WESTMINSTER GROUP PLC

Annual Report and Accounts 2007

Worldwide, World Class Protection

Mission Statement

The Mission of Westminster Group Plc is to be recognised as a centre of excellence for the provision of Fire, Safety, Security & Defence products and services worldwide.

Westminster aims to improve the quality of life of people throughout the world, regardless of race, colour or creed and will do so by providing world-class protection systems and services encompassing all aspects of Fire, Safety, Security & Defence.

Westminster believes every citizen has a right to personal safety and security and to be free from the threat of terrorism, crime, fire, accident and mishap. To achieve this goal, Westminster will assist with the development, design, installation and maintenance of appropriate solutions to counter all likely and perceived risks to the individual and their property.

Westminster Group Plc will endeavour to achieve this goal by acting in a professional and responsible manner, treating people of all nations with equal courtesy and respect at all times.

Contents

FIRE • SAFETY • SECURITY • DEFENCE

Aviation

Maritime

Pipeline

Border

Embassy

Military

VIP

WESTMINSTER GROUP PLC

The Westminster Group, through its subsidiaries Westminster International Ltd and RMS Integrated Solutions Ltd, supplies system solutions and products to the security, defence, fire and safety markets. The majority of the group's customer base by value comprises governments and government agencies, non-government organisations and blue-chip commercial organisations. Westminster has built up a significant international presence with a network of over 70 agents in more than 45 countries. Its principal markets, outside the UK and Europe, are in Africa, the Middle East and Asia & Pacific.

Government

Perimeter

Industrial Complex

Critical Infrastructure

Oil & Gas

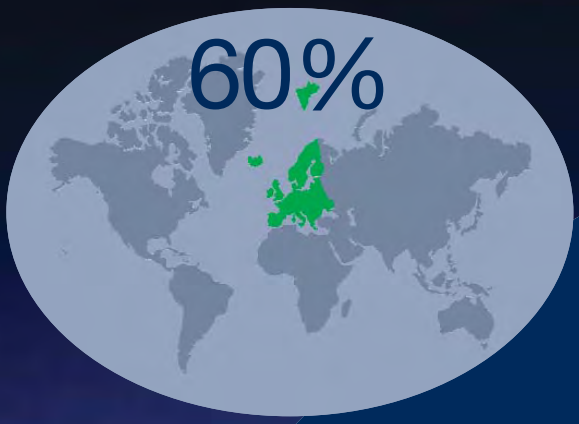
Power Station & Utilities

NGO

WESTMINSTER INTERNATIONAL LTD

RMS Integrated Solutions Ltd

UK & Europe



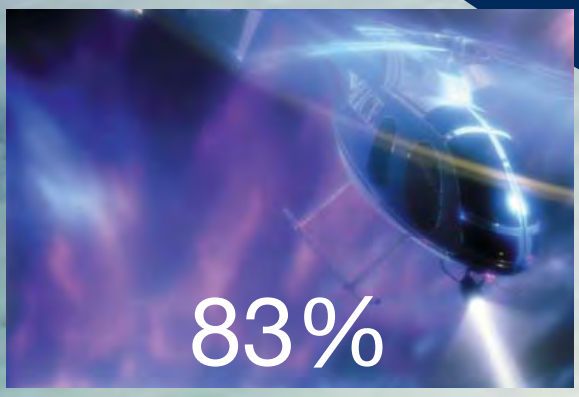
Africa

"We are focused on providing niche products and services to niche markets around the world, particularly many of the emerging and third world economies"

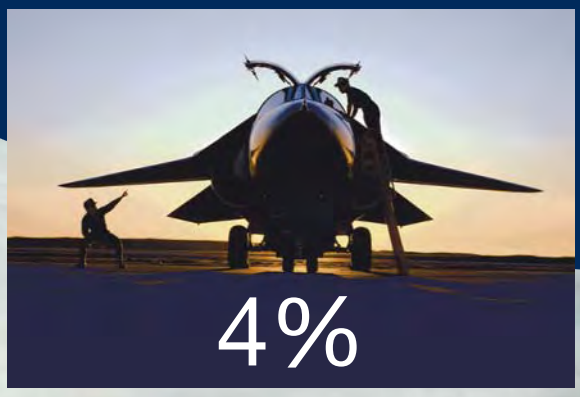
Peter Fowler
C.E.O.

Over 70 agents in over 45 countries providing local contacts

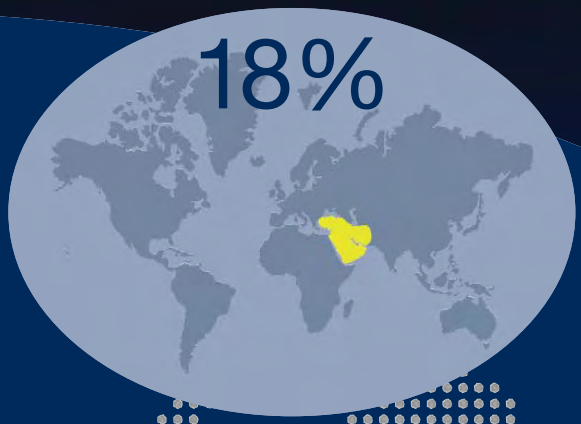
Security



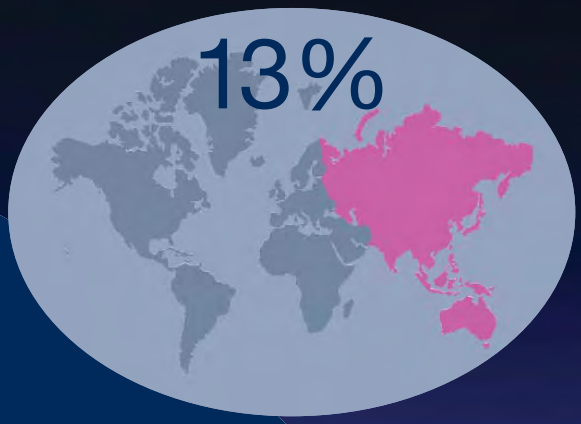
Defence



The Middle East



Asia & Pacific



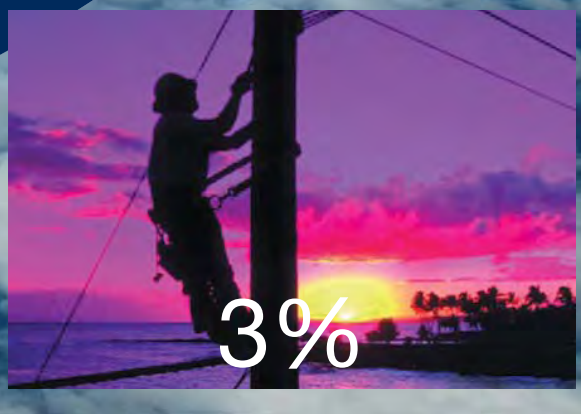
"The investment we have made over the last few years in developing our worldwide presence and widespread agent network is a key differentiator and a distinct competitive advantage for the Westminster Group"

Peter Fowler
C.E.O.

& knowledge, representation and engineering support!

Fire

Safety



Board of Directors

Lieutenant Colonel
Sir Malcolm Ross GCVO, OBE
Non Executive Chairman

Lieutenant-Colonel Sir Malcolm Ross GCVO OBE, was a member of the Royal Household of the Sovereign of the United Kingdom, and since 2006, of the Prince of Wales.

Sir Malcolm was educated at Eton and Sandhurst. He served in the Scots Guards, holding the posts of Adjutant at the Royal Military Academy Sandhurst, and reached the rank of Lieutenant-Colonel in 1982.

Sir Malcolm joined the Royal Household in 1987 as Assistant Comptroller of the Lord Chamberlain's Office and Management Auditor. In 1989 he ceased to be Management Auditor, but remained as Assistant Comptroller until 1990. From 1989 to 1990 he was Secretary of the Central Chancery of the Orders of Knighthood. He was Comptroller of the Lord Chamberlain's Office 1991-2005, and became Master of the Household to the Prince of Wales in 2006. Since 1988 he has been an Extra Equerry to The Queen.

Peter Fowler
Chief Executive Officer

Peter has over 36 years experience operating within the security industry, with particular reference to the electronic protection sector.

Peter started his career in the security industry in 1970, quickly progressing into senior management roles and has a long history of running successful companies having built and sold two security businesses, successfully carried out acquisitions, disposals and has held several senior positions in listed companies.

Peter joined Westminster as Managing Director in 1996, carried out a MBO of the business in 1998 and led the IPO on AIM in 2007. He is widely travelled and has developed an extensive network of contacts around the world, having met numerous senior governmental and military personnel in many of the countries in which Westminster operate.

Nicholas Mearing-Smith
BScEcon, FCA, ATII, MSI
Finance Director

Nicholas is a chartered accountant, a former partner of a major stockbroking firm and an ex-investment banker. In 1989 he founded a cable television business, which became part of NYNEX CableComms plc, of which he became Chief Financial Officer. When NYNEX CableComms merged into Cable & Wireless Communications plc, he became Finance Director. Both companies were floated on the London Stock Exchange, in 1995 and 1997 respectively. He left in 1999 to become CEO of an international cable business and has more recently been involved in starting and managing new telecoms and related businesses. He is currently also a non-executive director of two private-equity owned businesses and of a privately owned Chinese software business.

Roger Worrall
Commercial Director

Roger has 36 years experience in the electrical and electronic installation and manufacturing industries.

Roger began his career in the Royal Navy before joining an electrical company specialising in large scale electrical contracting. In 1975 Roger joined the newly formed Menvier (Electronic Engineers) Limited a forerunner to the Menvier-Swain Group Plc, an international supplier of fire and safety systems and was appointed a director in 1987. Menvier Swain Group Plc joined the Unlisted Securities Market (USM) in 1986. Roger remained with the Menvier-Swain Group Plc until 1999, when he joined Westminster Security Systems as a Director.

Stuart Fowler BEng (Hons)
Operations Director

Stuart has considerable experience of the security industry and has been particularly involved on the design and implementation of more complex integrated systems.

Stuart studied computing and business studies at University obtaining a Bachelor of Engineering Honours degree in 1996. After university Stuart joined an IT support and web site design company producing innovative computer web sites for several high profile sites such as Toys-R-Us. He joined Westminster Security Systems Ltd. in 1998 as IT manager and after acquiring considerable experience with the vast array of technical products and equipment in which the Company is involved was appointed a Director within the Group in 2000. Since that time Stuart has been instrumental in the design & implementation of many larger complex systems installed by the Westminster Group Plc.

Sir Michael Pakenham KBE, CMG
Non-Executive Director

Sir Michael Pakenham had a distinguished career in the British Diplomatic Service lasting nearly 40 years, during which time he held posts in Poland, Paris, Washington, New Delhi, Nairobi, Brussels, Luxembourg and London. Whilst in the Cabinet Office in Whitehall he served for three years as Cabinet Secretary for Defence and Overseas Affairs, as Chairman of the Joint Intelligence Committee and as Intelligence Coordinator. He retired from the Service in 2003 at which point he was British Ambassador to Poland.

He is a Senior Advisor to Access Industries, a US-based private holding company with global interests, including in Russia; and a member of the European Advisory Board to Northrop Grumman IT. He has led work on the EU Security & Technology research project with Thales and IISS. Other appointments include a member of the Council of Kings College, London University; and Trustee of the Chevening Estate.

Westminster International, Middle East New Office Opened: Emirates Tower – Dubai

In August 2007 Westminster International Ltd announced the opening of the Middle East operation. The office situated in the heart of the commercial centre of Dubai, on the 41st floor of the stunning Emirates Twin Towers on Sheikh Zayed Road, close to the World Trade Centre, Dubai was chosen as Westminster's Middle East base because of its highly developed infrastructure, communications and transport links.

Adam Wilding Webb
Westminster International
Middle East

"The Middle East Office in Dubai gives Westminster International the strategic advantage of being at the heart of the dynamic growth that the region is currently experiencing. The ability to respond quickly to clients needs, coupled with the flexible and bespoke nature of our solutions, enables Westminster to provide a truly unique value added service. The Dubai Office is experiencing huge demand for a wide range of high tech solutions from Government, Transportation, Commercial and Military Sectors. With a local presence, we can build on our previous success in the region, whilst continuing to forge close relationships with our clients and partners."

