



Glen Group plc is a provider of integrated telecommunications and IT solutions serving the SME market. The Group provides a wide range of services to its clients, including telecommunications calls and access, IT integration and hosted broadband voice services. It operates across the UK from its base in Edinburgh.

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CHAIRMAN'S STATEMENT

Overview

We have had a disappointing year. Our operating loss, before IFRS adjustments and exceptional costs more fully explained in the Business Review, was £1.2m compared to £597k last year. Although the first half saw us trading in line with expectations, the second half has been coloured by several major events.

On the positive side we acquired the Pinnacle Telecom Group of companies early in June 2007, giving us valuable recurring income and a move into mainstream telecommunications.

We also acquired I G Software Limited ("inGroup") in August as an add-on to the service portfolio of Eclectic, a provider of business intelligence solutions to the corporate and middle market space.

Eclectic was the biggest company in the group and sat at the heart of the business in terms of turnover and profit. However, Eclectic performed below expectations, particularly in the second half, and when the opportunity arose we elected to dispose of Eclectic and inGroup and completed the sale in early January 2008.

During the year we also materially downscaled the activities of Glen Communications.

Eclectic and inGroup

In the first half, Eclectic reported a strong operating profit of £191k. This was after an investment of £76k incurred in that period to develop Oracle and Microsoft consultancy practices. In the second half Eclectic experienced an operating loss of £116k making the full year operating profit a most disappointing £75k. Although part of this was caused by an increasing investment in the new practices, which resulted in further costs of £136k in the second half, the result was significantly below expectations resulting in your Board immediately having to consider the future of this business.

The Eclectic business was also augmented at the beginning of August with the acquisition of inGroup. From the date of acquisition this company performed poorly and contributed a very modest £6k to operating profit over the two month period from acquisition to the year end. Although its performance picked up after the year end, the operating result for the year fell well below our expectations.

Given the economic climate, particularly in respect of the credit markets and our significant involvement with the financial services industry, your Board felt that the risk of continuing in this business could overwhelm the group. Accordingly, we moved quickly to dispose of these businesses, and completed the sale in early January 2008. We believe that it was a timely sale.

Glen Communications

Since our original AIM admission in December 2004, we have invested significant sums in developing the Glen Communications business using a direct sales team. This company was our prime SME focussed business, but much of its income was non-recurring. The acquisition last year of ExploreIT allowed us to have a more rounded portfolio of integrated services to the SME market, as well as contributing some recurring income. As outlined to shareholders in our interim statement, we started to reduce the size of the sales team and concentrate on IT-centric services which could give us higher revenues and margins from each sale. However, we found that the transition to IT was developing at a slower pace than we expected.

The acquisition of Pinnacle in June 2007 gave us the impetus to abandon both the direct selling and the project driven business, allowing us to concentrate on recurring income streams. Although we firmly believe that there was nothing fundamentally wrong with a direct sales strategy, it was expensive and becoming increasingly difficult to fund. We also believe that the time scale to profitability was too long and difficult to sustain, given our size. We have incurred material costs in downsizing this business, which included the departure of the Managing Director and all the employees of that company.

Pinnacle Group

The acquisition of this company in June 2007 has proven to be a success story. With stable recurring income, and an increasing customer base, Pinnacle has performed well and the various companies in the Pinnacle group have contributed operating profit of £41k since acquisition. Your Board has given approval to expand this business, in a manner consistent with a prudent approach. The development of this business maximises the skill set of our highly experienced team. Our CEO, Graham Duncan, has 25 years of experience in the telecom business and Alan Bonner, who co-founded Pinnacle and is its MD, has been in the business over 10 years.

Summary

The company has come to a crossroads. Its size is small in the public arena, particularly in the present climate and the profits generated by the remaining business, focused around Pinnacle, are not sufficient to cover all the costs of the holding company, Glen Group plc. However, following the disposal of Eclectic and inGroup, we have a debt free balance sheet with cash in hand.

Your Board continues to explore all possible options to return the business to a profitable and cash generative model. Whilst we review our options, our operational focus is the communications business which continues to meet our financial targets. We expect to complete the review by the summer 2008, and I can assure all shareholders that the agreed approach will meet our cash and profit criteria from commencement.

CHAIRMAN'S STATEMENT (CONTINUED)

In order to strengthen our Board, I was delighted a few weeks ago to welcome to the Board David Hewitt, a sales specialist of considerable experience, as an additional non-executive director. His skill set will give Graham Duncan, our CEO, valuable support as we seek to move the business forward. David Hewitt will come up for election at our Annual General Meeting. I would also like to pay tribute to Peter Ford who retires by rotation at the AGM and is not seeking re-election. Peter has made a major contribution to the Company over a six year period but now feels that the time is right to move on. On behalf of all members of the Board, I wish him well.

This has been a year of immense change, the funding of which has had a major impact on our operating costs. This, coupled with the requirements of IFRS accounting, has had a profound effect on our results. With these changes, and costs, behind us we anticipate a period of stability and sustainable growth going forward.

Full details of the financial performance for the full year are contained in the Business Review.

Eric M Hagman CBE

Chairman

28 March 2008

Introduction

The year can be characterised as one of significant change. Following the acquisition on 7 June 2007 of Pinnacle Group Limited and its related companies Pinnacle Telecom plc, Pinnacle Mobile Limited and Sports Club Telecom Limited (collectively "Pinnacle Group") the integrated communications business was redefined around the telecom operations of Pinnacle Group. Glen Communications Limited and its wholly owned subsidiary Explore IT Limited stopped active selling of project based IT services to the SME market and its Managing Director left following a material downscaling of this business which included the withdrawal of the direct sales team. As outlined in the Chairman's Statement, major changes have also been actioned since the year end with the sale on 7 January 2008 of Eclectic and inGroup to Maxima Holdings plc. The transaction took the form of a sale of the assets and undertaking of the businesses of Eclectic and inGroup, including its people, supply agreements, customer contracts, the Eclectic and inGroup names and other related data, all with effect as at close of business on 31 December 2007. Glen Group plc has guaranteed the obligations of Eclectic and inGroup under the agreement. The practical effect of selling the business undertakings, rather than the share capital of the companies, is that Glen is left with the two legal entities to wind down. This is currently in progress and is expected to take several months to complete.

The total cash consideration received was £2.72m.

These actions have left the retained businesses operating with fewer than 10 employees out of a single office in Edinburgh, and the cost structures have been completely overhauled.

Since 7 January 2008, the Glen Group has consisted of five operating companies all addressing the SME market. Following a strategic review of our SME focused businesses conducted after the acquisition of Pinnacle Group in June 2007 the entire business was refocused on services that can generate recurring income streams.

The retained businesses are as follows:

- Pinnacle Telecom plc and Sports Club Telecom Limited, which provide line rental and calls, utilising the group's own in-house billing system;
- Pinnacle Mobile Limited which provides a range of mobile voice and data services;
- Glen Communications Limited, which principally provides voice-based hosted broadband services (hosted "VoIP") and will in the future provide a range of application-based hosted solutions; and
- Explore IT Limited, which provides external IT support services and internal technical support for our IP (Internet Protocol) solutions.

Our customer acquisition strategy is now focused on generating customers for our telecom solutions business where we package line rental and calls for business customers. This service is at the core of the Pinnacle Group and the strategy going forward is to cross sell our other services into this customer base. Our customer acquisition strategy is being driven by the use of an offshore call centre under the control of an experienced consultant with several years of success in this area. The use of an offshore call centre has been introduced since the year end and has recently been up-scaled following a successful trial period. It is our intention to introduce other indirect channels to market during 2008.

These changes were designed to a) significantly lower our costs, b) deliver services and cross selling opportunities into business areas which we perceive to be the fastest growing in the integrated communications space, c) deliver regular recurring income to our business and d) provide a much more focused approach to the marketplace.

As an innovative company, we constantly examine the application of new technologies to our market as the market moves away from traditional telecommunication technologies to those that use IP technology, the language of the Internet. We see rapid change, and therefore opportunities, in introducing IP based solutions to customers in this fast moving market and are currently examining a number of initiatives in this area.

Accounting under the IFRS rules requires us to treat the sale of Eclectic and inGroup, which took place after the year end, as a single line item headed "discontinued operations" in the consolidated income statement to 30 September 2007 and as "assets included in disposal groups" in the consolidated balance sheet at 30 September 2007. Moreover, the 2006 comparative figures in the consolidated income statement have also been similarly adjusted. In the consolidated balance sheet at 30 September 2007, there is also an adjustment which writes down the carrying value of the disposal groups to the anticipated realisable value of the assets and businesses sold.

This presentation, in our view, makes comparison against the previously published figures for 2006 and the half year to 31 March 2007 very difficult. Accordingly, we have shown below the results for 2007 in a format which we believe makes for a simpler understanding and an easier comparison against the published results for 2006.

BUSINESS REVIEW (CONTINUED)

1) Revised Presentation

The consolidated income statement for the year ended 30 September 2007 and the 2006 figures, as published in the prior year, are as follows:

CONSOLIDATED INCOME STATEMENT	12 Months 30 September 2007 £	12 Months 30 September 2006 £
Revenue:		
Eclectic	5,499,844	2,733,144
inGroup	171,091	–
Glen Communications, including Explore IT	638,044	965,101
Pinnacle Group	376,826	–
Totals	6,685,805	3,698,245
Cost of Sales	(4,917,696)	(2,365,896)
Gross Profit	1,768,109	1,332,349
Administration expenses	(2,894,803)	(1,921,571)
Operating loss before amortisation, impairment and fundamental reorganisation	(1,126,694)	(589,222)
Amortisation of intangibles	(65,741)	–
Impairment of goodwill	(1,444,111)	–
Exceptional cost of fundamental reorganisation	(305,415)	–
Operating loss	(2,941,961)	(589,222)
Finance costs	(62,195)	(20,566)
Loss before taxation	(3,004,156)	(609,788)
Taxation	(1,221)	(3,803)
Loss for the year	(3,005,377)	(613,591)

2) Revenue

Revenue for the full year was £6,685,805 compared to £3,698,245 in the equivalent period last year, a rise of approximately 80%, due largely to the impact of acquisitions. An analysis of revenue is as follows:

CONSOLIDATED INCOME STATEMENT	Notes	12 Months 30 September 2007 £	12 Months 30 September 2006 £
Revenue:			
Eclectic		5,499,844	2,733,144
inGroup	1	171,091	–
Glen Communications, including Explore IT Limited		638,044	965,101
Pinnacle Group	2	376,826	–
Totals		6,685,805	3,698,245

Notes:

1. From date of acquisition on 10 August 2007
2. From date of acquisition on 7 June 2007

Revenue in the first half of the financial year was reported at £2,924,819. The second half revenue therefore amounts to £3,760,986, an increase of 28.5% in the second half, which can be mainly explained by the impact of acquisitions in the second half, coupled with a rising revenue from Eclectic mainly due to the effect of licence sales.

