

**BNS Telecom Group plc**

**Implementation of International Financial Reporting Standards and  
Restatement of Financial Information**

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## **Introduction**

This report details the key changes to BNS Telecom Group plc ("the Group" or "BNS") consolidated financial statements arising from the transition to International Financial Reporting Standards ('IFRS'). There is no change to the Group's underlying operations under IFRS and no impact on the Group's cash flow.

The Group's first full year results under IFRS will be for the year ending 31 July 2008, with comparative results for 2007 also restated to IFRS. The transition date for conversion to IFRS is therefore 1 August 2006. IFRS in this document refers to standards that have been, or are expected to be, issued by the IASB, endorsed by the European Union and applicable to the Group for the year ending 31 July 2008.

This report provides a narrative explanation and reconciliations between IFRS and previously reported financial information under UK GAAP as at 31 July 2006, 31 January 2007 and 31 July 2007. The Group's accounting policies have been amended, where applicable, to comply with IFRS. These adjustments are explained in detail in Note 2 of the document.

The restatement of the annual financial statements for the year to 31 July 2007 and the transition balance sheet at 31 July 2006 have been audited and the auditor's report is included in this document.

The interim results the company are not reviewed by Ernst & Young LLP and accordingly no opinion has been given on the restatement of the interim results for the period to 31 January 2007.

BNS intends to apply IFRS only to its consolidated accounts. The financial statements of the parent company and its subsidiaries will continue to be reported in accordance with UK GAAP.

The directors are responsible for the preparation of the IFRS Transition Report and the financial information set out in the appendices to it, which was approved by the Board on 29 April 2008.

## Summary of Impact

The impact of IFRS on the Group's financial statements can be summarised as follows:

- No impact on cash flow or net debt
- Increase in loss after tax for the year ended 31 July 2007 of £13k, including:
  - £171k reversal of goodwill previously amortised (IFRS 3) partly offset by £109k additional goodwill impairment charge resulting from this reversal (IAS 36)
  - £64k additional amortisation charge resulting from the recognition of a separately identifiable intangible asset of £1,337k (relating to customer relationships) on the acquisition of 3g (IFRS 3)
  - Charge in the income statement of £23k following the recognition of a holiday pay accrual of £19k (IAS 19) and a derivative of £4k (IAS 32/39)
  - Net credit in the income statement of £12k following the recognition of deferred tax on share based payments, holiday pay accrual and corresponding movement in the balances during the year ended 31 July 2007
- The post tax result of discontinued operations has been disclosed separately in a single amount on the face of the income statement
- Balance sheet reclassification as intangible assets of some items of software totaling £25k as at 31 July 2007 due to them not meeting the recognition criteria of fixed assets
- As at 31 July 2007, the net effect of all adjustments decreased net assets by £27. At 31 January 2007, net assets were increased by £36. There was a £75k decrease in net assets at 31 July 2006.

## **Independent Auditors' Report to the company on the preliminary IFRS Financial Statements for the year ended 31 July 2007**

We have audited the accompanying preliminary International Financial Reporting Standards ("IFRS") financial statements of the Group for the year ended 31 July 2007 which comprise the opening IFRS Consolidated Balance Sheet as at 31 July 2006, the Consolidated Income Statement and the Consolidated Statement of Recognised Income and Expense for the year ended 31 July 2007 and the Consolidated Balance Sheet as at 31 July 2007, together with the related accounting policies note set out on pages 8 to 15.

This report is made solely to the Company in accordance with our engagement letter dated 17 March 2008. Our audit work has been undertaken so that we might state to the Company 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 or liability to anyone other than the Company for our audit work, for this report, or for the opinions we have formed.

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

These preliminary IFRS financial statements are the responsibility of the Company's directors and have been prepared as part of the Company's conversion to IFRS. They have been prepared in accordance with the basis set out in Notes 1 and 2, which describe how IFRS have been applied under IFRS 1, and the policies expected to be adopted, when management prepares its first complete set of IFRS financial statements as at 31 July 2008.

Our responsibility is to express an independent opinion on the preliminary IFRS financial statements based on our audit. We read the other information accompanying the preliminary IFRS financial statements and consider whether it is consistent with the preliminary IFRS financial statements. This other information comprises the Introduction, Summary of Impact and Appendices 1 to 5 on pages 20 to 24. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the preliminary IFRS 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the preliminary IFRS financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the preliminary IFRS financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the preliminary IFRS financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, the preliminary IFRS financial statements for the year ended 31 July 2007 have been prepared, in all material respects, in accordance with the basis set out in Notes 1 and 2, which describe how IFRS have been applied under IFRS 1, and the policies expected to be adopted, when management prepares its first complete set of IFRS financial statements as at 31 July 2008.