Contract award examples in 2007

- **International Atomic Energy Agency** - Romania & Morocco - X-Ray Baggage Scanners & Explosive detectors
- **Oil Company** - Yemen - Perimeter Detection System
- **BP North Africa** - Algeria - Window Blast Film
- **Roberts International Airport** - Liberia - Security Screening
- **Government Agency** - Indonesia - Bomb Jammers
- **Government Agency** - Asia - Advanced Networked Security Screening
- **British Council** - Worldwide – Various Security Equipment

"Based on our experience with Westminster Group Plc we can unreservedly recommend the company to anyone who needs their services"

Constantine Vasile, Ph.D and Ing. Nicu Popa
Technical Director
International Atomic Energy Agency

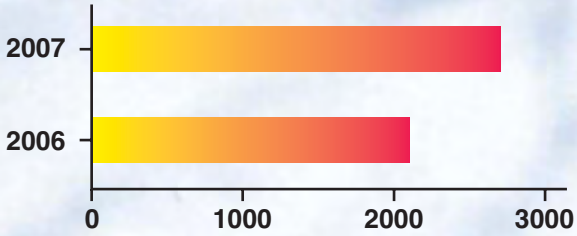
Highlights in 2007

- 71% pro-rata increase in turnover to £2.7 million
- Gross profit rose to 35.7% (2006: 30.2%)
- Significant upturn in H2 revenue
- Pro-rata turnover up 110% per head
- Order Book £1.5 million at year end (2006: £0.9 million)
- Successful Admission to AIM in June 2007
- New Dubai Office Opened
- New Corporate Web Site Launched
- New agents appointed in 10 countries

"We are pleased with the supply, quality and professional fitting of the blast film and we would have no hesitation in using Westminster again or recommending them to others"

Barry Shaw
Business Security Manager
BP North Africa SPU

Turnover **£'000**

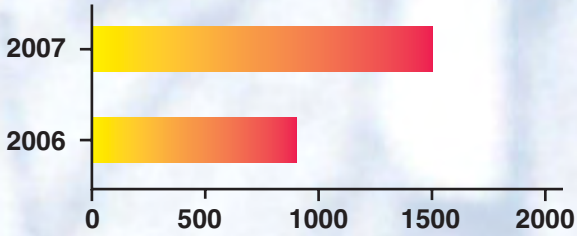


+71%

£2.7m ***(2006: £2.0m*)***

*Based upon 15 month period

Order book **£'000**

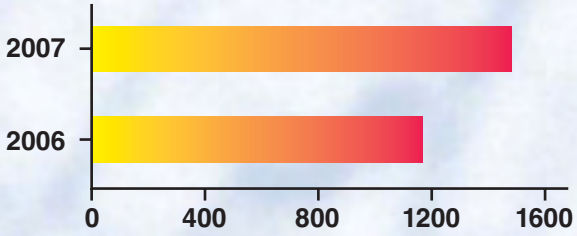


+66%

£1.5m* ***(2006: £0.9m*)***

*At 31 December

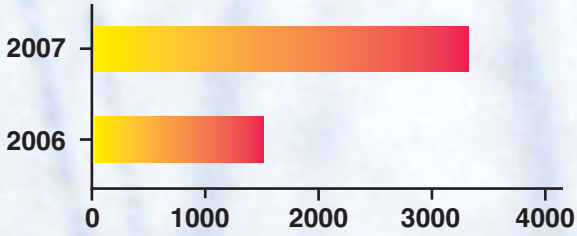
Enquiries received



+26%

1,477 ***(2006: 1,169)***

Value of orders received £'000



+120%

£3.3m ***(2006: £1.5m)***

Chairman's Statement

"We are facing exciting times with tremendous opportunities ahead of us"

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

Overview

I am very pleased to provide to shareholders this, my first full annual report as Chairman of the Westminster Group Plc ("Westminster", "the Group" or "the Company"). I am most encouraged by the achievements made by the Group during the year, particularly the successful admission to AIM ("IPO") on 21 June 2007. The opportunities presented by a stock market listing enables the Board to be confident that we are entering an exciting growth phase.

Market

We operate in a market which is huge, very fragmented and fast growing, where hundreds of billions USD are spent by Governments and corporations annually on security issues. Today, as we face international terrorism on a global scale, the fundamental need to protect national borders, transportation and infrastructure, buildings, assets and people is a matter of the highest importance.

Many developing economies are now flourishing thanks to the opportunities presented by international trade. In order to fully capitalise on these market opportunities, Governments and large national and multinational corporations are being forced to invest in effective security, defence, fire and safety solutions, to protect both domestic and foreign business interests and staff from the continuing significant threat of international crime and terrorism. Such countries present significant opportunities to our Group.

Whilst there are many companies providing security services in one form or another, there are relatively few doing so on a global basis due to the logistical and cultural difficulties in dealing with many diverse countries around the world. The fact that we have agents located in over 45 countries represents a significant global presence that is difficult to replicate, and, due to the way we are structured, makes us able to respond quickly and effectively to our customers' needs.

It is not our business model to compete in highly competitive or saturated markets in developed countries, but instead to seek out and concentrate on niche solutions in niche markets, particularly in parts of the developing world where a significant and growing number of opportunities exist and where there is relatively limited indigenous competition. To do this effectively our global network of agents provide in-country knowledge, logistics, manpower and service support and we believe this network to be one of our key strengths.

Following an intensive period of building our international infrastructure and the successful IPO in 2007, the Board believes the Group is ideally positioned to capitalise on the existing opportunities, and is continuing to identify and develop further potential opportunities for significant growth.

Operations

The Group has made very good progress by growing the "open quote bank" by over £100m during the year. Since the IPO, the number of open enquiries has also continued to grow, with the size and complexity of our clients' requirements also significantly increasing. Whilst the Group has a number of very large open quotations, we are most encouraged by the growth in the number and value of open quotations between £250k and £750k, which we believe is the core of sustainable growth. In addition, we are now receiving an average of more than 100 enquiries per month from all over the world.

We are pleased to report the appointment of a number of new agents, notably in South America and Francophone Africa, which we identified at the time of the IPO as areas with significant growth potential for the Group. In addition, opening the Middle East office in Dubai, following the IPO, has significantly enhanced our presence in the region and is already providing a focus on a number of new and exciting large scale opportunities.

“A Year of Achievements”

The Group’s growing profile and demonstrable ability to work with clients and suppliers, finding innovative and effective solutions, combined with the potential created by the successful IPO, enable the Board to be confident of further opportunities to penetrate this fast evolving sector.

Board Changes

On 26 July 2007 Gordon Bott stepped down as a Non-Executive Director and I am pleased to advise that on 1 February 2008 The Hon Sir Michael Pakenham KBE, CMG was appointed to the Board as a Non Executive Director and Chairman of the Audit Committee. I am delighted to welcome Sir Michael to the Group and I am sure his wealth of experience, both internationally and in the security arena, will be of tremendous benefit to the Group.

Sir Michael has had a distinguished career in the Diplomatic Service lasting nearly 40 years, during which time he held posts in Poland, Paris, Washington, New Delhi, Nairobi, Brussels, Luxembourg and London. Whilst in the Cabinet Office in Whitehall he served for three years as Cabinet Secretary for Defence and Overseas Affairs, as Chairman of the Joint Intelligence Committee and as Intelligence Coordinator. He retired from the Service in 2003 at which point he was British Ambassador to Poland.

Staff

I would like to take the opportunity to express my appreciation to all our employees, both in the UK and overseas, who have worked extremely hard during the year, particularly given the extra burden the IPO process produced. Our success and achievements to date are largely due to their efforts. I was particularly pleased to see that a number of our employees decided to invest personally in the Group’s shares at the time of the IPO.

Summary

I am delighted to have been appointed Chairman of the Group in May 2007. In my short time with the Group I have been impressed with its achievements and international reach and I am full of confidence for the future.

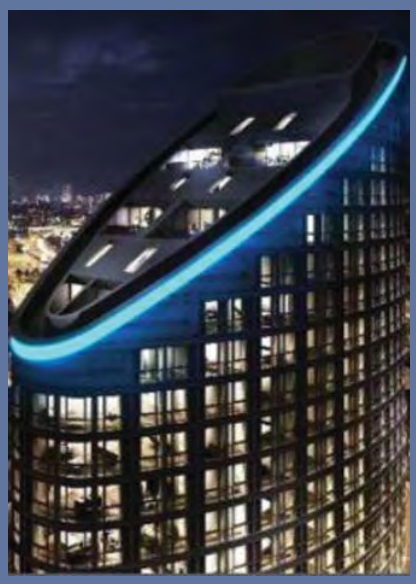
We have established and continue to grow our international presence; we offer a wide range of products and services in a huge and growing market. Combined with the strength of the board and experience of the management, I firmly believe that we are facing exciting times with tremendous opportunities ahead of us.

I would also like to thank you, our shareholders, for your confidence in our Company.

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

Ontario Tower London

RMS were contracted to install a range of low voltage systems into the prestigious building in the heart of London’s Docklands.



Chief Executive Officer's Report

"Our agents are very important to us, they provide in-country knowledge, logistics, manpower and crucially for our clients, service support once we have completed the installation"

Peter Fowler
CEO

Overview

2007 was a milestone year for the Group, the highlight of which was our successful admission to AIM in June 2007. This has given the Company the additional resources and working capital required to exploit and capitalise on the significant opportunities we have developed in recent years.

The Group's principal activity is the design, supply and ongoing support of advanced technology security, defence, fire and safety solutions. Target clients are Governments and related agencies, non-governmental organisations, military establishments, airports, sea ports, banks, power stations and blue chip commercial organisations worldwide.

The results of our considerable efforts over the course of the last few years to develop the business and expand our international reach are starting to benefit the Group as we are increasingly emerging as a credible international security organisation. Our key strengths lie in our ability to offer a complete bespoke service to clients, our broad yet detailed product knowledge and an innovative and practical approach to developing solutions to client requirements.

Our Market

The market in which we operate is large and growing; it is also a wide and diverse market with intense competition in certain areas, whilst having under-developed, fragmented competition in others. These latter areas are the primary focus of our international activities.

We are focused on providing niche products and services to niche markets around the world, particularly in many of the emerging and third world economies. Many of these have high security requirements but an under-developed indigenous security industry and therefore look to companies such as Westminster to provide the expertise required. Competition in these areas is often extremely fragmented due to logistical, cultural and political complications, and is usually limited to large multi-national companies that favour western economies, or local but less technically astute companies.

Owing to the investment we have made in building up our international presence and agency network and the strategy we have developed to capitalise on the market opportunities that undoubtedly exist in these regions, I believe Westminster is developing a competitive advantage and is therefore well placed to achieve significant growth from the many opportunities presented. This belief is borne out by the high level of enquiry activity we are experiencing for large scale and niche solutions, not only from our target client base, but also from a number of the large multi-national and local indigenous security companies, who are increasingly turning to Westminster for niche area solutions.

Whilst our focus is on delivering major projects and equipment internationally, the UK nevertheless remains an important market for us. Here we are focused on niche market segments including the provision of low voltage integrated systems, predominantly in high-rise buildings. In the UK the demand for new and refurbished high-rise developments means that there are significant opportunities for the delivery of such systems and our UK based subsidiary RMS Integrated Solutions Ltd ("RMS") is experiencing growing demand particularly with the

X-Ray & Metal Scanners - MOD - Asia

Westminster tendered and was successful for the supply of X-Ray Baggage Scanners, Walk Through and Hand Held Metal Scanners for a project in Asia

“A Milestone Year”

provision of multi-disciplinary integrated systems for example fire, security, structured cable, data networks and distributed TV.

Strategy

Our strategy and business model is to concentrate on niche products and services in niche markets around the world and in particular where competition is limited or fragmented. Our target clients are potentially high value repeat order customers with demanding performance criteria.

We believe success in our target markets requires meeting exacting criteria: credibility, financial stability, professionalism, experience with a demonstrable track record and crucially, ‘in-country’ knowledge and connections. These, together with the political and logistical issues presented in many countries, present a significant barrier to entry for many companies and yet, give an opportunity for those, like Westminster, who have the right credentials and are properly structured with local support.

In our opinion we have established credibility and a demonstrable track record with a number of successful high profile projects around the world. We have, in recent years, devoted much of our efforts to establishing a credible worldwide network of agents who can provide in-country logistics support, manpower, intelligence and critically for our clients, service support once we have provided the goods or services. Agents are chosen for their connections and knowledge of the country or region and for their ability to act as a conduit between Westminster and its target clients. In this regard, we now have over 70 Agents in over 45 countries. In addition, we have devoted much time and effort in establishing relationships with manufacturers of niche products from around the world, wherever possible negotiating advantageous or exclusive rights prior to promoting them to our target client base.

We are not a manufacturer and are not therefore tied to any one single product or technology. Instead, we offer a broad range of products and services from manufacturers all over the world. We believe that one of the key strengths of the Group is our ability to bring together a wide range of technologies from different sources to produce comprehensive bespoke solutions suited to clients’ needs.

