



Private and confidential

JT Group Limited

**Annual report and financial statements
31 December 2013**

Contents

Business Review	1
Board of Directors	2
Corporate Governance	5
Report of the Remuneration Committee	7
Report of the directors	8
Statement of directors' responsibilities	10
Independent auditor's report to the members of JT Group Limited	11
Consolidated profit and loss account	12
Consolidated statement of total recognised gains and losses	13
Consolidated reconciliation of movements in shareholder's funds	13
Consolidated balance sheet	14
Consolidated cash flow statement	15

Business Review

JT continued to implement its strategic growth plan in 2013 successfully, both in the Channel Islands and beyond.

Turnover increased to a record high of more than £151m, a significant increase of 26% on the previous year's figure of £120m. This is the best result in our 120-year history.

EBITDA for 2013 was £33.7m which is 12.4% higher than last year's like for like result. This shows that even despite the recession with some recent signs of recovery, JT has been able to perform exceptionally well.

JT has continued to very closely manage its costs, and so despite that environment, the Group still returned a healthy dividend to our shareholder, the States of Jersey, totalling £3.2m in 2013.

Networks

JT's flagship project, Gigabit Jersey, developed steadily through 2013, gradually strengthening and overcoming the challenges of the previous year. Following a comprehensive re-organisation, the Gigabit program remained on track for completion as planned, with a switchover for all broadband customers before the end of 2016.

It is the biggest civil engineering project ever undertaken by JT, and has been split into three phases: building the core network infrastructure, running fibre cables past all Island premises and then actually connecting all broadband customers to the new network.

By the end of 2013, the first two phases were nearly complete. The core network had been built, and JT had laid 790 km of cable out of project total of 990 km.

Also by the end of the year, 14% of customer premises were on the fibre network, which is double the proportion from 2012, and put Jersey 12th in the world in terms of the scale of its fibre-to-the-home network, which enables broadband speeds of more than 1GB/s (1024MB).

The success of the Gigabit project perceived in the industry meant that JT won the prestigious 'Operator Award' at the 2013 Fibre-To-The-Home (FTTH) Council Europe Awards.

Customer Billing

In 2013, JT executed the most significant change in a generation in the way it relates to its customers. The previous customer billing system was nearing the end of its operational life, so change was urgently needed.

Bringing in the new system affected almost all of JT's customers, and involved thousands of hours of training and preparation. Despite that work, given an operational change of this magnitude, we had to work through some difficult issues. But by the end of the year, the new system was in place and well on the way to delivering the significant customer benefits, and flexibility, which were envisaged.

The new system is designed to provide more convenient payment options (such as hundreds of Payzone terminals), access to new services and better online bill management tools for customers. There are further revisions that need to be made, and JT will be implementing those in 2014, following customer feedback.

Growth

JT's Enterprise business grew strongly in 2013, with some major global customers moving into our CI Data Centres. JT is now in the advanced stages of planning further expansion to those centres to make sure the Group can continue to accommodate the strong demand from across the world.

JT's 'machine-to-machine' (M2M) business continued to grow strongly, both in volume and in terms of the scale of contracts secured. This new section of the business hit its target for 2013 by the end of June. During 2013 JT launched a SIM management platform that can be white-labelled and this has since been taken up by operators in the UK, Europe and Africa.

Business Review *(continued)*

Growth *(continued)*

Another example of the new M2M products is 'usage-based insurance' involving smart car-tracking devices that could cut insurance costs for thousands of drivers, and help to prevent accidents. The device combines GPS tracking, 'black box'-style data (recording acceleration, braking and cornering) and a SIM card to communicate through the mobile phone network.

Secondly, in 2013 JT launched a new Cyber-attack prevention service, which had been developed in the JT Lab by SecurityDAM, part of the global RAD Group. Online security is of worldwide concern and attacks have targeted industries such as finance, e-Commerce and Internet Gambling, which can have huge reputational and financial damage for companies. The new solution will monitor a company's flow of email, applications and data traffic, and if it detects an unusual change in that flow, will block the malicious requests, but still allow the normal day-to-day traffic through.

