008 Training £	2008 Consolidated £
Capital expenditure						
– intangible assets	18,749	–	18,749	768	5,010	5,778
– property, plant & equipment	12,601	535	13,136	9,358	1,689	11,047
Depreciation	28,200	2,811	31,011	24,288	2,756	27,044
Amortisation of intangibles	1,039	1,670	2,709	1,229	–	1,229

The group's operations are located in the United Kingdom and in the Republic of South Africa. The following table provides an analysis of the group's sales by location of customer, irrespective of the origin of the services, and a geographical analysis of the location of segment assets and additions to property, plant and equipment and intangible assets.

Secondary
Geographic segment

	Revenue 2009 £	Revenue 2008 £	Segment assets 2009 £	Segment assets 2008 £	Capital expenditure 2009 £	Capital expenditure 2008 £
United Kingdom	2,365,116	2,258,935	794,171	645,504	23,506	9,733
South Africa	31,362	4,814	603,696	464,807	8,379	7,092
Europe	223,657	103,915	–	–	–	–
Rest of the World	700,590	395,484	–	–	–	–
	3,320,725	2,763,148	1,397,867	1,110,311	31,885	16,825
Shared corporate assets	–	–	132,294	136,712	–	–
	3,320,725	2,763,148	1,530,161	1,247,023	31,885	16,825

4 Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2009 £	2008 £
Amortisation of intangible assets	2,709	1,229
Depreciation of property, plant and equipment	31,011	27,044
Loss on disposal of property, plant and equipment	–	10
Operating lease rentals – land and buildings	85,792	102,125
– equipment	1,103	1,057
(Gain)/loss on foreign exchange transactions	(97,374)	42,082
Share based payments	(1,670)	(99,260)
Rent receivable	–	(1,013)
Fees payable to the auditor for the audit of the company and group annual accounts	12,500	13,000
Fees payable to auditor and their associates for other services:		
Audit of the company's subsidiaries pursuant to legislation	15,500	15,500
Other services pursuant to legislation	2,600	7,871
Fees payable to auditor's associate for the audit of the South African subsidiary	5,026	5,348

Auditor's remuneration includes £28,600 (2008: £36,371) in respect of the group auditors, of which £28,000 (2008: £28,500) relates to audit services and £2,600 (2008: £7,871) to non audit services. Other services comprise £2,000 (2008: £5,000) relating to advisory services in relation to the impact of IFRS, £Nil (2008: £871) for the use of the auditor's Glasgow office as the company's registered office and £600 (2008: £2,000) relating to a review of the group's half year report.

5 Investment income

	2009 £	2008 £
Bank and other interest receivable	7,141	8,618

6 Finance costs

	2009 £	2008 £
Interest on bank loans and overdrafts	3,789	5,239
Loan note interest	45,000	46,300
Interest element of finance leases	5,340	6,730
	54,129	58,269

7 Employees

	2009 Number	2008 Number
(a) Average monthly number of employees of the group, including executive directors, during the year:		
Consultants and sales	10	10
Office and management	60	61
	70	71

Employee costs are included in administrative expenses in the income statement.

	2009 £	2008 £
(b) Staff costs including executive directors:		
Wages and salaries	1,192,744	1,189,063
Social security costs	89,278	83,343
Share based payments	(1,670)	(99,260)
	1,280,352	1,173,146

8 Share based payments

The company has issued three series of share options to certain directors and employees. The options cannot be exercised in the first three years following their grant and, under normal circumstances, the options lapse if an employee leaves the group.

On 16 April 2004, the company granted 15,950,000 options over ordinary shares of 1p each under the company's new general share option scheme, exercisable at 1.875p per share between 16 April 2006 and 15 April 2014 and are not subject to any performance conditions. Following the changes to the authorised share capital these options became 1,595,000 options to subscribe at 18.75p per share.

On 14 July 2005, the company granted 16,730,000 options over ordinary shares of 1p each under the company's new general share option scheme, exercisable at 1p per share between 30 June 2008 and 31 March 2015 provided that the pre-tax profits for the year ended 31 March 2008 exceed £1,000,000. Following the changes to the authorised share capital these options became 1,673,000 options to subscribe at 10p per share. All of these options have now lapsed as the profit trigger was not achieved.

On 27 July 2006, the company granted 10,400,000 options over ordinary shares of 1p each under the company's new general share option scheme, exercisable at 1p per share between 30 June 2008 and 31 March 2015 provided that the pre-tax profits for the year ended 31 March 2008 exceed £2,000,000. Following the changes to the authorised share capital these options became 1,040,000 options to subscribe at 10p per share. All of these options have now lapsed as the profit trigger was not achieved.

The following movements in the numbers of share options outstanding took place in the year. The number of options granted has been adjusted to reflect the changes to the company's ordinary shares passed on 6 December 2007:

	2004 Series	Total
At 1 April 2008	547,500	547,500
Lapsed during the year	(25,000)	(25,000)
At 31 March 2009	522,500	522,500

8 Share based payments (continued)

No share options were granted during the year. In the year to 31 March 2008, the 2005 and 2006 Series of options both lapsed as the profit trigger was not met. The 2004 Series has no profit trigger and those that lapsed did so as the grantees were no longer in the group's employ. At 31 March 2009 all the outstanding options are exercisable (2008: 547,500). The weighted average exercise prices were 10p, 10p and 18.75p for the 2006, 2005 and 2004 options respectively.

The following movement took place in the previous year:

	2006 Series	*2005 Series*	*2004 Series*	*Total*
At 1 April 2007	1,020,000	1,613,000	1,595,000	4,228,000
Lapsed during the year	(1,020,000)	(1,613,000)	(1,047,500)	(3,680,500)
At 31 March 2008	–	–	547,500	547,500

The total credit recognised in administration expenses in the income statement from share based transactions, all equity-settled, amounted to £1,670 (2008: £99,260). This reflects the reduction in the probability of vesting of the options contained in the 2005 and 2006 Series, as well as credit relating to options of the 2004 series that have lapsed due to the departure of the holder.

