

28 February 2007



CareCapital Group Plc ("CareCapital" or "the Group")

Audited Preliminary Results for the year ended 31 December 2006

CareCapital Group Plc, a developer and investor for the long term in healthcare related properties throughout the UK and in Germany, is pleased to announce its preliminary results for the year ended 31 December 2006.

Group Financial Highlights

- Admission to AIM on 4 August 2006
- First time adoption of International Financial Reporting Standards ("IFRS")
- Profit Before Tax ("PBT") of £1.7 million (2005:loss £295k)
- Completed property acquisitions/developments during the year of £6.06 million.
- Group rental income up 12 % to £1.34 million (2005:£1.2 million)
- Portfolio value up 38 % to £29.5 million (2005: £21.4 million)
- Adjusted diluted Net Asset Value ("NAV") per share increased by 25 % to 21.25p (2005:17.85p)*
- Significant development pipeline

*Adjusted diluted NAV per share – excludes deferred tax on property portfolio revaluation. Calculated on an equivalent basis for 2005.

Dr. Michael Sinclair, Chairman, commented:

"I am pleased to report that 2006 was a year of significant progress for CareCapital Group Plc in that the Group was admitted to AIM in early August and is reporting its results for the first time under IFRS. This, in my view, provides a realistic measurement of the value of the portfolio and the progress that has been made over the past twelve months.

Our pipeline of UK developments is being progressed to plan and we continue to identify further opportunities for long term healthcare related real estate investment.

We have also made our initial investment in Germany as part of a planned programme of both acquisitions and developments in that country."

For further information, please contact:

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CHAIRMAN'S STATEMENT

I am pleased to present to you CareCapital Group Plc's 2006 ("CareCapital") final results which have been prepared using International Financial Reporting Standards ("IFRS").

2006 held particular significance for the Group, being the year that its shares were admitted to AIM in early August. At the end of 2006, the Group owned properties valued at £29.5 million (2005 restated: £21.4 million). Profits before tax for the year ending 31st December 2006 totaled £1.7m (2005 restated: loss £295k). Profits after tax (including a deferred taxation charge of £1.03m) amounted to £678k (2005 restated: loss £383k).

Revaluation of the Group's property portfolio at 31.12.06 resulted in a valuation surplus of £3.5m.

CareCapital places great emphasis on the fact that it is both a developer and investor in health care real estate. As such, we can provide our tenants and the sponsoring NHS Authorities with the security of knowing that the partnering relationships created during the development process are continued through the project's life. This also makes good commercial sense.

Government policy in both the UK and other European countries places increasing emphasis on the importance of primary care within the community as being the focus of their attention and a means of providing cost effective, timely and appropriate healthcare services. Increasingly, primary care buildings encompass a broad range of healthcare services, including physicians, nurse practitioners, pharmacy, dental care, day surgery and many others.

The current UK Government initiatives such as Practice Based Commissioning and Alternative Provider Medical Services should result in the expansion of current services, to include a mixed economy of provision and therefore a wider range of tenants in our buildings. As a result, CareCapital has been involved in 2006, and will be in the future, in the development of extensions of its existing portfolio of properties and new properties of increasing scale and complexity. The existence of available land attached to a number of our existing portfolio properties has proved to be a significant asset in this regard.

In December 2006 the Group made its first move outside the UK through the purchase of a 4,500 sq m medical centre in Germany. As has previously been announced, we plan to acquire further similar investments and develop new medical buildings within the German market. Whilst being attractive real estate investments in their own right, this geographical expansion augments the Group's expertise in developing and managing the polyclinic style of building which is occupied by a broad range of medical specialists. We believe that this model will become increasingly applicable within the UK market. During 2007 and thereafter we anticipate growth outside the UK to match that within it.

We have 9 properties currently under development in the UK. We expect 4 of these developments to reach completion within the coming 24 months, with a total estimated developed value of £14 million. A further 5 projects with an anticipated developed value of £37.3 million are scheduled for completion before the end of 2009.

