

VTR PLC

STATUTORY ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

VTR PLC
Audited financial information

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Directors, Advisers and Registered Office

Directors

Namit Malhotra (Chairman)
Anshul Doshi (Managing and Finance Director)
Christopher Mills (Non-Executive Director)
Naresh Malhotra (Non-Executive Director)
Riv Karan Singh Chadha (Non-Executive Director)

Secretary

Derringtons Limited
Erico House
93 – 99 Upper Richmond Road
London SW15 2TG

Registered office

64 Dean Street
London W1D 4QQ

Company Registration Number

1694613

Nominated Adviser & Broker

Charles Stanley Securities
25 Luke Street
London EC2A 4AR

Auditors

Sterling
Chartered Accountants
Registered Auditors
505 Pinner Road
Harrow
Middlesex HA2 6EH

Bankers

National Westminster Bank plc
19 Shaftesbury Avenue
London W1A 4QQ

Solicitors

Farrer & Co. LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Registrar and Transfer Office

Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

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Chairman's Statement

The Board of VTR plc ("The Company" or when referring to the Company and its subsidiaries, "The Group") is pleased to announce the results for year ending 31 March 2008 presented according to International Financial Reporting Standards (IFRS).

The Board announced in December 2006 a change to the accounting year end of the Group from 31 August to 31 March. The first accounting period under the new reference date was the seven months to 31 March 2007. As a result of this change the comparatives in this statement are for the seven months to 31 March 2007.

In the year to 31 March 2008 the Group made a profit before tax of £472,538 after an exception item of £604,461 on a turnover of £17,964,406 compared to a profit before tax of £646,422 (as restated under IFRS) on a turnover of £10,604,289 for the seven months to 31 March 2007. Earnings per share were 2.11 pence per ordinary share based on the share capital at 31 March 2008 compared to earnings per share of 2.30 pence for the seven month period to 31 March 2007.

Net debt was £4,049,010 at 31 March 2008 compared to £3,558,000 at 31 March 2007 and gearing at the year end was 37.32% compared to 37.63% at 31 March 2007.

Our clients are now gaining the benefits arising from the progress that continues to be made on cooperation on certain projects between the Group and Frantic Films and Post Logic, acquisitions made during the year by Prime Focus Limited, the Group's Parent Company. In this way clients wishing to use our London facilities are still able to take advantage of the favourable of tax regime for film makers in Canada. The Group has worked on several projects with these companies details of which appear in the Managing Director's report.

The Group acquired the entire issued share capital of Machine Effects Limited (trading as Machine FX) during the year under review. This acquisition has added specialist high end feature film visual effects capabilities to the Group. Machine FX has worked on *Harry Potter*, *10,000 BC*, and is currently working on the next Bond film *Quantum of Solace*. Machine FX will move to the Group's head office building at 64 Dean Street. As part of its strategy to take advantage of the growth in the broadcast visual effects business, the Group acquired the business interests of Clarke Associates London Limited which has completed work for several prestigious broadcast visual effects projects. Among its clients in are BBC, ITV and Channel 4.

Integration of the Group's services with those of the Parent Company in India continues. Certain key members of staff have relocated to India during the past 12 months to oversee the continued success of the Group's offshore offering. A number of our UK and International clients are taking advantage of the competitively priced facilities offered by our associated companies in India.

Management

In April 2008 Neil Lane Managing Director of VTR plc left the Group. The Board would like to thank Neil for his considerable contribution to the Group over the past 16 years and during the last two years as Group Managing Director and wish him well for the future. Anshul Doshi an existing Group Finance Director, has taken on the additional role of Group Managing Director. This arrangement will continue until such time as a suitable replacement is identified for the role of either Group Managing Director or Group Finance Director.

We have been looking to strengthen our Board and we are delighted to report that Marie Louise Windeler joined as a non-executive director on 20 August 2008. She was most recently the London CEO of WPP subsidiary, Hill & Knowlton and is currently on the board of 'Freshwater UK plc. She has extensive experience in leading and growing business in the creative arena, and we look forward to her joining your Board.

Corporate Restructuring

The expansion of the Group's activities, resulting from both organic growth and acquisition, has caused some overlap and duplication of services offered between the various subsidiaries. In response to this, your board has decided to embark upon a programme of reorganisation which will simplify the structure of the Group and provide a more logical and transparent offering to our clients.

As a first step, the board is pleased to announce that the name of VTR plc will be changed to Prime Focus London plc, consistent with the Prime Focus global brand. A resolution to approve this change will be put to shareholders at the forthcoming Annual General Meeting.

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The Group trading companies following this restructuring will be as follows:

Subsidiary	Activity	Sector
New Company (name to be agreed)	Merger of the activities of: 1) Prime Focus London Limited (formerly Video Tape Recording Limited) 2) Clear (Post Production) Limited, and 3) The Hive Animation Limited	Commercials
Blue Post Production Limited (trading as Blue)	Merger of the activities of: 1) Blue, and 2) The Machine Room Limited (except online business)	Broadcast
Machine Effects Limited (trading as Machine FX)	No change	Feature Film
New Company (name to be agreed)	Merger of the activities of: 1) Clipstream Limited, and 2) the online business of The Machine Room Limited	Technology innovation and media asset management
K<post Limited	No change	In-house facility for advertising agency

A consequence of the above restructuring will be that The Hive Animation Limited, Clear (Post Production) Limited, Prime Focus London Ltd, United Sound and Vision Ltd and The Machine Room Limited will be liquidated.

The new corporate structure will enable performance to be reported to shareholders by activity type. This new branding and division of activities will be reflected throughout the Prime Focus Group internationally

Outlook

The reorganisation of the Group represents a further step towards the integration of your Company with Prime Focus worldwide into a global media services business. Your board is confident that with the breadth of services we offer, the key talent we employ and the integration of our offering with our international associated businesses, the Group is in considerably improved position to respond to current global world market conditions.

Namit Malhotra
 Chairman
 20 August 2008

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Managing Director's Review

The Group companies have performed well in these challenging markets with some undergoing various changes and integrations to further enhance their offerings.

Prime Focus London Limited ("PFL") is the UK commercials post production arm of the Group, offering high-end visual effects (VFX), colour grading and full post-production services. There has been a number of notable success stories for the company over the last year including:

- the successful delivery of 1500 VFX shots for the feature film "*Tales of the Riverbank*", in a four month production period in conjunction with the Parent Company;
- the triumphant launch of DDB UK's consumer website for Volkswagen, featuring some 16,000 computer generated car models created by the 3D team at PFL and ;
- the completion of a number of high profile commercials including Canon "*Stretched*" and Panasonic Lumix "*Scrunch*" and "*Sphinx*";
- a feature film VFX collaboration with Frantic Films in Canada (on "*The Lonely Maiden*") and with Machine (on "*Franklyn*").

The Company has benefited from continued investment in equipment, including the installation of a new Baselight projection suite, allowing PFL to offer the most technologically advanced Digital Intermediate kit combination currently available in the industry.

The merger of the trading activities of The Machine Room Limited and Blue Post Production Limited has been completed and the resulting joint operation has found favour with the clients of both companies. The newly merged businesses are now operating under the 'blue' banner in one building at 58 Old Compton Street. Blue has further developed its strong market and client reputation following its win at the Promax UK 2007 Awards in the category Best Broadcast Post Production Facility, with a top 4 placing in the Soho Unplugged post facility round up in March 2008. Soho Unplugged reported, "The transformation at blue has been nothing short of amazing. A once mighty company that fell on hard times, the Prime Focus owned facility has been resurrected, re-invented and restored to the top of the facilities tree."

K<post, the in-house facility based at advertising agency JWT London in Knightsbridge, continues to provide essential quick turnaround post-production services to the agency.

Machine FX has gone from strength to strength since the Group acquired the feature film VFX business in January 2008, leveraging the scale of the Group and its parent locally and internationally, to win high profile work on some of the biggest films being produced today. Currently busy on Bond 22 "*Quantum of Solace*", Machine FX has recently completed VFX work on films such as "*10,000BC*", "*Elizabeth: The Golden Age*" and "*Harry Potter and the Order of the Phoenix*". Machine FX will move into the Group's head office at 64 Dean Street towards the end of 2008.

The business interests of Clarke Associates London Limited ("Clarke Associates") was acquired by the Group in January 2008. Clarke Associates is a well-reputed broadcast VFX house led by Creative Director Simon Clarke who has over 13 years of industry experience. Simon's award winning contribution to broadcast VFX has been recognised by his clients and peers through various flagship programmes and series for the BBC, National Geographic, Discovery Channel and Channel 4. The expertise and skills Simon brings to the Group further strengthen blue's broadcast offering and compliment blue's post production services.

Key Staff

The Group have continued to appoint and promote key members of staff to further strengthen the business.

In April 2008, Simon Briggs was appointed Managing Director of PFL, whilst also maintaining his existing role as Managing Director of Blue Post Production Limited; Simon will have a full overview of the operations, sales and management of divisions right across the Group and will bring unified growth and business synergy to the Group's activities. Since joining The Machine Room in 1997, Simon has held senior positions across several of the Group divisions.

In June 2008, Daniel Sapiano joined PFL in the newly created role of Commercial Director. Daniel will head the commercials side of Prime Focus London's business. Daniel was a former Executive Producer at The Mill focusing on animation production. Daniel has also worked at Locomotion and Das Werk in Germany for 5 years as Director of Operations & Head of Production respectively.

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In late June 2008, PFLC announced the appointment of renowned colourist Tareq Kubaisi as CEO of Telecine. Tareq returns to the Company after a three years with Glassworks. In his new position, Tareq will lead PFLC's highly regarded Telecine team and manage the creative output of the department.

Financial Highlights

The Group turnover for the year was £17,964,406 and the gross profit for the year was 86.05%. The net profit reflects an exceptional item of £604,461 which represents payments made to a former director in settlement of proceedings brought for an alleged breach of contract and related legal fees.

Key Performance Indicators

Sales

Sales were relatively flat on a comparable basis for the year compared to previous period.

Gross Margin

The gross margin decreased to 86.05% as compared to 92.48% for the previous period. The main reason for this was the adoption of a policy to use freelance staff for specific projects reducing the need for permanent staff countering seasonal fluctuations in the business.