Thirdly, JT developed a new service that will allow businesses to dramatically cut costs by housing IT storage and systems in the Cloud. The 'infrastructure-as-a-service' offering is the first pan-island enterprise grade Cloud service and allows companies of any size to place critical data services and applications into JT's state-of-the-art Data Centres, creating savings for clients who no longer wish to invest capital in their own hardware and data centres. It has been developed in partnership with market-leading global Cloud services provider Dimension Data, and allows our clients to access their global network to position data anywhere around the world – a service of huge interest to international clients operating across jurisdictions.

Finally, the new JT Rewards product also performed well in 2013, following the acquisition Jerseyvoucher.com, as part of JT's commitment to bring value-added services to consumers and maximise its commercial digital business. JT Rewards offers a wide range of daily discounted deals and vouchers for subscribers.

Part of the community

JT staff raised almost £30,000 to support Autism Jersey in 2013, taking the Group them to within a fraction of the three-year £50,000 fund-raising target, a full 12 months early. By the end of the year, the total raised stood at £49,000 to support young people and adults on the Autistic spectrum, including people with Asperger Syndrome.

Staff organised a golf day (raising £10,000) and a hamper raffle (raising £7,000) and donated an hour's salary (raising £6,000) as well as a host of smaller events throughout the year.

Board of Directors

Non-Executive Directors

Chairman

John Stares

John Stares became Chairman of JT Group on 12 June 2013 following the end of his predecessor's term of office. John is the Managing Director of Guernsey Enterprise Agency and a non-Executive Director/Advisor to a number of other Channel Island CI-headquartered groups of companies. He is a Fellow of the Institute of Chartered Accountants of England and Wales, a Member of the Worshipful Company of Management Consultants and a member and former President of Rotary Guernesiais. Prior to moving to Guernsey in 2001, John was with Accenture for 23 years. During that period, he worked as a strategic, financial, change and IT consultant with major clients in most industry sectors and held a wide variety of leadership roles in Accenture's Canadian, European & Global consulting businesses.

John Boothman

John Boothman retired in 2002 as Managing Director of Deutsche Bank International Limited. John is non-executive chairman of Aztec Group Limited and a director of the Jersey International Business School. He holds several other directorships in the finance industry. As planned, John stood down as Chairman of JT Group on 12 June 2013 at the annual general meeting.

Colin Tucker

Dr. Colin Tucker trained as an Electrical Engineer at UMIST achieving a BSc, MSc and ultimately a PhD. He has spent over 25 years in the telecommunications industry in a number of senior roles. The last two positions were as main board director and COO of Orange plc and Managing Director and Deputy Chairman of 3. Colin has also served as a non-executive director for Sarantel, TTP, Morse, and Monitise and as Chairman of UIQ Technologies. In addition to his industrial experience Colin has acted as Industrial Professor at Loughborough University and continues to assist in the academic world with management and mentoring of spin-out companies coming from Edinburgh University.

Phil Male

After obtaining a computer science degree at Imperial College, Phil Male was a founding director of Computer Newspaper Services and became involved in the start-up of Demon Internet (one of the world's first commercial Internet Service Providers), ultimately becoming the Technical Director with responsibility for all operational and development activity. The company was acquired by Scottish Telecom in 1998 and Phil was one of the three founding directors that floated the combined business on the London Stock Exchange as THUS Plc in 1999. Phil became Chief Operating Officer in 2002, and when THUS was acquired by Cable & Wireless Worldwide in 2008, Phil became Group Operations Director, then Chief Strategy Officer and served on the Executive Board, leading the demerger and listing of Cable & Wireless Worldwide Plc in 2010. Phil left Cable & Wireless in 2010 and today serves as a non-executive director on a number of boards, actively investing in new technology businesses, and works in an advisory capacity with a number of institutions in the City.