In addition, the Group has a significant number of identified pipeline project opportunities that will be progressed over the coming months. We will continue to pursue new development opportunities both by direct negotiation and through public sector competitive tendering.

Rent reviews agreed during 2006 produced an average increase of 14.84 %. Whilst there is no certainty that this increase can be maintained, the figure does reflect, we believe, the high quality of our developed portfolio.

The market for primary care properties is both growing and competitive. CareCapital's position as both a developer and investor for the long term provides its partners in the public sector with the assurance of a long term relationship. In this way, the Group seeks to differentiate itself from others in the Industry. The combination of this growing market, readily available finance and our experienced and dedicated team of executives, enables us to look forward to the future with confidence.

DR. MICHAEL J. SINCLAIR
27 February 2007

CHIEF EXECUTIVE'S REPORT

Activities

The Group's principal activities are the development of and investment in healthcare related properties, predominately in the Primary Care Sector. It conducts its business activities throughout the UK and in Germany and secures development and investment opportunities through both direct negotiation and competitive tendering.

As reported in the Chairman's Statement, the Group was listed on AIM in August 2006 and has adopted IFRS for its results for this year.

The Group's revenues are derived from the rents receivable on its investment properties and the income from the provision of facilities management services related to those properties. Additionally, a margin is applied to the cost of developments; the recovery of this margin being used to offset those overhead and other costs not directly attributable to the development.

During 2006 the Group completed the extension to its medical centre in Hinckley; commenced construction of a dental centre in Folkestone and completed the acquisition of a medical centre in Berlin. In addition, a joint venture in which the Group is a 50% participant was selected as the preferred bidder for a medical centre development in North Wales. A number of further developments are being progressed, all of which are anticipated to be completed by the end of 2009.

Property Portfolio

The Group has 21 long-term investment properties which are valued at £29.5 million at 31 December 2006 (2005: £21.4m). There were commitments at the end of 2006 of £5.9 million in respect of projects under construction and acquisitions.

9 new developments are being progressed that have a projected cost of £43.4 million. These development projects are all scheduled for completion before the end December 2009.

Disposals

There were no disposals during the year. However, it has been decided to sell the property in Southampton following the cessation of the contract with Southampton University Hospitals NHS Trust to provide patient hotel services from that building. Considerable interest in the property has been received and it is anticipated the sale will be completed before the end of April 2007.

Revaluation

As reported in the Chairman's Statement, the property portfolio has been revalued as at 31 December 2006. This revaluation reflects both the rent reviews successfully concluded during the year and a hardening of investment yields. The result is an uplift in the portfolio valuation of £3.5 million (2005: £281k) which has been incorporated into the balance sheet. This increase amounted to an uplift in value per share of 4.6 pence; 4.3 pence per share on a fully diluted basis.

Rental Levels

The current overall average rent receivable across the portfolio is £138 per square metre. The UK overall average rent per square metre is £156; in Germany the average is £102 per square metre reflecting the lower land values and construction costs in that country.

On a blended basis the current average rents per square metre receivable by tenant category are as set out below:

Medical Practitioners	-	£135.03
NHS Authorities	-	£163.95
Pharmacies	-	£186.51
Dentists	-	£112.32
Others	-	£128.57

Tenants occupation of Portfolio Properties

The occupation of the Group's properties by tenant category expressed as a percentage of floor area is as follows:

Medical Practitioners	-	78.30 %
NHS Authorities	-	7.02 %
Pharmacies	-	4.65 %
Dentists	-	4.91 %
Others	-	5.13 %

Tenants by Annual Rents

The table below sets out an analysis of the portfolio in terms of rent roll by tenant category. Over 99% of tenants are directly involved in the delivery of healthcare services:

Medical Practitioners	-	76.61%
NHS Authorities	-	8.34%
Pharmacies	-	6.28%
Dentists	-	3.99%
Others	-	4.78%

Security of income by lease term certain

Analysis of rental income by lease term certain

Period in years	% of rents receivable
Under 10 years	11.24 %
10 – 15 years	3.83 %
15 – 20 years	35.69 %
20 – 25 years	31.16 %
Over 25 years	18.08 %

Rent Reviews

6 rent reviews were completed during 2006 resulting in uplift in rents receivable of £46,011; an average increase of 14.84% on the applicable rents. 2 further reviews relating to 2006 are currently under negotiation.