Operating Profit

The increase in the operation profit for the year was a direct result of the various cost reduction strategies put in place during the year. The management has since surrendered two additional leasehold properties which were held by the Company on long leases. The Company has been on a recruitment drive for sales people and various sales strategies which were initiated in the previous period are still ongoing.

Principal Risks

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company. The directors consider the following to be the principal risks faced by the Group:

Key Creative Staff

The Group's performance depends largely on the retention of key creative staff. The Group has successfully retained its key staff by ensuring that the necessary tools and working environment are in place. The Group is currently looking to put into place stock incentive schemes for key staff thereby securing their long term commitment to the Group.

Competition

The Group operates in highly competitive markets with several companies, small and large, competing for the same market share. Investment in the latest technology and a reputation of consistently delivering high quality services are a prime asset in the market. Post the acquisition by Parent Company, the Group has set up a programme for investment in the latest technology to bring the Group up to speed and ahead of competition in terms of technology.

Business Environment

Business environment risks considered by the Group include a downturn in film production activity in the UK, potential delay in revenue generation from the Group's media asset management business, the timing of television production and the cut in advertising spend by blue chip clients.

The Company's policy in relation to the use of financial instruments and its exposure to price risk, liquidity risk and cash flow risk is given in Note 3 to the financial statements.

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Directors' report

The directors present their report and the financial statements for the Group and Company for the year ended 31 March 2008.

Results and dividends

The Group profit for the year amounted to £472,538 (seven months to 31 March 2007: £646,422).

The directors do not recommend the payment of a dividend.

Principal activities and review of the business

The principal activity of the Group continues to be that of the provision of technology based creative services for the media and entertainment industries.

A full operational review of the business is dealt with in the Chairman's Statement and Managing Director's review.

Directors

The following directors have held office since 31 March 2007:

Namit Malhotra (Chairman)
Neil Lane (Resigned on 30 April 2008)
Anshul Doshi (Managing and Finance Director)
Christopher Mills (Non-Executive Director)
Naresh Malhotra (Non-Executive Director)
Riv Karan Singh Chadha (Non-Executive Director)
Marie Louise Windeler (Non-Executive Director – since 20 August 2008)

Directors' interests and other substantial shareholdings

None of the directors had any interest in the shares of the Company at 31st March 2008 or 31st March 2007.

Directors' interests in the shares of the parent undertaking, Prime Focus Limited are disclosed in the accounts of the Parent Company.

Anshul Doshi, Namit Malhotra and Naresh Malhotra were re-appointed to the Board at the General Meeting on 28 April 2008.

At 12 August 2008, the Company has had disclosed to it in accordance with Section 198 to 208 of the Companies Act 1985 the following substantial share interests exceeding 3% in the issued share capital:

	Number of ordinary shares held	Percentage held
Prime Focus Limited	19,567,003	59.96%
M H Dixon	2,940,000	9.00%
BNY (OCS) Nominees Limited	1,800,000	5.51%
Chase Nominees Limited	1,117,000	3.42%

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. At 31 March 2008, the Group had an average of 96 days (2007: 149 days).

Charitable and political donations

No charitable or political donations were made in the year. The policy of the directors is to leave the decision to make such contributions at the discretion of the individual shareholders.

Going concern

After making enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements.

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Exceptional items

The exceptional item represents a payment made to Mr John Banks, the former managing director, in settlement of proceeding brought by Mr Banks for alleged breach of contract of £527,000 and associated, legal costs.

Close company status

The Company is not a close company within the meaning of Schedule 19 of the Income and Corporation Taxes Act 1988.

Employee involvement

The Group's policy is to encourage employee involvement at all levels as it believes this is essential for the success of the business. The directors have adopted an open management style and encourage communication to give employees the opportunity to contribute on business issues.

The Group does not discriminate against anyone on any grounds. Criteria for selection and promotion are based on the suitability of an applicant for the job. Applicants for employment by disabled persons are always fully considered, bearing in mind the respective aptitude of the applicant concerned.

Financial Risk Management

The Board regularly reviews the financial requirement of the Group and the risks associated therewith. The Group does not use complicated financial instruments and where financial instruments are used it is for reduced interest or exchange rate risk. The Group does not trade in financial instruments. Group operations are primarily financed from retained earnings, bank borrowings (including overdraft facilities) and advances from Parent Company. In addition to these primary financial instruments, the Group also has other financial instruments such as debtors, prepayments, trade creditors and accruals that arise directly from the Group's operations. Further information is provided in Note 3 to the financial statements.

Statement of disclosure to auditor

So far as each of the directors at the time of this report are aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act, a resolution proposing that Sterling Chartered Accountants will be re-appointed will be put to the Annual General Meeting.

On behalf of the Board

Anshul Doshi

Director

20 August 2008

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Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and have elected to prepare the Company financial statements in accordance with UK Accounting Standards.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Corporate Governance

Although AIM listed companies are not required to report on the Combined Code, the directors are obliged to follow proper standards of corporate governance and will continue to keep procedures under review. The following provides an outline of the principal policies and procedures established by the Board.

Board and Board Committees

There have been a total of six Board meetings held during the year.

The attendance record of the directors is as follows:

23 May 2007	Namit Malhotra, Anshul Doshi, Neil Lane, and Christopher Mills
25 September 2007	Anshul Doshi, Neil Lane, Christopher Mills
14 November 2007	Anshul Doshi, Neil Lane, Christopher Mills
11 December 2007	Namit Malhotra, Anshul Doshi, Neil Lane
17 December 2007	Namit Malhotra, Anshul Doshi, Neil Lane
18 January 2008	Namit Malhotra, Anshul Doshi, Neil Lane

In view of the small size of the Board, the Remuneration Committee, composed of the non-executive directors, has met once during the year. As the Group expands and the Board is enlarged by the addition of new members, the composition of the Remuneration Committee will be revised.

The Audit Committee is composed of the three non-executive directors and normally meets at least twice. The Committee has met twice during the year under review.

Relationship with shareholders:

The Board places considerable importance on creating and maintaining a strong relationship with its shareholders.

Accountability and financial control:

The Board has overall responsibility for the systems of financial control. Implementation and maintenance of the financial control systems is the responsibility of executive management. It should be understood that such systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. The Company has an established framework of internal financial controls which reflect the current scale of Group activities, the key features of which are as follows:-

Control environment

There are clearly defined organisational responsibilities and the Board is committed to employing suitably qualified staff so that the appropriate level of authority can be delegated with regard to accountability and acceptable levels of risk.

Information systems

A yearly audit of the Information Systems takes place which is reported to the Board.

Identification and evaluation of business risks and controls

Management control is exercised at all levels of the Group and is regulated by appropriate limits of authority. The directors have considered various areas of business risks and have developed appropriate policies to manage and diffuse those risks. These policies are reviewed in the light of known and perceived changes to the risks.

Quality and integrity of personnel

The Group attaches high importance to the values of trust, honesty and integrity of personnel in responsible positions and operates a policy of recruitment and promoting suitably experienced personnel with clearly defined accountabilities.

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Investment appraisal

Capital investment being a significant element of the Group's operations, all major expenditure is included in the annual budget and reported quarterly to the Board. In addition, all potential and actual acquisition opportunities are regularly reviewed by the Board, both in meetings and by ad hoc reports.

Monitoring

Given the size of the Group and the close day-to-day involvement of the executive directors no formal internal audit is considered necessary.

Namit Malhotra

Chairman

20 August 2008

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AIM Rules Compliance Report

VTR plc is traded on AIM and, as such under AIM Rule 31 the Company is required to:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its nominated adviser (“Nomad”) regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- Provide the Company’s Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
- Ensure that each of the Company’s Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

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Report of the Remuneration Committee

The policy of the Group is to offer competitive remuneration packages that will attract, retain and motivate experienced and talented individuals who will enhance the value of the Group. The remuneration packages of the executive directors are reviewed and approved by the Remuneration Committee on an annual basis.

The remuneration of the executive directors is determined by the remuneration committee all of whom are non-executive directors: Christopher Mills (Chairman), Naresh Malhotra and Riv Karan Chada.

Directors' service agreements

Only Mr Neil Lane, executive director had a permanent rolling service agreement with the Company. This agreement ended on 30 April 2008.

The non-executive directors do not have a service agreement and their remuneration continues to be determined by the Board. In accordance with Regulations 85 and 86 of the Companies Articles of Association, one third of the non-executive retires each year and is eligible for re-election at the Company's Annual general Meeting.

	2008			2007				
	Salary £	Pension Contribution £	Benefit in kind £	Total £	Salary £	Pension Contribution £	Benefit in kind £	Total £
NF Lane	110,000	16,500	1,544	128,044	64,167	9,625	866	74,658
AG Doshi**	15,000	-	-	15,000	-	-	-	-
CHB Mills	8,000	-	-	8,000	4,666	-	-	4,666
	133,000	16,500	1,544	151,044	68,833	9,625	866	79,324

** Emoluments for Mr A G Doshi are in respect of the holding of his position on the Board of Directors. Mr Doshi did not receive any emoluments for his executive duties. A plan is currently being formulated in this respect and will be presented to the Remuneration Committee during the current year.

Mr Namit Malhotra, Mr Naresh Malhotra and Mr Riv Karan Singh did not receive any emoluments during the year.

Remuneration of the directors

The main components of the executive directors' remuneration are:

Salary – the basic salary of each director is determined by taking into account the director's experience, responsibility, value to the organization and market value. There is no bonus scheme.

Benefit in kind – benefits include medical and life assurance, company car and travel allowances where applicable

Pension costs – pension contribution for the directors are based on a percentage of their total remuneration.

None of the current directors at the date of this report have any interest in the shares of the Company.

At 31 March 2008, there were no outstanding directors share options.

The mid market price of the Company's shares at the end of the financial year was 40.50p (price as on 31 March 2008). During the year, the share price ranged from 20.70p to 62p.

CHB Mills

Chairman
 Remuneration Committee
 20 August 2008

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Independent Auditors' report to the shareholders of VTR plc

We have audited the Group and Company financial statements ("the financial statements") for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes.