Web Sites

We have invested heavily in our international web site (www.wi-ltd.com) which runs to hundreds of pages and is extensively used as a reference site by clients and industry consultants alike, being one of the largest security web sites of its type in the world. The site has tens of thousands of hits per month generating a high level of enquiry activity and is an important marketing tool for international buyers. A new multi-lingual version of the site is currently under construction and will be launched later this year.

I am pleased to report that in December we launched our multi-lingual new Group web site (www.wg-plc.com) which is fully compliant with rule 26 of the London Stock Exchange AIM rules and has been designed to provide shareholders access to a wide range of shareholder information, including an email alert system as well as acting as a portal to our various group companies and services.

I am also pleased to announce that we have recently launched our new RMS web site (www.rms-is.com),

a first for this division, which will help promote our UK services to a far wider audience.

All three websites are fully interactive and provide an excellent showcase for the Group’s extensive range of products and services.

Business review

Our focus has been on building a professional, credible and sustainable international presence as a platform from which we can deliver significant long term growth and shareholder value.

The number of enquiries the Group received during 2007 increased by 26%. Whilst many of these are long term in nature and not all will materialise into orders, the Board believes that the increasing rate of enquiries and quote activity underpins our confidence in the Group’s growth prospects.

The enhanced credibility of the Group has really emerged in 2007 with the Group involved in late stage negotiations on a number of high profile projects in the Middle East, Far East and Africa.

A review of activities by region is given on the following pages.

Chief Executive Officer's Report continued

In Africa

Our operations in Africa continue to expand with numerous new enquiries being received from Governments and non-governmental agencies throughout the continent. We are currently working on a number of potentially high value enquiries, some of which we are expecting a decision shortly. There are also a large number of small to medium size projects.

During the period, the Group won major projects for part of the branch network of a leading African banking group, following the previously successful implementation of pilot systems to their principal offices.

We have established new agent representation in Cameroon, Angola and Gabon which is significantly developing our presence in Francophone Africa. We have also extended our representation in Nigeria, Kenya and Southern Sudan.

In the Middle East

The Group has won substantial orders to supply specialist scanning devices and equipment to various Middle Eastern agencies and a major contract to supply perimeter detection systems to a global energy company based in Yemen.

The Middle East remains an important market for the Group where we see significant short to medium term growth. We have established our Middle East operations in the heart of the commercial centre of Dubai, in prestigious offices located on the 41st floor of the Emirates Towers. The office covers business development opportunities and supports our agent activities in the Middle East region. We have appointed business development staff with considerable industry experience and local knowledge who are already generating a substantial level of interest including electronic surveillance and protection for a major airport in the region.

We have extended our agent representation in the Middle East with new appointments in Oman, Saudi Arabia and Yemen and have forged a close working relationship with a progressive consultancy business based in Kuwait, which has already led to the development of some significant enquiries.

The Americas

We consider South America a growth area for Westminster and a region where we anticipate a significant increase in enquiries, particularly from Latin America. The expected launch of the Spanish version of the website during 2008 is an important development as part of our development within the region. We are in the process of identifying and appointing new agents in anticipation of this. To date we have established agent representation in Colombia, Venezuela, Brazil, Argentina and Uruguay.

During the year we have won several small orders from the region but more importantly we have generated interest and enquiries from several potential major projects including a specialist detection and surveillance system for a major airport in Colombia and several sizeable prospects for oil companies in the region.

In Asia & Pacific

The Asia & Pacific region is also a focus area for the Group where we anticipate growing demand for our services.

During the year we received a large number of enquiries resulting in a number of significant contract awards.

The Group has secured contracts for bomb jamming equipment for the military of a Far Eastern country and secured an important scanning equipment contract for an Asian Government department to help counter rising terrorism within that country.

We have also extended our agency representation in the region with new agents appointed in Malaysia, Singapore, Philippines and Indonesia.

In UK & Europe

The period in question was a particularly active time for the Group in the UK & Europe and we continued to expand our customer base in the region with a broader range of products and services and security solutions.

During the year we have won a prestigious contract for an integrated security solution for a stately home, the supply of baggage handling and personnel security systems to various UN entities in Eastern Europe, the supply of security equipment to HM Prisons, numerous police forces throughout the UK, the Northern Ireland Office and many other commercial businesses.

Our RMS division was extremely busy during 2007. The company provided integrated security and safety solutions to a number of high-rise

Westminster engineer installing external surveillance equipment in West Africa.

“A Milestone Year”

buildings and student accommodation facilities including Ontario Towers, a 29 storey residential block, St George’s medical student accommodation for 322 student bedrooms and the 20 storey Rotunda Building, as well as many other projects. The company ended the year by securing circa £750k of new business in the last quarter, most of which should be delivered in 2008.

The development of the UK headquarters is also progressing with significant building and site developments underway. These include improving the facilities for visiting clients and developing the demonstration suite to cover a greater range of product offerings.

Management & Staff

We started 2007 with 26 staff which by the year end had grown to 33 reflecting our increased activity levels, including our overseas operatives. We have significantly strengthened the Board including the appointment of our Chairman, Sir Malcolm Ross, a new Finance Director, Nicholas Mearing-Smith, and a new Non-Executive Director, Sir Michael Pakenham, all of whom I am delighted to have on board and who have all been enormously supportive.

Current trading and Outlook

We are now at a turning point for the business, having delivered on much of our plans for building our international infrastructure and having secured an order book worth £1.5m at 31 December 2007. We have a substantial, active quote bank and are starting to see an increasing rate at which orders are being won. This is reflected in the activity seen since the year end. In the first quarter of 2008 we have won contracts to supply multi-storey security systems, radio frequency jamming equipment, GSM interception systems and perimeter protection technology, into markets including London, Middle East, Sub Saharan Africa and Kuwait. Westminster’s reputation in these markets is significantly enhanced with each contract delivered.

In addition, we have received a Letter of Appointment from the Government of Southern Sudan, signed by the Minister of Transport & Roads, confirming that Westminster International Limited has been awarded the contract for extensive security enhancements at Juba Airport. The contract, valued at circa $4.7m, involves the installation of a high security perimeter fence which will be protected by Westminster’s FOSS fibre detection system. It will detect any attempt to cut, climb or lift the fence, together with airport surveillance cameras, a control & command system and a range of specialist scanning equipment.

In the month of March 2008 alone, the Group is pleased to have announced client commitments for four large orders valued at circa £3m.

With resources in place to permit the development of the image of the business, clear strategic goals and objectives and continuing development of the operational infrastructure, the Board and I are confident of a solid performance for 2008 and exciting growth beyond.

Peter Fowler
Chief Executive Officer

An example of Westminster’s capabilities is a multi technology trial which was carried out for a Middle East MOD, consisting of wide area radar, ground based radar interfaced with CCTV cameras, long range thermal cameras, fibre optic fence detection and radio communication all back to a control & command room 120km away. The trial was so successful that Westminster was requested to perform additional trials with other government bodies to give them an idea of what can be achieved.

“A key strength of the Company is our ability to bring together a wide range of technologies from different sources to produce comprehensive bespoke solutions suited to clients’ needs”

Peter Fowler
CEO

Westminster International, Middle East Project Example: Oil Company, Yemen.

Westminster was approached to protect the perimeter of 3 large complexes for an oil company - Yemen. The solution using Westminster's FOSS perimeter security system was selected as the best fit for the requirements due to the distance and environment and the minimal field maintenance requirement.

The contract valued at US$900,000 was awarded to Westminster following an international tender process. The installation of specialist detection systems will detect any attempted intrusion by climbing, cutting or lifting of the perimeter fencing around the sites, each of which is several kilometres in length.

Westminster's specialist perimeter detection system can be fitted to perimeter fencing structures or covertly buried below the ground, providing very high levels of detection whilst advanced filtering technology eliminates most causes of false alerts.

The system is capable of monitoring tens or even hundreds of kilometres of perimeter or border fencing without the need for any 'in field' electronics, power supplies or analysers and yet can pinpoint the location of any incident to within a few metres.

The contract, which will be managed in conjunction with the company's new Middle East office, will commence immediately, with the installation expected to last for several months.

Michael Oxlade
Security Consultant - Westminster International

Project Planning Meeting

RMS Integrated Solutions Ltd
Project Example: Rotunda - Birmingham.

RMS carried out the low voltage fit out part of this multi million pound refurbishment of the Rotunda in Birmingham city centre, sited adjacent to the 'Bull Ring' shopping centre. The project was to convert the old office building into a luxury apartment block. The project consisted of distributed satellite TV system, video entry, P.C. based access control and voice/data distribution to all 234 apartments. The project was undertaken over 12 months and was completed on schedule.

Russell Gainford
Managing Director
RMS Integrated
Solutions Ltd

"This is an example of the high-rise, multi discipline projects for which RMS have developed a reputation for delivering high quality and often complex integrated solutions to prestigious buildings around the country. RMS are carrying out similar projects in London, Birmingham, Northampton, Milton Keynes and other areas of the UK and the company has a truly nationwide presence!"

Finance Director's Report

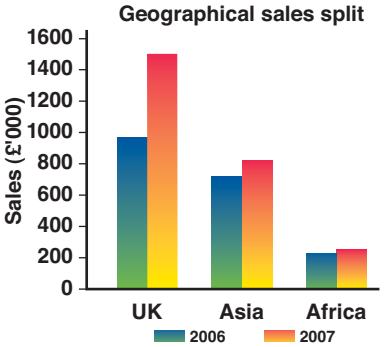
"At 31 December 2007 the Group had net cash reserves of £1.6 million, which give us the financial resources to support bid bonds on major contracts"

Nicholas Mearing-Smith BScEcon, FCA, ATII, MSI
Finance Director

General

The benefits associated with the IPO in June 2007 are clearly visible from the performance in the year. Our growing reputation of delivering high-quality, effective solutions to our clients' increasingly complex requirements enabled the Group to report second half sales growth of 300%.

The IPO and a further placing raised net funds of £2.8m, assisting the Group to repay all bank debt, to provide funds to expand the operation in the Middle East, as well as to continue to enhance the demonstration suite and significantly develop the Group website with multiple language options and enhanced functionality. At 31 December 2007 the Group had net cash reserves of £1.6m, which give us the financial resources to support bid bonds on major contracts.



Income statement

Revenues grew in 2007 to £2.7m (2006: £2.0m) an increase of 71% on a pro rata basis. We have seen an expansion in our overseas markets, in particular Africa and Asia and in the UK we have been successful in winning and delivering high profile residential contracts.

The increasing complexity of our assignments and the range of products in which we specialise has enabled us to increase our margins with gross profit margin growing to 35.7% from 30.2% in 2006.

Administrative expenses increased markedly over the year reflecting the necessary increased investment in staff and infrastructure which it is expected will assist the Group's growth strategies in 2008 and beyond. As part of this investment, the Group opened a Middle East regional office in Dubai, based in the high profile Emirates Towers complex at the heart of the city. This is enabling the Group to support its agents in the region more directly and to conduct Middle Eastern business in a manner that reflects the quality of the potential customers with whom we are dealing and the Group's commitment to the region.

Financing costs decreased significantly following the repayment of the Group's overdraft facilities, although the benefit was only experienced in the second half of the year. The Group's excess cash has been invested in short term cash deposits generating £46k of interest receivable in 2007.

The Group's loss making position resulted in a tax benefit of £71k and reflects the Group's ability to offset tax losses against future profits.

Balance sheet

At 31 December 2007 the Group had shareholders equity of £3.2m. The Group's principal assets are £1.6m cash and the 4.5 acre freehold head office site in Oxfordshire that was re-valued in 2006 at £900k. The property is in the process of being developed to allow for more staff and to provide a demonstration suite that improves clients' access and gives a better opportunity to test equipment in a safe environment.

Trade receivables were £546k at 31 December 2007 (2006: £333k). Although debtors were much higher than at 31 December 2006, of the outstanding balance £199k is covered by irrevocable letters of credit. The Group has a number of significant contracts that straddle financial periods and that are closer to completion than invoicing would suggest; this has enabled the Group to recognise amounts recoverable on contracts of £237k, which will be invoiced in 2008.

Share capital increased mainly as a result of the placing in June 2007.

“Second half sales growth of 300%”

The Company issued 4,537,336 Ordinary shares of 10p each at the issue price of 67.5p. In July 2007 the Company issued a further 450,000 ordinary shares at the market price of 70p in order to facilitate a strategic investor subscribing for Ordinary shares. In addition, the Company converted Directors’ loans to share capital, resulting in the issue of 1,910,000 ordinary shares. The various share issues resulted in a share premium of £2.9m against which admission costs of £0.6m have been offset.

