

AIM Announcement

Watermark Global Plc (formerly MicroFuze International Plc) Preliminary Results for the year ended 31 December 2007

Watermark Global Plc (AIM: WET) (“Watermark Global” or “the Company”), a company providing project management expertise and technology solutions to the mining and water treatment sectors, with a key focus on Acid Mine Drainage in South Africa, announces its preliminary results for the year ended 31 December 2007.

Highlights

- Successful completion of a £ 2.5 million capital raising
- The acquisition of Water Utilities Limited and its wholly owned subsidiary Western Utilities Corporation (Pty) Ltd, a South African based company positioned to treat and process water to industrial grade water for distribution to industrial users
- The appointment of Jaco Schoeman (Managing Director) and Dirk Kotze (Financial Director) to the Board of Directors
- The conclusion of an arrangement with Applied Thermal Coatings, Inc (“ATC”) for the continued commercialisation of its microwave technology
- The design, and construction of the first water treatment pilot plants

Results Summary

The loss from ordinary activities for the year ended 31 December 2007 was £ 3.357m, including impairment of goodwill of £1.57m relating to the deal with ATC (which has been announced previously), a loss of 2p per share. Total capital investment into the design and construction of the water treatment pilot plants amounted to £0.232m and estimated cost for completion is £0.750m. The net cash position of the group at 31 December 2007 was approximately £ 2.106m.

Watermark Global plc is establishing itself as a key player in addressing Acid Mine Drainage and other water management opportunities.

The financial information set out above does not constitute the Company’s statutory accounts for the year ended 31 December 2007, but is derived from those accounts. Statutory accounts for 2007 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting. The auditors have reported on those accounts and their report was not qualified.

Annual General Meeting

The Annual General Meeting of the Company will be held on 27 June 2008 at 16.30 at 42, Queen Anne’s Gate, London SW1H 9AP. Notice of the meeting will be sent to shareholders along with the report and accounts.

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CHAIRMAN'S STATEMENT

INTRODUCTION

The 2007 Financial Year was one of transition and development for the company. A number of significant developments occurred during the year, including the acquisition of an exciting Water Management Project in South Africa, the joint venturing of the microwave technology and a restructuring of the Board of Directors. It is with excitement and optimism that we have commenced 2008, having changed the name of the Company to Watermark Global Plc, and with the prospect of completing the initial phases of the Water Management Project in South Africa.

BACKGROUND ON OPERATIONS

During the past year, the Board reviewed its current strategies and, more specifically, its microwave technology business. The Board formed the view that, although the basic technology had been proven in "pilot" operations, the Company's activities would need to be significantly scaled-up to achieve commercial success. In order to achieve this, partners with access to capital and a broader spectrum of commercial customers had to be sourced.

During the second half of 2007, the Company actively approached a number of parties both in the UK and in the USA, with a view to seeking either additional investment in the listed holding company or its 85% subsidiary, MicroFuze Americas Inc. (MFA) for the purpose of funding the broad commercial roll-out of the Microwave technology and accelerating the overall commercial programme. Following various discussions and negotiations, a deal was concluded with Applied Thermal Coatings Inc. (ATC). The details of these arrangements are discussed under the heading of Specific Operations but have been released previously to the market. Following the completion of the arrangements with ATC, the Company has begun to focus its efforts on the recently acquired water treatment technology.

During the second half of the year, the Company completed a £2.5 million capital raising programme, primarily aimed at UK-based institutional investors. This occurred at the same time as the Company announced the acquisition of Water Utilities Limited and its wholly owned subsidiary Western Utilities Corporation (Pty) Ltd (WUC), a water management company in South Africa. WUC was established as a result of a government mandated Acid Mine Drainage (AMD) clean-up programme in South Africa. Through WUC, the water will be treated, distributed and sold back to industry to reduce dependence on the expensive and limited potable water reserves. The technology is designed for future enhancements that may well see the water improved to a drinkable standard, thereby replenishing the reducing stock of potable water supplies.

The majority of the new funds raised are being applied to the construction of the WUC pilot plants and related work. Commissioning of the pilot plants occurred in early 2008. The results from these pilot plants will be used in the design and construction of a fully commercial plant which is expected to treat 75 mega litres of water per day.

SPECIFIC OPERATIONS – MICROFUZE AMERICAS INC.

As stated above, the Company recently concluded an agreement with ATC which will see the Company gradually divest its shareholding in MFA, with only a minority shareholding being retained in this subsidiary. ATC fully understands and is now committed to commercialising the microwave technology. Through its existing customer network, it already has a significant range of potential customers whom they believe will readily accept products processed through the microwave technology in 2008. MFA has spent a considerable amount of time and money over recent years developing the technology but it became apparent that greater resources would be required to achieve commercial success.

