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GROUP PROFILE

Boundary Capital plc (“Boundary Capital” or “the Company”) is an Irish based investment holding company, its investment objective is to generate value for shareholders by building capital value in its investments.

Boundary Capital aims to build a portfolio of investments and the planned holding period for investments is medium to long term.

Boundary Capital will typically acquire significant stakes in cash generative companies with established trading track records which are well-positioned in their respective markets. These companies will offer a genuine profit growth opportunity, particularly companies with the ability to augment organic growth through acquisitions. The objective is to leverage investments appropriately to enhance returns on equity, consistent with the maintenance of robust capital structure.

Strong management is a key aspect of any investment which is made. Boundary Capital, through its advisors Boundary Management Limited will, where possible, work with the senior management of investee companies to develop those companies or recruit new executive directors and/or senior management with a view to achieving their strategic objectives. It is intended that the executive directors and senior management of target companies invest in their companies so as to align their interests with that of Boundary Capital.

Boundary Capital has a diverse portfolio of investments and further information on these investments is set out in the Investments Review section.

Investment Portfolio			
Company	Sector	Date acquired	Shareholding
Veris plc (“Veris”)	Facilities Management & Property services	May 2007	10%
Siteserv plc (“Siteserv”)	Construction Services	May 2007	9%
Club Company Holdings Limited (“Club Company”)	Leisure	May 2007	8%
CJ Fallon, Kall Kwik and Prontaprint	Publishing and Printing	May 2007 / September 2007	65%
Casino Vastgoed C.V.	Property (Holland)	June 2007	31%
ART Holdings Limited (“Arnotts Group”)	Retail	October 2007	28%
RQB Limited	Property syndicator	November 2007	Loan with 20% coupon (Option to convert loan to equity)
Synchrony	Healthcare	December 2008	60%

CHAIRMANS REPORT & INVESTMENT PORTFOLIO OVERVIEW

I report to shareholders that the past year has been a particularly challenging one for Boundary Capital, with global and local financial market and economic turmoil creating a difficult environment for the completion of transactions.

The performance of our investment portfolio has been negatively impacted by the current economic environment. The majority of our investments are trading well in their respective sectors but like most businesses they are also being badly affected by the economic factors currently in the market place.

Company Results

The audited financial results for the year ended to 31 December 2008 and from the period of incorporation to 31 December 2007 are summarised in the table below.

	YEAR ENDED 31 DEC. 2008	INCREASE / (DECREASE) PER SHARE €CENT	PERIOD FROM INCORPORATION TO 31 DEC. 2007 €000'S	INCREASE / (DECREASE) PER SHARE €CENT
	€000'S			
Net Unrealised (loss) on Investments	(50,682)	(0.95)	(1,699)	(0.03)
Net Realised gain on Investments	271	0.01	-	-
Loss Before Tax	(54,717)	(1.03)	(2,663)	(0.05)
Investments Fair Value	31,662		82,886	
Cash Balance at Bank	587		1,809	
(Debt)	(37,724)		(35,465)	
Net (Liability)/Asset Value	(6,009)		48,486	

During the year ended 31 December 2008 a loss of €4.4 million was incurred compared to a loss of €2.7 million for the period from incorporation (26th April 2007) to 31 December 2007. The revaluation of investments denominated in sterling (Club Company and ODC) resulted in an unrealised loss of €5.2 million due to Sterling / Euro movements in the year while the share repurchase by Club Co resulted in a realised gain of €0.3 million.

The MTM revaluation of our quoted investments (Veris plc, Siteserv plc) as at 31 December 2008 resulted in an unrealised loss of €6.1 million. We have revalued our investments in Arnotts, CJ Fallon and ODC at year end resulting in an unrealised loss on the unquoted investments of €34.9 million. The loan to RQB Limited has been written down by €4.5 million to a nil carrying value. Administration, interest costs and interest receivable, management fee and share based payments charge amounted to €4.0 million in the year. The payment of the last 6 months of the management fee has been deferred.

For the six month period ended 31 December 2008 the Company recorded a loss of €0.3 million. The unrealised loss was predominately due to MTM revaluation of the portfolios quoted investments €5.3 million and the negative Sterling/Euro movement €3.4 million of unquoted investments, the downward revaluation of Arnotts, CJ Fallon and ODC €34.9 million and the write down of the RQB loan of €4.5 million for the six months ended 31 December 2008. Administration, interest costs and interest receivable, management fee and share based payments charge amounted to €2.2 million in the period.

The net asset value of Boundary Capital was a deficit of €6.0 million as at 31 December 2008. The assets are represented by quoted investments of €2.2 million, unquoted investments €27.0 million, a property investment of €2.5 million and a deferred tax asset of €0.3 million. The Company had a net debt position of €37.7 million at 31 December 2008.

The summary consolidated financial results for the year ended 31 December 2008 comprises the Boundary Capital financial results and Panther Group Acquisitions Limited financial results for the year ended 31 December 2008. The basis of preparation of the financial results is outlined in the Accounting Policies on pages 20 to 25. The auditors have included an emphasis of matter relating to going concern in their audit report as a result of the bank facility renegotiations not being concluded as at the date of this annual report. The auditors opinion is not qualified in this regard.

Investments

The Group has eight investments (including Synchrony) in the portfolio as at 31 December 2008. The value of the portfolio has decreased in the year ended 31 December 2008 due to the unrealised downward revaluation of unquoted investments, unrealised losses arising on translation of sterling investments in Club Company and ODC and the MTM of the quoted investments. We are of the opinion that 2009 will be a challenging year.

CHAIRMANS REPORT & INVESTMENT PORTFOLIO OVERVIEW
(CONTINUED)

	€Millions						€Cents Per Share						% Mvt.
	OMV at 1 Jan 08	Dist. / Coup	MTM FX	Reval.	OMV at 31 Dec 08	Mvt. In 12 Mth. Period	OMV at 1 Jan 08	Dist. / Coup	MTM FX	Reval.	OMV at 31 Dec. 08	Mvt. In 12 Mth. Period	
Quoted	8.3	-	(6.1)	-	2.2	(6.1)	15	-	(11)	-	4	(11)	(73%)
Unquoted	74.6	-	(5.0)	(40.1)	29.5	(45.1)	140	-	(9)	(76)	55	(85)	(61%)
Investments	82.9	-	(11.1)	(40.1)	31.7	(51.2)	155	0	(20)	(76)	59	(96)	(62%)
Debt	(35.5)	(2.2)	-	-	(37.7)	(2.2)	(66)	(5)	-	-	(71)	(5)	
NWC*	1.1	(1.1)	-	-	0.0	(1.1)	2	(2)	-	-	-	(2)	
NAV	48.5	(3.3)	(11.1)	(40.1)	(6.0)	(54.5)	91	(7)	(20)	(76)	(12)	(103)	

*Net Working Capital (Incl Cash)

Outlook

We expect 2009 to be a year of consolidation with opportunities to make further investments being limited due to lack of funding. We hope to finalise discussions on the debt facility with our bankers but there remains risk and uncertainty in this regard, (see Note (a) "Accounting policies and basis of preparation" on page 20 for further information). The Company may try to reduce its debt position through a share placement or a disposal of an investment or investments in the portfolio.

Niall Mc Fadden
Chairman

BOARD OF DIRECTORS



Niall McFadden
Chairman



Michael Walsh
Non Executive Director



Paddy Murphy
Non Executive Director



Eugene McCague
Non Executive Director



Mark Buckley
Company Secretary

DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

Niall McFadden (Chairman)
Michael Walsh (Non-Executive Director)*
Paddy Murphy (Non-Executive Director)*
Eugene McCague (Non-Executive Director)

SECRETARY

Mark Buckley

REGISTERED OFFICE

Fleming Court
Flemings Place
Dublin 4

AUDITORS

Mazars
Chartered Accountants
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

SOLICITORS

Maples and Calder
75 St Stephens Green
Dublin 2

BANKERS

Anglo Irish Bank Corporation plc
Stephen Court
18/21 St. Stephens Green
Dublin 2

NOMINATED ADVISOR, AIM AND IEX ADVISOR AND BROKER

Davy
Davy House
49 Dawson Street
Dublin 2

REGISTRAR

Computershare Investor Services
(Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

* Member of the Audit Committee

INVESTMENTS REVIEW

VERIS PLC

Veris (formerly Irish Estates) is an integrated property and facilities management group which provides a wide range of support services to property owners and occupiers in Ireland and the UK. Veris includes the businesses of:

- Irish Estates (Management) Limited, a property management company
- Vector Workplace and Facility Management Limited, a facilities management company
- Glenrye Properties Services Limited, a retail property management company
- Premier Management Company (Dublin) Limited, a leading provider of residential property management services
- Orange Environmental Building Services Limited and Orange Support Services Limited (together "Orange"), a group of facilities management companies

Veris was incorporated in December 2004 to simultaneously acquire Irish Estates (Management) Limited from Irish Life and Permanent plc and Vector Workplace and Facility Management Limited from its management team. Irish Estates (Management) Limited and Vector Workplace and Facility Management Limited were among the leading property management and facilities management companies respectively in Ireland at the time. The transaction created a group with market leading positions in both property management and facilities management in Ireland that had a combined turnover of €7.1 million and EBITDA of €4.1 million.

Veris was admitted to AIM and the IEX on 30 September 2005. Since IPO the business has continued to grow and completed four acquisitions which seen group revenues grow to €65.4 million and EBITDA grow to €8.8 million for the year ended 31 December 2007. Veris reported profit after tax of €5.1m for the year ended 31 December 2008 on revenues of €84m before taking into account the goodwill and intangible impairment of €1.2m arising on the write down in value of its Moving and Storage division (the "MS Division"). The reported loss after tax after taking into account the impairment provision amount to €6.8m.

In March 2009 Veris successfully disposed of its loss making MS Division and commenced a strategic review of its remaining business units. The strategic review also incorporates a full review of the cost structure of the Group and is considering the necessity for certain head office costs in an environment where the Group is focusing solely on its facilities and property management business which has a stand alone management team. Furthermore there is likely to be little if any acquisition activity in the foreseeable future due primarily to a continued lack of liquidity in the debt markets.

In 2008, market turbulence has seen the value of the shares decline from 1.80 Euro per share at 1 January 2008 to 43 cent per share at 31 December 2008, resulting in an unrealised loss of €3.4 million for Boundary Capital plc for the year ended 31 December 2008.

SITESERV PLC

Siteserv is the holding company for a group operating in the construction services, infrastructure and events sectors in Ireland and the UK.

Siteserv has two main operating divisions;

- The Infrastructure and Utilities division, which includes Sierra Communications Limited, a support service provider primarily to the telecommunications, power and civil engineering industries; Holgate Fencing Limited, a supplier and installer of motorway/road crash barriers and environmental acoustic barriers; and Roankabin Limited, a provider of modular, off-site and portable building solutions
- The Access division, which includes Deborah Services (UK) Limited and Donohue Scaffolding Limited, providers of scaffolding and associated services and products; Easy Access Limited, a formwork and scaffolding provider; and Rent-a-Fence Limited, a supplier of fencing and related products and services

Since its flotation in November 2007 Siteserv has acquired five additional companies being Deborah Services (UK) Limited, Sierra Communications Limited, Holgate Fencing Limited, Easy Access Limited and Roankabin Limited.

These companies are among the leaders in its respective markets and their acquisition has delivered the diversification of the group into the infrastructure and utilities services sector. Of its revenues 50% are now concentrated in the UK market and less than 10% of revenues are derived from the Irish residential construction sector.

In 2008, market turbulence has seen the value of the shares decline from 35 cent per share at 1 January 2008 to 10 cent per share at 31 December 2008, resulting in an unrealised loss of €2.7 million for Boundary Capital plc for the year ended 31 December 2008.

INVESTMENTS REVIEW

PANTHER GROUP ACQUISITIONS LIMITED (“PANTHER GROUP”)

Panther Group is a holding company which has two divisions being CJ Fallon and On Demand Communications Limited (ODC), which comprises Prontaprint and Kall Kwik.

CJ Fallon

CJ Fallon was founded in 1927 and is a leading Irish publisher of educational materials for the primary and secondary schools market in the Republic of Ireland. It produces a range of teaching materials including textbooks, workbooks and teacher resources and has a market leading position in the primary schools market, with a strong presence in the post-primary market. Key series include *Mathemagic*, *Bun go Barr*, *Starways*, *Quest*, *Chrysalis* and *21st Century Business* as well as the market leading assessment tests *Sigma-T* and *Micra-T*.

ODC

ODC's business is a B2B franchise management business which comprises the Prontaprint brand and the European franchise for Kall Kwik. ODC controls the European master franchise for Kall Kwik under a long term contract with Kwik Kopy Corporation in the US. Through its two brands, both of which achieved the coveted “Superbrand” status (for the fifth year in succession) and its unrivalled high street presence, ODC is the UK market leader in the provision of on-demand print and design services.

Prontaprint

- provides local small and medium sized businesses, schools, universities and clubs with instant access to high quality design, print and finishing services as well as complete direct mail solutions and high quality display graphics.
- a network of approximately 143 centres across the UK and Ireland

Kall Kwik

- provides a range of on demand design-led business marketing solutions to SME clients
 - current services are structured into the four main divisions of design, direct mail, print and large format print.
 - key design services include corporate identity and brand creation and management, web site design, imaging and copywriting services.
- a network of approximately 129 design and print centres across the UK.

