CLERKENWELL
VENTURES PLC

Clerkenwell Ventures PLC

Report and Financial Statements 2008

CLERKENWELL VENTURES PLC

REPORT AND FINANCIAL STATEMENTS

30 September 2008

Company Registration No. 5127684

Directors

DM Page	Non-executive Chairman
PA Campbell ACA	Non-executive Director
SL Borson	Corporate Development Director

Company Secretary
NCW Wong ACA

Registered in England
Number 5127684

Registered Office
1 Park Row
Leeds
LS1 5AB

Auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Nominated Adviser
Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Solicitors
Pinsent Masons
CityPoint
One Ropemaker Street
London EC2Y 9AH

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Chairman's Statement

It gives me pleasure to report the results of Clerkenwell Ventures for the year to 30 September 2008.

Acquisition strategy
The Company's acquisition strategy, as described in the Company's AIM admission document dated 25 October 2004, has been guided by the following criteria:

- Businesses should have potential for rapid growth and/or above average cash flow;
- Strong operational management; and
- Proven business model and attractive returns on invested capital.

Following shareholders' approval for the Company to continue its stated acquisition strategy at the Company's AGM on 30 April 2008, we have continued to evaluate a number of businesses which could have been reversed into the Company. Both valuations and debt availability across the leisure sector have been substantially impacted by economic conditions. Added to this, good businesses without a special need are reluctant to crystallise value at current levels. Accordingly, the Company withdrew from several negotiations where valuations were considered unrealistic.

Results
The Company's profit before share based payments and taxation in the year was £1,044,000 (2007: Loss of £56,000). Profit before taxation for the year ended 30 September 2008 was £737,000 (2007: Loss of £78,000). During the year, we incurred £74,000 in abortive costs relating to the evaluation of possible acquisitions.

As at 30 September 2008, Clerkenwell Ventures' net cash balances amounted to £29.9 million (2007: £29.2 million). Our current net cash balance is £30.3 million.

Impact of the adoption of International Financial Reporting Standards
The financial information shown in these financial statements is presented for the first time in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS"). The comparative information for the year ended 30 September 2007 has been restated under these standards.

There was no impact on the Company's income statement for the year ended 30 September 2008 as a result of the change from UKGAAP to IFRS.

Outlook
Pursuant to the Company's EGM circular dated 4 August 2007, as the Company will not make any acquisitions prior to 28 February 2009, and in response to dramatically altered market conditions, the Board has decided to explore in detail the process for returning capital to shareholders and is investigating the most efficient method for achieving this. Further details of this process will be announced when appropriate.

David Page
Non-executive Chairman

18 December 2008

Directors' Report

The Directors present their report on the affairs of the Company together with the audited financial statements for the year ended 30 September 2008.

Principal activities
The principal activities of the Company are the acquisition, development and operation of leisure businesses.

Review of the business
The results for the year ended 30 September 2008 are set out in the income statement on page 9. Further information about the progress of the business, including an update on the Company's acquisition strategy and the Group's corporate activities is given in the Chairman's Statement on page 3.

Dividends
As described in the Company's AIM admission document dated 25 October 2004, it is the Board's policy that prior to making the first acquisition, no dividends will be paid.

Principal risks and uncertainties
The Directors consider the following to be the principal risks faced by the Company:

Acquisition strategy
The Company's acquisition strategy is dependent on finding suitable acquisition targets in line with the investment strategy as detailed in the Chairman's Statement on page 3. To mitigate these issues, the Company has an experienced team concentrating on sourcing acquisition targets for the Company. Pursuant to the Company's EGM circular dated 4 August 2007, if the Company does not make any acquisitions prior to 28 February 2009, the Board will explore in detail the process for returning capital to shareholders and investigate the most efficient method for achieving this.

Credit risk
The Company's has significant cash balances which are held with banks operating in the UK and therefore are subject to credit risk of the holding banks. Following the year end, credit risk has increased following the economic changes in the banking sector. To mitigate this risk, cash balances have been invested in banks with stronger credit ratings in the UK and the term of any deposits have been minimised.