The founder and CEO of ATC, Harley Grant, is a co-inventor of the technology and a current shareholder in MFA. The key terms of the agreement, which have previously been released, can be summarised as follows:

- **Capital Contributions into MFA by ATC.** ATC has agreed to invest up to US\$3.5 million in MFA during the period 1st March 2008 to 31st December 2012 in cash or through the contribution of services (at an agreed value for those services). In consideration of these capital contributions, Watermark Global Plc has agreed to transfer shares in MFA to ATC at the rate of 1% of the equity in ATC for every US\$50,000 contributed up to a maximum of US\$3.5 million. If ATC's capital contributions reach the maximum amount, it will hold 70% of the capital of MFA and Watermark Global Plc will hold 15%. The other existing shareholders in MFA, namely, BWXT Y12 (the US Department of Energy) and Arapahoe Holdings (Harley Grant), will retain their 10.0% and 5.0% shareholdings respectively. The amount of capital contributed will be agreed between Watermark Global Plc and ATC on an annual basis following the end of the financial year of MFA, on 31st December. The appropriate transfer of equity will take place at that time, based on the contributions for that period.
- **Repayment of MFA Loans to Watermark Global Plc.** Watermark Global Plc will be repaid the loan funds which it has provided (up to the amount of US\$2.4 million which represents substantially all of the amount owed to Watermark Global Plc at completion of the JV agreement) once ATC has received a return on its investment in MFA of three times the amount invested, subject to having invested at least US\$3.0 million.
- ATC has agreed to take over the day-to-day management operations of MFA, including the technical and commercial aspects of the project, and has agreed to provide sufficient resources to the Company in order to maximize the chances of achieving commercial success.
- The Board of MFA has now been restructured with Mr Doug Parrish retiring from the Board of Watermark Global Plc to become non-executive Chairman of MFA. Mr Jeff Henry, ATC's Technical Manager, will be appointed to the Board of MFA, together with Mr Harry Ray, a Tennessee-based lawyer and attorney for MFA. Watermark Global Plc will retain Board control of MFA up to and until ATC has subscribed sufficient funds to take its shareholding in MFA to 51% at which point ATC will be permitted to nominate an additional person to the MFA Board. At the same time, one Watermark Global Plc representative will step down from the Board.
- Following completion of the transaction, ATC assumed all funding, obligations and commitments of MFA. Watermark Global Plc's obligations to the ongoing funding of the programme have now ceased. Watermark Global Plc will continue to hold its shares in MFA (subject to terms of the agreement) but no longer has any operational or financial commitment to MFA going forward.

In negotiating the terms of the agreement, the funding and commissioning of a new commercial microwave applicator was an important milestone in securing and finalising the new arrangements. The new applicator was developed for Watermark Global Plc, by Microwave

Materials Technology (MMT) of Knoxville, Tennessee. This has now been delivered and is operational.

The new applicator is state-of-the-art and has addressed a number of the technical shortcomings previously apparent in pre-production microwaves owned by the Company. The new technology is capable of producing product in commercial quantities and provides the basis for ATC to approach its commercial customer base.

The new arrangements represent an attractive arrangement both for ATC and MFA / Watermark Global Plc.

SPECIFIC OPERATIONS – WESTERN UTILITIES CORPORATION (SOUTH AFRICA) (WUC)

Following completion of the deal with ATC, the Company is focussing all operational activities on achieving WUC's ambitious milestones on time and on budget.

WUC was formed as a result of a South African government directive to the three major mining houses in South Africa requiring them to recover, recycle and treat to acceptable quality, contaminated acidic mine water. To date, the untreated water has flooded the underground voids left by centuries of mining activity, forming acidic water which is leaching into the aquifers thus threatening fresh water supplies and critical historic land formations (including a World Heritage site, the Cradle of Humankind).

WUC has agreements in place with the custodians of the contaminated water, long considered a liability, to treat this water and then supply it back to the mining companies, thus providing a scarce and valuable commodity in a country where demand generally exceeds supply on an ongoing basis. The agreements have the potential to successfully address a dangerous legacy problem.

Watermark Global Plc is providing funding and strategic support for WUC to establish two pilot plants to refine the application of two licensed technologies being trialled to treat the water. The results, once available, are expected to lead to the establishment of a 75 mega litres per day commercial plant and execution of long term supply contracts for industrial grade water to the mining industry. The further treatment of the water to drinkable grade is anticipated.

The pilot phase of the WUC project currently underway incorporates the design, construction and commissioning of the two pilot plants, namely:

- The Council for Scientific and Industrial Research (CSIR) Pilot Plant. This plant uses an integrated barium sulphide process consisting of preliminary treatment with lime, sulphate precipitation as barium sulphate, H₂S-stripping, crystallization of CaCO₃ (Calcium Carbonate), and recovery of barium sulphide;
- The SAVMIN process (using a patented process licensed from Mintek) which has been designed, constructed and commissioned by Atomaer, utilises a calcium/aluminium precipitation process carrying out multiple precipitation steps through the addition of lime and aluminium hydroxide. The SAVMIN system has already been effectively demonstrated in reducing sulphates on mine waste in South Africa.

It is expected that the results of these two pilot plants will provide WUC with the necessary technical information on water quality produced, by-product generation and recovery, as well as estimated capital and operational costs that will enable the design and construction of a full commercial plant based on the best available economic indicators.

As part of the longer term WUC strategy, management has identified the need to acquire additional water management opportunities that will enhance its skills base and market penetration. This has led to the conclusion of a Water Treatment Plant Management Agreement between WUC and Mogale Gold. This agreement entails WUC taking management responsibility for the treatment of Acid Mine Drainage (AMD) on behalf of Mogale Gold, for use in its own processes and for the discharge of excess water. WUC has partnered with a leading engineering group, Africon Engineering in South Africa, to supply specialised technical skills. WUC's first revenues were generated by this agreement in January 2008, ahead of anticipated revenue generation from existing activities. WUC is also pursuing a range of other opportunities in the Central, East and Far West regions of the Basin. The Directors believe that the range and scale of opportunities are now bigger than originally considered.