Boundary Capital plc acquired a 67.2% shareholding in Panther Group in 2007, a company which owns 100% of the business of CJ Fallon and 100% of ODC. The total consideration paid was £8.6 million. Panther Group acquired the divisions for a total consideration of £40.3 million in 2007 and used debt to part finance the transaction. On 6 October 2008, a re-organisation of the share capital of Panther Group was undertaken which resulted in Boundary Capital plc owning a 64.5% shareholding in the Group. Further information on this re-organisation is available at Note 10, page 44 of this annual report.

CJ Fallon has performed well since acquisition and new publications growth was 12% in 2008. The company has traditionally focused on high quality content, driven by the recruitment and retention of best-in-class authors, supported by an experienced editing function. CJ Fallon is also developing online and digital product offerings across the subject ranges. Most notably, it is working with HMH Riverdeep to adapt their world-leading *Destination Maths* e-learning software to match the *Mathemagic* series and the Irish Maths curriculum.

The medium-long term strategy is to grow the share of primary and secondary school business through the successful introduction of new publications, the timely revision of established titles and the provision of supplementary teaching resources.

CJ Fallon is exploring opportunities to grow the business within the broader educational services market, both organically and through acquisition, whereby the strength of the CJ Fallon brand may be leveraged in the Irish marketplace.

ODC has performed in line with expectations since acquisition.

Several strategic initiatives were implemented during the year to grow the brand, increase revenues, refine cost structure and improve profitability and these have provided a solid platform on which to base continued sustainable growth and increase shareholder value.

Most notable amongst these was the acquisition of and direct operation of three franchised centres by ODC. These contributed to the growth in revenue achieved by ODC in the year.

ODC continues to improve marketing and commercial support for the franchised network through the introduction of new products and sales and marketing tools.

The directors of Panther Group believe the ODC business model is scalable and ODC management has identified scope for expansion for the current franchise brands. ODC will concentrate on growing sales organically using various strategic initiatives and leveraging its long term franchise agreements.

INVESTMENTS REVIEW

ARNOTTS GROUP

The Arnotts Group is one of Ireland's leading retailers. Its flagship department store, on Dublin's Henry Street is the largest in Ireland and the 5th largest in the United Kingdom. In addition to its other stores in Stillorgan, Co Dublin (trading as Arnotts) and on North Earl Street, Dublin 1, (trading as Boyers), Arnotts also owns a substantial property portfolio adjacent to its Henry Street store. Boundary Capital invested €40 million to acquire a 28% interest in the Arnotts Group in October 2007.

Entitled the Northern Quarter project, Arnotts has ambitious plans to develop a five acre site encompassing the existing Henry Street store and a number of adjacent properties at an estimated cost of €1 billion. Planning permission was received in July 2008 and is being worked through with Dublin City Council. The planning delay and more recently the deterioration in the banking and economic environment have inevitably impacted the progress of the scheme.

In late 2008 the company commenced trading in a second city centre Arnotts store in Jervis Centre, which will trade alongside Arnotts on Henry Street, Arnotts in Stillorgan Shopping Centre and Boyers on North Earl Street. The full launch of Jervis Street is scheduled for 2009.

The second half of 2008 saw a sharp downturn in the retail sector but the number of consumers visiting the store has remained in line with traffic generally in the Henry Street area but conversions to revenue has declined on prior year.

The Board and management of Arnotts Group are planning to focus on improving the retail business performance over the next 12 months through a number of operational initiatives, the full opening of the Arnotts store in Jervis centre and reconfiguration of the Henry Street store. The Henry Street area remains a very strong location for retail consumers. The Northern Quarter development will continue to be progressed in the coming year at a pace in line with the economic climate and financial markets

Arnotts management team has been further strengthened through the recruitment of Deirdre Devaney as Director of Fashion joining the Arnotts Group in October 2008.

Arnotts is valued on the basis of audited Net Assets per the balance sheet at 26 January 2009. At year end the Arnotts Group reclassified, impaired and revalued the properties which had the impact of reducing the Net Assets of Arnotts Group at their year end, which has been reflected in the valuation by Boundary Capital plc as at 31 December 2008.

SYNCHRONY

Synchrony Properties Limited (SPL) has entered into a Project Agreement with the St James's Hospital ("St James's") to provide a co-located hospital facility on the grounds of St James's in Dublin. The hospital, once constructed, will be held under a 65 year lease from St James's and ownership reverts to the state thereafter. In April 2008 SPL applied for planning permission for the construction of a new hospital facility on the grounds of St James's, providing an additional 195 in-patient beds, 72 outpatient beds and eight operating theatres. SPL is in ongoing talks with funders, St James's and the Health Service Executive regarding the structure and funding of this project.

With almost 1,000 inpatients beds, St James's Hospital is the largest in the country and treats approximately 300,000 patients per year. It is one of the eight designated national cancer centres and provides national clinical specialities in a wide range of areas.

Boundary holds a 60% shareholding in SPL which was acquired for nil consideration. In accordance with the shareholders agreement signed by Boundary and other shareholders in SPL, Boundary may but will not have to fund the future equity requirements of SPL.

INVESTMENTS REVIEW

OTHER PROPERTY – CLUB COMPANY

Club Company is the operator of ten golf and fitness clubs in the UK, which it owns either by freehold or through long leasehold. Club Company's service offering combines high-end fitness and golfing facilities and is run by an excellent management team.

In June 2006 Boundary Management backed the management team in a £96 million buy-out of the business. In May 2007, Boundary Capital acquired a 7.9% equity stake for £3.2 million the shares were acquired at cost by Boundary Capital.

Since acquiring the business the management of Club Company has grown EBITDA from £6.6 million in the year ended 30 September 2006 to £9.0 million in 2008 (+36%). Driving this impressive growth is a substantial reinvestment programme in existing facilities.

In April 2008 the business was refinanced which involved the division of the company's activities into an operating company and a separate property company and resulted in Stg 20p in £1 cash being returned to investors and an additional £6.4 million being made available for further capital investment. Boundary Capital received £0.7 million (€0.8 million) in May 08 as a result of the refinancing.

OTHER PROPERTY – HOLLAND PROPERTY

In June 2007 Boundary Capital acquired a 31% interest in a unique property in central Amsterdam, located in the heart of the city's prime retail and tourist destinations, adjacent to the Leidseplein (one of Amsterdam's most popular squares renowned for its variety of theatres, cafes, bars, restaurants, cinemas etc) and 250 metres from PC Hoofstraat, Amsterdam's luxury shopping street.

The property is occupied by the Holland Casino, the sole licensed casino operator in the Netherlands. Holland Casino is 100% owned by the Dutch Government which occupies the property under a 25 year lease that expires in 2015. The net initial yield is 4.9%, after all acquisition costs, unrecoverable landlord costs and ongoing property and asset management fees. Passing rents increase annually in line with inflation. The total net lettable area amounts to 9,761m², spread over nine floors and accommodates a theatre, restaurant, bar along with the casino itself, offices, dressing rooms and space for other ancillary services.

The total cost of the acquisition (including costs) amounted to €65.9 million which was financed by €58.0 million of debt and €7.9 million of investor equity, of which Boundary's share was €2.5 million.

The base-case target IRR on the investment is 12%, with an exit anticipated following renegotiation of the lease in 2015.

OTHER PROPERTY – RQB LIMITED

RQB Limited ("RQB") is a leading adviser in the origination, structuring, and syndication of large scale property developments. RQB provides an innovative approach to the national and international property market.

RQB was established in May 2005 as a joint venture between Redquartz, a prominent Irish property development and investment business, and Boundary Capital, to research and appraise property investment opportunities.

RQB has had a very successful period since its inception to 2007 where the company has forged a strong reputation in the market which has seen its investor base grow to 600 clients. RQB has built a solid team since 2005 where a wealth of industry knowledge and experience has been accumulated. Apart from having client relationship responsibilities, the investment managers also take responsibility for individual investment projects, working with experienced professional design teams and reporting to the Board of RQB.

RQB have completed over 10 transactions since inception, two of the higher profile transactions were the acquisition of Sawgrass Marriot Golf Resort & Spa, home of "the Players" PGA tournament (the unofficial 5th Major) in June 2006 for \$220 million and the Thames Royal Docklands development in conjunction with Ballymore Properties in December 2007 for £155 million.

In 2008 RQB business has been rationalised and restructured in line with the sharp changes in the market and the property/construction sector in Ireland. RQB continues to manage assets on behalf of investors in Ireland and overseas.

The investment has been written down to nil on a conservative basis.

REPORT OF THE DIRECTORS

The directors present their annual report on the affairs of the Group, together with audited financial statements for the year ended 31 December 2008.

1. PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of Boundary Capital is to act as an Irish based investment holding company.

The subsidiary undertakings contributing to the profits and net assets of the Group in the period are listed in note 12 to the financial statements.

A review of operations and financial performance of the Group are contained in the Chairman's Statement and the Investments Review.

Presentation of annual report

Boundary Capital is an investment holding company and uses the performance of the company accounts, or more specifically "Net Asset Value", as the basis on which to measure performance during the period as well as indicating the underlying value of the share capital. Boundary Capital do however prepare consolidated accounts in accordance with the Companies Acts as Panther Group Acquisitions Limited is deemed a subsidiary undertaking in accordance with Company law in Ireland.

2. RESULTS

Boundary Capital plc, the company, had Net Liabilities of €6.0 million at 31 December 2008 (Net Assets of €48.5 million at 31 December 2007) or a Net Asset Value per share of minus 12 cent (91 cents at 31 December 2007).

3. ACQUISITIONS

During the year Boundary Capital plc acquired a 60% interest in Synchrony Properties Limited (SPL) at nil cost. SPL has entered into an agreement to construct and operate a two hundred bed private hospital in the grounds of St. James's hospital, Dublin.

4. RISK AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group.

The Directors have overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness. An ongoing process, in accordance with the guidance of the Turnbull Committee on Internal Control, has been established for identifying, evaluating and managing risks faced by the Group, and is reviewed regularly by the Board. This process was in place for the year ended 31 December 2008 and was also in place at the date of this report.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The directors consider that the principal risks and uncertainties faced by the company, its subsidiary and its investments are in the following categories:

General risks

Investments in private companies are subject to the usual risks inherent in the ownership of any company operating a business. These include risks associated with general economic climate, inflation, interest rates, equity and property market trends and their impact on consumer sentiment, competition, supply chain issues, shortages in human resources, various uninsured or uninsurable risks, natural disasters, government regulations and changes in taxation. As a result, a general economic downturn or the materialisation of any one or a combination of the aforementioned risks could have a materially adverse effect on the Group.

Valuation

The valuation of unlisted securities is inherently subjective due to the lack of marketability and the nature of accounting practices. As a result, valuations of unlisted investee companies are subject to uncertainty. There can be no assurance that the reported valuations of investments of the Group will reflect actual sale prices even if an investment is sold shortly after the relevant valuation date of that investment.

Risks relating to the Stock Market

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Group and some which affect quoted companies generally. These factors could include the performance of the Group, large share purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

REPORT OF THE DIRECTORS (CONTINUED)

4. RISK AND UNCERTAINTIES (CONTINUED)

Risks relating to the property market

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual sale prices even where any such sales occur after the relevant valuation date.

Real estate investments are relatively illiquid. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or the exercise by tenants of their contractual rights as those which enable them to vacate properties occupied by them prior to, or at, expiry of the originally agreed term. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the market value of the Group's Ordinary Shares or on the Group's ability to make expected distributions to its shareholders.

Economic downturn

The performance of the Group may be adversely affected by a general economic downturn in particular in Ireland and the UK. In an economic downturn, consumer demand may decrease, reducing sales growth and profit margins. Price competition in a downturn may also lead to lower profit margins and losses. In a downturn, there may be excess production capacity or inventories which may reduce returns on invested assets.

Uninsured losses

The Investment Agent will attempt to ensure that investee companies arrange adequate insurance to cover capital losses. However, there is a risk of loss which cannot be insured or is too expensive to insure. In the event that an investee company incurs a loss that is not fully covered by insurance, the value of the Group's investment may decrease.

Management risks

There is no certainty that the managers of investee companies will be effective. Changes in management or poor management will affect the performance of an investee company and may reduce the value of the Group's investment.

Gearing

Investee companies may already be geared. Furthermore, the Group itself may also use gearing as a source of finance. Although the use of gearing through bank borrowings may increase returns, it also creates greater potential for loss. This includes the risk that the borrower will be unable to service interest payments or comply with the other borrowing requirements of a loan rendering it repayable, the risk that available funds will be insufficient to meet required repayments and the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of the existing borrowings.

Financial risk management

In the normal course of business, the Group is exposed to fluctuations in exchange rates, interest rates and changes to the price of inputs. The risks associated with these fluctuations are managed in accordance with policies approved by the board of directors. The Board's policies are implemented by the finance department. Significant financial risks are set out below:

Foreign exchange risk

Changes in currency exchange rates may harm the financial condition of the Group through both transaction and translation risks. The Group intends to make investments both in the Eurozone, and the United Kingdom; thus the Group may be affected by currency fluctuations and, in particular, changes in the euro-stg exchange rate will affect the translation into euro of the Group's foreign investments.

Credit risks

The Group has implemented policies that require the appropriate checks on potential customers before sales are made.

Liquidity risk

The Group actively maintains a mix of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expenditure.

Interest rate risk

The Group manages its exposure to interest rate risk by entering into interest rate swaps.