The revenue in Glen Communications, including Explore IT, has been adversely affected by the removal of the direct sales team coupled with a significant reduction in other staff numbers including the closure of the office in Rotherham and the abandonment of project based IT solutions aimed at the SME market and sold through Explore IT.

3) Gross Margins

The overall gross profit for the full year was £1,768,109, representing a gross margin of 26.4%. This compares to a gross margin of 36.0% for last year. The margin has been adversely affected by a changing mix of services, but more materially by costs of £212,467 incurred by Eclectic in establishing Oracle and Microsoft practices, which have had little impact on the top line in the current year. Without these costs, the margin would have been 29.6%. In addition, Eclectic's licence sales represent 26.6% of Eclectic's overall revenue, and historically sold on low margins, compared to just 13.3% of revenue last year. These factors have adversely affected the overall margin.

4) Exceptional Reorganisation Costs

As well as the development costs of £212,467 mentioned above which are included in cost of sales, the operating result for the year has also been very materially affected by the costs of a fundamental reorganisation totalling £305,415. These costs relate to specific moves taken to eliminate the direct sales team, close the Rotherham office, release people and abandon the IT project business. The majority of these costs relate to contractual termination and benefits paid to senior managers and others who have left the business.

5) Operating Loss before amortisation, impairment and fundamental reorganisation

In the full year we have incurred an operating loss of £1,126,694 (2006: £589,222). Without the development costs, noted above, the operating loss would have been £914,227. In the first half of the financial year, the operating loss was reported as £565,350. In the second half, the operating loss has reduced marginally to £561,344.

An analysis of the operating profit and loss by company and/or business unit is as follows:

CONSOLIDATED INCOME STATEMENT	Notes	12 Months 30 September 2007 £	12 Months 30 September 2006 £
Operating profit/(loss) before exceptional costs:			
Eclectic	1	75,030	147,941
In Group	2	6,337	–
Glen Communications, including Explore IT Limited		(681,888)	(365,894)
Pinnacle Group	3	41,302	–
Glen Group plc		(567,475)	(371,269)
Totals		(1,126,694)	(589,222)

Notes:

- 1 2006 figures cover a seven and a half month period
- 2 From date of acquisition on 10 August 2007
- 3 From date of acquisition on 7 June 2007

The overall performance for the year has been disappointing and major steps have been taken to fundamentally change the structure of the business. Comments on the individual performance by business unit are as follows:

a) Eclectic

The result has been coloured by the investment made to develop Oracle and Microsoft practices during the year which totalled £212,467, without the generation of any corresponding material income. With these development costs excluded, Eclectic would have delivered a profit of £287,497. It was anticipated that the development costs would self fund over a 12 month period and, because this did not materialise, the actual performance fell well short of our internal budgets. This business was sold on 7 January 2008.

b) inGroup

InGroup was acquired less than two months before the year end and its initial trading was disappointing, delivering a profit of £6,337 over that period. In the short period under which we owned the business, we had taken material steps to integrate its operations with that of Eclectic, a process which had been largely completed by the time we sold the business on 7 January 2008.

c) Glen Communications/Explore IT

In the first half of the year, Glen Communications, together with Explore IT, returned an operating loss of £276,420 before reorganisation costs. In the second half the losses have been reduced to £168,590. Since acquiring Pinnacle in June 2007, we have reduced Glen Communications to a near shell. It no longer has any employees and much of the loss for the year to 30 September 2007 is taken up by salary and benefit costs, employee termination costs, office closure costs and costs associated with running a direct sales team, all of which has now been eliminated.

Explore IT has also been slimmed down but it carries an important skill set for our business going forward and has a solid base of recurring income.

d) Pinnacle Group

Since acquisition, Pinnacle has delivered a performance in line with our expectations and it is running profitably on a base of mainly recurring income. Since acquisition the Pinnacle companies have delivered an operating profit of £41,302. Apart from its people, its key assets are its billing system, which we are continuing to develop, and its customer base which delivers a steady stream of recurring income.

e) Glen Group plc

The holding company carries all the costs of the Board and the AIM listing costs. Although the costs have increased from £371,269 last year to £567,475 this year, an increase of £196,206, much of this cost can be attributed to the accounting group which we created inside the holding company structure following the acquisition of Eclectic. This group was disbanded in late September when the accounting costs were transferred back to the operating companies.

f) Financing

During the year, the earn-out provisions associated with the acquisition of Eclectic in February 2006 crystallised. Eclectic delivered the maximum level of profits under the terms of the earn-out conditions and, accordingly, Glen Group issued 73,825,818 shares at 1.067p per share to satisfy the deferred consideration payable to the vendors, all in accordance with the earn-out formula contained in the sale and purchase agreement.

On 27 February 2007, following shareholder approval, the company's share capital was reorganised. Holders of each ordinary share of nominal one penny each received one ordinary share of nominal one-tenth of a penny and one deferred share of nominal nine-tenths of a penny. The conditions attaching to the deferred shares render them worthless and the practical effect is to lower the nominal value of the shares to one-tenth of a penny to allow the company to issue shares in the future. This had not been possible throughout most of 2006 as the market price of the shares had fallen below the original nominal value of one penny per share, and the issue of shares at a discount to the nominal value is unlawful.

At the same time as the reorganisation became effective, the company raised a further £500,000 (before expenses) in new equity, applied to expanding working capital, by the issue of 100,000,000 new ordinary shares at 0.50 pence per share. The company has also issued further equity during the year as follows:

- On 14 May 2007 the company raised £350,000 (before expenses) by the issue of 100,000,000 new ordinary shares at 0.35 pence per share in order to assist acquisitions, particularly the costs of due diligence, and provide further working capital,
- On 6 June 2007 the company announced the acquisition of Pinnacle Group Limited for a consideration of £700,000 satisfied by the issue of 122,727,273 shares at 0.55 pence per share and £25,000 in cash. The shares were issued at a premium of 15.8% to the then mid-market price.
- On 25 June 2007, the company issued 3,863,636 new ordinary shares at 0.55 pence per share to acquire certain minority interests in Sports Club Telecom Limited and 1,000,000 new ordinary shares at 0.55 pence per share to acquire 50% of the shares in Pinnacle Mobile Limited, giving the group 100% ownership of both companies. These shares were issued at a premium of 15.8% to the then mid-market price.
- On 9 August 2007, the company announced the acquisition of I G Software Limited ("inGroup") for a consideration of £1,350,000 satisfied by the issue of 200,000,000 new ordinary shares at 0.55 pence per share and £250,000 in cash. The shares were issued at a premium of 100% to the then mid-market price.
- On 23 August 2007 the company raised £400,000 (before expenses) by the issue of 200,000,000 new ordinary shares at 0.20 pence per share in order to provide further working capital.
- On 19 September 2007 the company completed a follow-on fund raising of £130,000 (before expenses) by the issue of 65,000,000 new ordinary shares at 0.20 pence per share in order to provide further working capital.

Where shares are issued at a premium to the mid-market price, a fair value adjustment is processed in the financial statements which recognises the difference between the value of shares issued at a premium and the value of the relevant shares had they been issued at the prevailing mid-market price. In the year to 30 September 2007 the fair value adjustment was £646,909 (2006: £417,221)

6) Amortisation of intangibles, impairment of goodwill and exceptional cost of fundamental reorganisation

In accordance with IFRS, we have reviewed the assets acquired on the acquisition of Pinnacle Group Limited (consisting of Pinnacle Telecom plc and Sports Club Telecom Limited), and have allocated the net goodwill that was created, totalling £717,109, as follows:

Billing system	£150,000
Customer base	£567,109

We are amortising these intangible assets over five years. Along with the amortisation of intangibles in Explore IT, this has resulted in a charge to the consolidation income statement of £65,741. The Board has also reviewed the carrying cost of the goodwill relating to Glen Communications and ExploreIT and have determined that it is prudent to write it off. This has resulted in a charge of £994,111 in the consolidated income statement.

The costs of fundamental reorganisation are commented on at 4) above.

7) Discontinued operations

This consists of the profits of Eclectic and inGroup which have been retained for the period, totalling £28,219, less a write down of £450,000 relating to the estimated realisable value of the assets retained, following the sale of the business of these companies in January 2008.

Graham J Duncan MA CA

Chief Executive
28 March 2008

CORPORATE GOVERNANCE

The Board is committed to ensuring that proper standards of corporate governance operate and has established governance procedures and policies that are considered appropriate to the nature and size of the group.

Directors and the Board

The Board directs the group's activities in an effective manner through regular monthly Board meetings and monitors performance through timely and relevant reporting procedures. Where it deems it necessary the Board requests reports on specific areas outwith the normal reporting regime. All Directors have access to advice from the Company Secretary and, if required, independent professionals at the Company's expense. Training is available for new and other Directors as necessary.

The Board at present comprises one Executive and three Non-Executive Directors. The roles of Chairman and Chief Executive are separate appointments.

The Board has established two committees, the audit committee and the remuneration committee. It will also set up a nominations committee when the need arises. Membership of both the audit committee and the remuneration committee is made up of the three Non-Executive Directors. Eric M Hagman is Chairman of the audit committee and Peter J Ford of the remuneration committee. A separate report on Directors' remuneration is set out on pages 8 to 9

Under the Company's articles of association, the nearest number to one third of the Board shall retire each year by rotation. Any director appointed by the board during the year will also retire.

