REPORT OF THE DIRECTORS AND

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

FOR

1 PM PLC

1 PM PLC

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2011

DIRECTORS:	M R Johnson R O Channon M L Hampton H M Walker R Russell
SECRETARY:	R O Channon
REGISTERED OFFICE:	27 Gay Street Bath BA1 2PD
REGISTERED NUMBER:	05845866 (England and Wales)
AUDITORS:	Moore Stephens Chartered Accountants 30 Gay Street Bath BA1 2PA
NOMAD & BROKER:	W H Ireland 4 Colston Avenue Bristol BS1 4ST

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MAY 2011

1pm plc ("1pm" or "the Company") is an independent asset leasing company who provides finance to SMEs to purchase assets critical for their business.

Overview

	FY2011	FY2010	Change%
Revenue	£1.9m	£1.3m	43%
Profit Before Tax	£202k	£(402k)	-
Bad Debts and Provision	£188k	£350k	-46%
Lease portfolio	£10.1m	£6.1m	66%

The last few years has seen one of the most challenging trading environments for many years. Weak consumer confidence, combined with constrained bank lending has made for an uncertain business climate. However, I am pleased to report that this year your Company has delivered a resilient, consistent and much improved performance.

1pm has returned to an annual profit of £202k (FY2010: £402k loss) and revenue is 43% up on FY2010. The level of new business written during the year was £6.1m (FY2010: £2.4m) and the lease portfolio has risen to £10.1m (FY2010: £6.2m). As a result of the increased portfolio the Company is now able to fund a proportion of its new lending from its own receivables.

Business
The Company lends between £1,000 and £30,000 over an average term of three years. The Company's average lease agreement is £7,500 and around 64% of the lease portfolio consists of lends under £10,000. In recent years the Directors have made a decision to reduce the average lease value as this reduces the Company's exposure to significant, individual bad debts.

The number of unique customers has increased by 79% and the Company hopes to continue this trend by improving its relationships with its lease broking partners and customers, and by continuing to improve its incentives and services available, whilst maximising margins.

All customers must meet our very strict underwriting criteria which is reviewed regularly. Our collection procedures are also continually assessed and I'm pleased to report that since 2007 the Company has collected £1.8m of the bad debts that had previously been written off.

The strength of the business model ensures that we are able to continue our organic growth without over-stretching our resources. The reputation we have formed has proved instrumental in the success of the business. We are delighted with the progress of the business this year and look forward to the future.

Staff
As always the enthusiasm from 1pm staff has been constant and their passion for, and belief in, 1pm is admirable. The Board is grateful for their continued commitment.

Shareholders
Our focus towards shareholders remains fixed on building a financially secure platform, which will enable the business to grow further in the coming years. Tight financial controls are in place and lessons have been learned from the recent economic down turn.

Looking ahead, you can be sure that the Board will continue both to support and challenge the Company, ensuring that the long-term interests of the Company and its shareholders are looked after.

Outlook
The board believes that an increasing amount of good quality business is available to be written, especially as larger banks continue to restrict lending to our customer base. This is evident from the quantity of business the company is processing month on month.

We have strong relationships with our existing funders and will continue to look for new and alternative funding options. The more resources available to the Company the more it can lend on to customers. The Directors believe that the Company's return to profitability should facilitate the agreement of additional funding lines.

In summary, the Company is in a great position to take full advantage of the constraints currently placed on the UK banking industry and is confident that, with the right support, it will continue to gain strength.

1 pm plc
Mike Johnson, Chairman 0844 967 0944
Maria Hampton, Managing Director 0844 967 0944

WH Ireland (NOMAD)
Mike Coe / Marc Davies 0117 945 3470

Walbrook PR Ltd 020 7933 8780
Paul McManus 07980 541 893
paul.mcmanus@walbrookpr.com

About 1pm:

1pm plc is an established small ticket leasing company focused on providing SMEs with an accessible funding pool. Customers must have clear credit histories and an ability to pay their commitments. Assets leased are business critical. 1pm typically lends between £1,000 - £30,000 for between 12 and 60 months.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2011.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of providing equipment lease rental finance to UK businesses.

REVIEW OF BUSINESS
Please refer to the Chairman's Statement. The directors do not have any non-financial key performance indicators to assess the group.

DIVIDENDS
No dividends have been declared.