BOARD CHANGES

During the year there were a number of changes to the Board of Directors, mainly driven by the acquisition of WUC and the arrangements concluded with ATC. Mr Doug Parrish has retired from the main Board of the Company to become Chairman of MFA and has taken on a consultancy role with ATC following completion of the new arrangements.

Mr Jaco Schoeman joined the Board in July 2007 as CEO of WUC which has now become the sole operational entity within the Group.

The Company also welcomed Mr Dirk Kotze to the Board in October 2007. Mr Kotze replaced Mr Tim Wall as Finance Director. Additionally, WUC has assembled a strong and experienced management team supported by a group of excellent consultants.

OUTLOOK

The development, construction and commissioning of the WUC pilot plants have been very significant and important milestones. The results from the pilot plants will continue to be reviewed and analysed. The commercial potential will be confirmed during the 2nd Quarter of 2008. In addition to the completion of the pilot phase for WUC, the Company will continue to focus on:

- Securing water sources for the project
- Testing and evaluating technology to enable the selection of the most commercially viable technology for the treatment of Acid Mine water
- Negotiating off-take agreement for the water being produced
- Ensuring legal and environmental compliance
- Designing and constructing a 75 mega litre water treatment plant as well as the collection infrastructure and distribution infrastructure to third party users

WATER SOURCES

Fifty percent of the anticipated water source has been secured with the rest to be completed in the 3rd Quarter of 2008. The total volume available will be confirmed as part of the various agreements, but is anticipated to be sufficient for the proposed 75 mega litre plant.

TECHNOLOGY

These pilot plants have been commissioned within budget and results are proving to be above expectations, with potable water standards being achieved. Additional testing work is being done on the by-product recovery plant to improve efficiency and we are confident that we will be able to achieve all set objectives. The pilot study will be completed in July 2008 with a 30% engineering estimate being available in August 2008 to enable final technology selection. Once

the technology is selected, the successful technology will be taken to a 10% accuracy by February 2009.

ENVIRONMENTAL IMPACT ASSESSMENTS (EIAs)

In March 2008 the company appointed Golder and Associates, a reputable environmental consulting company, to start with the compliance studies, source water verification and site selection for the commercial plant, as well as pipeline routes. A number of pipeline routes have been identified to both the north and south of the water source. These routes are all link to existing servitudes and cost and engineering studies will be completed to 30% accuracy by September 2008. A six month statutory period will be required to approve the final Environmental Impact Assessment.

TAKE-OFF AGREEMENTS

The Company is also in discussion with possible third party users, most notably with Anglo Platinum, the world's largest platinum producer. These negotiations will be ongoing and will be completed by December 2008.

Upon completion of the pilot phase and once the EIAs have been concluded, the design and construction phase for the commercial plant will be initiated. Given the size of the water problem throughout the Wits Basin, WUC has positioned itself to become the leading project manager for addressing the Acid Mine Drainage problems being confronted by the mining houses.

Furthermore, the Company is continuing to strengthen its relationships with key government departments, multi-national mining houses and public interest groups, with a view to establishing Watermark Global Plc as a key player in addressing Acid Mine Drainage and other water management opportunities.

In addition, the Company is continuing to source additional applications and opportunities for these technologies and management processes, including approaching countries such as Argentina, Brazil, Chile and China.

I would like to thank all our shareholders and other stakeholders for their continuing support and interest.

Peter Marks
Chairman
 May 2008

Consolidated Income Statement For the year ended 31 December 2007

	Note	2007	2006
		£	(Restated)
			£
Revenue	2	1,489	2,867
Cost of sales		-	-
Gross profit		1,489	2,867
Administrative expenses		(1,220,111)	(1,643,563)
Impairment of goodwill	11	(1,566,632)	-
Loss from operations	5	(2,785,254)	(1,640,696)

Investment income		92,952	58,738
Finance costs	7	(6)	(1,693)
Share based employee compensation costs		<u>(715,583)</u>	<u>(728,862)</u>
Loss for the year		(3,407,891)	(2,312,513)
Taxation	8	<u>23,629</u>	-
Loss for the year from continuing operations		(3,384,262)	(2,312,513)
Minority interests	18	<u>26,840</u>	<u>86,513</u>
Loss for the year attributable to equity holders	17	<u>(3,357,422)</u>	<u>(2,226,000)</u>
Loss per share		<i>pence</i>	<i>pence</i>
Basic	9	<u>(2.0)</u>	<u>(2.0)</u>
Fully diluted	9	<u>(2.0)</u>	<u>(2.0)</u>

Consolidated Balance Sheet

As at 31 December 2007

	Notes	2007 £	2006 (Restated) £
Assets			
Non Current Assets			
Goodwill	11	-	1,566,632
Property, plant & equipment	10	401,991	81,788
Deferred tax		23,629	-
		<u>425,620</u>	<u>1,648,420</u>
Current assets			
Trade & other receivables	13	85,589	61,680
Cash & cash equivalents		2,105,987	1,068,994
		<u>2,191,576</u>	<u>1,130,674</u>
Total assets		<u><u>2,617,196</u></u>	<u><u>2,779,094</u></u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	15	336,554	223,682
Share premium account	17	6,670,787	4,026,259
Share option reserve	17	1,082,045	728,862
Exchange difference reserve	17	57,321	-
Profit and Loss Account	17	(5,583,422)	(2,226,000)
Total equity		<u>2,563,285</u>	<u>2,752,803</u>
Minority interest	18	(147,796)	(120,956)
Current liabilities			
Trade and other payables	14	201,707	147,247
Total equity and liabilities		<u><u>2,617,196</u></u>	<u><u>2,779,094</u></u>