REPORT OF THE DIRECTORS (CONTINUED)

5. CORPORATE RESPONSIBILITY

Environmental

The Group requires all of its investment companies to operate in an environmentally responsible manner. The resources and processes that have been put in place are focused on achieving industry best practice standards at all of the Group's locations. The Group's environmental policy is to:

1. Comply, at a minimum, with all applicable environmental legislation and develop environmental stewardship towards industry best practice.
2. Ensure that all employees are aware of their environmental responsibilities.
3. Optimise the use of energy and resources through efficiency gains and recycling.
4. Be good neighbours in every community in which the Group operates.

Health and safety

The Group seeks to achieve industry best practice standards of health and safety.

Human resources

Overall responsibility for human resources lies with allocated members of the management team. Day to day responsibility for ensuring that the Group's employment policies are effectively implemented lies with the managing director. The Group ensures that the training requirements of staff are catered for on an ongoing basis.

6. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group's annual report and consolidated financial statements are prepared in accordance with IFRS as adopted by the EU and meet the reporting requirements pursuant to Irish company law, and the rules of AIM and the IEX.

7. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008.

8. EVENTS SINCE THE YEAR END

There are no material events to report since the year end other than as noted below in section 9, "Future Developments".

9. FUTURE DEVELOPMENTS

We expect 2009 to be a year of consolidation with opportunities to make further investments being limited due to lack of funding. We hope to finalise discussions on the debt facility with our bankers but there remains risk and uncertainty in this regard, (see Note (a) of "Accounting policies and basis of preparation" on page 20 further information). The company may try and reduce its debt position through a share placement or a disposal of an investment or investments in the portfolio.

10. RESEARCH AND DEVELOPMENT

The Group did not engage in any research and development activities during the year.

11. POLITICAL DONATIONS

The Group made no political donations during the year.

12. DIRECTORS AND SECRETARY

Eugene McCague was appointed to the Board as non-executive director on 28 May 2008.

The directors are required to retire by rotation in accordance with the Articles of Association.

REPORT OF THE DIRECTORS (CONTINUED)

13. INTERESTS OF DIRECTOR AND SECRETARY

The directors and secretary who held office at 31 December 2008 had the following interests, including family interests, in the share capital of the Company at the beginning of the period or subsequent date of appointment and end of the period:-

	At 31 December 2007/ Date of appointment No.	At 31 December 2008 No.
Ordinary Shares of €0.25 each		
Mr Niall McFadden	23,808,914	23,808,914
Mr Michael Walsh	-	400,000
Mr Paddy Murphy	-	-
Mr Eugene McCague	-	-
Mr Mark Buckley (secretary)	250,000	575,635

14. SHARE OPTION PLAN

The Share Option Scheme was established by a resolution of the Board of directors of the Company passed on 14 May 2007 for the purpose of incentivising directors, employees, consultants and contractors of the Company and its subsidiary companies. It is not a scheme approved by the Irish Revenue Commissioners. Subject to the rules of the scheme, the Share Option Scheme is available to all employees and directors of Boundary Capital and each other Group company, however, the decision as to who shall have the opportunity to participate and the timing and extent of such participation is, subject to the rules of the Share Option Scheme, to be made by the board of directors of the Company (or the Remuneration Committee as the case may be) at its absolute discretion.

An option granted pursuant to the Share Option Scheme may be exercised in whole or in part during the exercise period designated by the Board of directors of the Company at the date the relevant option was granted. Details of directors' options are as follows:

	At 1 January 2008 or date of appointment	Granted	Expired	Exercised	At 31 December 2008	Weighted average exercise price of options outstanding at 31 December 2008
Mr Niall McFadden	-	-	-	-	-	-
Mr Michael Walsh	150,000	-	-	-	150,000	€1.00
Mr Paddy Murphy	150,000	-	-	-	150,000	€1.00
Mr Eugene McCague	-	-	-	-	-	-
Mr Mark Buckley	<u>250,000</u>	-	-	-	<u>250,000</u>	<u>€0.60</u>
	<u>550,000</u>	-	-	-	<u>550,000</u>	<u>€0.82</u>

15. FINANCIAL SITUATION

The company balance sheet shows an excess of liabilities over assets, on that basis there did exist at 31 December 2008 a financial situation which under section 40(1) of the Companies (Amendment) Act 1983 may require the convening of an extraordinary general meeting of the company.

REPORT OF THE DIRECTORS (CONTINUED)

16. SUBSTANTIAL SHAREHOLDINGS

The following table sets forth certain information regarding the beneficial ownership of the ordinary shares by major shareholders (based solely on information available to the Group in accordance with Section 67 of the Companies Act, 1990) and all the directors and officers of the Group (other than disclosed on page 14) holding more than 3% of the issued share capital of the Company at 24 June 2009:

Name	Number of shares	Percentage ownership
Declan Cassidy	3,339,606	6.3%
Bank of Ireland Nominees Limited	2,496,736	4.7%
Nortrust Nominees Limited	1,784,047	3.3%
Morstan Nominees Limited	1,710,042	3.2%

17. TRANSACTIONS INVOLVING DIRECTORS

Details of transactions involving directors are set out in note 25 to the financial statements.

18. GROUP COMPANIES

The information required by Section 158 of the Companies Act 1963 and Section 16 of the Companies (Amendment) Act 1986 is given in note 12 to the financial statements.

19. BOOKS AND RECORDS

The directors are responsible for ensuring that proper books and accounting records as outlined in Section 202 of the Companies Act 1990 are kept by the Company. The Directors have appointed appropriate accounting personnel in order to ensure that those requirements are complied with. The books and accounting records of the company are maintained at the Company's registered office.

20. GOING CONCERN

The financial statements have been prepared on a going concern basis after making due enquiries and considering the material uncertainties described in section (a) of the accounting policies on page 20, "Basis of preparation and liquidity". For this reason the Board continue to adopt the going concern basis in preparing the financial statements.

21. AUDITORS

Mazars, Chartered Accountants, have expressed their willingness to be re-appointed in accordance with Section 160 (2) of the Companies Act 1963.

Directors

N McFadden

M Walsh

29 June 2009

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of the principles of good corporate governance and is committed to maintaining high standards of corporate governance commensurate with the size, stage and development and financial status of the Group.

1. THE BOARD

The Group is controlled through its Board of directors. The Board's main roles are to create value to shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

Specific responsibilities reserved to the Board include: setting Group strategy; reviewing operational and financial performance; approving major acquisitions and divestments; reviewing the Group's systems of financial control and risk management; approving appointments of directors and Group secretary; approving policies relating to directors' remuneration and the severance of directors' contracts; and ensuring that a satisfactory dialogue takes place with shareholders.

With regard to the investment companies, the Board has delegated the following responsibilities to Boundary Management Limited ("BML") under the terms of an investment management agreement: approval of annual budgets and medium term projections; approving capital expenditures; ensuring that appropriate management development and succession plans are in place; the review and approval of operational plans that reflect the longer-term objectives and priorities established by the Board; monitoring the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management teams; and developing and implementing risk management systems. Boundary Management Limited is a company controlled by Niall McFadden who, together with his team of professional advisors, have entered into an eight year rolling contract to provide the aforementioned services.

Directors' Independence and Board Balance

The Board is comprised of the executive Chairman, and three non-executive directors. The directors retire by rotation in accordance with the Articles of Association. The Board considers all of its non-executive directors to be independent in character and judgement. The Board meetings are held at least six times each year with agendas sent out in advance of each meeting. There is a schedule of formal matters reserved for Board approval. All directors have access to advice from the Group Secretary and independent professional advisors at the Group's expense.

Board Committees

The Board has established an Audit Committee and a Remuneration Committee. These committees have written terms of reference.

2. AUDIT COMMITTEE REPORT

The Audit Committee normally meets at least three times each financial year. The Audit Committee consists of Michael Walsh and Paddy Murphy. The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual reports, as well as reviewing the scope and performance of the Group's internal finance function and reviewing the Group's systems of financial control and risk management. The Audit Committee also discusses the results and scope of the audit with the external auditors and reviews the effectiveness and independence of the auditors. The external auditors attend the Audit Committee meetings. The chairman also attends. The external auditors have the opportunity to meet with the members of the Audit Committee alone at least once a year.

In the year ended 31 December 2008 the Audit Committee, operating under its terms of reference, discharged its responsibilities by:

- reviewing the Group's draft 2008 financial statements prior to Board approval and reviewing the external auditors' detailed reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing and approving the 2008 audit fee and reviewing non-audit fees payable to the Group's external auditors in 2008; and
- reviewing the external auditors' plan for the audit of the Group's 2008 accounts, which include key areas of extended scope work, key risks on the financial statements, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit.

3. REMUNERATION COMMITTEE REPORT

The Remuneration Committee meets at least once a year. It comprises two non-executive directors and the chairman.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the Group and the company financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group and company financial statements in accordance with IFRS as adopted by the EU and applicable law, in the case of the company as applied in accordance with the Companies Acts 1963 to 2006.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group and the company; the Companies Act 1963 to 2006 provides in relation to such financial statements that reference in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing a director's report that complies with the requirements of the Companies Acts 1963 to 2006.

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

Directors

N McFadden

M Walsh

29 June 2009

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Boundary Capital plc

We have audited the Group and parent company financial statements (“the financial statements”) of Boundary Capital plc for the year ended 31 December 2008 which comprise the Group Income Statement, the Company Income Statement, the Group Statement of Recognised Income and Expenses, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, the Company Cash Flow Statement and the accounting policies and related notes. These financial statements have been prepared under the accounting policies as set out therein.

This report is made solely to the company’s members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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

As described in the Statement of Directors’ Responsibilities, the company’s directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and, are properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation. We also report to you whether, in our opinion: proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors’ Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company’s financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors’ remuneration and directors’ transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors’ Report, the Chairman’s Statement, Investments 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 financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements: -

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of affairs of the Group and Company as at 31 December 2008 and of group and company’s loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2006 and Article 4 of the IAS regulation.

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company's financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The company balance sheet shows an excess of liabilities over assets, on that basis there did exist at 31 December 2008 a financial situation which under section 40(1) of the Companies (Amendment) Act 1983 may require the convening of an extraordinary general meeting of the company.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 20 to the financial statements concerning the Directors' confidence in the Group's ability to continue as a going concern. The matters explained indicate the existence of a material uncertainty which may cast significant doubt about this ability. The financial statements do not include any adjustments that would be necessary if the group were unable to continue as a going concern.

Mazars
Chartered Accountants and Registered Auditors
Harcourt Centre
Block 3
Harcourt Road
Dublin 2

29 June 2009

ACCOUNTING POLICIES

The principal accounting policies adopted by Boundary Capital plc and its subsidiaries are as follows:

(a) BASIS OF PREPARATION AND LIQUIDITY

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (herein "EU IFRS")

The individual financial statements of the company have been prepared in accordance with IFRS as adopted by the EU as applied in accordance the Companies Act 1963 to 2006.

The financial information has been prepared in Euro ("€") rounded to the nearest thousand, being the functional currency of the company and its subsidiaries.

These consolidated financial statements have been prepared on the historical cost basis of accounting, except for share based payments and investments which are stated at fair value. The accounting policies have been applied consistently by all Group companies.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

The Group's consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. However, as a result of the current difficult credit markets, to date the Group has been unable to extend the debt facility loaned by Anglo Irish Bank plc to Boundary Capital plc which is due to mature on 30 June 2009. The Group currently does not have sufficient financial headroom available under its existing facilities in order to meet this maturity and service its debt obligations.

The Directors have given careful and detailed consideration to this issue and while they are hopeful of a positive outcome to the current negotiations, the timing and materiality of the issue is such as to indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern. If this is the case, the Group and Company may be unable to continue to realise assets and discharge liabilities in the normal course of business.

Consequently, having made due enquiries and considering the material uncertainty described above and the timing of its resolution which is outside the control of the Board, the Directors have decided to continue to adopt the going concern basis in preparing the financial statements and these financial statements do not include any adjustments that would result from the absence of the support of Anglo Irish Bank plc in extending or renewing the debt facilities of the Group.

(b) BASIS OF CONSOLIDATION

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Boundary Capital plc and its subsidiaries for the year ended 31 December 2008.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

ACCOUNTING POLICIES

(c) FOREIGN CURRENCY

(i) *Functional and presentation currency*

The Group's financial information is presented in euro as this is the most appropriate currency given the Group's operating locations and its current and anticipated activities.

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group has operations with the following functional currencies:

- Euro (€)
- British pounds (£)

(ii) *Transactions and balances*

Transactions in foreign currencies are translated into the functional currency using the exchange rates ruling at the date of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) *Group companies*

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

(d) REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax.

Revenue comprises sales of educational materials, franchise fees and related income. Educational material sales are recognised on delivery. Initial franchise fees are recognised in the income statement when receivable. Rental income is recognised when it falls due.

Services are deemed to have been delivered to customers when, and to the extent that, the entity has met its obligations under its service contracts and the goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in these benefits.

(e) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) FINANCIAL ASSETS

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Investment property

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both.

ACCOUNTING POLICIES

(f) FINANCIAL ASSETS (CONTINUED)

Recognition and measurement - Investment properties are recorded at their fair value at the date of acquisition or upon classification as an Investment Property following a change of use. They are subsequently held in the balance sheet at fair value. Fair value is determined at each balance sheet date from valuations undertaken by professional valuers using market-based evidence. Gains or losses arising from the changes in fair value are recognised in the income statement for the period in which they arise.