These financial statements have been prepared under the accounting policies set out therein. We have also audited the information regarding the directors' remuneration in the Remuneration Committee Report that is described as having been audited.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Committee Report to be audited 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 and the part of the Remuneration Committee Report to be audited give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Directors' Report, Corporate Governance Statement, AIM Rule Compliance Report and Report of the Remuneration Committee. 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 and the part of the Report of the Remuneration Committee to be audited. 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 and the part of the Report of the Remuneration Committee to be audited 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 and the part of the Report of the Remuneration Committee to be audited.

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Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Parent Company's affairs as at 31 March 2008 for the year then ended;
- the financial statements and the part of the Report of the Remuneration Committee to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Sterling

Chartered Accountants
Registered Auditors

505 Pinner Road
Harrow
Middlesex HA2 6EH

20 August 2008

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Consolidated Income Statement for the year ended 31 March 2008

	Note	2008 £	2007 £
Revenue	5	17,964,406	10,604,289
Cost of sales		(2,506,228)	(798,731)
Gross profit		15,458,178	9,805,558
Net operating charges		(14,124,734)	(8,922,341)
Operating profit	6	1,333,444	883,217
Other Income	8	120,349	-
Finance income	9	3,480	12,894
Finance costs	10	(380,274)	(249,689)
Exceptional items	11	(604,461)	-
Profit on ordinary activities before income tax		472,538	646,422
Corporation tax on profit/(loss) on ordinary activities	12	163,792	(2,496)
Profit for the year		636,330	643,926
Basic and diluted profit per share	13	2.11	2.30

The above results are derived from continuing activities.

The Company has elected to take exemption under Section 230 of the Companies Act 1985 not to present the Company's profit and loss account. The loss for the Company for the year was £294,152 (2007 loss: £1,678,522)

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Consolidated Balance Sheet at 31 March 2008

	Notes	2008 £	2007 £
ASSETS			
Non-current assets			
Intangible Assets	15	3,182,546	1,443,877
Property, plant and equipment	16	10,325,350	10,881,362
Deferred tax assets	17	20,149	-
Other receivables	18	120,000	-
Available for sale investments	19	858,750	646,480
		14,506,795	12,971,719
Current assets			
Inventories	20	30,341	26,632
Trade and other receivables	21	5,415,994	6,484,442
Cash and cash equivalents		2,392,840	144,503
		7,839,175	6,655,577
Total assets		22,345,970	19,627,296
EQUITY			
Capital and reserves attributable to equity shareholders			
Share capital	22	1,505,314	1,387,814
Share premium account	23	9,383,624	8,556,624
Capital redemption reserve	23	270,000	270,000
Fair Value Reserve	23	365,395	387,500
Retained earnings	23	(675,622)	(1,311,957)
Total equity		10,848,711	9,289,981
LIABILITIES			
Current liabilities			
Borrowings	24	5,775,186	2,383,612
Trade and other payables	25	5,028,909	5,959,278
Other Creditors	26	-	530,950
Current income tax liabilities	27	26,500	37,988
		10,830,595	8,911,828
Non-current liabilities			
Borrowings	28	666,664	1,318,892
Deferred tax liabilities	17	-	106,595
		666,664	1,425,487
Total liabilities		11,497,259	10,337,315
Total equity and liabilities		22,345,970	19,627,296

Anshul Doshi

Director

The accounts were approved by the Board of Directors and authorised for issue on 20 August 2008. The notes on pages 22 to 49 form part of these accounts.

VTR PLC
Audited financial information

Company Balance Sheet at 31 March 2008

	Notes	2008 £	2007 £
ASSETS			
Non-current assets			
Intangible Assets	15	49,500	-
Property, plant and equipment	16	4,096,153	4,367,150
Investments	19	4,105,192	6,402,767
		8,250,845	10,769,917
Current assets			
Trade and other receivables	21	24,092,595	21,315,667
Cash and cash equivalents		2,066,745	102,864
		26,159,340	21,418,531
Total assets		34,410,185	32,188,448
EQUITY			
Capital and reserves attributable to equity shareholders			
Share capital	22	1,505,314	1,387,814
Share premium account	23	9,383,624	8,556,624
Capital redemption reserve	23	270,000	270,000
Merger Reserve		729,160	729,160
Retained earnings		888,658	2,739,005
Total equity		12,776,756	13,682,603
LIABILITIES			
Current liabilities			
Borrowings	24	5,473,915	650,541
Trade and other payables	25	15,490,255	15,779,845
Other Creditors	26	-	530,950
		20,964,170	16,961,336
Non-current liabilities			
Borrowings	28	666,664	1,318,892
Deferred tax liabilities	17	2,595	225,617
		669,259	1,544,509
Total liabilities		21,633,429	18,505,845
Total equities and liabilities		34,410,185	32,188,448

Anshul Doshi

Director

The accounts were approved by the Board of Directors and authorised for issue on 20 August 2008. The notes on pages 22 to 49 form part of these accounts.

VTR PLC
Audited financial information

Consolidated Cash Flow Statement for the year ended 31 March 2008

	Notes	2008 £	1 September 2006 to 31 March 2007 £
Cash flows from operating activities			
Cash generated from operations	29	1,801,276	3,242,607
Net Interest paid		(376,794)	(236,795)
Tax recovered / (paid)		25,559	(2,495)
Net cash generated from operating activities		1,450,041	3,003,317
Cash flows from investing activities			
Purchases of equipment and subsidiaries		(3,110,456)	(2,727,665)
Proceeds from sale of Assets		224,907	-
Net cash absorbed from investing activities		(2,885,549)	(2,727,665)
Cash flows from financing activities			
Issue of shares		944,500	-
Net cash used in financing activities		944,500	-
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		(3,557,999)	(3,833,651)
Cash and cash equivalents at the end of the year		(4,049,007)	(3,557,999)

VTR PLC
Audited financial information

Shareholders' funds and statement of changes in shareholders' equity

	Share capital £	Share premium £	Capital redemption Reserve £	Fair Value Reserve £	Retained earnings £	Total equity £
At 31 August 2005	551,928	4,071,241	270,000	-	288,423	5,181,592
Total recognised income for the period	-	-	-	-	(2,050,317)	(2,050,317)
Shares issued during the year	835,886	4,485,383	-	-	-	5,321,269
Transitional adjustments arising from conversion to IFRS	-	-	-	41,875	(193,984)	(152,109)
At 31 August 2006	1,387,814	8,556,624	270,000	41,875	(1,955,878)	8,300,435
Total recognised income for the period	-	-	-	-	643,926	643,926
Transitional adjustments arising from conversion to IFRS	-	-	-	345,625	-	345,625
At 31 March 2007	1,387,814	8,556,624	270,000	387,500	(1,311,952)	9,289,986
Total recognised income for the year	-	-	-	-	636,330	636,330
Revaluation of financial assets	-	-	-	(22,105)	-	(22,105)
Shares issued during the year	117,500	827,000	-	-	-	944,500
At 31 March 2008	1,505,314	9,383,624	270,000	365,395	(675,622)	10,848,711

The retained earnings reserve represents the cumulative profit of the Group.

VTR PLC

Audited financial information

Notes to the Accounts

1. General information

VTR plc (“the Company”) and its subsidiaries (together “the Group”) are technology based creative service providers to the media and entertainment industry.

The Company is a limited liability company incorporated and domiciled in England whose registered office address and principal place of business is 64 Dean Street, London W1D 4QQ.

The financial statements are prepared in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

These financial statements were authorised for issue on 20 August 2008.

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

IFRS 8	Operating Segments
IFIRC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concessions Arrangement
IFRIC 14	The Limit on Defined Benefit Asset
IAS 23 (Amendment)	Borrowing costs

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 except for additional disclosures on segment results when the relevant Standards come into effect for periods commencing on or after 1 April 2008.

2. Significant accounting policies

Basis of accounting

The consolidated financial information has been prepared under the historical cost convention with and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are expected to be applicable for the year ending 31 March 2008. These are subject to ongoing review and endorsement by the European Commission, and possible amendment by the International Accounting Standards Board (IASB), and are therefore subject to possible change. Further standards or interpretations may also be issued that could be applicable for the year ending 31 March 2008. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.

The rules for first time adoption of IFRS are set out in IFRS 1, which requires that the Group establishes its IFRS accounting policies at its date of transition, 1 September 2006, and applies these retrospectively. The standard allows a number of operational exemptions on transition to help companies simplify the move to IFRS. The exemptions selected by the Group are set out below:

Business combinations – The Group has elected not to apply IFRS 3 retrospectively from the date of transition to IFRS rather than to restate previous business combinations.

Presentation of financial information – The layout of the primary information has been amended in accordance with IAS1 ‘Presentation of financial information’ from that presented under UK GAAP. This format and presentation may require modification as practice and industry consensus develops.

A reconciliation of profit and total equity under UK GAAP and IFRS and notes of the principal adjustments under IFRS are shown in note 36.

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Audited financial information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2008. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Although IFRS 3 does not permit merger accounting, under IFRS 1, the Group is not required to restate acquisitions or business combinations prior to the date of transition. The Group has elected to take advantage of the exemption conferred by IFRS 1 that allows a company not to apply IFRS 3 retrospectively. As such Group is permitted to retain its historical merger accounting position in the consolidated accounts.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, Goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which Goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to any other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and VAT.

Leasehold improvements, equipment, motor vehicles, fixtures and fitting

Leasehold property, equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and any provision for impairment. Cost comprises all costs that are directly attributable to bringing the asset into working condition for its intended use. Depreciation is calculated to write down the cost of fixed assets to their residual values on a reducing balance basis over the following estimated useful economic lives:

Equipment	13.91%
Fixtures and fittings	18.10%
Motor vehicles	25.89%

VTR PLC

Audited financial information

Leasehold improvements are depreciated on a straight line basis over the unexpired period of the lease.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives at the rates set out above. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are operating leases which have annual rentals charged to the profit and loss on a straight line over the lease term.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Taxation

Corporation tax expense represents the sum of corporation tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax have occurred.

Timing differences are differences between the Group's taxable results and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Short-term compensated absences

A liability for short-term compensated absences, such as holiday pay, is recognised for the amount the Group may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

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Audited financial information

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial information in the period in which the dividends are approved by the Company's shareholders.

