Registered Number : 06434555

WOODSPEEN TRAINING GROUP PLC

INTERIM STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2013

CHIEF EXECUTIVE'S REPORT

I am pleased to report to you on the Group's results for the six month period to 31 January 2013.

During the last financial reporting period the Company changed its accounting reference date and extended its reporting year end to 31 July. The comparatives presented are for the six months to 31 March 2012, the closest previously reported interim period.

Business overview

The Group operates through two divisions, Vocational Training and Skills Training. Funding for both is primarily through a single direct contract held with the Skills Funding Agency (SFA).

Vocational Training programmes comprise pre-apprenticeship and apprenticeship training, predominantly delivered to younger learners (aged 16-18).

Skills Training programmes comprise basic skills such as Maths, English, and ICT predominantly delivered to unemployed adult learners.

Government policies towards the funding of training programmes, the availability of learners and the existence of suitable employment opportunities are key drivers of the Group's success.

Performance during the period under review

Group operating loss before amortisation of acquired intangible assets of £26,000 (2012 £118,337) is as follows:

	Six Months 31 January 2013			Six Months 31 March 2012		
	Revenue	**Operating Profit/(Loss)**	**Margin**	**Revenue**	**Operating Profit/(Loss)**	**Margin**
	£	**£**	**%**	**£**	**£**	**%**
Vocational Training	**1,474,867**	**1,035**	**0.1**	1,733,672	22,571	1.3
Skills Training	**591,000**	**1,137**	**0.2**	542,920	(119,333)	-
Total for segments	**2,065,867**	**2,172**		2,276,662	(97,362)	
Group items:						
Unallocated central costs		**(154,726)**			(164,347)	
	2,065,867	**(152,554)**		2,276,662	(261,709)	

The Group's performance for the period has been in line with the Board's expectations in both Vocational and Skills Training.

The operating environment has remained very challenging.

Vocational Training

Securing employment for the much publicised NEET (Not in Employment, Education or Training) population comprising 16-18 year olds (young learner) and 19-24 year olds (young adult learner) remains difficult. Reduced employment opportunities coupled with employers' high entry level skills expectations of learners underpins the mismatch between learner supply and employer demand. In a nationally declining market for young apprentices, learner volumes have been maintained across these key age groups over the period as a result of the Group's strategy to invest in business development and learner support. However costs associated with this strategy continue to bear down on operating margins.

The number of apprenticeship learners enrolled on Woodspeen programmes is summarised below

In Learning	**31 January 2013**	**31 July 2012**
16 – 18 learners	**366**	387
19 -24 learners	**246**	224
	612	611
25+ learners	**240**	289
Total	**852**	900

CHIEF EXECUTIVE'S REPORT

The Government recognises the scale of the problem and the recent announcement of a new pre-employment 'Traineeship' programme is an important step towards addressing this challenge. Whilst important details are yet to emerge including, critically, how funding will be made available, the objective is to help equip young learners with the employability skills necessary to bridge the gap between leaving school and gaining first employment. We welcome this initiative and have already commenced planning for the programme, scheduled to commence later this year, as details are finalised.

The 25+ age group is not a government funding priority and as a result the Group has been reducing its exposure to this age group.

Skills Training

During the period, the Group has switched over 80% of its funding for basic skills programmes to direct contract. This is in line with Group strategy to hold funding contracts directly. There may be scope to increase this further and the Group may seek to increase its direct funding whilst maintaining an appropriate degree of flexibility to respond quickly to changing demand patterns.

Outlook

The medium term outlook remains bleak. With no signs of improvement in the macroeconomic or employment environments, trading performance in the second half is unlikely to show improvement over the first half and conditions may deteriorate further before they improve. The sector is in what is likely to be a prolonged period of rationalisation. The recent announcement by Pearson that it is exiting the sector together with news of smaller providers that are withdrawing from the sector underlines the scale of change underway. Rationalisation within the sector will create opportunities for the Group to increase scale through acquisition over the longer term. In the immediate term we remain resolutely focused on seizing organic revenue growth opportunities, controlling our cost base and managing cash.