Accountability and audit

The Board considers that the annual report presents a balanced and understandable assessment of the group's performance and prospects. The audit committee has written terms of reference setting out its authority and duties and has meetings, at which Executive Directors also have the right to attend, at least two times a year with the external auditors. The audit committee reviews the independence and objectivity of the external auditors. The committee reviews the nature and amount of the non-audit work undertaken by the auditors to satisfy itself that there is no effect on their independence. The committee is satisfied that Grant Thornton UK LLP are independent.

Going concern

On the basis of a review of facilities available to the group together with a review of forecasts, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Internal financial control

The group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the group. The key procedures that have been established in respect of internal financial control are as follows:

- Financial reporting: there is in place a comprehensive system of financial reporting based on the annual budget which the Board approves. The results for the group as a whole and each business sector are reported monthly, along with an analysis of key variances. Year-end forecasts are updated on a regular basis.
- Investment appraisal: applications for capital expenditure are made in a format which places emphasis on the commercial and strategic as well as the financial justification. All significant projects require specific Board approval. No system can provide absolute assurance against material misstatement or loss but the group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the group's strategy and performance, Board membership and quality of management. The AGM will be used to communicate with all shareholder and investor groups, and they are encouraged to participate. The Chairmen of the audit and remuneration committees will be available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to receive the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

The group complies with AIM Rule 26 and uses its website at www.glengroup.co.uk as a means of providing information to shareholders and other related parties. The Company's annual report and accounts, interim reports and other relevant announcements are now available on this website.

REPORT OF THE BOARD TO THE MEMBERS ON DIRECTORS' REMUNERATION

The committee has given consideration to the Combined Code issued by the Financial Services Authority in framing its remuneration policy. As the Company is quoted on AIM, it is not required to comply with the provisions of Schedule 7(A) of the Companies Act 1985. The following disclosures are voluntary.

Remuneration committee

The remuneration committee determines, on behalf of the Board, the group's policy for Executive remuneration and the individual remuneration packages for Executive Directors. In setting the group's remuneration policy, the remuneration committee considers a number of factors, including the following:

- salaries and benefits available to Executive Directors of comparable companies;
- the need to attract and retain Executives of an appropriate calibre; and
- the continued commitment of Executives to the group's success through appropriate incentive schemes.

The committee meets at least once each year.

Remuneration of the Executive Director

The remuneration package of the only Executive Director during the year comprised the following elements:

• Base salary

The remuneration committee sets a base salary to reflect responsibilities and the skill, knowledge and experience of the individual. The Executive Director does not receive a Director's fee.

• Bonus scheme

The Executive Director was eligible to receive a bonus of up to 100 per cent. of base salary dependent on individual and group performance relative to the annual budgets. Bonus payments are at the discretion of the remuneration committee. Effective 1 October 2007, the bonus eligibility has been removed and the annual bonus consolidated into base salary recognising that, due to the size of the Group and using his relevant qualifications, the sole Executive Director also carries out the role of Finance Director.

• Car allowance and other benefits

The Executive Director is entitled to a car allowance. Effective 1 October 2007, this has been withdrawn and consolidated into base salary. The Company pays private health care for the Executive Director and his family. The Executive Director also has life and disability cover.

• Pensions

Pension contributions to the Executive Director's personal pension arrangements are payable by the group at the rate of 12.5% of base salary.

The Executive Director is engaged under a service contract which requires a notice period of 12 months.

Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Board and include a basic fee. Due to the size of the group no additional fees are paid in respect of committee chairmanships and they are not entitled to receive any bonus or other benefits, other than at the discretion of the Board. The Chairman has been awarded share options. Non-Executive Directors' letters of appointment are on a three month rolling basis.

Directors' remuneration

Details of individual Directors' emoluments for the year are as follows:

	Fees and Salaries		Bonus		Pensions		Benefits		Totals	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
Non-executive										
E M Hagman	20,000	20,000	–	–	–	–	978	978	20,978	20,978
P J Ford	17,000	15,000	–	–	–	–	–	–	17,000	15,000
Executive										
G J Duncan	104,500	96,000	60,000	–	11,813	11,250	10,692	11,164	187,005	118,414
Totals	141,500	131,000	60,000	–	11,813	11,250	11,670	12,142	224,983	154,392

REPORT OF THE BOARD TO THE MEMBERS ON DIRECTORS' REMUNERATION (CONTINUED)

Benefits includes the costs of share options issued to the Directors as follows:

Name of Director	2007 £	2006 £
E M Hagman	978	978
G J Duncan	7,294	7,294
	8,272	8,272

Directors' interests in shares

The interests of the Directors in the shares of the Company at 30 September 2007 together with their interests at 1 October 2006 were as follows:

Name of Director	Number of ordinary shares	
	2007	2006
E M Hagman	3,333,000	3,333,000
G J Duncan	22,821,314	22,821,314
P J Ford	20,014,475	20,014,475

Of the 22,821,314 ordinary shares in which G J Duncan is interested, 4,422,324 (2006: 4,422,324) ordinary shares are registered in the name of Margaret H Duncan, Mr. Duncan's wife, and 5,182,967 (2006: 5,182,967) ordinary shares are registered in the name of Duncan Ventures Limited, an entity in which Mr. and Mrs. Duncan are interested.

All the shares held by P J Ford are registered in the name of Mr. Ford's pension scheme, a money purchase personal pension.

Directors' interests in share options

The interests of the Directors in options over the ordinary shares of the Company at 30 September 2007 together with their interests at 1 October 2006 were as follows:

Name of Director	1 October 2006	Granted	Exercised	30 September 2007	Price	Date from which exercisable	Expiry date
E M Hagman	666,667	–	–	666,667	3.00p	1/12/2005	1/12/2014
G J Duncan	10,000,000	–	–	10,000,000	1.00p	13/02/2009	14/02/2016

The option granted to Mr. Hagman was at the placing price on 1 December 2004, being the market value at the time of grant. There are no performance criteria. The option granted to Mr. Duncan was at the placing price on 15 February 2006 when the acquisition of Eclectic Holdings Limited completed, being the market value at the time of grant. The exercise of Mr. Duncan's option is conditional on achieving certain performance criteria agreed by the Remuneration Committee.

In 2006, two Directors of the Company's subsidiaries were each granted options over 7,500,000 shares of the Company. These options, granted to John Nicoll and Craig Saunderson, were at 1.00p, the placing price on 15 February 2006 when the acquisition of Eclectic Holdings Limited completed, being the market value at the time of grant. The exercise of these options was conditional on achieving certain performance criteria agreed by the Remuneration Committee. Both these options have now lapsed. Mr. Nicoll left the group following the sale of the Eclectic business on 7 January 2008, and Mr. Saunderson left the group during the year following a fundamental reorganisation of the Glen Communications business.

No other Directors have been granted share options in the shares of the Company or other group companies. The mid-market price of the Company's shares at the end of the financial period was 0.275p and the range of prices during the period was between 0.875p and 0.275p.

By order of the Board

Peter J Ford

Chairman, Remuneration Committee
28 March 2008

DIRECTORS' REPORT

The directors present their report on the affairs of the group, together with the financial statements and auditors' report for the year ended 30 September 2007.

Principal activity

The principal activity of the group is the provision of IT and communications solutions to businesses within the United Kingdom.

Business review and future developments

A review of the results and development of the business for the year and of future developments in the business is contained within the Chairman's Statement on pages 1 to 2 and the Business review on pages 3 to 6. The major key performance indicators that the Directors monitor are revenue and gross margin, both overall and by type of business. The Board also monitors customer statistics.

Results and dividends

The group's loss on ordinary activities after taxation was £3,005,377 (2006: £613,591). The audited financial statements of the group are set out on pages 14 to 42. The Directors do not propose a dividend for the year ended 30 September 2007.

Directors and their interests

The directors who served during the period and subsequently are set out below:

E M Hagman
G J Duncan
P J Ford
D D Hewitt (appointed 28 February 2008)

In accordance with the Company's articles of association, David D Hewitt will offer himself for re-election at the forthcoming annual general meeting. Peter J Ford will retire by rotation and does not offer himself for re-election. Details of Director's interests in the Company's shares are set out in the report of the Board to the members on Directors' remuneration on pages 8 and 9.

Key risks and uncertainties

The Group is exposed to liquidity risk, interest rate risk and credit risk. The Group's risk management is managed by the executive Directors in close co-operation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows. As discussed in the business review the business has a number of strategic options each with its own commercial and sector risks. These risks together with the Group's financial risk management and objectives are set out in note 24.

Acquisitions

During the year the Company acquired the entire issued share capital of Pinnacle Group Limited, Pinnacle Telecom plc, Sports Club Telecom Limited and Pinnacle Mobile Limited, all companies providing telecommunications services mainly in the SME sector. Further details are contained in notes 3.1 to 3.3.

Also during the year Eclectic Group Limited acquired the entire issued share capital of I G Software Limited, a computer software consultancy business, further details are contained in note 3.4.

Post balance sheet event

In January 2008, the Group sold the trade and certain assets of Eclectic Group Limited and its wholly owned subsidiary, I G Software Limited, for a cash consideration of £2,721,658 representing the sum of £3m less an adjustment of £278,342 in respect of deferred income, accruals and prepayments as at 31 December 2007, being the date of transfer of the trade and certain assets to Maxima Holdings plc.

Substantial Shareholdings

At 28 March 2008 the following interests in three percent or more of the issued ordinary share capital had been notified to the Company.

	Number of ordinary shares	Percentage held
Alan Bonner	122,727,273	10.28%
Jofi Alexander (Note 1)	75,356,571	6.31%
Rachel Alexander	37,677,714	3.16%
Surit Patel (Note 2)	75,356,571	6.31%
Namrata Patel	37,677,714	3.16%

Note 1: Includes the interests of his wife, Rachel Alexander

Note 2: Includes the interests of his wife, Namrata Patel

Share capital

The share capital during the year and the number of ordinary shares reserved for issue are shown in note 21 to the consolidated financial statements.

