Repeating Business Success
through
Recurring Revenue
by providing
Compliance Software and Data Management

ACCESSintelligence PLC

Annual Report & Accounts **2006**

Access Intelligence is a Software and Computer Services group providing business critical and legislative driven services in the areas of Compliance Software and Data Management to private and public sector organisations.

Contents

Highlights

Providing business critical compliance software and data management.

	2006 £000	2005 £000	Change
Turnover	**3,677**	1,943	**+89%**
Profit before tax, amortisation of goodwill	**570**	175	**+226%**
Profit / (loss) before tax	**246**	(26)	
Basic earnings / (loss) per share	**0.12p**	(0.13p)	
Adjusted earnings per share	**0.55p**	0.18p	**+206%**
Dividends per ordinary share	**Nil**	Nil	

Good progress has been made across both divisions:

Compliance software and services division

- Successful acquisition of Management Services 2000 Limited
  - Provides compliance software to the retail financial services industry
  - Clients include: Royal Bank of Scotland Group, National Australia Group, Axa Sunlife, Liverpool Victoria and many other blue chip financial services organisations
- Due North growth impacted by the rate that the public sector is implementing the government's e-procurement initiative designed to reduce public expenditure by £20bn across 1,000 public sector organisations
- Contract won for South East Centre of Excellence, the largest of the nine regional centres representing 74 local authorities in addition to the North East (NEPO) representing 25 councils

Data Management division

- Contract to manage and support a mission critical email system for a leading public body
- Further increase in sales force to attack high end data storage and retrieval market
- Successful launch of Starscan™, the managed anti virus and spamming email service

Outlook

- Markets still buoyant
- Investment in new products and people
- Looking to another significant step forward in 2007

Group Companies

Compliance division

Due North

Develops software solutions to solve business problems. Its principal focus is on e-procurement software, which is widely used in the local authority sector. The product suite enables any organisation to manage the complete customer/supplier relationship from initial expression of interest, through tender evaluation, post tender negotiation – using its reverse auction software – to contract award and life cycle management.

MS2M

Develops software for the financial services marketplace. The company's software products, notably the Virtual Compliance Officer™ which is a development of their core system TrackRecord™, manage the ever complex process of ensuring compliance with regulations from the Financial Services Authority (FSA) and ever increasing legislation from the EU. Clients include many blue chip organisations in the financial services market.

Data Management division

Willow Starcom

Supplies mission critical data storage, retrieval and network solutions to mid-sized corporate businesses. It sells its services through a reseller channel which enables it to grow revenues with a minimum increase in headcount. The company operates a 24-hour support centre from its base in Chorley, Lancashire.

Backup & Running

Provides offsite online data storage and retrieval to small and medium sized enterprises. Customers' data is encrypted to military standard level on site then compressed and stored at world class storage centres in the UK. The process is completely automated and the customers can determine the frequency of the back process to suit their own operating requirements. It is an ideal solution for companies with multiple locations or field operators using mobile computing. Backup & Running operates from Chorley in Lancashire.

Marketing Services & Information division

The Marketing Guild

Based in York, provides marketing and business development support to Small and Medium sized businesses (members) on a subscription basis. Members receive support through practical newsletters and regular training conferences which are held nationwide. They also have access via a helpline to the Marketing Guild knowledge base which contains more than 40,000 proven ideas, tactics and strategies. Platinum members have their own personal marketing consultant who provides telephone support to an agreed development plan based on the Spectral Marketing© model developed exclusively by The Marketing Guild.

Wired.Gov

Provides, under licence from the cabinet office, government news alerts from more than 100 departments and agencies. Subscribers can register their preferences by agency, department, key words, and phrases. They can determine the frequency of the alerts from immediate to daily or weekly. Typical subscribers in the private sector are financial services organisations and professions.

Group Overview

Turnover up 89%
Profit up 226%
Earnings per share up 206%

Access Intelligence is a Software and Computer Services group of companies providing business critical compliance and legislative driven services to both public and private sectors on a recurring revenue basis. Since the flotation on AIM in November 2003, the Group has made three acquisitions focused in the areas of compliance software and data management.

The Group Today

Access Intelligence is based in York with subsidiaries in York, Stockport, Greater Manchester, Chorley, Lancashire and Newcastle upon Tyne.

The company has two principal divisions which are:

Compliance software and services division:

This includes a range of software including The Virtual Compliance Officer™ which enables companies in the retail financial services sector to support their customer acquisition process whilst also ensuring that they comply with ever increasing regulations from the EU and the FSA.

Our suite of sourcing and procurement software streamlines and reduces costs of tendering and contract management for both buyers and suppliers in the public and private sectors. The government has the objective that all public sector bodies comply with its directive to use methods such as electronic tendering for goods and services in order to meet its planned reductions in public spending of £20bn per annum.

Data Management division:

The architecture and provision of high availability systems for mission critical applications that enable customers' data to be available at all times in the event of computer failure.

Online offsite data storage and retrieval through Backup&Running™ via secure data centers.

Email monitoring. There is an ever increasing compliance emphasis driven by initiatives such as Sarbanes-Oxley to ensure data is held appropriately and can be retrieved easily when required.

The Business Model

The Group's income strategy is to build recurring revenues delivered through extendable contracts ranging between one and five years. This model should provide excellent visibility of future revenues and, with effective customer retention, outstanding gross margins over the longer term.

Chairman's Statement

I am pleased to announce our results for the year ended 30 November 2006. This year has seen the Group further increase its compliance software division with the acquisition of Management Services 2000 Limited ("MS2M"). Based in York MS2M provides a range of software targeted at the retail financial services sector. Its customer base includes several blue chip financial institutions. We have continued to make progress in our existing businesses albeit there has been a slow down in public sector spending pushing opportunities out beyond this financial year.

Results

Group turnover was up by 89% to £3.7m (2005: £1.9m). Operating profit before amortisation has increased to £560,000 (2005: £100,000). Adjusted earnings per share improved to 0.55p (2005: 0.18p). The group is not proposing to pay a dividend on the ordinary shares.

The Year in focus

We made good progress throughout the year across both divisions. However, the rate at which the public sector implemented the government's e-procurement initiative was slower than anticipated. This had an impact on the growth rate of Due North, our e-sourcing software company. The government still has a declared aim of reducing public expenditure by £20bn a year across 1,000 public sector organisations through the use of electronic procurement systems such as ours. I am encouraged by our contract win at the South East Centre of Excellence which is the largest of the nine regional centres and represents 74 local authorities in South East England. We have now built and handed over the portal and are now actively engaged in marketing our electronic tender and contract management solution to the 74 councils. The majority of the revenue from this win will fall into future financial periods.