Si Hussain

Chief Executive

24 April 2013

UNAUDITED CONSOLIDATED INCOME STATEMENT

PERIOD TO 31 JANUARY 2013

16 Months July 2012 Audited £		Notes	6 Months January 2013 Unaudited £	6 Months March 2012 Unaudited £
6,547,870	**Revenue**	2	**2,065,867**	2,276,662
(4,487,702)	Cost of sales		**(1,356,949)**	(1,649,601)
2,060,168	**Gross profit**		**708,918**	627,061
(3,504,368)	Administrative expenses		**(887,472)**	(1,007,107)
(1,444,200)	**Loss from operations**	2	**(178,554)**	(380,046)
	Analysed as:			
(164,397)	Loss from operations before amortisation and impairment intangible assets		**(152,554)**	(261,709)
(279,803)	Amortisation intangibles – customer contracts acquired on acquisition		**(26,000)**	(118,337)
(1,000,000)	Exceptional item		**-**	-
(1,444,200)			**(178,554)**	(380,046)
28,630	Finance revenue		**12,659**	11,927
(1,415,570)	**Loss before taxation**	2	**(165,895)**	(368,119)
78,836	Tax (expense)/credit		**(3,272)**	91,053
(1,336,734)	**Loss for the period**		**(169,167)**	(277,066)
	Earnings per share			
(3.74)p	**Basic and diluted**	**3**	**(0.48)p**	(0.77)p

Turnover and profit all derive from continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 31 JANUARY 2013

There is no difference between the loss for the period shown and total comprehensive income.

Reconciliation of movements in total equity are given in the Statement of changes in equity.

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2013

As at July 2012 Audited £		Notes	As at January 2013 Unaudited £	As at March 2012 Unaudited £
	Assets			
	Non-current assets			
178,968	Property, plant and equipment	4	**235,985**	168,085
1,689,819	Intangible assets	5	**1,661,935**	2,755,815
20,804	Deferred tax assets		**9,150**	-
1,889,591			**1,907,070**	2,923,900
	Current assets			
747,434	Trade and other receivables		**628,759**	613,425
2,927,056	Cash and short term deposits		**2,795,423**	3,246,376
3,674,490			**3,424,182**	3,859,801
5,564,081	**Total assets**		**5,331,252**	6,783,701
	Liabilities			
	Current liabilities			
714,331	Trade and other payables		**681,770**	575,862
9,523	Deferred revenue		**3,207**	18,726
10,557	Current tax liabilities		**101**	50,103
94,817	Provisions		**50,784**	163,471
829,228			**735,862**	808,162
	Non-current liabilities			
10,550	Provisions		**18,874**	19,043
43,853	Deferred tax liabilities		**37,873**	104,056
54,403			**56,747**	123,099
883,631	**Total liabilities**		**792,609**	931,261
4,680,450	**Net Assets**		**4,538,643**	5,852,440
	Equity			
	Capital and reserves attributable to equity holders of the Company			
3,578,620	Share capital	6	**357,862**	3,578,620
-	Deferred shares	6	**3,220,758**	-
2,997,637	Share premium reserve		**2,997,637**	2,997,637
376,000	Merger reserve		**376,000**	376,000
(2,271,807)	Retained earnings		**(2,413,614)**	(1,099,817)
4,680,450	**Total Equity**		**4,538,643**	5,852,440

The consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 24 April 2013 and were signed on its behalf by:

Saieem Hussain
Chief Executive

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD TO 31 JANUARY 2013

16 Months July 2012 Audited £		**6 Months January 2013 Unaudited £**
	Cash flows from operating activities	
(1,415,570)	Loss before taxation	**(165,895)**
	Adjustments for:	
1,000,000	Impairment write down goodwill	**-**
72,074	Depreciation of property, plant and equipment	**30,606**
55,378	Depreciation leasehold improvements	**19,021**
32,802	Loss on disposal of property, plant and equipment	**-**
	Amortisation of intangibles	
279,803	- Customer contracts acquired on acquisition	**26,000**
6,636	- Software	**3,625**
2,371	Loss on disposal of intangibles - software	**-**
63,792	Share based payment expense	**27,360**
(28,611)	Finance income	**(12,668)**
470,025	Decrease in trade and other receivables	**278,519**
(261,174)	(Decrease) in trade and other payables	**(199,825)**
(30,795)	(Decrease) in deferred revenue	**(6,316)**
(166,363)	(Decrease) in provisions	**(55,000)**
80,368	Cash (absorbed)/generated by operations	**(54,573)**
(336,220)	Income taxes paid	**(340)**
(255,852)	Cash flows from operating activities	**(54,913)**
	Cash flows from investing activities	
(1,817,433)	Acquisitions – Consideration	**-**
1,330,998	Acquisitions – Cash acquired	**-**
(101,148)	Purchase of plant and equipment	**(87,623)**
(17,402)	Purchase of intangibles - software	**(1,741)**
24,572	Interest received	**12,644**
(580,413)	Net cash used in investing activities	**(76,720)**
(836,265)	**(Decrease) in cash and cash equivalents**	**(131,633)**
3,763,321	**Cash and cash equivalents at start of period**	**2,927,056**
2,927,056	**Cash and cash equivalents at end of period**	**2,795,423**