Going concern

The Group has net current liabilities. The directors, having reviewed the Group's budget for the year to 31 March 2009, are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future. The directors have, therefore, continued to adopt the going concern basis in preparing these accounts.

Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less disposal costs) and value in use.

Value in use is based on the present value of the future cash flows relating to the asset.

Accounting Reference Date

On 15 May 2007, the Company changed its accounting reference date to 31 March 2007. These accounts comprise accounting figures from 1 April 2007 to 31 March 2008. The comparative figures reflect the results for the period from 1 September 2006 to 31 March 2007.

3. Financial instruments

Investments

Long term investments are classified as investments available for sale and non current assets.

All non-quoted investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

Quoted investments are revalued at each period end according to the movement in the share price at the time. The change in value of the investment is charged or credited to the fair value reserve in the balance sheet.

Stock

Stock is included at the lower of cost and net realisable value less any provision for impairment.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with a maturity period of less than 12 months.

The carrying value of Cash and Cash Deposits approximates their fair value because of the short maturity of those instruments.

Trade receivables and trade payables

Trade receivables are recognised initially at fair value and subsequently measured less provision for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired.

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Audited financial information

When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Financial instruments held for trading purposes

The Group does not trade in financial instruments

Equity instruments

Equity issued by the Company is recorded at the proceeds received net of direct issue costs.

The Group's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that financial derivatives shall not be used. As a result, the Group has not used interest rate hedges and currency swaps during the year.

The main risk arising from the Group's financial instruments is interest rate risk. The Group seeks to maximize returns on surplus cash by placing this on treasury deposits.

Foreign currency risk

Some equipment is purchased in Euros and US Dollars. In recent years given the relative strength of Sterling to the US Dollar management have only occasionally sought to actively manage foreign exchange risk on such purchases. Management will continue to monitor the foreign exchange risk so that appropriate action can be taken if required.

The table below shows the extent to which the Group have monetary assets and liabilities in currencies other than Sterling. Foreign exchange differences on re-translation of these assets and liabilities are taken to the income statement of the Group.

<i>Functional currency of Group operation</i>				2008
	US Dollars	GB pounds	Euro	Total
	£	£	£	£
Assets -GBP	-	7,932,184	16,798	7,948,982
Liabilities -GBP	4,012,000	5,320,961	-	9,332,961

<i>Functional currency of Group operation</i>				2007
	US Dollars	GB pounds	Euro	Total
	£	£	£	£
Assets -GBP	-	6,591,556	37,389	66,28,945
Liabilities -GBP	-	6,800,931	-	6,800,931

Financial instruments held for trading purposes

The Group does not trade in financial instruments.

Credit risk

The Group's principal financial assets are bank balances and cash, and trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

VTR PLC

Audited financial information

Liquidity risk

The Group has net current liabilities. The directors, having reviewed the Group's budget for the year to 31 March 2009, are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future. The directors have, therefore, continued to adopt the going concern basis in preparing these accounts.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the Group's financial assets and liabilities were:

	2008	2007
	£	£
Cash balances	2,392,840	144,503
Bank overdrafts	1,275,672	1,643,356

4. Critical accounting estimates and judgements

In preparing the Consolidated Financial Statements the directors have to make judgements on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Acquisitions

When acquiring a business the directors have to make judgements and best estimates about the fair value allocation of the purchase price. They seek appropriate competent and professional advice before making such allocations. They test the valuation of Goodwill at each financial period and whenever such events or changes to circumstances indicate that the carrying amounts may not be recoverable. These tests require the use of estimates.

Impairment reviews

The Group tests at each financial period whether Goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Provisions

From time to time the directors have to make provisions based on present obligations as a result of past events. The directors have to make judgements and best estimates and, where applicable, seek appropriate competent and professional advice before making such provisions. These provisions require the use of estimates.

Corporation tax

The Group is subject to corporation tax. Judgement is required in determining the provision for these taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of the matters is different from the amounts initially recorded, such amounts can materially impact the corporation tax and deferred tax provisions in the period in which the determination is made.

Intra-group loans

The Group operates its cash flow on a consolidated basis. As a result during the year based on performance of individual companies within the Group several inter-group loans have been created. The Group takes a view that all inter-group balances are payable and realisable and no provision has been created for the same.

VTR PLC
Audited financial information

5. Segmental Reporting

Turnover

The revenue of the Group is all attributable to the one principal activity, that of the post production and related services.

An analysis of turnover, profits before taxation and net assets of the Group by geographical market is shown below:

Turnover by geographical markets

	2008	1 September 2006 to 31 March 2007
	£	£
United Kingdom	17,028,991	9,932,013
Europe	140,973	592,170
Rest of the world	794,442	80,106
	17,964,406	10,604,289

Profit before taxation by geographical markets

	2008	1 September 2006 to 31 March 2007
	£	£
United Kingdom	447,933	582,752
Europe	3,708	56,083
Rest of the world	20,897	7,587
	472,538	646,422

Net asset by geographical market

	2008	1 September 2006 to 31 March 2007
	£	£
United Kingdom	10,755,369	9,181,556
Europe	-	-
Rest of the world	93,342	108,425
	10,848,711	9,289,981

6. Operating profit before interest and taxation

	2008	2007
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation Charge for the period		
Owned Assets	1,174,752	618,613
Leased Assets	424,390	173,247
Total Depreciation	1,599,102	791,859
(Profit) / loss on disposal of property, plant and equipment	(108,481)	9,141
Operation lease rentals:		
Plant and Machinery	-	22,785
Others	1,182,500	702,871

VTR PLC

Audited financial information

Auditors' remuneration

	2008 £	1 September 2006 to 31 March 2007 £
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of Company	35,000	35,000
Audit of financial statement of subsidiaries pursuant to legislation	10,000	-
All other services	25,000	15,000

Other fees paid to auditors relate to advice in connection with tax and compliance matters. The directors do not consider that the level of fees paid to the auditors for non-audit services threatens their independence. The auditors have confirmed they agree with the conclusion.

7. Staff numbers and costs

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

	2008 No.	Group 1 September 2006 to 31 March 2007 No.	2008 No.	Company 1 September 2006 to 31 March 2007 No.
Production and sales	259	200	-	-
Management and administration	36	31	19	4
	295	231	19	4

The total staff cost incurred by the Company was:

	2008 £	1 September 2006 to 31 March 2007 £
Wages and salaries	8,610,103	5,536,386
Social security costs	702,933	509,041
Other pension costs	16,500	9,625
	9,329,536	6,055,052

The aggregate payroll costs of these persons were as follows:

Directors' emoluments were £151,044 (2007: £79,324), of which the highest paid director received £128,044 (2007: £74,658).

Contributions were paid on behalf of the directors to money purchase pension schemes amounting to £16,500 (2007: £9,625).

Number of directors to whom retirement benefits are accruing under the defined contribution pension scheme is 1 (2007: 1)

Key management remuneration (including directors):

	2008 £	1 September 2006 to 31 March 2007 £
Wages and salaries	2,018,000	1,241,333
Social security costs	258,304	158,891
Other pension costs	16,500	9,625
	2,292,804	1,409,849

VTR PLC

Audited financial information

Key management is defined as being the directors of the Group and other senior management with the authority and responsibility for planning, directing and controlling the Group's activities.

8. Other income

	2008 £	1 September 2006 to 31 March 2007 £
Rental income	42,033	-
Insurance claim	78,316	-
	120,349	-

Insurance claim relates to loss of business claim in respect of fire damage to the 58 Old Compton Street, London W1D 4UF in July 2006.

9. Finance income

	2008 £	1 September 2006 to 31 March 2007 £
Interest receivable		
Interest on bank deposits	3,480	12,894
	3,480	12,894

10. Finance costs

	2008 £	1 September 2006 to 31 March 2007 £
Interest payable		
Other interest payable	293,968	163,904
Bank interest payable	86,306	85,785
	380,274	249,689

11. Exceptional items

	2008 £	1 September 2006 to 31 March 2007 £
Damages for loss of employment	440,055	-
Legal fees	164,406	-
	604,461	-

The exceptional items relate to payments made to Mr John Banks, the former managing director, in the sum of £527,000, under a Court Order, for damages for loss of employment and contribution towards legal costs.

There were no exceptional items for the seven months ended 31 March 2007.

VTR PLC

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12. Tax expense

There is no charge to corporation tax due to the availability of capital allowances and tax losses brought forward. The Group has tax losses available to carry forward against future taxable income and profits of approximately £1,610,000.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

	2008 £	1 September 2006 to 31 March 2007 £
Current tax		
UK Corporation tax	-	-
Adjustments in respect of prior years	(37,048)	2,496
	(37,048)	2,496
Deferred tax		
Origination and reversal of timing differences	(126,744)	-
Total tax on profit on ordinary activities	(163,792)	2,496

The difference between the current tax charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is shown below.

	2008 £	1 September 2006 to 31 March 2007 £
Group profit on ordinary activities before tax	472,539	646,422
Tax on Group profit on ordinary activities at the standard UK corporation tax		
Rate of 30% (2007: 30%)	141,762	193,927
Effects of:		
Expenses Not Deductible for tax purposes		
- Ordinary Activities	40,225	34,500
Capital allowances in excess of Depreciation	(210,646)	(344,793)
Losses utilised	45,481	118,862
Adjustment to tax charge in respect of prior periods	(53,870)	2,496
Tax charge for the year	(37,048)	2,496

13. Profit per share

The profit per share is based on a profit for the year attributable to equity holders of the parent of £636,330 (2007: £643,926) and the weighted average of the ordinary shares in issue for the year of 30,106,276 (2007: 27,756,276)

At 31 March 2008, there were no outstanding share options.

14. Dividends

No dividend has been declared for the current year (2007: £nil).

VTR PLC

Audited financial information

15. Goodwill

GROUP	<u>£</u>
Cost	
At 1 April 2007	1,443,877
Reclassification of discounted contingent consideration	(71,575)
Arising from business combination	<u>1,810,244</u>
At 31 March 2008	<u>3,182,546</u>
 Provision	
At 1 April 2007	-
Impairment of goodwill	<u>-</u>
At 31 March 2008	<u>-</u>
 Net Book Value	
 At 31 March 2008	<u>3,182,546</u>
At 31 March 2007	<u>1,443,877</u>
	<u>£</u>
Clear (Post Production) Limited (trade hived across to Prime Focus London Limited)	<u>1,372,302</u>
Machine Effects Limited	<u>1,760,744</u>
Clarke Associates London Limited	<u>49,500</u>

The Group tests goodwill annually for impairment or more frequently if there are implications that goodwill might be impaired.

