

Tenon Group PLC

Preliminary Results for the year ended 30 June 2008

Tenon Group PLC ("Tenon" or "the group"), the leading national adviser dedicated to entrepreneurs, today announces its preliminary results for the year ended 30 June 2008.

Highlights

- Dedication to entrepreneurs and their funders produced strong demand and growth
- Countercyclical services, particularly Recovery, enjoyed rapid progress
- Acquisitions in the year brought enhanced contributions to profits and cash flows
- Turnover up 17% to £160.3m
- Underlying operating profit* - up by 34% at £17.6m
- Gross cash inflow from operating activities of £23.6m (2007: £12.3m)
- Net debt reduced to £9.1m (2007: £10m)
- Adjusted earnings per share* - up by 19% to 6.11p

* before amortisation of acquired intangibles and exceptional items

Andy Raynor, Chief Executive, commented:

"With our financial and management strength we are very well placed to take advantage of the opportunities we expect to arise in the current market conditions and to continue to invest in the future of our business."

"We remain very ambitious for increased market presence, greater sales focus and further acquisitions. We will grow our business and our brand by selective hires and by creative initiatives within the entrepreneurial marketplace"

11 September 2008

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CHAIRMAN'S STATEMENT

The year to 30 June 2008 brought record levels of success in all aspects of our financial performance.

Group turnover has risen by 17% to £160.3m. Our continuing operations delivered an underlying operating profit (before amortisation of acquired intangibles and exceptional items) of £17.6m (2007: £13.2m), an increase of 34%. Operating profit for the year is £13.9m (2007: £13.3m). Cash generation continued to be strong with net debt at the year end of £9.1m. Our adjusted basic earnings per share grew by 19%.

The directors recommend the payment of a dividend of 1.4p per share, an increase of 17%.

Growth and developments

Tenon has provided growth consistently, through its dedication to the entrepreneurial and private business marketplace. The nature and origins of such businesses create strong resistance to negative economic influences and rapid reaction to changing circumstances. At points in the cycle such as those currently being experienced, owner-managed businesses value the best advice to help ensure their continuing success.

Tenon provides a portfolio of services that consistently matches these needs.

Growth has therefore been generated across all our business, except where we believe margins can be further advanced by concentration on higher value, lower volume sales.

Acquisitions have enhanced our progress and have proven to be well timed. We have increased our presence in Recovery services to become one of the market leaders in the provision of advice to those in distressed financial circumstances.

Cross-selling increases our organic development by harnessing the captive audience of our largely recurring client base. Sales initiatives and education are strong features of our Tenon Academy programmes. The ability to grow our business from a retained client base has been a major attraction for the best people in our sector. We have an encouraging pipeline of high quality people seeking to join us.

Funding

Aside from a small share placing at the beginning of the year, all our growth and acquisitions have been made from cash generated from the profits of the business. Bank facilities of £44m at the end of the year compare with net debt of £9.1m and therefore provide significant headroom for further growth. Deferred elements of consideration for acquisitions are designed to be substantially self-financing.

2009 and beyond

Tenon management are dedicated to achieving progress within a growing entrepreneurial client base. Tenon's clients seek out the best advice and are willing to pay for it.

The stability provided by recurring clients, together with our Recovery and related services, will allow the continuing pursuit of growth. Our ambition is undiminished by a negative economic outlook and we seek new clients and new acquisition prospects throughout the UK.

Our marketplace is large, our people are energetic, our clients are ambitious and our finances are sound. 2009 and beyond should be years of opportunity for Tenon.

Bob Morton
11 September 2008

CHIEF EXECUTIVE'S REPORT

Introduction

2008 was a year in which the excitement of serving the entrepreneurial sector was matched by a record performance and new achievements in all areas of the Tenon business. Our strategy has been pursued carefully and has brought excellent results.

Market and economy

The slowdown of sectors of the British and world economies has brought new thought to the position of entrepreneurial businesses. For over a year we have been preparing and educating our team and our clients to help them to continue to prosper in this environment.

Our classic entrepreneurial client runs his or her business in a deeply personal manner and takes rapid decisions to protect their position. By matching this pace and commitment, we have enhanced our relationships with many clients and have created new ties with their financiers.