The accompanying notes form an integral part of these consolidated interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 JANUARY 2013

	Issued Share capital	Share Premium account	Merger reserve	Retained earnings	Total Share-holders equity
	£	£	£	£	£
At 1 April 2011	**3,528,620**	**2,997,637**	**336,000**	**(998,865)**	**5,863,392**
Transactions with owners:					
Allotted on acquisition					
of BDTS Limited	50,000	-	40,000	-	90,000
Employee share option schemes:					
- Value of share options granted	-	-	-	17,164	17,164
- Deferred tax on share options	-	-	-	758	758
Profit and total					
comprehensive income	-	-	-	133,615	133,615
At 30 September 2011	**3,578,620**	**2,997,637**	**376,000**	**(847,328)**	**6,104,929**
Transactions with owners:					
Employee share option schemes:					
- Value of share options granted	-	-	-	28,368	28,368
- Deferred tax on share options	-	-	-	(3,791)	(3,791)
Loss and total					
comprehensive income	-	-	-	(277,066)	(277,066)
At 31 March 2012	**3,578,620**	**2,997,637**	**376,000**	**(1,099,817)**	**5,852,440**
Transactions with owners:					
Employee share option schemes:					
- Value of share options granted	-	-	-	18,260	18,260
- Deferred tax on share options	-	-	-	3,033	3,033
Loss and total					
comprehensive income	-	-	-	(1,193,283)	(1,193,283)
At 31 July 2012	**3,578,620**	**2,997,637**	**376,000**	**(2,271,807)**	**4,680,450**
Transactions with owners:					
- Value of share options granted	-	-	-	27,360	27,360
Loss and total					
comprehensive income	-	-	-	(169,167)	(169,167)
At 31 January 2013	**3,578,620**	**2,997,637**	**376,000**	**(2,413,614)**	**4,538,643**

The accompanying notes form an integral part of these consolidated interim financial statements

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

1 Accounting policies

(a) General information

The interim report was approved by the Board on 24 April 2013.

The consolidated interim financial information is unaudited and does not constitute statutory accounts within the meaning of section 434(1) of the Companies Act 2006.

The interim financial information has not been reviewed or audited by BDO LLP, the Company's Auditors.

(b) Basis of preparation

The interim financial information has been prepared in accordance with the reporting requirements of ISDX Markets.

The interim report should be read in conjunction with the annual financial statements for the period ended 31 July 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to groups preparing their accounts under IFRS.

Except as described below, the accounting policies applied in the preparation of the interim financial information are consistent with those adopted in the statutory accounts for the period ended 31 July 2012 as described in those financial statements.

Taxes on income in interim periods are accrued using the expected annual effective tax rate that would be applicable to expected total annual earnings.

The Directors believe that any new standards, amendments to standards or interpretations that are mandatory for the first time for the financial year beginning 1 August 2012 are either not relevant to the Group or are not anticipated to impact the Group.

The figures for the period ended 31 July 2012 were derived from the statutory accounts for that period. The statutory accounts for the period ended 31 July 2012 were approved by the Board of Directors on 12 November 2012 and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

(c) Significant accounting estimates and judgements

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities and disclosures of contingent liabilities at the date of the interim financial information. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty in the preparation of the interim financial information are as follows:

- The measurement and impairment of goodwill, an intangible asset with an indefinite life. The Group determines whether goodwill is impaired on an annual basis requiring an estimation of the value in use of the cash generating unit to which goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate;
- The determination of the fair value of intangible assets on acquisition and their useful lives; and
- The estimation of dilapidation provisions.

(d) Comparative information

During the last financial reporting period the Company changed its accounting reference date to 31 July to align its reporting year end to that of subsidiary undertakings bringing the Group's and Company's reporting year end in line with the academic year.

