WESTMINSTER
GROUP PLC

Westminster Group plc

Interim Report 2007

Highlights

- Successful IPO raising £3.1m
- Subsequent placing of 450,000 shares at 70p per share (flotation price 67.5p)
- Significantly strengthened balance sheet with £2.1million net cash
- Open quote bank increased by £150m
- Enquiries up 17% compared to 2006
- New agents appointed in Indonesia, Malaysia and Columbia bringing total to over 60 worldwide
- Contracts won in Perimeter Fencing, Scanning equipment, Banking security systems and Microfilm window blast proof protection. (post period end)
- Customers include BP, British Council, International Atomic Energy Agency
- Middle East sales office opened in Dubai Office

Chairman's Review

I am pleased to provide this, my first report as Chairman of the Westminster Group Plc ('the Group'), in what has been a significant period in our history. The successful flotation on AIM in June 2007 ensures that we can continue to expand our operating base, strengthens our balance sheet and allows us to invest further in our delivery network.

Many emerging economies are benefiting from the opportunities and prosperity presented by international trade and are flourishing as a result. In order to fully capitalise on these market opportunities, Governments and large corporations have no alternative but to invest in effective security, defence, fire and safety solutions, to protect their commercial interests and staff from the ever-present threat of international terrorism. Following the recent IPO, the Group is now much better positioned to capitalise on these opportunities through our network of agents located in over 40 countries worldwide, who continue to be active in identifying and developing opportunities to sustain our future growth.

The Group has continued to make strong progress in developing its pipeline of new business opportunities, growing its open quote bank by £150m in the first six months of 2007. Enquiries are also accelerating at an unprecedented rate, with the size and complexity of our clients' requirements also significantly increasing. The enhanced profile of the Westminster Group and the demonstrable ability to work with clients and suppliers to find innovative and effective solutions, combined with the benefits of the successful IPO, enable the board to be confident of further opportunities to penetrate this fast evolving sector.

In providing this report I would like to take the opportunity to express my appreciation to all our employees who have worked extremely hard during the period, particularly given the extra workload relating to the IPO. Our success and achievements to date are largely down to their efforts. I was particularly pleased to see that a number of our employees decided to invest personally in our shares at the IPO.

Lt. Col Sir Malcolm Ross GCVO, OBE
Chairman

2 Chief Executive's Review

Overview

The Group's principal activity is the design, supply and ongoing support of advanced technology solutions in the security, defence, fire and safety markets. Westminster sells to Governments and related agencies, high profile non-governmental organisations and blue chip commercial organisations. Our clients are served through a network of more than 60 agents located in over 40 countries. Apart from our international reach, our key strengths are our independence from equipment manufacturers, superior product knowledge and our pride in high service levels.

The decision to focus on our more lucrative international markets, where competition is less pronounced in comparison to the Group's traditional markets, is starting to pay dividends. We have reinforced our position as a credible international security organisation and are pleased with the increased size and quality of the contracts for which we have been selected to tender, although the principal benefits from the increased levels of corporate activity are likely to be reflected in later accounting periods.

Operations review

Trading in the first half of 2007 was in accordance with management's expectations and the highlights include:

- Open quote bank increased by £150m
- Enquiries up 17% compared to 2006
- Successful IPO raising £3.1m
- Significantly strengthened balance sheet with £2.1m net cash
- New agents appointed in several countries

Activity levels

The credibility of the Westminster Group has been significantly enhanced in 2007 not least by the success of the IPO and the status provided by a London Stock Market listing. Whilst revenues for the half year to 30 June show modest growth, a number of significant contract wins have been announced since the period end. The Group is also in late stage negotiations for a number of high profile projects in the Middle East which leads the Board to view growth prospects for the full year with confidence. Recent contract awards include the securing of repeat business to fit out branch offices of a leading African banking group, following the previously successful implementation of pilot systems to its HQ offices; substantial orders valued at $0.5m to supply specialist scanning devices and equipment to various Middle Eastern agencies and the supply of perimeter detection systems to a multi site operation of a global energy company based in the Yemen, valued at approximately $0.9m. The order book has increased from £1.5m at 30 June 2007 to £2.7m at 31 August 2007.