The table below sets out the future rent review pattern by annual rent:

Rent Review Timing	Annual rent subject to review	% of current Annual Rent
0 – 1 year	£558,262	33 %
1 – 2 years	£231,500	14 %
3 – 4 years	£426,468	25 %
4 – 5 years	£ 74,998	4 %
Over 5 years	£416,216	24 %

Development Financing

The Group increased its long-term borrowings by £1.64 million during the year to 31 December 2006, net of the repayment of an investor's loan of £2.86 million on listing. Debt financing of investment properties is sourced from a panel of banks and other financial institutions on a project by project basis. Interest rate risk is managed through the use of hedging instruments or long term fixed rate borrowing. Further information on the Group's financing arrangements is provided in the Notes to the Financial Statements for the year to 31 December 2006.

PAUL STACEY
27 February 2007

CareCapital Group Plc

Consolidated income statement for the year ended 31 December 2006

	Notes	<u>Audited</u> <u>2006</u> £	<u>Audited</u> <u>2005</u> <u>Restated</u> £
Revenue		1,832,013	1,747,651
Cost of sales		(83,560)	(72,719)
Gross profit		1,748,453	1,674,932
Administrative expenses		(2,352,192)	(1,353,167)
		(603,739)	321,765
Other operating income		251,418	-
Net surplus on revaluation of investment properties		3,528,023	281,165
Operating profit before exceptional items		3,175,702	602,930
Exceptional costs of AIM listing	3	(589,574)	0
Operating profit after exceptional items		2,586,128	602,930
Finance income		186,608	244,545
Finance costs		(1,094,027)	(1,155,424)
Change in fair value of financial instruments		29,081	12,528
Net finance costs		(878,338)	(898,351)
Profit/(Loss) before tax		1,707,790	(295,421)
Taxation		(1,029,967)	(88,108)
Profit /(Loss) for the period attributable to equity shareholders		677,823	(383,529)
Basic earnings per share	2	0.93p	(0.54)p
Diluted earnings per share	2	0.92p	(0.54)p
Weighted average number of shares (000')	2	73,544	70,696

CareCapital Group Plc

Consolidated Balance Sheet
As at 31 December 2006

	Notes	<u>Audited</u> <u>2006</u> £	<u>Audited</u> <u>2005</u> <u>Restated</u> £
Non - current assets			
Intangible assets		1,751,959	1,751,959
Investment properties		29,517,118	21,427,961
Development properties		504,916	64,217
		31,773,993	23,244,137
Plant and equipment		28,156	46,868
		31,802,149	23,291,005
Current assets			
Inventories		-	1,200
Trade and other receivables		567,160	379,331
Cash and cash equivalents		2,321,933	6,955,128
Financial instruments		206,781	-
Total Current Assets		3,095,874	7,335,659
Non current assets classified as held for sale		1,500,000	-
Total assets		36,398,023	30,626,664
Current liabilities			
Trade and other payables		(1,091,623)	(686,078)
Tax liabilities		(292)	(292)
Borrowings, including finance leases		(365,801)	(355,539)
Derivative financial instruments		(99,495)	(128,576)
Total Current Liabilities		(1,557,211)	(1,170,485)
Non - current liabilities			
Borrowings, including finance leases		(18,511,279)	(13,983,065)
Loan from investor		-	(2,857,092)
Deferred tax provision		(2,249,127)	(1,453,356)
		(20,760,406)	(18,293,513)
Liabilities directly associated with non current assets held for sale		(702,735)	-
Total liabilities		(23,020,352)	(19,463,998)
Net assets		13,377,671	11,162,666
Equity			
Share capital	5	767,541	706,958
Reverse acquisition reserve		11,038,204	11,038,204
Share option reserve		143,055	63,956
Share premium account		1,397,500	-
Profit and Loss account		31,371	(646,452)
Total equity		13,377,671	11,162,666

These consolidated financial statements have been approved by the Board of Directors on 27th February 2007.