In our data management division we won a contract to manage and support a mission critical email system for a leading public body valued at £128,000 pa. We further increased our sales resource to attack more of the high end data storage and retrieval market and have increased our sales pipeline for 2007. Take up of Starscan™ , our managed anti virus and spamming email service, since its launch in quarter 3 has been encouraging.

In October 2006 we acquired MS2M, a developer of compliance software for the financial services industry, for an initial consideration of £1,950,000, being £1,450,000 in cash and £500,000 in new Ordinary Shares.

Deferred consideration will be paid based on five times the average operating profit for the two years ending 31 May 2007 and 31 May 2008 less the amount of the initial consideration. Total deferred consideration will not exceed £2,500,000.

MS2M generated operating profits of £299,000 on a turnover of £893,000 in the year ended 31 May 2005 and profits, before taxation, of £452,000 for the 18 months ended 30 November 2006. It has recurring revenues of approximately £300,000 per annum.

The acquisition of MS2M is, we believe, another excellent acquisition for Access Intelligence. It has a blue chip client base among some of the leading banks, building societies and financial institutions and is currently tendering on several material projects.

With the increasing compliance requirements both in the UK and the European Union, we believe that MS2M has tremendous growth opportunities particularly in the UK where its "Virtual Compliance Officer" helps companies comply with the Financial Services Authority's regulatory requirements.

Our other two companies: The Marketing Guild Limited ("Marketing Guild"), which provides marketing and business development information and support to small and medium sized businesses, and Wired Gov Limited ("Wired Gov"), which provides an electronic distribution service of government initiatives, policies and finance affecting businesses, have both continued to develop their services during the year. However, both companies remain non-core.

Our business model and strategy

The group's objective is to acquire and build businesses which provide compliance based software or data management to both the private and the public sector by way of recurring revenue contracts lasting between one and five years. This model should provide excellent visibility of future revenues and, with effective customer retention, outstanding gross margins over the longer term.

Staff

Our future prosperity is in large measure dependent on the ability and loyalty of our staff. Their specialist knowledge and skills are key to providing our value added services to our customers. Staff turnover is low and we continue to attract high calibre people.

On behalf of the board I would like to thank our employees for their continued commitment.

Current trading and outlook

We have begun the new financial year in line with market expectations. The markets where we compete are still buoyant and together with our continuing investment in both new products and sales people enable us to view the group's outlook with optimism. We continue to look for businesses to join the Group, clearly focusing on compliance software and data management. In conclusion we are looking forward to another significant step forward in 2007 founded in particular on a full year contribution from MS2M.

Jeremy Hamer
Chairman
15 March 2007

Chief Executive's Report

2006 perspective

In October we completed the acquisition of MS2M who provide compliance software to the retail financial services industry. The company's software products manage the ever complex process of ensuring compliance with regulations from the Financial Services Authority (FSA) and ever increasing legislation from the EU. Companies using the software benefit from being able to easily see the current risk status of their organisation as a whole, with the ability to drill down through their management structure to view compliance adherence at an individual sales level. This enables them to be proactive in managing any potential risk. Sales leads are also tracked through the system which enables the measurement of the quality of business secured. Companies using the software include the Royal Bank of Scotland Group, National Australia Group, Axa Sunlife, Liverpool Victoria and many other blue chip financial services organisations.

Due North who provide sourcing software solutions which streamline and manage the process of sourcing products and services, tender evaluation, contract award and subsequent contract management has seen an increase in recurring revenues to £272,342 (2005:£151,662). This growth is in spite of a slow down in the public sector's adoption of the government's e-government initiatives and public spending reductions.

The local authority market has structured itself into 9 regional centres of excellence. Whereas previously individual councils tendered for their own portal and software, the centres represent the participating local authorities in that region. Practice has been that the Centre of Excellence uses a tender process to let a contract to develop a portal for that region. Each authority then goes out to tender for its e-planning, e-sourcing, e-tender, e-auction and contract management software. Currently Due North has won two Centres of Excellence: the North East (NEPO) representing 25 councils and the South East which represents the largest group at 74 councils. To date we have signed up 18 councils in the North East and 3 in the South East. The South East portal was completed late in 2006. There are 6 centres that have yet to award contracts. One of the six is currently evaluating tenders and is expected to announce its decision in April.

Our data management division has had a successful year with Willow Starcom's recurring revenues showing an increase of 7% to £1,187,689. Our newly launched Starscan™ and Starmon™ services which manage email virus and spamming and system performance respectively have already generated annualised recurring revenues of £20,000. During the year we won a significant contract supporting mission critical e-mail system for a leading public body.

Our marketing services and information division continued to perform as expected.

The year ahead

The regulation of the general insurance market in 2004 is now having an effect with a number of leading names receiving fines or being censured. This is heightening awareness of the need for systems such as MS2M's Virtual Compliance Officer™. We are actively talking with a number of companies in this section of the market. We will continue to develop our existing customer base as well as targeting strategic market sectors. We are currently assessing the contribution which we could make to assist companies facing the challenges raised by the Market in Financial Instruments Directive (MiFID).

We have recently signed a partnership agreement with CedarOpenAccounts (COA), to market our e-Sourcing software suite to their public sector clients.

CedarOpenAccounts (COA) is the UK's fastest growing supplier of Accounting, Financial Management & Reporting, Procurement, HR & Payroll software solutions to the public and private service sector.

Market conditions continue to look promising for our data management division. We plan to launch additional managed services in the third quarter of 2007. We are increasing our sales resource and support infrastructure in support of these initiatives.

In summary, we have positioned ourselves to take advantage of the opportunities that are available to us and we remain confident, that we will have another successful year.

Brendan Austin
Chief Executive
15 March 2007

Finance Director's Review

During the year we successfully raised £1.5m new equity to acquire MS2M. The initial consideration being £1,950,000 of which £1,450,000 was cash and £500,000 in ordinary shares.

Profits before tax and goodwill amortisation grew by 226%.

We ended the year with cash balances of £1,002,000 (2005: £603,000).

The strategy of the group is to focus on companies that have a high element of recurring revenue. We believe that this will underpin the quality of earnings and generate strong cash flow. Recurring revenues accounted for 59% of total at £2,200,000.

Colin Davies
Finance Director
15 March 2007

Board of Directors, Group Director and Advisers

Board of Directors

Jeremy Hamer
Chairman

Jeremy was appointed chairman in 2004 and has extensive experience as a director of AIM quoted companies. He currently serves on the board of 6 companies traded on the London stock exchange, including SQS Software Quality Systems AG, Avingtrans Plc, Interlink Foods Plc and Glisten Plc.