Our portfolio of activities has been designed to encompass strong resilient qualities. Recovery services - dominant in our acquisitions during the year - naturally grow in times of economic pressure. The demand for enhanced financial information promotes both our Outsourcing support services and our General Advisory skills.

Corporate Finance and Personal Financial Advice and Taxation have maintained performance in the year with the decision to reduce the volume of certain lower margin product sales.

Our staffing and resources can be managed flexibly between our service lines. Profit growth has been maintained by careful development of our service portfolio according to prevailing market trends.

Brand

Our competitive position, financial strength and full service portfolio have been reflected in the progress of our brand.

By promoting our services to demanding entrepreneurs, we have become increasingly recognised as the destination for clients who seek dedicated advice to match their own business flair and skill.

This originality has created and expanded the Tenon Academy (to educate our people and accelerate their careers) and the Tenon Forum (to research and promote the interests of entrepreneurs). These features of our business are valued as an investment in our marketplace and create a high profile to attract clients, personnel and acquisition targets.

Financial performance

Our underlying financial performance (before amortisation of acquired intangibles and exceptional items) in the year reached record levels in our turnover, profits, margins and earnings per share. Our turnover has doubled and underlying profits before tax have increased by over 150% in the last five years. After tax and dividends, all our profits have been reinvested in the growth and financial stability of the business.

During the year our underlying profit margin increased to 11% from 9.6%, showing benefits from greater efficiency as our business expands. This increase also demonstrates the quality of acquisitions and our concentration on higher value aspects of specific services.

The following table sets out the turnover and percentage of total turnover generated by each service line:-

	Year to 30 June 2008		Year to 30 June 2007	
	£m	%	£m	%
Corporate and recovery services:				
Business taxation and advisory	37.4	23%	31.3	23%
Corporate finance and related advice	11.2	7%	6.9	5%
Outsourcing	9.0	6%	8.0	6%
Accounts and audit	18.4	12%	16.7	12%
Turnaround and corporate recovery	30.9	19%	19.2	14%
	106.9	67%	82.1	60%
Personal financial advice and taxation	53.4	33%	54.6	40%
	160.3	100%	136.7	100%

Growth

All our client service directors are incentivised to increase profits and to make sales to new and existing clients. All our people can be rewarded directly for the introduction of new business. Our training emphasises the value of reciprocal work with introducers and the strength of long-term relationships in cross selling.

To encourage further progress within our chosen market, we have placed increasing emphasis upon the techniques of marketing and sales within our internal education programmes. We have recruited sales professionals as full-time members of our specialist teams.

Our Tenon Academy continues to generate high quality advisers and ensures we have the capacity to grow. Organic development of our people is supplemented by top quality recruits from many of our competitors. These new recruits are attracted by the genuine interest we have in the success of their careers.

Initiatives for the forthcoming year include the central operation of sales teams for our business development activities, the creation of simple and attractive products to introduce our services to new clients, national seminar programmes and an increasing emphasis on sector specialisms. Tenon has always been quick to take advantage of market developments and to tailor the balance of services according to client need, prevailing economic climate and current demand.

Acquisitions

Acquisitions during the year included an Independent Financial Advisory business with longstanding client relationships and corporate and personal recovery specialists to more than double our presence in this sector.

Each acquisition is carefully planned to a clear strategy and purchased for a fair value. Specific profit-related deferred consideration structures incentivise enhanced performance.

The integration of acquisitions is an essential process that begins during our dedicated due diligence procedures, which are performed by in-house teams controlled by the leader of the relevant service line or region. Acquisitions are made to extend our services and geography within our management reach. New locations, such as our Reading office, often provide the opportunity to subsequently broaden our service offering by adding local recruits and secondees from existing Tenon offices.

We continue to seek new opportunities for acquisitions and we are encouraged by the quality of businesses that look to accelerate their growth through an association with Tenon.

Management and careers

During the year our team has demonstrated the ability to successfully manage a significantly enlarged business. I am particularly delighted to note the contributions made by Carl Jackson and Russell McBurnie who were appointed to the board in September 2007 and March 2008 respectively.

The Leaders' Group - the operating board - has a composition reflecting the geography and services of our business and has become increasingly involved in executing our core strategies.

Members of this team have been instrumental in bringing potential transactions to Tenon and in making sure they succeed. I expect them to be increasingly prominent in driving our business in the future.