Company Balance Sheet

As at 31 December 2007

	Notes	2007 £	2006 £
Assets			
Non Current Assets			
Investments	12	7	1,600,000
Property, plant & equipment	10	911	1,120
		<u>918</u>	<u>1,601,120</u>
Current Assets			
Trade & other receivables	13	1,019,883	1,207,755
Cash & cash equivalents		1,387,848	1,052,622
		<u>2,407,731</u>	<u>2,260,377</u>
Total assets		<u><u>2,408,649</u></u>	<u><u>3,861,497</u></u>
Equity and liabilities			
Equity			
Share capital	15	336,554	223,682
Share premium account	17	6,670,787	4,026,259
Share option reserve	17	1,082,045	728,862
Profit and Loss Account	17	(5,795,817)	(1,264,541)
Total equity		<u>2,293,569</u>	<u>3,714,262</u>
Current liabilities			
Trade and other payables	14	115,080	147,235
Total equity and liabilities		<u><u>2,408,649</u></u>	<u><u>3,861,497</u></u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	2007	2006 (Restated)
	£	£
Loss for the year	(3,384,262)	(2,312,513)
Minority interests	26,840	86,513
	(3,357,422)	(2,226,000)
Share based payments reserve movement	353,183	728,862
Exchange gains	57,321	-
	(2,946,918)	(1,497,138)
Proceeds from issue of shares	2,757,400	4,249,941
Net addition to shareholders' funds	(189,518)	2,752,803
Opening shareholders' funds	2,752,803	-
Closing shareholders' funds	2,563,285	2,752,803

Company Statement of Changes in Equity

	2007	2006
	£	£
Loss for the year	(4,531,276)	(1,264,541)
Share based payments	353,183	728,862
	(4,178,093)	(535,679)
Proceeds from issue of shares	2,757,400	4,249,941
Net addition to shareholders' funds	(1,420,693)	3,714,262
Opening shareholders' funds	3,714,262	-
Closing shareholders' funds	2,293,569	3,714,262

The Company has taken advantage of the exemption conferred by section 230 of Companies Act 1985 from presenting its own income statement. Loss after taxation of £4,531,276 (2006: £1,264,541) has been included in the financial statements of the parent company.

Consolidated cash flow statement

For the year ended 31 December 2007

	Note	2007 £	2006 (Restated) £
Reconciliation from operating loss to net cash from operating activities			
Loss from operations		(2,785,254)	(1,640,696)
Adjustment for:			
Depreciation		19,916	9,806
Loss on disposal of fixed assets		7,268	-
Impairment of goodwill		1,566,632	-
Foreign Exchange		55,754	(5,276)
Net cash from operating activities before changes in working capital		(1,135,684)	(1,636,166)
Increase in receivables		(23,909)	(35,298)
Increase in payables		54,460	46,066
Net cash used in operating activities		(1,105,133)	(1,625,398)
Investing activities			
Purchase of property, plant and equipment		(345,820)	(29,445)
Interest received		92,952	58,738
Net cash (used in)/from investing activities		(252,868)	29,293
Financing activities			
Proceeds from issue of ordinary shares net of issue costs		2,395,000	2,649,941
Interest paid		(6)	(1,693)
Cash acquired on purchase of subsidiaries		-	16,851
Net cash flow from financing activities		2,394,994	2,665,099
Net increase in cash and cash equivalents		1,036,993	1,068,994
Cash and cash equivalents brought forward		1,068,994	-
Cash and cash equivalents carried forward		2,105,987	1,068,994

Company cash flow statement

For the year ended 31 December 2007

	Note	2007 £	2006 £
Reconciliation from operating loss to net cash from operating activities			
Loss from operating activities		(3,913,079)	(593,291)
Adjustment for:			
Depreciation		209	281
Write down of investment in subsidiaries		1,600,000	-
Net cash from operating activities before changes in working capital		(2,312,870)	(593,010)
Decrease/(increase) in receivables		187,872	(1,207,755)
(Decrease)/increase in payables		(17,377)	147,235
Net cash used in operating activities		(2,142,375)	(1,653,530)
Investing activities			
Purchase of property, plant and equipment		-	(1,401)
Interest received		82,608	57,612
Purchase of subsidiary		(7)	-
Net cash flow from investing activities		82,601	56,211
Financing activities			
Proceeds from issue of ordinary shares net of issue costs		2,395,000	2,649,941
Net cash flow from financing activities		2,395,000	2,649,941
Net increase in cash and cash equivalents		335,226	1,052,622
Cash and cash equivalents brought forward		1,052,622	-
Cash and cash equivalents carried forward		1,387,848	1,052,622

Notes to the financial statements

For the year ended 31 December 2007

1. Incorporation and principal activities

Country of incorporation

Watermark Global Plc (formerly MicroFuze International Plc) was incorporated in the United Kingdom as a public limited company on 19 August 2005. Its registered office is 42, Queen Anne's Gate, London SW1H 9AP.

Principal activities

The principal activity of the Group during the period was that of commercializing process technologies, being the patented process of Microwave Diffusion Treatment and the process technology for the treatment of acid mine drainage. The principal activity of the Company was that of a holding Company.

