

---

**DAMOVO CORPORATE SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 January 2011

Registered Number: 4134744

TUESDAY



A27 \*A19Z4ZNQ\* 134  
29/11/2011  
COMPANIES HOUSE

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **CONTENTS**

	<b>Page</b>
Statutory information	3
Directors' report	4-6
Statement of directors' responsibilities	6
Independent auditor's report	7
Income statement	8
Statement of comprehensive income	9
Statement of changes in equity	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12 - 28

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **STATUTORY INFORMATION**

#### **Directors**

Salim Alam

Helen McCusker (appointed 17 December 2010)

Michael Sloan (resigned 17 December 2010)

#### **Secretary**

Robert G Hynd

#### **Registered Office**

Leroy House

436 Essex Road

London

N1 3QP

#### **Independent auditor**

Deloitte 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 2011

#### **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.

#### **Results and dividend**

The Company's loss for the year is £2,295,000 (2010 £5,419,000). The directors do not recommend payment of a dividend (2010 £Nil).

#### **Review of business and future developments**

The Company has established in prior years a number of inter-company loans resulting in it being in a net payables position to other group companies at the year end. It is not anticipated that this position will change in the foreseeable future.

At 31 January 2011, the Company had current assets of £7,914,000 (2010 £8,921,000) and current liabilities of £36,973,000 (2010 £37,115,000). At the same date, the Company had amounts owing to other Damovo group companies of £52,937,000 (2010 £50,352,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £7,050,000 (2010 £7,279,000).

In forming our conclusion on going concern the directors have placed reliance on a letter of support provided by Damovo Group Limited.

Damovo Group Limited, the ultimate parent company of Damovo Corporate Services Limited, has confirmed in writing to the directors of the Company 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.

Formal discussions have taken place between the Damovo Group and Holders of the EUR 50 million Loan Notes ('Note Holders') and, as a result, the following amendments to the Loan Note Instrument ('LNI'), which were agreed and set out in a Term Sheet between the Group and the required majority of the Note Holders and Shareholders, and came into effect on the same date:

- The maturity date of the Notes has been amended to 17 April 2012.
- Interest on the Notes will accrue at 15% p a from 1 August 2011 to 17 April 2012. This interest will not require to be paid in cash and will be capitalised and added to the principal of the Notes as at 17 April 2012.
- If the Notes are not repaid in full, on or before that date:
  - €10 million of the Notes will be converted into a limited recourse, zero coupon, convertible note,
  - €20 million of the Notes will remain outstanding on revised terms, including an interest coupon of 12% p a, and with a maturity date of 31 December 2014,
  - The amount of the Notes outstanding will be converted on 17 April 2012, into shares equivalent to 97.5% of the equity in the Damovo Group under a mechanism to be agreed subsequently, and
  - The covenants in the LNI will remain largely unchanged except that the minimum amounts of LTM EBITDA and "Available Cash" in the LNI no longer apply from the "Effective Date" (1 November 2011). The Term Sheet states that amendments to financial covenants be agreed at a future date between the Group and the Note Holders. Based on discussions with Note Holders and given that they would then own 97.5% of the equity in the Group, it is the directors' understanding that any amendments to these covenants would be set at levels which the Group would be able to meet, based on current forecasts.

Thus, the directors believe, that satisfactory arrangements for the adequate financing of the business of the Company, until, at least 12 months from the signing date of these accounts, have been made and that therefore these financial statements are appropriately prepared on a going concern basis.

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **DIRECTORS' REPORT (continued)**

#### **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 pages 5-6 of Damovo Group Limited consolidated group financial statements which do not form part of this report.

The key risk facing the Company is the impact any deterioration in financial performance of group undertakings would have on recoverability of balances due from those group undertakings.

#### **Key performance indicators ("KPIs")**

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

#### **Directors**

The directors who held office during the year and to the date of this report 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.

