

DAMOVO CORPORATE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 January 2009

Registered Number: 4134744

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## **DAMOVO CORPORATE SERVICES LIMITED**

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## **DAMOVO CORPORATE SERVICES LIMITED**

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### **STATUTORY INFORMATION**

#### **Directors**

Salim Alam

Helen McCusker (resigned 21 June 2009)

Michael Sloan (appointed 14 May 2009)

#### **Secretary**

Robert Hynd (appointed 1 September 2008)

Pinsent Masons Secretarial Services Limited (resigned 1 September 2008)

#### **Registered Office**

30 Aylesbury Street

London

EC1R 0ER

#### **Independent auditors**

Deloitte LLP

#### **Bankers**

Royal Bank of Scotland plc

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company for the year ended 31 January 2009.

#### **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 £8,761,000 (2008: profit of £116,972,000). The Directors do not recommend payment of a dividend.

#### **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 2009, the Company had current assets of £6,838,000 (2008: £10,034,000) and current liabilities of £35,908,000 (2008: £37,956,000). At the same date, the Company had amounts owing to other Damovo group companies of £44,927,000 (2008: £39,048,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £6,349,000 (2008: £9,577,000).

Damovo Group Limited, the ultimate parent company of Damovo Corporate Services Limited has confirmed 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 50m Loan Notes ('Note Holders') and, as a result, on 31 March 2009, a Memorandum of Understanding has been agreed between the Group and Note Holders for the terms of re-financing the Group's EUR50m Loan Notes.

The main provisions of the Memorandum of Understanding are:

- The Final Redemption Date of the Loan Notes will be extended to 31 July 2012.
- From 1 August 2009, the interest rate on the Loan Notes will be 11% p.a., with an option which allows the Group to partially defer cash interest (any such deferred cash interest to be capitalised into principal at a rate of 15%)
- The Group may prepay any outstanding principal in respect of the Notes at any time, without premium or penalty,
- The Principal on the Notes will be repaid over time based on the available free cash resources of the Group

Thus, the Directors believe, that satisfactory arrangements for the adequate financing of the business of the Company, until, at least 31 July 2012, have been made and that therefore these financial statements are appropriately prepared on a going concern basis.

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **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 page 5 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 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**

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.

#### **Post Balance Sheet Event**

During the year under report, steps were taken to refocus the business of Damovo group company Damovo Czech, from which the Company has inter-company receivable balances, on the core information communications technology and solutions business of the Group. Whilst undertaking this refocusing, Damovo Czech has also tried to resolve the liabilities and issues associated with the historic non information communications technology business of the company promoted by its previous senior managers who are no longer employed by Damovo Czech.

Despite the best efforts of their successors in senior management in the Czech Republic, considerable uncertainty now exists as to whether these historic issues can be resolved in an economically viable way. Accordingly, full provision has been made against amounts due to the Company from Damovo Czech.

The impact of this approach on the financial position of the Company is detailed in note 23 to the financial statements, 'Post Balance Sheet Events'.

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **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. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

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

- 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 proper accounting records that 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 safeguarding 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 (as defined in the Companies Act 1985) 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.

**By order of the Board**



**Salim Alam**  
Director

20 November 2009

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **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 2009 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Equity, the Cash Flow Statement, the Balance Sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

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

#### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (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).

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

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 other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

#### **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.

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAMOVO CORPORATE SERVICES LIMITED (continued)**

#### **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 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**deloitte LLP**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Glasgow, United Kingdom

26 November 2009

# DAMOVO CORPORATE SERVICES LIMITED

## INCOME STATEMENT

		Year ended 31 January 2009 £'000	Year ended 31 January * restated (Note 4,6) 2008 £'000
	Notes		
<b>Continuing operations</b>			
Revenue	2	3,876	5,288
Other income	3	-	139,640
Administrative expenses *		(2,868)	(5,403)
Non-recurring administrative expenses	3	(2,913)	(11,864)
<b>Total administrative expenses</b>		<b>(5,781)</b>	<b>(17,267)</b>
<b>Operating (loss)/profit *</b>	4	<b>(1,905)</b>	<b>127,661</b>
Finance costs *	6	(8,862)	(11,176)
Finance income *	6	221	284
<b>Net finance costs</b>		<b>(6,641)</b>	<b>(10,892)</b>
<b>(Loss)/profit before taxation</b>		<b>(8,546)</b>	<b>116,769</b>
Taxation	9	(215)	203
<b>(Loss)/profit for the year</b>	16	<b>(8,761)</b>	<b>116,972</b>

All the activities of the Company are classed as continuing.