#### *Emphasis of matter*

Without qualifying our opinion, we draw attention to the fact that, under IFRSs only a complete set of financial statements with comparative financial information and explanatory notes can provide a fair presentation of the Group's financial position, results of operations and cash flows in accordance with IFRSs.

Ernst & Young LLP  
Registered Auditor  
Newcastle upon Tyne

29 April 2008

Notes:

1. The maintenance and integrity of the BNS Telecom Group plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Consolidated Income Statement

	<b>Six months to 31/1/07 Unaudited<sup>1</sup> £'000</b>	<b>Year to 31/7/07 Audited<sup>2</sup> £'000</b>
<b>Group Revenue</b>	11,407	26,201
Cost of sales	(7,049)	(16,838)
<b>Gross profit</b>	4,358	9,363
Net operating expenses (excluding depreciation, amortization, share based payments and exceptional items)	(3,194)	(7,100)
Depreciation of tangible assets	(333)	(569)
Goodwill charges and intangible amortisation	-	(71)
Share-based payment charges	(28)	(52)
Exceptional restructuring costs	(118)	(68)
Net operating expenses	(3,673)	(7,860)
<b>Group operating profit before sale of property</b>	685	1,503
Profit on sale of property	-	1,018
<b>Group operating profit from continuing operations</b>	685	2,521
Finance revenue	-	21
Finance costs	(95)	(328)
Profit from continuing operations before taxation	590	2,214
Taxation (expense)/credit	(182)	208
Profit for the period from continuing operations	408	2,422
<b>Discontinued operations</b>		
Post tax loss for the period from discontinued operations	(144)	(5,970)
<b>Profit/(loss) for the period</b>	264	(3,548)
Loss for the period attributable to:		
Equity holders of the parent	287	(3,525)
Minority interest	(23)	(23)
<b>EARNINGS PER SHARE</b>		
- basic on continuing operations	0.86	4.88
- diluted on continuing operations	0.84	4.79
- adjusted on continuing operations	1.06	3.21
- basic on profit of the period	0.57	(7.03)
- diluted on profit of the period	0.56	(7.03)

1 See Appendix 4

2 See Appendix 5

## Consolidated Balance Sheet

	31/07/06 <sup>1</sup> <i>Audited</i> £'000	31/01/07 <sup>2</sup> <i>Unaudited</i> £'000	31/07/07 <sup>3</sup> <i>Audited</i> £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5,785	6,689	2,176
Intangible assets	39	84	1,450
Goodwill	2,044	2,090	3,843
	<b>7,868</b>	<b>8,863</b>	<b>7,469</b>
<b>Current assets</b>			
Inventories	270	292	316
Trade and other receivables	3,877	5,706	4,227
Cash and cash equivalents	2,614	736	2,148
	<b>6,761</b>	<b>6,734</b>	<b>6,691</b>
<b>TOTAL ASSETS</b>	<b>14,629</b>	<b>15,597</b>	<b>14,160</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(3,817)	(3,177)	(5,007)
Borrowings	(3,044)	(5,005)	(1,556)
Accruals and deferred income	(3,473)	(3,109)	(3,813)
Income tax payable	(254)	(352)	-
Other financial liabilities	-	-	(4)
	<b>(10,588)</b>	<b>(11,643)</b>	<b>(10,380)</b>
<b>Non-current liabilities</b>			
Borrowings	(300)	(158)	(3,340)
Other provisions	-	-	(130)
Deferred tax liabilities	(38)	(41)	(293)
	<b>(338)</b>	<b>(199)</b>	<b>(3,763)</b>
<b>TOTAL LIABILITIES</b>	<b>(10,926)</b>	<b>(11,842)</b>	<b>(14,143)</b>
<b>NET ASSETS</b>	<b>3,703</b>	<b>3,755</b>	<b>17</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5,012	5,012	5,012
Share premium	2,245	2,245	2,245
Other reserves	(3,821)	(3,821)	(3,939)
Revenue reserve	244	319	(3,301)
<b>BNS Telecom Group plc shareholders' equity</b>	<b>3,680</b>	<b>3,755</b>	<b>17</b>
Minority interest	23	-	-
<b>TOTAL EQUITY</b>	<b>3,703</b>	<b>3,755</b>	<b>17</b>

1 See Appendix 1

2 See Appendix 2

3 See Appendix 3

## Consolidated Statement of Recognised Income and Expense

	<b>Six months to 31/01/07 <i>Unaudited</i> £'000</b>	<b>Year to 31/07/07 <i>Audited</i> £'000</b>
<b>Income and expense recognised directly in equity</b>		
Deferred tax on share based payments	11	10
<b>Net income recognised directly in equity</b>	<hr/> 11	<hr/> 10
Profit/(loss) for the year	264	(3,548)
<b>Total recognised income and expense for the year</b>	<hr/> 275	<hr/> (3,538)
Attributable to:		
Equity holders of the parent	298	(3,515)
Minority interest	(23)	(23)
	<hr/> 275	<hr/> (3,538)

## NOTE 1 IFRS ACCOUNTING POLICIES

### **Basis of preparation**

The Group is required to adopt International Financial Reporting Standards (IFRS) as adopted by the European Union in its consolidated financial statements with effect from 1 August 2007. The results for the six months ended 31 January 2008 will represent the Group's first interim financial statements prepared in accordance with IFRS. The Group's first IFRS Annual Report and Financial Statements will be for the year ending 31 July 2008.