FUTURE DEVELOPMENTS
Please refer to the Chairman's Statement for details of the group's future developments.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 June 2010 to the date of this report.

M R Johnson
R O Channon
M L Hampton
H M Walker
R Russell

Given below are the director's interests in 1 PM Plc:

	Ordinary shares of £0.0006818 each 2011	Ordinary shares of £0.0006818 each 2010
M R Johnson	40,000,000	69,000,000
R O Channon	40,000,000	40,000,000
M L Hampton	4,416,666	4,000,000
H M Walker	10,416,666	10,000,000
R Russell	882,609,050	882,609,050

GROUP'S POLICY ON PAYMENT OF SUPPLIERS
Suppliers are made aware of payment terms and how disputes are to be settled and payment is made in accordance with those terms. The group does not follow a standard payment practice for the payment of suppliers and the group's policy is to pay suppliers in accordance with their terms. At 31 May 2011 the group has an average of 20 days (2010: 26 days) and the company has an average of 0 days (2010: 0 days) purchases outstanding in trade payables.

FINANCIAL INSTRUMENTS
The group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the group's operations. As a matter of policy the group does not trade in financial instruments, nor does it enter into any derivative transactions. Further details on financial instruments is given in the Notes to these financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS
The group made no political or charitable donations during the year (2010: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The group's exposure to risk is disclosed in the Financial Instruments Note to these Financial Statements.

EMPLOYEES

The group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from the training and the career development programmes in common with all employees.

The group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

SUBSTANTIAL SHAREHOLDINGS

The following parties held greater than 3% of the issued share capital of 1 PM Plc:

	2011		2010	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
R Russell	882,609,050	26.90%	882,609,050	27.94%
Fitel Nominees Ltd	25,000,000	3.70%	104,800,000	3.32%
L R Nominees Ltd	175,426,200	5.30%	123,927,160	3.92%
SVS (Nominees) Ltd	100,000	6.60%	163,972,939	5.19%
Barclayshare Nominees Ltd	201,171,979	6.00%	162,987,853	5.16%
Chase Nominees Ltd	n/a	n/a	142,857,143	4.52%
HSDL Nominees Ltd	210,864,396	10.70%	207,325,395	13.82%
Pershing Nominees Ltd	n/a	n/a	436,682,143	3.57%
Share Nominees Ltd	120,688,035	3.70%	112,824,359	3.17%
TD Waterhouse Nominees Ltd	1,108,078,120	5.84%	100,010,253	3.17%
James Capel (Nominees) Ltd	115,631,802	3.50%	n/a	n/a
Corporate Services (TD Waterhouse) Nominees Limited	113,378,955	3.60%	n/a	n/a

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Moore Stephens, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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M L Hampton - Director

Date: 19th July 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 1 PM PLC

We have audited the financial statements of 1 PM Plc for the year ended 31 May 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Report of the Directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2011 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 1 PM PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A J Vince for M S

Mr A J Vince FCA (Senior Statutory Auditor)
for and on behalf of Moore Stephens, Statutory Auditors
Chartered Accountants
30 Gay Street
Bath
BA1 2PA

Date: 19th July 2011

Note:

The maintenance and integrity of the 1 PM Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

1 PM PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 £	2010 £
CONTINUING OPERATIONS			
Revenue	2	**1,906,262**	1,331,922
Cost of sales		**(1,122,283)**	(1,184,547)
GROSS PROFIT		**783,979**	147,375
Administrative expenses		**(555,357)**	(516,978)
OPERATING PROFIT/(LOSS)		**228,622**	(369,603)
Finance costs	4	**(26,444)**	(33,116)
Finance income	4	**152**	303
PROFIT/(LOSS) BEFORE INCOME TAX	5	**202,330**	(402,416)
Income tax	6	**(48,083)**	64,656
PROFIT/(LOSS) FOR THE YEAR		**154,247**	(337,760)
Earnings per share expressed in pence per share:	8		
Basic		**0.000048**	-0.000177
Diluted		**0.000048**	-0.000177

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2011

	2011	2010
	£	£
PROFIT/(LOSS) FOR THE YEAR	**154,247**	(337,760)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**154,247**	(337,760)