Fair value is determined by use of the Black Scholes model using the following assumptions:

	2006 Series	*2005 Series*	*2004 Series*
Grant date	27 July 2006	14 July 2005	16 April 2004
Exercise price	10p	10p	18.75p
Shares issued under option	1,040,000	1,665,000	1,320,000
Weighted average share price	7.2p	8.3p	15p
Vesting period	3 years	3 years	2 years
Expected volatility	76%	80%	83%
Contractual expiry date	31 March 2016	31 March 2015	15 April 2014
Option life taken as expected life	5 years	5 years	5 years
Risk free rate	4.5%	4.5%	4.5%
Expected dividend yield	0%	0%	0%
Probability of option vesting	0%	0%	10%
Fair value per option	10p	10p	10p

The expected volatility of all equity compensation benefits is based on the expected volatility of the underlying share price over the term of the option. This has been calculated using historical share price data.

9 Directors' emoluments

The emoluments of the individual directors, who are considered to be the key management personnel, were as follows:

	2009 £	*2008* £
S A Richards	66,000	60,000
J E A Mocatta – through John Mocatta & Co	28,500	28,500
S G Wakeling	–	70,504
M S H Worsley-Tonks – (2008: through Worsley-Tonks Consulting)	100,800	75,000
	195,300	234,004

S G Wakeling resigned on 7 August 2007 and received £28,000 in compensation for loss of office, which sum is included in the total emoluments received by him during the year. Bonus payments were made to the executive directors during the year, based on a percentage of annual salary, as shown in the remuneration report, no such payments were made in the previous year. The directors received no benefits in kind during the year or during the previous year, nor were any pension contributions made on behalf of any director in either year. Details of the highest paid director are provided in the table above and details of the directors' interests in share options are given in the directors' report.

10 Taxation

(a) Analysis of income tax charge/(credit) for the year

	2009 £	*2008* £
Current tax	9,080	–
Deferred tax:		
United Kingdom	(22,460)	(19,200)
South Africa	134,468	(61,380)
	121,088	(80,580)

10 Taxation (continued)

(b) Factors affecting the income tax charge/(credit) for the year

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2009 £	*2008* £
Profit/(loss) on ordinary activities before taxation	536,737	(343,241)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	150,284	(102,972)
Effects of:		
Expenses not deductible for tax purposes	14,353	15,965
Temporary differences	2,000	1,582
Difference between interest paid and payable	2,100)	–
Difference between UK and overseas tax rates	–	2,339
Tax losses not utilised in the year	92,585	114,794
Utilisation of tax losses brought forward	(257,124)	(31,708)
Effect on deferred tax asset of reduction in UK corporation tax rate from 30% to 28% on 1 April 2008	–	3,620
Change in recognised value of tax losses	121,088	(84,200)
Income tax charge/(credit)	121,088	(80,580)

The standard rate of corporation tax used has been reduced from 30% to 28% following the reduction in Corporation Tax rates in the United Kingdom effective from 1 April 2008.

(c) Factors affecting tax charge for future years

The company has capital losses for tax purposes at 31 March 2009 of £605,994 (2008: £605,994) available to carry forward against future capital gains and excess management expenses of £1,320,797 (2008: £1,122,348), subject to acceptance by HM Revenue & Customs. The trading subsidiaries have losses for corporation tax purposes at 31 March 2009 available to carry forward against profits from the same trade of £2,293,065 (2008: £2,748,555) subject to acceptance by HM Revenue & Customs and the South African tax authorities.

The group and the company have deferred tax assets not included in the financial statements as recovery is not sufficiently certain, calculated at a corporation tax rate of 28% (2008: 28%), as follows:

Group
Company

	2009 £	*2008* £	*2009* £	*2008* £
Tax losses carried forward:				
Capital losses	169,678	169,678	169,678	169,678
Management expenses	369,823	314,257	369,823	314,257
Trading losses	503,914	652,151	–	–
Non-current asset temporary differences	7,181	5,181	–	–
Short term temporary differences	(2,100)	–	(2,100)	–
	1,048,496	1,141,267	537,401	483,935

The deferred tax asset in respect of trading losses is recoverable against future profits from the same trade.

11 Profit/(loss) per share

	2009	2008
Attributable profit/(loss) (£)	415,649	(262,661)
Weighted average number of ordinary shares in issue	43,779,687	33,732,179
Basic profit/(loss) per share (pence)	0.95p	(0.78p)

The number of ordinary shares in issue reflects the sub-division of the share capital approved on 6 December 2007. Fully diluted profit/(loss) per share is the same as basic profit/(loss) per share.

12 Intangible assets

Group	*Intellectual Property* £	*Goodwill* £	*Total* £
Cost			
At 1 April 2007	4,670	256,020	260,690
Foreign currency adjustment	(606)	–	(606)
Additions	5,778	–	5,778
At 1 April 2008	9,842	256,020	265,862
Foreign currency adjustment	1,021	–	1,021
Additions	18,749	–	18,749
At 31 March 2009	29,612	256,020	285,632
Amortisation and impairment			
At 1 April 2007	2,381	–	2,381
Foreign currency adjustment	(309)	–	(309)
Amortisation charge for the year	1,229	–	1,229
At 1 April 2008	3,301	–	3,301
Foreign currency adjustment	697	–	697
Amortisation charge for the year	2,709	–	2,709
At 31 March 2009	6,707	–	6,707
Carrying amount			
At 31 March 2009	22,905	256,020	278,925
At 31 March 2008	6,541	256,020	262,561
At 1 April 2007	2,289	256,020	258,309

Company	*Intellectual Property* £	*Total* £
Cost		
Additions	16,379	16,379
At 31 March 2009	16,379	16,379
Carrying amount		
At 31 March 2009	16,379	16,379
At 31 March 2008	–	–

12 Intangible assets (continued)

The goodwill acquired in a business combination is allocated, at acquisition, to the cash generating segments that are expected to benefit from that business combination. At the date of transition to IFRS the carrying amount of goodwill had been allocated as red24 segment £136,020 and training segment £120,000.

The assets acquired by the company were purchased immediately prior to the year end and so no amortisation has been charged in the current year.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Charges for amortisation and impairment of goodwill and intellectual property are included within administrative expenses.

The recoverable amounts of the cash generating units are determined from value in use calculations. The group prepares cash flow forecasts from the most recent financial budgets approved by management. The cash flows are then discounted at an appropriate interest rate to determine value in use.

The forecast cash flows for the next two years, taking forecast revenues, based upon historical experience, and anticipated expenditure are then discounted at a rate of ten percent per annum to arrive at a recoverable amount for each cash generating unit. This shows that each cash generating unit has a recoverable amount in excess of the carrying value of goodwill and that no charge for impairment in necessary.