Employee involvement

All group companies utilise their own secure intranet system to disseminate relevant information to all staff. Information about all products and services is also available on the web sites of the operating companies.

Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Supplier payment policy and practice

The company and its subsidiaries agree the terms of payment when negotiating the terms and conditions for their transactions with their suppliers. Payment is made in compliance with those terms, subject to the terms and conditions of the relevant transaction having been met by the supplier. Trade creditor days of the group at 30 September 2007, calculated in accordance with the requirements of the Companies Act 1985, were 92 days (2006: 89 days). This represents the ratio, expressed in days, between amounts invoiced to the Company and its subsidiaries in the year by their suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

Going concern

On the basis of a review of resources available, the directors have a reasonable expectation that the Group has adequate funding to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' statement

In so far as the Directors are aware there is no relevant information of which the Company's auditors are unaware and the Directors have taken all reasonable 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.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act and a resolution will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Peterkins

Company Secretary
28 March 2008

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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GLEN GROUP PLC

We have audited the group financial statements of Glen Group plc for the year ended 30 September 2007 which comprise the principal accounting policies, the group income statement, the group balance sheet, the group cash flow statement, the group statement of changes in shareholders' equity, and notes 1 to 26. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Glen Group plc for the year ended 30 September 2007.

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 group 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 group 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 group financial statements give a true and fair view and whether the group 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 and Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 audited group financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, Business Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group 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 group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group'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 group 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 group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 September 2007 and of its loss for the year then ended;
- the Group 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
Edinburgh
28 March 2008

PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the group are set out below.

The principal accounting policies of the Group have remained unchanged from the previous year.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements.

New standards not applied

During the year, the IASB issued the following standards, which the group has not adopted.

- Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures (effective 1 January 2007)
- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 7 Financial Instruments: Disclosures (effective 1 January 2007, replaces disclosure aspects of IAS 32)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective 1 March 2007)
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

The effective date relates to periods beginning on or after the stated date. The full effects of these on the Group accounts are not known at this time.

b) Basis of consolidation

The group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September 2007. Subsidiaries are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from its activities. The group obtains and exercises control through voting rights.

Unrealised gains on transactions between the group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

c) Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Refer to Principal Accounting Policy (k) for a description of impairment testing procedures.

d) Revenue

Revenue is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as principal and for services provided, excluding VAT and trade discounts. Revenue from mobile commissions is recognised when the customers are connected to the relevant network. Revenue from IT services are billed to clients in accordance with agreed terms, and recognised in line with performance of the contract.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

e) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

f) Property, plant and equipment

Property, plant and equipment, which include motor vehicles, are stated at cost, net of depreciation and any provision for impairment.

g) Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the income statement. Any revaluation surplus remaining in equity on disposal of the asset is transferred to the profit and loss reserve.

h) Discontinued operations

A discontinued operation is a cash-generating unit, or a group of cash-generating units, that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date for the latest period presented

i) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment – over three years

IT equipment – over three years

Fixtures and fittings and leasehold improvements – over three years

Motor vehicles – over three years

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

j) Intangible fixed assets

The following items were identified as part of the acquisitions of entities by the group:

Maintenance contracts - amortised over 10 years

Billing software – amortised over 5 years

Customer base – amortised over 5 years

Amortisation on intangible assets is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

k) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows.

Goodwill and other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses are credited to the carrying amount of the relevant asset. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l) Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

m) Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items and the cost is calculated using the FIFO basis.

n) Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

o) Financial assets

Financial assets are divided into the following category: loans and receivables. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date.

Interest and other cash flows resulting from holding financial assets are recognised in the income statement when receivable, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when objective evidence is received that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

q) Financial liabilities

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in "finance cost" in the income statement. Bank loans are raised for support of long term funding of the group's operations. They are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Dividend distributions payable to equity shareholders are included in "other short-term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

r) Equity

Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

"Shares to be issued" represents the maximum value of shares to be issued in respect of the earn out consideration payment due to the former shareholders of Eclectic Holdings Limited.

"Other reserve" represents equity-settled share-based employee remuneration until such share options are exercised.

"Fair Value Adjustment" represents the difference between the market value at the date of issue of the first and second consideration shares and the value agreed with the vendors.

"Profit and loss reserve" represents retained profits and accumulated losses.

s) Employee benefits

- Defined Contribution Pension Plan

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

A defined contribution plan is a pension plan under which the group pays a fixed contribution into an independent entity. The group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

- Share-Based Payment – Equity settled

All material share-based payment arrangements are recognised in the financial statements. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

t) Government grants and assistance

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual installments over the expected useful lives of the relevant assets.

Government assistance of a revenue nature is credited to the income statement in the same period as the related expenditure.

u) Exceptional items

The group disclose certain items as exceptional where it is determined their separate disclosure would enable a clearer understanding of the financial statements.

v) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The group has made two acquisitions during the year, being the Pinnacle Group of companies and I G Software Limited. The allocation of fair values to the tangible assets and the identification and valuation of intangible assets affects the goodwill and the assignment of that to the cash generating unit, recognized in respect of each acquisition. Estimates and judgements around the allocation of fair values are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

w) Going concern

On the basis of a review of resources available, the directors have a reasonable expectation that the Group has adequate funding to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

x) Disposal group

Assets and liabilities that have been classified as a disposal group, indicates that they are available for immediate sale and the disposal is deemed highly probable.

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2007

	Note	2007 £	2006 £
Revenue	4	1,014,870	965,101
Cost of sales		(777,911)	(550,532)
Gross profit		236,959	414,569
Administration expenses		(1,445,020)	(1,011,732)
Operating loss before amortisation, impairment of goodwill and exceptional cost		(1,208,061)	(597,163)
Amortisation of intangibles		(65,741)	–
Impairment of goodwill		(994,111)	–
Exceptional cost of fundamental reorganisation		(305,415)	–
Operating loss	5	(2,573,328)	(597,163)
Interest receivable		2,771	3,054
Interest payable		(12,600)	(10,170)
Finance costs	6	(9,829)	(7,116)
Loss before tax		(2,583,157)	(604,279)
Taxation	20	(439)	(3,803)
Loss for the year from continuing operations		(2,583,596)	(608,082)
Discontinued operations			
Loss for the year from discontinued operations	2.1	(421,781)	(5,509)
Loss for the year		(3,005,377)	(613,591)
Loss per share	8		
– Loss per share basic and diluted – continuing		(0.46)p	(0.28)p
– Loss per share basic and diluted – discontinued		(0.07)p	(0.00)p
– Loss per share basic and diluted – total		(0.53)p	(0.28)p

There are no other gains and losses other than the loss for the year.

See accompanying notes to the financial statements.

CONSOLIDATED BALANCE SHEET

as at 30 September 2007

	Note	2007 £	2006 £
Assets			
Non-current assets			
Goodwill	9	–	3,562,740
Intangible assets	11	751,368	100,000
Property, plant and equipment	13	105,132	112,667
Total non-current assets		856,500	3,775,407
Current assets			
Inventories	15	22,524	26,752
Trade and other receivables	16	1,729,599	1,571,471
Cash and cash equivalents	17	157,361	1,075
Total current assets		1,909,484	1,599,298
Assets included in disposal groups	2	2,749,005	–
Total assets		5,514,989	5,374,705
Liabilities			
Short term borrowings			
Trade payables	17	(587,308)	(578,731)
Other taxes and social security costs	17	(1,234,194)	(939,817)
Accruals and other payables	17	(442,776)	(160,213)
	17	(384,987)	(242,173)
Total current liabilities		(2,649,265)	(1,920,934)
Non-current liabilities			
Long-term borrowings	18	(65,155)	(87,557)
Total liabilities		(2,714,420)	(2,008,491)
Net assets		2,800,569	3,366,214
Equity attributable to equity holders of the parent			
Share capital	19	4,807,680	3,276,831
Share premium account	19	3,207,593	860,817
Shares to be issued	19	–	787,500
Other reserve	19	16,544	20,028
Fair value adjustment	19	(1,064,130)	(417,221)
Profit and loss reserve		(4,167,118)	(1,161,741)
Total equity	19	2,800,569	3,366,214

These financial statements were approved by the Board of Directors on 28 March 2008.

Signed on behalf of the Board of Directors by:

G J Duncan

Chief Executive Officer

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2007

	Share capital £	Share premium £	Shares to be issued £	Other reserve £	Fair value £	Retained earnings £	Total £
At 1 October 2005	600,000	957,541	–	815	–	(548,150)	1,010,206
Loss for the year	–	–	–	–	–	(613,591)	(613,591)
Recognised directly in equity							
Share issue	2,676,831	–	–	–	(417,221)	–	2,259,610
Share to be issued as part of acquisition	–	–	787,500	–	–	–	787,500
Premium on share issue	–	335,669	–	–	–	–	335,669
Expenses incurred on share issue	–	(432,393)	–	–	–	–	(432,393)
Share-based payments	–	–	–	19,213	–	–	19,213
Net change directly in equity	2,676,831	(96,724)	787,500	19,213	(417,221)	–	2,969,599
Total movements	2,676,831	(96,724)	787,500	19,213	(417,221)	(613,591)	2,356,008
Equity at 30 September 2006	3,276,831	860,817	787,500	20,028	(417,221)	(1,161,741)	3,366,214
At 1 October 2006	3,276,831	860,817	787,500	20,028	(417,221)	(1,161,741)	3,366,214
Loss for the year	–	–	–	–	–	(3,005,377)	(3,005,377)
Recognised directly in equity							
Share issue	1,530,849	–	–	–	(646,909)	–	883,940
Shares to be issued as part of acquisition	–	–	(787,500)	–	–	–	(787,500)
Premium on share issue	–	2,438,401	–	–	–	–	2,438,401
Share based payments	–	–	–	8,272	–	–	8,272
Lapse of share options	–	–	–	(11,765)	–	–	(11,765)
Expenses incurred on share issue	–	(91,625)	–	–	–	–	(91,625)
Net change directly in equity	1,530,849	2,346,776	(787,500)	(3,484)	(646,909)	–	2,439,732
Total movements	1,530,849	2,346,776	(787,500)	(3,484)	(646,909)	(3,005,377)	(565,645)
Equity at 30 September 2007	4,807,680	3,207,593	–	16,544	(1,064,130)	(4,167,118)	2,800,569