Previously the Group reported under UK GAAP. The accounting policies used in this statement are consistent with those expected to be used in the July 2008 annual report.

This report has been prepared using those standards that the Group expects to be endorsed and applicable when the IFRS financial statements are prepared for the year ending 31 July 2008.

The consolidated financial information is presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### **Key sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets, liabilities and disclosures at the date of the financial statements and the reported income and expense during the period. Although these judgements and assumptions are based on Directors' best knowledge of the amount; events or actions, actual results may differ from those estimates.

The key sources of judgement and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Taxation*

The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with HMRC. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with HMRC.

#### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment as at the transition date and thereafter for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### *Share-based payments*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The estimation of the share-based payment cost requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs which arise from judgements relating to the probability of meeting non-market performing performance conditions and the continuing participation of employees.

## **Basis of consolidation**

The financial information consolidates the accounts of BNS Telecom Group PLC and all subsidiaries (entities controlled by the Company).

Subsidiaries are consolidated from the date on which control is transferred to the Group. They cease to be consolidated from the date that the Group no longer has control. Control is assumed where the Company has the power to govern the financial and operating policies of an investee entity so as to gain benefits from its activities.

Minority interests are presented within equity in the consolidated balance sheet separately from parent shareholders' equity. Where losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the subsidiary's equity, the excess are allocated against the majority interest, except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Inter-company transactions and balances are eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

The financial statements of all subsidiaries are prepared to the same reporting date as the parent Company.

Business combinations are accounted for using the purchase method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill.

## **Property plant and equipment**

Freehold buildings are recognised initially at cost and thereafter are stated at valuation, less depreciation and any impairment charged subsequent to the last valuation. Interim assessments are performed between full valuations whenever there are indications of material change in value. Surpluses arising from the valuations of properties are taken directly to the revaluation surplus in equity, with the exception of surpluses on properties which reverse a previous impairment recognised in profit or loss, which are credited to the income statement. Deficits are eliminated against any revaluation surplus in respect of that property with any excess being charged to the income statement. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation surplus to retained earnings. All other classes of property plant and equipment are stated at cost less accumulated depreciation and impairment charges.

## **Depreciation**

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Freehold buildings	- 2% straight line
Fixtures, fittings and equipment	- 15% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 25% reducing balance

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted prospectively if appropriate.

The gain or loss on disposal is determined by comparing net sales proceeds with carrying value and is recognised in the income statement.

## Leased assets

Leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Capitalised leased assets are subsequently depreciated over the shorter of the lease term or the asset's useful life.

Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under current, or non-current, trade and other payables. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

All other leases are classified as operating leases. Lease payments made under operating leases are charged to the income statement as an expense on a straight line basis over the term of the lease.

If a sale and leaseback transaction results in the creation of an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognised in the income statement immediately.

## Goodwill

Goodwill represents the excess of the fair value of the consideration over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Under IFRS 3 'Business Combinations' goodwill arising on acquisitions made since 1 August 2006 (the date of transition to IFRS) is not subject to amortisation but is tested for impairment at the date of transition to IFRS, whenever there is an indication that it may be impaired and in any case at each reporting date.

An impairment charge is recognised for any amount by which the carrying value of goodwill exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at a business segment level or statutory component level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement. On disposal of a cash generating unit, the allocated goodwill is taken into account when determining the gain or loss on disposal to be recognised in the income statement.

The Group has taken the allowed exemption not to apply IFRS 3 retrospectively to business combinations that took place prior to 1 August 2006. As a result, goodwill arising from past business combinations remains as stated under UK GAAP at 1 August 2006, less any provision for impairment.

## Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see below). Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are brought in to use. The estimated useful lives are as follows:

Software	- 3 years
Third party licenses	- Life of the customer contract (up to 7 years)
Customer relationships	- Life of the customer contract (up to 7 years)

Internal software development costs do not meet the recognition criteria of IAS 38 and are therefore recognised in the income statement in the year in which they are incurred.

### **Impairment of non-current assets excluding goodwill**

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that an asset may be impaired.

An impairment loss is recognised in the income statement if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet.

Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior periods may no longer exist or may have decreased.

### **Trade and other receivables**

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated adjustments arising in settlement.