There are no recognised gains and losses other than the results for the year as set out above.

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

## DAMOVO CORPORATE SERVICES LIMITED

### RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' EQUITY

	Notes	Ordinary Shares £'000	Retained loss £'000	Total £'000
At 31 January 2007		-	(148,599)	(148,599)
Profit recognised in the income statement	17	-	116,972	116,972
At 31 January 2008		-	(31,627)	(31,627)
Loss recognised in the income statement	17	-	(8,761)	(8,761)
At 31 January 2009		-	(40,388)	(40,388)

## DAMOVO CORPORATE SERVICES LIMITED

### CASH FLOW STATEMENT

		Year ended 31 January 2009 £'000	Year ended 31 January 2008 £'000
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	19	563	(7,325)
Interest paid		(475)	-
Interest received		94	176
<b>Net cash generated from / (used in) operating activities</b>		<b>182</b>	<b>(7,149)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and Intangible assets	10, 11	-	(13)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(13)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		-	(15)
<b>Net cash generated from / (used in) financing activities</b>		<b>-</b>	<b>(15)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>182</b>	<b>(7,177)</b>
<b>Movement in cash and cash equivalents</b>			
Opening cash and cash equivalents		120	7,297
Net increase / (decrease) in cash and cash equivalents		182	(7,177)
<b>Cash and cash equivalents at end of year</b>		<b>302</b>	<b>120</b>

# DAMOVO CORPORATE SERVICES LIMITED

## BALANCE SHEET

		As at 31 January 2009 £'000	As at 31 January * restated (Note 14) 2008 £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	98	108
Property, plant and equipment	10	7	31
Investments in subsidiary undertakings	21	5	5
		<b>110</b>	<b>144</b>
<b>Current assets</b>			
Derivative financial instruments	12	16	-
Trade receivables and other debtors	13	6,520	9,914
Cash and cash equivalents		302	120
		<b>6,838</b>	<b>10,034</b>
<b>Total assets</b>		<b>6,948</b>	<b>10,178</b>
<b>Equity</b>			
Share capital	16	-	-
Retained earnings	17	(40,388)	(31,627)
		<b>(40,388)</b>	<b>(31,627)</b>
<b>Current liabilities</b>			
Trade payables and other creditors *	12, 14	35,908	37,956
		<b>35,908</b>	<b>37,956</b>
<b>Non-current liabilities</b>			
Trade payables and other creditors *	12, 14	11,428	3,849
		<b>11,428</b>	<b>3,849</b>
<b>Total liabilities</b>		<b>47,336</b>	<b>41,805</b>
<b>Total equity and liabilities</b>		<b>6,948</b>	<b>10,178</b>

The financial statements on pages 9 to 29 of Damovo Corporate Services Ltd., registered number 4134744, were approved by the Board of Directors on 20 November 2009 and were signed on its behalf by:



Michael Sloan  
Director



Salim Alam  
Director

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **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 2009, the Company had current assets of £6,838,000 (2008: £10,034,000) and current liabilities of £35,908,000 (2008: £37,956,000). At the same date, the Company had amounts owing to other Damovo group companies of £44,927,000 (2008: £39,048,000) and amounts due from Damovo group companies (net of provision for doubtful debt) of £6,349,000 (2008: £9,577,000).

Damovo Group Limited, the ultimate parent company of Damovo Corporate Services Limited has confirmed 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 50m Loan Notes ('Note Holders') and, as a result, on 31 March 2009, a Memorandum of Understanding has been agreed between the Group and Note Holders for the terms of re-financing the Group's EUR50m Loan Notes.