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2007

	2007 £	2006 £
Cash flows from operating activities		
Operating loss (including discontinued operations)	(2,491,961)	(589,222)
Adjustments for:		
Depreciation	93,778	49,596
Amortisation	65,741	–
Impairment of goodwill	994,110	–
Release of negative goodwill	(9,557)	–
Other non-cash items	(3,484)	19,213
Payment of corporation tax	(8,712)	–
Decrease/(increase) in inventories	11,228	(16,639)
Decrease/(increase) in trade and other receivables	331,844	(1,362,845)
Increase in trade payables, accruals and other creditors	70,872	1,099,760
Net cash outflow from operating activities	(946,141)	(800,137)
Cash flows from investing activities		
Purchase of property, plant and equipment	(135,220)	(56,573)
Sale of property, plant and equipment	–	474
Acquisition of subsidiaries, net of cash acquired	25,292	(2,412,993)
Net cash used in investing activities	(109,928)	(2,469,092)
Cash flows from financing activities		
Interest paid (net)	(62,195)	(20,556)
Issue of shares	1,380,000	3,012,500
Receipt of bank finance	–	84,215
Repayment of bank borrowing	(28,716)	(32,612)
Repayment of directors' and shareholder loans	–	(40,000)
Former subsidiary director's loan notes less repayments	(50,000)	50,000
Receipt of finance leases less repayments	34,695	9,547
Expenses paid in connection with share issues	(91,625)	(432,393)
Net cash from financing activities	1,182,159	2,630,701
Net (decrease)/increase in cash	126,090	(638,538)
Cash and cash equivalents at beginning of period	(475,547)	162,991
Cash and cash equivalents at end of period	(349,457)	(475,547)
Cash and cash equivalents comprise:		
Cash and cash equivalents	157,361	1,075
Bank overdrafts	(506,818)	(476,622)
	(349,457)	(475,547)

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Glen Group plc, a public limited company, is the group's ultimate parent company. It is incorporated in England and Wales. The address of Glen Group plc's registered office is 8-10 New Fetter Lane, London, EC4A 1RS. Its principal place of business is Glen House, 6 Straiton View, Straiton Business Parc, Edinburgh, EH20 9QZ.

The financial statements for the year ended 30 September 2007 were approved by the board of directors on 28 March 2008.

2. Disposal group

The disposal group consists of Eclectic Group Limited ("Eclectic") and its wholly owned subsidiary I G Software Limited ("inGroup"). Eclectic was acquired on 15 February 2006 and inGroup on 10 August 2007. The assets and undertaking of both businesses were sold to Maxima Information Group Limited, a wholly owned subsidiary of Maxima Holdings plc, on 7 January 2008.

The results of these businesses have been shown as single line items in the Consolidated Income Statement and in the Consolidated Balance Sheet in accordance with IFRS. Further details are shown below

2.1 Income statement

	2007 £	2006 £
Revenue	5,670,935	2,733,143
Expenses	(5,641,934)	(2,738,652)
Pre tax profit/(loss) on discontinued operations	29,001	(5,509)
Income tax expense	(782)	–
Loss recognised on measurement to fair value less costs to sell off disposal group	(450,000)	–
Loss for the year from discontinued operations	(421,781)	(5,509)

The fair value adjustment has been calculated by comparing the consideration and the fair value of the assets being disposed of.

2.2 Assets classified in disposal group

Non-current assets		
Goodwill	2,684,387	–
Property, plant and equipment	64,618	–
	2,749,005	–

3. Acquisitions

3.1 Acquisition of Pinnacle Group Limited

On 7 June 2007, Glen Group plc acquired 100% of the share capital of Pinnacle Group Limited, a company registered in Scotland. The total cost of acquisition includes the components stated below. The purchase price of £700,000 was settled in cash of £25,000 and £675,000 in shares in Glen Group plc (122,727,273 ordinary £0.001 shares were issued at a premium of £0.0045 per share). The book values of the net assets of Pinnacle Telecom plc, the principal operating company, on acquisition were £54,792 and, except for identified intangible assets, have been fair valued at the same amount. This can be analysed as follows:

	£
Assets	
Non-current assets	
Property, plant and equipment	15,570

3.1 Acquisition of Pinnacle Group Limited (continued)

	£
<hr/>	
Current assets	
Trade and other receivables	171,965
Cash and cash equivalents	26,925
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Total current assets	198,890
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Total assets	214,460
<hr/>	
Liabilities	
Current liabilities	
Trade and other payables	142,046
Other creditors and accruals	17,622
<hr/>	
Total current liabilities	159,668
Total non current liabilities	–
<hr/>	
Total liabilities	159,668
<hr/>	
Net assets	54,792

Goodwill on acquisition has been calculated as follows:

Purchase price and acquisition expenses	740,000
Net assets acquired	(54,792)
<hr/>	
	685,208
Transferred to intangibles	(593,163)
Fair value adjustment (see note 21)	(92,045)
<hr/>	
	(685,208)

Goodwill

Revenue and operating profit of the company acquired for the post acquisition period were £269,978 and £24,740 respectively. For the period 30 March 2006 to 30 September 2007 the revenue was £888,708 and the operating profit was £100,209.

3.2 Acquisition of Sports Club Telecom Limited

On 10 June 2007, by virtue of the acquisition of Pinnacle Group Limited, Glen Group plc acquired 80% of the share capital of Sports Club Telecom Limited, a company registered in Scotland and on 29 June 2007 acquired the remaining 20%. The total cost of acquisition includes the components stated below. The purchase price of £106,250 was settled by the assumption of a loan note of £85,000 and shares in Glen Group plc (3,863,636 ordinary £0.001 shares were issued at a premium of £0.0045 per share). The book values of the net liabilities of Sports Club Telecom Limited on acquisition were £21,560 and, except for identified intangible assets, have been fair valued at the same amount. This can be analysed as follows:

	£
<hr/>	
Assets	
Non-current assets	
Property, plant and equipment	89
<hr/>	
Current assets	
Trade and other receivables	19,394
Cash and cash equivalents	13,987
<hr/>	
Total current assets	33,381
<hr/>	
Total assets	33,470

3.2 Acquisition of Sports Club Telecom Limited (continued)

	£
Liabilities	
Current liabilities	
Trade and other payables	39,522
Other creditors	15,508
Total current liabilities	55,030
Total non-current liabilities	–
Total liabilities	55,030
Net liabilities	(21,560)

Goodwill on acquisition has been calculated as follows:

	£
Purchase price and acquisition expenses	106,250
Net liabilities acquired	21,560
	127,810
Transferred to intangibles	(123,946)
Fair value adjustment – second consideration	(289,175)
Fair value adjustment (see note 21)	(3,864)
Goodwill	–

Revenue and operating profit of the company acquired for the post acquisition period were £99,252 and £16,611 respectively. For the period 1 July 2006 to 30 September 2007 the revenue was £287,731 and the operating profit was £13,191.

3.3 Acquisition of Pinnacle Mobile Limited

On 29 June 2007, Glen Group plc acquired 100% of the share capital of Pinnacle Mobile Limited, a company registered in England and Wales. The total cost of acquisition includes the components stated below. The purchase price of £5,500 was settled in shares in Glen Group plc (1,000,000 ordinary £0.001 shares were issued at a premium of £0.0045 per share). The book values of the net assets of Pinnacle Mobile Limited on acquisition were £14,058 and have been fair valued at the same amount. This can be analysed as follows:

	£
Assets	
Non-current assets	
Property, plant and equipment	1,746
Current assets	
Inventories	3,000
Trade and other receivables	17,891
Cash and cash equivalents	85
Total current assets	20,976
Total assets	22,722

3.3 Acquisition of Pinnacle Mobile Limited (continued)

	£
Liabilities	
Current liabilities	
Short term borrowings	246
Trade and other payables	1,454
Other creditors and accruals	6,964
Total current liabilities	8,664
Total non-current liabilities	–
Total liabilities	8,664
Net assets	14,058

Fair values on acquisition has been calculated as follows:

	£
Purchase price and acquisition expenses	5,500
Net liabilities acquired	(14,058)
	(8,558)
Fair value adjustment (see note 21)	(1,000)
Excess of fair value of net assets acquired over consideration – released in the year	(9,558)

Revenue and operating loss of the company acquired for the post acquisition period were £7,598 and £348 respectively. For the period 1 November 2006 to 30 September 2007 the revenue was £37,808 and the operating profit was £1,755.

3.4 Acquisition of IG Software Limited

On 10 August 2007, Eclectic Group Limited acquired 100% of the share capital of IG Software Limited, a company registered in England. The total cost of acquisition includes the components stated below. The purchase price of £1,350,000 was settled by £250,000 in cash and £1,100,000 in shares in Glen Group plc (200,000,000 ordinary £0.001 shares were issued at a premium of £0.0045 per share). The book values of the net assets of IG Software Limited on acquisition were £286,554 and have been fair valued at the same amount. This can be analysed as follows:

	£
Assets	
Non-current assets	
Property, plant and equipment	–
Current assets	
Inventories	4,000
Trade and other receivables	280,722
Cash and cash equivalents	349,843
Total current assets	634,565
Total assets	634,565

3.4 Acquisition of IG Software Limited (continued)

	£
Liabilities	
Current liabilities	
Short term borrowings	–
Trade and other payables	210,800
Other creditors and accruals	137,211
Total current liabilities	348,011
Total non-current liabilities	–
Total liabilities	348,011
Net assets	286,554

Goodwill on acquisition has been calculated as follows:

	£
Purchase price and acquisition expenses	1,400,548
Net assets acquired	286,554
	1,113,994
Fair value adjustment (see note 21)	(550,000)
Goodwill	563,994

Revenue and operating profit of the company acquired for the post acquisition period were £171,091 and £32,248 respectively. For the period 1 January 2007 to 30 September 2007 the revenue was £942,471 and the operating profit was £42,983.

3.5 Results for the year

The revenue for the full year, as though the acquisitions had been at the beginning of the accounting period, would have been £1,852,091.