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

Financial risk management
The Board regularly reviews the financial requirements of the Company and the risks associated therewith. The Company does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk. The Company does not trade in financial instruments. Company operations are primarily financed from equity funds raised and retained earnings. In addition to the primary financial instruments, the Company also has other financial instruments such as receivables, trade payables and accruals that arise directly from the Company's operations. Further information is provided in note 14 to the financial statements.

Key performance indicators
The Board receives management information in a timely fashion. The principal measure of progress is net cash balance which amounted to as at 30 September 2008 of £29.9 million (2007: £29.2 million).

Substantial shareholders

Directors' interests in the shares of the Company have been disclosed below. On 16 December 2008, the Directors had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following notifiable interests representing 3 per cent or more of the issued share capital of the Company:

	Ordinary shares of 5p each	%
Hargreave Hale Limited	10,023,332	12.01%
Schroder PLC	9,095,565	10.90%
Henderson Global Investors Limited	6,920,281	8.29%
Octopus Investments Limited	6,567,617	7.87%
Aviva PLC	5,695,333	6.83%
FIL Limited	3,899,166	4.67%
Eaglet Investment Trust PLC	3,633,333	4.35%
AXA S.A.	2,666,666	3.20%

Directors

The following directors have held office since the start of the year:

DM Page
PA Campbell
SL Borson

The names of the Directors at the date of this report are set out on page 2.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, as at 30 September 2008 and 30 September 2007 were as follows:

	Year ended 30 September 2008		Year ended 30 September 2007	
Director	Ordinary shares of 5p each	%	Ordinary shares of 5p each	%
DM Page	1,136,687	1.36%	1,136,687	1.38%
PA Campbell	1,020,000	1.22%	940,020	1,14%
SL Borson	-	-%	-	-%

Directors' Remuneration

	Year ended 30 September 2008				Year ended 30 September 2007
	Salary or fees £'000	Bonus £'000	Benefits £'000	Total £'000	£'000
Executive Director					
SL Borson	100	-	-	100	12
Non-executive Directors					
DM Page	18	-	-	18	6
PA Campbell	18	-	-	18	6
	136	-	-	136	24

Directors' Report (continued)

Directors' Share Options
The interests of the Directors under the Company's share based payment schemes as at 30 September 2008 were as follows:

	Outstanding at 30 September 2007 No.	Granted during the year No.	Exercised during the year No.	Outstanding at 30 September 2008 No.	Exercise price £	Exercise date	Expiry date
2004 Option Plan							
DM Page	-	-	-	-	0.03*	20 Aug 2004	20 Aug 2014
PA Campbell	-	-	-	-	0.03*	20 Aug 2004	20 Aug 2014
2007 Option Plan							
DM Page	3,090,638	-	-	3,090,638	0.375	3 Sep 2010	3 Sep 2017
PA Campbell	3,090,638	-	-	3,090,638	0.375	3 Sep 2010	3 Sep 2017
SL Borson	666,667	-	-	666,667	0.375	3 Sep 2010	3 Sep 2017

	Outstanding at 30 September 2007 No.	Granted during the year No.	Outstanding at 30 September 2008 No.	Test dates
LTIP				
DM Page	3,000	-	3,000	3 Sep 2009 to 2012
PA Campbell	3,000	-	3,000	3 Sep 2009 to 2012
SL Borson	450	-	450	3 Sep 2009 to 2012

Details of performance conditions attached to the grants of LTIP during the year are disclosed in note 12 to the financial statements.

All share options have been issued at the market price of the ordinary shares at the date of grant. The market price of ordinary shares in the Company during the year ranged from 2008: £0.233 to £0.450 (2007: £0.250 to £0.495).

Directors' liability insurance and indemnity
The Company has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Company also indemnifies the Directors.

Employment policy
The Company's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under the existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The Company takes a positive view of employee communication and has established systems for employee consultation and communication of developments. The Company operates employee share schemes as a means of further encouraging the involvement of employees in the Company's performance.

Environmental policy
The Company acknowledges the importance of environmental matters within its role in the community. The Board reviews on an ongoing basis the development of initiatives to reduce the impact on the environment from the operations of the Company.

Political and charitable contributions
During the period, the Company made no political or charitable contributions.

Supplier payment policy
The Company's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. At 30 September 2008, the Company had an average of 20 days (2007: 113 days) purchases outstanding in trade creditors.