#### **Auditors and disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to be made 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

## **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 law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the board**



**Salim Alam**  
Director  
24 November 2011

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **INDEPENDENT AUDITOR'S 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 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 January 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

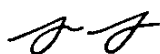
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



James Boyle CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Glasgow, United Kingdom  
25 November 2011

## DAMOVO CORPORATE SERVICES LIMITED

### INCOME STATEMENT

		Year ended 31 January 2011 £'000	Year ended 31 January 2010 £'000
	Notes		
<b>Continuing operations</b>			
Revenue	2	4 025	4,162
Administrative expenses		(3,015)	(3 896)
Non-recurring administrative expenses	3	(861)	(3 247)
Total administrative expenses		(3 876)	(7,143)
<b>Operating profit/(loss)</b>	4	<b>149</b>	<b>(2,981)</b>
Finance costs	6	(2,574)	(2 666)
Finance income	6	129	123
<b>Net finance costs</b>		<b>(2,445)</b>	<b>(2,543)</b>
<b>Loss before taxation</b>		<b>(2,296)</b>	<b>(5,524)</b>
Taxation	9	1	105
<b>Loss for the year</b>	18	<b>(2,295)</b>	<b>(5,419)</b>

All the activities of the Company are classed as continuing

The accompanying notes on pages 12 to 28 form part of these financial statements



## DAMOVO CORPORATE SERVICES LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 January 2011 £'000	Year ended 31 January 2010 £'000
Loss for the year	(2 295)	(5 419)
<b>Total comprehensive loss for the year</b>	<b>(2,295)</b>	<b>(5,419)</b>

### STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary shares £'000	Retained loss £'000	Total equity £'000
At 31 January 2009		-	(40,388)	(40,388)
Loss recognised in the income statement	18	-	(5 419)	(5 419)
<b>Total comprehensive loss for the year</b>		-	<b>(5,419)</b>	<b>(5,419)</b>
At 31 January 2010		-	(45,807)	(45,807)
Loss recognised in the income statement	18	-	(2 295)	(2 295)
<b>Total comprehensive loss for the year</b>		-	<b>(2,295)</b>	<b>(2,295)</b>
Issue of shares	17	687	-	687
<b>At 31 January 2011</b>		<b>687</b>	<b>(48,102)</b>	<b>(47,415)</b>


The accompanying notes on pages 12 to 28 form part of these financial statements

# DAMOVO CORPORATE SERVICES LIMITED

## BALANCE SHEET

		As at 31 January 2011 £'000	As at 31 January 2010 £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	99	90
Property, plant and equipment	10	111	37
Investments in subsidiary undertakings	21	5	5
Trade receivables and other debtors	13	32	93
		<b>247</b>	<b>228</b>
<b>Current assets</b>			
Derivative financial instruments	12	-	33
Trade receivables and other debtors	13	7 309	7 554
Cash and cash equivalents		605	1,334
		<b>7,914</b>	<b>8,921</b>
<b>Total assets</b>		<b>8,161</b>	<b>9,148</b>
<b>Equity</b>			
Share capital	17	687	-
Retained earnings	18	(48,102)	(45,807)
		<b>(47,415)</b>	<b>(45,807)</b>
<b>Current liabilities</b>			
Trade payables and other creditors	14	38 670	35 615
Provisions	16	303	1 300
		<b>38,973</b>	<b>37,115</b>
<b>Non-current liabilities</b>			
Trade payables and other creditors	14	18,603	17 838
		<b>18,603</b>	<b>17,838</b>
<b>Total liabilities</b>		<b>55,576</b>	<b>54,953</b>
<b>Total equity and liabilities</b>		<b>8,161</b>	<b>9,148</b>

The financial statements of Damovo Corporate Services Ltd, registered number 4134744, were approved by the Board of Directors on 24 November 2011 and were signed on its behalf by