The Group responded to 691 enquiries during the first half of 2007, an increase of 17% over the first half of 2006. Whilst many of these are long term in nature and not all will convert into orders, the Board believes that the increasing rate of enquiries and quote activity underpins its confidence in the Group's growth prospects.

New agents

The Group's strategy is to continue to expand its network of local agents and breadth of product solutions provided. A local presence enables negotiations to be much more effective and fluid in nature yet can be controlled centrally, giving the Group much greater flexibility. Also, working closely with key suppliers has enabled our staff to more easily identify effective and innovative solutions, thereby benefiting our clients and enhancing our product and service offering. In accordance with our international expansion plans, investment has continued with new agents appointed in Indonesia, Malaysia, Columbia, Bulgaria, Thailand and the Philippines. These agents are already generating enquiries and orders. We are particularly pleased to have expanded our operations in South America where we have identified significant opportunities.

In addition, the Group has opened an office in Dubai to identify business development opportunities and provide after sales support to the Middle East region. We have appointed staff with considerable industry experience and local knowledge and leased prestigious offices on the 41st floor of the Emirates Towers, in the heart of the commercial centre of Dubai.

Financial review

The highlight of the period was the successful IPO in June 2007. The flotation raised £3.1m in cash before expenses. In response to investor demand, in July 2007 we issued 450,000 additional shares thereby raising a further £315,000 before expenses at the price of 70p per share, compared to the flotation price of 67.5p. This has enabled further investment in the Group's infrastructure to support the business, development of branch offices in key strategic locations, as well as the expansion and promotion of the strength of the Group's offering in target markets.

The Group recorded a modest 1% increase in revenues compared with the six months to 30 June 2006, which does not of course reflect the significant investment recently made in the Group since the end of the period, the benefits of which the Directors believe are yet to show through. Recognised income was split fairly evenly in the period between the overseas and UK operations. The Group continues to work for a variety of high profile international clients including BP, British Council and the International Atomic Energy Agency, as well as large UK lead contractors on a variety of significant residential and commercial developments.

Administrative expenses in the period increased to £396,000 and reflect both the investment in staff and development of our presence in the global market place. The Board is proud of the passion and efforts of its dedicated and enthusiastic team not only to find practical, innovative solutions to clients' needs but also to identify and negotiate leads from around the world. The costs of the IPO totalled £628,000 of which all but £66,000 have been offset against the share premium account.

Chief Executive's Review Continued

Overall the Group recorded a loss for the period of £182,000 representing a basic loss per share of 2.2p (2006: 3.0p). Eliminating the costs of the IPO and loss on discontinued activities, the adjusted loss per share remained fairly constant at 1.4p per share (2006: 1.5p).

The IPO has enabled the Group to repay bank borrowings and at 30 June 2007 we had cash reserves of £2.1m.

The Group now reports under International Financial Reporting Standards. The major result of the transition is that the Group can now value its freehold property on a market value basis.

Outlook

The increasing rate at which orders are being won has enabled the Group to start the second half of 2007 on a very positive note. The Board is confident that if the rate of contract wins continues, we would expect a solid financial performance for the full year.

The IPO involved a significant amount of staff time and effort. The Board continues to be impressed by our staff's dedication and enthusiasm. It is expected that with the IPO now completed, the business can focus solely on developing and closing contract opportunities.

We also made a commitment to enhance the Group's website to allow, in particular, for French and Spanish language versions which will be progressed throughout the second half of 2007. The development of the website is also crucial to the Group's strategic model and the ongoing work will improve the look and navigation around a rapidly expanding product offering, as well as improve the management of the website.

With resources in place to permit the development of the business, the Board looks forward with confidence to the second half of 2007 and beyond.