Brendan Austin
Chief Executive

Brendan has had senior marketing and sales operational roles across a number of divisions with Rank Xerox including its integrated systems group. As Business Development Director he was part of the management buy in and buy out team which exited Prontaprint Plc.

Colin Davies
Corporate Finance Director

Colin has acted as chief executive and finance director of both public and private companies in a range of industries including food, engineering, marketing and textiles. Colin is also a non-executive director of several public and private companies.

Ian Savage
Non-executive Director

Ian has a wealth of experience in the publishing sector having held senior board positions within Thompson Publishing and McGraw Hill. He has direct experience in managing and directing subscription based businesses.

Group Director

Mark Berry
Group Operations Director

Mark Berry is also Managing Director and Co-founder of Willow Starcom where he has been employed since September 1990.

He managed the Willow software development team for the NetVault Backup & Archiving Software application where he worked with Sales and Development teams in the UK, North America and the Far East.

Since 1996, he has focussed on Willow Starcom, developing the recurring revenue base and capitalising on the Company's strong pedigree in data storage. He has extensive experience in developing and running Service businesses.

He is a Chartered Engineer and a Member of The Institution of Electronic Engineers C.Eng MIEE.

Professional Advisers

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C E Davies

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Bankers:
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(formerly Philip Ashworth & Co)
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Auditors:
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Chartered Accountants
The Lexicon
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Manchester M2 5NT

Brokers and Nominated Advisers:
Blue Oar Securities Plc
(formerly Corporate Synergy Plc)
30 Old Broad Street
London
EC2N 1HT

Registrars:
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

Financial PR:
Cubitt Consulting
30 Colman Street
London EC2R 5AL

Senior Management

Senior managers who are directors of subsidiary companies

Compliance division

Due North

Alan Gray
Managing Director

Alan has been in the software industry for 25 years and has held senior positions throughout the world with Honeywell Bull and QSP.

As a founding shareholder of Due North he has been involved in the development of e-procurement solutions notably for the public sector. Alan is also responsible for the sale and delivery of e-tendering and e-portal solutions for the North East Procurement Organisation (NEPO), The South East Centre of Excellence (SECE) and Blue Light, a portal serving over 40 Police forces and the majority of Fire and Rescue services in England and Wales.

MS2M

David Alderson
Managing Director

David has spent his working career within the financial services sector specifically managing the development and subsequent deployment of computer systems for major financial institutions. He founded MS2M in 1989. He has helped organisations from all sectors of the industry meet the challenges that each successive regulator has made on them.

David is a well known expert in Point of Sale and other technology business solutions, having spoken at conferences in the UK and internationally. MS2M specialise in delivering innovative, future-proofed solutions for financial services problems.

He is keenly involved in helping young achievers in the area of science and technology and works with bodies such as Young Enterprise and Young Engineers of Britain to encourage this, judging local and national awards.

Julie Alderson
Sales Director

Julie has spent 25 years in Financial Services in a variety of roles. The last seventeen have been spent specifically providing compliance and risk management on a consultancy basis as well as holding a senior management position within a large corporate.

Julie has been a member of several industry and CII working parties over recent years looking at how business can cope with the ever increasing demands of Financial Services regulation.

As well as working in the UK, Julie has also worked on assignments in the US and Australia.

Data Management division

Willow Starcom & Backup and Running

Andrew Unsworth
Chairman

Andrew Unsworth is the Chairman and co-founder of Willow Starcom. Having started the business in 1990 as a subsidiary of a software house he has been instrumental in developing both companies.

He has over 10 years experience in Data storage having set-up a joint development partnership with AT&T to develop the Backup and Restore product Netvault. To bring Netvault to market he travelled extensively throughout EMEA and the Pac Rim setting up distribution channels and managed the NCR Teradata relationship at a corporate level.

Darren Harrison
Technical Director

Darren Harrison joined Willow Starcom Limited, in May 1995. With over 10 years experience in the Storage Market, he is responsible for product development and solution delivery, to ensure Willow Starcom and Backup and Running continue to provide innovative solutions that meet customer requirements. Darren has in-depth technical knowledge of Storage and Backup and Restore products.

Under his guidance the company has provided high availability systems in the finance sector. The solution provides the ultimate in IT infrastructure Business Continuity.

Core product knowledge includes but is not limited to Backup and Running, BakBone, Brocade, Dot Hill/, EMC, FalconStor, HP, KVS, Qlogic, StorageTek and VERITAS.

Marketing Services & Information division

Wired Gov

Stephen Waldron
Managing Director

Steve founded Wired Gov and was personally responsible for negotiating the contract with Cabinet Office. He has been involved in subscription publishing at senior management and board level for over ten years.

The Marketing Guild

Jamie Austin
Divisional Director

Jamie, a marketing graduate from Strathclyde University, has been responsible for the current growth in Marketing Guild revenues. In addition to running the company, he still personally delivers consultancy to a number of Platinum subscribers. He has previous sales and sales management experience in the publishing sector as well as sales and marketing experience within the IT services and software sectors.

Directors' Report

The directors present their annual report and the consolidated financial statements of the group for the year ended 30 November 2006.

Principal activity

Access Intelligence is a Software and Computer Services group of companies providing business critical compliance and legislative driven services to both public and private sectors on a recurring revenue basis. Since the flotation on AIM in November 2003, the Group has made three acquisitions focused in the areas of compliance software and data management.

Results and dividends

The consolidated trading results for the period and the period end financial position are shown in the financial statements on pages 12 to 26. The results for the year and future prospects are reviewed in the Chairman's Statement and Chief Executive's Report on pages 4 and 5.

The directors recommend that no dividend be paid on the ordinary shares in respect of the year ended 30 November 2006.

In addition to the universal performance indicators of sales, gross margins, operating profit, earnings per share and cash flow referred to in the Chairman's Statement and Chief Executive's Report, indicators of a more activity-specific nature are used within the Group to assess the performance of the subsidiary companies. These are used in conjunction with the controls described in the Corporate Governance Statement and relate to a wide variety of aspects of the business. Due to the differences in size and markets across the Group's businesses, it is not practicable to provide a more detailed analysis of how these indicators are applied to each of the respective activities.