P.Q.C Stacey
Chief Executive

S.K. Wilden
Finance Director

CareCapital Group Plc

Consolidated statement of changes in equity

	Notes	<u>Share capital</u> £	<u>Share Premium</u> £	<u>Share option reserve</u> £	<u>Reverse Acquisition Reserve</u> £	<u>Profit and Loss Reserve</u> £	<u>Total Equity</u> £
Balance at 1 January 2005		706,958	-	4,857	11,038,204	(262,923)	11,487,096
Share based payment - value of employee services		-	-	59,099	-	-	59,099
Loss the year		-	-	-	-	(383,529)	(383,529)
Balance at 31 December 2005		706,958	-	63,956	11,038,204	(646,452)	11,162,666
Balance at 1 January 2006		706,958	-	63,956	11,038,204	(646,452)	11,162,666
Cost of acquisition	5	10,583	-	-	-	-	10,583
Issue of share capital - public placement (net)	5	50,000	1,397,500	-	-	-	1,447,500
Share based payment - value of employee services		-	-	59,099	-	-	59,099
Share based payment - value of services received		-	-	20,000	-	-	20,000
Profit for the year		-	-	-	-	677,823	677,823
Balance at 31 December 2006		767,541	1,397,500	143,055	11,038,204	31,371	13,377,671

CareCapital Group Plc

Consolidated cash flow statement for
the year ended 31 December 2006

	<u>Audited</u> <u>2006</u>	<u>Audited</u> <u>2005</u> <u>Restated</u>
	£	£
Cash flows from operating activities		
Profit / (loss) after taxation	677,823	(383,529)
Adjustments		
Taxation	1,029,967	88,108
Change in fair value of financial instruments	(29,081)	(12,528)
Finance costs	1,094,027	1,155,424
Finance income	(186,608)	(244,545)
Unrealised net revaluation gains on investment properties	(3,528,023)	(281,165)
Depreciation	33,005	33,916
Write off of development properties	40,261	-
Share based payments	79,099	59,099
Cash flows from operations before changes in working capital	(789,530)	414,780
Change in inventories	1,200	-
Change in trade and other receivables	(187,829)	(114,941)
Change in trade and other payables	405,544	(3,365)
Cash (used) / generated from operations	(570,615)	296,474
Interest paid	(1,094,027)	(1,016,068)
Cash flows from operating activities	(1,664,642)	(719,594)
Cash flows from investing activities		
Purchase of investment property	(6,058,524)	-
Capital expenditure on development properties	(481,960)	(651,504)
Purchase of plant and equipment	(14,293)	(28,280)
Interest received	186,608	244,545
Cash flows from investing activities	(6,368,169)	(435,239)
Cash flows from financing activities		
New mortgage loans raised (Net)	4,817,059	196,581
Repayment of finance leases	(18,434)	(18,435)
Repayment of investors' loan	(2,857,092)	-
Proceeds on issue of new shares	1,458,083	-
Cash flows from financing activities	3,399,616	178,146
Net decrease in cash and cash equivalents	(4,633,195)	(976,687)
Cash and cash equivalents at 1 January	6,955,128	7,931,815
Cash and cash equivalents at 31 December	2,321,933	6,955,128

NOTES:

1. Principal accounting policies

(a) Accounting convention and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") for the first time, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties and properties available for sale.

A summary of the more important group accounting policies is set out below, together, where relevant, with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

(b) Change in accounting policies

Prior to the adoption of IFRS the financial statements of the CareCapital Group of companies had been prepared in accordance with United Kingdom Accounting Standards ("UK GAAP"). UK GAAP differs in certain respects from IFRS and certain accounting and valuation methods have been amended, when preparing these financial statements, to comply with IFRS. The comparative figures in respect of 2005 have been restated to reflect these amendments.