  
Helen McCusker  
Director

  
Salim Alam  
Director

The accompanying notes on pages 12 to 28 form part of these financial statements

## DAMOVO CORPORATE SERVICES LIMITED

### CASH FLOW STATEMENT

		Year ended 31 January 2011 £'000	Year ended 31 January 2010 £'000
	Notes		
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	20	(1 170)	1 851
Interest paid		(132)	(792)
Interest received	6	-	12
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,302)</b>	<b>1,071</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and Intangible assets	10 11	(114)	(39)
<b>Net cash used in investing activities</b>		<b>(114)</b>	<b>(39)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share capital increase	17	687	-
<b>Net cash generated from financing activities</b>		<b>687</b>	<b>-</b>
<b>(Decrease) / Increase in cash and cash equivalents</b>		<b>(729)</b>	<b>1,032</b>
<b>Movement in cash and cash equivalents</b>			
Opening cash and cash equivalents		1,334	302
Net (decrease) / increase in cash and cash equivalents		(729)	1 032
<b>Cash and cash equivalents at end of year</b>		<b>605</b>	<b>1,334</b>

The accompanying notes on pages 12 to 28 form part of these financial statements

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are applied consistently and are set out below

##### **Basis of accounting**

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) 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 (Financial Instruments Recognition and Measurement) as explained 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.

##### **Going concern and financing arrangements**

At 31 January 2011, the Company had current assets of £7,914,000 (2010: £8,921,000) and current liabilities of £36,973,000 (2010: £37,115,000). At the same date, the Company had amounts owing to other Damovo group companies of £52,937,000 (2010: £50,352,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £7,050,000 (2010: £7,279,000).

In forming our conclusion on going concern the directors have placed reliance on a letter of support provided by Damovo Group Limited.

Damovo Group Limited, the ultimate parent company of Damovo Corporate Services Limited, has confirmed in writing to the directors of the Company 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.

Although the directors are confident that Damovo Group Limited will be able to provide the necessary support, in the event that this is not forthcoming, then a number of options exist to the directors, such as negotiations with external suppliers, renegotiations with inter-company counter parties or the raising of additional finance.

On this basis the directors have concluded that the adoption of the going concern basis remains appropriate.

##### **Adoption of new and revised Standards**

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements:

##### **Standards affecting presentation and disclosure**

IFRS 3 (revised 2008) Business Combinations  
IAS 27 (revised 2008) Consolidated and Separate Financial Statements  
IAS 28 (revised 2008) Investments in Associates

These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate. IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions.

The following amendments were made as part of Improvements to IFRSs (2009):

Amendment to IFRS 2 Share-based Payment: IFRS 2 has been amended, following the issue of IFRS 3 (2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2.

The amendment has been applied retrospectively in accordance with the relevant transitional provisions. There has been no material impact arising from the adoption of this standard.

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 Significant accounting policies (continued)**

**Amendment to IAS 17 Leases** IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17

The amendment has been applied retrospectively in accordance with the relevant transitional provisions. There has been no material impact arising from the adoption of this standard.

**Amendment to IAS 39 Financial Instruments: Recognition and Measurement** IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard.

The amendment has been applied retrospectively in accordance with the relevant transitional provisions. There has been no material impact arising from the adoption of this standard.

#### **Standards not affecting the reported results nor the financial position**

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

**IFRS 2 (amended) Group Cash-settled Share-based Payment Transactions** The amendment clarifies the accounting for share-based payment transactions between group entities.

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 (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial Instruments

IAS 24 Related Party Disclosures

IAS 32 Classification of Rights Issues

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of IFRS 9 which the Company plans to adopt for the year beginning on 1 February 2013 will impact both the measurement and disclosures of Financial Instruments.

The directors do not expect that the adoption of the other Standards listed above in future periods will have a material impact on the financial statements of the Company.

#### **Standards affecting the reported results and financial position (continued)**

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group except for the treatment of acquisition of subsidiaries and associates when IFRS 3 (revised 2008), IAS 27 (revised 2008) and IAS 28 (revised 2008) come into effect for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009.

#### **Foreign currency translation**

British Pounds Sterling (GBP) is the presentation currency of the Company's financial statements. 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. Monetary 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 end of the reporting period. All differences arising on translating these amounts are taken to the statement of comprehensive income in the period in which they occur.

---

## DAMOVO CORPORATE SERVICES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Significant accounting policies (continued)

##### 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%
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.

##### 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	20 - 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.

##### Investments

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

##### 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.

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 Significant accounting policies (continued)**

##### **Taxation**

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 Company's liability for current tax is calculated 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 amounts of assets and liabilities in the financial statements 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 generally 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 that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Non-recurring items**

Items are classified as non-recurring 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 non-recurring items are provided in note 3.