13 Investment in group companies

	Company £
Investments in subsidiary companies:	
Cost	
At 1 April 2007, 2008 and 31 March 2009	1,646,029
Impairment provisions	
At 1 April 2007	1,498,904
Impairment charge	20,000
At 31 March 2008 and 2009	1,518,904
Net book amount	
At 31 March 2009	127,125
At 31 March 2008	127,125
At 1 April 2007	147,125

The subsidiary companies at 31 March 2009 and their activities during the year were:

	Percentage of ordinary share capital held	*Activity*
Held directly:		
red24 Operations Limited	100%	Security risk management services
red24 CRM (Pty) Limited	100%	Security risk management services
red24 Sales Limited	100%	Security risk management services
ARC Training International Limited	100%	Training in security risk management

All of the subsidiary companies are incorporated in Great Britain and registered in England and Wales, with the exception of red24 CRM (Pty) Limited, which is incorporated and registered in South Africa. The financial statements of all the above subsidiaries are included in these financial statements.

13 Investment in group companies (continued)

The company's investment in red24 CRM (Pty) Limited includes R1,300,000 5% convertible redeemable cumulative preference shares of R1 each. The company has waived its right to the dividend due on these shares up to 31 March 2008, which would have amounted to R325,000 (2008: R325,000).

The company's loan to red24 CRM (Pty) Limited is subordinated in favour of that company's creditors until such time as the net assets of that subsidiary exceed its net liabilities.

Each year the company reviews the carrying value of the investment in each subsidiary against the amount estimated to be recoverable from that subsidiary, if recovery is not reasonably foreseeable then the investment is considered impaired and a charge made.

14 Property, plant & equipment

Group	*Motor vehicles*	*Fixtures, fittings and equipment*	*Total*
	£	£	£
Cost			
At 1 April 2007	4,710	181,008	185,718
Foreign currency adjustment	(612)	(15,524)	(16,136)
Additions	–	11,047	11,047
Disposals	(428)	(1,974)	(2,402)
At 1 April 2008	3,670	174,557	178,227
Foreign currency adjustment	776	22,899	23,675
Additions	–	13,136	13,136
Disposals	–	–	–
At 31 March 2009	4,446	210,592	215,038
Depreciation			
At 1 April 2007	487	89,270	89,757
Foreign currency adjustment	(63)	(5,472)	(5,535)
Charge for the year	430	26,614	27,044
Disposals	(149)	(181)	(330)
At 1 April 2008	705	110,231	110,936
Foreign currency adjustment	149	11,847	11,996
Charge for the year	445	30,566	31,011
Disposals	–	–	–
At 31 March 2009	1,299	152,644	153,943
Carrying amount			
At 31 March 2009	3,147	57,948	61,095
At 31 March 2008	2,965	64,326	67,291
At 1 April 2007	4,223	91,738	95,961

14 Property, plant & equipment (continued)

The depreciation has been charged to administrative expenses.

At 31 March 2009 the group had no capital commitments (2008: £Nil).

At 31 March 2009 the group held fixtures, fittings and equipment under finance leases, secured on those assets, as follows:

	2009 £	*2008* £
Cost	39,239	32,394
Accumulated depreciation	(26,813)	(15,657)
Net book amount	12,426	16,737
Depreciation charged in the year	7,134	7,351

15 Deferred tax assets

The deferred tax assets, realisable after more than one year, are included at current tax rates and represent the following:

		Group	
	Total £	*Tax losses carried forward* £	*Temporary differences* £
At 1 April 2007	172,499	170,250	2,249
Foreign currency adjustment	(22,634)	(22,328)	(306)
Income statement credit/(charge)	80,580	81,107	(527)
At 1 April 2008	230,445	229,029	1,416
Foreign currency adjustment	19,707	18,536	1,171
Income statement credit/(charge)	(112,008)	(120,714)	8,706
At 31 March 2009	138,144	126,851	11,293

The deferred tax assets recognised in respect of tax losses carried forward represent £95,960 (2008: £73,500) relating to UK subsidiary companies and £42,184 (2008: £156,945) relating to the South African subsidiary. Projections prepared by the Board indicate that the South African subsidiary, which has incurred losses in the year ended 31 March 2009, will generate sufficient profits in the foreseeable future to utilise these losses. Tax losses, which may be carried forward indefinitely, are recoverable against future profits from the same trade and in the country in which they were incurred.

16 Trade and other receivables

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Amounts falling due within one year:				
Trade receivables (i)	378,841	417,270	–	–
Provisions for impairment (ii)	(23,528)	(4,643)	–	–
	355,313	412,627	–	–
Due from subsidiary undertakings (iii)	–	–	138,686	59,585
Other receivables	34,637	144,465	8,832	104,500
Prepayments and accrued income	25,087	47,254	24,915	28,980
	415,037	604,346	172,433	193,065
Amounts falling due after more than one year:				
Due from subsidiary undertakings (iii)	–	–	1,423,716	1,848,180
Provisions for impairment (ii)	–	–	(806,312)	(1,316,384)
Other receivables	10,780	–	10,780	–
Net amount due from subsidiary undertakings (iii)	10,780	–	628,184	531,796

(i) The average credit period on sales of services is 42 days (2008: 55 days). Trade receivables over 120 days at the balance sheet date, that have not been received within 60 days of the balance sheet date are provided for in full. Other trade receivables over 60 days at the balance sheet date are provided for on estimated irrecoverable amounts. The carrying value of trade and other receivables is considered to be the same as their fair value.

Included in trade receivables are receivables with a carrying amount of £42,162 (2008: £36,773) that are designated in foreign currencies, of which £41,406 (2008: £6,789) are designated in US dollars and £756 (2008: £31,335) in other currencies.

Included in the group's trade receivables are debtors with a carrying amount of £89,406 (2008: £92,874) which are overdue at the balance sheet date for which the group has not provided as there has not been a significant change in credit quality and the group believes that these amounts are still recoverable. The group does not hold any collateral over these balances. The ageing of amounts past due but not impaired is as follows:

	2009 £	2008 £
60-90 days	38,851	24,447
90-120 days	5,713	21,609
120+ days	44,842	46,818
	89,406	92,874

The red24 product is sold through key distributors, which does lead to a significant concentration of credit risk. These distributors are major global concerns and this limits the risk. At the balance sheet date £158,202 (2008: £105,430) was due to the group from key distributors and is included within trade and other receivables.