COMPANY	<u>£</u>
Cost	
At 1 April 2007	-
Arising from business combination	<u>49,500</u>
At 31 March 2008	<u>49,500</u>
 Provision	
At 1 April 2007	-
Impairment of goodwill	<u>-</u>
At 31 March 2008	<u>-</u>
 Net Book Value	
 At 31 March 2008	<u>49,500</u>
At 31 March 2007	<u>-</u>

VTR PLC
Audited financial information

16. Property, plant and equipment

GROUP	Short leasehold premises	Motor Vehicles	Equipment, fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2007	4,409,639	40,000	29,411,055	33,860,694
Additions	-	12,294	1,062,690	1,074,984
Acquisition of subsidiary	-	-	84,533	84,533
Disposals	-	-	(275,812)	(275,812)
At 31 March 2008	4,409,639	52,294	30,282,466	34,744,399
Depreciation				
At 1 April 2007	2,257,253	6,015	20,716,064	22,979,332
Charge for the year	226,307	11,982	1,357,873	1,596,162
Acquisition of subsidiary	-	-	2,940	2,940
Disposals	-	-	(159,385)	(159,385)
At 31 March 2008	2,483,560	17,997	21,917,492	24,419,049
Net Book Value				
At 31 March 2008	1,926,079	34,297	8,364,974	10,325,350
At 31 March 2007	2,152,386	33,985	8,694,991	10,881,362

The net book value of equipment, fixtures & fittings includes an amount of £2,633,866 (2007 - £1,971,125) in respect of assets held under hire purchase agreements. The charge for depreciation for the year on these assets was £ 424,390 (2007 - £173,247).

COMPANY	Short leasehold premises	Motor Vehicles	Equipment, fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2007	4,409,639	40,000	3,130,338	7,579,977
Additions	-	12,294	284,805	297,099
Disposals	-	-	-	-
At 31 March 2008	4,409,639	52,294	3,415,143	7,877,076
Depreciation				
At 1 April 2007	2,257,253	6,015	949,559	3,212,827
Charge for the year	226,307	11,982	329,807	568,096
Disposals	-	-	-	-
At 31 March 2008	2,483,560	17,997	1,279,366	3,780,923
Net Book Value				
At 31 March 2008	1,926,079	34,297	2,135,777	4,096,153
At 31 March 2007	2,152,386	33,985	2,180,779	4,367,150

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The net book value of equipment, fixtures & fittings includes an amount of £955,297 (2007 - £136,416) in respect of assets held under hire purchase agreements. The charge for depreciation for the year on these assets was £154,352 (2007 - £11,990).

17. Deferred tax

The movement for the year in the Group's net deferred tax asset provided at the UK company rate of corporation tax of 28% (2007: 30%) was as follows:

GROUP	2008	2007
	£	£
At 1 April 2007	(106,595)	(106,595)
Credit to income for the year	126,744	-
At 31 March 2008	20,149	(106,595)
The non-current asset / (provision) comprises of:		
Accelerated capital allowances	(430,625)	(106,595)
Unutilised losses	450,774	-
	20,149	(106,595)
COMPANY		
	2008	2007
	£	£
At 1 April 2007	(225,617)	(225,617)
(Charge) credit to income for the year	223,022	-
At 31 March 2008	(2,595)	(225,617)
The non-current asset / (provision) comprises of:		
Accelerated capital allowances	(89,054)	(225,617)
Unutilised losses	86,459	-
	(2,595)	(225,617)

18. Other receivables

	2008	Group	2008	Company
	£	2007	£	2007
	£	£	£	£
Amounts falling after more than one year:				
Other receivables	120,000	-	-	-
	120,000	-	-	-

Other receivable relates to debts due from a client which is repayable by monthly instalments and will be repaid by end of 31 March 2010. The total sum due from the client is £180,000 of which £60,000 is included in other receivables falling due within one year. The amount is secured by way of a deed of guarantee and indemnity from the client. There is no interest due from the client under this deed.

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19. Investments

GROUP	Listed	Other	Total
	Investments	investments	
	£	£	£
Cost			
At 1 April 2007	446,480	200,000	646,480
Fair value adjustment	-	-	-
Additions during the year	-	234,375	234,375
At 31 March 2008	446,480	434,375	880,855
Provision			
At 1 April 2007	-	-	-
Fair value provision	22,105	-	22,105
At 31 March 2008	22,105	-	22,105
Net Book Value			
At 31 March 2008	424,375	434,375	858,750
At 31 March 2007	446,480	200,000	646,480

The Company through its wholly owned subsidiary, VTR Media Investments Limited, owns 1,750,000 ordinary shares of £1 each in Music Copyrights Solutions plc, a company incorporated in England and Wales. This company is listed on the Alternative Investment Market (AIM). The market value of these shares at 31 March 2008 was £424,375.

During the year the Company acquired the additional rights in the feature film 'Tales of the Riverbank', for which it provided visual effects and post production services. The rights acquired by the Company are the distribution rights for India and UK television. The rights have been booked at cost.

COMPANY	Investment in	Investment in	Loans to	Other	Total
	subsidiary	associated	subsidiary	investments	
	undertakings	undertaking	undertakings		
	£	£	£	£	£
Cost					
At 1 April 2007	2,202,748	19	4,000,000	200,000	6,402,767
Reclassification of discounted contingent consideration	(71,575)	-	-	-	(71,575)
Additions during the year	1,539,625	-	-	234,375	1,774,000
Transfer to inter company balances	-	-	(4,000,000)	-	(4,000,000)
At 31 March 2008	3,670,798	19	-	434,375	4,105,192
Provision					
At 1 April 2007	-	-	-	-	-
Provisions for impairment	-	-	-	-	-
At 31 March 2008	-	-	-	-	-
Net Book Value					
At 31 March 2008	3,670,798	19	-	434,375	4,105,192
At 31 March 2007	2,202,748	19	4,000,000	200,000	6,402,767

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In the opinion of the directors, the aggregate value of the investment in subsidiary and associate undertakings is not less than the amount at which it is stated in the balance sheet.

The principal undertakings in which the Group's interest at the year end is more than 20% are as follows:

	Principal activity at 31 March 2008	Country of incorporation	Percentage of ordinary shares held
Subsidiary undertakings:			
Clear (Post Production) Limited *	Dormant (during the year, the trading activity of post production of television commercials was hived across to prime focus london limited)	Great Britain	100%
Prime Focus London Limited (formerly Video Tape Recording Limited) *	Post production of television commercials	Great Britain	100%
blue Post Production Limited *	Broadcast post production	Great Britain	100%
The Machine Room Limited *	Film transfer, video mastering & dvd	Great Britain	100%
VTR Media Investments Limited *	Media investments	Great Britain	100%
The Hive Animation Limited **	Post production services	Great Britain	100%
Clipstream Limited **	Digital content management	Great Britain	100%
K<Post Limited **	Post production of television commercials	Great Britain	100%
United Sound & vision Limited **	Post production of television commercials	Great Britain	100%
Machine Effects Limited *	Graphics for feature films	Great Britain	100%
Associates:			
VTR North Limited **	Post production of television commercials	Great Britain	20%
Petrol Digital Media Limited **	Dvd mastering & authoring	Great Britain	49%

* Held by VTR plc

** Held by VTR Media Investments Limited

The Company accounts for its investments in subsidiaries using the cost model.

Neither VTR North Limited nor Petrol Digital Media Limited are considered to be subsidiaries of the Company. The Company does not exercise control over the board of directors of either of these companies.

The Group's associates are accounted for using the equity method of accounting. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and as a movement in the Group's share of associates' net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised directly in reserves. Losses of the associates in excess of the Group's interest in those associates are not recognised. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate

20. Inventories

	2008 £	1 September 2006 to 31 March 2007 £
Tapes and cassettes	30,341	26,632

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21. Trade and other receivables

	2008 £	Group 2007 £	2008 £	Company 2007 £
Amounts falling due within one year:				
Trade receivables	4,819,942	5,977,724	260,397	57,637
Less: Provision for impairment of trade receivables	(148,105)	-	-	-
	4,671,837	5,977,724	260,397	57,637
Other receivables	64,986	-	-	-
Corporation tax recoverable	-	-	9,500	-
Amounts owed by subsidiary undertakings	-	-	23,414,545	20,950,509
Prepayments and accrued income	679,171	506,718	408,153	307,521
	5,415,994	6,484,442	24,092,595	21,315,667

The average credit period for trade receivables at the end of the year is 90 days. (2007: 28 days).

As of 31 March 2008, trade receivables of £4,671,837 (2007: £5,977,724) were neither past due nor impaired.

Trade receivables that are less than 3 months past due are not considered impaired. As of 31 March 2008, trade receivables of £679,813 (2007: £1,664,142) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of all trade receivables is as follows:

	2008 £	2007 £
Up to 3 months	3,992,024	4,313,582
3 to 6 months	81,690	367,345
Over 6 months	598,123	1,296,797
	4,671,837	5,977,724

As of 31 March 2008 trade receivables of £148,105 (2007: £nil) were impaired and provided for.

The carrying amounts of the Group's trade and other receivables are denominated in sterling:

22. Called Up Equity Share Capital

The Company has issued the following shares during the year:

	2008		2007	
	£	Number	£	Number
Authorised				
Ordinary shares of 5p each	2,500,000	50,000,000	2,500,000	5,000,000
Allotted				
Allotted and fully paid				
Ordinary shares of 5p each At 1 April 2007	1,387,814	27,756,276	1,387,814	27,756,276
Issued during the year				
Issue of Shares to Prime Focus Limited (May 23 rd 2007)	61,250	1,225,000	-	-
Issue of Shares to Simon Clarke (January 02 nd 2008)	5,000	100,000	-	-
Issue of Shares to John Lockwood (January 18 th 2008)	25,625	512,500	-	-
Issue of Shares to Steve Street (January 18 th 2008)	25,625	512,500	-	-
Ordinary shares of 5p each at 31 March 2008	1,505,314	30,106,276	1,387,814	27,756,276

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On 23 May 2007, the Company allotted 1,225,000 ordinary shares of 5p each to Prime Focus Limited for providing a guarantee under a share purchase agreement dated 21 July 2006 in respect of purchase by the Company of the entire issued share capital of Clear (Post Production) Limited.