The notes form part of these financial statements

1 PM PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MAY 2011

	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**30,253**	36,478
Investments	10	-	-
Deferred tax	18	**111,881**	159,964
		142,134	196,442
CURRENT ASSETS			
Trade and other receivables	11	**9,289,129**	6,548,773
Cash and cash equivalents	12	**353**	305,211
		9,289,482	6,853,984
TOTAL ASSETS		**9,431,616**	7,050,426
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	**2,236,725**	2,153,791
Share premium	14	**1,567,249**	1,565,035
Retained earnings	14	**(272,136)**	(426,383)
TOTAL EQUITY		**3,531,838**	3,292,443
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	15	**2,889,474**	1,510,149
CURRENT LIABILITIES			
Trade and other payables	15	**2,786,056**	1,917,510
Financial liabilities - borrowings			
Bank overdrafts	16	**94,248**	80,324
Interest bearing loans and borrowings	16	**130,000**	250,000
		3,010,304	2,247,834
TOTAL LIABILITIES		**5,899,778**	3,757,983
TOTAL EQUITY AND LIABILITIES		**9,431,616**	7,050,426

The financial statements were approved by the Board of Directors on 19th July 2011 and were signed on its behalf by:

M L Hampton - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 MAY 2011

	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	-
Investments	10	**50,000**	50,000
		50,000	50,000
CURRENT ASSETS			
Trade and other receivables	11	**3,883,621**	3,613,615
Cash and cash equivalents	12	**353**	305,211
		3,883,974	3,918,826
TOTAL ASSETS		**3,933,974**	3,968,826
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	**2,236,725**	2,153,791
Share premium	14	**1,567,249**	1,565,035
TOTAL EQUITY		**3,803,974**	3,718,826
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	**130,000**	250,000
TOTAL LIABILITIES		**130,000**	250,000
TOTAL EQUITY AND LIABILITIES		**3,933,974**	3,968,826

The financial statements were approved by the Board of Directors on 19th July 2011 and were signed on its behalf by:

M L Hampton - Director

The notes form part of these financial statements

1 PM PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2011

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 June 2009	1,035,639	(88,623)	1,640,867	2,587,883
Changes in equity				
Issue of share capital	1,118,152	-	(75,832)	1,042,320
Total comprehensive income	-	(337,760)	-	(337,760)
Balance at 31 May 2010	2,153,791	(426,383)	1,565,035	3,292,443
Changes in equity				
Issue of share capital	82,934	-	2,214	85,148
Total comprehensive income	-	154,247	-	154,247
Balance at 31 May 2011	2,236,725	(272,136)	1,567,249	3,531,838

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2011

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 June 2009	1,035,639	-	1,640,867	2,676,506
Changes in equity				
Issue of share capital	1,118,152	-	(75,832)	1,042,320
Total comprehensive income	-	-	-	-
Balance at 31 May 2010	2,153,791	-	1,565,035	3,718,826
Changes in equity				
Issue of share capital	82,934	-	2,214	85,148
Balance at 31 May 2011	2,236,725	-	1,567,249	3,803,974

The notes form part of these financial statements

1 PM PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 £	2010 £
Cash flows used in operating activities			
Cash generated from operations	21	(242,227)	(528,845)
Interest paid		(26,444)	(33,116)
Net cash used in operating activities		(268,671)	(561,961)
Cash flows used in investing activities			
Purchase of property, plant & equipment		(15,411)	(6,059)
Interest received		152	303
Net cash used in investing activities		(15,259)	(5,756)
Cash flows used in financing activities			
New loans in year		-	250,000
Loan repayments in year		(120,000)	-
Share issue		85,148	1,042,320
Net cash used in financing activities		(34,852)	1,292,320
(Decrease)/Increase in cash and cash equivalents		(318,782)	724,603
Cash and cash equivalents at beginning of year	22	224,887	(499,716)
Cash and cash equivalents at end of year	22	(93,895)	224,887

The notes form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 £	2010 £
Cash flows from operating activities			
Cash generated from operations	21	**(270,006)**	(988,892)
Net cash from operating activities		**(270,006)**	(988,892)
Cash flows from financing activities			
New loans in year		**-**	250,000
Loan repayments in year		**(120,000)**	-
Share issue		**85,148**	1,042,320
Net cash from financing activities		**(34,852)**	1,292,320
(Decrease)/Increase in cash and cash equivalents		**(304,858)**	303,428
Cash and cash equivalents at beginning of year	22	**305,211**	1,783
Cash and cash equivalents at end of year	22	**353**	305,211

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (as adopted by the European Union) and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

1 PM Plc is a UK domiciled public company.

In accordance with IAS 8 the group is required to disclose the potential effect of standards and interpretations in issue but not in force at the year end, disclosure has not been made where no effect is envisaged:

- There are no such cases to report.

