

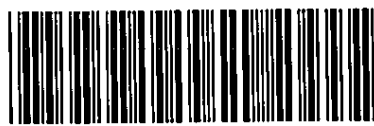
DAMOVO CORPORATE SERVICES LIMITED

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 January 2007

Registered Number: 4134744

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DAMOVO CORPORATE SERVICES LIMITED

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DAMOVO CORPORATE SERVICES LIMITED

STATUTORY INFORMATION

Directors

Salim Alam (appointed 08/06/2007)
Helen McCusker (appointed 02/12/2007)
Robert Contreras (resigned 10/05/2007)
Joseph Boyle (resigned 28/06/2007)
Michael Collins (resigned 30/04/2007)

Secretary

Christopher McMellon (appointed 02/12/2007)
Pinsent Masons Secretarial Services Limited

Registered Office

30 Aylesbury Street
London
EC1R 0ER

Independent auditors

PricewaterhouseCoopers LLP

Bankers

Royal Bank of Scotland plc

DAMOVO CORPORATE SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 January 2007

Business review and principal activities

The Company provides central support functions to the Damovo Group and generates turnover by charging other group companies for the provision of these services. The Company will continue to provide these services in the coming year.

The Company's loss for the year is £21,348,000 (2006 £27,143,000). The Directors do not recommend payment of a dividend.

Review of business and future developments

In the period October 2006 to June 2007 the Damovo Group was in discussions with its stakeholders regarding the restructuring of the debts owed by Damovo III S.A. to holders of its Senior Secured Notes due in 2012 ('the Noteholders'). The Restructuring of the Group's debts resulting from those discussions was concluded on 8 June 2007 when certain subsidiaries of the Damovo Group (including Damovo Corporate Services Limited) were acquired by a new company controlled by the Noteholders, Damovo Group Limited. The primary result of the Restructuring is that the Damovo Group's indebtedness is now significantly reduced. For further details refer to note 24, Post Balance Sheet Events.

Future outlook

At 31 January 2007, the Company had net current liabilities of £101,727,000 (2006 £84,538,000). At the same date, Damovo Corporate Services Limited had amounts owing to other Damovo group companies of £163,291,000 (2006 £142,926,000) and amounts due from Damovo group companies (net of provision for bad and doubtful debt as per note 4 and 12) of £7,304,000 (2006 £13,067,000 net of provision for bad and doubtful debt £10,236,000).

Damovo II S.à.r.l. has confirmed to the directors of Damovo Corporate Services Limited that it will seek to procure that its subsidiaries do not seek repayment of inter-company amounts owing by the company such that the company will be unable to meet its obligations to inter-company and external suppliers.

On this basis, the Directors consider it appropriate to prepare the accounts on a going concern basis.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Damovo Group, which include those of the company, are discussed on page 13 of the Damovo I S.à.r.l. consolidated group accounts which do not form part of this report.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors and their interests

The Directors who held office during the year are set out on page 3. No director had any beneficial interest in the shares of the Company or any other group company during the year.

DAMOVO CORPORATE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that suitable accounting policies have been used in the preparation of the financial statements and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparation of the financial statements for the year ended 31 January 2007 and that applicable accounting standards as adopted by the European Union have been followed.

The Directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for sufficient internal controls to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are a Director at the date of approval of this report confirms that

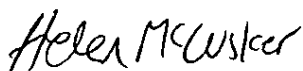
- So far as the Director is aware, there is no relevant audit information of which Company's auditors are unaware, and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



H McCusker
Director

30 January 2008

DAMOVO CORPORATE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAMOVO CORPORATE SERVICES LIMITED

We have audited the financial statements of Damovo Corporate Services Limited for the year ended 31 January 2007 which comprise the Income Statement, the Statement of Changes in Shareholders' Equity the Balance Sheets, the Cash flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

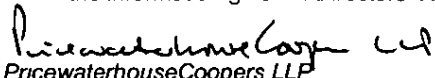
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 January 2007 and of its loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow 30 January 2008

DAMOVO CORPORATE SERVICES LIMITED

INCOME STATEMENT

	Notes	Year ended 31 January	
		2007	2006
		£'000	£'000
Revenue	2	9,200	10,467
Administrative expenses	3	(18,957)	(26 770)
Operating loss *	5	(9,757)	(16,303)
Finance costs	6	(15 448)	(12,560)
Finance income	6	3,586	1,553
Net finance costs		(11,862)	(11,007)
Loss before taxation		(21,619)	(27,310)
Taxation	9	271	167
Loss for the year	18	(21,348)	(27,143)