2. Accounting policies

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been applied consistently throughout the period presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation

The company and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared on the historic cost basis. They comprise the accounts of Watermark Global Plc and all its subsidiaries made up to 31 December 2007.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The reconciliation of equity at 31 December 2006 (date of transition to IFRSs) and being the date of the last UK GAAP Financial Statements and the reconciliation of profit for 2006 are disclosed in Note 23.

Going Concern

The financial statements have been prepared on a going concern basis. The group is still developing its products for market which are not projected to produce income before 2009. The company's forecast expenditure for the period to 30 June 2009 indicates that cash resources are sufficient for the company and group to meet its liabilities as they fall due. Should the group be unable to continue trading, adjustments would have to be made to reduce the value of assets to their reasonable amounts, to provide for further liabilities which might arise, such as closure costs, and to classify fixed assets as current assets.

Functional and presentational currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in British Pounds (GBP), which is the Group's functional and presentational currency.

Notes to the financial statements (continued)

For the year ended 31 December 2007

2. Accounting policies (continued)

Foreign currency translation

(1) Foreign currency translation

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(2) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the profit or loss on disposal of foreign operations.

Revenue recognition

Revenue represents amounts receivable for goods and services net of VAT, trade discounts and other sales tax.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less depreciation and impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful life, as follows:

Plant and Machinery	Over 3 – 10 years
Motor Vehicles	Over 3 years
Fixtures, Fittings and Equipment	Over 4 years
Assets under construction	Not depreciated

Acquisitions and goodwill

Acquisitions of subsidiaries is accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

2. Accounting policies (continued)

Goodwill, being the excess of the cost of the business combination over the identifiable assets, liabilities and contingent liabilities acquired, is capitalized and classified as an asset on the balance sheet. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment.

Goodwill is reviewed for impairment on an annual basis. When the directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the income statement immediately.

Impairment of goodwill and other non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e.: the higher of value in use and fair value of costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating units (i.e.: the lowest group of assets to which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the group's cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Any impairment is charged to the income statement immediately. Any impairment loss recognised for goodwill is not reversed.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Deferred taxation

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable differences and deferred tax assets are recognised to the extent that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

2. Accounting policies (continued)

Investments

Investments in subsidiary companies are stated at cost less provision for any impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Share based compensation benefits

IFRS 2 'Share-based Payment requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share based payments at the current fair value at each balance sheet date.

The Group provides benefits to employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions linked to the price of the share of Watermark Global (formerly MicroFuze International Plc), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or other service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit and loss account charge or credit for a period represents the movements in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. Accounting policies (continued)

Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the revision affects both current and future periods

Financial Instruments

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

3. Financial Risk Management

Financial risk factors

The Group is exposed to liquidity risk, interest rate risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by monitoring cash flows and managing the maturity profiles of financial assets and liabilities within the bounds of contractual obligations.

3. Financial Risk Management (continued)

Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets.

The Group is exposed to interest rate risk in relation to its bank deposits.

The Group has no borrowings at the balance sheet date and does not anticipate any borrowings in the forthcoming year.

The Group has monies on deposit which earn interest at rates from 4% to 10% depending on location. Interest rates in South Africa are more volatile than in the United Kingdom and hence a larger sensitive range has been used. The sensitivity of interest rate increases and decreases is set out below:

	Interest received reduction
Interest rate decrease	
1%	11,388
2%	22,776
3%	<u>34,164</u>
	Interest received increase
Interest rate increase	
1%	11,388
2%	22,776
3%	<u>34,164</u>

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a foreign currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and South African Rand. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Loans between companies which are members of the Watermark Global Plc group (formerly MicroFuze International Plc Group) are made in the functional currency of the lending company. In all other respects, the policy for all Group companies is that they only

3. Financial Risk Management (continued)

trade in their principal functional currency, except in exceptional circumstances from time to time.

The Group's expenses in the USA are incurred in US\$. Any weakening in the US\$ would result in a reduction in expenses in Sterling terms, which would be to the Group's advantage. There is an equivalent downside risk to the Group of strengthening in the US\$ which would increase USA operating expenses in Sterling terms.

As at 31 December 2007 the Group held no monetary assets or liabilities in currencies other than the functional currency of the operating units involved.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate to their carrying amounts at the balance sheet date.

4. Segmental information

For management purposes the Group is organized into three operating divisions; Corporate, Water technology and Microwave technology. These divisions are the basis on which the Group reports its primary segment information. This information also represents the geographical segments being the United Kingdom, South Africa and the United States of America.

Year ended 31 December 2007

	Corporate	Water technology	Microwave technology	Total
	United Kingdom	South Africa	United States of America	
	£	£	£	£
Revenue				
External	-	-	1,489	1,489
Total revenue from continuing operations	-	-	1,489	1,489
Result				
Segment result from continuing operations	(2,923,871)	(80,946)	(496,026)	(3,500,843)
Finance income				92,952
Loss before tax				(3,407,891)
Income tax expense				23,629
Loss for the year from continuing operations				<u>(3,384,262)</u>
Other segment items included in the income statement:				
Depreciation	209	833	18,874	19,916
Impairment of goodwill	1,566,632	-	-	1,566,632
Balance sheet				
Assets				
Segment assets	3,324,133	1,036,350	854,466	5,214,949
Segment liabilities	(115,080)	(1,070,388)	(1,613,992)	(2,799,460)
Net assets	<u>3,209,053</u>	<u>(34,038)</u>	<u>(759,526)</u>	<u>2,415,489</u>

4. Segmental information (continued)

In 2006 for management purposes the Group was organized into two operating divisions; Corporate and Microwave technology. These divisions are the basis on which the Group reports its primary segment information. This information also represents the geographical segments being the United Kingdom and United States of America.