Disclosure of information to auditors
At the date of making this report the company directors, as set out on page 2, confirm the following:

- so far as the directors are aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Going concern
After making reasonable enquiries, the Board consider that the Company has adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

Corporate Governance
As an AIM-listed Company, Clerkenwell Ventures is not required to follow the provisions of the Combined Code, as set out in the Financial Services Authority's Listing Rules. However, the Directors recognise the importance and support the principles of good governance as contained within Section 1 of the Combined Code (the "Code").

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Grant Thornton UK LLP has indicated its willingness to continue in office.

By order of the Board

Nicholas Wong ACA
Company Secretary

18 December 2008

Independent Auditors' Report
to the members of Clerkenwell Ventures PLC

We have audited the financial statements of Clerkenwell Ventures PLC for the year ended 30th September 2008 which comprise the principal accounting policies, the income statement, the balance sheet, the cash flow statement, the statement of changes in members' equity and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, and the financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the company's affairs as at 30th September 2008 and its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London

18 December 2008

Income Statement
for the year ended 30 September 2008

	Notes	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Continuing operations			
Administrative expenses		(530)	(377)
Headline operating loss		(530)	(377)
Share based payments		(307)	(22)
Operating loss	2	(837)	(399)
Finance income	3	1,574	321
Profit/(loss) on ordinary activities before taxation		737	(78)
Taxation	5	(323)	-
Profit/(loss) for the year		414	(78)
Earnings/(loss) per share			
Basic	6	0.5p	(0.4p)
Diluted	6	0.5p	(0.4p)

Balance Sheet
30 September 2008

	Notes	As at 30 September 2008 £'000	As at 30 September 2007 £'000
Non current Assets			
Property, plant and equipment	7	3	4
		3	4
Current Assets			
Trade and other receivables	8	276	59
Cash at bank and in hand	9	29,918	29,245
		30,194	29,304
Total Assets		30,197	29,308
Current Liabilities			
Trade and other payables	10	(107)	(253)
Current taxation liabilities		(310)	-
		(417)	(253)
Net current assets		29,777	29,051
Net assets		29,780	29,055
Equity			
Called up share capital	11	4,122	4,122
Share premium account		24,898	24,894
Retained earnings		760	39
Total shareholders' equity		29,780	29,055

These financial statements were approved by the Board of Directors on 18 December 2008.

Signed on behalf of the Board of Directors

David Page
Non-executive Chairman

Statement of Change in Equity
for the year ended 30 September 2008

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 October 2006	689	3,499	95	4,283
Ordinary shares issued (net of expenses)	3,433	21,395	-	24,828
Share based payments	-	-	22	22
Loss for the period	-	-	(78)	(78)
Total recognised income and expense	-	-	(56)	(56)
At 30 September 2007	4,122	24,894	39	29,055
Ordinary shares issued (net of expenses)	-	4	-	4
Share based payments	-	-	307	307
Profit for the period	-	-	414	414
Total recognised income and expense	-	-	721	725
At 30 September 2008	4,122	24,898	760	29,780

Cash Flow Statement
for the year ended 30 September 2008

	Notes	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Net cash absorbed by operating activities	13	(905)	(245)
Investing activities			
Acquisition of property, plant and equipment		-	(4)
Interest received		1,574	321
Net cash generated by investing activities		1,574	317
Financing activities			
Proceeds from issuance of new ordinary shares (net of expenses)		4	24,828
Net cash from financing activities		4	24,828
Net increase in cash and cash equivalents		673	24,900
Cash and cash equivalents at beginning of the period		29,245	4,345
Cash and cash equivalents at end of period		29,918	29,245

Accounting Policies

General Information
Clerkenwell Ventures PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM of the London Stock Exchange.

The financial statements have been prepared under the historical cost convention.

Basis of Preparation
The Company has adopted International Financial Reporting Standards as adopted by the European Union and IFRC Interpretations ("IFRS") for the first time. The disclosures required by IFRS 1 First Time Adoption of International Financial Reporting Standards concerning the transition from UK GAAP to IFRS are given in note 16.