*Analysis of operating loss

	Notes	Year ended 31 January	
		2007	2006
		£'000	£'000
Operating profit before exceptional items, depreciation and amortisation		2,189	1,574
Exceptional items	4	(9,539)	(14,361)
Depreciation and amortisation		(2,407)	(3,516)
Operating loss		(9,757)	(16,303)

DAMOVO CORPORATE SERVICES LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Ordinary Shares	Retained loss	Total
	Notes	£'000	£'000	£'000
At 31 January 2005		-	(100,108)	(100,108)
Net loss recognised in the income statement	18	-	(27,143)	(27,143)
At 31 January 2006		-	(127,251)	(127,251)
Net loss recognised in the income statement	18	-	(21,348)	(21,348)
At 31 January 2007		-	(148,599)	(148,599)

DAMOVO CORPORATE SERVICES LIMITED

BALANCE SHEETS

	Notes	As at 31 January	
		2007	2006
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	10	864	3,382
Intangible assets	11	110	139
Investments in subsidiary undertakings	22	5	5
		979	3,526
Current assets			
Accounts receivable and other debtors	12	7,866	14,370
Cash and cash equivalents		7,297	1,114
		15,163	15,484
Total assets		16,142	19,010
Equity and liabilities			
Capital and reserves			
Profit and Loss Reserve	18	(148,599)	(127,251)
		(148,599)	(127,251)
Current liabilities			
Accounts payable and other creditors	13	116,875	99,480
Borrowings	14	15	161
Provisions	16	-	381
		116,890	100,022
Non-current liabilities			
Borrowings	14	47,851	46,239
		47,851	46,239
Total liabilities		164,741	146,261
Total equity and liabilities		16,142	19,010

The financial statements on pages 7 to 24 were approved by the Board of Directors on 30 January 2008 and were signed on its behalf by

Helen McCusker

Helen McCusker

Director

DAMOVO CORPORATE SERVICES LIMITED

CASH FLOW STATEMENT

	Notes	Year ended 31 January	
		2007	2006
		£'000	£'000
Cash flows from operating activities			
Cash generated from / (used in) operations	20	16,316	(484)
Interest paid		(15,397)	(11,827)
Interest received		755	254
Other financial income		3,131	1,478
Tax received		271	167
Net cash generated from / (used in) operating activities		5,076	(10,412)
Cash flows from investing activities			
Purchase of property, plant and equipment		(28)	(118)
Proceeds from sale of property, plant and equipment		-	15
Net cash used in investing activities		(28)	(103)
Cash flows from financing activities			
Repayment of bank borrowings		1,296	(30,126)
Repayment of finance leases	14	(161)	(160)
Repayment of shareholder term loan		-	(12,343)
Drawdown of group borrowings net of debt issuance costs		-	45,550
Net cash generated from financing activities		1,135	2,921
Increase / (decrease) in cash and cash equivalents		6,183	(7,594)
Movement in cash and cash equivalents			
Opening cash and cash equivalents		1,114	8,708
Net (decrease) / increase in cash and cash equivalents		6,183	(7,594)
Cash and cash equivalents at 31 January		7,297	1,114

DAMOVO CORPORATE SERVICES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Damovo Corporate Services Limited, a limited liability company domiciled in the United Kingdom, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with IAS 39 as explained below. Damovo Corporate Services Limited adopted IFRS as at 1 February 2006. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The financial statements also adhere to the provisions of UK company law.

Amendments to published standards effective in the year

IAS 19 (Amendment), 'Employee benefits', is mandatory for the company's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment has had no impact on the company's accounts.