Principal Business Risks And Uncertainties

The ongoing nature of the business dictates that the board both understands the nature of the business and its direction. The Statement of Corporate Governance notes the objectives and mechanisms of internal control. Detailed strategic planning meetings are held at group and subsidiary level. The board constantly assesses risks and is of the belief that internal control, risk management and stewardship are linked and inseparable. Whilst principally risk and control are measured and assessed from a financial perspective, this is not to the exclusion of non-financial risks and uncertainties.

Directors and their interests

The directors who served during the year and details of their interests, including family interests, in the company's ordinary 0.5p shares at 30 November 2006 are disclosed below:

Report on remuneration

The Remuneration Committee comprises one non-executive director and the chairman.

The Committee reviews the terms of employment and total remuneration of the executive directors, including the granting of share options, at least twice a year to ensure that the company can attract, retain and motivate directors capable of delivering the company's objectives.

Full details of directors' remuneration are given in note 4 to the financial statements.

The executive director's remuneration package comprises a basic salary and other benefits. The Committee has regard to rates of pay for similar positions in comparable companies as well as internal factors such as performance. The objective of the company's remuneration policy is to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.

The directors are eligible for share options under the company's share option scheme. The exercise of options granted under this share option scheme is not dependent on performance criteria.

30 November 2006		30 November 2005		
	Beneficial No.	**Options No.**	Beneficial No.	Options No.
J J Hamer	2,241,762	100,000	2,133,178	—
B J Austin	3,031,649	850,000	*4,171,878	500,000
C E Davies	2,574,259	400,000	2,332,592	400,000
E I Savage	209,667	525,000	158,000	425,000

* B J Austin transferred 1,248,563 ordinary 0.5p shares to his former wife as part of a divorce settlement. This was announced to the Stock Exchange on 9 August 2006.

A C Thompson resigned as a director on 1 August 2006.

Directors' Report

Substantial shareholdings
Save for the directors' interests disclosed above together with the following shareholders, the directors are not aware of any other shareholdings representing 3% or more of the issued share capital of the company at the date of this report.

Investor holding	No. of shares	%
Octopus Asset Management	13,890,000	12.6%
Unicorn Asset Management	11,400,100	10.4%
D Alderson	7,042,775	6.4%
A Unsworth	6,767,487	6.2%
M Berry	6,715,117	6.1%

Employee relations
The group supports the employment of disabled people, wherever possible, both in recruitment and by retention of those who become disabled during their employment.

Appropriate steps are taken to inform and consult employees regarding matters affecting them and the group.

The group's policy regarding health and safety is to ensure that, as far as is practical, there is a working environment which will minimise the risk to health and safety of employees and those persons who are authorised to be on its premises.

Audit Committee
The Audit Committee is appointed by the board and must comprise a minimum of two members, including one non executive director. During the year J J Hamer and E I Savage served on the Audit Committee. The Committee is to meet not less than twice a year.

The Audit Committee may examine any matters relating to the financial affairs of the group. This includes reviews of the annual accounts and announcements, internal control procedures, accounting policies, compliance with accounting standards, the appointment of external auditors and other such related functions as the board may require.

Statement of directors' responsibilities
United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for systems of internal control, for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors who held office at the date of the approval of the Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditors are unaware: and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Suppliers' payment policy
It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

The group's trade creditor days for the year ended 30 November 2006 were 72 days (2005: 51 days) calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days, between the amounts invoiced to the group by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Auditors
A resolution to re-appoint Chadwick LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board

C E DAVIES
Secretary

Approved by the directors on
15 March 2007

Corporate Governance

Application of the principles of good governance
The group is committed to applying the highest principles of corporate governance commensurate with its size.

The Board
The group is managed by a board, consisting of a chairman, two executive members and one non-executive member, who retain responsibility for the formulation of corporate strategy, approval of acquisitions, divestments and major capital expenditure and treasury policy. The appointment of new directors is a matter reserved for the board as a whole rather than for a separate nomination committee.

The board meets regularly and has a schedule of matters specifically referred to it for decision. All directors have access to advice from the company secretary and training is available for directors as necessary.

The board considers the non-executive directors to be independent.

Internal control
The directors have overall responsibility for ensuring that the group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the group's strategic objectives. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can only provide reasonable and not absolute assurance. The board has reviewed the operation and effectiveness of the system of internal control in operation during the period.

The board is also responsible for assessing and minimising all business risks, supported by group personnel able to provide specific assistance in matters relating to regulatory compliance, health and safety, environment, quality systems and insurance cover for property and liability risks.

Monthly accounts, with commentary on current year performance compared with planned performance, together with key ratio analysis and working capital information, are prepared in accordance with Group accounting policies and principles. They are consolidated and reviewed by the board in order to monitor overall performance and produce appropriate management intervention.

The board monitors the funding requirements and banking facilities provided to the group in addition to the management of investment and treasury procedures. Capital and significant investment expenditure is approved against performance criteria.

The board confirms that it has established the procedures necessary to implement the guidance "Internal Control: Guidance for Directors on the Combined Code". The board has considered the need for an internal audit function but has concluded that the size and complexity of the group does not justify the expense at present. The need for an internal audit function will continue to be reviewed periodically.

Relations with shareholders
The board attaches great importance to maintaining good relationships with shareholders. The board regards the Annual General Meeting as an opportunity to communicate directly with investors who are encouraged to participate.

Compliance
In the opinion of the directors, the company has complied throughout the period with the provisions of Section 1 of the Combined Code with the exception that there is no separate Nomination Committee.

The company has complied fully with the requirements of provision C1.2 of the Code (review of effectiveness of internal control system) throughout the period.

Going concern
The directors report that, in connection with paragraph D1.3 of the Combined Code and after making enquiry, they have a reasonable expectation that the company and the group have adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Independent Auditors' Report

We have audited the group and parent company financial statements of Access Intelligence Plc for the year ended 30 November 2006 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cashflow statement, the principal accounting policies and the accompanying notes as set out on pages 12 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 November 2006 and of the profit of the group 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.

Chadwick LLP
Chartered Accountants and
Registered Auditors
Manchester

15 March 2007

Consolidated Profit and Loss Account

Year ended 30 November 2006

	Note	2006 £'000	2005 Restated £'000
Turnover	2		
Continuing operations		**3,541**	1,943
Acquisitions		**136**	—
		3,677	1,943
Cost of sales		**(1,653)**	(782)
Gross profit		**2,024**	1,161
Administrative expenses		**(1,776)**	(1,246)
Operating profit/(loss)	3		
Continuing operations		**490**	100
Acquisitions		**70**	—
Amortisation of goodwill		**(312)**	(185)
Profit/(loss) on ordinary activities before interest		**248**	(85)
Interest receivable	5	**17**	79
Interest payable	6	**(19)**	(20)
Profit/(loss) on ordinary activities before taxation		**246**	(26)
Taxation	7	**(154)**	(50)
Profit/(loss) on ordinary activities after taxation	8 and 20	**92**	(76)
Basic earnings per share	9	**0.12p**	(0.13p)
Adjusted earnings per share	9	**0.55p**	0.18p
Diluted earnings per share	9	**0.12p**	(0.12p)
Diluted adjusted earnings per share	9	**0.52p**	0.17p

The Group has no recognised gains or losses other than the results for the period as set out above.