Our people take great pride from their approach and achievements. Our recently completed employee attitude survey revealed levels of commitment well ahead of the norm in professional services companies. This is reflected daily in exceptional contributions from our team and we thank all of them.

The future

2008/09 and beyond will bring challenges for all businesses and for our clients. With our emphasis on recovery, support and advisory services and our commitment to action we can profit from these changes.

We remain very ambitious for increased market presence, greater sales focus and further acquisitions. We will grow our business and our brand by selective hires and by creative initiatives within the entrepreneurial marketplace.

With our financial and management capacity we are very well placed to take advantage of the opportunities we expect to arise in the current market conditions and to continue to invest in the future of our business.

Andy Raynor
11 September 2008

FINANCIAL REVIEW

In my first year as finance director it gives me great pleasure to report another year of success and growth for Tenon. The excellent results to 30 June 2008 reflect the strength of our existing businesses and our acquisitions. Strong cash generation led to reduced net debt after acquisition costs, which leaves the group well placed to invest in our businesses for the future.

Revenue and operating profit

Growth in the year has been sensibly balanced between organic development and acquisitions. Four businesses, purchased at the beginning of the financial year, have had a full effect on the results. A further two acquisitions were made in November 2007 and January 2008.

Our continuing operations delivered an underlying operating profit for the year to 30 June 2008 of £17.6m (2007: £13.2m), an increase of 34%. Turnover increased by 17% to £160.3m (2007: £136.7m). Underlying profit is expressed before amortisation of acquired intangibles, and exceptional items.

Turnover grew in the area of Corporate and Recovery services by 30%, of which like-for-like organic growth was 12%. All principal services within this division grew at double-digit rates in the year.

In our Personal Financial Advice and Taxation service line we have made the strategic decision to move parts of our business to higher value, higher margin relationships with fewer external costs to pass on to our clients. This has already improved profitability in the year with a corresponding reduction in turnover. This objective will be further pursued in 2008/09.

The underlying operating profit margin increased in the year to 11% (2007: 9.6%) following extensive financial benchmarking actions, margin enhancing acquisitions and the conscious change in turnover mix.

Exceptional costs during the year, which are mainly property related, reflect changes in operations required to fully integrate the acquisitions made in the year.

Earnings per share and dividends

The adjusted basic earnings per share on continuing activities for the year have increased by 19% to 6.11p (2007: 5.14p), excluding amortisation of acquired intangible assets and exceptional items. Basic earnings per share have decreased to 4.69p (2007: 5.16p), partly reflecting the charging of amortisation on acquired intangibles as a result of adopting IFRS.

A dividend for the year ended 30 June 2007 of 1.2p per share was paid during the year. Following the continued growth in the group's profitability, the directors now recommend an increase in the proposed dividend of 17% to 1.4p per share, payable on 10 December 2008 for shares held on 7 November 2008, subject to approval by the shareholders at the annual general meeting.

Cash flow, funding and working capital

Our working capital management during the year continued to be excellent with gross cash inflow from operating activities of £23.6m (2007: £12.3m). Directors continue to be incentivised on working capital management as well as increased profit generation.

Significant cash outflows included:

- £3.1m repayment of loans (2007: £3.5m)
- £3.3m payment of tax (2007: £4m)
- £17.1m purchase of subsidiary undertakings (2007: £2.5m)
- £2.5m purchase of tangible fixed assets and software, including investment in the expansion of certain offices (2007: £2m).

This resulted in a net debt position of £9.1m at 30 June 2008 (2007: £10m).

In July 2007, the group completed a placing of approximately eight million new ordinary shares generating £4.8m after expenses.

New banking facilities were negotiated during the year at improved terms resulting in £8.7m of additional loan capacity. At the year end total facilities amounted to £44m.

Net bank interest and related costs were £1.5m (2007: £1m). Bank interest cover from continuing activities was approximately 13.8 times (2007: 13.2 times) before amortisation of acquired intangibles and exceptional items.

Net assets

At the year end net assets were £85.0m (2007: £68.5m).

During the year net current assets increased from £18.6m to £20.0m and continued to reflect the robust liquidity of the business.

Acquisitions

Acquisitions made during the year are detailed in note 6.

Intangible assets of £86.5m at 30 June 2008 include £22.1m in respect of these acquisitions.