Liabilities mainly comprise trade creditors which totalled £281k at 31 December 2007 (2006: £150k).

Cash flows

The Group had net cash inflows of £2.1m, which comprised operating cash used of £685k, investing cash used £112k and investing cash generated of £2.9m. The operating cash used is slightly larger than expected due to the fact that cash from certain material sales contracts at the year end was not yet claimable under the terms of the outstanding letters of credit and also due to the income accrued. Investing cash used relates mainly to the improvements to the property and development of the demonstration suite. Financing cash flows mainly relate to the IPO as previously mentioned, but also due to the cash injected into the business by certain Directors to support the business prior to the IPO. These loans were converted into Ordinary shares in April 2007.

Key performance indicators

The development of the post IPO management team is enabling a clearer approach to measuring and controlling the business. Management is in the process of implementing new reporting structures that identify the most appropriate key business drivers and enable the business performance to be viewed with much greater clarity. The main performance indicators used at 31 December 2007 were gross profit margin and operating profit and loss.

Gross profit margin

Gross profit margin is an important indicator of business performance as it illustrates the performance of the sales team and highlights the complexity of the assignments that are won. In 2007 gross profit margins increased due to the advanced technology division moving away from product-only sales to higher margin systems and installation work. In respect of UK systems integration, the development of in-house capabilities has enabled the use of more expensive sub-contract labour to be minimised, resulting in improved margins.

Earnings per share

The Group recorded a basic loss per share of 3.2p which compares to 7.4p in the 15 month period to 31 December 2006. Although this represents an improvement, the Board is committed to trading profitably and has implemented rigorous budgetary controls to monitor profit margins and overhead expenses to ensure that cost inflation is kept under control. Whilst the business is loss making, the Board is mindful of the fact that the recent IPO has enabled the business to establish an infrastructure that can deliver sustained growth and that 2007 represented a continuing investment phase.

Other key performance indicators

The Group management information contains significant detail concerning operational performance and, in addition to the above measures, the Board reviews the ratio of operating profit to operating cash flows, administrative expenses compared to budget as well as debtor ageing and revenue visibility.

In addition to the main financial indicators, the Board reviews a range of non-financial indicators. The business is long-term in nature, meaning that decisions concerning major projects can take years to develop to the point of order. Therefore operational management monitors enquiry activity very closely. The Group maintains an extensive quote book of live enquiries which are reviewed on a regular basis with all call activity logged and progression focused on those enquiries where decisions are expected imminently. In addition, the number and average sizes of orders are carefully reviewed to identify any emerging trends in order sizes or products demanded.

Nicholas Mearing-Smith
Finance Director

Buried detection cable installation at one of Westminster’s high security projects within Europe.

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2007.

Principal activities

Westminster Group plc (the "Company") and its subsidiaries (together the "Group") design, supply and provide ongoing support of advanced technology security, non-offensive defence, fire and safety solutions. The Group offers a broad range of products and services from a variety of global manufacturers. In addition to the supply of products and solutions, the Group provides service and maintenance support both directly and through its network of agents.

The Group operates through a network of 70 agents located in 45 countries as at 31 December 2007. These agents typically generate sales leads and work with the Group in preparing tender documentation. The majority of the agents are based in the Middle East, the Far East and Africa.

Review of business, future developments and key performance indicators

A full review of the business and future developments, incorporating key performance indicators are set out in the Executive Directors' review of the business on pages 12 to 19.

The Directors who held office during the year were as follows:

Executive Directors

P.D. Fowler	
P.J. Fowler	Resigned 18 May 2007
S.P. Fowler	Appointed 18 May 2007
N.P. Mearing-Smith	Appointed 18 May 2007
R.W. Worrall	

Non-Executive Directors

Lt. Col. Sir M. Ross	Appointed 18 May 2007
G. Bott	Appointed 18 May 2007, resigned 26 July 2007

Risk management objectives and strategy

The Group faces a number of risks posed by international expansion, the solvency of contractors, start date risks as well as political risks. The Group's management is active in assessing all risks and uncertainties facing the Group and is proactive in taking preventative action to mitigate these risks wherever possible. However, certain risks are beyond the control of the Group's management. The main financial risks are set out in Note 22.

Overseas agents

During the year, the Group has continued to expand internationally establishing agent representation in Indonesia, Malaysia, Columbia, Bulgaria, Thailand, Philippines, United Arab Emirates, Nigeria, Uruguay, Trinidad and Tobago and Cameroon.

Results and dividends

The Group's results for the financial year are set out in the income statement on Page 30.

The Directors do not recommend the payment of a dividend (2006: nil).

Directors' report (continued)

Directors' interests in share capital and share options

Details of the Directors' interests in share capital and share options are contained in the Remuneration Committee report on pages 22 to 24.

Other significant interests in the Company

At 31 December 2007 those shareholders, other than Directors, who had disclosed to the Company an interest of more than 3 per cent of the issued share capital, are set out as follows:

Name of shareholder or nominee	*Holding*
Northcote IOM Limited	15.8%
Deutsche Bank AG	11.4%
	27.2%

Political donations

During the year, the Group made no political donations.

Policy on payments to suppliers

It is a policy of the Group in respect of all suppliers, where reasonably practical, to agree the terms of payment with those suppliers when agreeing the terms of each transaction and to abide by them. The ratio of amounts owed to trade creditors at the year end to total purchases during the year was 45 days (2006: 32 days).

Share price

During 2007, the Company's share price ranged from 66.5p to 77p and the share price at 31 December 2007 was 66.5p.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has 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 financial statements, which appear on pages 30 to 60.

Auditor

The Directors appointed Baker Tilly UK Audit LLP as auditor during the year.

A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be put to members at the annual general meeting.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the Board

P.D. Fowler
Director
7 April 2008

N.P. Mearing-Smith
Director

Remuneration Committee report

Unaudited

The Remuneration Committee of the Board was established on admission in June 2007 and consists solely of the following Directors:

Lt Col. Sir Malcolm Ross (Chairman)
Peter Fowler
Sir Michael Pakenham

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Chief Executive, all other Executive Directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director, including, where appropriate, bonuses, incentive payments and share options.

The Committee's policy is to provide a remuneration package which will attract and retain Directors and management with the ability and experience required to manage the Company and to provide superior long term performance. It is the aim of the Committee to reward Directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to senior management of comparable companies. There are four main elements of the remuneration package for Executive Directors: base salary, share options, benefits and annual bonus.

- Base salary is reviewed annually and in setting salary levels, the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The Committee also takes account of external market data, as well as the rates of increases for other employees within the Company;

- Share options are granted having regard to an individual's seniority within the business and are designed to give Directors an interest in the increase in the value of the Group;

- Benefits primarily comprise the provision of health insurance; and

- Annual bonus. All Executive Directors and executive management participate in the Group's annual bonus scheme, based upon the achievement of individual performance targets set by the Remuneration Committee. For the year ended 31 December 2007, no bonus payments were payable.

Meetings

The Remuneration Committee met once in the year with all Committee members attending.

Options

The Group considers it important to incentivise employees and Directors through share incentive arrangements. The Company adopted the Share Option Scheme on 3 April 2007, under which it granted EMI options and unapproved options to certain employees and Directors over its ordinary shares.

The main terms of the option scheme are as follows:

1. The scheme is open to all full time employees and Directors except those who have a material interest in the Company. For the purposes of this definition, a material interest is either beneficial ownership of, or the ability to control directly, or indirectly, more than 30% of the Ordinary share capital of the Company;

2. The Board determines the exercise price of options before they are granted. It is provided in the scheme rules that options must be granted at the prevailing market price in the case of EMI options and must not be granted at an exercise price that is less than the nominal value of a share;

3. There is a limit that options over unissued shares granted under the scheme and any other discretionary share option scheme or option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital;

4. Options can be exercised on the second anniversary of the date of grant and in the case of EMI options may be exercised up to the 10th anniversary of granting. Options will remain exercisable for a period of 40 days if the participant is deemed a "good leaver"; and

5. Although no special conditions apply to the options granted in 2007, the model form agreement allows the Company to adopt special conditions to tailor an option for any particular employee.

Remuneration Committee report (continued)

Non-Executive Directors' remuneration

Non-Executive Directors' remuneration is determined by the Board as a whole, each refraining from determining his own remuneration. In general, the fees paid to Non-Executive Directors are set at a level intended to attract individuals with the necessary experience and ability to make a significant contribution to the Group. The service contracts of the Non-Executive Directors specify the following:

Non-Executive Directors	Severance	Notice	Contractual Fees £
Lt Col. Sir Malcolm Ross	None	3 months	35,000
Sir Michael Pakenham	None	3 months	24,000

Executive and Non-Executive Directors' remuneration package and interest in share capital

Details of the Executive and Non-Executive Directors' remuneration and interest in share capital for the year ended 31 December 2007 are as follows:

Audited

Executive Directors	Basic salary/fee £'000	Benefits in kind £'000	Bonus £'000	Share based payment cost £'000	Total remuneration £'000
P.D. Fowler	68	1	-	-	69
P.J. Fowler[1]	22	1	-	-	23
S.P. Fowler[2]	46	9	-	-	55
N.P. Mearing-Smith[2]	32	-	-	-	32
R.W. Worrall	38	14	-	-	52
	206	25	-	-	231
Non-Executive Directors					
Lt. Col. Sir M. Ross[2]	21	-	-	2	23
G. Bott[3]	5	-	-	-	5
	26	-	-	2	28
	232	25	-	2	259

[1] Resigned 18 May 2007
[2] Appointed 18 May 2007
[3] Appointed 18 May 2007, resigned 26 July 2007

In the 15 month period ended 31 December 2006 none of the Directors received any remuneration.

The Executive and Non-Executive Directors who held office during the year had no interests in the shares in, or debentures or loan stock of, the Company or any of its subsidiaries except for the following holdings of Ordinary shares in the Company:

Unaudited

Executive Directors and Non-Executive Directors	Interest at end of year	Interest at beginning of year (or date of appointment if later)*
Lt. Col. Sir M. Ross	21,300	-
P.D. Fowler	4,625,930	4,278,990
P.J. Fowler	1,653,530	1,067,250
S.P. Fowler	504,118	2,500
N. P. Mearing-Smith	44,444	-
R.W. Worrall	1,964,222	1,773,760

*Adjusted to reflect consolidation of Ordinary share capital from Ordinary shares of 1p shares to Ordinary shares of 10p

Remuneration Committee report (continued)

In addition to the interests disclosed above, certain Executive and Non-Executive Directors have options to acquire ordinary shares in the Company granted under the Share Option Scheme. Full details are as follows:

Number of options over ordinary shares of 10p each in the Company:

Audited

Directors	1 Jan 2007	Granted	Exercised	Forfeited	31 Dec 2007	Exercise price	Market price at date of grant	Date from which exercisable
Lt. Col. Sir M. Ross	-	67,862	-	-	67,862	67.5p	67.5p	21 Jun 09
S.P. Fowler	-	48,000	-	-	48,000	10.0p	5.7p	5 Apr 09
N.P. Mearing-Smith	-	15,000	-	-	15,000	10.0p	5.7p	5 Apr 09
N.P. Mearing-Smith	-	9,000	-	-	9,000	74.0p	75.0p	20 Sep 09
R.W. Worrall	-	24,000	-	-	24,000	10.0p	5.7p	5 Apr 09
G. Bott	-	15,000	-	(15,000)	-	10.0p	5.7p	5 Apr 09

The market price of the shares at 31 December 2007 was 66.5p and the range during the year was 66.5p to 77p.

On behalf of the Board
Lt. Col. Sir Malcolm Ross
Chairman of the Remuneration Committee
7 April 2008

Corporate governance report

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees, suppliers and the wider community. The Board of Directors operates within the framework described below.

The Board

The Board sets the Group's strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group and all decisions are taken in the interests of the Group. Whilst the Board has delegated the normal operational management of the Group to the Executive Directors and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments, projects of a capital nature and all significant contracts. The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The senior executives enjoy open access to the Non-Executive Directors with or without the Chairman being present.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Organisational structure and control environment

The Board of Directors meets at least six times a year to review the performance of the Group. It seeks to foster a strong ethical climate across the Group. There are clearly defined lines of responsibility and delegation of authority from the Board to the operating subsidiaries. The Directors of each trading subsidiary meet on a regular basis with normally at least two members of the Group Board in attendance.

Internal control

The key procedures which the Directors have established with a view to providing effective internal control are as follows:

- Regular board meetings to consider the schedule of matters reserved for Directors consideration;
- A risk management process;
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances; and
- An Audit Committee of the Board, comprising Non-Executive Directors, which considers significant financial control matters as appropriate.