Period ended 31 December 2006

	Corporate	Microwave Technology	Total
	United Kingdom	United States of America	
	£	£	£
Revenue			
External	-	2,867	2,867
Total revenue from continuing operations	-	2,867	2,867
Result			
Segment result from continuing operations	(1,294,649)	(1,076,602)	(2,371,251)
Finance income			<u>58,738</u>
Loss before tax			(2,312,513)
Income tax expense			-
Loss for the period from continuing operations			<u>(2,312,513)</u>
Other segment items included in the income statement are as follows			
Depreciation	281	9,525	9,806
Balance sheet			
Assets			
Segment assets	3,214,163	714,564	3,928,727
Segment liabilities	(147,235)	(1,149,645)	(1,296,880)
Net assets	<u>3,066,928</u>	<u>(435,081)</u>	<u>2,631,847</u>

5. Operating loss

	2007	2006
	£	(Restated)
		£
Operating loss is stated after charging:		
Depreciation	19,916	9,806
Auditors' remuneration – audit	23,000	23,000
Auditors' remuneration – listing fees	-	22,840
Other group company auditors' fees	10,000	10,000
Exceptional item - research and development costs	-	347,062
	<u> </u>	<u> </u>

6. Employees

	2007	2006
	£	£
The average monthly number of persons (including directors) employed by the Group during the period was:		
Office and management	<u> 5</u>	<u> 6</u>
Employment costs		
Wages and salaries	<u>451,651</u>	<u>421,464</u>
Directors' remuneration		
Aggregate emoluments (including benefits in kind)	<u>353,655</u>	<u>355,000</u>
The emoluments of the highest paid director:		
Emoluments	<u>155,616</u>	<u>154,000</u>

Details of share based payments for directors are disclosed in note 16.

7. Finance costs

	2007	2006
	£	£
Bank overdraft interest payable	<u> 6</u>	<u>1,693</u>

8. Taxation

	2007 £	2006 £
UK Corporation tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(3,407,891)	(2,312,513)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%	(1,022,366)	(693,754)
Effects of :		
Depreciation	5,975	2,942
Impairment of goodwill	469,990	-
Share based employee compensation costs	214,674	218,659
Losses carried forward	331,727	472,153
UK Corporation tax	-	-

A deferred tax asset of £1,105,756 (2006: £1,573,843) has not been recognised due to the uncertainty over the timing of future recoverability. A deferred tax asset of £23,629 (2006: £Nil) has been recognised relating to losses incurred in Western Utilities Corporation which are expected to be utilised in the foreseeable future.

9. Loss per share

Loss for the year attributable to shareholders is £3,357,422 (2006: £2,226,000). This is divided by the weighted average number of shares outstanding calculated to be 184,008,321 (2006: 117,793,995) to give basic loss per share of 2.0p (2006: 2.0p loss)

The calculation of diluted loss per share would be based on the weighted average number of shares outstanding adjusted by the dilutive share options. The weighted average number of shares outstanding is 200,469,483 (2006: 125,671,511). On the assumption that the share options, which would give rise to the dilution, may not be exercised due to current losses, the diluted loss per share has been stated at the same figure as the basic loss per share.

10. Property, plant and equipment

Group:	Plant & Machinery	Fixtures, Fittings & Equipment	Assets under construction	Total
	£	£	£	£
Cost				
At 19 August 2005	-	-	-	-
On acquisition	57,870	4,279	-	62,149
Additions	23,154	6,291	-	29,445
At 1 January 2007	81,024	10,570	-	91,594
Additions	90,759	23,314	231,747	345,820
Disposals	(7,039)	(1,720)	-	(8,759)
Foreign exchange movement	2,777	(1,428)	-	1,349
At 31 December 2007	167,521	30,736	231,747	430,004
Depreciation				
At 19 August 2005	-	-	-	-
Charge for the period	8,656	1,150	-	9,806
At 1 January 2007	8,656	1,150	-	9,806
Charge for the year	18,874	1,042	-	19,916
Disposals	(1,536)	-	-	(1,536)
Foreign exchange movement	-	(173)	-	(173)
At 31 December 2007	25,994	2,019	-	28,013
Net book value				
At 31 December 2006	72,368	9,420	-	81,788
At 31 December 2007	141,527	28,717	231,747	401,991

Assets under construction relate to costs incurred by Western Utilities Corporation which was established to develop and commercialize a process technology which will facilitate the treatment of acid water, which is an industrial by-product of the mining process, and to sell the treated water to industrial customers. Western Utilities Corporation is in the process of constructing a pilot plant close to the water decant point in the West Rand region in South Africa. The initial construction costs (including the SAVMIN pilot plant campaign) are expected to be approximately £750,000.

10. Property, plant and equipment (continued)

Company :	Fixtures, Fittings & Equipment £	Total £
Cost		
At 19 August 2005	-	-
Additions	1,401	1,401
At 1 January 2007	1,401	1,401
Additions	-	-
At 31 December 2007	1,401	1,401
Depreciation		
At 19 August 2005	-	-
Charge for the period	281	281
At 1 January 2007	281	281
Charge for the year	209	209
At 31 December 2007	490	490
Net book value		
At 31 December 2006	1,120	1,120
At 31 December 2007	911	911

11. Intangible assets

	Goodwill £
Cost	
At 19 August 2005	-
Arising on acquisition	1,566,632
At 1 January 2007 – restated	1,556,632
Additions	-
At 31 December 2007	1,566,632
Provision for impairment	
At 19 August 2005 and at 1 January 2007	-
Impairment	1,556,632
At 31 December 2007	1,556,632
Net Book Value	
At 31 December 2006 – restated	1,556,632
At 31 December 2007	-

Goodwill has been fully impaired at the year end due to the phased disposal of MicroFuze Americas Inc., as disclosed in note 21.