The comparatives presented are therefore for the six months to 31 March 2012 (the closest previously reported interim period) and the 16 months to 31 July 2012.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

1 Accounting policies (continued)

(d) Comparative information (continued)

Statements of cash flows are presented for the period from the start of the financial period to the reporting date rather than for the six months reported upon. No consolidated statement of cash flows is therefore presented for the six months to 31 March 2012. Consolidated statements of cash flows are presented for the six months to 31 January 2013 and the 16 months to 31 July 2012.

2 Segment information

The principal activity of the Group is government sponsored training, assessment and related services. The Chief Executive considers the Group's business through two reporting segments based on principal activity:

Vocational Training (pre-apprenticeship and apprenticeship training) and
Skills Training (basic skills and other employability training programmes).

The Chief Executive assesses the performance of operating segments based on operating profit before amortisation of acquired intangible assets, interest and tax. Information presented to the Chief Executive is measured in a manner consistent with that in the Financial Statements.

The performance of operating segments reviewed by the Chief Executive does not include any allocation of corporate costs. Corporate costs, although not an operating segment as defined by IFRS8 are reviewed by the Chief Executive and shown as Group items in the table below.

		6 Months January 2013		**6 Months March 2012**
	Revenue	**Profit/ (Loss)**	**Revenue**	**Profit/ (Loss)**
	£	**£**	**£**	**£**
Vocational Training	**1,474,867**	**1,035**	1,733,672	22,571
Skills Training	**591,000**	**1,137**	542,990	(119,933)
	2,065,867	**2,172**	2,276,662	(97,362)
Group items:				
Unallocated corporate costs		**(154,726)**		(164,347)
		(152,554)		(261,709)
Amortisation charge on acquired intangible assets		**(26,000)**		(118,337)
Impairment of goodwill		-		-
Total for Group	**2,065,867**	**(178,554)**	2,276,662	(380,046)

		16 Months July 2012
	Revenue	**Profit/ (Loss)**
	£	**£**
Vocational Training	4,693,804	188,244
Skills Training	1,854,066	96,515
	6,547,870	284,759
Group items:		
Unallocated corporate costs		(449,156)
		(164,397)
Amortisation charge on acquired intangible assets		(279,803)
Impairment of goodwill		(1,000,000)
Total for Group	6,547,870	(1,444,200)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

2 Segment information (continued)

The reconciliation, by operating segment of the profit reported to the Chief Decision Maker to operating profit shown in the financial statements is as follows:

	Reported Segmental Operating Profit/(Loss)	Amortisation on Acquired Intangible Assets	Impairment of Goodwill	Segmental Operating Profit/(Loss)
	£	£	£	£
6 Months to 31 January 2013				
Vocational Training	**1,035**	**(26,000)**	**-**	**(24,965)**
Skills Training	**1,137**	**-**	**-**	**1,137**
Total for segments	**2,172**	**(26,000)**	**-**	**(23,828)**
Group items:				
Unallocated corporate costs				**(154,726)**
Total for Group				**(178,554)**
6 Months to 31 March 2012				
Vocational Training	22,571	(118,337)	-	(95,766)
Skills Training	(119,933)	-	-	(119,933)
Total for segments	(97,362)	(118,337)	-	(215,699)
Group items:				
Unallocated corporate costs				(164,347)
Total for Group				(380,046)
16 Months to 31 March 2012				
Vocational Training	188,244	(279,803)	(1,000,000)	(1,091,559)
Skills Training	96,515	-	-	96,515
Total for segments	284,759	(279,803)	(1,000,000)	(995,044)
Group items:				
Unallocated corporate costs				(449,156)
Total for Group				(1,444,200)

All income is derived from the United Kingdom.

3 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares for the conversion of all dilutive potential ordinary shares. Options granted under Employee Share Schemes dilute the earnings per share by increasing the weighted average number of shares without changing net profit. As at 31 January 2013, 31 July 2012 and 31 March 2012 diluted earnings per share is the same as basic earnings per share as options granted under Employee Share Schemes were anti-dilutive.