Standards, amendments and interpretations effective in the year but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the company's operations:

- IAS 21 (Amendment), Net investment in a foreign operation
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions
- IAS 39 (Amendment), The fair value option
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts & IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources,
- IFRS 6, Exploration for and evaluation of mineral resources,
- IFRIC 4, Determining whether an arrangement contains a lease,
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds, and
- IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment

Interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 May 2006 or later periods but which the company has not early adopted:

- IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', were early adopted in 2006. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the company's financial instruments.
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent

DAMOVO CORPORATE SERVICES LIMITED

balance sheet date The company will apply IFRIC 10 from 1 January 2007 but it is not expected to have any impact on the company's accounts

Interpretations to existing standards that are not yet effective and not relevant for the company's operations

The following interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the company's operations

- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies (effective from 1 March 2006) IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the company entities has a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the company's operations
- IFRIC 8, Scope of IFRS 2 (effective from annual periods beginning on or after 1 May 2006) IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The company will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the company's accounts
- IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006) IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. IFRIC 9 is not relevant to the company's operations because none of the terms of the company's contracts have been changed

Foreign currency translation

British Pounds Sterling (GBP) is the presentation currency of the Company accounts. GBP is used by the Company for conducting the majority of its business, and also for reporting its results.

Where the Company carries out transactions in a different currency to its local one, the foreign currency amounts are translated at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies, such as trade receivables, trade payables and foreign currency bank accounts, are retranslated at the rate of exchange ruling at the balance sheet date. All differences arising on translating these amounts are taken to the income statement in the period in which they occur.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on a straight-line basis over the estimated useful life of the assets based on the following rates:

IT infrastructure and equipment	20 – 33%
Fixtures and fittings	20%

The book values of these assets are reviewed for impairment whenever changes in circumstances indicate those values may not be recoverable. If the book values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount is the greater of the estimated net sales price and the value in use. Value in use is calculated by discounting the estimated future cash flows arising from the asset's use to their present value.

DAMOVO CORPORATE SERVICES LIMITED

Intangible assets

Intangible assets comprise software licences and trademarks and are stated at cost less amortisation. Amortisation is calculated on a straight-line basis over the shorter of the estimated useful life of the assets, or the length of the licences based on the following rates

Software licences	33%
Trademarks	5%

The book values of these assets are reviewed for impairment whenever changes in circumstances indicate those values may not be recoverable

Revenue recognition

Revenue is the recharging of central support function costs to Damovo Group companies. These recharges include a profit element and depending upon the nature of the recharge, revenue is taken to the income statement when invoiced or in equal monthly instalments over the period for which the recharge relates

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less

Employee Benefits

Pensions and other post-employment benefits

The Company operates a defined contribution pension scheme for the benefit of all employees. The costs relating to this scheme are charged to the income statement account as they fall due. The Company provides no other post-retirement benefits to its employees

Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax arises due to temporary differences between the inclusion of income and expenses in the accounts and their effect on the underlying tax calculations of the Company. Deferred tax is provided for using the liability method

The main factors affecting deferred tax are differences between the accounting and tax treatment on goodwill, depreciation on fixed assets, provisions, pensions and tax losses carried forward

Where the effect of such temporary differences is to create a deferred tax asset, this is only recognised in the accounts to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset and is measured at the tax rates that are expected to apply when the asset is realised

Exceptional items

Items are classified as exceptional income or expenses where they are considered by the Company to be material and are different from events or transactions which fall within the ordinary activities of the Company and which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Details of the exceptional items are provided in note 4

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Details of provisions in existence at the balance sheet dates are provided in note 16

DAMOVO CORPORATE SERVICES LIMITED

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessor. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

The Company as a Lessee

Assets held under finance leases are recorded as assets of the Company at the date of acquisition at their fair value, or if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease, so as to achieve a constant rate on the finance balance outstanding.

Financial risk management

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not undertake any speculative treasury activities.

Foreign exchange risk

The Company operates primarily in the UK however there is some foreign exchange risk mainly associated with the Euro as a result of the majority of intercompany transactions being generated in Euro currency.

The risks arising from operational activities are generally short term in nature, and the Company's policy is to manage this through matching of cash flows in the relevant currencies. Gains and losses on these activities are fully reflected in the income statement of the period in which they arise.

The Company's debt is denominated in Euros and the Company is exposed to foreign exchange translation risk on that debt. This translation risk is unhedged.

Interest rate risk

Interest rate risk management is governed by the requirements of the Company's debt facilities agreements.

The Company's debt facilities carry variable interest terms based on 6 month EURIBOR. The interest rate risk is unhedged.

Liquidity and funding

The Company is financed through a mix of long and short term Group finance. Full details are given in note 14. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term funding requirements through the availability of an adequate amount of committed and uncommitted credit facilities.

