

Europa Oil & Gas – Adoption of IFRS

Europa Oil & Gas (Holdings) plc ("Europa Oil & Gas") today announces that it has completed its preparations to adopt International Financial Reporting Standards (IFRS).

Europa Oil & Gas will prepare consolidated financial statements using the recognition and measurement principles of IFRS from 1 August 2007.

The first results produced under IFRS will be for the 6 months to 31 January 2008 and the first set of financial statements will be for the year to 31 July 2008.

This announcement provides reconciliations for the year to 31 July 2007 and highlights the impact of IFRS on the presentation of the group's consolidated financial statements.

The figures detailed in this announcement are based on the IFRS expected to be applicable as at 31 July 2008 and the interpretation of those standards.

IFRS are subject to possible amendment by and interpretative guidance from the International Accounting Standards Board as well as ongoing review and endorsement by the EU and are, therefore, still subject to change.

It is therefore possible that these figures may require amendment before their inclusion in the IFRS financial statements for the year to 31 July 2008.

Impact of IFRS

The main impacts of implementing IFRS with respect to the group's consolidated financial statements are:

Pre-licence costs

Under UK GAAP some pre-licence costs were capitalised as intangible assets. IFRS 6 - Exploration for and evaluation of mineral resources - precludes the capitalisation of expenditure incurred before an entity has obtained the legal rights to explore a specific area. Under IFRS, these pre-licence costs amounting to £212,000 at 31 July 2007 (31 January 2007: £151,000 and 31 July 2006: £133,000) have been expensed as "other operating expenses" or adjusted against retained earnings at 1 August 2006, as appropriate.

Inventories

Under UK GAAP inventories of oil and gas in tanks were recognised at estimated net realisable value with any gains or losses being taken as a profit or loss to the income statement. This was considered acceptable under the Statement of Recommended Practice (SORP) - Accounting for oil and gas exploration, development, production and decommissioning activities - issued by the UK Oil Industry Accounting Committee and regarded as industry practice. With the adoption of IFRS, the Board has decided to revise the accounting policy with regard to inventories and measure at the lower of cost and net realisable value. Accordingly, inventories have been reduced to cost (which was lower than estimated realisable value at the relevant accounting dates). Inventories at 31 July 2007 were reduced by £74,000 (31 January 2007: £19,000 and 31 July 2006: £29,000).

Short-term employee benefits

Under IAS 19 when an employee has rendered service to a company during an accounting period, the company should recognise the amount of short-term employee benefits, e.g. compensated absences, profit sharing or bonuses payable, expected to be paid in exchange for that service as a liability, after deducting any amounts already paid.

The accrual required to reflect holidays not taken (accrued holiday pay) at 31 July 2007 was £24,000 (31 January 2007: £6,000 and 31 July 2006: £24,000). These accruals were not previously recognised under UK GAAP.

Deferred taxation

The adjustments noted above have impacted the calculation of the deferred tax liability at the balance sheet dates.

Earnings per share ("EPS")

The calculation methodology for EPS is the same as in UK GAAP, however a number of the above items impact on the value of EPS computed under IFRS compared to that under UK GAAP.

Discontinued activities

The results for the year ended 31 July 2007 disclose the loss before tax in respect of discontinued activities, relating to the group's interest in the Bilca gas field in Romania disposed of on 31 March 2007, as a single line in accordance with IFRS 5 - Asset disposals and discontinued activities.

IFRS 1 Exemptions

IFRS1, First Time Adoption of International Financial Reporting Standards, allows companies adopting IFRS for the first time to elect to utilise some exemptions from the full requirements of IFRS in the transition period.

Europa Oil & Gas plc has taken the following key exemptions:

- Business combinations – business combinations that took place prior to 1 August 2006 have not been restated.
- Fair value or revaluation as deemed cost – at the date of transition, fair value has been used as deemed cost for property, plant and equipment previously measured at fair value.
- Decommissioning liabilities - previous changes to decommissioning liabilities have not been recorded against the cost of the asset.
- Share-based payments – the Group has applied the requirements of IFRS 2 - share-based payments - to all grants of equity instruments after 7 November 2002 that were unvested as of 1 August 2006. The company has previously applied FRS 20 under UK GAAP, therefore there will be no further change.

Explanation of transition to IFRS

This is the first year that the company will present its consolidated financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the period ended 31 July 2007 and the date of transition to IFRS was 1 August 2006.