Deferred cash consideration outstanding on acquisitions totals £6.9m (2007: £0.7m). The deferred consideration is discounted in accordance with IFRS 3 and is contingent upon the future profits of the businesses acquired. Of the total outstanding at 30 June 2008 £3.7m is due within one year.

IFRS

This is the first full year reported under International Financial Reporting Standards as adopted by the European Union (IFRS). IFRS was first adopted in our interim results reported on 11 March 2008. The full details of the effect of IFRS on comparatives were set out in a separate IFRS restatement report available on our website at www.tenongroup.com.

The principal adjustments to comparatives relate to the requirement to separate and amortise intangible assets on acquisition.

Financial outlook

We continue to focus on careful working capital management in order to maximise the potential for further earnings enhancing acquisition opportunities.

By consistent financial benchmarking and review we aim to ensure that our pool of talented people is used to its maximum potential across all our services and regions, as our clients and the economy demands.

Our financial control environment includes progressive targets to ensure that we continue to meet the needs of further expansion, and to provide the most appropriate structure for continuing business success.

Russell McBurnie
11 September 2008

Consolidated Income Statement
for the year ended 30 June 2008

	Note	Year ended 30 June 2008 Unaudited Total £'000	Year ended 30 June 2007 Unaudited Total £'000
Revenue - continuing operations		160,269	136,695
External charges: direct expenses		(9,404)	(14,771)
Employee benefit expense		(99,045)	(83,624)
Employee share scheme costs		(357)	(390)
Depreciation of tangible assets		(1,257)	(1,270)
Amortisation of intangible assets		(3,160)	(8)
Other operating charges		(33,099)	(23,374)
Operating profit		13,947	13,258
Underlying operating profit		17,636	13,162
Amortisation of acquired intangible assets		(2,710)	(8)
Exceptional items	4	(979)	104
Finance income		851	893
Finance costs		(2,363)	(1,890)
Profit on ordinary activities before taxation		12,435	12,261
Tax on profit on ordinary activities	3	(3,712)	(3,705)
Profit on continuing operations		8,723	8,556
Discontinued operations		-	(44)
Retained profit for the financial year		8,723	8,512
Earnings per 10p share	5		
Basic		4.69	5.16
Diluted		4.48	4.84
Adjusted basic		6.11	5.14
Adjusted diluted		5.84	4.82

Consolidated statement of changes in equity
for the year ended 30 June 2008

	Share capital Unaudited £'000	Share premium account Unaudited £'000	Merger Reserve Unaudited £'000	Investment revaluation reserve Unaudited £'000	Shares to be issued Unaudited £'000	Retained earnings Unaudited £'000	Total Unaudited £'000
Balance at 1 July 2007	16,964	19,976	25,629	12	440	5,471	68,492
Cash flow hedges, net of tax	-	-	-	-	-	315	315
Actuarial loss recognised on pension schemes	-	-	-	-	-	16	16
Revaluation of available for sale financial assets	-	-	-	(324)	-	-	(324)
Net income recognised directly in equity	-	-	-	(312)	-	331	7
Profit for the year	-	-	-	-	-	8,723	8,723
Total recognised income for the year to 30 June 2008	-	-	-	(312)	-	9,054	8,730
Employee share option scheme							
- value of employee services	-	-	-	-	-	357	357
- deferred tax on share option scheme	-	-	-	-	-	(228)	(228)
- share options exercised	206	14	-	-	-	-	220
Proceeds from shares placement	819	3,986	-	-	-	-	4,805
Shares issued on acquisition	873	3,216	1,250	-	(440)	-	4,899
Dividends relating to June 2007 paid in December 2007	-	-	-	-	-	(2,248)	(2,248)
	1,898	7,216	1,250	-	(440)	(2,119)	7,805
Balance at 30 June 2008	18,862	27,192	26,879	(312)	-	12,406	85,027