International Accounting Standard 39

IAS 39 sets out requirements for the recognition and measurement of financial instruments, including derivatives and monetary assets and liabilities.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Issue costs are charged to the income statement over the life of the borrowings. On an ongoing basis, the Company measures its debt facilities at amortised cost using the effective interest method.

Debt issuance costs

Costs incurred in the issuance of debt instruments are capitalised and amortised over the maturity period of the debt to which the costs relate.

Critical Accounting Estimates

Group Undertakings

As a result of the financial restructure detailed at note 24 'Post balance sheet events', the company has fully provided for intercompany amounts receivable from Damovo Group S.A., Damovo III S.A. and Enterprise Digital Architects SpA in the year to 31 January 2007. It is assumed that all other amounts owed by and to group undertakings will be received and paid and therefore no provision has been made for these other amounts.

DAMOVO CORPORATE SERVICES LIMITED

2 Revenue

The Company's revenue and operating loss relate entirely to its principal activities in the United Kingdom

3 Analysis of expenses by nature

	2007	2006
	£'000	£'000
Depreciation and amortisation	2,407	3,516
Staff costs (including termination and redundancy)	2,808	3 685
All other operating expenses	13,742	19,569
	18,957	26,770

4 Exceptional items

Exceptional items have been charged to the income statement as follows

	2007	2006
	£'000	£'000
Administrative expenses	9,539	14 361

Year ended 31 January 2007

Items a), b), c) relate to the Group restructuring as discussed in note 24

- a) A provision for amounts receivable from group companies Enterprise Digital Architects SpA, Damovo Group S A and Damovo III S A of £7,084,503
- b) Costs of £2,705,794 in respect of the writing off the remaining debt issuance costs relating to the Group's former debt structure
- c) Cost of £230,559 restructuring professional fees
- d) Income of £510,000 being the release of a provision relating to a Scottish Executive grant received in 2002, following confirmation from the Scottish Executive that the company is not liable for the repayment of any of the amounts received
- e) Costs of £78,131 in respect of the relocation of the Company headquarters
- f) Income of £51,851 as a result of inter-company adjustment release with Damovo III S A

Year ended 31 January 2006

- a) Costs of £381,000 in respect of the relocation of the Company headquarters
- b) Costs were incurred on Damovo Group's disposal of its subsidiary in Slovakia generating an exceptional loss of £3,744,000
- c) A provision for amounts receivable from group companies Enterprise Digital Architects SpA and Damovo III S A of £10,236,000 was created in the year due to the effects of the Restructuring Agreement dated 20 December 2006

DAMOVO CORPORATE SERVICES LIMITED

5. Operating loss

Operating loss is stated after the following charges which require to be disclosed

	2007	2006
	£'000	£'000
Depreciation on assets		
- owned by the Company	2,229	3 093
- held under finance lease	145	235
Amortisation of intangible assets	33	188
Operating lease rentals payable		
- property	132	431
Services provided by the Company's Auditor		
- fees payable for the audit	25	25
- fees payable for other services	158	214

6. Finance costs and income

	2007	2006
	£'000	£'000
Interest expense payable		
- Bank borrowings	(14)	(1,102)
- Other group undertakings	(15,094)	(11,103)
- Finance lease interest	(9)	(7)
- Debt issuance costs amortisation	(331)	(348)
Finance costs	(15,448)	(12,560)
Interest income from bank deposits	455	254
Currency transaction gains arising on normal trading operations	3,131	1,299
Finance income	3,586	1,553

7. Staff costs

	2007	2006
	£'000	£'000
Wages and salaries	2,578	3,178
Social security costs	306	337
Pension costs – defined contribution plans	(76)	170
	2,808	3,685

The average number of employees in the year was 21 (2006 24)

The total remuneration of the key management during the year was £1,161,000 (2006 £2,091,000) including contributions to defined contribution pension plans of £96,000 (2006 £88,000)

Emoluments received by key management were for services to all Group companies

Key management is defined as the Board of Directors

DAMOVO CORPORATE SERVICES LIMITED

8. Directors' remuneration

	2007	2006
	£'000	£'000
Aggregate emoluments		
Aggregate emoluments (including benefits in kind)	1 065	2,003
Company pension contributions to money purchase scheme	96	88
	1,161	2,091
	2007	2006
	£'000	£'000
Highest paid director		
Aggregate emoluments (including benefits in kind)	431	937
Company pension contributions to money purchase scheme	63	58