Reconciliation of equity at 31 July 2007 (date of last UK GAAP financial statements)

	UK GAAP	Effect of transition to	IFRS
	£'000	IFRS	IFRS
		£'000	£'000
Non-current assets			
Intangible assets	4,726	(212)	4,514

Property, plant and equipment	4,693	-	4,693
	<u>9,419</u>	<u>(212)</u>	<u>9,207</u>
Current assets			
Inventories	110	(74)	36
Trade and other receivables	2,076	-	2,076
Cash and cash equivalents	630	-	630
	<u>2,816</u>	<u>(74)</u>	<u>2,742</u>
Total assets	<u>12,235</u>	<u>(286)</u>	<u>11,949</u>
Current liabilities			
Trade and other payables	(2,841)	(24)	(2,865)
Borrowings	(533)	-	(533)
	<u>(3,374)</u>	<u>(24)</u>	<u>(3,398)</u>
Non-current liabilities			
Borrowings	(316)	-	(316)
Deferred tax liabilities	(1,894)	47	(1,847)
Long-term provisions	(438)	-	(438)
	<u>(2,648)</u>	<u>47</u>	<u>(2,601)</u>
Total liabilities	<u>(6,022)</u>	<u>23</u>	<u>(5,999)</u>
Net assets	<u>6,213</u>	<u>(263)</u>	<u>5,950</u>
Equity			
Share capital	620	-	620
Share premium	4,597	-	4,597
Merger reserve	2,868	-	2,868
Retained earnings	(1,872)	(263)	(2,135)
Total equity	<u>6,213</u>	<u>(263)</u>	<u>5,950</u>

Note to the reconciliation of equity at 31 July 2007

The adjustment to retained earnings comprises the following:

	£'000
Pre-licence costs	(212)
Inventories	(74)
Holiday pay accrual	(24)
Deferred taxation	47
Total adjustment	<u>(263)</u>

Reconciliation of equity at 31 January 2007 (date of last UK GAAP interim statements)

	UK GAAP	Effect of transition to IFRS	IFRS
	£'000	£'000	£'000
Non-current assets			
Intangible assets	5,304	(151)	5,153
Property, plant and equipment	5,758	-	5,758
	<u>11,062</u>	<u>(151)</u>	<u>10,911</u>
Current assets			

Inventories	58	(19)	39
Trade and other receivables	753	-	753
Cash and cash equivalents	354	-	354
	<u>1,165</u>	<u>(19)</u>	<u>1,146</u>
Total assets	<u>12,227</u>	<u>(170)</u>	<u>12,057</u>
Current liabilities			
Trade and other payables	(391)	(6)	(397)
Current tax payable	(538)	-	(538)
Borrowings	(257)	-	(257)
	<u>(1,186)</u>	<u>(6)</u>	<u>(1,192)</u>
Non-current liabilities			
Borrowings	(630)	-	(630)
Deferred tax liabilities	(1,314)	13	(1,301)
Long-term provisions	(649)	-	(649)
	<u>(2,593)</u>	<u>13</u>	<u>(2,580)</u>
Total liabilities	<u>(3,779)</u>	<u>7</u>	<u>(3,772)</u>
Net assets	<u>8,448</u>	<u>(163)</u>	<u>8,285</u>
Equity			
Share capital	620	-	620
Share premium	4,597	-	4,597
Merger reserve	2,868	-	2,868
Retained earnings	363	(163)	200
Total equity	<u>8,448</u>	<u>(163)</u>	<u>8,285</u>

Notes to the reconciliation of equity at 31 January 2007

The adjustment to retained earnings comprises the following:

	£'000
Pre-licence costs	(151)
Inventories	(19)
Holiday pay accruals	(6)
Deferred taxation	13
Total adjustment	<u>(163)</u>

Reconciliation of equity at 1 August 2006 (date of transition to IFRS)

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Non-current assets			
Intangible assets	4,834	(133)	4,701
Property, plant and equipment	5,401	-	5,401
	<u>10,235</u>	<u>(133)</u>	<u>10,102</u>
Current assets			