Other receivables are stated at their fair value less any provision for impairment.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

### **Inventories**

Inventory is stated as the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

### **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use.

This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

### **Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand, short and medium term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

### **Financial instruments and hedging**

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Where a derivative financial instrument is designated as a hedge against the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge against a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or liability assumed affects profit or loss (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

### **Interest bearing borrowings**

Interest bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

### **Trade and other payables**

Trade and other payables are stated at their nominal value.

### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the Group after deducting all of its liabilities.

### **Provisions**

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, unless the possibility of an outflow of resources embodying economic benefits is remote, disclosure of a contingent liability will be made.

## **Equity instruments**

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

## **Revenue recognition**

Revenue is generated from the sale of goods and services to customers and is recognised in the following ways for each category:

Telephone calls -revenue from calls made by customers is recognised at the time the call is made.

Line access charges-revenue from the line access charges is recognised evenly over the period to which the access contract relates.

Hardware and installation -revenue from the sale and installation of hardware is recognised in the profit and loss account when the significant risks and rewards of ownerships of the goods have passed to the buyer, usually on delivery.

Maintenance services -annual fees charged to customers for the provision of maintenance and support services are recognised on a straight line basis over the period of the related agreement. Any discounts in respect of maintenance services are recognised in the year in which the discount is granted.

Connection and mobile Commissions -commissions receivable from mobile phone operators are recognised in line with the fulfilment of the associated obligation. Separate provision is made for any anticipated liabilities.

To the extent that invoices are raised, by agreement with customer, to a different pattern from the dates of the recognition of revenues described above, appropriate adjustments are made through accrued income and deferred income.

Revenue is measured at the fair value of the consideration received or receivable. Where goods and/or services are sold in one bundled transaction, the Group allocates the total arrangements consideration to the different individual elements based on their relative fair values. Management determines the fair value of individual elements based on actual amounts charged by the Group on a stand-alone basis, or alternatively, based on comparable pricing arrangements observable in the market.

## **Deferred tax**

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred taxation assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the related asset or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## **Installation costs**

Costs are incurred by the Group from third parties relating to the initial transfer and connection of new fixed line customers to the Group's billing platform. Where these costs are not recharged to the customer, they are expensed to the income statement when incurred.

## **Exceptional items**

These items are presented within the relevant income statement category. The separate reporting of exceptional items helps provide a better indication of the Group's underlying business performance.

## **Pensions**

The Group operates a defined contribution pension scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

## **Share-based payments**

### *Equity settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

## **Finance revenue and costs**

Interest payable on borrowings, the interest expense component of finance lease payments and interest income is recognised in the income statement using the effective interest rate method.

## **Dividends**

Dividends payable are recognised as a liability in the period in which they are declared.

## **Foreign currencies**

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

## **New Standards and interpretations not expected to be applied as at 31 July 2008**

Certain new standards, amendments and interpretations to existing standards that have been published and which are mandatory for the Group's future accounting periods, but which have not been early adopted include:

- IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations
- IFRS 3 Business Combinations (revised January 2008)
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (revised September 2007)
- IAS 23 Borrowing Costs (revised March 2007)
- IAS 27 Consolidated and Separate Financial Statements (revised January 2008)
- IFRIC 12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

The Directors' are currently reviewing the requirements of IFRS 8 and the amendments to IAS 1 to determine whether there will be a material impact on the Group's financial statements.

The Group has considered the other standards, interpretations and amendments above and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's financial information.

## **NOTE 2 EXPLANATION OF KEY UK GAAP TO IFRS DIFFERENCES**

The following is a summary of the key reconciling items set out in Appendices 1 to 5.

### **IFRS 3 Business Combinations**

It is mandatory to account for all material acquisitions in accordance with IFRS 3 "Business Combinations" from the date of transition, which includes the acquisition of 3g, acquired on 30 March 2007.

Application of IFRS 3 to this business combination resulted in the identification of a separately identifiable intangible asset relating to customer contracts and relationships. Under IFRS these have been recognised separately in the balance sheet at their fair value at the date of combination. An intangible asset of £1,337k has been reclassified out of the total goodwill in the 3g business of £3,702k reported under UK GAAP. A deferred tax liability of £364k, arising on the recognition of the customer contracts intangible, has been recognised in the balance sheet at the date of acquisition, with a corresponding debit to goodwill.

The customer contracts and relationships intangible asset will be written off over 7 years on a straight line basis which is the estimated useful economic life. An amortization charge of £64k has been recognised for the period from 30 March 2007 (the date of acquisition) to 31 July 2007.

IFRS 3 does not permit the annual amortisation of goodwill, but does require an annual impairment review of carrying values. Under UK GAAP goodwill was amortised over the anticipated useful economic life of the business acquired. Goodwill amortization of £171k (£62k relating to continuing operations) has been reversed in the year to 31 July 2007 of which £53k (all relating to discontinued operations) represented charges during the six months to 31 January 2007.