There is currently no internal audit function, although this will be kept under annual review.

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes.

Risk reviews are planned to be carried out by each subsidiary and will be reviewed annually as part of an ongoing risk assessment process. The focus of the reviews will be to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently.

Corporate governance report (continued)

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual Budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year on a monthly basis to identify any variances from approved plans. Rolling cash flow forecasts form part of the reporting system. The Group remains alert to react to other business opportunities as they arise.

Non-Executive Directors

The Non-Executive Directors are considered by the Board to be independent in character and judgement and there are not considered to be any circumstances that are likely to affect their judgement as Directors of the Company.

Audit Committee

The Audit Committee was formed on admission to listing and plans to meet no less than twice a year with the auditor in attendance. Following admission to listing in June 2007, the Audit Committee met once prior to 31 December 2007. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The Committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

The Committee has primary responsibility for making a recommendation on the appointment or re-appointment of the external auditors. In order to maintain the independence of the external auditor, the Board has determined guidelines as to what non-audit services can be provided by the Company's external auditor and the approval processes related to them. Under those policies work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value added benefits to the Company. Additionally the auditor confirms its independence in writing each year. The committee also monitors the level of non-audit fees paid to the external auditor.

The Audit Committee consists of Sir Michael Pakenham (Chairman) who took over the Chairmanship on appointment in February 2008 and Sir Malcolm Ross who acted as Chairman following the resignation of Gordon Bott in July 2007.

Remuneration Committee

The Remuneration Committee meets no less than twice a year and is responsible for determining the remuneration of main Board Directors and agrees the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses. The Committee is responsible for the allocation of options under the Company's executive share option scheme. The Committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of Sir Malcolm Ross as Chairman, Sir Michael Pakenham and Peter Fowler.

Risks and uncertainties

The Group's management is active in assessing all the risks and uncertainties facing the Group and is proactive in taking preventative action to mitigate these risks wherever possible.

Dialogue with Shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders. This is done partly through meetings following the publication of the year-end and interim results.

Board attendance

The Board and principal Committee meetings attended by each Director during the year are shown in the table below:

Director	Board meetings attended in the year		Audit Committee meetings attended in the year	Remuneration Committee meetings attended in the year
	Scheduled meetings	*Non-scheduled meetings*		
Total	6	3	1	1
Lt. Col. Sir M. Ross	4	-	1	1
P.D. Fowler	6	3	-	1
P.F. Fowler	2	2	-	-
S.P. Fowler	5	-	-	-
N.P Mearing-Smith	4	-	1	-
R.W. Worrall	6	3	-	-
G. Bott	2	-	-	1

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

UK company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Group financial statements are required by law and IFRS adopted by the EU, to present fairly the financial position and performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Group and Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company.

In preparing each of the Group and Company financial statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently;

2. Make judgements and estimates that are reasonable and prudent;

3. State whether they have been prepared in accordance with IFRSs adopted by the EU; and

4. 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the requirements of 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 also responsible for the maintenance and integrity of the Westminster Group plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

P.D. Fowler
Director

N.P. Mearing-Smith
Director

7 April 2008

Independent auditor's report to the members of Westminster Group plc

We have audited the Group and parent Company financial statements on pages 30 to 60.

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 IFRSs, as adopted by the EU are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Committee report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Committee report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Executive Director's Review of the Business that is cross referenced from the Business Review section of the Directors' report.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, Executive Directors' Review of the Business, Directors' report, unaudited part of the Remuneration Committee report, Corporate governance report and Statement of Directors' Responsibilities. 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.

Independent auditor's report to the members of Westminster Group plc (continued)

Opinion
In our opinion:

- The Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, as applied in accordance with the provisions of the Companies Act 1985, of the state of the Group's affairs as at 31 December 2007 and of its loss for the year then ended;
- The parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31 December 2007;
- 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
St Philips Point
Temple Row
Birmingham
B2 5AF

16 May 2008

Consolidated income statement

For the year ended 31 December 2007

	Note	Year ended 31 Dec 2007 £'000	15 month period to 31 Dec 2006 *Restated* £'000
Revenue		**2,744**	2,011
Cost of sales		**(1,765)**	(1,404)
Gross profit		**979**	607
Administrative expenses			
General		**(1,349)**	(847)
IPO preparation expenses		**(66)**	-
Total		**(1,415)**	(847)
Loss before financing costs		**(436)**	(240)
Finance costs	3	**(34)**	(46)
Finance income	3	**46**	-
Loss before tax		**(424)**	(286)
Income tax benefit	5	**71**	107
Loss from continuing operations		**(353)**	(179)
Loss on discontinued operations	7	**-**	(343)
Loss for the financial period		**(353)**	(522)
Loss attributable to equity shareholders		**(353)**	(522)
Loss per share (expressed in pence per share)			
Basic and fully diluted	8	**3.2**	7.4

The notes on pages 35 to 60 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2007

	Ordinary share capital £'000	Share premium account £'000	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2005	675	-	-	216	134	1,025
Loss for period from continuing activities (restated)	-	-	-	-	(179)	(179)
Loss for period from discontinued activities	-	-	-	-	(343)	(343)
Revaluation of non-current assets	-	-	-	49	-	49
Deferred tax liability on revaluation of non-current assets	-	-	-	(12)	-	(12)
Total recognised income and expense for the period	-	-	-	37	(522)	(485)
Proceeds from payment of part paid shares	38	-	-	-	-	38
Total recognised changes in equity for the period	38	-	-	-	-	38
Balance at 31 December 2006	713	-	-	253	(388)	578
Loss for period from continuing activities	-	-	-	-	(353)	(353)
Total recognised income and expense for the period	-	-	-	-	(353)	(353)
Directors' loans converted into ordinary share capital	191	-	-	-	-	191
Share capital issued for cash	498	2,879	-	-	-	3,377
Expenses in connection with IPO	-	(575)	-	-	-	(575)
Share based payments	-	-	8	-	-	8
Deferred tax adjustments	-	-	3	12	-	15
Total recognised changes in equity for the period	689	2,304	11	12	-	3,016
Balance at 31 December 2007	**1,402**	**2,304**	**11**	**265**	**(741)**	**3,241**

The notes on pages 35 to 60 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2007

	Ordinary share capital £'000	Share premium account £'000	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2005	675	-	-	216	(20)	871
Loss for period from continuing activities (restated)	-	-	-	-	(51)	(51)
Revaluation of non-current assets	-	-	-	49	-	49
Deferred tax liability on revaluation of non-current assets	-	-	-	(12)	-	(12)
Total recognised income and expense for the period	-	-	-	37	(51)	(14)
Proceeds from payment of part paid shares	38	-	-	-	-	38
Total recognised changes in equity for the period	38	-	-	-	-	38
Balance at 31 December 2006	713	-	-	253	(71)	895
Loss for period from continuing activities	-	-	-	-	(414)	(414)
Total recognised income and expense for the period	-	-	-	-	(414)	(414)
Directors' loans converted into ordinary share capital	191	-	-	-	-	191
Share capital issued for cash	498	2,879	-	-	-	3,377
Expenses in connection with IPO	-	(575)	-	-	-	(575)
Share based payments	-	-	8	-	-	8
Deferred tax adjustments	-	-	3	12	-	15
Total recognised changes in equity for the period	689	2,304	11	12	-	3,016
Balance at 31 December 2007	**1,402**	**2,304**	**11**	**265**	**(485)**	**3,497**

The notes on pages 35 to 60 form part of these financial statements.

Consolidated and Company balance sheets

As at 31 December 2007

	Note	**Group 31 Dec 2007 £'000**	Group 31 Dec 2006 *Restated* £'000	**Company 31 Dec 2007 £'000**	Company 31 Dec 2006 *Restated* £'000
Assets					
Non-current assets					
Property, plant and equipment	9	**1,060**	985	**971**	924
Investments	10	**-**	-	**4**	4
Deferred tax assets	11	**181**	107	**5**	-
Total non-current assets		**1,241**	1,092	**980**	928
Current assets					
Inventories	12	**61**	86	**-**	-
Trade and other receivables	13	**884**	340	**1,625**	537
Cash and cash equivalents	14	**1,588**	1	**1,082**	-
Total current assets		**2,533**	427	**2,707**	537
Total assets		**3,774**	1,519	**3,687**	1,465
Shareholders' equity					
Issued capital	15	**1,402**	713	**1,402**	713
Share premium	16	**2,304**	-	**2,304**	-
Share based payment reserve	18	**11**	-	**11**	-
Revaluation reserve	18	**265**	253	**265**	253
Retained earnings	18	**(741)**	(388)	**(485)**	(71)
Total equity		**3,241**	578	**3,497**	895
Liabilities					
Non-current liabilities					
Borrowings	19	**-**	16	**-**	-
Deferred tax liabilities	21	**52**	64	**52**	64
Total non-current liabilities		**52**	80	**52**	64
Current liabilities					
Borrowings	19	**14**	606	**-**	456
Trade and other payables	20	**467**	255	**138**	50
Total current liabilities		**481**	861	**138**	506
Total liabilities		**533**	941	**190**	570
Total equity and liabilities		**3,774**	1,519	**3,687**	1,465

The notes on pages 35 to 60 form part of these financial statements.

The Group and Company financial statements were approved by the Board and authorised for issue on 7 April 2008 and signed on their behalf by:

P.D. Fowler
Director
[7 April 2008]

N.P. Mearing-Smith
Director

Consolidated and Company cash flow statements

For the year ended 31 December 2007

	Note	**Group Year to 31 Dec 2007**	Group 15 months to 31 Dec 2006 *Restated*	**Company Year to 31 Dec 2007**	Company 15 months to 31 Dec 2006 *Restated*
		£'000	*£'000*	***£'000***	*£'000*
Cash flows from operating activities					
Loss for the financial period		**(353)**	(522)	**(414)**	(51)
Income tax benefit		**(71)**	(107)	**(2)**	-
Finance income	3	**(46)**	-	**(46)**	-
Finance costs	3	**34**	46	**23**	22
Depreciation and amortisation		**37**	62	**11**	12
Increase in inventories		**25**	65	**-**	-
(Increase)/decrease in trade and other receivables		**(541)**	733	**(1,086)**	(237)
Increase/(decrease) in trade and other payables		**212**	(449)	**92**	(54)
Negative goodwill		**-**	(12)	**-**	-
Share-based payment	17	**8**	-	**8**	-
Interest paid		**(34)**	(46)	**(23)**	(22)
Interest received		**44**	-	**44**	-
Tax paid		**-**	(2)	**-**	-
Net cash used from operating activities		**(685)**	(232)	**(1,393)**	(330)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(112)**	(60)	**(59)**	(40)
Proceeds from disposal of property, plant and equipment		**-**	14	**-**	-
Acquisition of subsidiary net of cash acquired		**-**	(27)	**-**	-
Net cash used in investing activities		**(112)**	(73)	**(59)**	(40)
Cash flows from financing activities					
Gross proceeds from the issue of ordinary share capital		**3,377**	-	**3,377**	-
Proceeds from payment of part paid shares		**-**	38	**-**	38
IPO costs paid		**(575)**	-	**(575)**	-
Loans from Directors'		**96**	49	**96**	81
Finance lease repayments		**(4)**	(2)	**-**	-
Net cash generated from financing activities		**2,894**	85	**2,898**	119
Net change in cash and cash equivalents		**2,097**	(220)	**1,446**	(251)
Cash and cash equivalents at start of period		**(509)**	(289)	**(364)**	(113)
Cash and cash equivalents at end of period	14	**1,588**	(509)	**1,082**	(364)

The notes on pages 35 to 60 form part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

Westminster Group Plc ("the Company") was incorporated on 7 April 2000 and is domiciled and incorporated in the United Kingdom and listed on the London Stock Exchange AIM Market. The Group's financial statements for the year ended 31 December 2007 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group").

The financial statements have been prepared in accordance with IFRS as adopted by the EU. The principal accounting policies adopted are set out below.

The financial information is presented in the Company's functional currency, which is Great British Pounds ("GBP") since that is the currency in which the majority of the Group's transactions are denominated.

Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with IFRSs as adopted by the EU. The Company has elected to prepare its parent company financial statements in accordance with IFRSs.

These results represent the first annual financial statements the Group has prepared in accordance with its accounting policies under IFRS and the comparatives for 2006 have been restated from UK GAAP to comply with IFRS. A description of how the Group's reported performance and financial position were affected by the change, including reconciliations from UK GAAP to IFRS for the prior period results, is provided in note 27. For the purpose of the financial statements, the date of transition to IFRS is 1 October 2005. The last period in the Group's financial statements reported under UK GAAP was for the 15 month period ended 31 December 2006.