The main provisions of the Memorandum of Understanding are:

- The Final Redemption Date of the Loan Notes will be extended to 31 July 2012.
- From 1 August 2009, the interest rate on the Loan Notes will be 11% p.a., with an option which allows the Group to partially defer cash interest (any such deferred cash interest to be capitalised into principal at a rate of 15%)
- The Group may prepay any outstanding principal in respect of the Notes at any time, without premium or penalty,
- The Principal on the Notes will be repaid over time based on the available free cash resources of the Group

Thus, the Directors believe, that satisfactory arrangements for the adequate financing of the business of the Company, until, at least 31 July 2012, have been made and that therefore these financial statements are appropriately prepared on a going concern basis.

## **DAMOVO CORPORATE SERVICES LIMITED**

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

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

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

In the current year, two Interpretations issued by the International Financial Reporting Interpretations Committee are effective. These are: IFRIC 11: IFRS 2 – Group and Treasury Share Transactions and IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adoption of these Interpretations has not led to any changes in the accounting policies.

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

IFRS 1 (amended)/IAS 27 (amended) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate  
IFRS 2 (amended) Share-based Payment – Vesting Conditions and Cancellations  
IFRS 3 (revised 2008) Business Combinations  
IFRS 8 Operating Segments  
IAS 1 (revised 2007) Presentation of Financial Statements  
IAS 23 (revised 2007) Borrowing Costs  
IAS 27 (revised 2008) Consolidated and Separate Financial Statements  
IAS 32 (amended)/IAS 1 (amended) Puttable Financial Instruments and Obligations Arising on Liquidation  
IFRIC 15 Agreements for the Construction of Real Estate  
IFRIC 16 Hedges of a Net Investment in a Foreign Operation  
IFRIC 17 Distributions on Non-cash Assets to Owners  
IFRIC 18 Transfers of Assets from Customers  
IAS 38 Intangible Assets Improvements to IFRSs (May 2008)

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

##### **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 balance sheet date. All differences arising on translating these amounts are taken to the income statement in the period in which they occur.

## **DAMOVO CORPORATE SERVICES LIMITED**

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### **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 – 33%
Fixtures and fittings	20 – 33%

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	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.

##### **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.

## **DAMOVO CORPORATE SERVICES LIMITED**

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

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

##### **Taxation (continued)**

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.

##### **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.

## **DAMOVO CORPORATE SERVICES LIMITED**

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

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

##### **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.

##### *Borrowings*

Borrowings are recognised initially at the proceeds 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 2009. 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 and other income**

##### **Year ended 31 January 2009 (£2,913,000 non-recurring administrative expenses)**

Non-recurring items have been charged to the income statement as follows:

- a) Professional fees of £438,000 related to the Group restructuring that was undertaken in 2007 for which there is ongoing legal and professional advisor costs.
- b) Redundancy costs of £162,000 as a result of terminating two positions.
- c) Administration fund cost of £12,000 due to foreign currency translation related to the 2007 restructuring.
- d) Provision against inter-company receivable balances from Damovo Czech (see note 23) of £2,264,000.
- e) Professional fees for services for tax compliance related to Damovo Group S.A. and Damovo III S.A. for the accounting periods to administration date of above two companies of £37,000.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. Non-recurring items and other income (continued)

Year ended 31 January 2008 (£11,864,000 non-recurring administrative expenses, (£139,640,000) non-recurring other income)

Other income from inter-company loans with Damovo II S.à r.l., which were written-off as a result of restructuring, of £139,637,000 and £3,000 tax refunded.

Non-recurring items have been charged to the income statement as follows:

- a) A provision for amounts receivable from companies previously part of the Damovo Group: Enterprise Digital Architects SpA, Damovo Group S.A. and Damovo III S.A. Total of £1,968,000.
- b) Professional fees of £8,947,000 relating to the Group restructuring in 2007 and the refinancing of the Damovo Group.
- c) Redundancy costs of £572,000 related to finance and legal positions.
- d) Administration fund cost of £320,000 arising from the Group restructuring.
- e) Cost of £57,000 from inter-company loans with Damovo I S.à r.l., written-off as a result of the restructuring.