16 Trade and other receivables (continued)

(ii) Movement in the allowances against trade and other receivables:

	Group Trade receivables		*Company Due from subsidiary undertakings*	
	2009 £	*2008* £	*2009* £	*2008* £
Balance at 1 April	4,643	6,415	1,316,384	1,109,807
Increase in provision	18,885	–	–	206,577
Release of provision to income statement	–	(1,772)	(510,072)	–
Balance at 31 March	23,528	4,643	806,312	1,316,384

(iii) The amounts due from subsidiary companies are unsecured and interest to 31 March 2009 has been waived. There are no fixed terms for repayment.

17 Cash and cash equivalents

	Group		*Company*	
	2009 £	*2008* £	*2009* £	*2008* £
Cash and cash equivalents	626,180	82,380	71,388	3,232

Cash and cash equivalents comprise cash held in short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximated to their fair value. Repatriation of funds to the UK is subject to South African exchange control legislation, at 31 March 2009 £314,556 (2008: £34,539) was held with banks in South Africa.

18 Trade and other payables due within one year

	Group		*Company*	
	2009 £	*2008* £	*2009* £	*2008* £
Trade payables	153,113	197,746	66,511	62,336
Other taxation and social security	60,928	81,020	13,765	4,430
Accruals and deferred income	488,998	392,843	54,536	153,549
	703,039	671,609	134,812	220,315

The average credit period taken on purchases of services is 38 days (2008: 38 days). The carrying value of trade and other payables is considered to be the same as their fair value.

Included in trade payables are payables with a carrying amount of £7,850 (2008: £16,606) that are designated in foreign currencies.

19 Borrowings

Due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank loan (i)	10,008	10,008	–	–
Loan notes (ii)	250,000	375,000	250,000	375,000
Obligations under finance leases (iii)	10,215	6,516	–	–
	270,223	391,524	250,000	373,700

Due after more than one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank loan (i)	20,770	30,778	–	–
Loan notes (ii)	–	–	–	–
Obligations under finance leases (iii)	7,351	14,451	–	–
	28,121	45,229	–	–

(i) Secured by a fixed and floating charge over the assets and undertaking of the company and those of a subsidiary company, red24 Sales Limited. The loan is being repaid at the rate of £834 per calendar month. The interest charged on the loan is 2.75% per annum over the base rate of HSBC Bank plc.

(ii) Unsecured, repayable on 30 September 2010, and bearing interest at 12%. The loan notes were issued on 23 December 2005 and had an original maturity of 30 September 2007 but on 20 June 2007 this was extended to 31 March 2009 at the same rate of interest. On 5 March 2009 a further extension to 30 September 2010 at the same rate of interest was offered to all loan note holders and accepted by the holders of £250,000. This extension is subject to shareholders approval in respect of the associated warrants, if for any reason this is not forthcoming the Loan Notes are repayable on 30 September 2009 and the financial statements have been prepared on this basis, as the directors do not consider shareholder approval should be taken for granted.

(iii) Secured on the related property, plant and equipment as shown in note 14.

The fair value of group borrowings is considered to be the same as the carrying value.

19 Borrowings (continued)

The group entered into a finance lease in relation to its telephone system in South Africa, the lease expires in late 2010; minimum future payments under the finance leases are as follows:

Group	*Minimum future payments*		*Present value of payments*	
	2009	*2008*	*2009*	*2008*
	£	£	£	£
Payable within one year	13,764	11,236	10,283	6,516
Payable between one and two years	8,030	11,236	7,283	8,431
Payable between two and five years	–	6,554	–	6,020
	21,794	29,026	17,566	20,967
Future finance charges	(4,228)	(8,059)	–	–
Present value of minimum lease payments	17,566	20,967	17,566	20,967

20 Share capital

	Ordinary Number	*New ordinary Number*	*Deferred Number*	*Total Number*
Authorised				
Number of shares				
Ordinary shares of 1p each				
At 1 April 2007	500,000,000	–	–	500,000,000
Share division (see below)	(500,000,000)	–	–	(500,000,000)
New ordinary shares of 1p each	–	50,000,000	–	50,000,000
Deferred shares of 0.9p each	–	–	500,000,000	500,000,000
At 31 March 2008	–	50,000,000	500,000,000	550,000,000
Shares authorised	–	25,000,000	–	25,000,000
Shares cancelled (see below)	–	–	(500,000,000)	(500,000,000)
At 31 March 2009	–	75,000,000	–	75,000,000

	Ordinary £	*New ordinary* £	*Deferred* £	*Total* £
Authorised				
Value of shares				
Ordinary shares of 1p each				
At 1 April 2007	5,000,000	–	–	5,000,000
Share division (see below)	(5,000,000)	–	–	(5,000,000)
New ordinary shares of 1p each	–	500,000	–	500,000
Deferred shares of 0.9p each	–	–	4,500,000	4,500,000
At 31 March 2008	–	500,000	4,500,000	5,000,000
Shares authorised	–	250,000	–	250,000
Shares cancelled (see below)	–	–	(4,500,000)	(4,500,000)
At 31 March 2009	–	750,000	–	750,000

20 Share capital (continued)

	Ordinary Number	*New ordinary Number*	*Deferred Number*	*Total Number*
Issued and fully paid				
Number of shares				
At 1 April 2007	304,710,836	–	–	304,710,836
Issued during the year	20,000,000	–	–	20,000,000
Share division (see below)	(324,710,836)	32,471,083	324,710,836	32,471,083
Issued during the year	–	10,900,000	–	10,900,000
At 31 March 2008	–	43,371,083	324,710,836	368,081,919
Issued during the year	–	1,070,000	–	1,070,000
Shares cancelled (see below)	–	–	(324,710,836)	(324,710,836)
At 31 March 2009	–	44,441,083	–	44,441,083

	Ordinary £	*New ordinary* £	*Deferred* £	*Total* £
Issued and fully paid				
Par value of shares				
At 1 April 2007	3,047,108	–	–	3,047,108
Issued during the year	200,000	–	–	200,000
Share division (see below)	(3,247,108)	324,711	2,922,397	–
Issued during the year	–	109,000	–	109,000
At 31 March 2008	–	433,711	2,922,397	3,356,108
Issued during the year	–	10,700	–	10,700
Shares cancelled (see below)	–	–	(2,922,397)	(2,922,397)
At 31 March 2009	–	444,411	–	444,411

On 9 June 2005 the company granted warrants to subscribe for 16,000,000 ordinary shares of 1p each at a subscription price of 1p per share, exercisable at any time up to 30 March 2008. The warrants were issued to the subscribers to the issue of new shares on 9 June 2005. Following the changes to the authorised share capital these warrants became 1,600,000 warrants to subscribe to new ordinary shares of 1p each at a price of 10p per share at any time up to 30 March 2008. None of these warrants were exercised prior to the expiry date and these warrants have now expired.

