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COMPANY HEALTH GROUP PLC

(Company Health or the Group)

Final Results For The Year Ended 31 December 2007

Company Health (AIM: CHT), a provider of occupational health services to corporates and medical evidence collecting services to life assurance providers, announces its final results for the year ended 31 December 2007.

Highlights:

- Turnover up 91% to £8.4 million (2006: £4.4 million)
- Gross profit up 55% to £3.1 million (2006: £2.0 million)
- EBITDA up 104% to £378,303 (2006: £185,437 as restated)
- Profit before Tax up 159% to £182,304 (2006: £70,262)
- Appointment of new Chief Executive, George Gonzalez
- Integration of Cheviot Artus into Company Health

Commenting on the results Ralph Gough, Chairman, said: "Demand for occupational health services has continued to grow at a steady rate over the past year and we are well placed to meet the needs of a developing market. The integration of the Cheviot occupational health business into Company Health Ltd has lead to some significant savings as well as broadening our geographic coverage."

He added: "Whilst we recognise that the trading conditions in 2008 are likely to be difficult the Group is well placed to meet these challenges."

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Chairman's Statement

I am pleased to report on a year of consolidation and development for Company Health Group. We have achieved good sales growth both from organic increases in our occupational health business and from our most recent acquisitions.

Financial Overview

- Turnover up 91% to £8.4 million (2006: £4.4 million)
- Gross profit up 55% to £3.1 million (2006: £2.0 million)
- EBITDA up 104% to £378,303 (2006: £185,437 as restated)
- Profit before Tax up 159% to £182,304 (2006: £70,262)
- Appointment of new Chief Executive, George Gonzalez
- Integration of Cheviot Artus into Company Health

Key performance indicators

Divisional Group turnover	Turnover 2007 £ million	% of Group turnover	Turnover 2006 £ million	Change 2006 to 2007	Operating profit pre central costs 2007/2006 £ million	
Occupational health	2.72	33%	2.37	15%	0.19	0.04
Recruitment	2.97	35%	2.83	5%	0.32	0.27
Medical evidence	1.93	23%	1.67	16%	0.35	0.36
Physiotherapy and ergonomics	0.79	9%	0.91	(13%)	0.07	0.21
	8.41		7.78		0.93	0.88

Note: 2006 turnover and operating profit includes Cheviot figures although not part of the Group at that time.

97% of our contracts for occupational health services were renewed during the year, up from 96% in 2006. Ergonomic sales as a percentage of M&H revenues rose from 52% in 2006 to 58% in 2007.

Operating review

The period under review includes a full 12 months' contribution from the Cheviot Artus Group which we acquired in December 2006 and we have spent the year integrating its businesses into our existing operations and building on the increased geographical presence they have given the Group. Despite challenging markets the Group has delivered a strong performance and has a positive outlook for the current financial year.

In June 2007, in order to meet both the equity and cash elements of the earn outs for the earlier acquisition of Milligan & Hill (M&H) 6,579,045 ordinary shares were issued to the vendors. These shares were issued at a price of 6.6 pence and at the same time we raised £0.53 million with a placing of 9,545,455 ordinary shares in the market. Later in the year, in November, we issued a further 13,684,211 ordinary shares raising £0.65 million to satisfy the vendor loan notes for the acquisition of

Cheviot Artus which were issued in December 2006. All these shares rank pari passu with existing ordinary shares.

Following the acquisition of Cheviot Recruitment (CRL) clarification of its VAT position, which was not apparent during due diligence, indicated an underpayment of tax for the period before our ownership of the business and the earn out period. We have therefore made a provision against any potential liability. Although this has had the effect of reducing profits in 2007, the amount the Company has to pay the vendors of Cheviot in the current year will reduce significantly as the final payment is based on a multiple of the business's profits. Negotiations continue with the vendors to agree the final figure but the Board considers that the provisions made are adequate. As a consequence of this reduction, the estimated liability carried on the Balance Sheet to provide for the balance of the earn out has reduced from £852,000 to £500,000.