#### 4. Operating (loss)/profit

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

	2009	2008
	£'000	*restated £'000
Depreciation on assets		
- owned by the Company	13	730
- held under finance lease	11	109
Amortisation of intangible assets	10	9
Operating lease rentals payable		
- property	32	33
Currency translation gains *	(771)	(407)

\* 2008 comparatives have been re-stated for currency translation losses now included within operating profit, which in the prior year were included within net finance costs (see note 6).

#### 5. Auditor remuneration

	2009	2008
	£'000	£'000
Fees payable to the company's auditor for the audit of company financial statements*	6	13
Fees payable to the company's auditor for other services		
- Non-audit services - taxation *	4	149
	10	162

\* The 2008 fees £13,000 and £149,000 were paid to the previous auditors, PriceWaterhouseCoopers LLP.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. Finance costs and income

	2009	2008
	£'000	* restated £'000
Bank charges	(15)	(13)
Group undertakings interest	(3,500)	(6,674)
Finance lease interest	-	(1)
Currency translation losses *	(3,347)	(4,488)
<b>Finance costs</b>	<b>(6,862)</b>	<b>(11,176)</b>
Interest income from bank deposits	94	153
Interest income from other group undertakings	127	131
<b>Finance income</b>	<b>221</b>	<b>284</b>

\* In order to better reflect the underlying nature of the currency translation losses, the 2008 comparatives have been re-stated to include certain currency translation losses relating to trading items within operating profit, which in the prior period were included within net finance costs as detailed below.

	2009	2008
	£'000	£'000
Currency translation gains / (losses)		
-Operating profit	771	407
-Finance costs	(3,347)	(4,488)
<b>Total currency translation losses</b>	<b>(2,576)</b>	<b>(4,081)</b>

#### 7. Staff costs

	2009	2008
	£'000	£'000
Wages and salaries	1,296	1,419
Social security costs	156	162
Pension costs – defined contribution plans (Note 15)	26	90
	<b>1,478</b>	<b>1,671</b>

The average number of employees in the year was 14 (2008: 19).

The total remuneration of the key management during the year was £823,000 (2008: £653,000) including contributions to defined contribution pension plans of £4,000 (2008: £1,000). 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.

In the current year, the £823,000 comprises total remuneration of key management, all of whom were in place for the 12 months to 31 January 2009. In the prior year, the £653,000 comprises the total remuneration of the current key management who were not in place for the full 12 months to 31 January 2008.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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

	2009	2008
	£'000	£'000
<b>Aggregate emoluments</b>		
Aggregate emoluments (including benefits in kind)	819	652
Company pension contributions to money purchase scheme	4	1
	<b>823</b>	<b>653</b>

	2009	2008
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments (including benefits in kind)	211	117
	<b>211</b>	<b>117</b>

The 2008 aggregate emoluments of £117,000 reflect 7 months of Director emoluments, the individual having been appointed a Director in June 2007.

#### 9. Taxation

	2009	2008
	£'000	£'000
Current tax charge on taxable profits	-	(215)
Adjustment in respect of previous periods	215	12
<b>Total Tax</b>	<b>215</b>	<b>(203)</b>

Adjustment in respect of previous periods of £215,000 represents group tax relief where the Company intended to surrender losses to another group company. The group relief was not actually claimed and therefore reversed in the financial statements for year ended 31 January 2009.

#### Reconciliation of income taxes

The tax charge on the Company's loss before tax has been based on the UK tax rate of 28% effective from 1 April 2008 and 30% effective until 1 April 2008. A reconciliation of the effective tax rate for the current year tax charge is set out below.