The rules for first time adoption of IFRS are set out in IFRS 1 "First time adoption of international financial reporting standards". In general, a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. The standard allows a number of exceptions to this general principle to assist companies as they change to reporting under IFRS. The Group has taken advantage of the following exemption:

- Business combinations that took place prior to the date of transition have not been restated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at 1 October 2005 for the purposes of the transition to adopted IFRS.

As permitted by the Companies Act 1985, a separate profit and loss account for the Company has not been included in these financial statements. The loss presented in the financial statements of the Company is £414,000 (2006: £51,000).

Basis of measurement

The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The Group's accounting policies, as set out below, have been applied consistently to all periods presented in these financial statements.

Consolidation

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Westminster Group plc and its subsidiaries for the year ended 31 December 2007.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated using the purchase method of accounting from the date that control commences until the date that control ceases. Accounting policies of subsidiaries ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements

1. Significant accounting policies continued

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the financial statements.

(iv) Company financial statements

Investments in subsidiaries are carried at cost less provision for any permanent impairment. Dividend income is recognised when the right to receive payment is established.

Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (by business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Revenue

Revenue comprises the fair value for the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Supply of products

Revenue in respect of the supply of products is recognised when title effectively passes to the customer.

(ii) Supply and installation of products and services

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the period, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion, where the stage of completion can be assessed with reasonable accuracy. Revenue is calculated to reflect the substance of the contract, and is reviewed on a contract-by-contract basis, with revenues and costs at each divisible stage reflecting known inequalities of profitability. Where a contract is loss making, the full loss is recognised.

(iii) Maintenance income

Revenues in respect of the supply of maintenance contracts are recognised on a straight line basis over the life of the contract. The unrecognised portion of maintenance income is included within trade and other payables as deferred income.

Employee benefits - Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, based on the Group's estimate of awards that will eventually vest, with a corresponding increase in equity as a share-based payment reserve. For plans that include market based vesting conditions, the fair value at the date of grant reflects these conditions.

Fair value is determined using a Black-Scholes option pricing model. Non-market based vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the number of options that are expected to become exercisable is estimated. The impact of any revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity, over the remaining vesting period.

The proceeds received when vested options are exercised, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Notes to the financial statements

1. Significant accounting policies continued

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or 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 by using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Leases

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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

Dividends

Dividends to the Company's shareholders are recognised as a liability in the Group's financial information in the period for which they are declared and paid (interim dividends) or in the period for which the dividends are approved by the Company's shareholders (final dividends).

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value on the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income.

Notes to the financial statements

1. Significant accounting policies continued

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, to their residual value over their estimated useful lives, using the straight-line method, on the following bases:

	Rate
Freehold buildings	2%
Plant and equipment	20% to 25%
Office equipment	20% to 33%
Motor vehicles	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. On transition to IFRS the Group has used fair value as deemed cost.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

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

Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

Share capital and equity instruments

Ordinary shares are classified as equity.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. The Group's financial instruments comprise cash, bank overdrafts and other borrowings and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to fund the Group's operations and manage working capital.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for the management of these risks and these are summarised in Note 22. These policies have remained unchanged throughout the year.

Notes to the financial statements

1. Significant accounting policies continued

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Provisions

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

Adopted IFRS in the year

- IFRS 7: Financial Instruments: Disclosure

Adopted IFRSs, not yet applied

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

- IFRS 8: Operating segments
- IFRIC 12: Service Concession arrangements
- IFRIC 13: Customer loyalty programmes
- IFRIC 14: IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction
- IAS 23: (amendment) Borrowing Costs.

The Directors anticipate that the adoption of these standards and Interpretations in future periods will have no material impact on the financial statements of the Company or Group.

Notes to the financial statements

2. Segment reporting

(i) Business segments

For management purposes, the Group has been organised into three operating divisions:

(a) Advanced technological;

(b) Low voltage systems; and

(c) Manufacturing.

These segments are the basis on which the Group reports its primary segment information. In the period ended 31 December 2006, the Group disposed of its electronic manufacturing division.

Unallocated segmental information are items relating to the Group activity as a holding company or those that cannot be practicably attributed to any other segment.

Segment information about these business segments is presented below:

	Advanced technological	***Low voltage systems***	***Manufacturing***	***Unallocated***	***Group***
	Continuing	***Continuing***	***Discontinued***	***Continuing***	
	£'000	***£'000***	***£'000***	***£'000***	***£'000***
15 month period ended 31 December 2006					
Supply of goods	1,456	774	148	-	2,378
Supply of services	-	58	-	14	72
Intragroup sales	(291)	-	-	-	(291)
Gross revenue	1,165	832	148	14	2,159
Discontinued activities	-	-	(148)	-	(148)
Revenue	1,165	832	-	14	2,011
Segment result	10	(24)	(343)	(226)	(583)
Net finance costs	(14)	(5)	-	(27)	(46)
Income tax benefit	87	20	-	-	107
Profit/(loss) for the financial period	83	(9)	(343)	(253)	(522)
Segment assets	342	190	-	987	1,519
Segment liabilities	195	121	77	548	941
Capital expenditure	16	2	-	42	60
Depreciation	18	8	22	14	62

Notes to the financial statements

2. Segment reporting continued

	Advanced technological	*Low voltage systems*	*Manufacturing*	*Unallocated*	*Group*
	Continuing	*Continuing*	*Discontinued*	*Continuing*	
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Year ended 31 December 2007					
Supply of goods	2,111	713	-	-	**2,824**
Supply of services	11	86	-	6	**103**
Interagroup sales	(146)	(37)	-	-	**(183)**
Revenue	1,976	762	-	6	**2,744**
Segment result	(70)	(3)	-	(363)	**(436)**
Net finance income	(9)	(3)	-	24	**12**
Income tax benefit	68	1	-	2	**71**
Loss for the financial year	(11)	(5)	-	(337)	**(353)**
Segment assets	1,404	241	-	2,129	**3,774**
Segment liabilities	264	80	-	189	**533**
Capital expenditure	51	1	-	60	**112**
Depreciation	16	9	-	12	**37**

(ii) Geographical segments

The Group's international business is conducted on a global scale, with agents present in all major continents. The following table provides an analysis of the Group's sales by geographic market, irrespective of the origin of the goods/services:

	Group	Group
	Year ended 31 December 2007 £'000	15 month period ended 31 December 2006 £'000
United Kingdom	**1,507**	998
Asia	**847**	757
Africa	**244**	224
Europe	**146**	18
South America	**-**	8
Australasia	**-**	6
	2,744	2,011

All assets are located in the United Kingdom.

Notes to the financial statements

3. Finance costs and income

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Finance costs:		
Interest payable on bank borrowings	**(31)**	(43)
Interest payable on finance leases	**(3)**	(3)
	(34)	(46)
Finance income:		
Interest receivable on bank balances	**46**	-
	46	-
Finance costs and income, net	**12**	(46)

4. Statutory and other information

The following items have been included in arriving at the loss for the financial year:

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Staff costs (see note 6)	**884**	595
Depreciation of property, plant and equipment:		
- Owned assets	**26**	51
- Leased assets	**11**	11
Operating lease rentals payable		
- Property	**19**	17
- Other	**45**	66
Negative goodwill on acquisition of subsidiary	**-**	(12)
Loss on disposal of plant, property and equipment	**-**	(1)
Foreign exchange loss	**8**	-

Notes to the financial statements

4. Statutory and other information continued

Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditor at costs as detailed below:

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000	**Company** Year ended 31 December 2007 £'000	Company 15 month period ended 31 December 2006 £'000
Audit services				
Statutory audit	**22**	10	**13**	3
Other assurance services	**4**	29	**1**	26
Tax advisory services	**7**	1	**2**	-
Other advisory	**11**	-	**11**	-
Other non-audit services	**80**	-	**80**	-

Other services primarily comprise the services provided prior to appointment as auditor in respect of the admission to listing. These have been written off against the share premium account. All other costs have been expensed in the income statement.

5. Income tax benefit

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Current tax		
Current year	-	-
Deferred tax		
Origination and reversal of temporary differences	**(78)**	(107)
Effect of increased rate on opening asset	**7**	-
Deferred tax credit in income statement	**(71)**	(107)
Income tax benefit	**(71)**	(107)

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Reconciliation of effective tax rate		
Loss on ordinary activities before tax	**(424)**	(629)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	**(127)**	(189)
Effects of:		
Expenses not deductible for tax purposes	**36**	19
Net losses carried forward on which deferred tax not recognised	**13**	63
Adjustment for rate at which deferred tax recognised in current year	**7**	-
	(71)	(107)

Notes to the financial statements

6. Staff costs

Staff costs for the Group during the year

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Wages and salaries	**793**	552
Social security costs	**83**	43
Share based payments	**8**	-
	884	595

The Group operates a stakeholder pension scheme in the UK only. The Group made no pension contributions during the year and no pension contributions were outstanding at the year end (2006: £nil).

Details of the Directors' remuneration is included in the Remuneration Committee report on pages 22 to 24.

Average monthly number of people (including Executive Directors) employed

	Group Year ended 31 December 2007 Number	Group 15 month period ended 31 December 2006 Number	**Company** Year ended 31 December 2007 Number	Company 15 month period ended 31 December 2006 Number
By function				
Production	**8**	11	**-**	-
Administration	**12**	9	**7**	5
Management	**6**	12	**4**	3
	26	32	**11**	8

7. Discontinued operation

In June 2006, the Group ceased to trade its loss making UK manufacturing division due to the strategic decision to place greater focus on the Group's key competencies, being the supply and sale of advanced technological solutions and low voltage systems.

Losses and cash flows attributable to the discontinued operation were as follows:

Results of the discontinued operation

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Revenue	**-**	148
Cost of sales	**-**	(178)
Gross loss	**-**	(30)
Administrative expenses	**-**	(313)
Loss before tax	**-**	(343)
Tax	**-**	-
Post tax loss	**-**	(343)

Notes to the financial statements

7. Discontinued operation continued

Cash flows from discontinued operation

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Net cash used in operating activities	-	(11)
Net cash generated from investing activities	-	14
Net cash used in financing activities	-	(34)
Net cash used in discontinued activity	-	(31)

8. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares is calculated as follows:

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Issued ordinary shares		
Start of period	**7,125**	6,750
Effect of shares issued during the period	**4,046**	300
Weighted average number of shares for period	**11,171**	7,050

The calculation of weighted average number of shares issued in the year ended 31 December 2006 potentially results in a distorted view of loss per share due to the consolidation of the Company's share capital in April 2007. Therefore, for the purposes of this calculation, the consolidation of the Company's share capital has been deemed to have been effective throughout.

Basic and fully diluted loss per share is calculated as follows:

	Group Year ended 31 December 2007 £'000	Group 15 month period ended 31 December 2006 £'000
Loss for the year attributable to equity shareholders of the Company	**(353)**	(522)
Weighted average number of shares	**11,171**	7,050
Loss per share (pence)	**3.2**	7.4

There is no difference between basic and fully diluted loss per share as the inclusion of the share options in the calculation of the weighted average number of shares would have the effect of reducing the loss per share. The potential dilutive effect on the weighted average number of ordinary shares would be to increase the weighted average number of ordinary shares by 377,812 shares and solely comprises the dilutive effect of the share options issued under the share option scheme.

The basic and diluted loss per share in pence for discontinued operations in the 15 month period ended 31 December 2006 was 2.5p.