The result for the full year, as though the acquisitions had been at the beginning of the accounting period, would have been £2,991,849.

4. Segment Reporting

4.1.1 Analysis of revenue

	2007 £	2006 £
By business sector		
Mobile services	221,939	631,003
IT	423,503	308,489
Phone cards	–	22,519
Other communication services	369,428	3,090
Continuing operations	1,014,870	965,101
IT – discontinued operations	5,670,935	2,733,143
Total revenue	6,685,805	3,698,245

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4.1.1 Analysis of revenue (continued)

	2007 £	2006 £
By destination		
United Kingdom	6,685,805	3,698,245
By origin		
Glen Communications – continuing operations	638,077	965,101
Pinnacle – continuing operations	376,793	–
Eclectic and inGroup – discontinued operations	5,670,935	2,733,144
Total revenue	6,685,805	3,698,245

All sales disclosed are to third parties.

4.1.2. Analysis of operating loss

	2007 £	2006 £
By business sector		
Mobile services		
Loss from operations before exceptional items	(578,964)	(557,901)
Reorganisation costs	(278,843)	–
Impairment of goodwill	(935,314)	–
Loss from operations after exceptional items	(1,793,121)	(557,901)
IT		
Loss from operations before exceptional items	(124,927)	10,539
Reorganisation costs	(12,184)	–
Amortisation	(20,000)	–
Impairment of goodwill	(58,796)	–
(Loss)/profit from operations after exceptional items	(215,907)	10,539
Phone cards		
Loss from operations	–	(10,920)
Other communication services		
Profit from operations before exceptional items	49,636	–
Reorganisation costs	(14,388)	–
Amortisation	(45,741)	–
Loss from operations after exceptional items	(10,493)	–
Head office	(564,075)	(60,720)
Loss from continuing operations	(2,583,596)	(608,082)
IT – discontinued operations	(421,781)	(5,909)
Loss for the year	(3,005,377)	(613,591)
By destination – continuing and discontinued operations		
United Kingdom	(3,005,377)	(613,591)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4.1.2. Analysis of operating loss (continued)

	2007 £	2006 £
By origin		
Glen Group	(564,075)	(60,720)
Glen Communications	(2,009,028)	(557,362)
Pinnacle	(10,493)	–
Loss from continuing operations	(2,583,596)	(608,082)
Eclectic and inGroup – discontinued operations	(421,781)	(5,909)
Loss for the year	(3,005,377)	(613,591)

4.2. Analysis of assets and liabilities

	Mobile £	IT £	Other communication services £	Discontinued operations £	Total £
By business sector					
Non-current assets					
Intangible assets	–	–	751,368	–	751,368
Property, plant and equipment	60,762	7,043	37,327	–	105,132
Total non-current assets	60,762	7,043	788,695	–	856,500
Current assets					
Inventories	452	344	3,000	18,728	22,524
Trade and other receivables	145,550	105,358	248,440	1,230,251	1,729,599
Cash and cash equivalents	81,221	129	32,239	43,772	157,361
Assets in disposal group	–	–	–	2,749,005	2,749,005
	227,223	105,831	283,679	4,041,756	4,658,489
Total assets	287,985	112,874	1,072,374	4,041,756	5,514,989
Liabilities					
Current liabilities					
Short-term borrowings	71,028	32,104	4,427	479,749	587,308
Trade payables	198,024	47,204	231,660	757,306	1,234,194
Other taxes	49,100	6,671	42,753	344,252	442,776
Accruals and other payables	119,232	32,194	92,867	140,694	384,987
Total current liabilities	437,384	118,173	371,707	1,722,001	2,649,265
Total non-current liabilities	19,195	–	–	45,960	65,155
Total liabilities	456,579	118,173	371,707	1,767,961	2,714,420
Net assets	(168,594)	(5,299)	700,667	2,273,795	2,800,569

4.3 Other items directly attributable to a segment

Depreciation	44,616	6,202	1,680	–	52,498
Capital expenditure	35,298	7,895	25,927	–	69,120
Intangible additions	–	–	717,109	–	717,109

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Operating loss

Operating loss is stated after charging:

	2007 £	2006 £
Loss from operations is stated after charging:		
Exceptional cost of fundamental reorganisation	305,415	–
Depreciation of owned fixed assets	93,778	49,596
Other operating lease rentals:		
– buildings	101,670	29,691
– office equipment	14,576	–
Auditors' remuneration:		
– company	13,337	11,500
– group	46,985	45,541
Non-audit fees:		
– company: tax advice	600	–
– group: due diligence	9,823	2,500
and after crediting:		
Government grants – revenue	30,000	–

In addition, remuneration paid to the auditors in respect of the flotation and 2006 re-listing totalling £17,625 (2006: £72,076) has been included within the share premium account.

Included in the fundamental reorganisation costs of £305,415 is £278,843 which occurred in Glen Communications Limited, a wholly owned subsidiary of Glen Group plc. The majority of costs incurred related to the closure of operations in Rotherham.

6. Finance income and finance costs

Finance cost includes all interest-related income and expenses. The following amounts have been included in the income statement line for the reporting periods presented:

	2007 £	2006 £
Interest income resulting from short-term bank deposits	2,771	3,054
Finance income	2,771	3,054
Interest expense resulting from:		
– bank loans	5,171	5,070
– directors' loans	–	500
– bank overdrafts and invoice factoring	7,429	4,600
Finance costs	12,600	10,170

7. Employee costs

7.1. Directors and employees

The average number of staff employed by the group during the financial year amounted to:

	2007 No	2006 No
Number of management staff	8	6
Number of operational staff	60	40
Total	68	46

Employee numbers are stated including Directors but excluding fees paid to EM Hagman which are shown in note 7.4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7.2. Employee remuneration

Expense recognised for employee benefits is analysed below:

	2007 £	2006 £
Wages and salaries	2,548,256	1,718,412
Share option costs	–	19,213
Social security costs	371,712	250,820
Pension – defined contribution plans	39,701	7,834
Total	2,959,669	1,996,279

7.3. Share-based remuneration

In the year to 30 September 2006 the Company set up an EMI share option scheme as part of the remuneration of senior management. For the options to vest the senior management are required to reach certain performance targets applicable to the year ended 30 September 2009. The performance targets have been set by the remuneration committee of the Board. The maximum term of current arrangements under the EMI scheme ends on 14 February 2016. Upon vesting, each option allows the holder to purchase one ordinary share at the pre-agreed option price.

All share-based employee remuneration will be settled in equity. The group has no legal or other obligation to repurchase or settle the options.

	2007		2006	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 October	25,666,667	0.01052	666,667	0.03
Granted	–	–	25,000,000	0.01
Lapsed	(7,500,000)	–	–	–
Outstanding at 30 September	18,166,667	0.01052	25,666,667	0.01052

At 30 September 2007, Glen Group plc has granted the following outstanding share options:

	2007			2006		
	Number	Weighted average exercise price £	Weighted average remaining contractual life Months	Number	Weighted average exercise price £	Weighted average remaining contractual life Months
Earliest exercise date:						
2005	666,667	0.03	86	666,667	0.03	98
2006	17,500,000	0.01	100	25,000,000	0.01	112

In total £8,272 of employee remuneration expense has been included in the consolidated income statement for 2007 (2006: £19,213). The exercise price ranges from £0.03 to £0.01.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7.4. Directors

Details of individual Directors' emoluments for the year are as follows:

	Fees		Salaries		Pensions		Benefits		Totals	
	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £	2007 £	2006 £
Non-Executive										
E M Hagman	20,000	20,000	–	–	–	–	978	978	20,978	20,978
P J Ford	17,000	15,000	–	–	–	–	–	–	17,000	15,000
Executive										
G J Duncan	104,500	96,000	60,000	–	11,813	11,250	10,692	11,164	187,005	118,414
	141,500	131,000	60,000	–	11,813	11,250	11,670	12,142	224,983	154,392

Directors are considered to be key management of the group.

Benefits includes the costs of share options issued to the Directors as follows:

Name of Director	2007 £	2006 £
E M Hagman	978	978
G J Duncan	7,294	7,294
	8,272	8,272

8. Loss per share

	2007 £	2006 £
Loss attributable to ordinary shareholders – continuing operations	2,583,596	608,082
Loss attributable to ordinary shareholders – discontinued operations	421,781	5,909
Loss attributable to ordinary shareholders	3,005,377	613,591
	No	No
Weighted average number of ordinary shares in issue	567,346,340	219,481,795
Loss per share (pence) – continuing operations	0.46	0.28
Loss per share (pence) – discontinued operations	0.07	0.00
Loss per share (pence) – total	0.53	0.28

Both the basic and diluted earnings per share have been calculated using the net loss attributable to the shareholders of Glen Group plc as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 567,346,340 shares (2006: 219,481,795).

Due to the losses incurred by the group the share options are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Goodwill

The main changes in the carrying amounts of goodwill result from the acquisition of Pinnacle Telecom plc, Pinnacle Mobile Limited, Sports Club Telecom Limited and IG Software Limited. The net carrying amount of goodwill can be analysed as follows:

	2007 £	2006 £
Gross carrying amount	994,110	3,562,740
Accumulated impairment losses	(994,110)	–
Carrying amount at 30 September	–	3,562,740

Changes in the net carrying amount can be analysed as follows:

	2007 £	2006 £
Carrying amount at 1 October	935,315	–
Additions:		
Eclectic Group Limited	–	2,570,392
Explore IT Limited	1,762	57,033
IG Software Limited	563,994	–
Transfer of goodwill to disposal group (note 2)	(3,134,386)	–
Carrying amount at 30 September	994,110	3,562,740
Impairment loss on Glen Communications Limited	(916,337)	–
Impairment loss on Explore IT Limited	(58,796)	–
Impairment loss on Soluis Limited	(18,977)	–
	(994,110)	–

10. Impairment of goodwill

Goodwill has been allocated for impairment testing purposes to seven cash-generating units, all in the United Kingdom. The carrying amount of goodwill allocated to Eclectic Group Limited, Glen Communications Limited, Pinnacle Telecom plc, Sports Club Telecom Limited and IG Software Limited is significant in comparison with the total carrying amount of goodwill. The recoverable amounts are based on certain similar key assumptions.