##### **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.

##### **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 lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight line basis 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.

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 Significant accounting policies (continued)**

##### **Financial risk management**

A discussion of the Company's financial risk management objectives and policies and the exposure of the Group to liquidity, market and credit risk is included within note 12 to the financial statements

##### **Derivative Financial Instruments**

International Accounting Standard 39 (IAS 39) sets out requirements for the recognition and measurement of financial instruments, including derivatives and monetary assets and liabilities

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 as the proceeds are received, net of transaction costs incurred

##### *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 Judgements**

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### *Group Undertakings*

The Company has fully provided for inter-company amounts receivable from Damovo Czech in the year to 31 January 2011 and in the year to 31 January 2010. 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.

#### **2. Revenue**

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

#### **3 Non-recurring items**

Items are classified as non-recurring when they are considered by the Company to be material and are different from events or transactions which fall within ordinary activities of the Company and which individually, or if of similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.



## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. Non-recurring items (continued)

Non-recurring items are made up of and have been charged / (credited) to the Income Statement as follows

	2011	2010
	£'000	£'000
Professional fees associated with 2007 restructuring of the Group	(72)	2 351
Provision against deposit paid to group supplier	-	134
Provision against inter-company receivable from Damovo Czech	869	630
Professional fees and taxes related to former group companies now in administration	-	101
Amortisation of re-financing expenses	64	31
<b>Non-recurring items included in operating loss</b>	<b>861</b>	<b>3,247</b>

#### 4 Operating profit / (loss)

Operating profit / (loss) is stated after following charges / (credits), which require to be disclosed

		2011	2010
	Notes	£'000	£'000
Depreciation on assets			
- owned by the Company	10	18	6
Amortisation of intangible assets	11	13	11
Operating lease rentals payable			
- property		25	31
Currency translation losses	6	9	160

#### 5 Auditor remuneration

	2011	2010
	£'000	£'000
Fees payable to the company's auditor for the audit of company financial statements	5	6
Fees payable to the company's auditor for other services		
- Non-audit services - taxation	-	8
	5	14

#### 6. Finance costs and income

	2011	2010
	£'000	£'000
Bank charges	(13)	(12)
Group undertakings interest	(3 008)	(2 903)
Currency translation gains	447	249
<b>Finance costs</b>	<b>(2,574)</b>	<b>(2,666)</b>
Interest income from bank deposits	-	12
Interest income from other group undertakings	129	111
<b>Finance income</b>	<b>129</b>	<b>123</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. Finance costs and income (continued)

##### Currency translation gains / (losses)

	2011	2010
	£'000	£'000
Currency translation gains / (losses) included in		
-Operating profit / (loss)	(9)	(160)
-Finance costs	447	249
<b>Total currency translation gains</b>	<b>438</b>	<b>89</b>

Currency translation gains and losses relate to the translation of the transactions and balances that are not denominated in the Company's functional currency, the British Pound. The gain of £438,000 in the year ended 31 January 2011 (2010: £89,000) is primarily due to the appreciation of British Pound against the Euro.

#### 7. Staff costs

		2011	2010
	Note	£'000	£'000
Wages and salaries		1,218	1,429
Social security costs		140	170
Pension costs – defined contribution plans	15	32	33
		<b>1,390</b>	<b>1,632</b>

The average number of employees in the year was 13 (2010: 14).

The total remuneration of the key management during the year was £803,000 (2010: £889,000) including contributions to defined contribution pension plans of £4,000 (2010: £4,000). Emoluments received by key management were for services to all group companies. Key management is defined as the Board of Directors and Chief Executive Officer.