The financial statements for the year ended 30 September 2008 are presented in Sterling because that is the primary currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

These financial statements have been prepared on the basis of the requirements of IFRSs in issue at 30 September 2008, the date of the Company's first annual report under IFRS.

In the current year, the Company has adopted IFRS 7 "Financial Instruments: disclosures", which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 "Presentation of Financial Statements". The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital (see note 14).

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

IAS 1 Amendment	Comprehensive Income
IAS 23 Amendment	Borrowing Costs (revised 2007)
IAS 27 Amendment	Consolidated and Separate Financial Statements (revised 2008)
IAS 28 or 31 Amendment	Associates and Joint Ventures
IAS 32 Amendment	Financial Statements: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 39 Amendment	Financial Instruments – Recognition and Measurement - Hedging
IFRS 1 Amendment	First-time Adoption of International Financial Reporting Standards and IAS27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Joint Controlled Entity or Associate
IFRS 2 Amendment	Share-based payments – Vesting conditions and cancellations
IFRS 3 Amendment	Business Combinations (revised 2008)
IFRS 8	Operating Segments
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14/IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedge of Net Investments in a Foreign Operation

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

Significant Accounting Policies
Property, Plant and Equipment
Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% to 20% straight line

Residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Financial Instruments
Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade Receivables
Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow, discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade Payables
Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Financial Liabilities and Equity Instruments
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowing. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Taxation
Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

Interest Income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Share Based Payments
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Accounting Estimates
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies, described above, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Company are detailed below:

Valuation of share based payments
The charge for share based payments is calculated in accordance with the methodology described in note 12. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates.

Definitions
Operating Loss
Operating loss is defined as profits from operations after share based payments but before finance income and taxation.

Headline Operating Loss
Headline operating loss is defined as operating profit before share based payments.

Headline Profit Before Taxation
Headline profit before taxation is defined as profit before taxation and before share based payments.

Notes to the Financial Statements
for the year ended 30 September 2008

1. Business Segments
For management purposes, the Company operates as one business segment, in one geographical area which is the United Kingdom.

2. Operating Loss

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Operating loss is stated after charging:		
Abortive costs on possible acquisitions	74	137
Share based payments	307	22

Amounts payable to Grant Thornton UK LLP and their associates in respect of both audit and non-audit services:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Audit services		
- statutory audit	8	7
Taxation services		
- Compliance services	2	2
- Advisory services	3	10
Corporate finance transaction services		
- Acquisition due diligence services	-	3
- Advisory services	35	11
	48	33

All costs are included within administrative expenses.

During the year, fees of £NIL (2007: £23,000) charged by the Company's auditors in respect of the Company's fund raising were written off against the share premium account.

3. Finance Income

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Interest on bank deposits	1,574	321

4. Employees
The average monthly number of persons (including Directors) employed by the Company during the year was:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Administration and management	5	4

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Staff costs for above persons:		
Wages and salaries	165	32
Social security costs	15	13
Share based payments	307	22
Social security costs on share based payments	9	1
	496	68

Directors' Remuneration

The remuneration of Directors, who are the key management personnel of the Company, is set out in aggregate below. Further details of directors' emoluments can be found in the Directors' Report on pages 4 to 7.

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Recognised in the income statement		
Emoluments	136	28
Compensation for loss of office	-	-
Remuneration	136	28
Social security costs	13	13
Share based payments	303	22
Social security costs on share based payments	8	1
	460	64

No Director received any pension benefits.

	Year ended 30 September 2008 £'000	Year ended 1 September 2007 £'000
Highest paid director:		
Aggregate emoluments	100	12

The highest paid director has not exercised any share options during the year.

