

30th June 2008

1pm plc



(“1pm” or the “Company”)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2008**

1pm (UK) Ltd.
12 George Street
Bath BA1 2EH

t: 08707 397 397
e: sales@1pm.co.uk
admin@1pm.co.uk

www.1pm.co.uk

THE CHAIRMAN'S STATEMENT

It is a pleasure to present my report as Chairman of the 1pm Group.

Financial highlights

- * New management delivers turnaround success following revised focus on the small ticket leasing market.
- * Results ahead of our expectations with business momentum building into the next financial year.
- * Operating profit of £86,061 compared to an operating loss of £217,306 for the year ended 31 May 2007.
- * New business volumes for the year up 53.7 % compared to 2007.
- * Four major funding partners in place with significantly increased facilities enabling further growth.
- * Credit crunch accelerating growth with record levels of new business secured.
- * The Board is confident of future prospects as significant market opportunities exist.

Overview

I am delighted to report an exceptional set of results, which indicates the success of 1pm's restructuring under new management in tandem with the Company's revised focus on the small ticket leasing market.

The Company has delivered a significant turnaround performance moving from an operating loss of £217,036 for the year ended 31 May 2007 to delivering an operating profit of £86,061 for the year ended 31 May 2008. Whilst the Board has provided strong and clear leadership and direction, the successful turnaround has been achieved due to the stability, conscientiousness and dedicated operations team led by Maria Hampton.

During October 2007 the Company raised £675,000 via a placing, with the Board investing heavily to the extent of almost 50% of total monies raised. This demonstrated our confidence both in our strategy for growth as well as the potential of our target market. In addition, it sent out a strong message to our funding partners, which has been very beneficial in terms of their ongoing support.

Testimony to this is the fact that we now have facilities in place, via four major funding partners, of over £3.5 million as opposed to just £750,000 for the previous comparable period. We recently announced, post period end, the securing of £900,000 of funding bringing a total of £1.65 million of new debt finance being raised over the last three months.

1pm now has the capability to significantly scale up its business, secure new clients and in turn drive growth and profitability.

Indicative of this success is the fact that new business volumes increased by 53.7 % during the year ended 31 May 2008 compared to the year ended 31 May 2007. I expect this momentum to continue due to significant opportunities in our target market to provide funding to well established, small businesses with proven payment histories.

Business turnaround

The turnaround in the business has been achieved by the new management team's action of withdrawing from the sub-prime market, terminating all aligned broker relationships and the subsequent appointment of thirty new brokers personally known to the management team. In addition, the appointments of Rod Channon as Finance Director and Paul Connell as non-executive director, both of whom have a strong leasing background, have strengthened the Board.

Operational controls

Further to our financial restructuring, Maria Hampton, Operations Director, was appointed to the Board during the year and introduced an effective collection policy, which has been strengthened by the appointment of two specialist lawyers. These actions have resulted in the recovery of £583,000 during the period under review (this is compared to £413,000, for the respective period in 2007). In addition, our arrears' position is currently running at 1%, which is well below the market target of 3%. This is a key factor in the improved performance of the Company, and the Directors anticipate this will continue going forward. Maria Hampton also implemented the introduction of a new underwriting policy designed specifically to exclude any form of adverse credit and which is contributing significantly to the strong performance of the Company.

These fundamental changes that underpin our business model have created a secure operating platform that will enable the Group to take full advantage of its emerging position within the small ticket-leasing environment.

On behalf of the Board I would like to express my sincere thanks to our loyal and dedicated staff for their hard work and commitment during the year.

Outlook

We now have a well-established, multi-talented team in place, underpinned by strong administrative and operational support. With increasing funding lines in place, we are now in a position to capitalise on the significant opportunities that exist in our core market.

In my previous Chairman's statement, I referred to a 'New Start'; I believe that this is well and truly underway. I expect further success in the current year as we continue to grow our market share by offering 'Simple Finance For Smart Business'.

I look forward to reporting further progress in due course.