#### 8. Directors' and key management remuneration

	2011	2010
	£'000	£'000
<b>Aggregate emoluments</b>		
Aggregate emoluments (including benefits in kind)	799	885
Company pension contributions to money purchase scheme	4	4
	<b>803</b>	<b>889</b>
	2011	2010
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments (including benefits in kind)	230	279
Company pension contributions to money purchase scheme	-	-
	<b>230</b>	<b>279</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 9 Taxation

	2011	2010
	£'000	£'000
Amount receivable from a group subsidiary in respect of group relief	(1)	(105)
<b>Total Tax</b>	<b>(1)</b>	<b>(105)</b>

#### Reconciliation of income taxes

The tax charge on the Company's loss before tax has been based on the UK tax rate of 28% (2010 28%)  
A reconciliation of the effective tax rate for the current year tax charge is set out as below

	2011	2010
	£'000	£'000
Loss before tax	(2 296)	(5 524)
Tax calculated at 28%	(643)	(1,547)
Expenses/(income not taxable) not deductible for tax purposes	915	2,074
Deferred tax not recognised	(249)	(632)
Adjustments in respect of previous periods	(24)	-
<b>Tax credit</b>	<b>(1)</b>	<b>(105)</b>

#### Deferred tax assets

The Company has an unrecognised deferred tax asset as noted below. It is not probable that taxable profits will be generated in the foreseeable future, against which deductible temporary differences and tax losses carried forward can be utilised.

	2011	2010
	£'000	£'000
Accelerated capital allowances	5 259	5 171
Short term timing differences	138	42
Tax losses carried forward	2 831	4 200
<b>Deferred tax asset not recognised</b>	<b>8,228</b>	<b>9,413</b>

The deferred tax asset of the Company has been calculated at 26% (2010 28%)

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Property, plant and equipment

	IT infrastructure & equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost</b>			
As at 31 January 2010	12 638	379	13 017
Additions in the year	92	-	92
<b>As at 31 January 2011</b>	<b>12,730</b>	<b>379</b>	<b>13,109</b>
<b>Accumulated depreciation</b>			
As at 31 January 2010	12 601	379	12 980
Depreciation charge for the year	18	-	18
<b>As at 31 January 2011</b>	<b>12,619</b>	<b>379</b>	<b>12,998</b>
<b>Net book value</b>			
As at 31 January 2010	37	-	37
<b>As at 31 January 2011</b>	<b>111</b>	<b>-</b>	<b>111</b>

#### 11. Intangible assets

	Software licences £'000	Other intangibles £'000	Total £'000
<b>Cost</b>			
As at 31 January 2010	34	141	175
Additions in the year	22	-	22
Disposals	-	-	-
<b>As at 31 January 2011</b>	<b>56</b>	<b>141</b>	<b>197</b>
<b>Amortisation</b>			
As at 31 January 2010	27	58	85
Amortisation for the year	6	7	13
Disposals	-	-	-
<b>As at 31 January 2011</b>	<b>33</b>	<b>65</b>	<b>98</b>
<b>Net book value</b>			
As at 31 January 2010	7	83	90
<b>As at 31 January 2011</b>	<b>23</b>	<b>76</b>	<b>99</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Financial risk management

##### Financial liabilities

Financial liabilities as defined by International Accounting Standard 39 (IAS 39) comprise trade payables and certain other creditors. The combined carrying value as at 31 January 2011 is £55,227,000 (2010 £53,539,000).

Of these a total of £30,173,000 (2010 £29,565,000) is interest bearing and has an interest rate profile as follows:

	Fixed	Floating	Total
As at 31 January 2011	£'000	£'000	£'000
Intercompany loans	16,659	13,514	30,173
	<b>16,659</b>	<b>13,514</b>	<b>30,173</b>

	Fixed	Floating	Total
As at 31 January 2010	£'000	£'000	£'000
Intercompany loans	15,867	13,698	29,565
	<b>15,867</b>	<b>13,698</b>	<b>29,565</b>

The floating rate liabilities of £13,325,000 (2010 £13,510,000) reprice every six months and £189,000 (2010 £188,000) every three months.

The carrying amounts of trade payables, accruals and other liabilities approximate their fair value due to the short maturity of these balances.

##### Financial assets

Financial assets as defined by IAS 39 comprise cash, trade receivables and certain other debtors. The combined carrying value as at 31 January 2011 is £7,659,000 (2010 £8,646,000 net of forward foreign exchange contract liability). Of this total, cash of £605,000 (2010 £849,000) earns interest at the bank variable rate and £ Nil (2010 £485,000) at the effective fixed rate of 0.73%.