11. Intangible assets (continued)

11.a Goodwill

Goodwill arising on the purchase of the entire share capital of MicroFuze International Pty Limited was amortised, under UK GAAP, over a period of 20 years from the date of acquisition. The company and group are preparing financial statements in accordance with International Financial Reporting Standards (IFRSs) for the first time – see note 23. Under IFRS 3 ‘Business Combinations’ goodwill is not amortised; amortisation accrued in the period to 31 December 2006 has been written back.

12. Fixed asset investments

Company

Investments in subsidiaries comprise:

	£
Cost and Net Book Value	-
Additions	1,600,000
At 31 December 2006	<u>1,600,000</u>
Cost and Net Book Value	
At 1 January 2007	1,600,000
Additions	7
Write down of investment	(1,600,000)
At 31 December 2007	<u>7</u>

Name and nature of business	Country of Registration	Class of shares	% held
Water Utilities Limited (dormant holding company)	BVI	Ordinary	100
Western Utilities Corporation Pty Limited (acid mine drainage process development) - held indirectly	South Africa	Ordinary	100
MicroFuze International Pty Limited (holding company)	Australia	Ordinary	100
MicroFuze Americas Inc. (microwave technology) - held indirectly	USA	Ordinary	85

On 16 July 2007 the Group acquired 100% of Water Utilities Limited, the 100% owned parent company of Western Utilities Corporation Pty Limited, a newly incorporated company, for £7.

13. Trade and other receivables

Group:	2007	2006
	£	£
Other debtors and prepayments	85,589	61,680
	<u>85,589</u>	<u>61,680</u>
Company :		
Amounts owed by group undertakings	986,727	1,149,286
Other debtors and prepayments	33,156	58,469
	<u>1,019,883</u>	<u>1,207,755</u>

As at 31 December 2007 amounts owed by group companies represents a balance due from Western Utilities Corporation Pty Limited. Interest is payable at LIBOR plus 5% on a monthly basis. The balance at 31 December 2006 was due from MicroFuze Australia Pty Limited which has been written off in 2007.

14. Trade and other payables

Group	2007	2006
	£	£
Trade payables	121,115	45,078
Other payables	-	6,942
Accruals and deferred income	63,953	65,763
Taxation and social security	16,639	29,464
	<u>201,707</u>	<u>147,247</u>
Company		
Trade payables	38,755	45,066
Other payables	-	6,942
Accruals and deferred income	59,686	65,763
Taxation and social security	16,639	29,464
	<u>115,080</u>	<u>147,235</u>

15. Share capital

	2007	2006
	£	£
<u>Authorised</u>		
1,000,000,000 ordinary shares of 0.15p each	<u>1,500,000</u>	<u>1,500,000</u>
<u>Allotted, issued and fully paid</u>		
224,369,110 (2006: 149,121,110) ordinary shares of 0.15p each.	<u>336,554</u>	<u>223,682</u>

15. Share capital (continued)

The Company has allotted shares for cash and non cash consideration during the year as follows:

	Number of Shares	Nominal Value £
June 2007 non cash in lieu of fees	2,248,000	3,372
July 2007 non cash in lieu of fees and services	22,500,000	33,750
July 2007 for cash at 5.00p per share	<u>50,500,000</u>	<u>75,750</u>
	<u>75,248,000</u>	<u>112,872</u>

16. Share based payment arrangements

16.a Details of the share options outstanding as at 31 December 2007

Name	Date granted	Number	Exercise Price (pence)	Expiry date	Fair Value at grant date (pence)
Duncan Clegg	13/02/06	1,500,000	10.0	13/02/11	6.23
Peter Marks	13/02/06	1,500,000	10.0	13/02/11	6.23
Doug Parrish	13/02/06	4,000,000	10.0	13/02/11	6.23
Timothy Wall	13/02/06	2,000,000	10.0	13/02/11	6.23
Nabarro Wells	13/02/06	<u>2,700,000</u>	10.0	13/02/11	6.23
At 31 December 2006		11,700,000			
Sandy Barblett	06/06/07	3,000,000	10.0	06/06/12	2.39
Art Greenberg	06/06/07	1,000,000	10.0	06/06/12	2.39
Harley Grant	06/06/07	2,000,000	10.0	06/06/12	2.39
Jeff Henry	06/06/07	2,000,000	10.0	06/06/12	2.39
Mike Dureau	06/06/07	110,000	10.0	06/06/12	2.39
Steven Ribich	12/12/07	<u>1,947,000</u>	10.0	10/12/12	3.87
At 31 December 2007		<u>21,757,000</u>			

No options expired and none were forfeited or exercised during the year.

The fair value of the options vested in the period was £353,183 (2006: £728,862). The assessed fair value at grant date is determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

16. Share based payment arrangements (continued)

The following table lists the inputs to the model used for the year ended 31 December 2007:

	06/06/2007	12/12/2007
Dividend yield (%)	-	-
Expected volatility (%)	71	71
Risk-free interest rate (%)	4.8	4.8
Share Price at grant date (pence)	5	7
No. of options	8,110,000	1,947,000

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The exercise period is 5 years from the date of grant being 6 June 2007 and 12 December 2007 respectively.