(g) INVESTMENT PORTFOLIO

The Group's return is generated primarily from its investment portfolio, which forms the main element of its total assets.

Recognition and measurement - Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investments. The Group manages its investments with a view to profiting from the receipt of interest and dividends and changes in fair value of equity investments. Therefore, all quoted investments and unquoted equity investments are designated at fair value through profit or loss and subsequently carried in the balance sheet at fair value.

The Group is availing of the exemption in IAS18 and is accounting for its investments in associates as designated at fair value through profit and loss. All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the Group's valuation policies. Any movements in fair value is taken through the Income Statement. Unrealised gains and losses are recognised in the Income Statement, realised gains and losses arising on disposal of investments are also taken to the Income Statement.

Income - Gross portfolio return is a key performance indicator and is equivalent to "revenue" for the purposes of IAS 1. It represents the overall increase in net assets from the investment portfolio net of deal-related costs. Investment income is analysed into the following components:

- Realised profits on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity and the repayment of loans and receivables, and its carrying value at the start of the accounting period, converted into euros using the exchange rates in force at the date of disposal.
- Unrealised profits on the revaluation of investments is the movement in carrying value of investments between the start and end of the accounting period converted into Euros using the exchange rates in force at the date of the movement.

(h) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the cost of the items and typically represents purchase cost.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following annual rates:

Improvements to leasehold premises	10% per annum
Office and computer equipment	20-33% per annum
Motor vehicles	20% per annum

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

(i) INVENTORIES

Finished goods are valued on a first-in, first-out basis at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes direct materials and labour cost and also those overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value comprises the actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing, selling and distribution.

Some inventory is subject to retention of title claims by suppliers in the event of non-payment.

ACCOUNTING POLICIES

(j) TRADE AND OTHER RECEIVABLES AND PAYABLES

Trade and other receivables and payable are stated at cost, which approximates fair value given the short dated nature of these assets and liabilities.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

(l) BORROWINGS

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the income statement over the period of the borrowings using the effective interest basis.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) BUSINESS COMBINATIONS

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group.

The cost of a business combination is measured as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable expenses. In the case of a business combination, the assets and liabilities are measured at their provisional fair values at the date of acquisition. Adjustments to provisional values allocated to assets and liabilities are made within 12 months of the acquisition date and reflected as a restatement of the acquisition balance sheet.

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(n) INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition. Subsequent to initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement. The amortisation of intangible assets is calculated to write-off the book value of intangible assets over their useful lives on a straight-line basis.

Useful lives are as follows:

	Years
Educational titles	8-10
Customer based relationships	7-8
Master franchise agreements	Indefinite

(o) IMPAIRMENT OF ASSETS

Assets are reviewed at each balance sheet date to determine whether there is any indication that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of assets is the greater of their fair value less cost to sell and value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognised in the income statement.

ACCOUNTING POLICIES

(p) IMPAIRMENT REVIEWS AND TESTING

The carrying amounts of the Group's assets with the exception of deferred tax assets (which are recognised based on recoverability) and financial instruments (which are carried at fair value) are reviewed to determine whether there is any indication of impairment when an event or transaction indicates that there may be, except for goodwill and long life intangibles which are reviewed annually. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount.

The recoverable amount of an asset is the greater of its estimated net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the units on a pro rata basis. An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(r) SHARE BASED COMPENSATION

The Group operates an equity settled, share based compensations plan. The Group has accounted for the share based compensation plan in accordance with IFRS 2 "Share-based Payment". The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The total amount to be expensed over the vesting period is determined using an appropriate valuation model by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group will revise its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

(s) FINANCIAL GUARANTEE CONTRACTS

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other parties, including companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(t) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(u) PENSION COSTS

The Group contributes to a number of defined contribution pension plans. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) LEASE COMMITMENTS

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

ACCOUNTING POLICIES

(w) **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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:

Valuation of investments held at fair value through profit and loss account

The Group monitors the carrying value of investments held at fair value through profit and loss account on an ongoing basis. Independent valuations of all investments are carried out annually. The fair value of investments at 31 December 2008 is set out in note 12.

Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill and intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of goodwill and intangible assets at 31 December 2008 is set out in note 10.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair values requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility and dividend yield, and making assumptions about them. The assumptions and models used are disclosed in note 21.

COMPANY INCOME STATEMENT

	Notes	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Unrealised losses on revaluation of investments	2	(50,682)	(1,699)
Realised gains on sale of investments	2	271	-
Investment income		=	<u>144</u>
		(50,411)	(1,555)
Investment managers fee		(1,432)	(370)
Other expenses		<u>(242)</u>	<u>(609)</u>
Net portfolio return		(52,085)	(2,534)
Interest income	7	60	262
Interest expense	7	<u>(2,692)</u>	<u>(391)</u>
Loss before taxation for the year/period		(54,717)	(2,663)
Income tax	8	<u>280</u>	(3)
Loss after taxation attributable to ordinary shareholders		<u>(54,437)</u>	<u>(2,666)</u>
Total recognised income and expense for the year/period		<u>(54,437)</u>	<u>(2,666)</u>

Directors

N McFadden

M Walsh

COMPANY BALANCE SHEET

	Notes	31 December 2008 €000	31 December 2007 €000
ASSETS			
Non-current assets			
Investments at fair value through profit & loss	12	29,202	80,426
Investment property	12	2,460	2,460
Deferred tax assets	18	<u>318</u>	<u>39</u>
Total non-current assets		<u>31,980</u>	<u>82,925</u>
Current assets			
Trade and other receivables	14	33	44
Current tax receivable		46	-
Cash and cash equivalents	15	<u>587</u>	<u>1,809</u>
Total current assets		<u>666</u>	<u>1,853</u>
TOTAL ASSETS		<u>32,646</u>	<u>84,778</u>
EQUITY			
Equity share capital	20	13,347	13,347
Share premium account	22	37,657	37,657
Share based payment reserve	21	90	148
Retained earnings	22	<u>(57,103)</u>	<u>(2,666)</u>
EQUITY		<u>(6,009)</u>	<u>48,486</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	931	827
Interest bearing loans and borrowings	16	<u>37,724</u>	<u>35,465</u>
Total current liabilities		<u>38,655</u>	<u>36,292</u>
TOTAL LIABILITIES		<u>38,655</u>	<u>36,292</u>
TOTAL EQUITY AND LIABILITIES		<u>32,646</u>	<u>84,778</u>

Directors

N McFadden

M Walsh

COMPANY CASH FLOW STATEMENT

	Notes	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Cash flows from operating activities			
Loss before tax		(54,717)	(2,663)
Unrealised losses on revaluation of investments		50,682	1,699
Realised gains on sale of investments		(271)	-
Share based payment (credit)/expense		(58)	148
Investment income		-	(144)
Interest income		(60)	(262)
Interest expense		2,692	391
Working capital movement		<u>497</u>	<u>815</u>
Cash generated from operations		(1,235)	(16)
Income taxes paid		<u>(47)</u>	<u>(64)</u>
Net cash from operating activities		<u>(1,282)</u>	<u>(80)</u>
Investing activities			
Interest received		71	251
Interest paid		<u>(3,083)</u>	-
Net cash (used)/earned in investing activities		<u>(3,012)</u>	<u>251</u>
Acquisitions			
Acquisitions of investments	12	-	(57,981)
Sale of investments		<u>813</u>	-
Net cashflow from acquisitions		<u>813</u>	<u>(57,981)</u>
Financing activities			
Issue of shares	20	-	26,927
Cost of issuing shares		-	(2,383)
Net bank loan advance		<u>2,259</u>	<u>35,075</u>
Net cash from financing activities		<u>2,259</u>	<u>59,619</u>
Net (decrease)/increase in cash and cash equivalents		(1,222)	1,809
Cash and cash equivalents at beginning of year/period		<u>1,809</u>	-
Cash and cash equivalents at end of year/period		<u>587</u>	<u>1,809</u>

Directors

N McFadden

M Walsh

GROUP INCOME STATEMENT

		Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
	Notes		
Revenue	2	31,389	7,289
Cost of sales		<u>(7,376)</u>	<u>(1,179)</u>
Gross profit		24,013	6,110
Operating expenses	5	<u>(25,050)</u>	<u>(6,791)</u>
Operating loss	6	(1,037)	(681)
Net unrealised losses on the revaluation of investments		(44,592)	(4,374)
Net realised profit on the sale of investments		271	-
Investment income		=	<u>144</u>
Portfolio return before interest		(45,358)	(4,911)
Interest income	7	181	326
Interest expense	7	<u>(5,916)</u>	<u>(1,665)</u>
Loss before taxation for the year/period		(51,093)	(6,250)
Income tax credit	8	<u>325</u>	<u>58</u>
Loss after taxation attributable to ordinary shareholders		<u>(50,768)</u>	<u>(6,192)</u>
Attributable to			
Equity holders of the company		(49,913)	(5,913)
Minority interest		<u>(855)</u>	<u>(279)</u>
Loss after taxation		<u>(50,768)</u>	<u>(6,192)</u>
Loss per ordinary share (cent)			
Basic and fully diluted loss per ordinary share	9	(93c)	(12c)

Directors

N McFadden

M Walsh

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

		Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
	Notes		
Loss for the financial year/period		(50,768)	(6,192)
Currency translation reserve movement	22	<u>(2,538)</u>	<u>(932)</u>
Total recognised income and expense for the year/period		<u>(53,306)</u>	<u>(7,124)</u>
Attributable to			
Equity holders of the company		(52,451)	(6,845)
Minority interest		<u>(855)</u>	<u>(279)</u>
Total recognised income and expense for the year/period		<u>(53,306)</u>	<u>(7,124)</u>

Directors

N McFadden

M Walsh

GROUP BALANCE SHEET

	Notes	31 December 2008 €000	31 December 2007 €000
ASSETS			
Non-current assets			
Intangible assets	10	51,755	63,337
Property, plant and equipment	11	1,706	1,190
Investments designated as FVTPL*	12		
Quoted Equity Investments		2,140	8,248
Unquoted Equity Investments		17,772	52,343
Investment Property		2,460	2,460
Loans and Receivables		-	4,455
Deferred tax assets	18	<u>838</u>	<u>1,918</u>
Total non-current assets		<u>76,671</u>	<u>133,951</u>
Current assets			
Inventories	13	953	799
Trade and other receivables	14	3,993	4,491
Current tax receivable		870	22
Cash and cash equivalents	15	<u>3,367</u>	<u>8,079</u>
Total current assets		<u>9,183</u>	<u>13,391</u>
TOTAL ASSETS		<u>85,854</u>	<u>147,342</u>
EQUITY			
Equity share capital	20	13,347	13,347
Share premium account	22	37,657	37,657
Share based payment reserve	21	90	148
Foreign currency translation reserve	22	(3,470)	(932)
Retained earnings	22	<u>(55,941)</u>	<u>(5,913)</u>
Equity attributable to equity holders of the parent	22	<u>(8,317)</u>	<u>44,307</u>
Minority interest	22	<u>1,012</u>	<u>4,806</u>
Total equity		<u>(7,305)</u>	<u>49,113</u>
LIABILITIES			
Non-current liabilities			
Trade and other payables		51	-
Interest bearing loans and borrowings	16	37,534	43,726
Deferred tax liabilities	18	6,996	8,411
Deferred consideration	10	709	-
Other provisions and charges	19	<u>956</u>	<u>306</u>
Total non-current liabilities		<u>46,246</u>	<u>52,443</u>
Current liabilities			
Trade and other payables	17	6,068	7,626
Current tax liabilities		-	131
Deferred consideration	10	525	-
Interest bearing loans and borrowings	16	<u>40,320</u>	<u>38,029</u>
Total current liabilities		<u>46,913</u>	<u>45,786</u>
TOTAL LIABILITIES		<u>93,159</u>	<u>98,229</u>
TOTAL EQUITY AND LIABILITIES		<u>85,854</u>	<u>147,342</u>

* Fair Value Through Profit or Loss

Directors

N McFadden

M Walsh

GROUP CASH FLOW STATEMENT

		Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
	Notes		
Cash flows from operating activities			
Loss before tax		(51,093)	(6,250)
Unrealised losses on revaluation of investments		44,592	4,374
Realised gains on investments		(271)	-
Depreciation of property, plant and equipment		447	145
Amortisation of intangibles		2,615	745
Share based payment (credit)/expense		(58)	148
Investment income		-	(144)
Interest income		(181)	(326)
Interest expense		5,916	1,665
Net movement on provisions		720	(80)
Working capital movement		<u>1,310</u>	<u>2,725</u>
Cash generated from operations		3,997	3,002
Income taxes paid		(972)	(411)
Net cash from operating activities		<u>3,025</u>	<u>2,591</u>
Investing activities			
Interest received		174	315
Interest paid		(6,474)	(1,274)
Purchases of property, plant and equipment		(497)	(117)
Net cash used in investing activities		<u>(6,797)</u>	<u>(1,076)</u>
Acquisitions			
Acquisitions of undertakings and subsidiaries	10	(1,485)	3,393
Acquisitions of investments	12	-	(46,761)
Sale of investments	12	<u>813</u>	-
Net cash used in acquisitions activities		<u>(672)</u>	<u>(43,368)</u>
Financing activities			
Issue of shares	20	-	26,927
Cost of issuing shares		-	(2,383)
Net bank loan advance		3,693	35,075
Bank loan repayments		(3,961)	(9,597)
Net cash (used in)/from financing activities		<u>(268)</u>	<u>50,022</u>
Net (decrease)/increase in cash and cash equivalents		<u>(4,712)</u>	8,169
Cash and cash equivalents at beginning of year/period		8,079	-
Translation adjustment		-	(90)
Cash and cash equivalents at end of year/period		<u>3,367</u>	<u>8,079</u>

Directors

N McFadden

M Walsh

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Boundary Capital plc is a company incorporated in the Republic of Ireland under the Companies Acts 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations 1992. The nature of the Group's operations and its principal activities are set out in the Directors' Report and Investments Review.