##### Derivative financial instruments

IAS 39 sets out requirements for the recognition and measurement of financial instruments, including derivatives and monetary assets and liabilities. The Company, from time to time, will enter into derivative financial instruments to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date.

The resulting gain or loss is recognised in the Income Statement immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

As at 31 January 2011, there was an unrealised gain on a forward foreign exchange contract of £ Nil (2010 £33,000).

##### Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk (currency risk, cash flow interest rate risk), credit risk and liquidity risk. 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.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12 Financial risk management (continued)

##### *Market risk*

##### **Foreign exchange management**

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 inter-company transactions within the Damovo Group being undertaken in the Euro

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

Part of the Company's debt is denominated in Euros and the Company is exposed to foreign exchange translation risk on that debt. This translation also gives rise to a movement in reserves as a result of movements in the exchange rates. For every 10 per cent movement in the Euro, there is an approximate movement in equity of £5,363,000 (2010 £3,026,000)

##### **Interest rate management**

Interest rate risk management is governed by the interest rate risk on the Company's inter-company loans

The following Company's inter-company debt facilities carry variable interest terms

Interest rate	Inter-company balance £ '000
3 mth EUR LIBOR + 1%	189
6 mth EURIBOR + 8%	13,325
	<b>13,514</b>

The interest rate risk is unhedged. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company simulates interest rate movements based on the impact on profit and loss of a 200 basis point shift, which would be a maximum increase or decrease of £270,268 (2010 £273,954)

##### *Liquidity risk*

The Company is financed through a mix of long and short term finance. The liabilities of the Company are primarily amounts owed to Damovo group undertakings. Full details are given in note 14. The outstanding payables owed to group undertakings are not considered to be a significant liquidity risk. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term external funding requirements

The following table summarises the ageing of the liquidity risk

	Amounts owed to group undertakings	Trade payables	Accruals	Social security and other taxes	Total
Due as at 31 January 2011	£'000	£'000	£'000	£'000	£'000
Less than 1 month	34,334	307	1,984	45	36,670
	<b>34,334</b>	<b>307</b>	<b>1,984</b>	<b>45</b>	<b>36,670</b>

##### *Credit risk*

Credit risk arises from cash, cash equivalents, outstanding receivables and committed transactions. The Company holds minimal cash and cash equivalents, and the outstanding receivables are owed by group undertakings that are not considered to be a significant credit risk

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 13. Trade receivables and other debtors

	2011	2010
	£'000	£'000
<b>Amounts falling due after more than one year</b>		
Deferred expenses	32	93
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	10 813	10,173
Provision for bad and doubtful debts - group undertakings	(3,763)	(2 894)
Amounts owed by other Damovo Group companies – net	7,050	7 279
Trade receivables	7,953	8 050
Trade receivables - provision for bad and doubtful debts	(7 953)	(8 050)
	7 050	7 279
Prepayments and accrued income	146	143
Sales taxes	43	68
Deferred expenses	64	62
Other debtors	17,130	17,361
Other debtors - provision for bad and doubtful debts	(17 124)	(17 359)
	7,309	7,554

All amounts owed by group undertakings are repayable on demand £1,780,000 (2010 £1,805,000) bears interest at a rate of 7.15% p.a. All other amounts owed by group undertakings of £9,033,000 (2010 £8,368,000) are non-interest bearing. Amounts owed by group undertakings include balances with Damovo Czech, which are provided for in full at £3,763,000 (2010 £2,894,000) (see note 3). Trade receivables and other debtors include fully provided for balances owed by former group undertakings Enterprise Digital Architects SpA, Damovo Group S.A. and Damovo III S.A.

The carrying amounts of trade receivables and other debtors are equal to their fair values. As at 31 January 2011, trade receivables and other debtors of £28,841,000 (2010 £28,303,000) were impaired and fully provided for.

In the year to 31 January 2010, the Company made a deposit of £134,000 to a supplier to the Damovo Group on behalf of another Group undertaking.