On 2 January 2008, the Company allotted 100,000 ordinary shares of 5p each to Simon Clarke under a consultancy and asset acquisition agreement dated 2 January 2008 in respect of purchase by the Company of the business interest of Clarke Associates London Limited.

On 18 January 2008, the Company allotted 1,025,000 ordinary shares of 5p each to John Lockwood and Steve Street under a share purchase agreement dated 18 January 2008 in respect of purchase by the Company of the entire issued share capital of Machine Effects Limited.

On 8 June 2008, the Company allotted 2,020,202 ordinary shares of 5p each to Prime Focus Limited for providing a loan facility of £1,000,000 to facilitate the acquisition of the entire issued share capital of Machine Effects Limited. The loan was satisfied by the issue of this allotment and conditional upon obtaining the requisite shareholder approval which was obtained on 28 April 2008. On the same date, the Company allotted a further 505,050 ordinary shares of 5p each to Prime Focus Limited for providing a guarantee under the same share purchase agreement. The guarantee of the closing price bid has been provided by Prime Focus Limited to John Lockwood and Steve Street without recourse to the Company. The allotment of further shares was also requisite to shareholder approval which was obtained on 28 April 2008.

Options

The Company have no share options which remain exercisable.

23. Reserves

Movement of reserves are set out in the statement of changes in equity **on page 21**.

24. Borrowings

Due within one year	2008 £	Group 2007 £	2008 £	Company 2007 £
Bank Loan	1,275,672	1,643,356	974,401	-
Hire Purchase Obligation	487,514	740,256	487,514	650,541
Loan from Parent Company	4,012,000	-	4,012,000	-
	5,775,186	2,383,612	5,473,915	650,541

25. Trade and other payables

	2008 £	Group 2007 £	2008 £	Company 2007 £
Trade payables	1,499,826	2,682,220	721,614	1,008,532
Other payables	504,322	-	31,415	-
Amounts due to Parent Company	484,278	181,078	484,278	181,078
Amounts due to subsidiary undertakings	-	-	12,949,323	14,392,475
Accruals and deferred income	403,395	235,129	263,823	109,040
Social security and other taxes	2,137,088	2,260,851	1,039,802	88,720
	5,028,909	5,359,278	15,490,255	15,779,845

The average credit period taken for trade payable at the end of the year is 96 days (2007: 149 days).

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26. Other creditors

Amounts falling within one year:	2008	Group 2007	2008	Company 2007
	£	£	£	£
Other creditors	-	530,950	-	530,950
	-	530,950	-	530,950

Other creditors represent discounted contingent consideration as reported in the Group accounts at 31 August 2006 and at 31 March 2007. Following review of the share purchase agreement of Clear (Post Production) Limited it transpired that the provision made in the accounts was incorrect. The actual provision should have been in the sum of £459,375. The difference of £71,575 is reflected in goodwill and investment in subsidiaries. The correction is now reflected in notes 15 and 19 as reclassification of discounted contingent consideration and does not have any impact on the net asset position of either the Group or the Company.

27. Income tax liabilities

Amounts falling within one year:	2008	Group 2007	2008	Company 2007
	£	£	£	£
Corporation tax payable	26,500	37,988	-	-
	26,500	37,988	-	-

28. Borrowings

Due after more than one year	2008	Group 2007	2008	Company 2007
	£	£	£	£
Bank loan	-	1,150,000	-	1,150,000
Hire purchase obligation	666,664	168,892	666,664	168,892
	666,664	1,318,892	666,664	1,318,892
Analysis of debt maturity:	2008	Group 2007	2008	Company 2007
	£	£	£	£
Repayable within one year				
Bank loans and overdrafts	1,275,672	1,643,356	974,401	-
Hire purchase obligations	487,514	740,256	487,514	650,541
Parent Company loan	4,012,000	-	4,012,000	-
	5,775,186	2,383,612	5,473,915	650,541
Repayable between one and two years				
Bank loan	-	-	-	-
Hire purchase obligations	333,332	168,892	333,332	168,892
Repayable between two and five years				
Bank loan	-	1,150,000	-	1,150,000
Hire purchase obligations	333,332	-	333,332	-
	666,664	1,318,892	666,664	1,318,892

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Bank loans are secured by a fixed and floating charge over the assets of the Group. The maximum facility available is up to a limit of £4.5 million (2007: £4.5 million). Interest is charged at 1.6% (2007: 1.6%) above the HSBC base rate.

Parent Company loan is unsecured. Interest rate is accrued at a rate of 6%

29. Reconciliation of profit before income tax to net cash flows from operating activities

	2008 £	2007 £
Profit/(loss) on ordinary activities before income tax	849,338	683,217
Depreciation of property, plant and equipment	1,599,102	791,860
(Profit)/loss on disposal of fixed assets	(108,481)	9,142
Operating cash flows before movements in working capital	2,339,959	1,484,219
Increase in inventories	(3,709)	4,804
(Increase)/decrease in receivables	948,450	(872,743)
Increase in payables	(1,462,030)	2,626,327
Impairment adjustment	(21,394)	-
Cash flows from operating activities	1,801,276	3,242,607

30. Acquisitions

The Group acquired 100% of Machine Effects Limited on 18 January 2008. The book and fair values at date of acquisition were as follows:

	Book value £	Adjustments £	Fair value £
Tangible fixed assets	84,533	-	84,533
Trade and other receivables	37,005	-	37,005
Bank balance	395,931	-	395,931
Trade and other payables	(738,588)	-	(738,588)
Net liabilities acquired	(221,119)	-	(221,119)
Goodwill			1,760,744
Consideration			1,539,625
Considering satisfied by:			
Cash consideration			1,025,000
Issue of shares			435,625
Cash outflow in respect of professional fees			79,000
			1,539,625

The income and expenditure of Machine Effects Limited post-acquisition forms part of the Group accounts.

The Group acquired the business interest and goodwill of Clarke Associates London Limited on 02 January 2008. The book and fair values at date of acquisition were as follows:

	Book value £	Adjustments £	Fair value £
Tangible fixed assets	30,000	-	30,000
Goodwill			49,500
Consideration	30,000	-	79,500
Considering satisfied by:			
Cash consideration			30,000
Issue of shares			49,500
			79,500

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The income and expenditure of the trading activities of Clarke Associates London Limited post-acquisition forms part of the Group accounts.

31. Operating Lease Commitments

- (a) There were no capital commitments that had not been provided for at the end of the financial year.
- (b) Total commitments under non-cancellable operating leases, together with the obligations by maturity, are as follows:

	2008	Group 2007	2008	Company 2007
	£	£	£	£
Commitments under non-cancellable operating leases:				
Within one year	1,407,512	111,625	1,407,512	111,625
Later than one year and less than five years	5,025,763	117,980	5,025,763	117,980
After five years	4,770,475	1,113,789	4,770,475	1,113,789
	11,203,750	1,343,394	11,203,750	1,343,394

32. Pensions

The Group's principle pension plans comprise a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Group which amounted to £16,500 (2007: £9,625).

There were no outstanding or prepaid contributions at either the beginning or end of each financial year.

33. Related party transactions

The Company has taken advantage of the exemption conferred in FRS8 not to disclose related party transactions with subsidiary undertakings of 90% or more of whose voting rights are controlled within the Group.

The following transactions with associated companies occurred during the year:

- VTR plc rendered a fee note to VTR Beirut SAL ("VTRBS"), a company incorporated in Lebanon, in which VTR plc, via its subsidiary VTR Media Investments Limited, owns 1% of the issued share capital. The balance outstanding at the end of the year from VTRBS was £25,000.
- VTR plc provided payroll financing facilities to Petrol Digital Media Limited ("PDML"), a company registered in England and Wales, in which VTR plc, via its subsidiary VTR Media Investments Limited, owns 49% of the issued share capital. The total sum paid to PDML's members of staff by VTR plc on behalf of PDML was £208,091. Furthermore, VTR plc charged a fee of £39,583 for provision of the services to PDML. The balance outstanding at the end of the year from PDML was £63,580.

The following transactions with Parent Company occurred during the year:

- Parent Company charged VTR plc for traveling expenditure relating to VTR plc's activities in sum of £46,711;
- Parent Company charged VTR plc for salaries for members of staff seconded to VTR plc. The total sum for the year was £13,283;
- VTR plc charged Parent Company for expenses incurred in respect of the acquisition of businesses by the Parent Company in North America in sum of £50,000;
- VTR plc received a sum of £59,852 from third party on behalf of the Parent Company;
- VTR plc paid a sum of £89,592 to third party on behalf of Parent Company;

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- Parent Company carried out post production work on VTR plc's client in respect of "Tale of the River Bank". The total fees paid by VTR plc to Parent Company was £814,025. This fee was on an arms length basis.
- Under the share purchase agreement dated 18 January 2008, Parent Company advanced a sum of \$2,000,000 to VTR plc to facilitate the acquisition of the entire issued share capital of Machine Effects Limited. This loan is subject to a backstop repayment date of 18 months after the date of the advance received by VTR plc. The loan is also subject to interest rate of 8% per annum. If VTR plc fails to make the repayment by the backstop repayment date, then VTR plc shall be required to repay the loan plus accrued interest by issue of the requisite number of ordinary shares to Parent Company. The issue of the ordinary shares in order to repay the advance plus accrued interest will be subject to shareholders approval;
- On 2 March 2008, Parent Company advanced a further sum of \$6,000,000 for a fixed period of 180 days at interest rate of 6% per annum payable in arrears. If VTR plc fail to repay any part of the advance within 180 days, VTR plc shall pay a penal rate of 1% per month on the balance outstanding;
- As at 31 March 2008, VTR plc has accrued interest in the sum of £25,000 in respect of the above two advances.
- The balance outstanding at the end of the year payable to Parent Company was £4,496,278.