Consolidated balance sheet
at 30 June 2008

	Note	30 June 2008 Unaudited £'000	30 June 2007 Unaudited £'000
Assets			
Non-current assets			
Goodwill		78,604	62,532
Other intangible assets		7,902	1,008
Property, plant and equipment		4,091	3,826
Available for sale financial assets		1,926	324
Trade and other receivables		-	1,862
Deferred income tax assets		5,024	2,486
		97,547	72,038
Current assets			
Trade and other receivables		48,731	40,595
Cash	8	20,081	13,434
Total current assets		68,812	54,029
Total assets		166,359	126,067
Liabilities			
Non-current liabilities			
Borrowings		24,938	19,131
Deferred income tax liabilities		1,952	284
Provisions for other liabilities and charges		5,655	2,704
Total non-current liabilities		32,545	22,119
Current liabilities			
Trade and other payables		36,842	28,299
Corporation tax liabilities		2,719	1,990
Borrowings		4,290	4,290
Provisions for other liabilities and charges		4,936	877
Total current liabilities		48,787	35,456
Total liabilities		81,332	57,575
Equity			
Ordinary shares		18,862	16,964
Share premium		27,192	19,976
Merger reserve		26,879	25,629
Revaluation reserve		(312)	12
Shares to be issued		-	440
Retained earnings		12,406	5,471
Total equity		85,027	68,492
Total liabilities and equity		166,359	126,067

Consolidated cash flow statement
for the year ended 30 June 2008

	Note	30 June 2008 Unaudited £'000	30 June 2007 Unaudited £'000
Cash flows from operating activities			
Cash inflow from trading, before discontinued operations	7	23,632	12,387
Cash outflow from discontinued operations		-	(41)
Cash flows from operating activities		23,632	12,346
Interest paid		(2,022)	(1,852)
Income tax paid		(3,336)	(3,977)
Net cash flows from operating activities		18,274	6,517
Cash flows from investing activities			
Acquisition of subsidiary undertakings and businesses		(17,074)	(2,451)
Net cash acquired with subsidiary undertakings and businesses		296	15
Deferred consideration on purchase of subsidiary undertakings and businesses		(63)	(1,188)
Net consideration on disposal of group businesses		617	878
Purchase of property, plant and equipment		(1,669)	(2,046)
Purchase of software		(862)	-
Proceeds from sale of property, plant and equipment		10	34
Purchase of available for sale financial assets		(2,145)	(12)
Proceeds from sale of financial assets		162	-
Interest received		751	893
Interest paid on finance leases		(8)	(26)
Cash flows from investing activities		(19,985)	(3,903)
Cash flows from financing activities			
Dividends paid to shareholders		(2,248)	(1,645)
Issue of ordinary share capital for cash		5,024	945
Loan received		8,661	-
Repayment of loans		(3,128)	(3,502)
Repayment of unsecured loan notes		-	(1,239)
Capital element of finance lease repayments		(354)	(351)
New finance lease on existing assets		403	266
Cash flows from financing activities		8,358	(5,526)
Increase/(decrease) in cash in the year	8	6,647	(2,912)
Cash at start of year		13,434	16,346
Cash at end of year	8	20,081	13,434

Notes

1. Principal accounting policies

The preliminary financial information has been prepared in accordance with the accounting policies set out in the Company's 'IFRS Restatement Report' addressing the transition to IFRS (as adopted by the EU), dated 11 March 2008. The changes in accounting policies resulting from the IFRS restatement, together with the financial impacts of these changes and the full IFRS accounting policies of the group are set out in the document entitled 'IFRS Restatement Report', which can be found on the group's website, www.tenongroup.com.

The financial information contained in this unaudited preliminary announcement does not constitute accounts as defined by Section 240 of the Companies Act 1985. The financial information for the year ended 30 June 2007 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies, amended for the changes in accounting policies mentioned above. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985. The statutory accounts for the 12 months ended 30 June 2008 will be finalised based on the information in this unaudited preliminary announcement and will be delivered to the Registrar of Companies following the annual general meeting to be held on 25 November 2008.

2. Employees

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

	Year to 30 June 2008 Unaudited	Year to 30 June 2007 Unaudited
Management and professional staff	1,474	1,245
Support and administrative staff	347	274
	1,821	1,519

3. Income tax

The tax charge accrued in these results reflects an effective tax rate of 30% (2007: 30%), as a result of expenses not deductible for tax purposes.

4. Exceptional items

Exceptional costs in the year of £979,000 (year to 30 June 2007: credit of £104,000) are mainly property related and reflect changes in operations required to fully integrate the acquisitions made in the year.