5. Income Tax Expense

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Based on the result for the year:		
UK corporation tax at 29% (2007: 30%)	310	-
Adjustment in respect of prior years	13	-
Total current tax	323	-
Deferred taxation		
Origination and reversal of temporary timing differences	-	-
Total deferred tax	-	-
Total tax expense in the income statement	323	-

Factors affecting tax charge for year:

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Profit/(loss) before taxation	737	(78)
Taxation at UK corporation tax rate of 29% (2007: 30%)	214	(15)
Tax effect of expenses not deductible for tax purposes	5	7
Tax effect of taxation losses carried forward	-	8
Share based payments not recognised in deferred taxation	91	-
Effect of change in tax rate on deferred taxation assets	-	-
Adjustment of tax charge in respect of previous years	13	-
Total income tax expense in the income statement	323	-

Notes to the Financial Statements (continued)

for the year ended 30 September 2008

6. Earnings Per Share

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Earnings for the purposes of basic and diluted earnings per share:		
- Profit/(loss) for the period	414	(78)
Share based payments	307	22
Adjusted profit/(loss) for the period for the purposes of headline basic and diluted earnings per share	721	(56)

	Weighted Average number of shares '000	Weighted Average number of shares '000
Weighted average number of shares in issue for the purposes of basic earnings per share	82,447	18,597
Effect of dilutive potential ordinary shares:		
- Share options	500	-
Weighted average number of shares for the purposes of diluted earnings per share	82,947	18,597
Earnings per share:		
Basic	0.5p	(0.4p)
Diluted	0.5p	(0.4p)
Adjusted basic	0.9p	(0.3p)
Adjusted diluted	0.9p	(0.3p)

On 11 September 2007, every 5 ordinary shares of 1 pence each in the Company were consolidated into 1 new ordinary share of 5 pence each in the Company. The weighted average number of shares in issue for the year ended 30 September 2007 has therefore been restated assuming the consolidation had taken place.

7. Property, Plant and Equipment

	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost			
30 September 2007	3	1	4
Additions	-	-	-
30 September 2008	3	1	4
Accumulated depreciation			
30 September 2007	-	-	-
Additions	1	-	1
30 September 2008	1	-	1
Net book value			
30 September 2008	2	1	3
30 September 2007	3	1	4

All depreciation charges have been recognised in administrative expenses in the income statement.

8. Trade and other Receivables

	2008 £'000	2007 £'000
Due within one year:		
Prepayments and accrued income	276	59
	276	59

9. Cash and Cash Equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	31	7
Short term money market deposits	29,887	29,238
Cash and cash equivalents as presented in the balance sheet	29,918	29,245

Bank balances and money market deposits comprise cash held by the Company on a short term basis with maturity of three months or less. The carrying amount of these assets approximates their fair value.

10. Trade and Other Payables

	2008 £'000	2007 £'000
Included in current liabilities:		
Trade payables	8	167
Other taxation and social security payable	7	7
Accruals and deferred income	92	79
	107	253

11. Share Capital

	2008 £'000	2007 £'000
Authorised:		
133,265,000 (2007: 133,265,000) ordinary shares of 5p each	6,663	6,663
Allotted, issued, called-up and fully paid:		
82,447,229 (2007: 82,447,229) ordinary shares of 5p each	4,122	4,122

On 3 September 2007, the Company increased its authorised share capital from 325,000,000 ordinary shares of 1 pence each to 666,325,000 ordinary shares of 1 pence each by the creation of 341,325,000 new ordinary shares of 1 pence each. On the same day, the Company issued 2,000,000 ordinary shares of 1 pence each at 3 pence each on the exercise of share options and issued 33,824,999 ordinary shares of 1 pence each at £0.075 by way of a placing.

On 4 September 2007, the Company issued 107,333,334 ordinary shares of 1 pence each at £0.075 by way of a placing.

On 5 September 2007, the Company issued 200,166,667 ordinary shares of 1 pence each at £0.075 by way of a placing.

On 11 September 2007, every 5 ordinary shares of 1 pence each in the Company were consolidated into 1 new ordinary share of 5 pence each in the Company.

12. Share Based Payments

The Company currently uses a number of equity settled share plans to grant options and shares to its Directors and employees.

The Company operates three share based payments schemes:

- The Clerkenwell Ventures Share Option Plan ("2004 Option Plan")
- The Clerkenwell Ventures PLC 2007 Share Option Plan ("2007 Option Plan")
- The Clerkenwell Ventures PLC 2007 Long-Term Incentive Plan ("LTIP")

2004 Option Plan and 2007 Option Plan

The Group's share option plans provide for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting periods on the 2004 Option Plan and the 2007 Option Plan are immediately and 3 years respectively with an expiration date 10 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest.