	2009	2008
	£'000	£'000
(Loss)/profit before tax	(8,546)	116,769
Tax calculated at 28% (2009), 30% (2008)	(2,421)	35,031
Accelerated capital allowances and other timing differences	(646)	(713)
Expenses/(income not taxable) not deductible for tax purposes	3,075	(34,556)
Rate adjustment for deferred tax	(8)	-
Group relief not paid for	-	23
Adjustments in respect of previous periods	215	12
<b>Tax charge/(credit)</b>	<b>215</b>	<b>(203)</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 9. Taxation (continued)

##### 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.

	2009	2008
	£'000	£'000
Accelerated capital allowances	4,998	5,928
Short term timing differences	4	25
Tax losses carried forward	4,887	3,994
<b>Deferred tax asset not recognised</b>	<b>9,889</b>	<b>9,947</b>

The rate of corporation tax was reduced by 2% to 28% from 1 April 2008. The deferred tax asset of the Company has been calculated at 28%.

#### 10. Property, plant and equipment

	IT infrastructure & equipment	Fixtures & Fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
As at 31 January 2007	12,596	379	12,975
Additions	6	-	6
As at 31 January 2008	12,602	379	12,981
<b>As at 31 January 2009</b>	<b>12,602</b>	<b>379</b>	<b>12,981</b>
<b>Accumulated depreciation</b>			
As at 31 January 2007	11,743	368	12,111
Depreciation charge for the year	834	5	839
As at 31 January 2008	12,577	373	12,950
Depreciation charge for the year	19	5	24
<b>As at 31 January 2009</b>	<b>12,596</b>	<b>378</b>	<b>12,974</b>
<b>Net book value</b>			
As at 31 January 2007	853	11	864
As at 31 January 2008	25	6	31
<b>As at 31 January 2009</b>	<b>6</b>	<b>1</b>	<b>7</b>

Included within the above total as at 31 January 2009 are assets with a cost of £724,000 (2008: £724,000) and accumulated depreciation of £724,000 (2008: £713,000) that are subject to finance leases. Depreciation of assets held under finance leases was £12,000 (2008: £109,000).

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. Intangible assets

	Software licences £'000	Other intangibles £'000	Total £'000
<b>Cost</b>			
As at 31 January 2007	24	141	165
Additions	7	-	7
As at 31 January 2008	31	141	172
As at 31 January 2009	31	141	172
<b>Amortisation</b>			
As at 31 January 2007	20	35	55
Amortisation for the year	2	7	9
As at 31 January 2008	22	42	64
Amortisation for the year	2	8	10
As at 31 January 2009	24	50	74
<b>Net book value</b>			
As at 31 January 2007	4	106	110
As at 31 January 2008	9	99	108
As at 31 January 2009	7	91	98

#### 12. Derivative financial instruments and financial risk management

##### Financial liabilities

Financial liabilities as defined by IAS 39 comprise trade payables and certain other creditors. The combined carrying value as at 31 January 2009 is £47,284,000. (2008: £41,727,000). (See note 14)

Of these a total of £25,280,000 (2008: £16,349,000) is interest bearing and has an interest rate profile as follows:

	Fixed £'000	Floating £'000	Total £'000
As at 31 January 2009			
Intercompany loans	1,617	23,664	25,280
	1,617	23,664	25,280

The floating rate liabilities of £23,478,000 reprice every six and £186,000 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.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Derivative financial instruments and financial risk management (continued)

##### 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 2009 is £6,672,000. (2008: £9,511,000). Of this total, cash of £302,000 (2008: £120,000) earns interest, at the bank variable rate.

	2009	2008
	£'000	£'000
Forward foreign exchange contracts	16	-
	16	-

The balance represents an unrealised gain on a forward foreign exchange contract at the balance sheet date. The forward exchange contract does not meet hedge accounting criteria and is classified as financial instrument at fair value through profit and loss. The contract is for the exchange rates of Mexican pesos (MXN) and US dollars (USD) (sale of MXN and purchase of USD). The principal fair value of the contract is nil as there is no cash flow on the start date of the contract relating either to selling or purchasing currencies. The asset or liability is recognised through profit and loss to the extent of change in carrying amount, such as valuation of the contract between balance sheet date and starting contract date that would be receivable or payable if the contract was to mature on 31 January 2009.