On 23 December 2005 the company granted warrants to subscribe for 27,500,000 ordinary shares of 1p each at a subscription price of 1p per share, exercisable at any time up to 30 June 2007. The warrants were issued to the subscribers to the Loan Notes issued on 23 December 2005. On 1 August 2006 the exercise date on the warrants was extended to 30 September 2008 and warrants to subscribe for a further 10,000,000 ordinary shares of 1p each at a subscription price of 1p per share were issued to subscribers to the additional loan notes issued on 1 August 2006. On 20 June 2007 the exercise date on these warrants was further extended to 31 March 2009. Following the changes to the authorised share capital these warrants became 3,750,000 warrants to subscribe to new ordinary shares of 1p each at a price of 10p per share at any time up to 31 March 2009. On 5 March 2009 holders of £250,000 of the £375,000 of the Loan Notes agreed to extend the maturity of the Loan Notes to 30 September 2010, as part of the consideration for doing so the terms of the warrants were, subject to shareholders' approval, varied to extend the final exercise date to 30 September 2010 and to reduce the exercise price to 5p per share. As a result, if approval is forthcoming, 2,500,000 warrants to subscribe at 5p per share will remain outstanding, whilst 1,250,000 warrants to subscribe at 10p per share lapsed at 31 March 2009 without being exercised.

20 Share capital (continued)

On 14 August 2007 the company issued 20,000,000 ordinary shares of 1p each at a price of 1p and also issued warrants to subscribe to 20,000,000 ordinary shares of 1p each at a price of 1p per share at any time up to 31 March 2009. Following the changes to the authorised share capital these warrants became 2,000,000 warrants to subscribe to new ordinary shares of 1p each at a price of 10p per share at any time up to 31 March 2009. None of these warrants were exercised prior to the expiry date and these warrants have now expired.

On 6 December 2007 the authorised share capital of 500,000,000 ordinary shares of 1p each was subdivided into 50,000,000 new ordinary shares of 1p each and 500,000,000 deferred shares of 0.9p each and the 324,710,836 ordinary shares of 1p each then in issue were subdivided into 32,471,083 ordinary shares of 1p each and 324,710,836 deferred shares of 0.9p each.

The deferred shares have no voting rights. The shares may be transferred on the direction of the company without payment to the deferred shareholders. In the event that the company passes a resolution for a reduction in capital which involves the cancellation of the deferred shares without any repayment of capital to the deferred shareholders, this shall not constitute a variation of the rights attaching to the deferred shares. The deferred shares are therefore valueless and the entirety of the shareholders' funds is considered to belong to the equity shareholders. Cancellation of the deferred shares was approved by shareholders on 5 August 2008 and this was approved by the Court of Sessions on 31 March 2009.

On 24 January 2008 the company issued 10,900,000 ordinary shares of 1p each at a price of 2.75p and also issued warrants to subscribe to 10,900,000 ordinary shares of 1p each at a price of 3.75p per share at any time up to 31 March 2009. The company also issued further warrants to subscribe to 1,000,000 ordinary shares at 1p each at a price of 4p per share at any time up to 31 March 2010. These warrants were issued to a distributor as part of a variation to the distribution agreement. The 10,900,000 warrants to subscribe at 3.75p were not exercised prior to the expiry date and these warrants have now expired.

On 5 August 2008 the shareholders approved an increase in the authorised share capital by the creation of an additional 25,000,000 new ordinary shares of 1p each.

On 4 November 2008 1,000,000 ordinary shares were issued at a price of 2p each to management, 600,000 of which were issued under the share loan scheme. On 30 March 2009 a further 70,000 shares were issued to staff under the share loan scheme at a price of 3p each. The share loan scheme enables staff to acquire shares by way of an interest free loan repayable by 60 equal monthly instalments which are deducted from their salary and are repayable in full if the member of staff leaves.

On 31 March 2009 the Court of Sessions in Edinburgh gave approval to the cancellation of deferred shares on the same terms as those approved by shareholders on 5 August 2008.

21 Share capital and reserves

	Group					
	Retained earnings £	*Share capital* £	*Share premium* £	*Other reserves* £	*Translation reserve* £	*Total* £
1 April 2007	(3,847,009)	3,047,108	557,553	146,500	35,842	(60,006)
Exchange differences on translation of overseas operations	–	–	–	–	60,838	60,838
Loss for the year	(262,661)	–	–	–	–	(262,661)
Issue of shares	–	309,000	190,750	–	–	499,750
Share based payments	–	–	–	(99,260)	–	(99,260)
1 April 2008	(4,109,670)	3,356,108	748,303	47,240	96,680	138,661
Exchange differences on translation of overseas operations	–	–	–	–	(34,562)	(34,562)
Profit for the year	415,649	–	–	–	–	415,649
Issue of shares	–	10,700	11,400	–	–	22,100
Cancellation of shares	3,670,700	(2,922,397)	(748,303)	–	–	-
Costs of share cancellation	–	–	(11,400)	–	–	(11,400)
Share based payments	–	–	–	(1,670)	–	(1,670)
31 March 2009	(23,321)	444,411	–	45,570	62,118	528,778

	Company				
	Retained earnings £	*Share capital* £	*Share premium* £	*Other reserves* £	*Total* £
1 April 2007	(3,539,404)	3,047,108	557,553	100,000	165,257
Loss for the year	(352,344)	–	–	–	(352,344)
Issue of shares	–	309,000	190,750	–	499,750
Share based payments	–	–	–	(52,760)	(52,760)
1 April 2008	(3,891,748)	3,356,108	748,303	47,240	259,903
Profit for the year	361,764	–	–	–	361,764
Issue of shares	–	10,700	11,400	–	22,100
Cancellation of shares	3,670,700	(2,922,397)	(748,303)	–	–
Costs of share cancellation	–	–	(11,400)	–	(11,400)
Share based payments	–	–	–	(1,670)	(1,670)
31 March 2009	140,716	444,411	–	45,570	630,697

The share premium reserve records the premium above the par value of the shares paid on the issue of shares by the company, less the costs of the issue of shares.