Peter Fowler
Chief Executive Officer

Consolidated income statement

	Note	**6 months to 30 Jun 2007** *Unaudited £'000*	6 month to 30 Jun 2006 *Unaudited £'000*	15 months to 31 Dec 2006 *Unaudited £'000*
Revenue		**706**	696	2,011
Cost of sales		**(481)**	(473)	(1,404)
Gross profit		**225**	223	607
Administrative expenses				
General		**(396)**	(345)	(847)
IPO preparation expenses		**(66)**	-	-
Total		**(462)**	(345)	(847)
Loss before financing costs		**(237)**	(122)	(240)
Financing costs		**(24)**	(19)	(46)
Finance income		**1**	-	-
Loss before tax		**(260)**	(141)	(286)
Income tax benefit	4	**78**	42	107
Loss from continuing operations		**(182)**	(99)	(179)
Loss on discontinued activities	5	**-**	(101)	(343)
Loss for the financial period		**(182)**	(200)	(522)
Loss per share (expressed in pence per share)				
Basic and fully diluted	6	**(2.2)**	(3.0)	(7.4)

6 Consolidated statement of changes in equity

	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**
Profit for period from continuing activities	-	-	-	-	1	1
Loss for period from discontinued activities	-	-	-	-	(81)	(81)
Total recognised income and expense for the period	-	-	-	-	(80)	(80)
Balance at 31 December 2005	**675**	**-**	**-**	**216**	**54**	**945**
Loss for period from continuing activities	-	-	-	-	(99)	(99)
Loss for period from discontinued activities		-	-	-	(101)	(101)
Total recognised income and expense for the period	-	-	-	-	(200)	(200)
Balance at 30 June 2006	**675**			**216**	**(146)**	**745**
Loss for period from continuing activities	-	-	-	-	(81)	(81)
Loss for period from discontinued activities	-	-	-	-	(161)	(161)
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	(242)	(205)
Proceeds from payment of part paid shares	38	-	-	-	-	38
Total recognised changes in equity for the period	38	-	-	37	-	38
Balance at 31 December 2006	**713**	**-**	**-**	**253**	**(388)**	**578**
Loss for period from continuing activities	-	-	-	-	(182)	(182)
Total recognised income and expense for the period	-	-	-	-	(182)	(182)
Directors loans converted into ordinary share capital	191	-	-	-	-	191
Share capital issued for cash	453	2,609	-	-	-	3,062
Expenses in connection with IPO	-	(562)	-	-	-	(562)
Share based payments	-	-	1	-	-	1
Total recognised changes in equity for the period	644	2,047	1	-	-	2,692
Balance at 30 June 2007	**1,357**	**2,047**	**1**	**253**	**(570)**	**3,088**

Consolidated balance sheet

	Note	**30 Jun 2007** *Unaudited* *£'000*	30 Jun 2006 *Unaudited* *£'000*	31 Dec 2006 *Unaudited* *£'000*
Assets				
Non-current assets				
Property, plant and equipment		**967**	972	985
Deferred tax asset		**185**	42	107
Total non-current assets		**1,152**	1,014	1,092
Current assets				
Inventories		**67**	157	86
Trade and other receivables		**665**	581	340
Current asset investments		**1,500**	-	-
Cash and cash equivalents		**646**	119	1
Total current assets		**2,878**	857	427
Total assets		**4,030**	1,871	1,519
Shareholders' equity				
Issued capital	9	**1,357**	675	713
Share premium		**2,047**	-	-
Share based payment reserve		**1**	-	-
Revaluation reserve		**253**	216	253
Retained earnings		**(570)**	(146)	(388)
Total equity		**3,088**	745	578
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	11	**9**	21	16
Deferred tax liabilities		**64**	52	64
Total non-current liabilities		**73**	73	80
Current liabilities				
Interest bearing loans and borrowings	11	**5**	514	606
Trade and other payables		**864**	539	255
Total current liabilities		**869**	1,053	861
Total liabilities		**942**	1,126	941
Total equity and liabilities		**4,030**	1,871	1,519