As permitted by IFRS 1, the Group has applied IFRS 3 prospectively from the transition date.

### **IAS 36 Impairment of assets**

Under IAS 36 "Impairment of assets" goodwill must be tested annually for impairment. In the UK GAAP consolidated financial statements for the year ended 31 July 2007, an exceptional goodwill impairment of £929k was recognised. As a result of the reversal of goodwill amortization referred to above, there is an additional goodwill impairment on the discontinued Network Services businesses of £109k to be recognised in the IFRS financial statements for the year ended 31 July 2007. There is no impairment to be recognised in the six months ended 31 January 2007.

### **IAS 38 Intangible assets**

Under IAS 16 some items of software, which do not meet the criteria for recognition as plant and equipment have been reclassified as intangible assets. The adjustment was £39k at 31 July 2006, £31k at 31 January 2007 and £25k at 31 July 2007.

### **IAS 19 Employee Benefits**

Previously no provision was made for holiday pay. IAS 19 'Employee Benefits' requires that holiday accrued by employees, but not taken at the balance sheet date must be provided for. An accrual in respect of holiday accrued not yet taken of £73k was recognised at 31 July 2006, £12k at 31 January 2007 and £92k at 31 July 2007.

### **IAS 39 Financial Instruments: Recognition and Measurement**

IAS 39 "Financial Instruments: Recognition and Measurement" requires all derivative financial instruments to be included on the balance sheet at fair value. Between 1 August 2006 and the current date the Group has only held one structured collar agreement, which is used to manage the interest on its borrowings. This collar arrangement does not qualify for hedge accounting and therefore all movements in fair value have been flown through finance costs in the income statement. The fair value of the collar arrangement was a liability of £4k at 31 July 2007 which was the only balance sheet date at which the financial instrument was held.

## **IAS 12 Income taxes**

Current taxes are accounted for under IFRS on the same basis as UK GAAP. Deferred tax under UK GAAP is generally recognised on all timing differences that have originated but not reversed by the balance sheet date. The exception is the recognition of deferred tax assets, which is limited to the extent which the Group anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences.

Under IFRS, deferred tax is accounted for using the balance sheet liability method in respect of temporary differences. These differences arise between the carrying amount of assets and liabilities in the balance sheet and their corresponding tax base. Deferred tax is not recognised on temporary differences arising from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transition where there is no effect on either the tax or the accounting profit.

The IFRS adjustments relating to the recognition of customer contracts and relationships and the accrual for holiday not yet taken give rise to a deferred tax liability. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. A deferred tax liability of £364k has been recognised at 31 July 2007 relating to the recognition of the customer contracts and relationships and a deferred tax asset of £20k at 31 July 2006, £3k at 31 January 2007 and £26k at 31 July 2007 based on the accrual for holiday not yet taken.

Under UK GAAP no deferred tax was recognised when the Group's freehold property was revalued. IFRS requires that deferred tax is recognised upon revaluation, accordingly deferred tax of £51k has been recognised in equity at 31 July 2006.

The other most significant element of the change in the tax charge as a result of the transition to IFRS relates to the recognition of deferred tax on the share based payments. As such £29k, £43k and £45k have been reclassified as deferred tax assets in the consolidated balance sheet as at 31 July 2006, 31 January 2007 and 31 July 2007 respectively.

### **First time adoption (IFRS1)**

In accordance with the requirements of IFRS 1 'First-time Adoption of International Financial Reporting Standards', the group is subject to a number of voluntary and mandatory exemptions from full restatement to the requirements of IFRS, which have been applied as follows:

- IAS 32 'Financial Instruments: Disclosure and Presentation', and IAS 39 'Financial Instruments: Recognition and Measurement' has been adopted with effect from 1 August 2006; and
- the Group has not applied IFRS 3 'Business Combinations' retrospectively to business combinations that occurred before 1 August 2006.

### **IAS1 - Presentation of Financial Statements**

IAS 1 requires the split between current and non-current assets and liabilities on the face of the balance sheet. As a result the reconciliations below include adjustments to reclassify assets and liabilities where required from 1 August 2006.

Similarly, the layout and presentation of the cash flow statement will be amended in accordance with IAS 7, which will show cash flows analysed between operating, investing and finance activities.

Unlike UK GAAP there is no definition of "exceptional items" in IFRS. Where appropriate, the Group intends to continue to highlight amounts considered exceptional as well as reporting in accordance with IFRS.

The results from discontinued operations have been disclosed separately in a single line on the face of the income statement comprising the total of their post-tax profit or loss. The reclassification of revenue and results from discontinued operations is shown in the attached Appendices.