9. Taxation

	2007	2006
	£'000	£'000
Current tax charge on taxable profits	-	4
Amount receivable from a group subsidiary in respect of group relief	(271)	(171)
	(271)	(167)

Reconciliation of income taxes

The tax charge on the Company's loss before tax has been based on the UK tax rate of 30%. A reconciliation of the effective tax rate for the current year tax charge is set out below

	2007	2006
	£'000	£'000
Loss before tax	(21,619)	(27,310)
Tax calculated at 30%	(6,486)	(8 193)
Prior year withholding tax reversal	-	3
Accelerated capital allowances and other timing differences	(53)	334
Expenses not deductible for tax purposes	6,264	7,658
Group relief not paid for	92	31
Adjustments in respect of previous periods	(88)	-
Tax credit	(271)	(167)

Deferred tax assets

The Company has an unrecognised deferred tax asset as noted below. This asset has not been recognised as it is unlikely that it will ever be recovered.

	2007	2006
	£'000	£'000
Accelerated capital allowances	6,973	7 173
Short term timing differences	164	16
Tax losses carried forward	4,500	13 408
Deferred tax asset not recognised	11,637	20,597

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9. Taxation (continued)

Non Adjusting Event

The 2007 Budget announced the rate of corporation tax will reduce by 2% to 28% from 1 April 2008. The deferred tax asset of the Company is expected to reduce by £775,779 taking into account this change.

10. Property, plant and equipment

	IT infrastructure & equipment	Fixtures & Fittings	Total
	£'000	£'000	£'000
Cost			
As at 1 February 2006	12,730	1,114	13,844
Additions	9	15	24
Disposals	(143)	(750)	(893)
As at 31 January 2007	12,596	379	12,975
Accumulated depreciation			
As at 1 February 2006	9,559	903	10,462
Depreciation charge	2,279	95	2,374
Disposals	(95)	(630)	(725)
As at 31 January 2007	11,743	368	12,111
Net book value			
As at 31 January 2006	3,171	211	3,382
As at 31 January 2007	853	11	864

Included within the above total as at 31 January 2007 are assets with a cost of £724,000 (2006 £724,000) and accumulated depreciation of £604,000 (2006 £460,000) that are subject to finance leases. Depreciation of assets held under finance leases was £145,000 (2006 £235,000).

11 Intangible assets

	Software licences	Other intangibles	Total
	£'000	£'000	£'000
Cost			
As at 1 February 2006	251	141	392
Additions	4	-	4
Disposals	(231)	-	(231)
As at 31 January 2007	24	141	165
Amortisation			
As at 1 February 2006	226	27	253
Amortisation	25	8	33
Disposals	(231)	-	(231)
As at 31 January 2007	20	35	55
Net book value			
As at 31 January 2006	25	114	139
As at 31 January 2007	4	106	110

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12. Accounts receivable and other debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	24,624	23,303
Provision for bad and doubtful debts - group undertakings	(17,320)	(10,236)
Amounts owed by other Damovo Group companies – net	7,304	13,067
Prepayments and accrued income	204	250
Sales taxes	130	165
Other debtors	228	888
	7,866	14,370

All amounts owed by group undertakings are repayable on demand £1,379,874 (2006 £1,640,431) bears interest at a rate of 7 15% p a , £116,762 (2006 £120,205) at a rate of 6 month EURIBOR + 8 0625% p a and £24,118 (2006 £24,829) at a rate of 5% p a All other amounts owed by group undertakings are non-interest bearing

13 Accounts payable and other creditors

	2007	2006
	£'000	£'000
Accounts payable	84	212
Amounts owed to group undertakings	115,440	96,702
Accruals	1,273	1,960
Social security and other taxes	77	73
Other creditors	1	533
	116,875	99,480

All amounts owed to group undertakings are repayable on demand £42,737,819 (2006 £43,997,816) bears interest at a rate of 12 0625% p a , £13,022,539 (2006 £0) at a rate of 6 month EURIBOR + 8 0625% p a , £9,771,959 (2006 £10,060,056) at a rate of 5 0625% p a , £818,618 (2006 £1,832,271) at a rate of BBA LIBOR + 1% margin p a and £7,231 (2006 £0) at a rate of EURIBOR + 1% margin p a All other amounts owed to group undertakings are non-interest bearing