To understand the underlying trading performance, the directors feel it appropriate to disclose earnings per share before and after adjusting for the amortisation of intangible assets acquired on acquisition of subsidiaries. The calculation of adjusted earnings per share is set out below:

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

3 Earnings per share (continued)

16 Months ended July 2012		Six months ended January 2013	Six Months ended March 2012
£	**Earnings**	£	£
(1,336,734)	Earnings attributable to ordinary shareholders	**(169,167)**	(277,066)
279,803	Amortisation of acquired intangible assets	**26,000**	118,337
(78,469)	Taxation impact amortisation of acquired intangible assets	**(5,980)**	(30,767)
1,000,000	Impairment of goodwill	**-**	-
(135,400)	Adjusted profit on ordinary activities after tax	**(149,147)**	(189,496)
Number	**Number of shares**	**Number**	**Number**
35,781,081	Weighted average number of shares for basic earnings per share	**35,786,204**	35,786,204
-	Potential dilutive effect of employee share schemes	**-**	-
35,781,081	Weighted average number of shares for diluted earnings per share	**35,786,204**	35,786,204
Pence		**Pence**	**Pence**
	Earnings per share		
(3.74)	Basic and diluted earnings per share	**(0.48)**	(0.77)
	Adjusted Earnings per share		
(0.38)	Adjusted basic and diluted earnings per share	**(0.43)**	(0.53)

The calculation of adjusted basic earnings per share is set out below:

16 Months ended July 2012		Six months ended January 2013	Six Months ended March 2012
Pence		Pence	Pence
(3.74)	Basic earnings per share	**(0.48)**	(0.77)
0.78	Amortisation of acquired intangible assets	**0.07**	0.33
(0.22)	Taxation impact amortisation of acquired intangible assets	**(0.02)**	(0.09)
2.80	Impairment of goodwill	**-**	-
(0.38)	Adjusted basic earnings per share (pence)	**(0.43)**	(0.53)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

4 Property, plant and equipment

		Leasehold improvements	Fixtures	Equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2011		**27,763**	**85,886**	**152,577**	**266,226**
Additions		-	-	5,783	5,783
Acquired through business Combinations		-	6,643	-	6,643
At 30 September 2011		**27,763**	**92,529**	**158,360**	**278,652**
Additions		35,637	5,142	26,423	67,202
Disposals		(11,959)	(16,094)	(42,179)	(70,232)
At 31 March 2012		**51,441**	**81,577**	**142,604**	**275,622**
Additions		16,024	8,680	3,459	28,163
At 31 July 2012		**67,465**	**90,257**	**146,063**	**303,785**
Additions		57,421	11,961	18,241	87,623
At 31 January 2013		**124,886**	**102,218**	**164,304**	**391,408**
Accumulated depreciation					
At 1 April 2011		**6,679**	**28,644**	**54,849**	**90,172**
Charge for the period		3,720	6,610	17,813	28,143
At 30 September 2011		**10,399**	**35,254**	**72,662**	**118,315**
Charge for the period		5,100	9,041	12,510	26,651
Adjustment for disposals		(4,734)	(6,300)	(26,395)	(37,429)
At 31 March 2012		**10,765**	**37,995**	**58,777**	**107,537**
Charge for the period		4,644	5,412	7,224	17,280
At 31 July 2012		**15,409**	**43,407**	**66,001**	**124,817**
Charge for the period		11,331	9,003	10,272	30,606
At 31 January 2013		**26,470**	**52,410**	**76,273**	**155,423**
Net book value					
At 31 January 2013		**98,146**	**49,808**	**88,031**	**235,985**
At 31 July 2012		52,056	46,850	80,062	178,968
At 31 March 2012		40,676	43,582	83,827	168,085
At 30 September 2011		17,364	57,275	85,698	160,337
At 31 March 2011		21,084	57,242	97,728	176,054