On transition to IFRS the group has reviewed its accounting policy on exceptional items. This has resulted in certain items (year to 30 June 2007: £318,000) no longer being classed as exceptional. Exceptional items are those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Material items are those considered significant in relation to profit before taxation.

5. Earnings per share

	Earnings £'000	Year to 30 June 2008 Unaudited Earnings per share p	Earnings £'000	Year to 30 June 2007 Unaudited Earnings per share p
Basic earnings per share	8,723	4.69	8,512	5.16
Dilutive share options	-	(0.21)	-	(0.32)
Diluted earnings per share	8,723	4.48	8,512	4.84
Basic earnings per share	8,723	4.69	8,512	5.16
Amortisation of intangibles, discontinued operations and other exceptional items net of tax effect	2,641	1.42	(29)	(0.02)
Adjusted earnings per share	11,364	6.11	8,483	5.14
Dilutive share options	-	(0.27)	-	(0.32)
Adjusted diluted earnings per share	11,364	5.84	8,483	4.82

Earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares in issue during the year to 30 June 2008 was 186,039,000 (year to 30 June 2007: 164,872,000).

There are 16,914,000 share options and warrants that give rise to a dilution during the year to 30 June 2008 (year to 30 June 2007: 10,558,000). There are 7,892,000 options and warrants in issue that do not give rise to dilution during the year to 30 June 2008 (year to 30 June 2007: 7,208,000).

The adjusted earnings per share are calculated and shown in order to demonstrate earnings per share before amortisation of acquired intangibles and exceptional items, as the directors believe this figure more accurately reflects the performance of the group.

6. Acquisitions

Business	Acquired	Total consideration	Fair value of net assets acquired	Intangible assets	Goodwill
Unity & JJC	July 2007	£14.0m	£1.6m	£5.3m	£7.1m
HMT Recovery	July 2007	£3.7m	£0.3m	£1.0m	£2.4m
PAS	October 2007	£6.0m	(£0.2m)	£1.9m	£4.3m
HWBRI	January 2008	£4.3m	£1.7m	£0.5m	£2.1m

JJC, HMT Recovery and HWBRI are Recovery specialists. Unity are Recovery specialists and General Advisers, whilst PAS is a dedicated Independent Financial Adviser.

7. Cash inflow from operating activities

	Year to 30 June 2008 Unaudited £'000	Year to 30 June 2007 Unaudited £'000
Profit on ordinary activities before taxation	12,435	12,261
Finance costs (net)	1,512	997
Employee share scheme costs	357	390
Depreciation of tangible fixed assets	1,257	1,270
Loss/(profit) on disposal of fixed assets	9	(12)
Amortisation of intangible assets	3,160	8
(Increase)/decrease in trade and other receivables	(1,286)	82
Increase/(decrease) in trade and other payables	5,731	(2,114)
Increase/(decrease) in provisions	457	(495)
Cash inflow from operating activities	23,632	12,387

8. Analysis and reconciliation of movement in net debt

	1 July 2007 Unaudited £'000	Cash flow £'000	Non-cash Items £'000	30 June 2008 Unaudited £'000
Cash	13,434	6,647	-	20,081
Debt				
Bank loans due within one year	(3,975)	3,975	(3,916)	(3,916)
Bank and other loans due after one year	(18,936)	(9,508)	3,725	(24,719)
Finance leases due within one year	(315)	315	(374)	(374)
Finance leases due after one year	(195)	(364)	340	(219)
	(23,421)	(5,582)	(225)	(29,228)
Net debt	(9,987)	1,065	(225)	(9,147)

9. Reconciliation of net cash flow to movement in net debt

	Year to 30 June 2008 Unaudited £'000	Year to 30 June 2007 Unaudited £'000
Increase/(decrease) in cash and cash equivalents	6,647	(2,912)
Cash (inflow)/outflow from movement in debt and lease financing	(5,582)	4,826
Changes in net debt resulting from cash flows	1,065	1,914
Loans and finance leases acquired with subsidiary undertakings	(494)	(27)
Other non cash changes	269	(70)
Movement in net debt in the year	840	1,817
Net debt at beginning of year	(9,987)	(11,804)
Net debt at end of year	(9,147)	(9,987)

10. Report and Accounts

A copy of the Report and Accounts will be sent to all shareholders with notice of the AGM.