M R JOHNSON

CHAIRMAN

ENQUIRIES TO:

1pm plc	Mike Johnson	Chairman	08707 397 397
SVS Securities plc	Ian Callaway	Broker	020 7638 5600
Blomfield Corporate Finance	Nick Harriss	Nomad	020 7489 4500
Biddicks	Shane Dolan		020 7448 1000

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MAY 2008**

	Note	2008 £	2007 £
REVENUE		848,477	871,965
Cost of sales		(291,933)	(792,711)
GROSS PROFIT		<u>556,544</u>	<u>79,254</u>
Administrative expenses		(470,483)	(296,560)
OPERATING PROFIT/(LOSS)	2	<u>86,061</u>	<u>(217,306)</u>
Finance income		2,602	(5,971)
Finance costs		(8,795)	(12,372)
		<u>79,868</u>	<u>(223,707)</u>
PROFIT/(LOSS) BEFORE INCOME TAX		79,868	(223,707)
Income tax expense	4	-	83,238
		<u>79,868</u>	<u>(140,469)</u>
PROFIT /(LOSS) FOR THE YEAR		79,868	(140,469)
Attributable to equity holders of the company		<u>79,868</u>	<u>(140,469)</u>
Profit per share attributable to the equity Holders of the company during the year	5	<u>0.0248p</u>	<u>(0.11p)</u>
- basic and diluted	5	<u>0.0248p</u>	<u>(0.11p)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

CONSOLIDATED BALANCE SHEET
31 MAY 2008

	Note	2007 £	2008 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		66,091	42,512
CURRENT ASSETS			
Trade and other receivables	6	4,559,142	2,826,951
Cash and cash equivalents		25,097	6,104
TOTAL CURRENT ASSETS		<u>4,584,239</u>	<u>2,833,055</u>
TOTAL ASSETS		<u>4,650,330</u>	<u>2,875,567</u>
EQUITY			
Share capital	9	298,773	99,925
Share premium account	9	1,303,112	871,3
Retained earnings	10	(60,601)	(140,469)
TOTAL EQUITY		<u>1,541,284</u>	<u>830,825</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,664,440	1,382,366
NON CURRENT LIABILITIES			
Trade and other payables	8	1,444,606	662,376
Deferred tax liabilities		-	-
TOTAL LIABILITIES		<u>3,109,046</u>	<u>2,044,742</u>
TOTAL EQUITY AND LIABILITIES		<u>4,650,330</u>	<u>2,875,567</u>

CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 31 MAY 2008

	Note	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Consumed by operations	11	(808,756)	(692,199)
Taxation		(19,464)	(54,756)
Net cash generated from operating activities		<u>(828,220)</u>	<u>(746,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,602	5,971
Interest paid		(8,795)	(12,372)
Purchase of property, plant and equipment	(42,948)	-	-
Net cash generated from investing activities		<u>(49,141)</u>	<u>(6,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	-
Issue of shares net of cost		630,591	921,294
Net cash generated from financing activities		<u>630,591</u>	<u>921,294</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(246,770)</u>	<u>167,938</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>(100,627)</u>	<u>(268,565)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>(347,397)</u></u>	<u><u>(100,627)</u></u>

NOTES TO THE PRELIMINARY RESULTS

PERIOD ENDED 31 MAY 2008

1. ACCOUNTING POLICIES

The financial information set out in this announcement does not constitute the company's statutory accounts. Statutory accounts for the year ended 31 May 2008 will be delivered to shareholders and to the Registrar of Companies in the week commencing 30 June 2008 and will be available on the Company's website (www.lpm.co.uk). The report of the auditors on the statutory accounts for the year ended 31 December 2007 was unqualified and did not contain a reference to any matters which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act 2006.

Adoption of new and revised standards

The financial statements have adopted the requirements of International Financial Reporting Standards and International Accounting Standards as endorsed by the EU (collectively IFRSs) for the first time in these consolidated financial statements for the year ended 31 May 2008. Transitional disclosures from United Kingdom Generally Accepted Accounting Practice to IFRS are provided in note 12.