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

5 Intangible assets

	Goodwill	Customer Contracts	Software	Total
	£	£	£	£
Cost				
At 1 April 2011	**4,046,702**	**590,000**	**19,801**	**4,656,503**
Additions	-	-	3,046	3,046
Acquired through business combinations	474,047	140,000	-	614,047
At 30 September 2011	**4,520,749**	**730,000**	**22,847**	**5,273,596**
Additions	-	-	4,590	4,590
Adjustment to amounts acquired through business combinations	(92,801)	120,000	-	27,199)
Disposals	-	-	(4,818)	(4,818)
At 31 March 2012	**4,427,948**	**850,000**	**22,619**	**5,300,567**
Additions	-	-	9,766	9,766
At 31 July 2012	**4,427,948**	**850,000**	**32,385**	**5,310,333**
Additions	-	-	1,741	1,741
At 31 January 2013	**4,427,948**	**850,000**	**34,126**	**5,312,074**
Amortisation				
At 1 April 2011	**1,950,000**	**379,530**	**6,992**	**2,336,552**
Charge for the period	-	88,253	1,556	89,809
At 30 September 2011	**1,950,000**	**467,783**	**8,548**	**2,426,361**
Charge for the period	-	118,337	2,531	120,868
Adjustment for disposals	-	-	(2,447)	(2,447)
At 31 March 2012	**1,950,000**	**586,120**	**8,632**	**2,544,752**
Charge for the period	1,000,000	73,213	2,549	1,075,762
At 31 July 2012	**2,950,000**	**659,333**	**11,181**	**3,620,514**
Additions	-	26,000	3,625	29,625
At 31 January 2013	**2,950,000**	**685,333**	**14,806**	**3,650,139**
Net book value				
At 31 January 2013	**1,477,948**	**164,667**	**19,320**	**1,661,935**
At 31 July 2012	1,477,948	190,667	21,204	1,689,819
At 31 March 2012	2,477,948	263,880	13,987	2,755,815
At 30 September 2011	2,570,749	262,217	14,295	2,847,261
At 1 April 2011	2,096,702	210,470	12,809	2,319,981

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 JANUARY 2013

6 Share capital

At the Annual General Meeting held on 11 December 2012 shareholders in the Company approved the sub-division of the Company's shares such that each issued existing Ordinary share of 10p nominal value was sub-divided into one new Ordinary share of 1p and one Deferred share of 9p and each authorised but unissued existing Ordinary share was sub-divided into ten new Ordinary shares of 1p each.

The new Ordinary shares carry the same rights in all respects as the existing Ordinary shares, including voting rights and right to participate in dividends of the Company. The Deferred shares do not carry any rights to vote or dividend rights and they will only be entitled to a payment on a return of capital on a winding up of the Company or otherwise after each new Ordinary Share has received the amount paid up on such shares and a payment of £10,000,000. The Deferred shares are not listed or traded on the ISDX Growth Market and are not transferable without the written consent of the Company.

The Company has one class of Ordinary shares which carry equal voting rights and no right to fixed income.

	Ordinary Shares		Deferred Shares	
	Number	**£**	**Number**	**£**
Authorised				
Ordinary & Deferred shares				
Ordinary shares 10p				
At 30 September 2011, 31 March & 31 July 2012	**100,000,000**	**10,000,000**		
Increase authorised share capital 11 December 2012 on sub-division of each Ordinary share of 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each	577,924,164	57,792,416	35,786,204	3,220,758
Ordinary shares 1p & Deferred shares 9p				
At 31 January 2013	**677,924,164**	**67,792,416**	**35,786,204**	**3,220,758**

	Ordinary Shares		Deferred Shares	
	Number	**£**	**Number**	**£**
Allotted, called up and fully paid				
Ordinary and Deferred shares				
Ordinary shares 10p				
At 1 April 2011	**35,286,204**	**3,278,620**		
Allotted 6 April 2011 on acquisition of BDTS Limited	500,000	50,000		
Ordinary shares 10p				
At 30 September 2011, 31 March & 31 July 2012	**35,786,204**	**3,578,620**		
Sub-division 11 December 2012 of each Ordinary share of 10p into 1 Ordinary share of 1p each and 1 Deferred share of 9p each	-	(3,220,758)	35,786,204	3,220,758
Ordinary shares 1p & Deferred shares 9p				
At 31 January 2013	**35,786,204**	**357,862**	**35,786,204**	**3,220,758**

7 Post balance sheet events

At the Annual General Meeting held on 11 December 2012, shareholders in the Company approved, inter alia, the subdivision of each of the Company's ordinary shares of 10p each into 1 Ordinary share of 1p and 1 Deferred share of 9p and a reduction of capital involving the cancellation of the Deferred shares and the cancellation of the Company's share premium account.

On 13 February 2013 Court approval required to give effect to the reduction of capital was received and the Deferred shares and the Company's share premium account were cancelled. The Deferred Shares represented a capital reserve of £3,220,758 and the share premium account as at 13 February 2013 amounted to £2,997,637. The reduction of capital which involved the cancellation of the Deferred shares and the cancellation of the share premium account eliminated the accumulated deficit on the Company's profit and loss account and created distributable reserves.