Notes to the Financial Statements (continued)

for the year ended 30 September 2008

12. Share Based Payments (continued)

Outstanding share options to acquire ordinary shares of 5 pence each as at 30 September 2008 and 2007 are as follows:

	2007 Option Plan		2004 Option Plan	
	2008 '000	2007 '000	2008 '000	2007 '000
1 October 2007	6,988	-	1,000	3,000
Granted during the year	-	6,988	-	-
Exercised during the year	-	-	-	(2,000)
30 September 2008	6,988	6,988	1,000	1,000

	2007 Option Plan		2004 Option Plan	
Weighted average exercise price	2008 £	2007 £	2008 £	2007 £
1 October 2007	0.375	-	0.15	0.03
Granted during the year	-	0.375	-	-
Exercised during the year	-	-	-	0.03
30 September 2008	0.375	0.375	0.15	0.15

The weighted average share price for options exercised over the year was £NIL (2007: £0.075).

	Options outstanding			Options exercisable		
Range of exercise prices	Number of shares '000	Weighted Average Exercise Price £	Weighted Average Remaining Contractual life months	Number of shares '000	Weighted Average Exercise Price £	Weighted Average Remaining Contractual life months
2004 Option Plan £0.15	1,000*	0.15	70	1,000	0.15	70
2007 Option Plan £0.375	6,988	0.375	107	-	-	-

* On 11 September 2007, the share capital was consolidated as described in note 11 and therefore in accordance with the rules, the share options outstanding at that date over 1,000,000 ordinary shares of 1 pence were converted into share options over 1,000,000 ordinary shares of 5 pence each with a exercise prise of 15 pence each preserving the rights of the option holders.

All share options were issued at market value on the date of grant.

No cash was used to settle equity instruments granted under share based payment schemes.

During the year ended 30 September 2008, the market price of ordinary shares in the Company ranged from £0.233 to £0.450 (2007: £0.250 to £0.495). The share price as at 30 September 2008 was £0.295 (2007: £0.309).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model that uses the assumptions noted below:

	2008	2007
Expected life of options (years)	-	3
Expected share price volatility (180 days over period from incorporation to the date of grant)	-	19.0% - 34.0%
Dividend yield	-	0%
Risk free rate (Bank of England base interest rate)	-	5.75%
Exercise price	-	£0.150 - £0.375
Share price at date of grant	-	£0.150 - £0.375

The weighted average fair value of options granted during the year ended 30 September 2008 was £NIL (2007: £0.10). During 2008 the Company recognised total share-based payment expenses of £307,000 (2007: £22,000) of which all related to equity-settled share-based payment transactions.

The following table summarises the main terms of the 2007 Option Plan:-

Nature of the Grant	A market priced option.
Participants	Directors of the Company and other selected members of the Senior Management.
New Joiners	The exercise price for any subsequent option grants will be set at the Company's share price on the relevant date of grant.
Holding Period	In normal circumstances options will not be exercisable until the third anniversary of the date of grant and subject to continued employment over this period.
Life of the Plan	Ten years from the first date of grant of options.
Performance Conditions	There will be no additional corporate performance conditions that have to be satisfied for options to vest.
Dilution	10% in ten years. The Board will monitor the issue of new shares to ensure a balanced policy.
Change of Control	On a change of control all options will vest and become exercisable.
Variation of Share Capital	Standard adjustments to the number of shares and/or exercise price.
Cessation of Employment	On a participant's cessation of employment as a good leaver the number of options exercisable will be proportionate to the amount of the holding period completed on the date of cessation. If the participant is a normal leaver the award will lapse. A participant is a good leaver if his or her cessation of employment with the Company is for one of the following reasons, retirement, death, injury, disability, redundancy, or sale of part of the business.