Basis of preparation

The financial statements have been prepared in accordance with IFRS and with the Companies Act 1985.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

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

Leased assets and turnover

Assets leased to customers on finance leases are recognised in the Balance Sheet and present them as a receivable at an amount equal to the net investment in the lease. Receipts from finance lease contracts contain a capital element which reduces the debtor and an interest charge which is credited to revenue using the 'rule of 78'. In addition 5% of total interest charges are credited to revenue in the year of inception of each lease to cover initial administration costs.

All turnover arose within the UK.

2. OPERATING PROFIT / (LOSS)

Operating profit / (loss) stated after charging:

	2008	2007
	£	£
Depreciation of property, plant and equipment	19,369	10,644
Auditors remuneration	13,260	9,087
Staff costs	295,990	370,416
Operating costs:		
Other	15,218	15,000
	=====	=====

3. DIRECTORS' REMUNERATION

The directors' aggregate emoluments in respect of qualifying services were:

	2008 £	2007 £
Aggregate emoluments	158,253	186,559
Value of company pension contributions to money purchase scheme	8,867	31,792
	<u>167,120</u>	<u>218,351</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008 No.	2007 No.
Money purchase schemes	2 ==	2 ==

4. INCOME TAX EXPENSE

(a)	2008 £	2007 £
Current tax	-	(3,683)
UK corporation tax charge	-	(79,555)
Deferred tax	-	
Current tax	<u>-</u> =====	<u>(83,238)</u> =====

Corporation tax is calculated at 20% (2007: 19%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the Income Statement as follows:

(b)	2008 £	2007 £
Profit / (loss) on ordinary activities before tax	79,868 =====	(223,707) =====
Loss on ordinary activities by rate of tax	15,974	(62,872)
Capital allowances for the period in excess of depreciation	(2,362)	(1,864)
Operating income non-taxable	-	(20,366)
Unrelieved losses	-	61,499
Utilisation of loss relief	(23,105)	-
Underprovision of current tax	(525)	-
Unexplained difference	4	-
Other short term timing differences	10,014	19,920
Total current tax (note 4(a))	<u>-</u> =====	<u>(3,683)</u> =====

5. EARNING PER SHARE

The calculations of earning per share are calculated by dividing the earnings attributable to ordinary shares by the weighted average number of shares in issue during the period. For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

	2008	2007
	£	£
Profit / (loss) attributable equity shareholders	79,868	(140,469)
Weighted average number of shares	<u>322,667,529</u>	<u>133,082,373</u>
Basic & Diluted Earnings Share	<u>0.0248p</u>	<u>(0.11)p</u>
	=====	=====

6. TRADE AND OTHER RECEIVABLES

	2008	2007
	£	£
Trade receivables	4,048,367	2,625,960
VAT recoverable	174,761	36,580
Other receivables	210,151	68,983
Prepayments and accrued income	31,080	16,567
Deferred taxation	78,861	78,861
Corporation tax	15,922	-
	<u>4,559,142</u>	<u>2,826,951</u>
	=====	=====

Trade debtors wholly represent finance lease debtors.

	2008	2007
	£	£
Gross receivables from finance leases		
No later than 1 year	2,569,267	2,514,956
Later than 1 year and no later then 5 year	2,610,991	813,819
Later then 5 years	-	-
Unearned future finance income finance lease	(1,131,891)	(702,815)
Net investment in finance leases	<u>4,048,367</u>	<u>2,625,960</u>
	=====	=====
The net investment in leases may be analysed as follows:		
No later than 1 year	1,914,527	1,275,821
Later than 1 year and no later then 5 years	2,133,840	1,350,139
Later then 5 years	-	-
	=====	=====

The cost of assets acquired for the purpose of letting under finance leases were as follows; 2008: £2,999,524 (2007: £1,886,398).