Inventories	45	(29)	16
Trade and other receivables	519	-	519
Cash and cash equivalents	149	-	149
	<u>713</u>	<u>(29)</u>	<u>684</u>
Total assets	<u>10,948</u>	<u>(162)</u>	<u>10,786</u>
Current liabilities			
Trade and other payables	(437)	(24)	(461)
Current tax payable	(401)	-	(401)
Borrowings	-	-	-
	<u>(838)</u>	<u>(24)</u>	<u>(862)</u>
Non-current liabilities			
Borrowings	(652)	-	(652)
Deferred tax liabilities	(1,082)	27	(1,055)
Long-term provisions	(282)	-	(282)
	<u>(2,016)</u>	<u>27</u>	<u>(1,989)</u>
Total liabilities	<u>(2,854)</u>	<u>3</u>	<u>(2,851)</u>
Net assets	<u>8,094</u>	<u>(159)</u>	<u>7,935</u>
Equity			
Share capital	611	-	611
Share premium	4,406	-	4,406
Merger reserve	2,868	-	2,868
Retained earnings	209	(159)	50
Total equity	<u>8,094</u>	<u>(159)</u>	<u>7,935</u>

Notes to the reconciliation of equity at 1 August 2006

The adjustment to retained earnings comprises the following:

	£'000
Pre-licence costs	(133)
Inventories	(29)
Holiday pay accrual	(24)
Deferred taxation	27
Total adjustment	<u>(159)</u>

Reconciliation of income statement for year ended 31 July 2007

	Note	UK GAAP £'000	Effect of transition to IFRS		IFRS £'000
			Discontinued operations £'000	Other £'000	
Continuing operations					
Revenue	1	3,122	(618)	-	2,504
Cost of sales	2	(3,564)	577	(45)	(3,032)
Gross loss		<u>(442)</u>	<u>(41)</u>	<u>(45)</u>	<u>(528)</u>
Other operating expenses	3	-	-	(79)	(79)

Administrative expenses	(418)	-	-	(418)
Operating loss	(860)	(41)	(124)	(1,025)
Loss on sale of property, plant and equipment	(594)	594	-	-
Finance income	150	(2)	-	148
Finance costs	(395)	7	-	(388)
Loss on ordinary activities before tax	(1,699)	558	(124)	(1,265)
Income tax expense	(428)	-	20	(408)
Loss on ordinary activities after taxation	(2,127)	558	(104)	(1,673)
Discontinued operations				
Loss for the period from discontinued operations	-	(558)	-	(558)
Loss for the period	(2,127)	-	(104)	(2,231)

Notes to the reconciliation of profit or loss for year ended 31 July 2007

- Under UK GAAP, the results of discontinued operations are disclosed on a line by line basis on the face of the profit and loss account. Under IFRS, the income statement discloses the results of discontinued operations as a single line item with additional disclosures being shown in the notes to the financial statements. This change in presentation is reflected above.
- The adjustment to cost of sales reflects the gain in relation to inventories that was previously recognised under UK GAAP as a result of valuing inventories at estimated net realisable value.
- The adjustment to other operating expenses reflects pre-licence costs incurred in the period.

Reconciliation of income statement for six months ended 31 January 2007

	Note	UK GAAP £'000	Effect of transition to IFRS Discontinued operations £'000	Other £'000	IFRS £'000
Continuing operations					
Revenue	1	1,652	(396)	-	1,256
Cost of sales	2	(1,091)	359	10	(722)
Gross profit		561	(37)	10	534
Other operating expenses	3	-	-	(18)	(18)
Administrative expenses	4	(176)	-	18	(158)
Operating profit		385	(37)	10	358

Finance income	87	(2)	-	85
Finance costs	(127)	5	-	(122)
Profit on ordinary activities before tax	345	(34)	10	321
Income tax expense	(220)	-	(14)	(234)
Profit on ordinary activities after taxation	125	(34)	(4)	87
Discontinued operations				
Profit for the period from discontinued operations	-	34	-	34
Profit for the period	125	-	(4)	121

Notes to the reconciliation of profit or loss for six months ended 31 January 2007

- Under UK GAAP, the results of discontinued operations are disclosed on a line by line basis on the face of the profit and loss account. Under IFRS, the income statement discloses the results of discontinued operations as a single line item with additional disclosures being shown in the notes to the financial statements. This change in presentation is reflected above.
- The adjustment to cost of sales reflects the gain in relation to inventories that was previously recognised under UK GAAP as a result of valuing inventories at estimated net realisable value.
- The adjustment to other operating expenses reflects pre-licence costs incurred in the period.
- The adjustment to administrative expenses reflects the movement in the holiday pay accrual in the period.

Principal accounting policies

These are the full set of accounting policies that are expected to be adopted for the full year reporting. Insofar as these are applicable, these policies have been adopted for the interim reporting.

Basis of accounting

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the group are set out below.

The policies have changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS. The changes to accounting policies are explained above, together with the reconciliation of opening balances. The date of

transition to IFRS was 1 August 2006.