Eclectic Group Limited and IG Software Limited

Since the year end Eclectic Group Limited and its wholly owned subsidiary IG Software Limited were sold for a consideration of £2.7m. The goodwill is treated as part of a disposal group and has been transferred to non-current assets held for sale.

Glen Communications Limited, Explore IT Limited and Soluis Limited

In light of the trading result for the above entities, the goodwill has been fully written down to £Nil.

Pinnacle Telecom plc, Pinnacle Mobile Limited and Sports Club Telecom Limited (Pinnacle Group)

The recoverable amount of Pinnacle Group goodwill has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets and estimates approved by management covering a 10 year period and a discount rate of 30%. Cash flows beyond 5 years have been extrapolated using a steady 2.5% growth rate. This growth rate does not exceed the long-term average growth rate for the markets in which Pinnacle Group operates. Management believes that any change in the key assumptions on which the Pinnacle Groups' recoverable amounts are based would not cause Pinnacle Groups' carrying amounts to exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Intangible assets

The following intangible assets arose on the acquisition of Pinnacle Telecom plc and Explore IT Limited:

	2007 £	2006 £
Maintenance contracts	100,000	100,000
Pinnacle Telecom plc – billing system	150,000	–
Pinnacle Telecom plc – customer base	443,163	–
Sports Club Telecom Limited – customer base	123,946	–
	817,109	100,000
Amortisation to date		
Maintenance contracts	20,000	–
Pinnacle Telecom plc – billing system	10,000	–
Pinnacle Telecom plc – customer base	29,544	–
Sports Club Telecom Limited – customer base	6,197	–
	65,741	–
Carrying amount at 30 September 2007	751,368	100,000

Maintenance contracts of £100,000 relate to maintenance contracts obtained as part of the acquisition of Explore IT Limited on 4 September 2006. The group's policy is to amortise the maintenance contracts over the expected life of the contracts.

Included as part of the acquisition of Pinnacle Telecom plc on 7 June 2007 the custom billing system was obtained and has been valued at £150,000. The group's policy is to amortise the billing system over 5 years.

Customer bases obtained as part of the acquisitions of Pinnacle Telecom plc, £443,163, and Sports Club Telecom Limited, £123,946 are being amortised over 5 years.

12. Group investments

The Group's principal subsidiary undertakings are as follows:

	Country of incorporation	Class of share capital	Ownership percentage by the Group at 30 September 2007	Nature of business
Subsidiary undertakings				
Eclectic Holdings Limited	Scotland	Ordinary	100	Holding
Eclectic Group Limited	Scotland	Ordinary	100	IT services
I G Software Limited	England and Wales	Ordinary	100	IT services
Glen Communications Limited	Scotland	Ordinary	100	Communications
Explore IT Limited	England and Wales	Ordinary	100	IT services
Pinnacle Mobile Limited	England and Wales	Ordinary	100	Communications
Sports Club Telecom Limited	Scotland	Ordinary	100	Communications
Pinnacle Telecom plc	Scotland	Ordinary	100	Communications

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment

	IT equipment £	Fixtures and fittings, and leasehold improvements £	Plant, machinery, and motor vehicles £	Total £
Gross carrying amount	62,952	11,726	3,614	78,292
Accumulated depreciation	23,415	3,085	1,475	27,975
Carrying amount at 1 October 2005	39,537	8,641	2,139	50,317
Gross carrying amount	312,662	61,520	6,538	380,720
Accumulated depreciation	216,895	48,987	2,171	268,053
Carrying amount at 30 September 2006	95,767	12,533	4,367	112,667
Gross carrying amount	188,830	105,165	9,130	303,125
Accumulated depreciation	115,235	76,897	5,861	197,993
Carrying amount at 30 September 2007	73,595	28,268	3,269	105,132

The carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as at 30 September 2007 are reconciled as follows:

	IT equipment £	Fixtures and fittings, and leasehold improvements £	Plant, machinery, and motor vehicles £	Total £
Cost				
At 1 October 2006	312,662	61,520	6,538	380,720
Additions	115,886	17,654	1,074	134,614
Additions by acquisition	60,229	25,991	1,518	87,738
Disposals	(299,947)	–	–	(299,947)
At 30 September 2007	188,830	105,165	9,130	303,125
Cost				
At 1 October 2005	62,952	11,726	3,614	78,292
Additions	51,290	870	4,413	56,573
Additions by acquisition	198,420	48,924	–	247,344
Disposals	–	–	(1,489)	(1,489)
At 30 September 2006	312,662	61,520	6,538	380,720

13. Property, plant and equipment (continued)

	IT equipment £	Fixtures and fittings, and leasehold improvements £	Plant, machinery, and motor vehicles £	Total £
Depreciation				
At 1 October 2006	216,895	48,987	2,171	268,053
Charge for year	73,439	18,050	2,289	93,778
Acquisition	60,230	9,860	1,401	71,491
Transfer to disposal group	(235,329)	–	–	(235,329)
At 30 September 2007	115,235	76,897	5,861	197,993
At 1 October 2005	23,415	3,085	1,475	27,975
Charge for year	39,664	8,161	1,771	49,596
Acquisition	153,816	37,741	–	191,557
Disposals	–	–	(1,075)	(1,075)
At 30 September 2006	216,895	48,987	2,171	268,053
Net book value at 30 September 2007	73,595	28,268	3,269	105,132
Net book value at 30 September 2006	95,767	12,533	4,367	112,667

All depreciation is included in 'Administration expenses' in the income statement.

14. Leases

14.1. Finance leases

Glen Group plc currently has finance leases which relate to the group's computer equipment. The net carrying amount of the assets held under the leases is £40,392. The assets are included under IT Equipment.

Future minimum lease payments as at 30 September 2007:

	Within 1 year £	1 to 5 years £	More than 5 years £	Total £
Lease payments	21,082	23,160	–	44,242
Future minimum lease payments as at 30 September 2006:	7,709	1,838	–	9,547

There were no future minimum lease payments as at 30 September 2005.

14.2. Operating leases

The group's minimum operating lease payments are as follows:

	Within 1 year £	1 to 5 years £	More than 5 years £	Total £
As at 30 September 2007	73,290	133,150	–	206,440
As at 30 September 2006	107,321	162,842	–	270,163

Lease payments recognised as an expense during the year amounted to £199,484 (2006: £172,655). No sublease income is expected as all assets held under lease agreements are used exclusively by the group. There is no material difference between the future minimum lease payments and their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14.2. Operating leases (continued)

The terms left on the non-cancellable leases can be summarised as follows:

	Rented since	Non-cancellable term left
Property		
121 West Regent Street, Glasgow	2001	40 months
1st Floor, 113 West Regent Street, Glasgow	2002	4 months
Ground Floor, 113 West Regent Street, Glasgow	2004	4 months
6 Straiton View, Loanhead, Edinburgh	2006	50 months

Operating leases do not contain any contingent rent clauses. None of the operating lease agreements contain renewal of purchase options or escalation clauses or any restrictions regarding dividends further leasing or additional debt.

As part of the disposal of the trade and certain assets of Eclectic Limited to Maxima Holdings plc, the lease commitment for 121 West Regent Street has been legally transferred to the purchaser following the year end.

15. Inventories

	2007 £	2006 £
Consumables	22,524	26,752
Inventories	22,524	26,752

16. Trade and other receivables

	2007 £	2006 £
Trade receivables, gross	1,215,206	1,281,684
Other receivables	103,763	1,186
Prepayments and accrued income	410,630	288,601
	1,729,599	1,571,471

Trade receivables are usually due within 30-45 days and do not bear an effective interest rate. All trade receivables are subject to credit risk exposure. However, the group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other payables

	2007 £	2006 £
Bank overdrafts	506,818	476,622
Bank loans – current element	59,408	44,400
Loan notes	–	50,000
Finance leasing liability – current element	21,082	7,709
Short-term borrowings	587,308	578,731
Trade payables	1,234,194	939,817
Accruals and other payables	384,987	242,173
Other taxes and social security costs	442,776	160,213
Trade and other payables	2,649,265	1,920,934

Note 14.1 contains further information on the finance lease liability. The overdrafts are secured by bonds and floating charges over the assets of the subsidiary companies with cross-guarantees from Glen Group plc. The loan note was payable to a former director of Eclectic Group Limited. It was subject to interest at 2% above the Bank of Scotland base rate and was repayable in six 6-monthly installments, the final payment was made in July 2007.

During January 2008 the Group repaid in full all the borrowings that were held by Glen Group plc and its subsidiaries.

The fair values of the trade and other payables has not been disclosed as due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

18. Long-term financial liabilities

	2007 £	2006 £
Bank loans	41,995	85,719
Finance leasing liability – long-term element	23,160	1,838
Long-term financial liabilities	65,155	87,557

The bank loans at 30 September 2007 include a loan taken out by Eclectic Group Limited of £22,800 (2006: £42,182) at an effective interest rate of 2% over base rate. This loan was repaid in full after the year end. The bank loans at 30 September 2007 also include a loan taken out by Glen Communications Limited of £17,595 (2006: £39,537) at an effective interest rate of 2.75% over base rate. This loan was also repaid in full after the year end.

During January 2008 the Group repaid in full all the borrowings that were held by Glen Group plc and its subsidiaries.

The finance lease liabilities have an effective interest rate of 12%, which is equal to the average of the rates implicit in the leases. Lease payments are made on a monthly basis. The leasing arrangements mature at different dates over the next 3 years with the latest agreement maturing on August 2010. Long-term financial liabilities have been fair valued at the same amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Equity

19.1. Share capital

The share capital of Glen Group plc consists of ordinary shares with a par value of £0.001 and deferred shares with a par value of £0.009. All ordinary shares are equally eligible to receive dividends and the repayment of capital, and represent one vote at the shareholders' meeting of Glen Group plc. The deferred shares carry no voting rights and are not eligible to receive dividends or repayment of capital.