8 Consolidated cash flow statement

	Note	**6 months to 30 Jun 2007** *Unaudited £'000*	6 month to 30 Jun 2006 *Unaudited £'000*	15 months to 31 Dec 2006 *Unaudited £'000*
Cash flows from operating activities				
Loss for the financial period		**(182)**	(200)	(522)
Income tax expense		**(78)**	(42)	(107)
Finance income		**(1)**	-	-
Finance costs		**24**	19	46
Depreciation and amortisation		**20**	9	66
Increase in inventories		**19**	-	65
(Increase)/decrease in trade and other receivables		**(324)**	251	733
Increase/(decrease) in trade and other payables		**280**	336	(455)
Negative goodwill		**-**	-	(12)
Share-based payment		**1**	-	-
Interest paid		**(24)**	(19)	(46)
Tax paid		**-**	-	(2)
Net cash (used)/generated in operating activities		**(265)**	354	(234)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(8)**	(19)	(58)
Proceeds from disposal of property, plant and equipment		**-**	-	14
Acquisition of subsidiary net of cash acquired		**-**	-	(27)
Net cash used in investing activities		**(8)**	(19)	(71)
Cash flows from financing activities				
Gross proceeds from the issue of ordinary share capital		**3,062**	-	-
Proceeds from payment of part paid shares			-	38
IPO costs paid		**(228)**	-	-
Short term deposits		**(1,500)**	-	-
Loans from Directors		**96**	-	83
Repayment of borrowings		**-**	(10)	(34)
Finance lease repayments		**(2)**	(3)	(2)
Net cash generated/(used) from financing activities		**1,428**	(13)	85
Net change in cash and cash equivalents		**1,155**	322	(220)
Cash and cash equivalents at start of period		**(509)**	(682)	(289)
Cash and cash equivalents at end of period	8	**646**	(360)	(509)

Notes to the financial information

1. General information

Westminster Group plc together with its subsidiaries (together the Group) design, supply and provide ongoing support for advanced technology security, safety, fire and defence solutions to a variety of government and related agencies, non-governmental organisations and mainly blue chip commercial organisations. The Group operates through a global network of agents.

2. Basis of preparation

Prior to 2006 the Group prepared its audited financial statements under UK Generally Accepted Accounting Principles (UK GAAP). For the year ended 31 December 2007 the Group is required to prepare its annual consolidated financial statements in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)).

These interim financial statements have been prepared in accordance with the accounting policies set out below, taking into account the requirements and options in IFRS 1 'First-time adoption of International Financial Reporting Standards'. The Group has not adopted the reporting requirements of IAS 34 'Interim Financial Reporting'. The transition date for the Group's application of IFRS is 1 October 2005 and the comparative figures for 30 June 2006 and 31 December 2006 have been restated accordingly. Reconciliations of the balance sheets from previously reported UK GAAP to IFRS are shown in note 12.

The consolidated interim statements are prepared on the basis of all International Accounting Standards (IAS) and IFRS published by the International Accounting Standards Board (IASB) that are currently in issue. Elements of uncertainty still surround the application of IFRS as the EU may not endorse all IASB pronouncements, new interpretations may be issued by the International Financial Reporting Interpretations Committee (IFRIC) on existing standards and best practice continues to evolve. It is therefore possible that the accounting policies set out below may be updated by the time the Group prepares its first full set of financial statements under IFRS for the year ending 31 December 2007.

The information herein is unaudited and does not constitute statutory accounts. The comparative figures for the period ended 31 December 2006 are not the company's statutory accounts for that financial year. The statutory accounts for the period ended 31 December 2006, prepared under UK GAAP (the UK GAAP financial statements), have been reported on by the company's auditors and delivered to the Registrar of Companies. The interim financial statements are unaudited and have not been reviewed by the auditors.