The financial information has been prepared under International Financial Reporting Standards (IFRS) and the Group's accounting policies.

IFRS applied by the Company and Group in the preparation of these financial statements are those that were effective at 31 December 2008. The following provides a brief outline of the likely impact on future financial statements of relevant IFRS adopted by the EU which are not yet effective and have not been early adopted in these financial statements:

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

In January 2008, the IASB issued Amendments to IFRS 2 (Share-based Payment - Vesting Conditions and Cancellations). The amendments clarify that vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted. The Group does not expect that the application of the amendments will have a significant impact on the Group's financial position or results of operations.

IFRS 3 Business Combinations & IAS 27 Company and Separate Financial Statements

In January 2008, the IASB published the revised standards IFRS 3 (Business Combinations) and IAS 27 (Company and Separate Financial Statements). Under IFRS 3 (revised 2008), business combinations continue to be accounted for by the purchase method. IAS 27 (revised 2008) contains rules for the consolidation and treatment of changes in ownership interests. IFRS 3 (revised 2008) and IAS 27 (revised 2008) are to be applied for the first time in annual periods beginning on or after 1 January, 2009. The Group is currently evaluating the impact that the application of these revised standards may have on future business combinations and the presentation of the Group/Company financial statements.

IFRS 8 Operating Segments

In November 2006, the IASB published IFRS 8 (Operating Segments), which will replace IAS 14 (Segment Reporting), the existing standard in this area. IFRS 8 is to be applied for the first time for annual periods beginning on or after 1 January, 2009. Under IFRS 8, segment reporting must be based on the information used internally by management to identify operating segments and to evaluate their performance. The Group does not believe that the application of this standard will have a significant impact on the presentation of its segment reporting.

IAS 1 Presentation of Financial Statements

In September 2007, the IASB issued amendments to IAS 1 (Presentation of Financial Statements). These include proposals for renaming certain sections of the financial statements, the obligation to publish an opening balance sheet for the previous financial year in certain circumstances, separate presentation of changes in equity arising from transactions with owners and with non-owners, separate disclosure by component of amounts removed from stockholders' equity and recognised in income, and disclosure of the related income tax effect by component in the statement of recognised income and expense. This interpretation is to be applied for annual periods beginning on or after 1 January, 2009. The Group is currently evaluating the impact that the application of the amendments may have on the presentation of the Group's financial statements.

IAS 23 Borrowing costs

A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs where such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group has no qualifying assets and hence this amendment will have no impact on the Group.

IAS 32 (Financial Instruments: Presentation)

In February 2008, the IASB issued amendments to IAS 32 (Financial Instruments: Presentation). These refer particularly to the distinction between equity and debt in accounting for company capital to which cancellation rights are attached (puttable financial instruments). The amendments are to be applied for the first time for annual periods beginning on or after 1 January, 2009. The Group does not issue puttable financial instruments and hence this amendment will have no impact on the Group.

IFRIC 13 Customer loyalty programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group does not operate a customer loyalty programme and hence this Interpretation will have no impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in these segments. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different risks and returns.

Business Segments

The principal activity of the Group and Company is to act as an investment holding entity. Investments are made by way of equity investments or through loans and other receivables. Accordingly the segment is aligned by the method of investments. All investments are made within Europe, representing one geographical segment.

The income in the Company is derived from the return on the portfolio of investments and is summarised as follows:

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Net unrealised (losses)/ profits on the revaluation of:		
Unquoted investments	(44,574)	10,259
Quoted investments	<u>(6,108)</u>	<u>(11,958)</u>
Total net unrealised (losses) on the revaluation of investments	<u>(50,682)</u>	<u>(1,699)</u>
Net realised profits on sale of:		
Unquoted investments	<u>271</u>	=
Investment income	=	<u>144</u>

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments:

Group *Year ended 31 December 2008*

	Equity Investments €000	Loans & receivables €000	Eliminations €000	Total €000
Revenue				
Sales to external customers	<u>31,389</u>	=	=	<u>31,389</u>
Results				
Operating profit	<u>637</u>	=	=	637
Head office expenses				<u>(1,674)</u>
Operating loss				<u>(1,037)</u>
Net unrealised profits/(losses) on the revaluation of:				
Unquoted investments			(38,484)	
Quoted investments			<u>(6,108)</u>	
Total net unrealised losses on the revaluation of investments				(44,592)
Total net realised profit on the sale of investments				<u>271</u>
Loss before tax, finance costs and finance revenue				(45,358)
Net finance expense				<u>(5,735)</u>
Loss before tax				(51,093)
Income tax credit				325
Net loss for year				<u>(50,768)</u>

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

Group

As at 31 December 2008

	Equity Investments €000	Loans & receivables €000	Eliminations €000	Total €000
Balance Sheet				
Segment assets	84,870	-	-	84,870
Unallocated corporate assets				<u>984</u>
Consolidated total assets				<u>85,854</u>
Segment liabilities	(54,504)	-	-	(54,504)
Unallocated corporate liabilities				<u>(38,655)</u>
Consolidated total liabilities				<u>(93,159)</u>

Other segment information

	Equity Investments €000	Loans & receivables €000	Unallocated €000	Total €000
Balance Sheet				
Capital expenditure	497	-	-	497
Tangible fixed assets on acquisition of subsidiaries	832	-	-	832
Intangible fixed assets on acquisition of subsidiaries	2,958	-	-	2,958
Depreciation	447	-	-	447
Amortisation	2,615	-	-	2,615
Share-based payments	<u>---</u>	<u>---</u>	<u>90</u>	<u>90</u>

Group

Period ended 31 December 2007

	Equity Investments €000	Loans & receivables €000	Eliminations €000	Total €000
Revenue				
Sales to external customers	<u>7,289</u>	<u>---</u>	<u>---</u>	<u>7,289</u>
Results				
Operating profit	<u>298</u>	<u>---</u>	<u>---</u>	298
Head office expenses				(979)
Operating loss				(681)
Net unrealised profits/(losses) on the revaluation of:				
Unquoted investments			7,584	
Quoted investments			<u>(11,958)</u>	
Total net unrealised losses on the revaluation of investments				(4,374)
Investment income				<u>144</u>
Loss before tax, finance costs and finance revenue				(4,911)
Net finance expense				(1,339)
Loss before tax				(6,250)
Income tax credit				58
Net loss for period				<u>(6,192)</u>

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

Group
As at 31 December 2007

	Equity Investments €000	Loans & receivables €000	Eliminations €000	Total €000
Balance Sheet				
Segment assets	140,995	4,455	-	145,450
Unallocated corporate assets				<u>1,892</u>
Consolidated total assets				<u>147,342</u>
Segment liabilities	(61,936)	-	-	(61,936)
Unallocated corporate liabilities				<u>(36,293)</u>
Consolidated total liabilities				<u>(98,229)</u>
Other segment information				
	Equity Investments €000	Loans & receivables €000	Unallocated €000	Total €000
Balance Sheet				
Capital expenditure	117	-	-	117
Tangible fixed assets on acquisition of subsidiaries	1,224	-	-	1,224
Intangible fixed assets on acquisition of subsidiaries	2,177	-	-	2,177
Depreciation	145	-	-	145
Amortisation	745	-	-	745
Share-based payments	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>

3. STAFF COSTS

(a) Group

The employment costs for all employees, including executive directors, comprise: -

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Wages and salaries	9,232	1,356
Social welfare costs	895	157
Share based expenses	35	23
Pension costs	<u>711</u>	<u>139</u>
Total employee costs	<u>10,873</u>	<u>1,675</u>

The average number of persons employed during the period (including directors) was: -

	No.	No.
Administration	77	14
Marketing	12	4
Production and editorial	10	3
Selling and distribution	<u>42</u>	<u>17</u>
	<u>141</u>	<u>38</u>

NOTES TO THE FINANCIAL STATEMENTS

3. STAFF COSTS

(b) Company

The employment costs for all employees, including executive directors, comprise: -

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Wages and salaries	107	54
Social welfare costs	12	6
Share based expenses	35	23
Pension costs	-	-
Total employee costs	<u>154</u>	<u>83</u>

The average number of persons employed by the Company during the period (including directors) was: -

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
	No.	No.
Administration	<u>3</u>	<u>2</u>

4. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The key management personnel of the Group are the directors. The amounts reflect the costs for the Group.

	31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Wages, salaries and bonuses	107	54
Share based expense	<u>35</u>	<u>23</u>
Total costs	<u>142</u>	<u>77</u>
Share Options in Boundary Capital plc		
	No.	No.
Outstanding at beginning of year/period	2,360,000	-
Granted during the year/period	-	<u>2,360,000</u>
Outstanding at the year/period end	<u>2,360,000</u>	<u>2,360,000</u>

NOTES TO THE FINANCIAL STATEMENTS

4. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Executive	Salary	Bonus	Pension	Benefit in Kind	Total 2008	Total 2007
Mr Niall McFadden	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Non -executive	Fee	Bonus	Pension	Benefit in Kind	Total 2008	Total 2007
Mr Michael Walsh	40	-	-	-	40	27
Mr Paddy Murphy	40	-	-	-	40	27
Mr Eugene McCague	<u>27</u>	—	—	—	<u>27</u>	-
	<u>107</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>107</u>	<u>54</u>
Grand total	<u>107</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>107</u>	<u>54</u>

Eugene McCague was appointed director during the year.

5. OPERATING EXPENSES

(a) Group

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Selling and distribution costs	3,505	2,452
Administrative expenses	18,988	3,298
Other operating expenses	<u>2,557</u>	<u>1,041</u>
	<u>25,050</u>	<u>6,791</u>

Other operating expenses comprise the following charges –

Other operating expenses

Share based payments expenses	(58)	148
Amortisation of intangible assets	<u>2,615</u>	<u>745</u>
	<u>2,557</u>	<u>893</u>

(b) Company

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Administrative expenses	1,732	831
Other operating expenses	<u>(58)</u>	<u>148</u>
	<u>1,674</u>	<u>979</u>

Other operating expenses comprise the following charges –

Other operating expenses

Share based payments expenses	<u>(58)</u>	<u>148</u>
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NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING LOSS

(a) Group

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Operating loss for the period has been arrived at after charging:		
Auditor's remuneration		
- Audit services	100	120
- Tax services	-	-
- Other services	-	-
Operating lease rentals	2,181	706
Depreciation of property, plant and equipment	447	145
Amortisation of intangible assets	<u>2,615</u>	<u>745</u>

(b) Company

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Operating loss for the period has been arrived at after charging:		
Auditor's remuneration		
- Audit services	30	45
- Tax services	-	-
- Other services	=	=

7. FINANCE COSTS

(a) Group

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
(a) Finance income		
Interest receivable on bank deposits	<u>181</u>	<u>326</u>
(b) Finance costs		
Interest on bank loans and overdrafts repayable within five years other than by instalments	5,056	471
Interest on bank loans and overdrafts repayable after five years other than by instalments	343	501
Interest on bank loans and overdrafts repayable after five years by instalments	<u>517</u>	<u>693</u>
	<u>5,916</u>	<u>1,665</u>

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCE COSTS (CONTINUED)

(b) Company

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
(a) Finance income		
Interest receivable on bank deposits	<u>60</u>	<u>262</u>
(c) Finance costs		
Interest on bank loans and overdrafts repayable within five years other than by instalments	<u>2,692</u>	<u>391</u>

8. INCOME TAX EXPENSE

(a) Group

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Current tax	133	22
Adjustments in respect of prior years	(403)	-
Deferred taxation		
– origination and reversal of timing differences (note 18)	<u>(55)</u>	<u>(80)</u>
Total taxation (credit)	<u>(325)</u>	<u>(58)</u>

Irish corporation tax is calculated at 12.5% of the taxable profit for the period. A reconciliation setting forth the difference between the expected income tax of the Group and the actual income tax charges is as follows:

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Expected income tax, computed by applying the Irish statutory tax rate to the loss	(6,387)	(781)
Tax effects of:		
Expenses not deductible for tax purposes	488	32
Unrealised losses on revaluation of investments not deductible	5,574	547
Realised gains on sale of investments not taxable	(34)	-
Intangible asset amortisation not deductible	336	93
Share based payment cost not deductible	(7)	19
Income taxable at higher rate	(9)	9
Effects of tax rates in foreign jurisdiction	15	23
Utilisation of tax losses and group relief	<u>(301)</u>	-
Effective income tax credit	<u>(325)</u>	<u>(58)</u>

There are no significant factors that are expected to affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (CONTINUED)

(b) Company

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Current tax	(1)	42
Deferred taxation – origination and reversal of timing differences (note 18)	<u>(279)</u>	<u>(39)</u>
Total taxation (credit)/expense	<u>(280)</u>	<u>3</u>

Irish corporation tax is calculated at 12.5% of the taxable profit for the period. A reconciliation setting forth the difference between the expected income tax of the Group and the actual income tax charges is as follows:

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Expected income tax, computed by applying the Irish statutory tax rate to the loss	(6,840)	(333)
Tax effects of:		
Expenses not deductible for tax purposes	275	96
Unrealised losses on revaluation of investments not deductible	6,335	212
Realised gains on sale of investments not taxable	(34)	-
Share based payment cost not deductible	(7)	19
Income taxable at higher rate	<u>(9)</u>	<u>2</u>
Effective income tax (credit)/expense	<u>(280)</u>	<u>3</u>

There are no significant factors that are expected to affect future tax charges.