Notes to the financial statements

9. Property, plant and equipment

Group Period ended 31 December 2006	*Freehold property* £'000	*Plant and equipment* £'000	*Office equipment, fixtures and fittings* £'000	*Motor vehicles* £'000	*Total* £'000
Cost or valuation					
At 1 October 2005	827	124	106	51	1,108
Additions at cost	28	7	25	-	60
Disposals	-	(101)	(41)	(4)	(146)
Revaluation	45	-	-	-	45
At 31 December 2006	900	30	90	47	1,067
Accumulated depreciation					
At 1 October 2005	-	79	56	15	150
Charge for the year	-	27	24	11	62
Eliminated on disposals	-	(91)	(35)	(4)	(130)
At 31 December 2006	-	15	45	22	82
Net book value at 31 December 2006	900	15	45	25	985
Year ended 31 December 2007					
Cost or valuation					
At 1 January 2007	900	30	90	47	1,067
Additions at cost	14	46	52	-	112
Transfers	-	(3)	3	-	-
At 31 December 2007	**914**	**73**	**145**	**47**	**1,179**
Accumulated depreciation					
At 1 January 2007	-	15	45	22	82
Charge for the year	-	7	19	11	37
Transfers	-	1	(1)	-	-
At 31 December 2007	**-**	**23**	**63**	**33**	**119**
Net book value at 31 December 2007	**914**	**50**	**82**	**14**	**1,060**

Notes to the financial statements

9. Property, plant and equipment continued

Company Period ended 31 December 2006	*Freehold property* £'000	*Plant and equipment* £'000	*Office equipment, fixtures and fittings* £'000	*Motor vehicles* £'000	*Total* £'000
Cost or valuation					
At 1 October 2005	827	8	36	4	875
Additions at cost	28	5	7	-	40
Disposals	-	-	-	(4)	(4)
Revaluation	45	-	-	-	45
At 31 December 2006	900	13	43	-	956
Accumulated depreciation					
At 1 October 2005	-	3	18	4	25
Charge for the year	-	2	9	-	11
Eliminated on disposal	-	-	-	(4)	(4)
At 31 December 2006	-	5	27	-	32
Net book value at 31 December 2006	900	8	16	-	924
Year ended 31 December 2007					
Cost or valuation					
At 1 January 2007	900	13	43	-	956
Additions at cost	14	1	44	-	59
Transfers	-	(3)	3	-	-
At 31 December 2007	**914**	**11**	**90**	**-**	**1,015**
Accumulated depreciation					
At 1 January 2007	-	5	27	-	32
Charge for the year	-	3	9	-	12
Transfers	-	1	(1)	-	-
At 31 December 2007	**-**	**9**	**35**	**-**	**44**
Net book value at 31 December 2007	**914**	**2**	**55**	**-**	**971**

The freehold property was valued professionally by Berry Morris, Chartered Surveyors, on 10 May 2007. The Directors do not consider the value at 31 December 2007 was materially different.

The freehold property is stated at valuation, the comparable historic cost and depreciation values are as follows:

	2007 **£'000**	*2006* £'000
Historical cost	**632**	618
Accumulated depreciation		
At 1 Jan 2007/ 1 Oct 2005	**39**	36
Charge for the year	**3**	3
At 31 December	**42**	39
Net book value at 31 December	**590**	579

Notes to the financial statements

10. Investments in subsidiaries

Company	31 December 2007 £'000	31 December 2006 £'000
Shares in subsidiary undertakings at cost		
At start and end of period	**4**	4

In the opinion of the Directors, the investments in the subsidiary undertakings are valued at least at the amounts at which they are stated in the balance sheet. Details of subsidiaries are set out in note 25.

11. Deferred tax asset

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Beginning of the year	**107**	-	**-**	-
Benefit for the year (income statement)	**71**	107	**5**	-
Benefit for the year (equity)	**3**	-	**-**	-
Deferred tax asset	**181**	107	**5**	-

The deferred tax asset relates to accumulated tax losses carried forward.

Based on future forecast and orders, the Group is anticipating to have sufficient profits to utilise these tax losses.

12. Inventories

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Finished goods	**71**	86	**-**	**-**
Provision for obsolescence	**(10)**	-	**-**	**-**
	61	86	**-**	-

13. Trade and other receivables

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Amounts falling due within one year:				
Trade receivables	**744**	462	**23**	45
Provision for impairment of receivables	**(198)**	(129)	**(20)**	(18)
Amounts due from Group undertakings	**-**	-	**1,554**	493
Prepayments	**55**	1	**25**	-
Construction contract work in progress due from customers	**237**	-	**2**	-
Other receivables	**46**	6	**41**	17
	884	340	**1,625**	537

Notes to the financial statements

14. Cash and cash equivalents

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	**Company 31 December 2007 £'000**	Company 31 December 2006 £'000
Cash at bank and in hand	**586**	1	**80**	-
Short term bank deposits	**1,002**	-	**1,002**	-
	1,588	1	**1,082**	-
Bank overdraft	**-**	(510)	**-**	(364)
Cash and cash equivalents for the purposes of the cash flow statements	**1,588**	(509)	**1,082**	(364)

The Group's short term bank deposits are invested in money market deposits which match the forecasted operating cash requirements of the business. Details of these deposits are as follows:

Currency	**Balance invested £'000**	**Weighted average interest rate**	**Weighted average term**
Sterling	1,002	5.60%	12 days

15. Called up share capital

Group and Company

Authorised

The total number of authorised shares is 20,000,000 ordinary shares of £0.10 each. (2006: 100,000,000 ordinary shares of £0.01 each)

Issued and fully paid

The total amount of issued and fully paid shares is as follows:

	Ordinary shares	
	Number	**£'000**
At 31 December 2007	**14,022,336**	**1,402**
At 31 December 2006	71,250,000	713

The share capital movements are as follows:

Year ended 31 December 2007

Class	**Number**	**Price (pence)**	**Proceeds from share issue £'000**	**Purpose**
Ordinary shares of £0.10	1,910,000	10.0	-	Settlement of Directors' loans
Ordinary shares of £0.10	4,537,336	67.5	3,062	IPO
Ordinary shares of £0.10	450,000	70.0	315	Additional placing
	6,897,336		3,377	

On 3 April 2007, each of the 53,487,400 Ordinary 'A' shares of 1p each and 17,762,600 Ordinary 'B' shares of 1p each were converted and sub-divided into 7,125,000 Ordinary shares of 10p each.

On 3 April 2007, the authorised share capital was increased from £1,000,000 divided into 75,070,000 Ordinary 'A' shares of 1p each and 24,930,000 Ordinary 'B' shares of 1p each to £2,000,000 divided into 20,000,000 Ordinary shares of 10p each.

On 3 April 2007, the Company capitalised loans made by various Directors by issuing 1,910,000 Ordinary shares of 10p each at par value.

Notes to the financial statements

15. Called up share capital continued

On 21 June 2007, the Company issued 4,537,336 Ordinary shares of 10p each on admission to listing at the listing price of 67.5p giving rise to a share premium of £2,609,000.

On 18 July 2007, the Company issued 450,000 Ordinary shares of 10p each at the market price of 70p giving rise to a share premium of £270,000.

15 month period ended 31 December 2006

Class	Number	Price (pence)	Proceeds from share issue £'000	Purpose
Ordinary shares of £0.10	-	-	37	Payment of part paid shares

16. Share premium account

Group and Company

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Start of period	**-**	-
Premium on shares issued for cash (note 15)	**2,879**	-
Transaction costs	**(575)**	-
End of period	**2,304**	-

17. Share based payments

The Company adopted the Share Option Scheme on 3 April 2007 that provides for the granting of both EMI and unapproved options (Westminster Group Individual Share Option Agreements). The main terms of the option scheme are as follows:

1. Although no special conditions apply to the options granted in 2007, the model form agreement allows the Company to adopt special conditions to tailor an option for any particular employee;

2. The scheme is open to all full time employees and Directors except those who have a material interest in the Company. For the purposes of this definition, a material interest is either beneficial ownership of, or the ability to control directly, or indirectly, more than 30% of the Ordinary share capital of the Company;

3. The Board determines the exercise price of options before they are granted. It is provided in the scheme rules that options must be granted at the prevailing market price in the case of EMI options and must not be granted at an exercise price that is less than the nominal value of a share;

4. There is a limit that options over unissued shares granted under the scheme and any discretionary share option scheme or other option agreement adopted or entered into by the Company must not exceed 10% of the issued share capital; and

5. Options can be exercised on the second anniversary of the date of grant and may be exercised up to the 10th anniversary of granting. Options will remain exercisable for a period of 40 days if the participant is a "good leaver".

Notes to the financial statements

17. Share based payments continued

Details of the movements for the share option schemes during the year ended 31 December 2007 were as follows:

	31 December 2007	
	Number of options	Weighted average exercise price per share (p)
Outstanding at start of year	-	-
Granted during the year	581,585	33
Exercised during the year	-	-
Lapsed during the year	-	-
Forfeited during the year	(43,000)	10
Outstanding at end of year	538,585	35
Exercisable at end of year	-	-

The range of exercise prices and the weighted average remaining contractual life of share options outstanding at the end of the period are as follows:

Exercise Price	31 December 2007	
	Number outstanding at end of year	Weighted average remaining contractual life (in years)
10p	311,000	9.3
67.5p	203,585	9.5
74p	9,000	9.7
75p	15,000	9.7
Total	538,585	9.4

A Black-Scholes option pricing model was used to determine the fair value of share options at grant date. The assumptions used to determine the fair values of share options at grant dates were as follows:

	5 Apr 07	21 Jun 07	20 Sep 07	20 Sep 07
Number of options granted	354,000	203,585	15,000	9,000
Share price at date of grant	5.6	67.5	75.0	75.0
Exercise Price	10.0	67.5	75.0	74.0
Expected volatility	31%	31%	10.0%	10.0%
Average expected term to exercise (years)	3.2	3.0	4.0	4.0
Risk free rate	5.4	5.5	5.2	5.2
Expected dividends	-	-	-	-

For share options granted in 2007, the expected share price volatility was determined taking account of the historic daily share price movements.

As the Company was not quoted at the dates of granting of the share options before the admission to listing on 21 June 2007, the calculation of the expected volatility of the shares was estimated by comparisons of the historic volatility of a sample of securities of a similar size to the Company, listed on the AIM index, as well as the volatility of other listed companies in similar industries.

The average expected term to exercise used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk free rate has been determined from market yields for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant.

The amount recognised in the income statement in respect of share based payments was £8,000.

Notes to the financial statements

18. Reserves

Group	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2005	-	216	134	350
Total recognised income and expense	-	-	(522)	(522)
Revaluation increase	-	49	-	49
Deferred tax arising from revaluation	-	(12)	-	(12)
At 31 December 2006	**-**	**253**	**(388)**	**(135)**
At 1 January 2007	**-**	**253**	**(388)**	**(135)**
Total recognised income and expense	-	-	(353)	(353)
Share based payments	8	-	-	8
Deferred tax adjustments	3	12	-	15
At 31 December 2007	**11**	**265**	**(741)**	**(465)**

Company	Share based payment reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2005	-	216	(20)	196
Total recognised income and expense	-	-	(51)	(51)
Revaluation increase	-	49	-	49
Deferred tax arising from revaluation	-	(12)	-	(12)
At 31 December 2006	**-**	**253**	**(71)**	**182**
At 1 January 2007	**-**	**253**	**(71)**	**182**
Total recognised income and expense	-	-	(414)	(414)
Share based payments	8	-	-	8
Deferred tax adjustments	3	12	-	15
At 31 December 2007	**11**	**265**	**(485)**	**(209)**

19. Borrowings

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	**Company 31 December 2007 £'000**	Company 31 December 2006 £'000
Non-current				
Finance lease agreements	**-**	16	**-**	**-**
	-	16	**-**	**-**
Current				
Bank overdraft (secured)	**-**	509	**-**	364
Directors loan accounts	**-**	92	**-**	92
Finance lease agreements	**14**	5	**-**	-
	14	606	**-**	456

Notes to the financial statements

20. Trade and other payables

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	**Company 31 December 2007 £'000**	Company 31 December 2006 £'000
Current				
Trade payables	**281**	150	**48**	7
Other taxes and social security payable	**29**	38	**21**	12
Accruals	**113**	67	**69**	31
Deferred income	**44**	-	**-**	-
	467	255	**138**	50

Deferred income relates to amounts received from customers at year end but not yet earned.

21. Deferred tax liabilities

Deferred tax is calculated in full on temporary differences under the liability method.
The movement on the deferred tax liability account is as shown below:

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	**Company 31 December 2007 £'000**	Company 31 December 2006 £'000
Beginning of the year	**64**	-	**64**	-
Movement for the year/period	**(12)**	64	**(12)**	64
End of the year/period	**52**	64	**52**	64

The deferred tax liability wholly relates to the revalued property.

22. Financial risk factors

The Group is subject to a number of financial risks which may be summarised as follows:

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and US dollar. The Group's policy is to match the currency of the order with the principal currency of the supply of the equipment. Where it is not possible to match those foreign currencies, the Group considers hedging exchange risk through a variety of hedging instruments such as forward rate agreements.

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each trade receivable in the balance sheet. In the case of material sales transactions, the Group usually demands an initial deposit from customers and generally seeks to ensure that the balance of funds is secured by way of letter of credit or similar instruments.

(c) Interest rate risk

The Group has minimal borrowing at present and consequently does not hedge interest rate risk. Surplus cash is deposited only with banks with excellent credit ratings. Given the high credit ratings, management do not expect any counterparty to fail to meet its obligations.