16.b Shares issued in lieu of remuneration

During the year shares were issued to two directors, T Wall and D Parrish to the value of £30,500 and £81,900 respectively, in lieu of remuneration. During the year shares were issued to J Schoeman to the value of £250,000 on his joining the company on acquisition of Western Utilities Corporation Pty Limited and prior to his becoming a director. In addition, J Schoeman will be entitled to a maximum of 10,000,000 shares at a value yet to be determined dependent on future performance.

The total of share based payments and shares issued in lieu of remuneration is £715,583 (2006: £728,862)

17. Reserves

	Group Exchange difference reserve	Company and Group Share option reserve	Company and Group Share premium account	Group Profit and loss account	Company Profit and loss account
	£	£	£	£	£
At 19 August 2005	-	-	-	-	-
Loss for the period – restated	-	-	-	(2,226,000)	(1,264,541)
New shares issued	-	-	4,026,259	-	-
Share options issued	-	728,862	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2007	-	728,862	4,026,259	(2,226,000)	(1,264,541)
Loss for the year	-	-	-	(3,357,422)	(4,531,276)
Exchange difference	57,321	-	-	-	-
Share options issued	-	353,183	-	-	-
Premium on shares issued	-	-	3,124,528	-	-
Cost of share issue	-	-	(480,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	<u>57,321</u>	<u>1,082,045</u>	<u>6,670,787</u>	<u>(5,583,422)</u>	<u>(5,795,817)</u>

The group figures only have been restated at 1 January 2007. See note 23.

18. Minority interest

	Note	2007	2006
At 1 January 2007		(120,956)	-
Minority interests in subsidiaries acquired		-	(34,443)
Loss after taxation		(26,840)	(86,513)
At 31 December 2007		<u>(147,796)</u>	<u>(120,956)</u>

19. Related party transactions

Other than transactions with group companies and directors as disclosed in the Notes, there were no transactions with other related parties.

20. Ultimate controlling party

There was no ultimate controlling party during the year.

21. Subsequent Events

On 5th March 2008 the company changed its name to Watermark Global Plc.

The Company entered into an agreement with Applied Thermal Coatings Inc (ATC) on 14th January 2008 whereby ATC have agreed to fund the commercialization of the Microwave Diffusion Technology in exchange for equity in MicroFuze Americas Inc..

ATC has agreed to invest up to US \$3.5 million in MicroFuze Americas Inc. during the period to 31 December 2012 in cash or through the contribution of services. In consideration for these services Watermark Global Plc has agreed to transfer shares in MicroFuze Americas Inc. at the rate of 1% of the equity in MicroFuze Americas Inc. for every \$50,000 contributed up to a maximum of \$3.5 million. If ATC's contributions reach the maximum amount it will hold 70% of the capital of MicroFuze Americas Inc. and Watermark Global Plc will hold 15%. The other existing shareholders in MicroFuze Americas Inc.. BWXT Y12 and Arapahoe Holdings, will retain their 10% and 5% shareholdings respectively.

22. Acquisition of subsidiary

	£
Tangible fixed assets	-
Debtors	-
Cash	7
Creditors	-
	<u>7</u>
Minority interest (see note 18)	-
	<u>7</u>
Group share of fair value of net assets acquired	<u>7</u>
Net cost of acquisition of subsidiary Consideration	<u><u>7</u></u>

On 16 July 2007 the Group acquired 100% of Water Utilities Limited, the 100% owned parent company of Western Utilities Corporation Pty Limited for £7.

23. First time adoption of International Financial Reporting Standards (IFRSs)

The reconciliation of equity at 31 December 2006 (date of transition to IFRSs) and being the date of the last UK GAAP Financial Statements and the reconciliation of profit for 2006 are published below.

Reconciliation of equity at 31 December 2006

	31st December 2006
	£
As reported under UK GAAP	2,664,799
Adjustment to conform with IFRSs:	
Amortisation of goodwill	88,004
As restated under IFRSs	<u><u>2,752,803</u></u>

Reconciliation of profit at 31 December 2006

	Period ended 31st December 2006
	£
As reported under UK GAAP	(2,314,004)
Adjustment to conform with IFRSs:	
Amortisation of goodwill	88,004
As restated under IFRSs	<u><u>(2,226,000)</u></u>

Notes to the reconciliation of equity and profit

There is only one element that affects the transition of the group accounts from UK GAAP to IFRSs:

Amortisation of goodwill

Goodwill is not amortised under IFRS; goodwill previously amortised has been written back.

24. New standards and interpretations not in force

The following standards and interpretations are in issue, but not in force at 31 December 2007:

New Standards and Interpretations

IFRS 8	Operating Segments
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Revisions to existing standards

IAS 1	Presentation of Financial Statements
IAS 23	Borrowing costs

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact on the primary statements. However:

IAS 1	The revisions to this standard will require additional disclosures both qualitative and quantitative, concerning the income statement and the restriction of the statement of changes in equity to capital items. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2009
IAS 23	The revisions to this standard will require capitalisation of borrowing costs incurred on qualifying assets together with transitional provisions for companies who have previously written off such costs. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2009

25. Statutory information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2007, but is derived from those accounts. Statutory accounts for 2007 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts and their report was not qualified.