7. CURRENT LIABILITIES

	2008 £	2007 £
Bank loans and overdrafts	372,494	106,731
Trade payables	1,164,978	1,184,607
Corporation tax	-	3,542
Other taxation and social securities	5,270	9,086
Other payables	83,687	7,330
Accruals and deferred income	38,011	71,070
	<u>1,664,440</u>	<u>1,382,366</u>
	=====	=====

Trade payables wholly represent funding creditors, which are secured on the value of finance leases written during the financial year.

The trade payables figure is made up of numerous funding blocks that are repaid by monthly instalments. The length of the repayment term varies from 29 to 60 months and interest rates from 8.2% to 12%.

8. NON CURRENT LIABILITIES

	2008 £	2007 £
Bank loans and overdrafts		-
Trade payables	1,444,606	662,376
	<u>1,444,606</u>	<u>662,376</u>
	=====	=====

Trade creditors are secured as noted above, with the same repayment and interest rates.

9. SHARE CAPITAL AND PREMIUM

	No of Shares	Ordinary Shares £	Share Premium £	Total £
At 1 June 2007	146,561,469	99,925	871,369	971,294
Movement	291,650,760	198,848	431,743	630,591
At 31 May 2008	<u>438,212,229</u>	<u>298,773</u>	<u>1,303,112</u>	<u>1,601,885</u>
	=====	=====	=====	=====

Authorised:	No of Shares	Nominal Value £	Total £
Ordinary Shares	880,001,738	0.0006818	299,993
	=====	=====	=====

Allotted and fully paid:	No of Shares	Nominal Value £	Total £
Ordinary Shares	438,212,229	0.0006818	298,773
	=====	=====	=====

Issue of shares

On 25 October 2007, the company issued 291,650,760 ordinary shares at a price of £0.00025 per share. The funds raised were used in 1pm (UK) Limited to finance continuing operations.

10. RETAINED EARNINGS

	Group £	Company £
At 1 June 2007	(140,469)	-
Profit for the year	79,868	-
Equity dividends	-	-
	<hr/>	<hr/>
At 31 May 2008	(60,601)	-
	<hr/> <hr/>	<hr/> <hr/>

11. NOTES TO THE STATEMENT OF CASH FLOW (Group only)

	2008 £	2007 £
Profit / (loss) before income tax for the year	86,061	(217,306)
Adjustment for:		
Depreciation	19,369	(24,112)
Trade and other receivables	(934,039)	(7,873)
Trade and other payables	19,853	(442,908)
	<hr/>	<hr/>
Cash generated from operations	(808,756)	(692,199)
	<hr/> <hr/>	<hr/> <hr/>

12. EXPLANATION OF TRANSITION TO IFRS

As stated in the basis of preparation, these are the group's first consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from UK GAAP to IFRS has affected the group's financial statements is set out below:

Balance Sheet and Income Statement:

The adoption of the IFRS by the group has resulted in some reordering of the presentation of certain balances within both the Income Statement and Balance Sheet. In accordance with IFRS negative goodwill previously recognised in accordance with UK GAAP has been derecognised. The audited financial results to 31 May 2007 have been duly restated.

	UK GAAP £	Presentation Differences £	IFRS £
Profit on ordinary activities after tax	(247,669)	107,200	(140,469)
Intangible assets - negative goodwill	(107,200)	107,200	-
Earning per share - basic and diluted	(0.19)p	-	(0.11)p

Cash Flow Statement:

Changes in the cash flow previously reported under UK GAAP are mainly presentational. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand less overdrafts.

13. TRANSACTIONS WITH DIRECTORS

A director Mr M R Johnson has given personal guarantees to: Svenska Handelsbanken plc of £350,000, Hitachi Capital Limited to of £10,000,000 & Kingston Asset Finance Limited to the outstanding debt at the time of the agreement being terminated.

During the year the following directors invoiced the company for services rendered:

A F Williams invoiced the company for £5,400

P Connell invoiced the company for £7,770

M Johnson invoiced the company for £93,016

R Channon invoiced the company for £15,000

There were no balances at the year-end.