During the second half of 2008, it is the Directors' intention to raise funds through the issue of both convertible debt and equity, and additional bank finance, the proceeds of which will be used to discharge a proportion of the deferred acquisition consideration, repay the Juniper loan facility and provide further working capital. The Board continues negotiations with viable sources in order to select the most appropriate arrangements for the Group. The Board is confident of securing the required additional funding shortly, and in this context the Juniper loan due on 30 June has been extended to 1 September 2008.

Demand for occupational health services has continued to grow over the past year and we have been well placed to meet the needs of a developing market. Over the course of the past year the Group has performed well, with significant growth in the occupational health division. The integration of the Cheviot occupational health business into Company Health Ltd (CHL) has led to some significant savings as well as broadening our geographical coverage.

Diagnostic Technologies (DTC) experienced pressure on margins whilst increasing the topline by 15% from last year. This was in spite of a downturn in the mortgage market during the last quarter of the year.

The occupational health division of the Group, CHL, has grown well during the period, and in particular we saw a significant increase in revenues in the second half resulting from new contracts coming into play. Much of CHL's work is contracted with large businesses or government organisations and such contracts frequently take significant time to reach their potential revenue streams. Contract renewals are currently running at 97%.

At CHL margins have been maintained on an increased topline. Cheviot Artus, our acquisition from December 2006, which completed in April of the period under review, was incorporated into CHL's existing operations this year. The acquisition of Cheviot Artus has added to this part of the Group, bringing a wider UK reach, new customers and an improved network of service providers. Not only this, but it has strengthened the division's ability to tender for larger nationwide contracts.

The other part of our Cheviot acquisition was the purchase of CRL, a recruitment business which provides fully-qualified occupational health nurses and doctors to work placements, both temporary and permanent, across the UK. During the year this part of the Group achieved pleasing results and shows every sign of continuing along a strong path of growth. Similar to the occupational health division of the Group, CRL had a stronger second half. New measures brought in to enhance the efficiency of this subsidiary will take time to yield results - a trend that can be seen across the Group as we have brought on new ideas to improve performance and reduce overheads.

M&H, our physiotherapy, ergonomics and sports-injury practice based in the City of London, has had a more testing year courtesy of a number of factors. The business has recently been completely

reorganised thanks to the new clinical director, Lindsay Flower, who was appointed in February 2007. The revenues from M&H were initially slightly dampened by these changes and during the fourth quarter, walk-in business was down - perhaps reflecting the turmoil in the financial markets whose home is the City. However, this slowdown gave us the opportunity to completely refurbish the premises. I am happy to report that in the first quarter of the new financial year business is picking up. In particular M&H is seeing a lot of interest in the ergonomics side of the business which uses the "ErgoPro" tool to assess the safety and viability of workstations for office employees. Ergonomic revenues accounted for 58% of M&H sales (2006: 52%).

Dividend

It is the Board's intention to follow a progressive dividend policy as soon as practicable. As the Group is still completing its acquisition strategy, we are not recommending the payment of a dividend for the year to 31 December 2007.

Board & Management

In July last year, we appointed George Gonzalez as Chief Executive of Company Health Group. George has many years' experience of the Group having acted as Non-executive Group Finance Director since 2005. Since his appointment as CEO, he has been working hard to deliver greater efficiency and a programme of cost cutting across the Group. He has already delivered the effective integration of the Cheviot businesses as well as rationalising costs.

Current Trading & Outlook

The Group has made significant efforts this year to consolidate the achievements of recent years' acquisitions and to build a solid platform for organic growth. All of the divisions are currently bidding for and winning new business, whilst maintaining margins. The outlook for CHL is very promising and we are particularly pleased with the progress that CRL has made. M&H suffered a slight downturn due to reasons explained in the fourth quarter of last year but sales in the New Year are up and it is quite clear the market is improving. We are confident that Lindsay Flower and her team will do well in building on the New Year's uplift throughout the coming months. DTC continues to perform well in a trickier market and is doing well to maintain its market position. However turnover for 2008 will be lower due to the discontinuation of its product sales business.