14 Borrowings

	Group loans	Finance leases	Total
	£'000	£'000	£'000
Current borrowings			
As at 1 February 2006	-	161	161
Drawn	-	-	-
Repaid	-	(161)	(161)
Transfer from non current	-	15	15
As at 31 January 2007	-	15	15

	Group loans	Finance leases	Total
	£'000	£'000	£'000
Non current borrowings			
As at 1 February 2006	46,224	15	46,239
Drawn	-	-	-
Debt issuance costs	2,706	-	2,706
Amortisation of debt issuance costs	331	-	331
Exchange adjustment	(1,410)	-	(1,410)
Transfer to current	-	(15)	(15)
As at 31 January 2007	47,851	-	47,851

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14 Borrowings (continued)

The maturity of our financing instruments is as follows

Due as at 31 January 2007	Finance leases £'000	Group loans £'000	Total £'000
Within 1 year	15	-	15
2 - 5 years	-	-	-
After more than 5 years	-	47,851	47,851
	15	47,851	47,866

Financial liabilities

As at 31 January 2007, financial liabilities as defined by IAS 39 comprised borrowings, accounts payable and certain other creditors totalling £164,662,000 (2006 £148,332,000). Of these a total of £114,101,000 (2006 £107,175,000) is interest bearing and has an interest rate profile as follows

As at 31 January 2006	Fixed £'000	Floating £'000	Total £'000
Long term group loans	-	46,224	46,224
Finance leases	176	-	176
Intercompany loans repayable on demand	60,775	-	60,775
	60,951	46,224	107,175

As at 31 January 2007	Fixed £'000	Floating £'000	Total £'000
Long term group loans	-	47,851	47,851
Finance leases	15	-	15
Intercompany loans repayable on demand	66,235	-	66,235
	66,250	47,851	114,101

The floating rate liabilities above mature or reprice within six months of the period end

In accordance with the provisions of IAS 32, the carrying amounts and fair values of financing arrangements and their weighted average effective interest rates at the balance sheet date are set out below. The fair values have been calculated by discounting estimated future cash flows for each instrument using an interest rate that the directors' estimate would be available on similar instruments at the period end taking account of movements in market rates. The carrying amounts of accounts payable, accruals and other liabilities approximate their fair value due to the short maturity of these balances.

The Group loans

As at 31 January 2007	Carrying amount £'000	Fair value £'000	Interest rate %
Long term group loans	47,851	46,310	10.4%

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14 Borrowings (continued)

Financial assets

As at 31 January 2007, financial assets as defined by IAS 39 comprised cash, accounts receivable and certain other debtors. The combined carrying value as at 31 January 2007 is £14,616,000 (2006: £25,133,000). Of this total, cash of £7,297,000 (2006: £1,114,000) earns interest, at the bank variable rate.

15 Employee benefits

Pensions and other post-employment obligations

Defined contribution plan

The Group operates defined contribution pension plans for eligible employees. Contributions are paid by the member and/or the employer at fixed rates. The benefits secured at retirement or death reflect each employee's accumulated fund and the cost of purchasing benefits at that time. The charge for the year represents the employer's contribution, including accrued contributions at the balance sheet date. The credit to the income statement for defined contribution plans was £76,000 (2006: £170,000 charge). This credit was due to a pension rebate from the Scheme.

16. Provisions

	Provisions
	£'000
As at 1 February 2006	381
Unused amounts reversed	-
Utilised during the period	(381)
Charged to income statement	-
As at 31 January 2007	-

Provisions and its release relate to legal claims and costs in respect of the relocation of the Company headquarters.

17 Ordinary shares

The authorised share capital comprises one ordinary share of £1.

	2007	2006
	£	£
Authorised		
1 Ordinary share of £1 each	1	1
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

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18 Reserves

The reserves of the Company are shown below and reflect the transactions shown in the income statement and statement of changes in equity

	Profit and Loss Reserve £'000
As at 31 January 2005	(100,108)
Net loss for the year	(27,143)
As at 31 January 2006	(127,251)
Net loss for the year	(21,348)
As at 31 January 2007	(148,599)

19. Commitments and contingencies

Financial commitments

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

	2007 £'000	2006 £'000
Within 1 year	33	431
Between 2 and 5 years	38	1,723
Greater than 5 years	-	2,836
	71	4,990

In April 2006, the Company surrendered a non-cancellable operating lease in relation to the headquarters in Glasgow. The Company had 12 years remaining on the surrendered lease and has reduced future aggregate minimum lease commitments by approximately £5 million as a result.