Consolidated and Company Balance Sheets

Year ended 30 November 2006

	Note	Group 2006 £'000	Group 2005 Restated £'000	Company 2006 £'000	Company 2005 Restated £'000
Fixed assets					
Intangible assets	10	**8,251**	5,731	**—**	—
Tangible assets	11	**157**	122	**27**	—
Investments	12	**—**	—	**8,603**	5,424
		8,408	5,853	**8,630**	5,424
Current assets					
Stocks	13	**314**	278	**—**	—
Debtors	14	**1,216**	1,122	**1,233**	1,420
Cash at bank and in hand		**1,002**	603	**250**	346
		2,532	2,003	**1,483**	1,766
Creditors: amounts falling due within one year	15	**(2,101)**	(2,436)	**(856)**	(1,315)
Net current assets/(liabilities)		**431**	(433)	**627**	451
Total assets less current liabilities		**8,839**	5,420	**9,257**	5,875
Creditors: amounts falling due after more than one year	16	**(708)**	(150)	**(700)**	(150)
		8,131	5,270	**8,557**	5,725
Capital and reserves					
Called up share capital	19	**549**	317	**549**	317
Share premium account	20	**7,906**	5,369	**7,906**	5,369
Capital redemption reserve	20	**24**	—	**24**	—
Profit and loss account	20	**(348)**	(416)	**78**	39
Equity shareholders' funds	21	**8,131**	5,270	**8,557**	5,725

The financial statements were approved by the board of directors on 15 March 2007 and signed on its behalf by:

B J Austin
Chief Executive

Consolidated Cash Flow Statement

Year ended 30 November 2006

	Note	2006 £'000	2005 £'000
Net cash inflow/(outflow) from operating activities	22	**365**	(172)
Returns on investments and servicing of finance			
Interest paid		**(7)**	(4)
Interest received		**17**	79
Dividends paid		**(12)**	(16)
Net cash (outflow)/inflow from servicing of finance		**(2)**	59
Taxation		**(43)**	(24)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		**(332)**	(92)
Payments to acquire tangible fixed assets		**(69)**	(57)
Net cash outflow from capital expenditure and financial investment		**(401)**	(149)
Acquisitions			
Purchase of subsidiary undertakings		**(1,708)**	(1,971)
Net cash acquired with subsidiaries		**818**	276
Net cash outflow from acquisitions		**(890)**	(1,695)
Net cash outflow before use of liquid resources and financing		**(971)**	(1,981)
Financing			
Issue of equity share capital		**1,500**	3,000
Cost of share issues		**(101)**	(192)
Repayment of loans		**(24)**	(213)
Capital element of leases		**(5)**	—
Net cash inflow from financing		**1,370**	2,595
Increase in cash	23	**399**	614

Notes to the Accounts

Year ended 30 November 2006

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted by the group are described below.

Basis of Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings at 30 November using acquisition accounting. The results of the subsidiary undertakings acquired during the financial year are included from the effective date of acquisition. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Profits or losses on intra-group transactions are eliminated in full.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year, adjusted for accrued income. Subscription income is accounted for on an accruals basis.

Financial Instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value.

Income and expenditure arising on financial instruments is recognised on the accruals basis and charged or credited to the profit and loss account in the period to which it relates.

Goodwill

Goodwill representing the difference between the fair values of consideration given and net assets acquired is capitalised and amortised through the profit and loss account over its estimated useful economic life up to a maximum of twenty years.

Development costs

Development expenditure is recorded at costs incurred on clearly defined unique projects whose outcome can be assessed with reasonable certainty and which are expected to lead to new products and revenue streams.

Amortisation

Amortisation is calculated so as to write off the cost of an asset less its estimated residual value over the useful economic life of that asset as follows:

Development costs – Amortised over a 10 year period from which the group is expected to benefit.

Fixed Assets and Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their useful economic lives as follows:-

Fixtures, fittings and equipment	5 – 10 years

Investments

Investments held as fixed assets are stated at cost less amounts written off.

Impairment

The group evaluates its fixed assets for financial impairment where events or circumstances indicate that the carrying amount of such asset may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, the impairment loss is recognised in the profit and loss account.

Notes to the Accounts

Year ended 30 November 2006

1 ACCOUNTING POLICIES continued

Lease agreements

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a intangible fixed asset and amortised in accordance with the above amortisation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Expenditure on operating leases is charged to the profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The group operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Comparative figures

In preparing these financial statements the company has adopted FRS 25 Financial Instruments: disclosure and presentation. The adoption of this standard represents a change to the accounting policy in respect of the presentation of the company's preference shares. These are now classed as debt rather than included within share capital as in the previous year. As a consequence the total of shareholders' funds as at 30 November 2005 has reduced from £5,461,000 as previously stated to £5,270,000.

In addition the preference share dividends of £16,000 have been reclassified as interest paid which has meant the pre taxation loss has increased from £10,000 to £26,000 for the year ended 30 November 2005. As the corporation tax charge has not changed, the amount transferred to reserves has not altered.

2 TURNOVER

The turnover, operating loss and net assets of the group are attributable to one class of business. The group's turnover was all within the United Kingdom.

3 OPERATING PROFIT/(LOSS)

		2006 £'000	2005 £'000
Depreciation of tangible fixed assets		**56**	39
Amortisation of goodwill		**312**	185
Amortisation of development costs		**30**	20
Loss on disposal of fixed assets		**—**	25
Operating lease charges	— land and buildings	**110**	98
	— others	**8**	—
Auditors' remuneration	— audit services	**27**	21
	— other services	**7**	7

In addition to the above, the auditors also received £17,810 in respect of work undertaken in connection with issues of shares and acquisitions during the year (2005: £34,000). These costs have been charged as part of the cost of investment or against the share premium account as appropriate.