The translation reserve arises from currency differences arising on the retranslation of foreign currency balances as explained in accounting policy 1(j).

Retained earnings reflect changes in equity not shown elsewhere and are the group and company's distributable reserves.

21 Share capital and reserves (continued)

Other reserves includes both the cumulative amount of the fair value of warrants and the cumulative amount charged to the income statement in respect of the company's share options as set out in note 8. The following table provides further detail on these reserves:

Other reserves

			Group			
	Fair value of warrants	*Share option*	*Total*	*Fair value of warrants*	*Share option reserve*	*Total*
	£	£	£	£	£	£
1 April 2007	8,100	138,400	146,500	8,100	91,900	100,000
Share based payments	–	(99,260)	(99,260)	–	(52,760)	(52,760)
1 April 2008	8,100	39,140	47,240	8,100	39,140	47,240
Share based payments	–	(1,670)	(1,670)	–	(1,670)	(1,670)
31 March 2009	8,100	37,470	45,570	8,100	37,470	45,570

22 Notes to the cash flow statement

(a) Net cash inflow/(outflow) from operating activities

	Group 2009	*Group 2008*	*Company 2009*	*Company 2008*
	£	£	£	£
Operating activities				
Profit/(loss) before income taxation	536,737	(343,241)	361,764	(352,344)
Adjustments for:				
Investment income	(7,141)	(8,618)	(50,457)	(50,925)
Finance costs	54,129	58,269	45,048	45,252
Depreciation and amortisation	33,720	28,273	–	–
Provisions	–	–	–	20,000
Share based payments	(1,670)	(99,260)	(1,670)	(52,760)
Loss on disposal of property, plant & equipment	–	10	–	–
Loan note issue costs	–	1,300	–	1,300
Exchange gains and losses	(35,842)	60,838	(8,960)	–
Decrease/(increase) in receivables	178,529	(2,004)	(75,756)	(56,336)
(Decrease)/increase in payables	(30,387)	(156,960)	(69,043)	(92,778)
Net cash inflow/(outflow) from operating activities	728,075	(461,393)	200,926	(538,591)

22 Notes to the cash flow statement (continued)

(b) Analysis of changes in net cash/(debt) (group)

	1 April 2008 £	Cash flows £	Other movements £	31 March 2009 £
Cash and cash equivalents	82,380	513,993	29,807	626,180
Debt due within one year	(385,008)	135,008	(10,008)	(260,008)
Debt due after more than one year	(30,778)	–	10,008	(20,770)
	(333,406)	649,001	29,807	345,402
Finance leases due within one year	(6,516)	7,175	(10,874)	(10,215)
Finance leases after more than one year	(14,451)	–	7,100	(7,351)
Net cash/(debt)	(354,373)	656,176	26,033	327,836

Included in other movements on cash and cash equivalents is a foreign exchange movement of £29,807 (2008: £1,596).

(c) Reconciliation of net cash flow movement to movement in net cash/(debt) (group)

	2009 £	2008 £
Increase/(decrease) in cash	513,993	(43,924)
Decrease in finance leases	3,401	7,749
Decrease in bank loan	10,008	10,138
Decrease in loan notes	125,000	–
Translation difference	29,807	(1,596)
Increase/(decrease) in net cash	682,209	(27,633)
Opening net debt	(354,373)	(326,740)
Closing net cash/(debt)	327,836	(354,373)

23 Operating lease commitments

At 31 March 2009 the group was committed to making minimum lease payments under non-cancellable operating leases as follows:

	Group			
	Office equipment		Land and buildings	
	2009 £	2008 £	2009 £	2008 £
Leases expiring				
Within one year	752	1,132	61,811	5,625
Between one and five years	752	2,264	56,379	–
	1,504	3,396	118,190	5,625

Operating leases represent rental payments payable by the group for certain of its office properties and items of office equipment. The average contractual life of these leases is one year and none of the lease obligations extend beyond 30 April 2011. In the ordinary course of business these leases are renewable. Rental payments under these leases are fixed until the end of the term, with the exception of the South African premises which are subject to an annual increase of 9% on 1 May in each year.

24 Related party transactions

Since 1 January 2005, the company has paid Sidebell Limited amounts for the use of Sidebell's offices and the use of accountancy services. S A Richards, a director of the company, has an interest in the share capital of Sidebell Limited. In the year to 31 March 2009, these amounts were £2,000 per month, totalling £24,000 (2008: £24,000). The balance due to Sidebell Limited at 31 March 2009 was £Nil (2008: £Nil).

From 1 April 2006 until 30 September 2007, a subsidiary company has paid S A Richards amounts for the use of a flat in Ealing, London for the use of the company's staff when on secondment to London from the Cape Town office. In the year to 31 March 2009, these amounts totalled £Nil (2008: £2,850). The amount outstanding at 31 March 2009 was £Nil (2008: £Nil). The transaction was at arms length.

At 31 March 2008 Sidebell Limited, S A Richards and J E A Mocatta hold £300,000, £5,000 and £5,000 respectively of the loan notes 2009, on 31 March 2009 £110,000 was repaid to Sidebell Limited as were the loan notes due to S A Richards and J E A Mocatta. The remaining £190,000 loan notes due to Sidebell Limted have been extended to 30 September 2010, subject to shareholders' approval of the associated warrants. Interest due, of £37,200, on the loan notes was paid on 30 September 2008 and interest due of £7,200 was paid on 31 March 2009 on the loan noted that were repaid on that date. These loan notes carry warrants to subscribe to ordinary shares, full details of these and other warrants held by related parties are set out in the director's report.

The directors' report sets out the interests of the directors in the share capital of the company, in addition all the directors hold share options under the group's share option scheme and these are also disclosed in that report. Key management remuneration is as follows:

	2009 £	*2008* £
Salaries	195,300	206,004
Social security costs	19,959	9,989
Termination benefits	–	28,000
Share-based payments	(1,670)	(52,760)
	213,589	191,233

Refer to the remuneration report, and note 9, for further details of the remuneration of directors employed by the company.

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

During the year the company entered into the following transactions with its subsidiaries:

	2009 £	*2008* £
Management charges received	144,000	72,000
Dividends received	50,000	50,000
Licence fee received	120,000	120,000
Amounts owed by subsidiaries at year end	1,562,402	1,848,180

The management charges reflect a charge to partly recover the time of the group directors and the cost of central services such as administrative offices, the conduct of the audit and the maintenance of professional insurances.