9. EARNINGS PER ORDINARY SHARE

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent by the weighed average number of ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all potential dilutive options over ordinary shares once the adjustment does not reduce a loss per share.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
Earnings		
Loss after taxation attributable to equity shareholders of the company	<u>(49,913)</u>	<u>(5,913)</u>
Number of shares		
Weighted and diluted average number of ordinary shares in issue during the period	<u>53,387</u>	<u>50,111</u>
Loss per ordinary share		
Basic and fully diluted loss per ordinary share	(93 cent)	(12 cent)

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS - GROUP

2008					
Cost	Goodwill (i) €000	Educational titles €000	Customer based relationships €000	Master franchise agreements €000	Total €000
At 1 January 2008	27,948	15,096	6,584	15,740	65,368
Acquisitions through business combinations	510	115	2,333	-	2,958
As a result of the demerger of Panther Group Acquisitions Ltd	(1,920)	-	-	-	(1,920)
Effects of movements in exchange rates	(4,738)	-	(2,000)	(3,621)	(10,359)
At 31 December 2008	<u>21,800</u>	<u>15,211</u>	<u>6,917</u>	<u>12,119</u>	<u>56,047</u>
Amortisation					
At 1 January 2008	-	1,340	691	-	2,031
Charge for the year	-	1,620	995	-	2,615
Effects of movements in exchange rates	-	-	(354)	-	(354)
At 31 December 2008	-	<u>2,960</u>	<u>1,332</u>	-	<u>4,292</u>
Carrying amounts					
31 December 2008	<u>21,800</u>	<u>12,251</u>	<u>5,585</u>	<u>12,119</u>	<u>51,755</u>
At 1 January 2008	<u>27,948</u>	<u>13,756</u>	<u>5,893</u>	<u>15,740</u>	<u>63,337</u>
2007					
Cost	Goodwill (i) €000	Educational titles €000	Customer based relationships €000	Master franchise agreements €000	Total €000
At 26 April 2007	-	-	-	-	-
Arising on acquisition of subsidiary	2,177	-	-	-	2,177
Acquisitions through business combinations	27,022	15,096	7,044	16,924	66,086
Effects of movements in exchange rates	(1,251)	-	(460)	(1,184)	(2,895)
At 31 December 2007	<u>27,948</u>	<u>15,096</u>	<u>6,584</u>	<u>15,740</u>	<u>65,368</u>
Amortisation					
At 26 April 2007	-	-	-	-	-
Acquisitions through business combinations	-	849	437	-	1,286
Charge for the period	-	<u>491</u>	<u>254</u>	-	<u>745</u>
At 31 December 2007	-	<u>1,340</u>	<u>691</u>	-	<u>2,031</u>
Carrying amounts					
31 December 2007	<u>27,948</u>	<u>13,756</u>	<u>5,893</u>	<u>15,740</u>	<u>63,337</u>
26 April 2007	=	=	=	=	=

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS – GROUP (CONTINUED)

(i) Goodwill is analysed as follows:

	2008	2007
	€000	€000
Acquisition of subsidiary undertakings	-	2,177
Educational Materials	12,493	11,933
Franchising	<u>9,307</u>	<u>13,838</u>
	<u>21,800</u>	<u>27,948</u>

Goodwill relates principally to workforce knowledge; expected future franchise agreements; and expected future schoolbook titles not identifiable as intangible assets. Impairment testing was carried out by comparing the carrying value of goodwill to its current value-in-use for the cash generating units listed above.

The cash flow forecasts employed for the value-in-use computations are based on budgeted figures for the first year and on a three year forecast for the following two years. Cash flow is then projected forward for the following eight to twelve years based on assumed growth rate of 3% per annum.

Key assumptions involved in the calculation of the value-in-use include: future profitability, capital expenditure requirements, working capital requirements, tax considerations and the appropriate number of years to be included in the terminal value of each cash generating unit.

The discount factor applied to future cash flows of the publishing and franchising cash generating units were 14% and 22% respectively. No impairment arose in the period to 31 December 2008.

Acquisitions of undertakings

On 15 October 2008, Kall Kwik UK Limited, for which Boundary Capital plc has a 64.5% indirect holding, acquired 100% of the issued share capital of 1st local Limited. Details of fair value of assets and liabilities and consideration are set out below. These transactions were accounted for using the purchase method of accounting.

The goodwill arising on the transaction is attributable to the future profits of the businesses acquired and customer relationships.

	Book value and Fair value €000
Property, plant and equipment	832
Inventory	10
Trade Debtors	776
Prepayments	12
Trade creditors	(560)
Deferred taxation	(634)
Provisions	<u>(236)</u>
Net assets	200
Goodwill	510
Intangible – Customer Based Relationships	<u>2,333</u>
Total acquired	<u>3,043</u>
Satisfied by:	
Net cash flow	1,485
Deferred consideration	<u>1,558</u>
Total consideration	<u>3,043</u>

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS – GROUP (CONTINUED)

The post acquisition results for 1st Local Limited acquired above were as follows:

	Total €000
Revenue	<u>833</u>
Operating Profit	<u>124</u>

In accordance with IFRS 3, as though the acquisitions occurred on the first day of the financial year, the revenue and operating profit for acquired companies would be as follows:

	Total €000
Revenue	<u>3,473</u>
Operating Profit	<u>474</u>

Intellectual Property

On 3 January 2008, the company acquired the intellectual property rights to the book titles owned by ABC Primary Limited for a total consideration of €15,000. These rights have been valued at cost and have been determined to have useful life of eight years. Accordingly, amortisation will be charged to the profit and loss account over this period.

Goodwill arising on the demerger of Panther Group Acquisitions Limited

On 6 October 2008, a re-organisation of the share capital of Panther Group Acquisitions Limited was undertaken. As a result of this event Boundary Capital plc owned 100% of the issued share capital of Panther Group Acquisitions Limited and 64.5%, on a fully diluted basis, of the share capital of Panther Educational Investments Limited and Panther Franchise Investments Limited. The effect on goodwill is set out below:

	€000's
Arising on the acquisition of shares in Panther Educational Investments Limited	1,756
Arising on the acquisition of shares in Panther Franchise Investments Limited	215
Adjustment as a result of the redemption of all third party shares not held by Boundary Capital plc by Panther Group Acquisitions Limited	(2,779)
Adjustment to minority interest as a result of the demerger of Panther Group Acquisitions Limited	<u>(1,112)</u>
Total adjustment to goodwill arising on the demerger	<u>(1,920)</u>

Deferred Consideration

In accordance with IFRS 3, the fair value of the deferred cash component of consideration is to be determined by discounting the amount payable to its present value at the date of acquisition.

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Amounts due within one year	525	-	-	-
Amounts due after one year	<u>709</u>	-	-	-
	<u>1,234</u>	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT - GROUP

2008	Improvements to leasehold premises €000	Office & computer equipment €000	Motor vehicles €000	Total €000
Cost				
At 1 January 2008	218	3,809	89	4,116
Acquisitions through business combinations	-	2,582	-	2,582
Additions	59	438	-	497
Foreign exchange movements	(47)	(1,357)	-	(1,404)
	—	—	—	—
At 31 December 2008	<u>230</u>	<u>5,472</u>	<u>89</u>	<u>5,791</u>
Accumulated depreciation				
At 1 January 2008	101	2,766	59	2,926
Acquisitions through business combinations	-	1,750	-	1,750
Charge for the year	25	415	7	447
Foreign exchange movements	(44)	(994)	-	(1,038)
	—	—	—	—
At 31 December 2008	<u>82</u>	<u>3,937</u>	<u>66</u>	<u>4,085</u>
Net book value				
At 31 December 2008	<u>148</u>	<u>1,535</u>	<u>23</u>	<u>1,706</u>
At 1 January 2008	<u>117</u>	<u>1,043</u>	<u>30</u>	<u>1,190</u>
2007				
	Improvements to leasehold premises €000	Office & computer equipment €000	Motor vehicles €000	Total €000
Cost				
At 26 April 2007	-	-	-	-
Acquisitions through business combinations	218	3,692	89	3,999
Additions	-	117	-	117
At 31 December 2007	<u>218</u>	<u>3,809</u>	<u>89</u>	<u>4,116</u>
Accumulated depreciation				
At 26 April 2007	-	-	-	-
Acquisitions through business combinations	93	2,631	57	2,781
Charge for period	8	135	2	145
At 31 December 2007	<u>101</u>	<u>2,766</u>	<u>59</u>	<u>2,926</u>
Net book value				
At 31 December 2007	<u>117</u>	<u>1,043</u>	<u>30</u>	<u>1,190</u>
At 26 April 2007	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS

(a) Group

	31 December 2008 €000	31 December 2007 €000
At beginning of year/period	67,506	-
Acquired during the year/period:		
for cash consideration	-	46,761
for paper consideration	-	24,975
Sold during the period	(813)	-
Movement in fair value	(44,321)	(4,374)
Investment income	=	<u>144</u>
	<u>22,372</u>	<u>67,506</u>
Analysed as:		
Financial assets designated fair value through profit and loss:		
Quoted equity shares (iii)	2,140	8,248
Unquoted equity shares (ii)	17,772	52,343
Investment property (iv)	2,460	2,460
Loans and receivables (v)	=	<u>4,455</u>
	<u>22,372</u>	<u>67,506</u>

(b) Company

	31 December 2008 €000	31 December 2007 €000
At beginning of year/period	82,886	-
Acquired during the year/period:		
for cash consideration	-	57,981
for paper consideration	-	26,460
Sold during the period	(813)	-
Movement in fair value	(50,411)	(1,699)
Investment income accrued	=	<u>144</u>
	<u>31,662</u>	<u>82,886</u>
	31 December 2008 €000	31 December 2007 €000
Analysed as:		
Shares in Group companies (unquoted equity shares) (i)	9,290	15,380
Financial assets designated fair value through profit and loss:		
Quoted equity shares (iii)	2,140	8,248
Unquoted equity shares (ii)	17,772	52,343
Investment property (iv)	2,460	2,460
Loans and receivables (v)	=	<u>4,455</u>
	<u>31,662</u>	<u>82,886</u>

NOTES TO THE FINANCIAL STATEMENTS

(i) Shares in Group companies

The company's subsidiaries are as follows:-

Name	Principal Activity	Issued and fully paid share capital	Proportion of registered ownership interest and voting power
Incorporated and operating principally in Ireland:			
Panther Group Acquisitions Ltd Fleming Court, Flemings Place, Dublin 4	Holding Company	8,600,000 Ord B Shares €0.00001 each	100.0%*
C J Fallon Ltd Ground Floor – Block B Liffey Valley Office Campus Dublin 22	Sale of Educational Materials	22,526,961 Ordinary Shares €1.00 each	64.5%**
Panther Educational Investments Ltd Fleming Court Flemings Place Dublin 4	Holding Company	3,333,332 Ord A Shares €0.00001 each*** 10,000,000 Ord B Shares €0.0001 each	0% 86%**
CJEC Limited Fleming Court Flemings Place Dublin 4	Holding Company	1 Ordinary Share €1.00 each	64.5%**
Synchrony Properties Ltd Fleming Court Flemings Place Dublin 4	Holding Company	1,000,000 Ordinary Shares of €0.0001 each	60.0%*
Synchrony Developments Ltd Fleming Court Flemings Place Dublin 4	Healthcare Services	1,000,000 Ordinary Shares of €0.0001 each	60.0%**
Synchrony Healthcare Ltd Fleming Court Flemings Place Dublin 4	Healthcare Services	1,000,000 Ordinary Shares of €0.0001 each	60.0%**
Roella Partners Ltd Fleming Court Flemings Place Dublin 4	Dormant	100 Ordinary Shares of €1 each	100.0%*
Evenflow Ltd Fleming Court Flemings Place Dublin 4	Dormant	100 Ordinary Shares of €0.01 each	100.0%*
K Investment Partners Ltd Fleming Court Flemings Place Dublin 4	Dormant	1 Ordinary Share of €1 each	100.0%*

NOTES TO THE FINANCIAL STATEMENTS

(j) Shares in Group companies (continued)

Name	Principal Activity	Issued and Fully Paid Share Capital	Proportion of registered ownership interest and voting power
Incorporated and operating principally in the United Kingdom:			
On Demand Communications Ltd Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Franchise Management	1,000 Ordinary Shares of £1 each	64.5%**
Prontaprint Limited Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Operation of the Prontaprint Franchise	741,750 Ordinary Shares of £0.10 each	64.5%**
Kall Kwik (UK) Ltd Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Operation of the Kall Kwik Franchise	29,863,367 Ordinary Shares of £0.01 each	64.5%**
1 st Local Limited Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Operation of the Kall Kwik Franchise	10,000 Ordinary Shares of £1 each	64.5%**
Panther Franchise Investments Ltd Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Holding Company	1,123,420 A Ordinary Shares of £0.00001 each*** 3,370,259 B Ordinary Shares of £0.00001 each	0% 86%**
K Design Ltd Artemis, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE United Kingdom	Dormant	1 Ordinary Share of £1 each	64.5%**
Incorporated and operating principally in the Isle of Man:			
Brunner Ltd 33/37 Athol Street Douglas Isle of Man	Holding Company	20,000,000 A Ordinary Shares of £0.00001 each*** 80,000,000 B Ordinary Shares of £0.00001 each	0% 61.5%

* Shares held directly by Boundary Capital plc

** Shares held indirectly by Boundary Capital plc

*** The class of shares denoted currently have no rights to participate in the profits of the investment company. These rights will only be effected when agreed performance criteria are attained.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS (CONTINUED)

(ii) Shares in unquoted companies (other than subsidiaries)

Name	Principal Activity	Issued and Fully Paid Share Capital	Proportion of registered ownership interest and voting power
Incorporated and operating principally in the United Kingdom:			
Club Company Holdings Limited Bath Road Knowl Hill Reading Berkshire RG10 9AL	Leisure	8,000,000 A Ordinary Shares of £0.01 each 28,600,000 Ordinary Shares of £0.01 each***	0% 9.8%*
Incorporated and operating principally in the Isle of Man:			
ART Holdings Limited 33/37 Athol Street Douglas Isle of Man	Retail	137,622,644 Ordinary Shares	27.8%**

* Shares held directly by Boundary Capital plc

** Shares held indirectly by Boundary Capital plc

*** The class of shares denoted currently have no rights to participate in the profits of the investment company. These rights will only be effected when agreed performance criteria are attained.