In the year to 31 January 2009, an advance fee of £90,000 was paid to the Administrator of the former group undertakings, which was fully provided for.

The impaired receivables are as follows:

	2011	2010
	£'000	£'000
<b>Due as at 31 January</b>		
<b>Group undertakings</b>		
Damovo Ceska Republika s r o	3,763	2,894
<b>Former group undertakings</b>		
Enterprise Digital Architects SpA	6 878	6,960
Damovo Group S.A.	6,290	6,377
Damovo III S.A.	11 686	11,848
	24,854	25,185
Deposit with a group supplier	134	134
Administration fees and costs paid in advance	90	90
	28,841	28,303

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 13 Trade receivables and other debtors (continued)

These receivables are due as follows

	2011	2010
	£'000	£'000
Due as at 31 January		
Less than 1 month	28,841	28,303

As at 31 January 2011 accounts receivable of £2,844,000 (2010 £3,084,000) were past due, but not impaired. These relate to trading receivable amounts from current Damovo group undertakings. The ageing analysis of these receivables is as follows:

	2011	2010
	£'000	£'000
less than 3 months	127	-
3 to 6 months	42	40
Over 6 months	2,675	3,044
	2,844	3,084

The carrying amounts of receivables are denominated in the following currencies:

	2011	2010
	£'000	£'000
GBP	440	454
EUR	5,427	5,074
USD	1,442	2,026
	7,309	7,554

Movement on the provision for impaired trade and other receivables was due to its foreign currency exchange revaluation, the Administration fees and costs paid in advance and the Damovo Czech provision and is as follows:

	£'000
At 1 February 2010	28,303
Foreign currency revaluation	(365)
Increase in provision	903
At 31 January 2011	28,841

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the Balance Sheet date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security.



## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 14. Trade payables and other creditors

##### Current

	2011	2010
	£'000	£'000
Trade payables	307	707
Amounts owed to group undertakings	34,334	32,514
Accruals	1,984	2,479
Social security and other taxes	45	43
Sales taxes	-	72
	36,670	35,815

##### Non-current

	2011	2010
	£'000	£'000
Amounts owed to group undertakings	18,603	17,838
	18,603	17,838

£34,334,000 (2010 £32,514,000) of the amounts owed to group undertakings are repayable on demand, £Nil is repayable within 3 years (2010 £17,838,000) and £18,603,000 (2010 Nil) is repayable within 2 years. £6,617,000 bears interest at a rate 7.5% p.a. (2010 £7,060,000), £10,042,000 bears interest at a rate 11.125% p.a. (2010 £8,807,000), £13,325,000 (2010 £13,510,000) at a rate of 6 month EURIBOR + 8% p.a., £189,000 (2010 £188,000) at a rate of BBA 3 month EURLIBOR + 1% margin p.a. All other amounts owed to group undertakings are non-interest bearing.

#### 15. Employee benefits

##### 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 at the Balance Sheet date. The charge to the Income Statement for defined contribution plans was £32,000 (2010 £33,000).

#### 16. Provisions

Likely future legal and professional fees of £303,000 (2010 £1,300,000) associated with the 2007 reorganisation of the Group have been fully provided.

#### 17. Ordinary shares

	2011	2010
	£	£
Authorised		
686,973 Ordinary shares of £1 (2010: 1 Ordinary share of £1)	686,973	1
Allotted, called up and fully paid		
686,973 Ordinary shares of £1 (2010: 1 Ordinary share of £1)	686,973	1

At 31 January 2011, the authorised share capital of the Company was increased from £1 to £686,973. At this date, 686,972 ordinary shares were issued to Damovo II S a r l at par value.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 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

	Retained earnings £'000
As at 31 January 2009	(40,388)
Loss for the year	(5,419)
As at 31 January 2010	(45,807)
Loss for the year	(2,295)
As at 31 January 2011	(48,102)

#### 19. Commitments and contingencies

##### Financial commitments

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

	2011 £'000	2010 £'000
Within 1 year	25	25
Between 2 and 5 years	4	29
	29	54

The Company is a joint guarantor, together with fellow Damovo Group undertakings, of the €358M senior secured fixed and floating rate notes issued on 22 April 2005 by its previously associated company Damovo III S.A. The Company has pledged the shares of its directly held subsidiaries as security for its guarantee obligations. 99.2% of the €358M notes are now held by Damovo Holdings S.r.l., a subsidiary of the Company's ultimate parent undertaking, Damovo Group Limited.