As shown in note 16, impairment provisions totalling £806,312 (2008: £1,316,384) have been made against the amounts shown as due from subsidiaries in the table above.

25 Financial instruments and risk summary

(a) Financial risk policies and objectives

The group's financial instruments comprise, for the purposes of IFRS 7, cash and cash equivalents, loans and finance leases. Details of the significant accounting policies in relation to these financial assets and liabilities are disclosed in note 1 to the financial statements.

All financial assets are categorised as loans and receivables as follows:

	Group 2009 £	*Group 2008 £*	*Company 2009 £*	*Company 2008 £*
Non-current financial assets:				
Trade and other receivables	10,780	–	628,184	531,796
	10,780	–	628,184	531,796
Current financial assets:				
Trade and other receivables	415,037	604,346	172,433	193,065
Cash and cash equivalents	626,180	82,380	71,388	3,232
	1,041,217	686,726	243,821	196,297
Total	1,051,997	686,726	872,005	728,093

All financial liabilities are categorised as other financial liabilities as follows:

	Group 2009 £	*Group 2008 £*	*Company 2009 £*	*Company 2008 £*
Current financial liabilities:				
Trade and other payables	703,039	671,609	134,812	220,315
Bank loan	10,008	10,008	–	–
Loan notes	250,000	375,000	250,000	375,000
Obligations under finance leases	10,215	6,516	–	–
	973,262	1,063,133	384,812	595,315
Non-current financial liabilities:				
Bank loan	20,770	30,778	–	–
Obligations under finance leases	7,351	14,451	–	–
	28,121	45,229	–	–
Total	1,001,383	1,108,362	384,812	595,315

The Board's principal objective in managing its financial assets and liabilities is to ensure that the operating units have sufficient working capital for their day-to-day needs. Surplus cash is maintained on call deposits with the clearing bankers to the operating units, as the group is not yet sufficiently cash generative to warrant a separate treasury function or take advantage of greater returns that may be available from other sources or maturities. The group does derive income in overseas currencies, principally the US dollar, and does incur expenses in overseas currencies, principally the costs of its South African operation which is Rand based. No forward contracts have been entered into to hedge these exposures as these would give the group's bankers additional credit exposure and the Board consider that such exposure as is available to them is better deployed elsewhere in the group's operations. The Board would expect this policy to change as the group develops.

25 Financial instruments and risk summary (continued)

(b) Capital risk management

The directors consider the company's capital comprises its share capital, any premium thereon and the loan notes in issue. Whenever possible the group has financed its operations from equity share issues, as the Board considers this helps to ensure that entities in the group will be able to continue in business as going concerns. In the past there have been occasions when capital has been required and the market price of the group's shares has been below their par value, and in those circumstances the group has raised convertible debt finance. The market price of the group's shares is regularly reviewed by the Board and if it persists at below par value for a prolonged period the Board convene a meeting of shareholders to consider a reduction in the par value of the shares in order to ensure that equity markets remain open to the group as a source of capital.

(c) Foreign currency risk and sensitivity

The group has an overseas subsidiary whose functional currency is Rand and in addition undertakes transactions denominated in foreign currencies, principally US dollars, hence exposures to exchange rate fluctuations arise. The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date is as follows:

	Assets		*Liabilities*	
	2009	*2008*	*2009*	*2008*
	£	£	£	£
Rand	122,931	34,539	17,566	20,967
Dollar	133,598	7,023	–	–
	256,529	41,562	17,566	20,967

The company does not have any exposure to foreign currencies as all its transactions are in sterling. The group's exposure to the Rand is such that were the Rand to appreciate by 10% against sterling the cost of its operations in South Africa would rise by £82,685 (2008: £112,868), this would be mitigated by a rise in the value in the groups' Rand assets of £26,030 (2008: £28,894). The groups' exposure to the US dollar is such that were the dollar to depreciate by 10% against sterling profit would be reduced by £41,888 (2008: £25,902), this would be mitigated by a reduction in liabilities of £Nil (2008: £7,819). The Board are aware that these are significant risks and are intending to negotiate forward exchange facilities with their bankers when the group's credit position is sufficiently strong to warrant them.

(d) Market risk

The group's activities expose it to the financial risks of changes in foreign currency exchange rates (see section (c)) and interest rates (see section (f)). As explained above, the group has, for the present, accepted exposure to these risks.

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which regularly reviews the short, medium and long term funding and liquidity management requirements. The board consider that equity remains the most appropriate source of funds for the business at its present stage of development and endeavours to maintain access to equity capital markets to fund medium and long term liquidity requirements. Financial assets are maintained on short term deposit to assist with the management of day-to-day working capital requirements.

25 Financial instruments and risk summary (continued)

(f) Interest rate risk and sensitivity

The group has financial assets of £1,026,910 at 31 March 2009 (2008: £639,472) comprising cash deposits and trade and other receivables. Trade and other receivables have been excluded from the following tables as they are non-interest bearing.

The interest rate profile of the group's financial assets, excluding trade and other receivables was:

Group	*Floating rate deposits 2009* £	*Average rate 2009* £	*Floating rate deposits 2008* £	*Average rate 2008*
Currency				
Sterling	369,651	1%	40,818	3.25%
Rand	122,931	9%	34,539	2.75%
Dollar	133,598	0%	7,023	0%
	626,180		82,380	
Company				
Sterling	71,388	0%	3,232	3.0%

The group has financial liabilities of £512,385 (2008: £715,519). Trade and other payables are excluded from the following tables as they are non-interest bearing.

The interest rate profile of the group's financial liabilities, excluding trade and other payables, at 31 March 2009 was:

Group	*Floating rate liabilities* £	*Fixed rate liabilities* £	*Total financial liabilities* £	*Averate rate of floating rate liabilities*
Currency				
Sterling loan notes	–	250,000	250,000	–
Sterling bank loan	30,778	–	30,778	8.25%
Rand finance lease	–	17,566	17,566	–
	30,778	267,566	298,344	
Company				
Sterling loan notes	–	250,000	250,000	–

25 Financial instruments and risk summary (continued)

(f) Interest rate risk and sensitivity (continued)

The interest rate profile of the group's financial liabilities, excluding trade and other payables, at 31 March 2008 was:

Group	*Floating rate liabilities* £	*Fixed rate liabilities* £	*Total financial liabilities* £	*Averate rate of floating rate liabilities*
Currency				
Sterling loan notes	–	375,000	375,000	
Sterling bank loan	40,786	–	40,786	8.25%
Rand finance lease	–	20,967	20,967	
	40,786	395,967	436,753	
Company				
Sterling loan notes	–	375,000	375,000	

The average interest rate of floating rate liabilities in the year and in the previous year is based on Libor +2%.