The maturity date of the contract is 30 April 2009.

The non deliverable forward foreign currency contract was entered into by the Company to hedge against foreign exchange risk on behalf of Damovo Mexico, an associated group company, in the settling of payment of equipment denominated in USD.

##### 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.

##### 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 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.

Part of the Company's debt is denominated in Euros and the Company is exposed to foreign exchange translation risk on that debt.

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Derivative financial instruments and financial risk management (continued)

##### Financial risk management (continued)

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. 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. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### 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%	186
6mth EURIBOR+ 8.0625%	13,667
6mth EURIBOR+3.5%+0.125%	9,811
	<b>23,664</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 £473,270 (2008: £250,000).

##### 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 £'000	Trade payables £'000	Accruals £'000	Social security and other taxes £'000	Other creditors £'000	Total £'000
<b>Due as at 31 January 2009</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Less than 1 month	33,499	207	184	50	-	33,940
Between 1 and 3 months	-	-	-	-	-	-
Between 3 months and 1 year	-	-	1,966	-	2	1,968
Between 1 and 5 years	11,428	-	-	-	-	11,428
	<b>44,927</b>	<b>207</b>	<b>2,150</b>	<b>50</b>	<b>2</b>	<b>47,336</b>

# DAMOVO CORPORATE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Derivative financial instruments and financial risk management (continued)

#### Financial risk management (continued)

##### *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.

### 13. Trade receivables and other debtors

	2009	2008
	£'000	£'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	8,613	9,577
Provision for bad and doubtful debts - group undertakings	(2,264)	-
Amounts owed by other Damovo Group companies - net	6,349	9,577
Trade receivables	8,137	7,146
Trade receivables - provision for bad and doubtful debts	(8,132)	(7,131)
	6,354	9,592
Prepayments and accrued income	111	111
Sales taxes	52	181
Other debtors	17,442	14,944
Other debtors - provision for bad and doubtful debts	(17,439)	(14,914)
	6,520	9,914

All amounts owed by group undertakings are repayable on demand. £1,826,000 (2008: £1,570,186) bears interest at a rate of 7.15% p.a. and £32,000 (2008: £27,445) at a rate of 5% p.a. All other amounts owed by group undertakings are non-interest bearing. Amounts owed by group undertakings include balances with Damovo Czech, which are provided in full £2,264,000 (2008: £Nil) (see note 3 and 23). Trade receivables and other debtors include, provided in full, 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 2009, trade receivables of £27,835,000 (2008: £22,045,000) were impaired and fully provided for.

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. In addition, an advance payment of £15,000 for legal costs associated with the Administration was made, which was also provided for.

The impaired receivables are as follows:

	2009	2008
	£'000	£'000
<b>Due as at 31 January</b>		
Group undertakings:		
Damovo Ceska Republika s.r.o.	2,264	-
Former group undertakings:		
Enterprise Digital Architects SpA	7,030	6,183
Damovo Group S.A.	6,452	5,549
Damovo III S.A.	11,984	10,313
	25,466	22,045
Administration fees and costs paid in advance	105	-
	27,835	22,045

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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

These receivables are due as follows:

	2009	2008
Due as at 31 January	£'000	£'000
Less than 1 month	27,835	22,045
	27,835	22,045

Company receivables that are less than 3 months overdue are not considered impaired.