### Note 3 Reconciliation of Group Equity from UK GAAP to IFRS

	1 August 2006 £m	31 Jan 2007 £m	31 July 2007 £m
<b>BNS Telecom Group plc shareholders' equity under UK GAAP</b>	<b>3,755</b>	<b>3,719</b>	<b>44</b>
Minority interest	23	-	-
<b>Total equity under UK GAAP</b>	<b>3,778</b>	<b>3,719</b>	<b>44</b>
Adjustments to conform with IFRS:			
IFRS 3 – Business Combinations	-	53	107
IAS 36 – Impairment of assets	-	-	(109)
IAS 19 - Employee benefits	(73)	(12)	(92)
IAS 12 - Taxation	(2)	(5)	71
IAS 32/39 – Financial instruments	-	-	(4)
<b>Total equity under IFRS</b>	<b>3,703</b>	<b>3,755</b>	<b>17</b>

## Note 4 Reconciliation of movements in group equity

	Equity Share Capital £'000	Share Premium £'000	Other Reserve £'000	Revenue Reserves £'000	Total Equity £'000	Minority Interests £'000	Total £'000
<b>At 1 August 2006</b>	5,012	2,245	(3,821)	244	3,680	23	3,703
Total recognised income and expense	-	-	-	(3,515)	(3,515)	(23)	(3,538)
Transfers on disposal of property	-	-	(118)	169	51	-	51
Share-based payment	-	-	-	52	52	-	52
Dividends paid	-	-	-	(251)	(251)	-	(251)
<b>At 31 July 2007</b>	5,012	2,245	(3,939)	(3,301)	17	-	17

	Equity Share Capital £'000	Share Premium £'000	Other Reserve £'000	Revenue Reserves £'000	Total Equity £'000	Minority Interests £'000	Total £'000
<b>At 1 August 2006</b>	5,012	2,245	(3,821)	244	3,680	23	3,703
Total recognised income and expense	-	-	-	298	298	(23)	275
Share-based payment	-	-	-	28	28	-	28
Dividends paid	-	-	-	(251)	(251)	-	(251)
<b>At 31 January 2007</b>	5,012	2,245	(3,821)	319	3,755	-	3,755

## Appendix 1 – Consolidated Balance Sheet as at 31 July 2006

	Previously reported under UK GAAP	Reclassifications	IAS 19 Employee Benefits	IAS 12 Tax on holiday pay accrual	IAS 12 Tax on revalued assets	IAS 12 Tax on SBP	31 July 2006 Restated under IFRS (AUDITED)
	£'000	£'000	£'000	£m	£m	£m	£'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	5,824	(39)					5,785
Intangible assets		39					39
Goodwill	2,044						2,044
	7,868	-	-	-	-	-	7,868
<b>Current assets</b>							
Inventories	270						270
Trade and other receivables	3,877						3,877
Cash and cash equivalents	2,614						2,614
	6,761	-	-	-	-	-	6,761
<b>TOTAL ASSETS</b>	<b>14,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,629</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables	(3,817)						(3,817)
Borrowings	(3,044)						(3,044)
Accruals and deferred income	(3,400)		(73)				(3,473)
Income tax payable	(254)						(254)
	(10,515)	-	(73)	-	-	-	(10,588)
<b>Non-current liabilities</b>							
Borrowings	(300)						(300)
Deferred tax liabilities	(36)			20	(51)	29	(38)
	(336)	-	-	20	(51)	29	(338)
<b>TOTAL LIABILITIES</b>	<b>(10,851)</b>	<b>-</b>	<b>(73)</b>	<b>20</b>	<b>(51)</b>	<b>29</b>	<b>(10,926)</b>
<b>NET ASSETS</b>	<b>3,778</b>	<b>-</b>	<b>(73)</b>	<b>20</b>	<b>(51)</b>	<b>29</b>	<b>3,703</b>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	5,012						5,012
Share premium	2,245						2,245
Other reserves	(3,770)				(51)		(3,821)
Revenue reserve	268		(73)	20		29	244
<b>BNS Telecom Group plc shareholders' equity</b>	<b>3,755</b>	<b>-</b>	<b>(73)</b>	<b>20</b>	<b>(51)</b>	<b>29</b>	<b>3,680</b>
Minority interest	23						23
<b>TOTAL EQUITY</b>	<b>3,778</b>	<b>-</b>	<b>(73)</b>	<b>20</b>	<b>(51)</b>	<b>29</b>	<b>3,703</b>