The entire group's trade and other payables falling due within one year (other than bank loans, loan notes and finance leases) are excluded from above because they are either short term payables or fall outside the definition of a financial liability. The group's loan facilities at 31 March 2009 were fully drawn.

The Sterling fixed rate liability is fixed at 12% and the Rand fixed rate liability is at 21.06% for five years from the inception of the lease.

The bulk of the group's borrowings are at fixed rates and an increase or decrease of 1% in interest rates would have no material affect on the group's income statement.

25 Financial instruments and risk summary (continued)

(f) Interest rate risk and sensitivity (continued)

The following tables detail the remaining contractual maturity for the group and company's financial liabilities. The table is based on the earliest date on which the group can be required to pay. The table includes both principal cash flows and interest, or an estimate of interest for floating rate instruments and excludes trade and other payables as the contractual maturities are all due within one year of the balance sheet date.

Group	*Average interest rate*	*Due within one year* £	*Due in one to two years* £	*Due in two-five years* £	*Total* £
2009					
Finance lease liability	26%	13,764	8,030	–	21,794
Floating rate bank loan	8.25%	12,134	11,309	11,245	34,688
Sterling loan notes	12%	265,000	–	–	265,000
		290,898	19,339	11,245	321,482
2008					
Finance lease liability	26%	12,809	12,809	7,472	33,090
Floating rate bank loan	8.25%	12,871	12,070	22,492	47,433
Sterling loan notes	12%	442,500	–	–	442,500
		468,180	24,879	29,964	523,023

Company	*Average interest rate*	*Due within one year* £	*Due in one to two years* £	*Due in two-five years* £	*Total* £
2009					
Sterling loan notes	12%	265,000	–	–	265,000
2008					
Sterling loan notes	12%	442,500	–	–	442,500

(g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a credit policy of only dealing with creditworthy counterparties as a means of mitigating this risk. The group's exposure to credit risk is monitored on a monthly basis and remedial action taken where appropriate.

Despite the above policies there does remain a concentration of credit risk in that two customers, one a major bank and the other a major insurance company, constitute 41.8% (2008: 25.6%) of the groups trade and other receivables. These receivables are within their trading terms but nonetheless present an ongoing risk. The group is endeavouring to mitigate this risk by gaining new customers at a faster rate than business with these two counterparties develops.

The group's maximum exposure to credit risk on its financial assets is £1,026,910 (2008: £639,472), for the company its maximum exposure, excluding amounts due from subsidiaries, is £115,915 (2008: £133,480). The group does not hold any collateral against these financial assets.

(h) Fair value of financial instruments

There is no material difference between the fair value and carrying value of financial assets and liabilities.

26 Contingent liabilities

The company has a contingent liability in respect of the value added tax of certain subsidiary companies under a group registration and is therefore jointly and severally liable for all the other group companies debt in this respect. At 31 March 2009 the maximum potential liability was £19,689 (2008: £19,812).

The company has an additional contingent liability in respect a guarantee given in relation to banking facilities granted to a subsidiary company. At 31 March 2009 the extent of these facilities was £30,778 (2008: £40,486).

The company disposed of interests in a number of leasehold properties during the 15 months to 31 March 2002 but retains a contingent liability in respect of one of those properties should the assignees fail to fulfil their obligations under the lease. For this lease, which expires in 2013 and where the annual rent is £135,000, the assignee's obligations are guaranteed by a major clearing bank. The directors consider it unlikely that there will be any cost to the company.

red24 plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the Annual General Meeting of red24 plc ('the Company') will be held at 11.00 a.m. on Tuesday 4 August 2009 at the offices of Farrer & Co LLP, 66, Lincoln's Inn Fields, London, WC2A 3LH, for the following purposes:

Ordinary business

To consider as ordinary business and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1 To receive and consider the Company's accounts for the year ended 31 March 2009 and the Directors' Report and Auditors' Report thereon.

2 To re-appoint M S H Worsley-Tonks as a director of the Company.

3 To appoint Baker Tilly UK Audit LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the directors to agree their remuneration.

Special business

To consider as special business and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

4 THAT: subject only to Resolution 5 below being passed as a Special Resolution, the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985 ("the Act")) up to a nominal amount equal to £250,000 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution and 15 months from the date of this Resolution and further provided that the Company shall be entitled before such expiry to make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company shall be entitled to allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

5 That the exercise price of the outstanding warrants to subscribe for ordinary shares in the Company pursuant to the £250,000 12% Loan Notes issued by the Company be reduced from 10 pence per ordinary share to 5 pence per ordinary share.

To consider as special business and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

6 THAT subject to Resolution 4 above being duly passed as an Ordinary Resolution, the directors of the Company be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to and for the duration of the authority conferred on them by Resolution 4 above as if Section 89(1) of the Act did not apply to any such allotment provided that this authority is limited to:

6.1 the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors of the Company may determine where the equity securities to be issued are respectively attributable to the interests of all such holders of ordinary shares held by them at such record date or dates, provided that the directors of the Company may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange;

6.2 the allotment of equity securities pursuant to the terms of any share scheme for employees adopted by the Company; and

6.3 the allotment (otherwise than pursuant to sub-paragraphs 6.1 or 6.2 above) of equity securities up to an aggregate nominal amount of £200,000.

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the conclusion of the Annual General Meeting of the Company next following the passage of this Resolution and fifteen months from the date of this Resolution, save that the Company may before the expiry of the authority conferred by this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement notwithstanding that such authority has expired.

10 June 2009

By order of the Board

J E A Mocatta

Secretary

Registered office
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Registered in Scotland No. SCO86069

Notes

1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 4.00pm on 2 August 2009 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting.

A form of proxy is enclosed which you are invited to complete and return. Completion and return of the proxy form in accordance with the instructions thereon will not prevent you from attending and voting at the Meeting, instead of your proxy, if you wish to do so.

3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received not later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for details.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for details. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

9 A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against a resolution.

10 Copies of the directors' contracts of service are available for inspection at the Company's registered office during normal business hours on each business day from the date of this notice until the day of the Annual General Meeting and will be at the place of the Annual General Meeting for one hour before, and until the conclusion of, the Meeting.

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