We will continue to search out all opportunities to enhance shareholder value.

Post the period end we extended the loan facility provided for the completion of the Cheviot Artus acquisition until 1 September 2008. It was originally due for repayment on 31 December 2007. This provides the Group with additional funding flexibility.

I am pleased to say that, overall, trading so far in the new financial year has been in line with management expectations and that we will be continuing the momentum of last year - acquiring new customers and contracts, building earnings visibility and value for our shareholders.

Finally I would like to thank all the Group's employees for their hard work this year and our shareholders for their continued support.

Ralph Gough

Chairman

10 July 2008

Company Health Group plc
Consolidated Income Statement
for the year ended 31 December 2007

	Year ended 31 December 2007	Year ended 31 December 2006 as restated
	£	£
TURNOVER	8,406,520	4,350,357
Cost of sales	(5,355,390)	(2,331,130)
Gross profit	3,051,130	2,019,227
Operating expenses	(2,750,707)	(1,890,944)
Operating profit	300,423	128,283
Interest receivable	1,071	657
Interest payable	(119,190)	(58,678)
Profit before taxation	182,304	70,262
Taxation	(62)	929
Profit after taxation	182,242	71,191
Basic earnings per share	0.32p	0.17p
Diluted earnings per share	0.32p	0.14p

Company Health Group plc
Consolidated Balance Sheet
at 31 December 2007

	at 31 December 2007		at 31 December 2006 as restated	
	£	£	£	£
NON-CURRENT ASSETS				
Intangible assets		6,299,318		6,968,325
Property, plant and equipment		275,203		246,757
		6,574,521		7,215,082
CURRENT ASSETS				
Inventories	84,368		124,613	
Trade and other receivables	1,660,325		1,142,791	
Cash and cash equivalents	133,805		355,989	
	1,878,498		1,623,393	
CURRENT LIABILITIES				
Borrowings	(1,272,797)		(1,118,932)	
Trade and other payables	(1,667,024)		(1,954,205)	
Current income tax liabilities	(10,262)		(24,725)	
	(2,950,083)		(3,097,862)	
NET CURRENT LIABILITIES		(1,071,585)		(1,474,469)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,502,936		5,740,613
NON-CURRENT LIABILITIES				
Borrowings		(37,310)		(94,055)
Other non-current liabilities		-		(1,479,423)
		(37,310)		(1,573,478)
NET ASSETS		5,465,626		4,167,135
EQUITY				
Called up share capital		765,228		467,142
Share premium account		3,819,749		2,567,369
Shares to be issued		-		434,217
Retained earnings		880,649		698,407
TOTAL EQUITY		5,465,626		4,167,135

These financial statements were approved by the Board on 10 July 2008 and signed on their behalf by:

RE GOUGH
GA GONZALEZ

Directors

Company Health Group plc
Balance Sheet
at 31 December 2007

	at 31 December 2007		at 31 December 2006 as restated	
	£	£	£	£
NON-CURRENT ASSETS				
Intangible assets		16,202		16,202
Property, plant and equipment		75,982		74,939
Investments		6,106,246		6,846,018
		6,198,430		6,937,159
CURRENT ASSETS				
Trade and other receivables	1,033,287		265,229	
Cash and cash equivalents	26,476		177,161	
	1,059,763		442,390	
CURRENT LIABILITIES				
Borrowings	(514,746)		(165,746)	
Trade and other payables	(1,465,850)		(1,579,547)	
	(1,980,596)		(1,745,293)	
NET CURRENT LIABILITIES		(920,833)		(1,302,903)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,277,597		5,634,256
NON-CURRENT LIABILITIES				
Borrowings		(37,310)		(94,055)
Other non-current liabilities		-		(1,479,423)
		(37,310)		(1,573,478)
NET ASSETS		5,240,287		4,060,778
EQUITY				
Called up share capital		765,228		467,142
Share premium account		3,819,749		2,567,369
Shares to be issued		-		434,217
Retained earnings		655,310		592,050
TOTAL EQUITY		5,240,287		4,060,778