Sean Collins

Sean Collins was appointed to the Board on 5 March 2014. A chartered accountant, he was formerly a senior audit and advisory partner at KPMG, where he had worked since 1972. From 2009 to 2012, Mr Collins was Head of Markets, Asia Pacific, responsible for the firm's business development in the Asia Pacific region. He also led the Global Communications and Media practice for over a decade. Mr Collins has deep and extensive experience of corporate governance, financial reporting and other corporate disciplines, gained during many years as lead partner for a large number of major international clients. He is also the Senior Independent Non-Executive Director and Chairman of the Audit Committee of Millennium & Copthorne Hotels Plc. Other appointments include member of the Case Management Committee of the Financial Reporting Council, Council Member of the Royal Society for Asian Affairs, Governor and Deputy Chairman of More House School in Surrey, England.

Board of Directors (*continued*)

Executive Directors

Graeme Millar – Chief Executive Officer

A graduate in Natural Sciences with a postgraduate engineering qualification, both from the University of Cambridge, Graeme has two decades of telecoms experience. He has gradually moved from technical and operational roles during over 6 years with Motorola through to senior sales, marketing and commercial positions during almost 11 years at Vodafone, culminating in his appointment as a director of Vodafone Netherlands. Immediately prior to taking up his role at JT Group, Graeme was the Chief Commercial Officer Russia for MTS, Russia's largest mobile telephone operator with over 70 million subscribers.

John Kent – Chief Financial Officer

John joined JT as CFO of the JT Group in February 2012. He is a highly commercial CFO who has spent the bulk of his career working for two large FTSE companies in the utilities sector, Vodafone and British Gas, in financial and commercial leadership roles. Prior to joining JT, John was the CFO for Vodafone Ireland, the €1 billion turnover Vodafone operating company based in Dublin.

Corporate Governance

The Board is committed to ensuring that high standards of corporate governance are maintained by the company.

The Board confirms that the company has, throughout the period under review, complied with the provisions recommended by the Combined Code on Corporate Governance of the Financial Reporting Council ("the Code").

The Company applies the Principles of the Code through its own behaviour, by monitoring corporate governance best practice and by adopting appropriate recommendations of relevant bodies including the Institute of Chartered Secretaries and Administrators (ICSA) and the Institute of Chartered Accounts of England and Wales.

The Board

The Board comprises executive and non-executive directors with all the non-executive directors adjudged as being independent, with the exception of the Chairman for whom the test of independence is not considered appropriate under the terms of the Combined Code. Nevertheless, were the test to be applied, the Chairman would be considered independent.

All directors are collectively responsible for the success of the company. However, executive directors have direct responsibility for business operations, whereas the non-executive directors have a responsibility to bring independent objective judgement to bear on Board decisions. Key matters such as approval of the company's objectives and commercial strategies, budgets and risk management strategy are reserved for the Board and these are set out in a formal statement of the Board's role.

To help maintain a strong executive presence on the Board, in addition to the executive directors attending, members of the management board routinely attend Board meetings.

At the time of reporting, Sean Collins is the Senior Independent director. Prior to Sean Collins, John Stares was the Senior Independent Director.

The executive directors are not subject to retirement by rotation but they are subject to periods of notice of termination of employment as are the other members of the company's senior management.

Attendance at meetings

Directors are generally provided with the papers for Board and committee meetings one week in advance. During 2013 there was full attendance at all Board and committee meetings.

Board Committees

Membership of the Board Committees varied during the year but as at the time of reporting, the make-up was as follows:

Audit Committee	Remuneration Committee	Nomination Committee
Sean Collins (Chairman)	Colin Tucker (Chairman)	Colin Tucker (Chairman)
Phil Male	John Stares	John Stares
Colin Tucker	Sean Collins	Sean Collins
	Phil Male	Phil Male

Corporate Governance *(continued)*

Audit Committee

The Audit Committee has responsibility for the effectiveness of the Company's internal controls which are designed to manage rather than eliminate the risk of failure to achieve the strategic objectives. The Audit Committee's terms of reference comply with the Combined Code.