The unquoted investments are stated at fair value. The directors have determined the fair value of instruments not traded in an active market by using revaluation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques specific to each investment are set out below.

Club Company Holdings Limited was revalued using run-rate EBITDA and peer group multiples provided by Davy at 31 December 2007.

There has been no revaluation at 31 December 2008 although the underlying business has outperformed 2007. Club Company has been translated using STG£ exchange rates at 31 December 2008.

ART Holdings Limited, which holds a 100% shareholding in the Arnotts Group, has been revalued based on the Net Assets owned by the Arnotts Group at 31 January 2009.

(iii) Shares in quoted companies

The financial assets designated at fair value through profit or loss are equity securities that otherwise would have been classified as available-for-sale. Fair value is determined at the closing bid price of the quoted investment at the balance sheet date.

Sensitivity analysis - equity price risk

Two of the Group's equity investments (Veris plc and Siteserv plc) are listed on the London Stock Exchange's Alternative Investment Market and the Irish Stock Exchange's IEX. A two percent increase in the price of these shares at the reporting date would have increased equity by €2,801 after tax; an equal change in the opposite direction would have decreased equity by €2,801. The impact on profit or loss would have been an increase or decrease of €2,801 after tax.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS (CONTINUED)

(iv) Investment properties

The investment property comprises a commercial property that is leased to third parties in Europe. The relevant leases contains a non-cancellable period of 7.5 years. Subsequent renewals are negotiated with the leases.

Group and Company	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
At beginning of year/period	2,460	-
Acquired during the year/period	-	<u>2,460</u>
At end of year/period	<u>2,460</u>	<u>2,460</u>

The investment property is stated at fair value which the directors have determined equals cost.

(v) Loans and receivables

The loan is designated at fair value through profit or loss. The fair value of the loan has been written down to nil during the year on a conservative basis which is attributable to changes in credit risk.

13. INVENTORIES

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Finished goods	<u>953</u>	-	<u>799</u>	-

Inventories are stated at the lower of cost and net realisable value.

14. TRADE AND OTHER RECEIVABLES

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Trade and other receivables				
Trade debtors	2,721	-	2,488	-
Prepayments	861	33	1,150	14
Value added taxation	205	-	252	-
Other debtors	<u>206</u>	-	<u>601</u>	<u>30</u>
	<u>3,993</u>	<u>33</u>	<u>4,491</u>	<u>44</u>

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial investments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Trade receivables are non-interest bearing and are generally on 30 days terms.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2008, there was a general impairment provision of €37,001 (2007 €1,208,140). Movements in the general provision for impairment of receivables were as follows:

	Year ended 31 December 2008 €000	26 April 2007 (date of incorporation) to 31 December 2007 €000
At beginning of period	1,208	-
Arising on acquisition of undertakings	22	1,409
Charge for the period	-	(9)
Foreign exchange movement	(155)	(128)
Utilised	(138)	(64)
	<u> </u>	<u> </u>
At end of period	<u>937</u>	<u>1,208</u>

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total €000	<u>Neither past due nor impaired</u> €000	<u>Past due but not impaired</u> 30 - 60 days €000	>60 days €000
31 December 2008	3,658	1,146	944	1,568
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2007	3,696	1,253	704	1,739
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15. CASH AND CASH EQUIVALENTS

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Cash at bank and in hand	2,699	-	4,307	15
Short term bank deposits	<u>1,074</u>	<u>587</u>	<u>4,594</u>	<u>1,794</u>
	3,773	587	8,901	1,809
Bank overdraft	<u>(406)</u>	-	<u>(822)</u>	-
	<u>3,367</u>	<u>587</u>	<u>8,079</u>	<u>1,809</u>

The Group's exposure to interest rate risk is disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

16. INTEREST BEARING LOANS AND BORROWINGS

The Group have bank borrowings, all at floating rates, totalling €77.9 million at 31 December 2008. These borrowings are denominated in euro €67.3m and sterling £10.0m (equating to €10.5m at year end rate). The borrowings are repayable as follows:

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
CURRENT				
Within one year (other than by instalment)	37,724	37,724	35,466	35,465
Within one year (by instalment)	<u>2,596</u>	-	<u>2,563</u>	-
	40,320	37,724	38,029	35,465
NON CURRENT				
1 – 5 years (by instalment)	14,947	-	16,731	-
Greater than five years (other than by instalment)	2,551	-	8,835	-
Greater than five years (by instalment)	<u>20,036</u>	-	<u>18,160</u>	-
	<u>37,534</u>	<u>37,724</u>	<u>43,726</u>	<u>35,465</u>
Total	<u>77,854</u>	<u>37,724</u>	<u>81,755</u>	<u>35,465</u>
Denominated in Euro	67,324	37,724	61,814	35,465
Denominated in STG	<u>10,530</u>	-	<u>19,941</u>	-
Total	<u>77,854</u>	<u>37,724</u>	<u>81,755</u>	<u>35,465</u>

The Panther Group Acquisitions Limited loans totalling €40.2 million are secured as follows:

- fixed and floating charges over all of the assets of Panther Group Acquisitions Limited and its subsidiaries.
- the assignment of keyman life policies in the amount of Stg£1.0 million each in respect of N. McFadden and K. Lennon.

The Boundary Capital plc loans totalling €37.7 million are secured as follows:

- charges over all of the assets of Boundary Capital plc and its subsidiaries.
- a guarantee from Niall McFadden in respect of the Boundary Capital plcs obligations

The Group's exposure to interest rate, foreign currency and liquidity risks are disclosed in note 27.

The weighted average interest rates paid were as follows:

	Group 31 December 2008 %	Company 31 December 2008 %	Group 31 December 2007 %	Company 31 December 2007 %
Bank overdrafts	*	-	*	-
Bank loans	6.63	8.57	6.76	6.37

* Agreement with Ulster Bank to offset overdraft balances against cash balances has meant that no interest has been paid on overdraft facilities in the current year or prior period.

NOTES TO THE FINANCIAL STATEMENTS

16. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Bank overdrafts	407	-	822	-
Bank loans	77,854	37,724	81,755	35,465

The other principal features of the Group's borrowing are as follows:

Facility	Amount	Drawdown	Term Date	Repayments	Fixed/ Floating
Overdraft	STG€1,000,000	Various	Annual Review	Revolving	Floating
Term loan	STG€5,460,000	06 October 2008	31 Dec 2014	Half yearly	Floating
Term loan	STG€3,510,000	06 October 2008	31 Dec 2014	Revolving	Floating
Term loan	STG€1,060,000	06 October 2008	31 Dec 2014	Half yearly	Floating
Term loan	€13,250,000	06 October 2008	31 Dec 2014	Half yearly	Floating
Term loan	€5,500,000	06 October 2008	31 Dec 2014	Revolving	Floating
Term loan	€6,000,000	06 October 2008	31 Dec 2014	Revolving	Floating
Term loan	€4,850,000	06 October 2008	31 Dec 2014	Revolving	Floating
Term loan	€25,000,000	26 October 2007	Annual Review	Revolving	Floating
Term loan	€1,000,000	Various	Annual Review	Revolving	Floating
Term loan	€2,560,000	Various	Annual Review	Revolving	Floating

The Group entered into interest rate swap agreements in October 2008. This agreement covers STG€9.67 million and €17.4 million at 31 December 2008.

The Group had no defaults or breaches on financial liabilities during the year.

17. TRADE AND OTHER PAYABLES

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
Trade creditors	1,462	-	1,232	-
Accruals	4,180	927	5,832	823
PAYE/PRSI	320	4	221	4
Value added taxation	<u>106</u>	-	<u>341</u>	-
	<u>6,068</u>	<u>931</u>	<u>7,626</u>	<u>827</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

18. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the group and company and movements thereon during the current reporting period.

Group

	31 December 2007		Recognised in income €000's	Arising on Acquisition		Foreign Exchange movement €000's	31 December 2008	
	Assets €000's	Liabilities €000's		Assets €000's	Liabilities €000's		Assets €000's	Liabilities €000's
Property, plant and equipment	136	32	15	-	-	(18)	101	-
Intangible assets	-	7,580	481	-	521	1,131	-	6,489
Employee benefits	116	-	9	-	-	-	125	-
Provisions	1,154	300	(451)	-	94	(184)	125	-
Tax losses forward	130	-	391	-	-	(34)	487	-
Interest taxable when paid	349	-	(349)	-	-	-	-	-
Interest taxable when received	-	373	(134)	-	-	-	-	507
Other items	33	126	93	-	-	-	-	-
	<u>1,918</u>	<u>8,411</u>	<u>55</u>	<u>=</u>	<u>615</u>	<u>895</u>	<u>838</u>	<u>6,996</u>

Company

	31 December 2007		Recognised Income €000	31 December 2008	
	Assets €000	Liabilities €000		Assets €000	Liabilities €000
Interest taxable when paid/received	39	-	(39)	-	-
Tax losses forward	-	-	318	318	-
	<u>39</u>	<u>=</u>	<u>279</u>	<u>318</u>	<u>=</u>

There are no unrecognised deferred tax assets or liabilities at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

19. PROVISIONS

	Group 31 December 2008 €000	Company 31 December 2008 €000	Group 31 December 2007 €000	Company 31 December 2007 €000
At beginning of year/period	306	-	-	-
Acquired on acquisition of subsidiary	-	-	386	-
Additional provision	-	-	28	-
Reclassification of provisions	964	-	-	-
Foreign exchange translation	(70)	-	(28)	-
Utilisation of provision	<u>(244)</u>	-	<u>(80)</u>	-
	<u>956</u>	-	<u>306</u>	-
<i>Provisions are analysed as follows</i>				
Provisions for potentially vacant premises	424	-	306	-
Provisions for dilapidations	161	-	-	-
Provisions for fixed asset impairment	210	-	-	-
Other	<u>161</u>	-	-	-
	<u>956</u>	-	<u>306</u>	-

Vacant Premises

The company's franchising subsidiaries maintain provisions in respect of premises which may fall vacant on the termination of a sub-franchise lease term. The provision typically allows for a vacant period of 12 months. The provision at 31 December 2008 is expected to be used over the next 5 years.