These financial statements were approved by the Board on 10 July 2008 and signed on their behalf by:

RE GOUGH
GA GONZALEZ

Directors

Company Health Group plc
Consolidated Cash Flow Statement
for the year ended 31 December 2007

	Year ended 31 December 2007		Year ended 31 December 2006 as restated	
	£	£	£	£
CASH GENERATED FROM OPERATING ACTIVITIES		(16,137)		481,427
Interest paid	(116,577)		(50,874)	
Corporation tax paid	(14,525)		(34,288)	
		(131,102)		(85,162)
NET CASH FLOW FROM OPERATING ACTIVITIES		(147,239)		396,265
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(5,599)		(24,212)	
Purchase of property, plant and equipment	(102,306)		(95,605)	
Receipts from sale of assets	20,000		-	
Acquisition of subsidiary undertakings	(1,173,868)		(151,666)	
Net debt acquired with subsidiary undertakings	-		(216,614)	
Interest received	1,071		657	
Net cash outflow from investing activities		(1,260,702)		(487,440)
		(1,407,941)		(91,175)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(153,000)		(359,002)	
Issue of shares	1,116,249		-	
Secured loan finance received	110,000		-	
Loan note finance received	300,000		-	
Invoice discounting finance received	162,068		-	
Payment of finance lease obligations	(13,036)		(36,254)	
Net cash flow from financing activities		1,522,281		(395,256)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		114,340		(486,431)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2007		(370,592)		115,839
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2007		(256,252)		(370,592)
CASH AND CASH EQUIVALENTS		2007		2006
		£		£
Cash in hand and at bank		133,805		355,989
Overdrafts		(390,057)		(726,581)
		(256,252)		(370,592)

Company Health Group plc
Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £	Share Premium £	Shares to be issued £	Profit and Loss Account £	TOTAL EQUITY £
BALANCES AT 1 January 2006	371,272	1,944,216	932,773	627,216	3,875,477
Profit for the year from the income statement as previously reported	–	–	–	121,447	121,447
Prior year adjustment	–	–	–	(50,256)	(50,256)
Total income for the year as restated	–	–	–	71,191	71,191
Issue of completion shares on acquisition of subsidiary	95,870	623,153	(719,023)	–	–
Shares to be issued on acquisition of subsidiary	–	–	220,467	–	220,467
BALANCES AT 31 DECEMBER 2006 AS RESTATED	467,142	2,567,369	434,217	698,407	4,167,135
Profit for the year from the income statement	–	–	–	182,242	182,242
Total income for the year	–	–	–	182,242	182,242
Issue of completion shares on acquisition of subsidiary	65,790	368,427	(434,217)	–	–
Issue of shares	232,296	942,704	–	–	1,175,000
Share issue costs	–	(58,751)	–	–	(58,751)
BALANCES AT 31 DECEMBER 2007	765,228	3,819,749	–	880,649	5,465,626

Company Statement of Changes in Shareholders' Equity

	Share Capital £	Share Premium £	Shares to be issued £	Profit and Loss Account £	TOTAL EQUITY £
BALANCES AT 1 January 2006	371,272	1,944,216	932,773	557,396	3,805,657
Profit for the year from the income statement as previously reported	–	–	–	84,910	84,910
Prior year adjustment	–	–	–	(50,256)	(50,256)
Total income for the year as restated	–	–	–	34,654	34,654
Issue of completion shares on acquisition of subsidiary	95,870	623,153	(719,023)	–	–
Shares to be issued on acquisition of subsidiary	–	–	220,467	–	220,467
BALANCES AT 31 DECEMBER 2006 AS RESTATED	467,142	2,567,369	434,217	592,050	4,060,778
Profit for the year from the income statement	–	–	–	63,260	63,260
Total income for the year	–	–	–	63,260	63,260
Issue of completion shares on acquisition of subsidiary	65,790	368,427	(434,217)	–	–
Issue of shares	232,296	942,704	–	–	1,175,000
Share issue costs	–	(58,751)	–	–	(58,751)
BALANCES AT 31 DECEMBER 2007	765,228	3,819,749	–	655,310	5,240,287