As reported in last year's accounts under related party balances, certain equipment owned by the Company is retained in India for the use of the Group's trading activities. No charge has been made by the Parent Company for rent, maintenance and operation of the equipment.

34. Contingent liabilities

The bank loans of the Group undertakings are secured by cross guarantee between Group companies. At 31 March 2008, the liability of the bank was borne by the Company at a value of £1,275,672 (2007: £1,643,356)

The Company is a member of a Group VAT registration and is jointly and severally liable for any debts by member of the registration as at the year ended 31 March 2008. The total Group liability amounted to £922,663.

35. Ultimate controlling party

The directors believe Prime Focus Limited, a company incorporated in India to be the ultimate controlling party.

36. Explanation of transition to IFRS

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 March 2008 and the financial information for the year ended 31 March 2007 and the preparation of an opening IFRS balance sheet at 1 September 2006 (the transition date).

In preparing its opening IFRS balance sheet and comparative information for the period ended 31 March 2007, the Group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

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Reconciliation of the consolidated income statement

for the year ended 31 August 2006

	Reported Under UK GAAP £	IFRS3 Business Combinations £	IAS19 Employee benefits £	Total effect of transition to IFRS £	Restated under IFRS £
Revenue	17,692,273	-	-	-	17,692,273
Less: Cost of sales	(1,805,211)	-	-	-	(1,805,211)
Gross Profit	15,887,062	-	-	-	15,887,062
Administration expenses	(17,419,373)	6,016	(200,000)	(193,984)	(17,613,357)
Group operating profit	(1,532,311)	6,016	(200,000)	(193,984)	(1,726,295)
Exceptional item	(297,735)	-	-	-	(297,735)
Finance income	32,799	-	-	-	32,799
Finance costs	(444,559)	-	-	-	(444,559)
Loss before taxation	(2,241,806)	6,016	(200,000)	(193,984)	(2,435,790)
Taxation	191,489	-	-	-	191,489
Loss on ordinary activities after taxation	(2,050,317)	6,016	(200,000)	(193,984)	(2,244,301)
Profit and loss account brought forward	288,418	-	-	-	288,418
Profit and loss account carried forward	(1,761,899)	6,016	(200,000)	(193,984)	(1,955,883)
Basic and diluted earnings per share	(7.39)p				(8.09)p

for the seven months ended 31 March 2007

	Reported Under UK GAAP £	Opening IFRS adjustments £	IFRS3 Business Combinations £	IAS19 Employee benefits £	Total effect of transition to IFRS £	Restated under IFRS £
Revenue	10,604,289	-	-	-	-	10,604,289
Less: Cost of sales	(798,731)	-	-	-	-	(798,731)
Gross Profit	9,805,558	-	-	-	-	9,805,558
Administration expenses	(8,564,454)	-	42,113	(400,000)	(357,887)	(8,922,341)
Group operating profit	1,241,104	-	42,113	(400,000)	(357,887)	883,217
Finance income	12,894	-	-	-	-	12,894
Finance costs	(249,689)	-	-	-	-	(249,689)
Profit before taxation	1,004,309	-	42,113	(400,000)	(357,887)	646,422
Taxation	(2,496)	-	-	-	-	(2,496)
Profit on ordinary activities after taxation	1,001,813	-	42,113	(400,000)	(357,887)	643,926
Profit and loss account brought forward	(1,761,899)	(193,984)	-	-	-	(1,955,883)
Profit and loss account carried forward	(760,086)	(193,984)	42,113	(400,000)	(357,887)	(1,311,957)
Basic and diluted earnings per share	3.62p					2.30p

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Reconciliation of the consolidated balance sheet

As at 1 September 2006

	Reported Under UK GAAP £	IFRS3 Business combinations £	IAS39 Financial assets £	IAS19 Staff benefits £	Total effect of transition to IFRS £	Restated under IFRS £
Non current assets						
Goodwill	1,437,861	6,016	-	-	6,016	1,443,877
Property, plant and equipment	9,154,690	-	-	-	-	9,154,690
Available for sale investments	-	-	100,855	-	100,855	100,855
Investments	58,980	-	(58,980)	-	(58,980)	-
	<u>10,651,531</u>	<u>6,016</u>	<u>41,875</u>	<u>-</u>	<u>47,891</u>	<u>10,699,422</u>
Current assets						
Trade and other receivables	5,641,700	-	-	-	-	5,641,700
Inventory	31,436	-	-	-	-	31,436
Cash and cash equivalents	588,488	-	-	-	-	588,488
	<u>6,261,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,261,624</u>
Total Assets	<u>16,913,155</u>	<u>6,016</u>	<u>41,875</u>	<u>-</u>	<u>47,891</u>	<u>16,961,046</u>
Capital and reserves						
Share capital	1,387,814	-	-	-	-	1,387,814
Share premium	8,556,624	-	-	-	-	8,556,624
Capital redemption reserve	270,000	-	-	-	-	270,000
Fair value reserve	-	-	41,875	-	41,875	41,875
Retained earnings	(1,761,899)	6,016	-	(200,000)	(193,984)	(1,955,883)
Total equity	<u>8,452,539</u>	<u>6,016</u>	<u>41,875</u>	<u>(200,000)</u>	<u>(152,109)</u>	<u>8,300,430</u>
Current liabilities						
Bank loans and overdrafts	2,777,037	-	-	-	-	2,777,037
Hire purchase creditors	1,194,445	-	-	-	-	1,194,445
Discounted contingent liability	530,950	-	-	-	-	530,950
Trade and other payables	3,353,443	-	-	200,000	200,000	3,553,443
Current tax liabilities	47,489	-	-	-	-	47,489
	<u>7,903,364</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>8,103,364</u>
Non-current liabilities						
Hire purchase obligation	450,657	-	-	-	-	450,657
Deferred tax liability	106,595	-	-	-	-	106,595
	<u>557,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>557,252</u>
Total equity and liabilities	<u>16,913,155</u>	<u>6,016</u>	<u>41,875</u>	<u>-</u>	<u>47,891</u>	<u>16,961,046</u>

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As at 31 March 2007

	Reported Under UK GAAP £	Opening IFRS adjustments £	IFRS3 Business combinations £	IAS39 Financial assets £	IAS19 Employee benefits £	Total effect of transition to IFRS £	Restated under IFRS £
Non current assets							
Goodwill	1,395,748	6,016	42,113	-	-	48,129	1,443,877
Property, plant and equipment	10,881,362	-	-	-	-	-	10,881,362
Available for sale investments	-	100,855	-	545,625	-	646,480	646,480
Investments	258,980	(58,980)	-	(200,000)	-	(258,980)	-
	12,536,090	47,891	42,113	345,625	-	435,629	12,971,719
Current assets							
Trade and other receivables	6,484,442	-	-	-	-	-	6,484,442
Inventory	26,632	-	-	-	-	-	26,632
Cash and cash equivalents	144,503	-	-	-	-	-	144,503
	6,655,577	-	-	-	-	-	6,655,577
Total assets	19,191,667	47,891	42,113	345,625	-	435,629	19,627,296
Capital and reserves							
Share capital	1,387,814	-	-	-	-	-	1,387,814
Share premium	8,556,624	-	-	-	-	-	8,556,624
Capital redemption reserve	270,000	-	-	-	-	-	270,000
Fair value reserve	-	41,875	-	345,625	-	387,500	387,500
Retained earnings	(1,761,899)	(193,984)	-	-	-	(193,984)	(1,955,883)
Current year retained profit	1,001,813	-	42,113	-	(400,000)	(357,887)	643,926
Total equity	9,454,352	(152,109)	42,113	345,625	(400,000)	(164,371)	9,289,981
Current liabilities							
Bank loans and overdrafts	1,643,356	-	-	-	-	-	1,643,356
Hire purchase creditors	740,256	-	-	-	-	-	740,256
Discounted contingent liability	530,950	-	-	-	-	-	530,950
Trade and other payables	5,359,278	200,000	-	-	400,000	600,000	5,959,278
Current tax liabilities	37,988	-	-	-	-	-	37,988
	8,311,828	200,000	-	-	400,000	600,000	8,911,828
Non-current liabilities							
Long term bank loans	1,150,000	-	-	-	-	-	1,150,000
Hire purchase obligation	168,892	-	-	-	-	-	168,892
Deferred tax liability	106,595	-	-	-	-	-	106,595
	1,425,487	-	-	-	-	-	1,425,487
Total Equity and Liabilities	19,191,667	47,891	42,113	345,625	-	435,629	19,627,296

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Notes

IFRS 3: Goodwill

In accordance with UK GAAP the Group previously made a charge to its profit and loss account to write off goodwill over its estimated useful economic life. This is not permitted or required by IFRS. Amortisation of goodwill charged to the income statement in the year ended 31 August 2006 and period ended 31 March 2007 has therefore been reversed.

IAS 39: Fair value

Under UK GAAP, long term investments were accounted for at cost. Under IAS 39, such investments are classified as "available-for-sale" and are recognised in the balance sheet at fair value with corresponding fair value movements recognised in the income statement.

IAS 19: Employee benefits

Under UK GAAP, the Group did not take account of the short term compensated absence such as holiday pay accrued to employees. IAS 19 requires holiday pay to be accrued for when the corresponding services have been received from employees. This results in the recognition of a provision of £200,000 in the year ended 31 August 2006 and £400,000 in the year ended 31 March 2007.