20. EQUITY SHARE CAPITAL

	31 December 2008 €000	31 December 2007 €000
Authorised		
4,000,000,000 ordinary shares of €0.25 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up		
53,387,204 Ordinary shares of €0.25 each	<u>13,346,801</u>	<u>13,346,801</u>
Rounded to nearest thousand	<u>13,347</u>	<u>13,347</u>

- The Company was incorporated on 26 April 2007 with an authorised share capital of €1,000,000,000 divided into 4,000,000,000 ordinary shares of €0.25 each ("Ordinary Shares") and at that date it had 7 Ordinary Shares in issue, which were fully paid at par plus a premium of €0.75 per share (the "Incorporation Shares");
- On 26 April 2007, the Company allotted 152,393 Ordinary Shares in aggregate to Niall McFadden and Leisa Benner which were fully paid for in cash at €1.00 per share;
- On 8 May 2007, two of the seven Incorporation Shares were transferred to the shareholders in Boundary Equity Holdings Limited ("BEHL") and the remaining five Incorporation Shares were transferred to certain nominees to hold on trust for the shareholders in BEHL;
- On 14 May 2007, the Company allotted 23,656,514 Ordinary Shares in aggregate and fully paid to the shareholders in BEHL proportionate to their respective shareholdings in BEHL, in accordance with the terms of the asset transfer agreement entered into between BEHL and the Company on 8 May 2007;

NOTES TO THE FINANCIAL STATEMENTS

20. EQUITY SHARE CAPITAL (CONTINUED)

- e) On 15 May 2007, the Company allotted 510,862 Ordinary Shares fully paid to Declan Cassidy in accordance with the terms of the share purchase agreement entered into between Declan Cassidy and the Company on 8 May 2007;
- f) On 15 May 2007, the Company allotted 923,633 Ordinary Shares fully paid to Martin Cole in accordance with the terms of the share purchase agreements entered into between Martin Cole and the Company on 8 May 2007;
- g) On 15 May 2007, the Company allotted 295,552 Ordinary Shares fully paid to Kealan Lennon in accordance with the terms of the share purchase agreement entered into between Kealan Lennon and the Company on 8 May 2007;
- h) On 15 May 2007, the Company allotted 346,562 Ordinary Shares fully paid to DPC Pension Fund in accordance with the terms of the share purchase agreement entered into between DPC Pension Fund and the Company on 8 May 2007;
- i) On 15 May 2007, the Company allotted 1,606,322 Ordinary Shares fully paid to Declan Cassidy and Mairead Cassidy in accordance with the terms of the share purchase agreement entered into between Declan Cassidy, Mairead Cassidy and the Company on 8 May 2007;
- j) On 15 May 2007, the Company allotted 645,359 Ordinary Shares fully paid to Kealan Lennon and Aileen Lennon in accordance with the terms of the share purchase agreement entered into between Kealan Lennon, Aileen Lennon and the Company on 8 May 2007;
- k) On 15 May 2007, the Company allotted 25,250,000 Ordinary Shares fully paid to institutional and other investors pursuant to a placing in accordance with the terms of the Placing agreement.

Reconciliation of shares issued to proceeds in Group cash flow statements

	31 December 2008 €000	31 December 2007 €000
Shares issued at nominal amount	-	13,347
Premium on shares issued	=	<u>40,040</u>
Total value of shares issued	=	<u>53,387</u>
Total value of shares issued for cash	-	26,927
Total value of shares issued for non cash consideration	=	<u>26,460</u>
Total value of shares issued	=	<u>53,387</u>

21. SHARE BASED PAYMENT RESERVE

	31 December 2008 €000	31 December 2007 €000
At beginning of year/period	148	-
Charge for the year/period	(58)	<u>148</u>
At end of year/period	<u>90</u>	<u>148</u>

The charge for the year reported in the Group income statement has been calculated by applying the Black-Scholes option-pricing model.

Equity-settled share option scheme

The company has a share option scheme for employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is 4 periods. If the options remain unexercised after a period of 7 periods from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

NOTES TO THE FINANCIAL STATEMENTS

21. SHARE BASED PAYMENT RESERVE (CONTINUED)

Details of the share options outstanding during the year are as follows:

	Number of share options	2008 Weighted average exercise price cent
Outstanding at beginning of period	2,360,000	€0.94
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
	<u>2,360,000</u>	<u>€0.94</u>
Outstanding at the end of the period	<u>2,360,000</u>	<u>€0.94</u>
Exercisable at the end of the period	<u>2,360,000</u>	<u>€0.94</u>

The options outstanding at 31 December 2008 had a weighted average exercise price of 94 cent, and a weighted average remaining contractual life of 5 years. No options were granted in 2008.

The aggregate of the estimated fair values of the options granted is €89,708 (2007 – €147,555).

The inputs into the Black-Scholes model are as follows:

	31 December 2008 €000	31 December 2007 €000
Weighted average share price	€0.34	€0.84
Weighted average exercise price	€0.94	€0.94
Expected volatility	125.58%	38.88%
Expected life	3.2 years	4.2 years
Risk free rate	4.1%	3.82%

Expected volatility was determined by reference to the volatility of the shares of the companies in the same sector. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural restrictions.

The Group recognised a total credit of €57,847 related to equity-settled share-based payment transactions in 2008 (2007 – expense of €147,555).

22. STATEMENT OF CHANGES IN EQUITY

GROUP	Equity Share Capital €000	Share Premium €000	Foreign Currency Translation Reserve €000	Retained Earnings €000	Share Based Payment Reserve €000	Equity interest of parent €000	Minority interests €000	Total €000
At 1 January 2008	13,347	37,657	(932)	(5,913)	148	44,307	4,806	49,113
Loss for the year	-	-	-	(49,913)	-	(49,913)	(855)	(50,768)
Total income and expense for the year	13,347	37,657	(932)	(55,826)	148	(5,606)	3,951	(1,655)
Share based payments	-	-	-	-	(58)	(58)	-	(58)
Foreign currency translation	-	-	(2,538)	(115)	-	(2,653)	(1,519)	(4,172)
Share re-organisation of Panther group	-	-	-	-	-	-	(1,420)	(1,420)
At 31 December 2008	<u>13,347</u>	<u>37,657</u>	<u>(3,470)</u>	<u>(55,941)</u>	<u>90</u>	<u>(8,317)</u>	<u>1,012</u>	<u>(7,305)</u>

NOTES TO THE FINANCIAL STATEMENTS

22. STATEMENT OF CHANGES IN EQUITY (CONTINUED)

GROUP	Equity Share Capital €000	Share Premium €000	Foreign Currency Translation Reserve €000	Retained Earnings €000	Share Based Payment Reserve €000	Equity interest of parent €000	Minority interests €000	Total €000
At 26 April 2007	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	(5,913)	-	(5,913)	(279)	(6,192)
Total income and expense for the period	-	-	-	(5,913)	-	(5,913)	(279)	(6,192)
Issue of share capital	13,347	40,040	-	-	-	53,387	-	53,387
Costs associated with listing on AIM and IEX	-	(2,383)	-	-	-	(2,383)	-	(2,383)
Share based payments	-	-	-	-	148	148	-	148
Foreign currency translation	-	-	(932)	-	-	(932)	(454)	(1,386)
Acquisition	-	-	-	-	-	-	5,539	5,539
At 31 December 2007	<u>13,347</u>	<u>37,657</u>	<u>(932)</u>	<u>(5,913)</u>	<u>148</u>	<u>44,307</u>	<u>4,806</u>	<u>49,113</u>

COMPANY

Attributable to equity holders of the parent

	Equity Share Capital €000	Share Premium €000	Retained Earnings €000	Share Based Payment Reserves €000	Total Equity €000
At 1 January 2008	13,347	37,657	(2,666)	148	48,486
Loss for the year	-	-	(54,437)	-	(54,437)
Total income and expense for the period	13,347	37,657	(57,103)	148	(5,951)
Share-based payments	-	-	-	(58)	(58)
At 31 December 2008	<u>13,347</u>	<u>37,657</u>	<u>(57,103)</u>	<u>90</u>	<u>(6,009)</u>

COMPANY

Attributable to equity holders of the parent

	Equity Share Capital €000	Share Premium €000	Retained Earnings €000	Share Based Payment Reserves €000	Total Equity €000
At 26 April 2007	-	-	-	-	-
Loss for the period	-	-	(2,666)	-	(2,666)
Total income and expense for the period	-	-	(2,666)	-	(2,666)
Issue of share capital	13,347	40,040	-	-	53,387
Costs associated with listing on AIM and IEX	-	(2,383)	-	-	(2,383)
Share-based payments	-	-	-	148	148
At 31 December 2007	<u>13,347</u>	<u>37,657</u>	<u>(2,666)</u>	<u>148</u>	<u>48,486</u>

NOTES TO THE FINANCIAL STATEMENTS

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 December 2008 €000	31 December 2007 €000
(Decrease)/increase in cash in the year/period	(4,306)	8,079
Cash movement from decrease/(increase) in debt	268	(25,478)
Acquired on acquisition of subsidiary	-	(57,518)
Translation adjustment	<u>3,226</u>	<u>1,241</u>
Total net debt during the year/period	(812)	(73,676)
Net debt at beginning of year/period	(73,676)	-
Net debt at end of year/period	<u>(74,488)</u>	<u>(73,676)</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	Cash in hand €	Bank borrowings €	Finance leases €	Total €
At 31 December 2007	8,079	(81,755)	-	(73,676)
Cashflow	(4,306)	268	-	(4,038)
Translation adjustment	-	<u>3,226</u>	-	<u>3,226</u>
At 31 December 2008	<u>3,773</u>	<u>(78,261)</u>	-	<u>(74,488)</u>

25. RELATED PARTY BALANCES

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Boundary Management Limited, which is associated with Martin Cole, Mark Buckley, Declan Cassidy and Niall McFadden, was paid advisory and consultancy fees amounting to nil (2007 - €43,333) by Panther Group Acquisitions Limited during the year.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual directors is provided in the Remuneration of Key Management Personnel note 4 on pages 37 and 38

	31 December 2008 €000	31 December 2007 €000
Share-based payment	<u>35</u>	<u>23</u>

26. COMMITMENTS

The group leases various premises and vehicles under non-cancellable operating lease agreements. The majority of the premises lease costs are matched by a corresponding rental income from the occupying franchisee. The total commitments under these leases can be analysed as follows:

	31 December 2008 Group €000	31 December 2007 Group €000
Group total commitments under non-cancellable Operating leases expiring:		
Within one year	115	291
After one year and before five years	3,749	2,963
After five years	<u>5,262</u>	<u>9,762</u>

NOTES TO THE FINANCIAL STATEMENTS

26. COMMITMENTS (CONTINUED)

	31 December 2008 Group €000	31 December 2007 Group €000
Group total receivables under non-cancellable Operating leases expiring:		
Within one year	60	185
After one year and before five years	3,373	2,389
After five years	<u>3,775</u>	<u>8,609</u>

The company had no such commitments or receivables

Contingent liabilities

The Group has the following contingent liabilities at 31 December 2008:

Performance Bond

Under the terms of a surety associated with an agreement entered into in respect of the construction of a private hospital, the company is committed to a guarantee in respect of the performance of its subsidiary, Synchrony Properties Limited. At the time of approving the financial statements the liability under this guarantee is limited to €50,000. This commitment could, in circumstances where same is accepted by the Board, extend in total to €20 million. In the case of refusal to accept an incremental surety claim the commitment is limited to such amount as the Board has previously accepted.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash, arising directly from its operations.

The Group did not trade in derivatives during the year.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The policies for managing each of these risks is summarised below and are based on internal information provided to the entities key management personnel:

Liquidity Risk

The Group manages its risk of a shortage of funds by monitoring the maturity of its financial assets, principally trade receivables, and cashflows from operations. Boundary Capital plc has debt facilities with Anglo Irish Bank plc, these facilities expire on 30 June 2009 and negotiations are currently ongoing to extend these facilities. Further information is available at note (a) "Basis of preparation and liquidity" on page 20 of Accounting Policies

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On Demand €000	Less than 12 months €000	1 to 5 years €000	>5 years €000	Total €000
<i>As at 31 December 2008</i>					
Interest bearing loans & borrowings	-	40,320	14,948	22,586	77,854
Interest on long term borrowings	-	2,854	10,399	1,584	14,837
Trade and other payables	-	6,067	-	-	6,067
Bank overdraft	-	<u>408</u>	-	-	<u>408</u>
	-	<u>52,057</u>	<u>22,939</u>	<u>24,170</u>	<u>99,166</u>

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

	On Demand €000	Less than 12 months €000	1 to 5 years €000	>5 years €000	Total €000
<i>As at 31 December 2007</i>					
Interest bearing loans & borrowings	-	38,029	16,731	26,995	81,755
Interest on long term borrowings	-	2,571	3,393	3,285	9,249
Trade and other payables	-	7,626	-	-	7,626
Bank overdraft	=	<u>822</u>	=	=	<u>822</u>
	=	<u>49,048</u>	<u>20,124</u>	<u>30,280</u>	<u>99,452</u>

Interest Rate Risk

The following table demonstrates the sensitivity to a 15 basis point change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no impact on the Group's equity.

	Effect on profit before tax	
	€000	€000
	2008	2007
Increase in interest rate by 15 basis points	(75)	(19)
Decrease in interest rate by 15 basis points	+75	+19

Foreign Currency Risk

As a result of a significant presence in the United Kingdom, the Group's balance sheet can be affected significantly by movements in the STG£/Euro exchange rates. The Group seeks to mitigate the effect of this by using borrowings denominated in the same currency.

The Group has transactional currency exposures arising from sales or purchases in currencies other than the Group's presentation currency. To minimise this exposure costs and the related revenue are incurred in the same currency where practical.

The following table demonstrates the sensitivity to a 10% change in the Sterling exchange rate, with all other variables held constant, of the Group's profit before tax and equity:

	Effect on profit before tax		Effect on Equity	
	€000	€000	€000	€000
	2008	2007	2008	2007
Increase in STG£ exchange rate by 10%	+216	+63	+1,804	+3,324
Decrease in STG£ exchange rate by 10%	(216)	(63)	(1,804)	(3,324)

Credit Risk

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying value which is disclosed along with details of the impairment in note 14.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The group manages and if necessary adjusts its capital structure taking account of underlying economic conditions; any material adjustments to the Group's capital structure are approved by the Board. The Group monitors capital on the basis of the net debt ratio i.e. the ratio of net debt to net debt plus equity.

At 31 December 2008, the net debt ratio was 113% (2007 - 62%).

	2008	2007
	€000	€000
Net Debt (Note 23)	<u>74,488</u>	<u>73,676</u>
Equity (Note 22)	<u>(8,317)</u>	<u>44,307</u>
Net Debt Ratio	<u>113%</u>	<u>62%</u>

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 29 June 2009.

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