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

1. PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985, but the figures reported have been subject to a formal audit. The audit report was not qualified but had a modification in respect of an “emphasis of matter” for going concern uncertainty. Statutory accounts for the year ended 31 December 2007 will be delivered to the Registrar of Companies and made available to all shareholders shortly.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board. They have been prepared using the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

The Directors are negotiating additional debt, equity and bank finance, the proceeds of which will be used to discharge a proportion of the deferred consideration, repay the Juniper loan facility and provide further working capital. The Directors have prepared cash flow projections to December 2009 which indicate that the Company and Group will be able to meet their liabilities as they fall due dependent on the fundraising described above. The Directors therefore consider it appropriate that the financial statements have been prepared on a going concern basis. The financial statements do not include the adjustments that would be needed if the going concern basis is inappropriate.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2007. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the Consolidated Income Statement from the date of acquisition and up to the date of disposal.

For the acquisition that took place on 7 December 2006 the result for the period to 31 December 2006 was not material and was not consolidated in that period.

(C) BUSINESS COMBINATIONS

The Group adopts the acquisition method in accounting for the acquisition of subsidiaries. On acquisition the cost is measured at the fair value of the assets given, plus equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the acquisition. The assets acquired and liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration, including estimated contingent consideration, over the fair value of the identifiable net assets acquired is recorded as goodwill.

(D) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount and value-added tax. Income relating to the provision of services, including temporary recruitment fees, is recognised only when the services have been delivered, quantified and it is certain that the economic benefit will flow to the Company. Earned but unbilled temporary recruitment fees are accrued at the period end. Permanent placement fees are recognised upon commencement of employment. The benefit of the sale of goods is recognised when the risks and rewards of ownership of the goods have passed to the buyer.

(E) PROPERTY PLANT AND EQUIPMENT

Property plant and equipment are stated at cost less accumulated depreciation. Depreciation is being provided so as to write off the assets over their estimated useful lives as follows:

Leasehold improvements - over 10 years

Fixtures and equipment - between 10%-33% straight line and 25% reducing balance

(F) GOODWILL

Goodwill arising from the acquisition of subsidiary undertakings, representing the excess of purchase consideration over the fair value of net assets acquired, is recorded as an intangible asset. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the Consolidated Income Statement.

(G) INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less any impairment. When the recoverable amount of an asset, being the higher of its net selling price and its value in use, is less than its carrying amount, then the carrying amount is reduced to its recoverable value. This reduction is reported in the Consolidated Income Statement as an impairment loss. Value in use is calculated using estimated cash flows, generally over a ten-year period from date of acquisition. These are discounted using an appropriate long-term interest rate. When an impairment arises, the useful life of the asset in question is reviewed and, if necessary, the future depreciation/amortisation charge is accelerated.

Development costs relate to directly attributable costs incurred in the development of the paramedical examination business and a national physiotherapy network. The paramedical costs are amortised at a rate of £1 per completed paramedical examination case and the physiotherapy network costs will be amortised at a rate of £2 per session.

2. SEGMENTAL INFORMATION

Year ended 31 December 2007	Insurance Medicals £	Occupational Health £	Occupational Health Recruitment £	Physio-therapy £	Other £	Total £
Segment revenue	1,925,287	2,713,302	2,973,810	794,121	-	8,406,520
Segment operating profit	351,897	193,867	321,271	68,849	-	935,884
Central costs	-	-	-	-	(635,461)	(635,461)
Operating profit	351,897	193,867	321,271	68,849	(635,461)	300,423
	27,482	57,201	2,846	7,604	12,772	107,905