Notes to the financial statements

23. Operating lease commitments

The Group and the Company lease various offices under non-cancellable operating lease agreements. The total annual commitments under these leases can be analysed as follows:

	Group £'000	Company £'000
Minimum lease payments under operating leases recognised as an expense in the year/period	64	83

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

As at 31 December 2006	Group Total Commitments Property £'000	Group Total Commitments Other £'000	Company Total Commitments Property £'000	Company Total Commitments Other £'000
Within one year	-	35	-	-
In the second to fifth years inclusive	-	62	-	-
After five years	-	-	-	-
	-	97	-	-

As at 31 December 2007	Group Total Commitments Property £'000	Group Total Commitments Other £'000	Company Total Commitments Property £'000	Company Total Commitments Other £'000
Within one year	18	10	-	-
In the second to fifth years inclusive	-	81	-	44
After five years	-	-	-	-
	18	91	-	44

Remaining lease terms range from 5 months to 3.25 years.

24. Related parties

Transactions with key management personnel

The Group has a related party relationship with its shareholders and with its Directors who are its Executive officers. Details of the Executive and Non-Executive Directors' remuneration is set out in the Remuneration Committee report on pages 22 to 24.

At the year end the following amounts were owed to the Directors:

	Group 31 December 2007 £'000	Group 31 December 2006 £'000	Company 31 December 2007 £'000	Company 31 December 2006 £'000
P. D. Fowler	-	30	-	30
P. J. Fowler[1]	-	59	-	59
R. Worrall	-	3	-	3
	-	92	-	92

[1]Resigned 18 May 2007

These amounts are included in current trade and other payables.

During the year the Directors loaned the business £99,000 which was converted to Ordinary share capital (see note 15).

Notes to the financial statements

24. Related parties continued

Transactions and balances between Group entities

At the period end, the following balances were owed to the Company by Group entities:

	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Westminster International Limited	**1,362**	441
RMS Integrated Solutions Limited	**192**	52
Westminster Facilities Management Limited	**-**	-
Westminster Technologies Limited	**-**	-
	1,554	493

During the period £nil (2006: £3,000) was written off in respect to amounts due from Westminster Facilities Management Limited.

In the period £77,000 (2006: £119,000) was written off in respect of amounts due from Westminster Technologies Ltd.

During the period management charges were made from Westminster Group Plc to its subsidiary companies as follows:

	Company 31 December 2007 £'000	Company 31 December 2006 £'000
Westminster International Limited	328	279
RMS Integrated Solutions Limited	106	37
Westminster Facilities Management Limited	-	-
Westminster Technologies Limited	-	188
	434	504

25. Subsidiary undertakings

The subsidiary undertakings at 31 December 2007 are as follows:

Name	**Country of incorporation**	**Principal activity**	**% of nominal Ordinary share capital and voting rights held**
Westminster International Limited	England	Advanced technology	100
RMS Integrated Solutions Limited	England	Low voltage systems	100
Westminster Technologies Limited	England	Non-trading	100
Westminster Facilities Management Limited	England	Dormant	100

Notes to the financial statements

26. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgements in these financial statements are areas such as revenue recognition, share options, revaluation of freehold property and bad debt and doubtful debts.

Revenue recognition

Recognition of income is considered appropriate when all significant risks and rewards of ownership are transferred to third parties. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion, where the stage of completion can be assessed with reasonable accuracy. Revenue is calculated to reflect the substance of the contract, and is reviewed on a contract-by-contract basis, with revenues and costs at each divisible stage reflecting known inequalities of profitability.

Share options

With regard to the share options outstanding, the fair values have been estimated using a Black-Scholes model in accordance with the judgemental assumptions set out in note 17.

Revalued freehold property

The Company owns a freehold property which is carried at a revalued amount. The carrying value of this property is based on a recent professional valuation. Management plan to conduct periodic revaluations of the property, although where market conditions dictate that there may be a material change in value, further valuations may be necessary.

Bad and doubtful debts

Where a trade or other receivable may not be collectable Management, based on its judgement, may either provide for all or part of the outstanding balance.

Notes to the financial statements

27. Transition to IFRS

The transition from UK GAAP to IFRS has been made in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"). Set out below are the UK GAAP to IFRS equity reconciliations for the Group and the Company at 30 September 2005 (date of transition) and 31 December 2006 (last financial statements under UK GAAP) and profit reconciliation for the 15 month period ended 31 December 2006. There is no material effect of transition on the cash flow statement other than reclassifications.

Balance sheet

Group	***Note***	UK GAAP 30 Sep 2005 *£'000*	Prior period adjustment *£'000*	Effect of transition *£'000*	IFRS 30 Sep 2005 *£'000*
Non-current assets					
Property, plant and equipment	a	862	-	96	958
		862	-	96	958
Current assets		958	-	-	958
Total assets		1,820	-	96	1,916
Equity					
Share capital		675	-	-	675
Revaluation reserve	a	198	-	44	242
Retained earnings		134	-	-	134
		1,007	-	44	1,051
Non-current liabilities					
Interest bearing loans and borrowings		34	-	-	34
Deferred tax liability	b	-	-	52	52
		34	-	52	86
Current liabilities		779	-	-	779
Total liabilities		813	-	52	865
Total equity and liabilities		1,820	-	96	1,916

Notes to the financial statements

27. Transition to IFRS continued

Group

	Note	UK GAAP 31 Dec 2006 £'000	Prior period adjustment £'000	Effect of transition £'000	IFRS 31 Dec 2006 £'000
Non-current assets					
Property, plant and equipment	a	866	-	119	985
Deferred tax asset	b	-	107	-	107
		866	107	119	1,092
Current assets		427	-	-	427
Total assets		1,293	107	119	1,519
Equity					
Share capital		713	-	-	713
Revaluation reserve	a	198	-	55	253
Other reserves		12	-	(12)	-
Retained earnings		(506)	107	12	(387)
		417	107	55	579
Non-current liabilities					
Interest bearing loans and borrowings		15	-	-	15
Deferred tax liability	b	-	-	64	64
		15	-	64	79
Current liabilities		861	-	-	861
Total liabilities		876	-	64	940
Total equity and liabilities		1,293	107	119	1,519

Notes to the financial statements

27. Transition to IFRS continued

Consolidated Income statement

	Note	UK GAAP 15 month period ended 31 Dec 2006 *£'000*	Prior period Adjustment *£'000*	Effect of transition *£'000*	IFRS 31 Dec 2006 *£'000*
Revenue		2,159	-	(148)	2,011
Cost of sales		(1,582)	-	178	(1,404)
Gross Profit		577	-	30	607
Administrative expenses		(1,160)	-	313	(847)
Loss before financing costs		(583)	-	343	(240)
Financing costs		(46)	-	-	(46)
Finance income		-	-	-	-
Loss before tax		(629)		343	(286)
Income tax benefit	c	-	107	-	107
Loss continuing operations		**(629)**	**107**	**343**	**(179)**
Loss on discontinued activities		-	-	(343)	(343)
Loss for the financial year		**(629)**	**107**	**-**	**(522)**
Loss attributable to:					
Equity holders of the Group	c	(629)	107	-	(522)
Minority interest		-	-	-	-
		(629)	**107**	**-**	**(522)**

A reconciliation of cash flow statements has not been presented as the cash flow statements were unaffected by the transition to IFRS.

Notes to the financial statements

Notes

a. *Revaluation of land and buildings*

Under UK GAAP, land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their re-valued amounts; being the fair value on the basis of their existing use at the date of revaluation. Under IFRS, the carrying value is permitted to be the market value, deemed to be the highest possible price that could be obtained for the land and buildings. Accordingly, if valued for residential purposes the valuation would have been an amount in excess of the commercial fair value. The excess valuation was credited, net of deferred tax liabilities to the revaluation reserve.

b. *Deferred tax*

Under IFRS, deferred tax is recognised in respect of all temporary differences arising between the tax base and the accounting base of balance sheet items. This means deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under UK GAAP. IFRS also requires separate disclosure of deferred tax assets and liabilities on the face of the balance sheet.

Under UK GAAP the deferred tax liability on the revaluation of the freehold property would not have been recognised unless there was a binding agreement to dispose of the property and if it was more likely than not that the taxable gain would be rolled over into replacement assets and charged to tax only where the replacement assets are sold. Under IFRS, a full provision is recognised irrespective of intent. The deferred tax liability is not recognised in the income statement as the Company has adopted a policy of revaluation of the freehold property, recognising the deferred taxation charge in equity.

c. *Prior year adjustment*

In the IFRS historic financial information published in the Admission Document, a deferred tax benefit was recognised in the period to 31 December 2006 of £107,000, which was not recognised in the UK GAAP financial statements for that period due to omission.

Company information

Company number 03967650

Directors

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Nicholas Mearing-Smith
Stuart Fowler
Roger Worrall

Non-Executive
Lt. Col. Sir Malcolm Ross (Chairman)
Sir Michael Pakenham

Secretary
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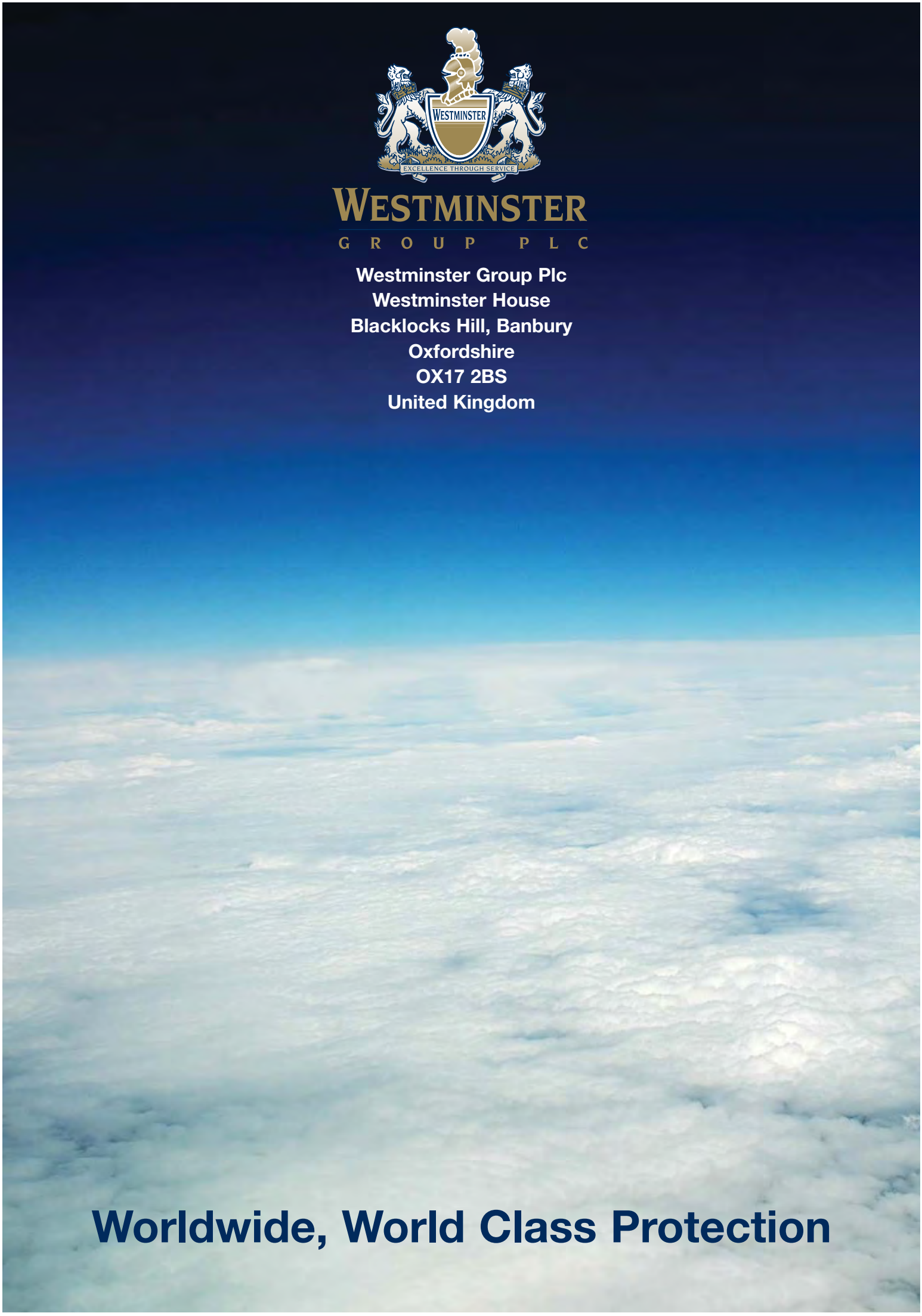
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