As at 31 January 2009 accounts receivable of £862,000 (2008: £5,076,000) 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:

	2009	2008
	£'000	£'000
3 to 6 months	264	184
Over 6 months	598	4,892
	862	5,076

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

	2009	2008
	£'000	£'000
GBP	519	1,350
EUR	5,634	8,556
USD	367	8
	6,520	9,914

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 2008	22,045
Foreign currency revaluation	3,421
Administration fees and costs paid in advance	105
Damovo Czech provision	2,264
At 31 January 2009	27,835

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

The maximum exposure to credit risk at reporting 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:

	2009	2008
		* restated
	£'000	£'000
Trade payables	207	635
Amounts owed to group undertakings *	33,499	35,199
Accruals	2,150	2,044
Social security and other taxes	50	54
Other creditors	2	24
	<b>35,908</b>	<b>37,956</b>

Non current:

	2009	2008
		* restated
	£'000	£'000
Amounts owed to group undertakings *	11,428	3,849
	<b>11,428</b>	<b>3,849</b>

\* Trade and other payables in the year ended 31 January 2008 are restated to distinguish between current and non current liabilities, having previously been classified as current.

All amounts owed to group undertakings are repayable on demand except for £11,428,000 repayable within 3 years (2008: £3,849,000 repayable 2010). £1,617,602 bears interest at a rate 7.5% p.a. (2008: £Nil), £Nil (2008: £3,849,390) bears interest at a rate 7.5% + 0.125% margin, £13,667,075 (2008: £12,500,000) at a rate of 6 month EURIBOR + 8.0625% p.a., £185,751 (2008: £Nil) at a rate of BBA 3 month LIBOR +1% margin p.a. and £9,810,674 (2008: £Nil) at a rate of 6 month EURIBOR +3.5%+ 0.125% 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 reflects 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 charge to the income statement for defined contribution plans was £26,000 (2008: £90,000).

#### 16. Ordinary shares

	2009	2008
	£	£
<b>Authorised</b>		
1 Ordinary share of £1	1	1
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 17. Reserves

	Retained earnings £'000
As at 31 January 2007	(148,599)
Profit for the year	116,972
As at 31 January 2008	(31,627)
Loss for the year	(8,761)
As at 31 January 2009	(40,388)

#### 18. Commitments and contingencies

##### Financial commitments

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

	2009 £'000	2008 £'000
Within 1 year	7	33
Between 2 and 5 years	-	6
	7	39

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.a.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.

Except for the guarantees noted above, there are no contingent liabilities at 31 January 2009.

#### 19. Cash generated / (used in) operations

	2009 £'000	2008 £'000
<b>Continuing operations</b>		
(Loss)/profit before tax	(8,546)	116,769
Adjustments for:		
- Depreciation and amortisation	34	848
- Currency translation loss	2,576	4,081
- Interest income	(221)	(284)
- Interest expense	3,515	6,688
Operating cash flows before movement in working capital:	(2,642)	128,102
- Decrease in trade receivables and other debtors	3,833	1,675
- Decrease in trade payables and other creditors	(628)	(137,102)
<b>Cash generated from / (used in) operations</b>	<b>563</b>	<b>(7,325)</b>

## DAMOVO CORPORATE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 20. Related party transactions

	2009	2008
	£'000	£'000
<b>Damovo group companies</b>		
Sales of services to fellow group companies during the period	3,857	4,247
Purchases of services from fellow group companies during the period	(358)	(60)
Amounts receivable from other group undertakings	8,613	9,577
Amounts payable to other group undertakings	(44,927)	(39,048)

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'.

#### 21. Investments in subsidiary undertakings

	Country of incorporation	% owned	31 January 2009 Carrying value £'000	31 January 2008 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.

#### 22. Ultimate Parent Undertaking

The ultimate parent undertaking at 31 January 2009 is Damovo Group Limited, a Cayman Islands based company. Consolidated financial statements of the Group for the period ended 31 January 2009 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.

#### 23. Post Balance Sheet Events

As detailed within the Directors' Report, events subsequent to the Balance Sheet date have indicated that there is uncertainty around one of Damovo Group Limited's subsidiaries, Damovo Czech, continuing as a going concern.

Due to the uncertainty regarding Damovo Czech, these financial statements have been prepared taking into consideration the status of Damovo Czech.

In the year ended 31 January 2009, an allowance of £2,264,000 relating to inter-company balances receivable from Damovo Czech was recognised as a non-recurring cost, following a review of the recoverability of assets and potential future additional liabilities.