Capital additions						
Depreciation and amortisation	38,785	15,896	6,937	4,532	11,730	77,880
Segment assets	1,021,599	683,139	587,852	361,420	5,799,00	8,453,0
Segment liabilities	433,815	493,284	712,481	89,010	1,258,80	2,987,3
					3	93
Year ended 31 December 2006 as restated	Insurance Medicals £	Occupational Health £	Occupational Health Recruitment £	Physiotherapy £	Other £	Total £
Segment revenue	1,675,080	1,769,437	-	905,840	-	4,350,3
Segment operating profit	355,790	44,367	-	207,376	-	607,533
Central costs	-	-	-	-	(479,250)	(479,250)
Operating profit	355,790	44,367	-	207,376	(479,250)	128,283
Capital additions	32,468	35,645	-	6,925	85,959	160,997
Depreciation and amortisation	23,090	12,974	-	3,581	4,466	44,111
Segment assets	1,077,807	892,986	-	291,039	6,576,64	8,838,4
Segment liabilities	933,178	842,723	-	93,676	2,801,76	4,671,3
					3	40

All revenue is generated in the United Kingdom

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	15,620	13,043
Depreciation – owned assets	58,397	42,782
– leased assets	3,863	1,329
Profit on sale of assets	(13,182)	-
Auditors' remuneration - audit fees	51,000	36,000
- non-audit fees (tax compliance)	16,941	7,000
Operating lease costs - property	124,561	81,137
- office equipment	17,675	4,310
Exceptional costs relating to the closure of the Cheviot Artus (Skipton) plc office and underpaid VAT	88,171	-

4. PRIOR YEAR ADJUSTMENT

Certain costs relating to potential acquisitions were incorrectly capitalised in 2006. The financial statements of 2006 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect in 2007.

	Effect on 2006 £
Increase in operating expenses	50,256
Decrease in profit	(50,256)
Decrease in prepayments and accrued income	50,256
Decrease in total equity	(50,256)
Decrease in basic earnings per share	(0.11p)
Decrease in diluted earnings per share	(0.10p)

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of £182,242 (2006: £71,191 as restated) divided by the weighted average number of ordinary shares in issue for the year ended 31 December 2007 of 57,087,977 (2006: 43,010,605).

There is no dilution of the earnings per share at 31 December 2007 as the options are not dilutive. The calculation of diluted earnings per share for 2006 was based on the profit for the year of £71,191 divided by the diluted weighted average number of ordinary shares at the year ended 31 December 2006 of 51,434,859.

6. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 restated £
Operating profit	300,423	128,283
Depreciation	62,260	44,111
Amortisation of intangibles	15,620	13,043
Profit on sale of assets	(13,182)	-
(Increase)/decrease in stocks	40,245	(31,128)
(Increase)/decrease in debtors	(524,635)	13,544
Increase/(decrease) in creditors	103,132	313,574
	(16,137)	481,427

7. DETAILS OF ACQUISITIONS

On 7 December 2006, the Group acquired 100% of the issued share capital of Cheviot Artus Ltd for an initial consideration of £700,000 paid in 2007. Further estimated consideration of £500,000 is payable, based on the post-acquisition results of Cheviot Artus Ltd for the 13 months ended 31 January 2008, which is included within other creditors due within one year. It is proposed to settle this further sum by a cash payment of £200,000 and a loan note for £300,000, subject to the agreement of the vendors.

The zero coupon loan note issued in April 2007 as part of the consideration for Cheviot Artus Ltd was redeemed in November 2007 and the redemption premium of £50,000 was settled. Further acquisition costs of £174,842 were incurred in the year.

At 31 December 2007, goodwill on the acquisition of Cheviot Artus Ltd stands at £1,750,942, as detailed below:

	£
Net assets acquired in December 2006	(158,002)
Adjustment to fair value	(80,786)
Adjusted net assets acquired	(238,788)
Goodwill	1,750,942
	1,512,154
SATISFIED BY:	
Initial consideration	700,000
Deferred consideration at December 2006	1,479,423
Adjustment to deferred consideration	(979,423)
	1,200,000
Costs of acquisition	312,154
	1,512,154

As at 31 December 2006, the deferred consideration in respect of Milligan & Hill Ltd was determined as cash payable of £234,217 and shares to be issued of £434,217. Accordingly 6,579,045 new ordinary shares were issued at 6.6p per share in June 2007 and the cash element settled in July 2007. Additional costs of £14,809 were incurred in completing the acquisition.