The Company is a joint guarantor, together with fellow Damovo Group undertakings, of the €50M Loan Notes issued in January 2007 by previously affiliated Damovo III S.A. During November 2011, the €50M Loan Notes were subsequently re-financed and for more details please refer to note 24 'Post balance sheet events'.

Except for the guarantees noted above, there are no contingent liabilities at 31 January 2011.

#### 20. Cash generated from operations

	Notes	2011 £'000	2010 £'000
<b>Continuing operations</b>			
Loss before tax		(2,295)	(5,524)
Adjustments for:			
- Depreciation and amortisation	4	31	17
- Currency translation gain	4, 6	(438)	(89)
- Interest income	6	(129)	(123)
- Interest expense	6	3,008	2,915
Operating cash flows before movement in working capital		177	(2,804)
- Decrease / (increase) in trade receivables and other debtors		284	(1,252)
- (Decrease) / increase in trade payables and other creditors		(633)	4,607
- (Decrease) / increase in provisions		(997)	1,300
<b>Cash generated from operations</b>		<b>(1,169)</b>	<b>1,851</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 21. Related party transactions

	2011	2010
	£'000	£'000
<b>Damovo group companies</b>		
Sales of services to fellow group companies during the period	4,025	4 159
Purchases of services from fellow group companies during the period	(595)	(609)
Amounts receivable from other group undertakings	7 050	7,279
Amounts payable to other group undertakings	(52 937)	(50,352)

The Company charges other Damovo group companies for providing central management services

The Company purchases services from other Damovo group companies in relation to running the central head office function

#### Directors' and key management remuneration

The remuneration of the directors' and key management is set out at the note 8 'Directors' and key management remuneration'

#### 22. Investments in subsidiary undertakings

	Country of incorporation	% owned	31 January 2011 Carrying value £'000	31 January 2010 Carrying value £'000
Damovo Mexico SA de CV	Mexico	0.25%	5	5
Damovo UK Finance II Ltd	UK	100%	-	-
<b>Total</b>			<b>5</b>	<b>5</b>

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

The principal activity of Damovo Mexico SA de CV is installation and servicing of information technology and telecommunication systems

The principal activity of Damovo UK Finance II Ltd is to lend finance to, and borrow finance from, other Damovo group companies

#### 23 Ultimate parent undertaking

The ultimate parent undertaking at 31 January 2011 and the largest group of which the Company is a member, is Damovo Group Limited, a Cayman Islands based company. Consolidated financial statements of the Group for the period ended 31 January 2010 are available to the public and may be obtained from the registered office of Damovo Group Limited, 87 Mary Street, George Town, Grand Cayman, KY 1-9002, Cayman Islands

#### 24 Post balance sheet events

As detailed within the Directors' Report, formal discussions have taken place between the Damovo Group and Holders of the EUR 50 million Loan Notes ('Note Holders') and, as a result, amendments to the Loan Note Instrument ('LNI') were agreed and set out in a Term Sheet between the Group and the required majority of the Note Holders and Shareholders, and came into effect on the same date

Thus, the directors believe, that satisfactory arrangements for the adequate financing of the business of the Company, until, at least 12 months from the signing date of these accounts, have been made and that therefore these financial statements are appropriately prepared on a going concern basis

---

## **DAMOVO CORPORATE SERVICES LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **24. Post balance sheet events (continued)**

During September 2011, the Company lodged £750,000 with Administrators to cover any adverse cost awards (in relation to the action against the former Directors of the pre-2007 Damovo Group) Damovo can cease further funding of the litigation at any time, so is under no obligation to continue to fund the action

During November 2011, the Company capitalised an intercompany receivable loan of £2,188,000 which was receivable from Damovo UK Finance II Limited The effect of this capitalisation was to increase the Company's share holding in Damovo UK Finance II Limited