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Chief Financial Officer, the Risk Assurance Manager and the external auditors, Deloitte. Furthermore, the Audit Committee monitors the database of risks maintained by the Risk Assurance Manager and assesses the acceptability of the impact and likelihood ratings that are applied to each risk.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board regarding the remuneration of Executive Directors and senior management and considers the on-going appropriateness and relevance of the remuneration policy.

The Remuneration Committee's terms of reference comply with the Combined Code and in order to fulfil these, it receives and reviews presentations and reports, primarily from the Company's HR Director but also from independent external agencies.

Nomination Committee

The Nomination Committee makes recommendations to the Board regarding the appointment of Executive and Non-Executive Directors as well as other senior appointments. The Committee's terms of reference comply with the Combined Code.

Executive Committee

Responsibility for implementation of the strategies agreed by the Board and the consideration of matters relevant to the operational management of the business is delegated to the executive committee, which is a committee chaired by the Chief Executive Officer and made up of senior executives. The executive committee normally meets throughout the year on a weekly basis.

Relations with the Shareholder

While the Company is wholly owned by the States of Jersey, under the terms of Article 32(6) of the Telecommunications (Jersey) Law 2002, the Minister for Treasury and Resources is charged as its representative in matters related to its shareholding in the Company. Limitations on the powers of the Minister, which relate principally to share ownership matters, are set out in that same article.

In order to ensure an appropriate accountability framework, a Memorandum of Understanding exists between the company and the Minister, and that Memorandum of Understanding recognises the obligation that the directors have in regard to operating at all times in the best interests of the company.

Report of the Remuneration Committee

The structure of remuneration is simple with no equity participation by the directors. Salaries are established by reference to those prevailing in the market generally for executive and non-executive directors of comparable status, responsibility and skills in comparable industries. The Committee uses executive remuneration surveys prepared by independent consultancy firms to assist in establishing market levels.

Bonuses paid relate to performance during 2013.

There were changes to the levels of remuneration paid to non-executive directors during 2013.

	Basic Salary / Fees 2013 £' 000	Bonuses 2013 £' 000	Total 2013 £' 000	Total 2012 £' 000
Executive Directors				
Graeme Millar	190	118	308	250
John Kent***	155	73	228	177
Non-Executive Directors				
John Boothman*	20	-	20	40
John Stares	32	-	32	20
Colin Tucker	23	-	23	20
Phil Male	23	-	23	20
Sean Collins**	-	-	-	-
Total	443	191	634	527

*John Boothman resigned 12 June 2013

**Sean Collins was appointed 05 March 2014

***John Kent was appointed 06 February 2013

Company pension contributions were made in respect of Executive Directors as follows:

	2013 £' 000	2012 £' 000
Executive Directors		
Graeme Millar	14	20
John Kent	16	12

Report of the directors

Incorporation

JT Group Limited ("the company" or "the group") was incorporated in Jersey, Channel Islands on 22 October 2002.

Group structure

JT Group Limited, is holding company, with ownership in the following companies:

JT (Jersey) Limited - 100% directly owned
JT (Guernsey) Limited - 100% directly owned
Jersey Telecom UK Limited - 100% directly owned
JTG Limited - 100% directly owned
eKit.com Inc - 100% indirectly owned through Jersey Telecom UK Limited
eKit.com Pty Ltd - 100% indirectly owned through eKit.com Inc
eKit.com UK Ltd - 100% indirectly owned through eKit.com Inc
Corporate Communications (Holdings) Ltd - 100% directly owned
Worldstone Group Ltd - 100% indirectly owned through Corporate Communications (Holdings) Ltd
Corporate Communications (Europe) Ltd - 100% indirectly owned through Corporate Communications (Holdings) Ltd
Worldstone, Inc - 100% indirectly owned through Corporate Communications (Holdings) Ltd
Donate Mobile Limited - 75.01% directly owned

The names of Jersey Telecom Limited and Wave Telecom Limited were changed to JT (Jersey) Limited and JT (Guernsey) Limited respectively, on 31 January 2012.