The group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained under the respective accounting policy.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 July 2008.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective and may be relevant to the financial statements of Europa Oil & Gas:

	Effective date
IFRS 8: Operating Segments	1 January 2009
IAS 1: Presentation of financial statements	1 January 2009

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

Basis of consolidation

The group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 July 2008. Subsidiaries are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from its activities. The group obtains and exercises control through voting rights.

Unrealised gains on transactions between the group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements. The Group accounts for its share of the results and net assets of these joint arrangements. In addition, where the Group acts as operator to the joint arrangement, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint arrangement are included in the consolidated balance sheet.

Business combinations completed prior to the date of transition to IFRS

The group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 August 2006.

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

The transitional provisions used for past business combinations apply equally to past acquisitions of interests in associates and joint ventures.

Revenue Recognition

Revenue, excluding value added tax and similar taxes, represents net invoiced sales of the group's share of oil and gas revenues in the year. Revenue is recognised at the end of each month based upon the quantity and price of oil and gas delivered to the customer.

Non-current assets

Oil and Gas interests

The financial statements with regard to oil and gas exploration, appraisal and development expenditure have been prepared under the full cost basis. This accords with IFRS 6 which permits the continued application of a previously adopted accounting policy.

Pre-production assets

Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including appropriate directors' costs) are capitalised and accumulated in cost pools on a geographical basis. These costs which relate to the exploration, appraisal and development of oil and gas interests are initially held as intangible non-current assets pending determination of commercial viability. On commencement of production these costs are expensed.

Production assets

With the determination of commercial viability and approval of an oil and gas project the related pre-production costs are transferred from intangible non-current assets to property, plant and equipment and subsequently depreciated upon commencement of production within the appropriate geographical cost pool.

Impairment tests

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Depreciation

All expenditure within each tangible geographical cost pool is depreciated from the commencement of production, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period, plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs within each geographical cost pool. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Future decommissioning costs

A provision for decommissioning is recognised in full at the commencement of oil and/or natural gas production. A corresponding production asset of an amount equivalent to the provision is also

created. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. This asset is subsequently depreciated as part of the capital costs of production facilities within property, plant and equipment, on a unit of production basis.

Changes in the estimates of commercial reserves or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision is included within interest expense.

Computer equipment and related software, and motor vehicles

Computer equipment and related software, and motor vehicles are depreciated on a 25% per annum straight line basis.

Long leasehold properties

Long leasehold properties are depreciated over the period of the lease.

Reserves

Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data shows to be recoverable in future years. The proven reserves included herein conform to the definition approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC). The probable and possible reserves included herein conform to definitions of probable and possible approved by the SPE/WPC using the deterministic methodology. Reserves used in accounting estimates for depreciation are updated periodically to reflect management's view of reserves in conjunction with third party formal reports. Reserves are reviewed at the time of formal updates or as a consequence of operational performance and plans and the business environment at that time. Reserves are adjusted, in the year that the formal updates are undertaken with any resulting changes not applied retrospectively or as a consequence of operational performance and plans, and the business environment at that time.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited

directly to equity.

Foreign currency

The Group and Company prepare their financial statements in GB pounds.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate. The exchange differences arising, if any, are classified as equity and are taken directly to the "Foreign currency reserve". On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

Europa Oil & Gas (Holdings) plc is domiciled in the UK, which is its primary economic environment and the Company's functional currency is GB Pounds. The Group's current operations are based in the UK, Ukraine, Romania, Poland, France, Western Sahara and Egypt, and the functional currency of the Group's entities are the prevailing local currencies in each jurisdiction. Given that the functional currency of the Company is GB Pounds, management has elected to continue to present the consolidated financial statements of the Group in GB Pounds.

The group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date the asset is initially recognised.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Defined contribution pension schemes

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Inventories

Inventories comprise oil and gas in tanks. These are stated at the lower of cost and net realisable value.

Short-term incentive plan

The group operates a short-term incentive plan for executive directors. Under the terms of the plan annual awards are made to plan participants dependent upon the achievement of performance targets. The performance targets are determined by the Remuneration Committee.

Share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 August 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of the financial adjustments set out below were made in accordance with the appropriate IFRS and the Company and the Group's accounting policy.

Intangible assets are tested for impairment annually. In accordance with IAS 36, an intangible asset is considered impaired when its carrying amount exceeds its recoverable amount on an individual cash generating unit basis. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future business performance.

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