Notes to the Accounts

Year ended 30 November 2006

4 PARTICULARS OF EMPLOYEES

The average number of persons (including directors) employed by the group during the year was:

	2006 No.	2005 No.
Selling, distribution and administration	**53**	40

Staff costs incurred during the year in respect of these employees were:

	£'000	£'000
Wages and salaries	**1,359**	848
Social security costs	**170**	92
Pension costs	**26**	16
	1,555	956

Directors' remuneration

	Salary £	Fees £	Other benefits/ pension £	Total £	2005 £
J J Hamer	—	20,248	—	20,248	12,500
B J Austin	50,000	25,000	—	75,000	58,500
C E Davies	15,000	15,000	—	30,000	33,300
E I Savage	12,000	6,000	—	18,000	8,000
A C Thompson	—	—	—	—	7,000
	77,000	66,248	—	143,248	119,300

The number of directors at 30 November 2006 accruing retirement benefits under money purchase schemes was nil (2005: nil).

The interests of the directors in share options are as follows:

Name	Date of grant	Exercise price per ordinary share (p)	No. of ordinary shares under option	Exercise period
E I Savage	4 November 2003	9.25p	425,000	Nov 2006 to Nov 2013
	17 November 2006	6.75p	100,000	Nov 2009 to Nov 2016
B J Austin	13 December 2004	10.00p	500,000	Dec 2007 to Dec 2014
	17 November 2006	6.75p	350,000	Nov 2009 to Nov 2016
C E Davies	13 December 2004	10.00p	400,000	Dec 2007 to Dec 2014
J J Hammer	17 November 2006	6.75p	100,000	Nov 2009 to Nov 2016

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £'000	2005 £'000
Interest receivable	**17**	79

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000 restated
Interest payable on redeemable preference shares	**12**	16
Interest on bank loans and overdraft	**6**	4
Interest on hire purchase	**1**	—
	19	20

Notes to the Accounts

Year ended 30 November 2006

7 TAXATION

Analysis of tax charge in the year

	2006 £'000	2005 £'000 restated
Current taxation:		
UK Corporation tax charge for the year	**143**	41
Prior year adjustment	**(5)**	—
	138	41
Deferred taxation:		
Origination and reversal of timing differences (note 18)	**16**	9
Tax charge on profit/(loss) on ordinary activities	**154**	50

As shown above, the tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005: 19%). The differences are explained as follows:

Factors affecting tax charge	**2006 £'000**	2005 £'000 restated
Profit / (loss) on ordinary activities before tax	**246**	(26)
Profit/ (loss) on ordinary activities by rate of tax of 30% (2005:19%)	**74**	(5)
Permanent timing differences	**87**	38
Depreciation in excess of capital allowances	**(1)**	(1)
Expenses not deductible for tax purposes	**1**	1
Utilisation of loss relief	**(12)**	—
Adjustment for prior year	**(5)**	—
Adjustment for marginal rates of tax	**(6)**	8
Total current tax charge	**138**	41

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £63,000 (2005: £133,000).

9 EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit after taxation of £92,000 (2005: loss of £60,000) divided by the weighted average number of ordinary shares in issue during the period which was 74,089,471 (2005: 59,152,498). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 0.12p (2005: 62,502,498). This has been adjusted for the effect of potentially dilutive share options granted under the company's share option schemes.

An adjusted earnings per share and a diluted adjusted earnings per share, which exclude goodwill amortisation, have also been calculated to allow shareholders to gain a clearer understanding of the trading performance of the group. This has been computed as follows:

		2006			2005	
	Profit after tax £'000	**Weighted average no. of shares**	**Earnings per share (pence)**	Profit after tax £'000	Weighted average no. of shares	Earnings per share (pence)
Earnings attributable to ordinary shareholders	**92**	**74,703,187**	**0.12p**	(76)	59,152,498	(0.13p)
Add back amortisation of goodwill	**312**	**—**	**—**	185	—	—
Adjusted earnings per share	**404**	**74,703,187**	**0.55p**	109	59,152,498	0.18p
Dilutive effect of options	**—**	**4,350,000**	**—**	—	3,350,000	—
Diluted earnings per share	**92**	**79,053,187**	**0.12p**	(76)	62,502,498	(0.12p)
Diluted adjusted earnings per share	**404**	**79,053,187**	**0.52p**	109	62,502,498	0.17p

Notes to the Accounts

Year ended 30 November 2006

10 INTANGIBLE FIXED ASSETS

Group

	Development costs £'000	Goodwill £'000	Total £'000
Cost			
At 1 December 2005	232	5,846	6,078
Additions	352	2,527	2,879
Fair value adjustments	—	(17)	(17)
At 30 November 2006	584	8,356	8,940
Amortisation			
At 1 December 2005	40	307	347
Charge for the year	30	312	342
At 30 November 2006	70	619	689
Net Book Value			
At 30 November 2006	514	7,737	8,251
At 30 November 2005	192	5,539	5,731

Finance lease agreements

Included within net book value of £8,224,000 is £20,000 (2005: £nil) relating to assets held under finance lease agreements. The amortisation charged to the financial statements in the year in respect of such assets amounted to £nil (2005: £nil).

11 TANGIBLE FIXED ASSETS

Group

	Fixtures, fittings and equipment £'000
Cost	
At 1 December 2005	381
On acquisition of subsidiaries	93
Additions	69
Disposals	(22)
At 30 November 2006	521
Depreciation	
At 1 December 2005	259
On acquisition of subsidiaries	71
Charge for the year	56
Disposals	(22)
At 30 November 2006	364
Net Book Value	
At 30 November 2006	157
At 30 November 2005	122

Notes to the Accounts

Year ended 30 November 2006

11 TANGIBLE FIXED ASSETS (Continued)

Company

	Fixtures, fittings and equipment £'000
Cost	
At 1 December 2005	—
Intra group transfer	63
At 30 November 2006	63
Depreciation	
At 1 December 2005	—
Intra group transfer	30
Charge for the year	6
At 30 November 2006	36
Net Book Value	
At 30 November 2006	27
At 30 November 2005	—

12 INVESTMENTS

	Investment in subsidiary undertakings £'000
Cost	
At 1 December 2005	5,424
Additions	3,208
Adjustments to deferred consideration provision	(29)
At 30 November 2006	8,603

At 30 November 2006 the company was the beneficial owner of the entire issued share capital and controlled all the votes of its subsidiaries, all of which are incorporated in England and Wales. The principal trading subsidiaries are set out below:

Subsidiary	Activities
Willow Starcom Limited	Maintenance and support of computer software and hardware data management and storage systems
Backup and Running plc	Subscription based disaster recovery company
Due North Limited	Software development
Management Services 2000 Limited	Software development
Wired Gov Limited	Subscription based information services
The Marketing Guild Limited	Subscription based marketing services

On 16 October 2006, the group acquired the entire issued ordinary share capital of Management Services 2000 Limited which is incorporated in England and Wales.