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Consolidated cash flow statement for the year ended 31 August 2006

	Reported Under UK GAAP	IFRS3 Business combinations	IAS19 Employee benefits	Total effect of transition to IFRS	7 months ended 31 March 2007
	£	£	£	£	
Cashflow from operating activities					
Operating loss before taxation	(1,532,311)	6,016	(200,000)	(193,984)	(1,726,295)
Profit on disposal of tangible assets	(122,348)	-	-	-	(122,348)
Depreciation	2,813,241	-	-	-	2,813,241
(increase) in trade and other receivables	(860,804)	-	-	-	(860,804)
Increase in trade and other payables	(459,398)	-	200,000	200,000	(259,398)
Exceptional item	(297,735)	-	-	-	(297,735)
Decrease in inventories	(5,535)	-	-	-	(5,535)
Investment impairment	25,000	-	-	-	25,000
Amortisation of goodwill	6,016	(6,016)	-	(6,016)	-
Net cash inflow from operations	(433,874)	-	-	-	(433,874)
Net interest paid	(411,760)	-	-	-	(411,760)
Net cash inflow from operations	(845,634)	-	-	-	(845,634)
Taxation	(25,807)	-	-	-	(25,807)
Cashflows from investing activities					
Purchase of tangible fixed assets	(937,379)	-	-	-	(937,379)
Sale of tangible fixed assets	142,677	-	-	-	142,677
Acquisitions of subsidiary undertakings	(725,222)	-	-	-	(725,222)
Net cash inflow from investing activities	(1,519,924)	-	-	-	(1,519,924)
Cash flows from financing activities					
Net proceeds from issue of shares	4,330,929	-	-	-	4,330,929
Net cash inflow from financing activities	4,330,929	-	-	-	4,330,929
Net cash inflow	1,939,564	-	-	-	1,939,564
Cash and cash equivalents at the start of the period	(5,773,215)	-	-	-	(5,773,215)
Cash and cash equivalents at the end of the period	(3,833,651)	-	-	-	(3,833,651)

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Consolidated cash flow statement

for the seven months ended 31 March 2007

	Reported Under UK GAAP £	IFRS opening balance adjustment	IFRS3 Business combinations £	IAS19 Employee benefits £	Total effect of transition to IFRS £	7 months ended 31 March 2007 £
Cashflow from operating activities						
Operating profit before taxation	1,241,104	(193,984)	36,097	(400,000)	(557,887)	683,217
Profit on disposal of tangible assets	9,142	-	-	-	-	9,142
Depreciation	791,860	-	-	-	-	791,860
(increase) in trade and other receivables	(872,743)	-	-	-	-	(872,743)
Increase in trade and other payables	2,026,327	200,000	-	400,000	600,000	2,626,327
Decrease in inventories	4,804	-	-	-	-	4,804
Impairment of goodwill	42,113	(6,016)	(36,097)	-	(42,113)	-
Net cash inflow from operations	3,242,607	-	-	-	-	3,242,607
Net interest paid	(236,795)	-	-	-	-	(236,795)
Net cash inflow from operations	3,005,812	-	-	-	-	3,005,812
Taxation	(2,495)	-	-	-	-	(2,495)
Cashflows from investing activities						
Purchase of tangible fixed assets	(2,527,665)	-	-	-	-	(2,527,665)
Purchase of investments available for sale	(200,000)	-	-	-	-	(200,000)
Repayment of debt and lease financing	(719,637)	-	-	-	-	(719,637)
Net cash inflow from investing activities	(3,447,302)	-	-	-	-	(3,447,302)
Cash flows from financing activities						
Cashflow from decrease in debt and lease financing	719,637	-	-	-	-	719,637
Net cash inflow from financing activities	719,637	-	-	-	-	719,637
Net cash inflow	275,652	-	-	-	-	275,652
Cash and cash equivalents at the start of the period	(3,833,651)	-	-	-	-	(3,833,651)
Cash and cash equivalents at the end of the period	(3,557,999)	-	-	-	-	(3,557,999)

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Explanation of principal differences between the cash flow statements presented under UK GAAP and IFRS

The cash flow statement has been prepared in conformity with IAS 7 'Cash Flow Statements'. The principal differences between the 2006 cash flow statement presented in accordance with UK GAAP and IFRS are as follows:

- a) Under UK GAAP, net cash flow from operating activities was determined before considering (i) cash outflows from returns on investments and servicing of finance and (ii) taxes paid. Under IFRS, these two sections of the cash flow statement do not exist and the related cash flows are categorised as operating, investing or financing as appropriate.
- b) Under UK GAAP, acquisitions are separately classified, while under IFRS, they are included within investing activities.

38. Capital commitment

There were no capital commitments as at 31 March 2008.

39. Post Balance Sheet Events

On 11 April 2008 bank loan amounting to £1,275,672 was paid in full and charges in respect of the fixed and floating charge held by the bank over the Group's assets were released.

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Five Year Summary

Year Ended 31 March 2008

	Restated under IFRSs			UK GAAP	
	2008 12 months £'000	2007 7 months £'000	2006 12 months £'000	2005 12 months £'000	2004 12 months £'000
Turnover					
Continuing operations	17,964	10,604	17,692	21,506	25,345
Profit / (loss) before interest and taxation	1,452	883	(1,726)	(279)	1,381
Interest payable (net)	(376)	(237)	(412)	(538)	(479)
Exceptional item	(604)	-	(298)	(37)	(1,154)
Profit / (loss) before taxation	472	646	(2,436)	(854)	(252)
Taxation	164	(2)	191	117	(200)
Dividends	-	-	-	-	-
Retained profit / (loss)	636	644	(2,245)	(737)	(452)
Employment of Group capital					
Fixed assets	14,367	12,900	10,628	10,403	11,919
Net current liabilities	(2,851)	(2,185)	(1,770)	(2,561)	(3,184)
	11,516	10,715	8,858	7,842	8,735
Group capital employed					
Creditors falling due after more than one year	667	1,425	451	2,433	2,659
Provisions for liabilities and charges	-	-	107	227	232
Capital and reserves	10,849	9,290	8,300	5,182	5,844
	11,516	10,715	8,858	7,842	8,735
Net borrowings					
Cash at bank and in hand	2,393	145	588	12	13
Loans and hire purchase due within one year	(2,775)	(2,384)	(3,971)	(3,352)	(3,924)
Loans and hire purchase due after one year	(667)	(1,319)	(451)	(2,433)	(2,328)
	(1,049)	(3,558)	(3,834)	(5,773)	(6,239)
Statistics					
Earning / (loss), pence per ordinary share	2.11p	2.30p	(8.09p)	(6.0p)	(4.1p)
Earnings / (loss), pence per ordinary share diluted	2.11p	2.30p	(8.09p)	(6.0p)	(4.1p)
Dividends, pence per ordinary share, declared	0.0p	0.0p	0.0p	0.0p	0.0p

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of VTR plc will be held at 37 Dean Street, London W1D 4PT on 17th September 2008 at 4.00pm for the transaction of the following business:

Ordinary Business

1. To receive and adopt the Director's Report, the Report of the Remuneration Committee and the Audited Accounts for the year ended 31 March 2008, together with the auditors' report on the Audited Accounts and on the auditable part of the Report of the Remuneration Committee.
2. To re-elect Christopher Mills as a Director of the Company in accordance with Regulations 85 and 86 of the Company's Articles of Association.
3. To re-elect Marie Louise Windeler as a Director of the Company in accordance with Regulation 80 of the Company's Articles of Association.
4. To authorise the Directors to fix the remuneration of the auditors.

Special Business

To consider and, if thought fit, to pass the following Resolutions:

Ordinary Resolutions

5. That the Directors be and they are hereby generally and conditionally authorised in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of relevant securities (as defined in Section 80(2) of the said Act) of the Company provided that this authority shall:
 - (a) Be in substitution for any authority that may, in accordance with the said Section 80, have been given to the Directors before the date hereof;
 - (b) Be limited to the allotment of such relevant securities up to an aggregate nominal value of £163,157.60; and
 - (c) Unless previously revoked or varied, shall expire on the date of the next Annual General Meeting of the Company or 30th September 2009, whichever is the earlier, but so that the Company may any time before the authority shall expire 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 an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

6. That, subject to and conditional upon the passing of the Resolution 5, and in substitution for all previous authorities granted hereunder, the Directors be empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by the said preceding Resolution as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

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- (a) The allotment of equity securities in connection with a rights issue or other pro-rate offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical difficulties under the laws of any territory of the requirements of a relevant regulatory body; and
- (b) The allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £163,157.60

And shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or 30th September 2009 except that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this Resolution had not expired.

- 7. That the name of the Company be changed to "Prime Focus London PLC".

By Order of the Board

64 Dean Street
London W1D 4QQ
20 August 2008

J Cargin
for Derringtons Limited
Secretary

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NOTES

1. Marie Louise Windeler was appointed to the Board as a non-executive director by the Directors on 20 August 2008. Accordingly, under Regulation 80 of the Company's Articles of Association, she seeks re-election to the Board. Marie Louise has extensive experience in leading and growing business in the creative arena. She is a member of the prestigious Marketing Group of Great Britain and a non-executive director of VMA Search and Freshwater UK plc.
2. The above Ordinary Resolution numbered 5 will be proposed to renew the authority of the Directors in relation to the allotment of unissued and uncommitted shares in the capital of the Company. The authority is limited to 3,263,152 Ordinary Shares in the Company (being £163,157.60) representing the whole of the unissued or uncommitted share capital of the Company and being 10% of the total issued or otherwise committed share capital of the Company as at the date of this notice. The authority will expire upon the earlier of the date of the next Annual General Meeting of the Company or 30th September 2009. The Directors have no present intention to exercise the authority proposed in the Resolution.
3. The Directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in general meeting. The Special Resolution numbered 5 seeks authority for the Directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £163,157.60. This sum represents 3,263,152 Ordinary Shares of 5p each, being equivalent to approximately 10% of the current issued share capital. The Resolution enables the Directors to modify the strict requirement for a rights issue in circumstances where they consider it necessary or expedient. The authority will expire upon the earlier of the date of the next Annual General Meeting of the Company or 30 September 2009.
4. As part of the corporate restructuring and re-branding exercise currently being undertaken by VTR plc group, it has been decided to change the name of VTR plc to Prime Focus London PLC, consistent with the Prime Focus global brand.
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 4.00pm on 15 September 2008 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.
6. If you are a member of the Company at the time set out in note 4 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
7. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
8. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the Company Secretary at the Company's registered office at 64 Dean Street, London, W1D 4QQ for details.
9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
10. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

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To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company Secretary at the Company's registered offices at 64 Dean Street, London, W1D 4QQ; and
- received not later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary at the Company's registered offices at 64 Dean Street, London, W1D 4QQ for details.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at the Company's registered offices at 64 Dean Street, London, W1D 4QQ for details. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company Secretary at the Company's registered offices at 64 Dean Street, London, W1D 4QQ no later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.