3. Accounting policies

This interim financial information has been prepared on the basis of the accounting policies set out in the Group's historical financial information set out in the IPO admission document other than the following new policy.

(a) Share-based Payments

The Group operates an equity-settled share-based compensation plan. The fair value of the employee and other 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. For plans that include market based vesting conditions, the fair value at the date of grant reflects these conditions.

Fair value is determined using the Black-Scholes methodology. 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 accounts.

Notes to the financial information

4. Taxation

A deferred tax benefit has been recognised in respect of the losses incurred in the period to 30 June 2007 at 30%, being the effective Group rate currently anticipated for the financial year ending 31 December 2007.

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. The difference in treatment arose from the perception of certainty of recovery of those losses in future years, which was affected by the IPO itself. This difference will be recognised as an IAS 8 adjustment on transition in the annual accounts.

5. Loss on discontinued activities

The Company's loss making subsidiary, Westminster Technologies Limited, ceased to trade in June 2006. Various property, plant and equipment and inventories were disposed of and certain liabilities were transferred to other Group companies.

6. 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 period.

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

	Period to 30 Jun 2007	Period to 30 Jun 2006	15 months to 31 Dec 2006
	Unaudited	*Unaudited*	*Unaudited*
	#'000	*#'000*	*#'000*
Issued ordinary shares			
Start of the period [1]	**7,125**	6,750	6,750
Effect of shares issued during the period	**1,190**	-	300
Weighted average number of shares for period	**8,315**	6,750	7,050

[1] The consolidation of the Company's capital on 3 April 2007 (note 9) potentially distorts the view of the loss per share. Accordingly, for the purposes of presenting loss per share, the consolidation of the Company's capital from ordinary shares of 1p each to ordinary shares of 10p each (note 9) has been treated as if it had been effective throughout each of the reporting periods.

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

	Period to 30 Jun 2007	Period to 30 Jun 2006	15 months to 31 Dec 2006
	Unaudited	*Unaudited*	*Unaudited*
Loss attributable to equity shareholders of the Company (£'000)	**(182)**	(200)	(522)
Weighted average number of shares ('000)	**8,315**	6,750	7,050
Loss per share (pence)	**(2.2)**	(3.0)	(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 181,402 shares and solely comprise the dilutive effect of the share options issued under the share option scheme.

6. Loss per share continued

The adjusted loss per share has been presented to show the impact on basic earnings per share of the IPO preparation expenses and the loss on discontinued activities is as follows:

	Period to 30 Jun 2007	Period to 30 Jun 2006	15 months to 31 Dec 2006
	Unaudited £'000	*Unaudited £'000*	*Unaudited £'000*
Loss attributable to equity shareholders of the Company	**(182)**	(200)	(522)
Loss on discontinued activities	**-**	101	343
IPO preparation expenses	**66**	-	-
	(116)	(99)	(179)
Weighted average number of shares ('000)	**8,315**	6,750	7,050
Adjusted loss per share (pence)	**(1.4)**	(1.5)	(2.5)

7. Current asset investments

	Period to 30 Jun 2007	Period to 30 Jun 2006	15 months to 31 Dec 2006
	Unaudited £'000	*Unaudited £'000*	*Unaudited £'000*
Short term deposits	**1,500**	-	-

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	1,500	5.78%	71 days

8. Cash and cash equivalents

	30 Jun 2007 *Unaudited £'000*	30 Jun 2006 *Unaudited £'000*	31 Dec 2006 *Unaudited £'000*
Cash at bank and in hand	**646**	119	1
Cash and cash equivalents	**646**	119	1

9. Share capital
Group and Company

Authorised

	Ordinary shares	
	Number	**£'000**
At 30 June 2007		
Ordinary shares of 10p each	**20,000,000**	**2,000**
At 31 December 2006		
Ordinary A shares of 1p each	75,070,000	751
Ordinary B shares of 1p each	24,930,000	249
	100,000,000	1,000

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

	Ordinary shares	
	Number	**£'000**
At 30 June 2007	**13,572,336**	**1,357**
At 31 December 2006	71,250,000	713

The share capital movements since 31 December 2006 are as follows:
On 3 April 2007 the 53,487,400 ordinary A shares of 1p each and the 17,762,600 ordinary B shares of 1p each were re-designated as 71,250,000 ordinary shares of 1p each. In addition, on the same day the 1p ordinary shares were consolidated into ordinary shares of 10p each. Also, the authorised share capital was increased from £1,000,000 to £2,000,000 by creating 10,000,000 ordinary shares of 10p each.