	2007 £	2006 £
Total equity shares		
– beginning of the year	3,276,831	600,000
– issued during the year	1,530,849	2,676,831
Shares issued and fully paid	4,807,680	3,276,831
Shares authorised for share-based payments	1,192,320	2,723,169
Total equity shares authorised at 30 September 2007	6,000,000	6,000,000

On 26 February 2007 the 401,508,895 ordinary shares of £0.01 each, which were in issue at this date were sub-divided into 401,508,895 ordinary shares of £0.001 each and 401,508,895 deferred shares of £0.009 each.

The authorised and issued share capital can be summarised as follows:

	2007 £	2006 £
Total equity shares authorised		
2,386,420,000 Ordinary shares of £0.001 each	2,386,420	6,000,000
401,508,895 Deferred shares of £0.009 each	3,613,580	–
	6,000,000	6,000,000
Shares issued and fully paid		
1,194,099,804 Ordinary shares of £0.001 each	1,194,100	3,276,831
401,508,895 Deferred shares of £0.009 each	3,613,580	–
	4,807,680	3,276,831

19.2. Share premium

	2007 £	2006 £
Balance brought forward	860,817	957,541
Premium on shares issued	2,438,401	335,669
Share issue expenses	(91,625)	(432,393)
Balance carried forward	3,207,593	860,817

19.3. Shares to be issued

	2007 £	2006 £
Shares to be issued (73,825,818 at a price of 1.0667p)	–	787,500

Last year the above issue of shares was required as part of the acquisition of Eclectic Holdings Limited, provided the actual profit before interest and tax of Eclectic Holdings Limited for the year to 31 July 2006 exceeded £400,000. As the profit was £414,842 the shares were issued on 17 January 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19.4. Profit and loss account

	2007 £	2006 £
Profit and loss account at 1 October 2006	(1,161,741)	(548,150)
Loss for the year	(3,005,377)	(613,591)
Profit and loss account at 30 September 2007	(4,167,118)	(1,161,741)

19.5. Other reserve

The other reserve represents shares reserved for share-based remuneration for the period

19.6. Fair value adjustment

The market value of the shares issued in respect of the acquisitions of Pinnacle Group companies and IG Software Limited differs from the value agreed with the vendors. The difference reflects the difference between the price negotiated with the seller and the mid market price at the date of the transaction.

The difference in value has been credited to goodwill as follows:

	2007 £	2006 £
Balance brought forward	417,221	–
Eclectic Holdings Limited – 1st consideration shares	–	128,046
Eclectic Holdings Limited – 2nd consideration shares	–	289,175
Pinnacle Telecom plc	92,045	–
Sports Club Telecom Limited	3,864	–
Pinnacle Mobile Limited	1,000	–
IG Software Limited	550,000	–
Balance carried forward	1,064,130	417,221

20. Income tax expenses

The tax charge represents:

	2007 £	2006 £
UK corporation tax on profits of the period	2,291	5,131
Total current tax	2,291	5,131
Adjustment for prior year taxation	(1,852)	–
Deferred tax: origination and reversal of timing differences	–	(1,328)
Tax charge	439	3,803

The relationship between expected tax expense based on the effective tax rate of Glen Group plc at 30% (2006: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2007 £	2006 £
Result for the year before tax	(2,583,157)	(604,279)
Tax rate	30%	19%
Expected tax expenses	(774,947)	(114,813)

20. Income tax expenses (continued)

	2007 £	2006 £
Adjustment for non-deductible expenses	26,075	3,026
Small companies relief	(1,768)	–
Capital allowances in excess of depreciation	(3,693)	7,049
Utilisation of tax losses	16,966	–
Losses surrendered by way of group relief	–	29,759
Tax losses carried forward	300,945	80,110
Impairment of goodwill	433,233	–
Adjustments on consolidation	5,699	–
Other short term temporary differences	(2,071)	(1,328)
Actual tax expense net	439	3,803

The group has unrecognised deferred tax assets in respect of tax losses carried forward totaling £820,578 (2006: £435,646). The group has not provided deferred tax liabilities in respect of intangible assets totaling £201,401 (2006: £Nil).

21. Related party transactions

No related party transactions were recorded during the year to 30 September 2007 or to 30 September 2006.

22. Contingent liabilities

There were no contingent liabilities at 30 September 2007 or 30 September 2006.

23. Capital commitments

There were no capital commitments at 30 September 2007 or 30 September 2006.

24. Risk management

The group finances its activities through equity and bank borrowings. No speculative treasury transactions are undertaken and during the last two years no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash, investments and borrowings.

24.1 Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the year has been to ensure continuity of funding by a combination of equity funding and available bank facilities.

24.2 Interest rate risk

The interest rate on the group's cash at bank is determined by reference to the bank rate. The interest rates on Glen Communication's financial liabilities are at 2.75% above base rate of Bank of Scotland. The interest rates on Eclectic and Explore IT's financial liabilities are at 2% above base rate of the Royal Bank of Scotland.

At 30 September 2007, the group had total committed overdraft facilities of £50,000 (2006: £620,000) and an invoice discounting facility with a review limit of £1,000,000. (2006: £Nil) This is on a rolling basis, with a six-month notice period servable only by the group. The group has two loans; the first is a £100,000 five-year loan facility repayable in 60 monthly installments of capital and interest, with the final payment falling due in 2008. The second loan is a £110,000 five-year loan facility repayable in 60 monthly installments of capital and interest, with the final payment falling due in 2009.

During January 2008 the Group repaid in full all the borrowings that were held by Glen Group plc and its subsidiaries.

24.3 Credit risk

The group's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed regularly and significant outstanding items are brought to the attention of senior management. The credit control function follows a policy of sending statements on a monthly basis.

25. Controlling party

The company does not have an ultimate controlling party.

26. Post balance sheet event

In January 2008, the assets and business of Eclectic Group Limited ("Eclectic") and its wholly owned subsidiary, I G Software Limited ("inGroup"), were sold for a maximum cash consideration of up to £3,000,000.

The all cash consideration was structured as follows:

- at completion of the Sale on 7 January 2008, the sum of £2,250,000
- on 17 March 2008, an additional sum of up to £750,000, calculated by reference to the value of a specified list of customers and customer contracts which have transferred to Maxima, adjusted for deferred income, pre-payments and costs accrued prior to transfer of the trade and assets. On 19 March 2008, the full additional consideration of £750,000, less the sum of £278,342 in respect of the adjustments outlined above, was received.

GLEN GROUP plc

(Registered in England and Wales with registered number 5259846)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of the Company will be held at the offices of the Company, 6 Straiton View, Straiton Business Parc, Loanhead, Edinburgh EH20 9QZ, on 9 May 2008 at 1.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3, and 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

ROUTINE BUSINESS

Ordinary Resolutions

1. To receive the report of the directors and the financial statements for the year ended 30 September 2007 together with the report of the auditors thereon
2. To re-elect Mr David D Hewitt, a director who retires by virtue of having been appointed by the directors since the last Annual General Meeting and, being eligible, offers himself for re-election.
3. To re-appoint Grant Thornton UK LLP as the auditors.
4. To authorise the directors to agree the remuneration of the auditors.

SPECIAL BUSINESS

Special Resolution

5. That
 - (a) in substitution for any existing authority subsisting at the date of this resolution (save to the extent that the same may already have been exercised and for any such powers granted by statute), the directors of the Company from time to time be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985 (the "Act")) up to an aggregate nominal amount of £1,192,320.15, provided that such power shall expire on the date of the Annual General Meeting of the Company to be held in 2009 or 15 months after the date of the passing of this resolution (whichever is the earlier) but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company from time to time may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and
 - (b) the Directors of the Company be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the Company for cash pursuant to the general authority conferred on the Directors by paragraph (a) of this resolution as if section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to:
 - (i) the allotment of equity securities for cash in connection with or pursuant to an offer by way of rights to the holders of the ordinary shares and other persons entitled to participate therein in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the numbers of ordinary shares which such other persons are for those purposes deemed to hold), subject only to such exclusions or other arrangements as the directors of the Company from time to time may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or any stock exchange in any territory; and
 - (ii) the allotment (other than pursuant to (b)(i) above) of equity securities up to an aggregate nominal amount of £1,192,320.15, provided that such power shall expire on the date of the Annual General Meeting of the Company to be held in 2009 or 15 months after the date of the passing of this resolution (whichever is the earlier) but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company from time to time may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Registered Office
8-10 New Fetter Lane
London EC4A 1RS

By order of the Board
Peterkins Solicitors
Company Secretary

Dated: 28 March 2008

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Notes:

1. A member is entitled to appoint another person as his proxy to attend and speak and vote on his behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. The proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services plc on 0870 707 1017.
2. To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at the close of business on 7 May 2008 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting, in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after the close of business on 7 May 2008 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the company as at the close of business two days before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.
7. As at 27 March 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 1,194,099,804 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 March 2008 are 1,194,099,804.

DIRECTORS, SECRETARY AND ADVISERS

Directors

Eric M Hagman, Non-Executive Chairman
Graham J Duncan, Chief Executive Officer
Peter J Ford, Non-Executive Director
David D Hewitt, Non-Executive Director

Company Secretary

Peterkins
Solicitors
100 Union Street
Aberdeen AB10 1QR

Registered Office

8-10 New Fetter Lane
London EC4A 1RS

Nominated Adviser

Seymour Pierce Limited
20 Old Bailey
London, EC4M 7EN

Broker

Ellis Stockbrokers Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex, RH10 1LQ

Solicitors

Neil C Hunter
100 Union Street
Aberdeen, AB10 1QR

Charles Russell LLP
8-10 New Fetter Lane
London, EC4A 1RS

Auditors and Reporting Accountants

Grant Thornton UK LLP
1-4 Atholl Crescent
Edinburgh, EH3 8LQ

Bankers

The Royal Bank of Scotland plc
Commercial Centre
100 West George Street
Glasgow, G2 1PP

Bank of Scotland
47 High Street
Dalkeith
Midlothian EH22 1JA

Financial PR

Halogen Communications Limited
4 Queen Street
Edinburgh EH2 1JE

Investor Relations

Pelham PR
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London, EC3V 3ND

Registrars

Computershare Investor Services plc
The Pavilions
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Company Number

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