On 1 August 2012, JT Group Limited acquired 100% of the share capital of Corporate Communications Holdings Limited.

On 16 October 2012, Donate Mobile Limited was incorporated as a company. On 2 November 2012, a number of the assets and liabilities of Wyvols Limited were transferred into Donate Mobile Limited and 75.01% of the shares in Donate Mobile Limited were held by JT Group Limited from 2 November 2012. During 2013, the goodwill held in Donate by the group, and the value of fixed assets held by Donate, have been fully written off.

Gigabit Field Force Limited was incorporated as a company, 100% directly owned by JT Group Limited, in February 2013, to provide labour for use in the Gigabit Jersey programme.

In 2012, JT Group Limited issued 10m 2.5% preference shares at £1 each to States of Jersey Currency Fund, in return for £10m used in the financing of the Gigabit Jersey programme.

Principal activities

The principal activity of the group and its subsidiaries is the supply of communications services and equipment.

The increase in trade debtors and creditors reflects continued growth in roaming outbound and inbound traffic. Under the relating IOT (Inter-Operator Tariff (GSM Roaming)) agreements, settlement of the discounts receivable and payable occurs within the period of 12 months following the period of the agreement over which the gross costs and expenses have been paid.

The change in pension assumptions made in 2012 and relating to years prior to 2012, resulted in a reduced expense recognised in the profit and loss account of £4.98m (see notes 1 and 23). £4.09m was recognised against staff costs (note 3) and £0.89m was recognised against interest receivable and similar income (note 5).

Dividends

Dividends of £3.2m were paid during 2013 (2012: £5.6m). Further details are included in note 8.

Report of the directors *(continued)*

Directors

The directors of the group who served during the year and subsequently are:

John C Boothman (resigned 12 June 2013)
John B Stares
Phil Male
Colin Tucker
Graeme Millar
John Kent
Sean Collins (appointed 05 March 2014)

Directors and their interests

The directors of the group as at 31 December 2013 had no interests, beneficial or otherwise, in the shares of the group.

Auditor

Deloitte LLP has expressed its willingness to continue in office.

By order of the board



Daragh J McDermott
Company secretary

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and of the profit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of JT Group Limited

We have audited the consolidated financial statements of JT Group Limited for the year ended 31 December 2013, which comprise the consolidated Profit and Loss Account, consolidated Balance Sheet, the consolidated Cash Flow Statement, the consolidated Statement of Total Recognised Gains and Losses, the consolidated Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Gregory Branch, BSc, FCA
for and on behalf of Deloitte LLP
Chartered Accountants
St Helier
Jersey

Consolidated profit and loss account
for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Continuing operations			
Turnover	2	151,432	119,661
Cost of sales		(65,230)	(41,934)
Gross profit		86,202	77,727
Other operating expenses	3	(72,918)	(60,786)
Operating profit		13,284	16,941
Interest receivable and similar income	5	460	1,143
Interest payable and similar charges	6	(2,959)	(3,161)
Profit on ordinary activities before taxation		10,785	14,923
Tax on profit on ordinary activities	7	(3,538)	(3,008)
Profit on ordinary activities after taxation		7,247	11,915
Equity minority interest	33	186	69
Profit for the financial year		7,433	11,984

All the items dealt with in arriving at profit for the financial year for 2013 and 2012 relate to continuing operations.

Consolidated statement of total recognised gains and losses

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		7,433	11,984
Currency translation difference		(44)	(171)
Actuarial gain on Public Employees Contributory Retirement Scheme Jersey Telecom sub-fund	23	3,028	1,994
Actuarial loss on Telecommunications Board Pension Scheme	23	(38)	(39)
Adjustment on deferred taxation on actuarial gain		(598)	(391)
Adjustment on pension obligations	1/23	-	(2,964)
Adjustment on deferred taxation on actuarial gain on adjustment on pension obligations	1/23	-	593
Prior year adjustment	32	-	(196)
Total recognised gains and losses since last annual report and financial statements		9,781	10,810