Damovo Corporate Services Ltd is a guarantor of the €358m senior secured fixed and floating rate notes issued on 22 April 2005 by its associated company Damovo III S.A. Damovo Corporate Services has pledged the shares of its directly held subsidiaries as security for its guarantee obligations. Despite non-payment of the interest due on 31 October 2006, related to the notes, the guarantee was not called as of 31 January 2007 nor during the period to the conclusion of the Restructuring on 8 June 2007. Further details are in the note 24 to the accounts.

Except for the guarantees noted above, there are no contingent liabilities at 31 January 2007.

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20. Cash generated from operations

	2007	2006
	£'000	£'000
Continuing operations		
Loss before tax	(21 619)	(27,310)
Adjustments for non cash amounts, or cash movements not shown elsewhere in the cash flow statement.		
- Depreciation and amortisation	2 407	3,516
- Acquisition of investments	-	(5)
- Currency transaction (gain) / loss	(3 131)	(1 299)
- Loss/(profit) on sale of fixed assets and disposals	168	-
- Debt issuance costs	331	-
- Interest income	(755)	(254)
- Interest expense	15,397	12,560
	(7,202)	(12,792)
Effect on cash of changes in working capital		
- Accounts receivable and other debtors	6,504	2 104
- Accounts payable and other creditors	17,395	10,083
- Provisions	(381)	121
Cash (used in) / generated from operations	16,316	(484)

21 Related party transactions

The Company purchases and sells goods and services from fellow subsidiary companies in the ordinary course of business. The value of transactions and balances outstanding are set out below.

	2007	2006
	£'000	£'000
Damovo Group companies		
Purchases of goods and services from parent company during the period	8	11

22 Investments in subsidiary undertakings

	Country of incorporation	% owned	31 January 2007 Carrying value £'000	31 January 2006 Carrying value £'000
Damovo Mexico	Mexico	0.25%	5	5
Damovo UK Finance II Ltd	UK	100%	-	-

The Company investment in Damovo UK Finance II Ltd is 1 ordinary £1 share.

23. Ultimate Parent Undertaking

The ultimate parent undertaking at the 31st January 2007 was Damovo Group S A which is now in administration. Damovo I S à r l as the only direct subsidiary of Damovo Group S A prepared consolidated accounts of the Group for the year ended 31 January 2007, which are available to the public and may be obtained from Damovo I S à r l, 46A Avenue John F Kennedy, L-1855 Luxembourg.

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24 Post balance sheet events

During the financial year, the company's parent undertaking, Damovo Group S A (the "parent"), began discussions for a consensual restructuring with holders of the Senior Secured Notes due 2012, Senior Secured Floating Rate Notes due 2012 and Senior Secured Floating Rate Notes due 2010 (the "Notes") following default by its subsidiary Damovo III S A (a company not forming part of the group) on interest payments due to the holders of the Notes. Damovo III S A is the parent company of Damovo Holdings Italy S p A and Enterprise Digital Architects S p A.

On 25 April 2007, the parent and Damovo III S A went into administration and, as a result of Damovo III S A entering administration, the company's immediate subsidiary company, Damovo II S à r L, jointly and severally agreed to assume all of Damovo III S A's obligations under the Notes.

Also on 25 April 2007

- an exchange offer was launched by Damovo Group Limited (a new Cayman company created by the holders of the Notes) to allow holders of the Notes to exchange their Notes for shares in Damovo Group Limited,
- the exchange offer was accompanied by a consent solicitation which amended the indenture relating to the Notes in order to effect the restructuring,
- the administrators of the parent and Damovo III S A accepted an offer by Damovo Group Limited to acquire certain assets of Damovo Group S A, which include the company.

Therefore, the company, Damovo II S à r L, and the trading operations became subsidiaries of Damovo Group Limited. Damovo III S A and its subsidiaries remain separate from Damovo Group Limited and do not form part of the 'new' Damovo group.

The restructuring had no material adverse impact on the core operations of the group. The core trading operations in UK, Ireland, Germany, Belgium, Czech Republic, Switzerland, Poland, Brazil and Mexico continue to trade under the Damovo brand.

As a result of this restructure, the company has fully provided for inter-company amounts receivable from Damovo Group S A, Damovo III S A and Enterprise Digital Architects SpA in the year to 31 January 2007.