LTIP

Outstanding LTIP units as at 30 September 2008 and 2007 are as follows:

	2008 '000	2007 '000
1 October 2007	6,450	-
Granted during the year	-	6,450
30 September 2008	6,450	6,450

The performance targets for the LTIP units granted during the year are based on the share price of the ordinary shares of 5 pence each in the company as follows:

Measurement Dates Anniversary of the date of grant	Threshold Price £
Second	£0.54
Third	£0.65
Fourth	£0.78
Five	£0.93

The fair value of the LTIP units is estimated at the date of grant using a Monte-Carlo projection valuation model that uses the assumptions noted below:

	2008	2007
Expected life of LTIP units (years)	-	5
Expected share price volatility (180 days over period from incorporation to the date of grant)	-	26.1%
Dividend yield	-	0%
Risk free rate (Bank of England base interest rate)	-	5.75%
Share price at date of grant	-	£0.375

Notes to the Financial Statements (continued)

for the year ended 30 September 2008

12. Share Based Payments (continued)

The main features of the proposed operation of the LTIP are:-

Units – Units have no value on their grant but will give participants the opportunity of receiving part of the value of the Incentive Pool. The number of units is capped at 9,000.

Incentive Pool – the following definitions apply for calculating the value of the Incentive Pool:-

Term	Definition
Contribution Percentage	20%.
Date of Grant	The date of the placing of the shares.
Distributed Value	The amount of the Total Incentive Value paid to participants in Company Shares.
Measurement Date	Any date when the value of the Incentive Pool is calculated.
First Measurement Date	24 months after the date of grant.
Second Measurement Date	36 months after the date of grant.
Third Measurement Date	48 months after the date of grant.
Final Measurement Date	60 months after the date of grant.
Measurement Price	The average closing price of a share for a 30 day period finishing on the relevant Measurement Date.
Performance Period	Five years from the Date of Grant.
Threshold Price	The initial price per share of 37.5p increased by 20% p.a. over the Performance Period.

The value of the Incentive Pool at the relevant Measurement Date will be established by:-

- calculating the difference between the Measurement Price and the Threshold Price at the relevant Measurement Date. It should be noted that the Measurement Price used shall be the higher of:-
  - the Measurement Price for the current Measurement Date; and
  - the Measurement Price established for a previous Measurement Date;
- the resulting value calculated is then multiplied by the Contribution Percentage;
- the result of this calculation is known as the "**Incentive Value**";
- the Incentive Value will then be multiplied by the issued share capital of the Company at the relevant Measurement Date. The result of this calculation is known as the "**Total Incentive Value**" at that Measurement Date;
- the Distributed Value at the relevant Measurement Date will be calculated by deducting the aggregate of the previous amounts of Distributed Value from the Total Incentive Value at that Measurement Date;
- the value of a Unit will be calculated at the relevant Measurement Date by dividing the Distributed Value by the number of Units issued;
- the number of Company shares represented by a Unit will be calculated by dividing the value of a Unit by the Measurement Price at the relevant Measurement Date;
- participants will be entitled to receive at the relevant Measurement Date the number of Company shares calculated in accordance with paragraphs above multiplied by the number of Units they have been granted.

Main Terms & Conditions of the LTIP

The following table summarises the main terms of the LTIP:-

Element	Description
Nature of the Award	The grant of a number of Units which subject to the satisfaction of certain conditions give a number of entitlements to receive Company shares.
Participants	Directors of the Company and other selected members of the Senior Management.
New Joiners	The starting Threshold Price for new joiners will be the Measurement Price at the Measurement Date nearest to their commencement of employment with the Company.
Life of the Plan	Five years.
Performance Conditions	No value will be earned by participants in the LTIP until the minimum annual share price growth exceeds 20% p.a. compound.

Element	Description
Change of Control	On a change of control the Measurement Date will be deemed to be the date of the change of control and the Measurement Price will be the offer price for the Company's shares. The value of the Units held by each participant and therefore the number of Company shares to which they are entitled will be calculated as at any other Measurement Date (see above).
Variation of Share Capital	If there is a variation of the share capital of the Company (for example rights issue, subdivision, consolidation) the starting share price used for calculating the Threshold Price will be adjusted accordingly. For the avoidance of doubt there will be no adjustment to the Threshold Price as a result of the issue of shares in consideration for any corporate transaction.
New Placement of Shares	If there is a further round of funding the number of shares issued for this fund raising will form a distinct pot for the calculation of a separate Total Incentive Value with the Threshold Price based on the placing price for this fund raising.
Cessation of Employment	On a participant's cessation of employment with the Company the Measurement Date will be deemed to be the date of cessation. The value of the Units held by each participant and therefore the number of Company shares to which they are entitled will be calculated as at any other Measurement Date (see above). If the participant is a normal leaver the award will lapse. A participant is a good leaver if his or her cessation of employment with the Company is for one of the following reasons, retirement, death, injury / disability, redundancy, or sale of part of the business.
Tax Settlement Alternative on Release	Immediately prior to exercise, the Board may in its absolute discretion and if requested by a participant, deliver cash in lieu of a number of released shares save that the number of shares replaced by such cash amount shall be restricted to the number of shares which have an aggregate market value equal to the participant's tax liability on release and such cash amount shall be paid directly to the participant's employing company.