## Appendix 2 – Consolidated Balance Sheet as at 31 January 2007

	Previously reported under UK GAAP (restated – Note 1)	Reclassifications	IFRS3 Business Combinations	IAS 19 Employee Benefits	IAS 12 Tax on holiday pay accrual	IAS 12 Tax on revalued assets	IAS 12 Tax on SBP	31 July 2006 Restated under IFRS (UNAUDITED)
	£'000	£'000	£'000	£'000	£m	£m	£m	£'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment	6,720	(31)						6,689
Intangible assets	-	31	53					84
Goodwill	2,090							2,090
	8,810	-	53	-	-	-	-	8,863
<b>Current assets</b>								
Inventories	292							292
Trade and other receivables	5,706							5,706
Cash and cash equivalents	736							736
	6,734	-	-	-	-	-	-	6,734
<b>TOTAL ASSETS</b>	15,544	-	53	-	-	-	-	15,597
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Trade and other payables	(3,177)							(3,177)
Borrowings	(5,005)							(5,005)
Accruals and deferred income	(3,097)			(12)				(3,109)
Income tax payable	(352)							(352)
	(11,631)	-	-	(12)	-	-	-	(11,643)
<b>Non-current liabilities</b>								
Borrowings	(158)							(158)
Deferred tax liabilities	(36)				3	(51)	43	(41)
	(194)	-	-	-	3	(51)	43	(199)
<b>TOTAL LIABILITIES</b>	(11,825)	-	-	(12)	3	(51)	43	(11,842)
<b>NET ASSETS</b>	3,719	-	53	(12)	3	(51)	43	3,755
<b>CAPITAL AND RESERVES</b>								
Called up share capital	5,012							5,012
Share premium	2,245							2,245
Other reserves	(3,770)					(51)		(3,821)
Revenue reserves	232		53	(12)	3		43	319
<b>BNS Telecom Group plc shareholders' equity</b>	3,719	-	53	(12)	3	(51)	43	3,755
Minority interest	-							-
<b>TOTAL EQUITY</b>	3,719	-	53	(12)	3	(51)	43	3,755

### Note 1

In the UK GAAP accounts for the year ended 31 July 2007, the Company changed its previous policy of capitalising subscriber acquisition costs (to recognise instead an expense) and determined that it should consolidate its 45% interest in UK Telecoms Limited (having previously equity accounted for its investment). Accordingly, the amounts presented above under UK GAAP for the 6 months to 31 January 2007 are stated after decreasing the previously reported carrying value of intangible assets by £172,000 and increasing the cost of sales by £44,000 in respect of the accounting policy change on subscriber acquisition costs. In addition, the above accounts are stated after increasing the loss previously reported in the income statement for discontinued activities by £62,000 (instead of showing a share in the loss from associates of £28,000); and increasing the previously reported balances for cash by £30,000, stock by £49,000, debtors by £866,000 and creditors by £994,000 (instead of showing a net amount due to associates of £39,000).

## Appendix 3 – Consolidated Balance Sheet as at 31 July 2007

	Previously reported under UK GAAP	Reclassifications	IFRS3 Business Combinations	IAS36 Impairment of assets	IAS 19 Employee Benefits	IAS 12 Tax on holiday pay accrual	IAS 12 Tax on SBP	IAS 32/39 Derivatives	31 July 2006 Restated under IFRS (AUDITED)
	£'000	£'000	£'000	£'000	£'000	£m	£m	£m	£'000
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	2,201	(25)							2,176
Intangible assets	152	1,362	(64)						1,450
Goodwill	4,754	(1,337)	535	(109)					3,843
	7,107	-	471	(109)	-	-	-	-	7,469
<b>Current assets</b>									
Inventories	316								316
Trade and other receivables	4,227								4,227
Cash and cash equivalents	2,148								2,148
	6,691	-	-	-	-	-	-	-	6,691
<b>TOTAL ASSETS</b>	13,798	-	471	(109)	-	-	-	-	14,160
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Trade and other payables	(5,007)								(5,007)
Borrowings	(1,556)								(1,556)
Accruals and deferred income	(3,721)				(92)				(3,813)
Other financial liabilities								(4)	(4)
	(10,284)	-	-	-	(92)	-	-	(4)	(10,380)
<b>Non-current liabilities</b>									
Borrowings	(3,340)								(3,340)
Other provisions	(130)								(130)
Deferred tax liabilities	-		(364)	-	-	26	45		(293)
	(3,470)	-	(364)	-	-	26	45	-	(3,763)
<b>TOTAL LIABILITIES</b>	(13,754)	-	(364)	-	(92)	26	45	(4)	(14,143)
<b>NET ASSETS</b>	44	-	107	(109)	(92)	26	45	(4)	17
<b>CAPITAL AND RESERVES</b>									
Called up share capital	5,012								5,012
Share premium	2,245								2,245
Other reserves	(3,939)								(3,939)
Revenue reserves	(3,274)		107	(109)	(92)	26	45	(4)	(3,301)
<b>BNS Telecom Group plc shareholders' equity</b>	44	-	107	(109)	(92)	26	45	(4)	17
Minority interest	-								-
<b>TOTAL EQUITY</b>	44	-	107	(109)	(92)	26	45	(4)	17