(c) Basis of consolidation

The consolidated financial information includes financial information in respect of the company and its subsidiary undertakings, which were all wholly owned at 31 December 2005 and 31 December 2006.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

On 31 July 2006, the Company became the legal parent of Care Capital Limited ("CCL") by way of a share exchange agreement. According to the share exchange agreement, the shareholders of CCL transferred the entire issued share capital of CCL to the Company in consideration for 706,957,760 ordinary shares at par of 0.1p each.

This business combination is regarded as a reverse acquisition whereby CCL, the legal subsidiary, is the acquirer and has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

As a consequence of applying reverse acquisition accounting, the results for the year ended 31 December 2006 comprise the full year results of CCL for the year ended 31 December 2006 plus those of the Company from 31 July 2006, the date of the reverse acquisition, to 31 December 2006. The comparative figures are those of CCL for the year ended 31 December 2005.

(d) Goodwill

Goodwill arising on acquisition of group undertakings is carried as an intangible asset at cost less accumulated impairment losses. Impairment review is carried out annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRSs has been restated retrospectively in accordance with IFRS 3 Business Combinations.

(e) Investment properties

Investment properties are properties owned or leased by the group which are held for long term rental income and for capital appreciation. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by the directors. In arriving at their assessment, the directors take advice from professionally qualified external valuers on the basis of fair market value.

Gains or losses arising from changes in the fair value of investment property are included in other operating income in the income statement of the period in which they arose. Depreciation is not provided in respect of investment properties.

(f) Development properties

Properties under development and land are initially recognised at cost. Cost includes external interest on development loans, directly attributable outgoings and development margin representing the recovery of attributable internal overheads. No development margin is ascribed to a project until the point of financial close or contractual agreement is reached.

Upon completion, development properties to be held for long term rental income and capital appreciation are transferred to investment property.

(g) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The fair value is the open market value, according to estimates received from external professional valuers.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(h) Revenue recognition

Revenue consists of gross rental income received on investment properties and facilities management income in respect of a patient hotel. Rental income is calculated on an accruals basis and recognised in the accounting period to which it relates. Additional rental amounts occurring owing to rent reviews are not recognised until agreed in writing.

(i) Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance.

(j) Income taxes

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit with the exception of deferred tax on revaluation surpluses where the tax basis used is the accounts historic cost.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset only when they relate to taxes levied by the same authority, with a legal right to set off and when the group intends to settle them on a net basis.

2. Earnings per share

	Group 2006	Group 2005 Restated
<i>Basic earnings per share</i>		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.		
Profit/ (loss) attributable to equity holders of the Company (£)	677,823	(379,771)
Weighted average number of ordinary shares in issue (thousands)	73,197	70,696
Earnings/ (loss) per share (pence per share)	0.93	(0.54)

Diluted earnings per share

The Company has one category of dilutive potential ordinary shares - share options. A calculation is undertaken to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. It is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2006	2005
Profit/ (loss) attributable to equity holders of the Company (£)	677,823	(379,771)
Weighted average number of ordinary shares in issue (thousands)	73,197	70,696
Adjustment for share options (thousands)	347	-
Weighted average number of ordinary shares for diluted earnings (thousands)	73,544	70,696
Diluted Earnings/ (loss) per share (pence per share)	0.92	(0.54)

Adjusted earnings per share

Adjusted earnings per share have been calculated to exclude the unrealised gain on revaluation of investment properties and fair value movement on derivative financial instruments.

	2006	2005
Profit/ (loss) attributable to equity holders of the Company (£)	677,823	(379,771)
Less gain on revaluation of investment properties	(3,528,023)	(281,165)
Add deferred tax in respect of investment properties	1,058,407	84,350
Add fair value movement on derivative financial instruments	29,081	12,528

Less deferred tax in respect of derivative financial instruments	(8,724)	(3,758)
Earnings/ (loss) used for calculation of adjusted earnings per share	<u>(1,771,436)</u>	<u>(567,816)</u>
Adjusted earnings per share	(2.42)	(0.80)

No adjusted, diluted earnings per share is calculated because the Group made losses after the adjustments.