On 19 April 2007, the Company issued 1,910,000 ordinary shares of 10p each at par value, which were used to repay loans made by the Directors.

On 21 June 2007, the Company issued 4,537,336 ordinary shares of 10p each on IPO at the listing price of 67.5p per share giving rise to a share premium of £2,608,968.

Post balance sheet event
On 19 July 2007, the Company raised a further £315,000 by placing 450,000 ordinary shares of 10p each at a price of 70p per share.

10. Share options

The Company adopted a Share Option Scheme on 3 April 2007 and on 5 April 2007 granted 175,000 EMI options to certain employees of the Group and 121,000 unapproved options to non-qualifying employees of the Group. These options have an exercise price of 10p. The Company also granted 58,000 unapproved options under separate option agreements on 5 April 2007 to non-executive directors and overseas employees of the Group. These options also have an exercise price of 10p and no performance related conditions.

The pre-IPO options granted, except those granted to non-executive directors, were granted such that half vested immediately and the other half vest on the second anniversary of the date of grant. The options granted to non-executive directors will vest and become exercisable on the second anniversary of the date of grant.

In addition, the Company granted unapproved options over 67,862 ordinary shares to Sir Malcolm Ross at an exercise price of 67.5p and a further 135,723 unapproved options to JM Finn & Company Limited at an exercise price of 67.5p.

	30 Jun 2007	
	Number of options	*Weighted average exercise price per share (p)*
Outstanding at start of period	-	-
Granted during the period	557,585	31
Forfeited during the period	(15,000)	10
Outstanding at end of period	542,585	32
Exercisable at end of period	154,500	10

11. Financial liabilities

2007	**30 Jun 2007** *Unaudited £'000*	30 Jun 2006 *Unaudited £'000*	31 Dec 2006 *Unaudited £'000*
Current			
Bank loans and overdrafts	-	479	510
Hire purchase	**5**	5	5
Directors loans	-	30	91
	5	514	606
Non-current			
Hire purchase	**9**	21	16
	9	21	16

On 19 April 2007, the Company issued 1,910,000 ordinary shares of 10p each at par value, which were used to repay loans made by the Directors (note 9).

12. 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"). The following note describes the effects of the transition to the IFRS balance sheets as at 1 October 2005 and 31 December 2006 for the Group. There is no material effect of transition on the income statement and cash flow statement other than reclassifications.

Group

	Note	UK GAAP 30 Sept 2005 *£'000*	Effect of transition *£'000*	IFRS 30 Sept 2005 *£'000*
Non-current assets				
Property, plant and equipment	a	862	70	932
		862	70	932
Current assets		958	-	958
Total assets		1,820	70	1,890
Equity				
Share capital		675	-	675
Revaluation reserve	a	198	18	216
Retained earnings		134	-	134
		1,007	18	1,025
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	70	1,890

12. Transition to IFRS continued

Group

	Note	UK GAAP 31 Dec 2006 £'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	226	1,092
Current assets		427	-	427
Total assets		1,293	226	1,519
Equity				
Share capital		713	-	713
Revaluation reserve	a	198	55	253
Other reserves		12	(12)	-
Retained earnings		(506)	119	(387)
		417	162	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	226	1,519

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.

16 Advisers to the company

Nominated Adviser & Broker	J. M. Finn Capital Markets Ltd 4 Coleman St London EC2R 5TA Tel +44 (0)20 7600 1660 www.jmfinn.com
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