## Appendix 4 – Consolidated Income Statement for the 6 months to 31 January 2007

	Previously reported under UK GAAP (restated)(Note 1)	Reclassifications	IAS 19 Business Combinations	IAS 19 Employee Benefits	IAS 12 Taxation	31 January 2007 Restated under IFRS (UNAUDITED)
	£'000	£'000	£'000	£m	£m	£'000
<b>Continuing operations</b>						
Group Revenue	15,844	(4,437)				11,407
Cost of sales	(10,458)	3,409				(7,049)
<b>Gross profit</b>	5,386	(1,028)	-	-	-	4,358
Net operating expenses (excluding depreciation, amortisation, share based payments and exceptional items)	(4,377)	1,122		61		(3,194)
Depreciation of tangible assets	(364)	31				(333)
Goodwill charges and intangible amortisation	(53)	53				-
Share-based payment charges	(28)					(28)
Exceptional items	(118)					(118)
Share of operating loss in associates	(62)	62				-
Net operating expenses	(5,002)	1,268	-	61	-	(3,673)
<b>Group operating profit before sale of property</b>	384	240	-	61	-	685
Finance costs	(112)	17				(95)
<b>Profit from continuing operations before taxation</b>	(112)	17	-	-	-	(95)
Taxation (expense)/credit	272	257	-	61	-	590
	(108)	(60)			(14)	(182)
<b>Profit for the period from continuing operations</b>	164	197	-	61	(14)	408
<b>Discontinued operations</b>						
Post tax loss for the period from discontinued operations	-	(197)	53			(144)
<b>Profit/(loss) for the period</b>	164	-	53	61	(14)	264
Loss for the period attributable to:						
Equity holders of the parent	187		53	61	(14)	287
Minority interest	(23)					(23)
	164	-	53	61	(14)	264

### Note 1

In the UK GAAP accounts for the year ended 31 July 2007, the Company changed its previous policy of capitalising subscriber acquisition costs (to recognise instead an expense) and determined that it should consolidate its 45% interest in UK Telecoms Limited (having previously equity accounted for its investment). Accordingly, the amounts presented above under UK GAAP for the 6 months to 31 January 2007 are stated after decreasing the previously reported carrying value of intangible assets by £172,000, increasing the cost of sales by £44,000, increasing the loss previously reported in the income statement for discontinued activities by £62,000 (instead of showing a share in the loss from associates of £28,000); and increasing the previously reported balances for cash by £30,000 and creditors by £92,000 (instead of showing a net amount due from associates of £28,000).

## Appendix 5 – Consolidated Income Statement for the year ended 31 July 2007

	Previously reported under UK GAAP £'000	Reclassifications £'000	IFRS3 Business Combinations £'000	IAS36 Impairment of assets £'000	IAS 19 Employee Benefits £'000	IAS 12 Taxation £m	IAS 32/39 Derivatives £m	31 July 2007 Restated under IFRS (AUDITED) £'000
<b>Continuing operations</b>								
Group revenue	34,911	(8,710)						26,201
Cost of sales	(25,461)	8,623						(16,838)
<b>Gross profit</b>	9,450	(87)	-	-	-	-	-	9,363
Net operating expenses (excluding depreciation, amortization, share based payments and exceptional items)	(9,684)	2,603			(19)			(7,100)
Depreciation of tangible assets	(1,541)	972						(569)
Goodwill charges and intangible amortisation	(1,775)	1,706	(2)					(71)
Share-based payment charges	(52)							(52)
Exceptional items and onerous lease provisions	(844)	776						(68)
Net operating expenses	(13,896)	6,057	(2)	-	(19)	-	-	(7,860)
Group operating profit before sale of property	(4,446)	5,970	(2)	-	(19)	-	-	1,503
Profit on sale of property	1,018							1,018
<b>Group operating profit from continuing operations</b>	(3,428)	5,970	(2)	-	(19)	-	-	2,521
Finance revenue	21							21
Finance costs	(324)						(4)	(328)
	(303)	-	-	-	-	-	(4)	(307)
<b>Profit from continuing operations before taxation</b>	(3,731)	5,970	(2)	-	(19)	-	(4)	2,214
Taxation (expense)/credit	196					12		208
	-							
<b>Profit for the period from continuing operations</b>	(3,535)	5,970	(2)	-	(19)	12	(4)	2,422
<b>Discontinued operations</b>								
Post tax loss for the period from discontinued operations	-	(5,970)	109	(109)				(5,970)
<b>Net profit/(loss) sustained for the period</b>	(3,535)	-	107	(109)	(19)	12	(4)	(3,548)
Loss for the period attributable to:								
Equity holders of the parent	(3,512)	-	107	(109)	(19)	12	(4)	(3,525)
Minority interest	(23)							(23)
	(3,535)	-	107	(109)	(19)	12	(4)	(3,548)