3. Exceptional costs

	2006	2005 Restated
	£	£
External costs associated with the listing of the group on the Alternative Investment Market ("AIM")	589,574	-

The group incurred costs of £ 642,074 in connection with its listing on AIM ON 4th August 2006, including a share based cost attributed to an option granted to the Company's brokers. Of the total, £52,500 being the commission on the raising of new money, has been applied to the share premium account.

4. Net asset value

	2006	2005 Restated
Net assets per share (basic) (pence per share)	17.4	15.8
Net assets per share (diluted) (pence per share)	16.7	15.3

5. Share capital

	2006	2005
<i>Authorised:</i>		
500,000,000 ordinary shares of 1p each		
(100,000 ordinary shares of 100p each)	<u>5,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
76,754,096 ordinary shares of 1p each		
(2 ordinary shares of 100p each)	<u>767,541</u>	<u>2</u>

On 9 June 2006, the authorised share capital of the Company was increased to £5,000,000 and each issued and unissued ordinary share of £1 each was subdivided into 1,000 ordinary shares of 0.1p each pursuant to a special resolution.

Number Nominal

	<i>of shares</i>	<i>value £</i>
15 September 2005 Issue of subscriber shares of £1 each on incorporation	2	2
9 June 2006 Subdivision of shares into 2,000 ordinary shares of 0.1p each pursuant to special resolution	(2) 2,000	- -
31 July 2006 Issue of new ordinary shares of 0.1p each for cash at par	 10,581,200	 10,581
31 July 2006 Issue of new ordinary share of 0.1p each pursuant to acquisition of CareCapital Limited pursuant to share exchange agreement.	 706,957,760	 706,958
31 July 2006 Consolidation of every 10 ordinary shares of 0.1p each into 1 ordinary share of 1p each pursuant to special resolution	(717,540,960) 71,754,096	- -
4 August 2006 Issue of new ordinary shares by way of shares placement	 5,000,000	 50,000
Ordinary shares in issue at 31 December 2006	76,754,096	767,541

As a consequence of applying reverse acquisition accounting (see note 1), the Group share capital for the comparative period has been presented as £706,958 to reflect the shares issued in exchange for the share capital of CareCapital Limited.

Options to subscribe for Ordinary Shares of 0.1p each

On 1 December 2004, seven employees of CareCapital Ltd were granted options to subscribe for an aggregate of 630,000 ordinary shares of £1 each in CareCapital Ltd at a subscription price of £1 per share.

On 31 July 2006 option replacement deeds were entered into such that the seven employees surrendered their options in exchange for the grant of options to subscribe for an aggregate of 4,271,436 new Ordinary 0.1p shares in the Company at a subscription price of 15p per share.

These options vest in four tranches as follows: 1/12/04 1,017,009 options, 1/12/05 1,067,859 options, 1/12/06 1,067,859 options and 1/12/07 1,118,709 options. These options are exercisable at any time between 1/12/07 and 1/12/14.

As these options were granted after 7 November 2002 they are accounted for in accordance with IFRS 2.

On 31 July 2006, the Company's brokers, Daniel Stewart & Co, were granted, conditional on admission, the right to subscribe for up to 767,540 new ordinary shares, being 1% of the share capital, at 30p per share. In accordance with IFRS 2, this represents a share based payment for services provided, and has been accounted for accordingly.

6. The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31st December 2006 or 2005 (but is derived from and has been prepared on the same basis as the 2006 financial statements with the 2005 figures being restated for IFRS). Statutory financial statements for 2005 were prepared under UK Generally Accepted Accounting Practice and have been delivered to the Registrar of Companies and those for 2006 will be delivered following the Company's Annual General Meeting. The auditors have reported on those financial statements; their reports were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.