Notes to the Accounts

Year ended 30 November 2006

12 INVESTMENTS (Continued)

The fair value of assets and liabilities acquired on the acquisitions was as follows:

	Total £'000
Tangible fixed assets	22
Debtors	84
Cash	818
Creditors	(158)
Taxation	(85)
Net assets acquired	681
Goodwill	2,527
Consideration	3,208
Comprising:	
Cash	1,450
Ordinary shares	500
Deferred consideration	1,000
Costs	258
	3,208

The profit and loss account of Management Services 2000 Limited for the accounting periods prior to the acquisition may be summarised as follows:

	Year to 31 May 2005 £'000	16 months to 30 September 2006 £'000
Turnover	893	1,094
Gross profit	805	1,022
Operating profit	299	371
Profit before tax and dividends	303	402
Taxation	(60)	(84)
Profit after tax and before dividends	243	318

There were no material recognised gains and losses in the above periods other than the profit on ordinary activities after taxation.

13 STOCKS

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Consumables	**314**	278	**—**	—

14 DEBTORS

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Trade debtors	**1,067**	932	**—**	—
Amount due from group undertakings	**—**	—	**1,214**	1,412
Deferred taxation (note 18)	**16**	32	**—**	3
Prepayments and accrued income	**133**	158	**19**	5
	1,216	1,122	**1,233**	1,420

Notes to the Accounts

Year ended 30 November 2006

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
				Restated
Trade creditors	**299**	370	**—**	—
Corporation tax	**265**	83	**20**	7
Other taxes and social security	**153**	156	**35**	41
Obligations under finance leases (note 25)	**7**	—	**—**	—
Accruals and deferred income	**660**	636	**84**	76
Deferred consideration	**550**	1,000	**550**	1,000
Redeemable preference shares	**167**	191	**167**	191
	2,101	2,436	**856**	1,315

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Obligations under finance leases (note 25)	**8**	—	**—**	—
Deferred consideration	**700**	150	**700**	150
	708	150	**700**	150

17 FINANCIAL INSTRUMENTS

The group's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the group's requirements. The group uses financial instruments comprising borrowings, cash, liquid resources and items such as trade debtors and creditors that arise directly from its operations. The main risks arising from the group financial instruments are interest rate and liquidity risks. The board reviews policies for managing each of these risks and they are summarised below.

The group finances its operations through a combination of cash resources and other borrowings. Short term flexibility is satisfied by overdraft facilities in the individual subsidiaries which are repayable on demand and due for renewal on varying dates. Exposure and interest rate fluctuations on its borrowings are managed by the use of both fixed and floating facilities. The group also mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations.

At 30 November 2006 borrowings comprised:

- Preference shares of £167,000 (2005:£191,000) which are expected to be fully redeemed over the next 12 months. The holders of the redeemable preference shares are entitled to a fixed cumulative preferential dividend of 8.5% per annum out of profits available for distribution. On a return of capital they have priority over any other class of shares.
- Fixed interest finance leases of £15,000 (2005:£nil) where the leases are secured on the assets to which they relate.

There is no material difference between the fair values and book values of the group's financial instruments.

Short term debtors and creditors have been excluded from the above disclosures as permitted by FRS 13.

Notes to the Accounts

Year ended 30 November 2006

18 DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Included in debtors (note 14)	**16**	32	**—**	3

The movement in the deferred taxation account during the year was:

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Profit and loss account charge during the year	**16**	9	**3**	18

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Accelerated capital allowances	**—**	2	**—**	—
Tax losses available	**16**	30	**—**	3
	16	32	**—**	3

19 SHARE CAPITAL

Equity	**2006 £'000**	2005 £'000 Restated
Authorised:		
Authorised:		
Equity: 175,000,000 Ordinary shares of 0.5p each (2005: 100,000,000)	**878**	500
Allotted, issued and fully paid:		
109,800,999 Ordinary shares of 0.5p each (2005: 63,439,412)	**549**	317
Non-equity		
Authorised:		
191,177 8.5% Redeemable preference shares of £1 each	**191**	191
50,000 Redeemable shares of £1 each	**50**	50
	241	241
Allotted, issued and fully paid:		
167,177 8.5% Redeemable preference shares of £1 each (2005: 191,177)	**167**	191

During the year the company has undertaken the following transactions:

- On 15 March 2006 the company issued 234,300 ordinary shares of 0.5p by means of a Placing on the Alternative Investment Market at a price of 10p per share.
- On 23 May 2006 the company allotted 13,528,503 ordinary shares of 0.5p at a price of 6.42p per share in part settlement of the deferred consideration due on the purchase of Ridgeway Technologies Limited.
- On 17 October 2006 the company issued 25,000,000 ordinary shares of 0.5p by means of a Placing on the Alternative Investment Market at a price of 6p per share.
- On 17 October 2006 the company allotted 7,598,784 ordinary shares of 0.5p at a price of 6.48p per share in part consideration of the purchase of Management Services 2000 Limited.

Notes to the Accounts

Year ended 30 November 2006

19 SHARE CAPITAL (Continued)

Ordinary share options granted and subsisting at 30 November 2006 were as follows:

Date of grant	Option price	Number of shares	Exercisable between
4 November 2003	9.25p	1,150,000	Nov 2006 – Nov 2013
13 December 2004	10p	1,300,000	Dec 2007 – Dec 2017
17 October 2005	8p	900,000	Oct 2008 – Oct 2018
17 November 2006	6.75p	1,000,000	Nov 2009 – Nov 2016

20 RESERVES

	Share Premium £'000	Capital Redemption £'000	Profit & Loss £'000
Group			
At 1 December 2005	5,369	—	(416)
Profit for the year	—	—	92
Redemption value of preference shares	—	24	(24)
Premium on shares issued	2,638	—	—
Costs incurred	(101)	—	—
At 30 November 2006	7,906	24	(348)
Company			
At 1 December 2005	5,369	—	39
Profit for the year	—	—	63
Redemption value of preference shares	—	24	(24)
Premium on shares issued	2,638	—	—
Costs incurred	(101)	—	—
At 30 November 2006	7,906	24	78

21 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000 restated
Opening shareholders' funds as originally reported	**5,461**	2,179
Preference shares reclassified as debt	**(191)**	(191)
Opening shareholders' funds restated	**5,270**	1,988
Profit / (loss) for the financial year	**92**	(76)
Equity shares issued in the year	**232**	176
Share premium on equity shares issued	**2,638**	3,374
Costs incurred	**(101)**	(192)
Closing shareholders' funds	**8,131**	5,270