Consolidated reconciliation of movements in shareholder's funds

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Balance at 1 January 2013		70,934	66,101
Profit for the financial year		7,433	11,984
Equity minority interest	33	(186)	(69)
Currency translation difference		(44)	(171)
Actuarial gain	23	2,990	1,955
Adjustment on deferred taxation on actuarial gain		(598)	(391)
Adjustment on pension obligations	1/23	-	(2,964)
Adjustment on deferred taxation on actuarial gain on adjustment on pension obligations	1/23	-	593
Dividends on equity shares	8	(3,200)	(5,648)
Prior year adjustment	32	-	(196)
Share capital issued by Gigabit Field Force Limited		4	-
Net increase in shareholder's funds		6,399	5,093
Movement in translation reserve		(484)	(260)
Balance at 31 December 2013		76,849	70,934

Consolidated balance sheet
at 31 December 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Goodwill	10	34,056	36,227
Other intangible assets	12	287	386
Tangible assets	11	97,704	95,466
Investments	13	8	10
Deferred tax asset	7(c)	1,291	2,553
Other assets	14	-	572
		133,346	135,214
Current assets			
Stocks	15	7,802	7,052
Debtors	16	59,945	36,676
Cash at bank and in hand		5,304	10,050
		73,051	53,778
Creditors: amounts falling due within one year			
Creditors	17	38,214	33,455
Current tax liabilities		2,122	1,776
Borrowings	19	9,000	-
Deferred income	18	7,979	9,206
		15,736	9,341
Net current assets		15,736	9,341
Total assets less current liabilities		149,082	144,555
Creditors: amounts falling due after more than one year			
Borrowings	19	51,000	51,000
Deferred tax liabilities	7(c)	4,766	4,664
Long term provisions	23	6,467	7,957
Redeemable preference shares	20	10,000	10,000
		76,849	70,934
Net assets		76,849	70,934
Capital and reserves			
Share capital	21	20,000	20,000
Equity reserve	22	57,424	51,025
Translation reserve		(575)	(91)
		76,849	70,934
Shareholder's funds		76,849	70,934
Equity minority interests	33	255	69
Total capital employed		77,104	71,003

The financial statements were approved by the board of directors on 09 June 2014 and were signed on its behalf on 10 June 2014:



G Millar
Chief Executive Officer



J Kent
Chief Financial Officer

Consolidated cash flow statement

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Operating profit		13,284	16,940
Adjustments for:			
Depreciation	11	18,201	15,559
Amortisation	10,12	2,259	1,599
Loss on disposal of plant, property and equipment		146	32
Movement in deferred tax		1,364	1,043
Currency translation difference		(44)	(171)
Prior year adjustment		-	(196)
Pension adjustment		900	(2,761)
Operating cash flows before movements in working capital		36,110	32,045
Increase in stocks		(750)	(4,707)
Increase in debtors		(22,239)	(19,620)
Increase in creditors		9,086	12,928
Net cash inflow from operating activities		22,207	20,646
Taxation paid		(2,354)	(2,912)
Interest paid		(2,589)	(711)
Preference interest paid		(200)	(1,430)
Net cash outflow from return on investments and servicing of finance		(5,143)	(5,053)
Capital expenditure and financial investment			
Interest received		4	33
Purchases of plant, property and equipment		(26,211)	(21,353)
Purchases of intangibles		(208)	(347)
Acquisition of subsidiaries		(713)	(16,871)
Return on investment		2	
Net cash outflow from capital expenditure and financial investment		(27,126)	(38,538)
Financing activities			
Dividends paid		(3,200)	(5,648)
Overdraft facility		9,000	-
Repayment of borrowings		-	(8,777)
Borrowings from M&G financing		-	51,000
Movement in preference shares		-	(10,000)
Net cash inflow/(outflow) from financing activities		5,800	26,575
Increase/(decrease) in cash		(4,262)	3,629
Cash at bank and in hand at beginning of the year		10,050	6,681
Effect of foreign exchange rate changes		(484)	(260)
Cash at bank and in hand at end of year	24	5,304	10,050