13. Cash Flows

	Year ended 30 September 2008 £'000	Year ended 30 September 2007 £'000
Reconciliation of net cash flows from operating activities		
Profit/(loss) before taxation	737	(78)
Adjustments:		
Investment revenues	(1,574)	(321)
Depreciation and amortisation	1	-
Share based payments expense	307	22
Operating cash flows before movements in working capital	(529)	(377)
Increase in trade and other receivables	(217)	(41)
(Decrease)/increase in payables	(146)	184
Cash generated from operating activities	(892)	(234)
Taxation paid	(13)	(11)
Net cash from operating activities	(905)	(245)

Notes to the Financial Statements (continued)

for the year ended 30 September 2008

14. Financial Instruments

The Company's financial instruments comprise cash balances and items such as trade payables which arise directly from its operations. Financial instruments such as payables have been excluded from the disclosure below. The Company has little exposure to price, foreign exchange, and cash flow risk. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit, interest rate and liquidity risk. The policy for managing these risks is summarised below and has been applied through the year.

Cash balances are placed with UK banks which are selected by their credit rating and spread over a minimum of two banks. During the year, so as to maximise interest earned, cash balances are placed for up to three months term while maintaining liquidity requirements of the business. Following the year end, in light of the changes in credit risk associated with UK banks, the terms of deposits were reduced to reduce exposure. The Directors regularly review the placing of cash balances. The weighted average interest rate of the short-term deposits utilised during the year was 5.32% (2007: 4.58%) and the average amount of time for which interest rates are fixed on short-term deposits were 10 days (2007: 16 days). The Company has had no borrowings during the year but when seeking borrowings the Directors will consider the commercial terms available and, in consultation with their advisers, consider whether such terms should be fixed or variable and are appropriate to the business. Any surplus cash balances, during the period, were placed on short-term interest bearing accounts at standard bank interest rates. The cash at bank and in hand and short term deposits as at 30 September 2008 was £29,918,000 (2007: £29,245,000) and their fair value was the same as the carrying value.

15. Related Parties Transactions

During the year, the company rented desk space and serviced office facilities from The Clapham House Group PLC, a company in which DM Page and PA Campbell are directors and shareholders. The amount charged during the year was £86,000 (2007: £50,000). The balance owed to The Clapham House Group PLC at 30 September 2008 was £1,000 (2007: £50,000).

16. Transition to International Financial Reporting Standards ("IFRS")

Basis of Preparation of IFRS Financial Information

The Company's Annual Report for the year ending 30 September 2008 comprises it's first annual financial statements that comply with IFRS. These financial statements have been prepared in accordance with the significant accounting policies described in pages 13 to 15. The Company has applied IFRS 1 (First time adoption of International Reporting Standards) in preparing these results.

The Company's Annual Report for the year ending 30 September 2008 provides one year of comparative financial information.

IFRS 1 Exemptions

IFRS 1 sets out the procedures that the Company must follow when adopting IFRS for the first time as the basis for preparing its consolidated financial statements. The Company is required to establish its IFRS accounting policies as at 30 September 2008 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at the date of transition which is 1 October 2006. The standard provides a number of optional exemptions to this general principle.

Impact of Transitions to IFRS

There were no material differences between IFRS and UK GAAP on the Company's total equity shareholders' funds and profit for the period for the periods previously reported under UK GAAP following the date of transition to IFRS. Therefore the Company's Annual Report for the year ending 30 September 2008 does not provide the opening balance sheet as at the date of adoption of IFRS on 1 October 2006.

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