Notes to the Accounts

Year ended 30 November 2006

22 RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating profit / (loss)	**248**	(85)
Depreciation of tangible fixed assets	**56**	39
Amortisation of goodwill	**312**	185
Amortisation of intangible assets	**30**	20
Loss on disposal of fixed assets	**—**	25
Increase in stocks	**(36)**	(26)
Increase in debtors	**(27)**	(407)
(Decrease) / increase in creditors	**(218)**	77
Net cash inflow/(outflow) from operating activities	**365**	(172)

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 £'000	2005 £'000 restated
Increase in cash in year	**399**	614
Cash used to repay leases	**5**	—
Cash used to repay redeemable preference shares	**24**	—
Change in net funds arising from cash flows	**428**	614
Other non-cash movements	**(20)**	—
Net funds / (debt) at as 1 December 2005	**412**	(202)
Net funds at 30 November 2006	**820**	412

24 ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 December 2005 £'000	Cash flows £'000	Other non cash movements £'000	**As at 30 November 2006 £'000**
Cash in hand and at bank	603	399	—	**1,002**
Redeemable preference shares	(191)	24	—	**(167)**
Leasing agreements	—	5	(20)	**(15)**
	(191)	29	(20)	**(182)**
Total	412	428	(20)	**820**

Notes to the Accounts

Year ended 30 November 2006

25 COMMITMENTS

Capital commitments

The group had no capital commitments at the end of the financial year.

Finance lease commitments

Future commitments under finance lease agreements are as follows:

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Amounts payable within 1 year	**7**	—	**—**	—
Between 1 and 2 years	**8**	—	**—**	—
	15	—	**—**	—

Operating lease commitments

At 30 November 2006, the group was committed to making the following payments during the next year in respect of operating leases for land and buildings expiring:

	Land and buildings		Other	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Amounts payable within 1 year	**—**	—	**8**	—
Between 2 and 5 years	**43**	98	**—**	—
After more than 5 years	**67**	—	**—**	—
	110	98	**8**	—

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be at Regency House, Westminster Place, York Business Park, York YO26 6RW at 10.00 am on 12 June 2007 for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the accounts for the financial year ended 30 November 2006 together with the directors' report and the auditors' report.
2. To re-elect Jeremy Hamer as a director of the Company.
3. To re-elect Colin Davies as a director of the Company.
4. To re-appoint Chadwick LLP as the auditors of the Company.
5. To authorise the directors to agree the remuneration of the auditors of the Company.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions other than resolution 7 which will be proposed as a special resolution:-

6. That in substitution for the authority granted to the directors pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 16 October 2006, the directors be authorised for the purpose of section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £569,672 provided that:-

   6.1 this authority shall expire one year after the date of this resolution, but may be previously revoked or varied by an ordinary resolution of the Company; and

   6.2 the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   All previous authorities under section 80 of the Act be revoked, but such revocation shall not have retrospective effect.

7. The Article 34 of the Articles of Association of the Company be amended by the deletion of the existing Article 37 and the substitution of a new Article 34 as follows:-

COMMUNICATIONS

34.1 Communications to the Company

Any document or information to be sent or supplied by any person other than the Company pursuant to these Articles (other than a notice calling a meeting of the Directors) shall be in writing to an address for the time being notified for that purpose to the person giving the notice. A document or information may only be sent or supplied to the Company in electronic form to an address that the Company has specifically provided is an address that can be used for sending or supplying documents or information to it in electronic form.

34.2 Communications by the Company

34.2.1 The Company may send or supply documents or information to its members by making them available on a website and each member is taken to have agreed that the Company may send or supply documents or information to him in that manner provided that the conditions set out at paragraph 10(3) of Schedule 5 to the 2006 Act are met.

34.2.2 In the case of joint holders of a share, all documents or information shall be sent or supplied to the joint holder whose name stands first in the Register of Members in respect of the joint holding and documents or information so sent or supplied shall be sufficiently sent or supplied to all the joint holders. This Article shall override the provisions of paragraph 16 of Schedule 5 to the 2006 Act.

34.2.3 In the case of a member registered on a branch register any such document or information may be posted either in the United Kingdom or in the territory in which such branch register is maintained or sent by electronic form.

34.2.4 A member whose address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which documents or information may be sent or supplied to him, or an address to which notices may be sent in electronic form, shall be entitled to have documents or information sent or supplied to him at that address, but otherwise no such member shall be entitled to receive any documents or information from the Company.

34.2.5 A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

34.2.6 Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register of Members, has been duly given to a person from whom he derives his title other than any notification issued under section 793 of the 2006 Act.

Notice of Annual General Meeting

34.2.7 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in electronic form was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. Where a document or information is sent by post (whether in hard copy form or electronic form) it is deemed to have been received by the intended recipient 48 hours after it was posted. Where a document or information is sent or supplied by electronic means, it is deemed to have been received by the intended recipient 48 hours after it was sent. Where a document or information is sent or supplied by a website it is deemed to have been received by the intended recipient when the material was first made available on the website. Any notice not sent by post but left at a registered address shall be deemed to have been served or delivered or given on the day on which it was so left. In calculating a period of hours for the purpose of this article 34.2.7, account shall be taken of any part of a day which is not a working day.

34.2.8 Any document or information sent or supplied to a person entitled to a share in consequence of the death or bankruptcy of a member may be sent or supplied by the Company by it being sent or delivered in any manner authorised by the Articles for the sending or supplying of documents or information to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred. This Article overrides the provisions of paragraph 17 of Schedule 5 to the 2006 Act.

34.2.9 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national newspaper published in the United Kingdom. Such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

34.3 Nothing in the Articles shall affect any requirement of the Companies Acts that any particular offer, notice or other document be served in any particular manner.

34.4 That the Company be able to communicate with its shareholders and debt securities holders by electronic means.

By order of the Board

Colin Davies
Company Secretary
15 March 2007

Registered Office:
Regency House
Westminster Place
York Business Park
York YO26 6RW

Notes:

1. Any member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and, on a poll, vote instead of him and such proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be effective, the instrument appointing a proxy (and power of attorney or other attorney (if any) under which it is signed or a notarially certified or office copy thereof) must be deposited at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time of holding the meeting.
3. Completion and return of the form of proxy will not preclude shareholders from attending the Annual General Meeting and voting in person if they wish to do so.
4. The register of interests of the directors and their families of the share capital of the company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 8 June 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

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Regency House
Westminster Place
York Business Park
York
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