The key judgements made by management in applying the group's accounting policies that have the most significant effect on these financial statements are in relation to the leased assets, specifically valuation and recognition. Management have selected suitable accounting policies for income recognition (see below) and have made specific provisions against bad debts.

Due to the nature of the group the directors do not have any concerns over the key assumptions concerning the future and do not consider there to be any key sources of estimation uncertainty. The directors are confident that the group will continue to operate as a going concern.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the parent company (1 PM Plc) and entities controlled by the company (its subsidiaries) made up to May each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

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

Revenue recognition and leased assets
Assets leased to customers on finance leases are recognised in the Statement of Financial Position at the amount of the group' net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 25% on cost

All property, plant and equipment are shown at cost less subsequent depreciation and impairment.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position date.

continued...

1. **ACCOUNTING POLICIES - continued**

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

Hire purchase and leasing commitments
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lesee. All other leases are classed as operating leases. Assets held under finance leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between charges and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly against revenue.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Employee benefit costs
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Funding payables and cost of sales
Finance received from funding providers is classified as payables in the Statement of Financial Position. Payments to the funding providers contain a capital element which reduces the payable and an interest charge is debited to the cost of sales using the sum of digits method. Due to the relatively short term of the funding payables the directors are satisfied that this method of apportioning interest is not materially different to the effective interest method.

Provision for specific debts
Provision is made for contract in arrears after taking into account expected recovery proceeds. All outstanding amounts on contracts passed to collection agents are written off in full, less expected subsequent recovery proceeds.

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. **SEGMENTAL REPORTING**

The company has one business segment to which all revenue, expenditure, assets and liabilities relate.

3. **EMPLOYEES AND DIRECTORS**

	2011	2010
	£	£
Wages and salaries	**338,866**	317,786
Social security costs	**20,103**	15,338
Other pension costs	**1,050**	1,050
	360,019	334,174

continued...

3. EMPLOYEES AND DIRECTORS - continued

The average monthly number of employees during the year was as follows:

	2011	2010
Management	1	1
Administrative	7	6
	8	7

	2011	2010
	£	£
Directors' remuneration	206,143	224,379
Directors' pension contributions to money purchase schemes	1,050	1,050

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Information regarding the highest paid director is as follows:

	2011	2010
	£	£
Emoluments etc	70,000	85,547
Pension contributions to money purchase schemes	1,050	-

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

	2011	2010
	£	£
M Johnson	65,000	85,547
M Hampton	70,000	70,000
H Walker	46,143	37,240
R Channon	15,000	17,816
R Russell	10,000	10,776
P O'Connell (resigned 29/5/2009)	0	3,000
	206,143	224,379

4. NET FINANCE COSTS

	2011	2010
	£	£
Finance income:		
Bank account interest	152	303

continued...

4. NET FINANCE COSTS - continued

	2011 £	2010 £
Finance costs:		
Bank interest	7,540	7,444
Bank loan interest	18,904	25,672
	26,444	33,116
Net finance costs	26,292	32,813

5. PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (2010 - loss before income tax) is stated after charging:

	2011 £	2010 £
Other operating leases	19,800	29,911
Depreciation	21,636	24,232
Auditors' remuneration	8,750	8,500
Non audit services	3,450	3,400

6. INCOME TAX

Analysis of the tax charge/(credit)

	2011 £	2010 £
Current tax:		
Tax relating to prior years	-	16,447
Deferred tax	48,083	(81,103)
Total tax charge/(credit) in income statement	48,083	(64,656)

continued...

6. INCOME TAX - continued

Factors affecting the tax charge
The tax assessed for the year is lower (2010 - higher) than the small companies rate of corporation tax in the UK. The difference is explained below:

	2011	2010
	£	£
Profit/(loss) on ordinary activities before tax	**202,330**	(402,416)
Profit/(loss) on ordinary activities multiplied by the small companies rate of corporation tax in the UK of 21% (2010 - 21%)	**42,489**	(84,507)
Effects of:		
Capital allowances in excess of depreciation	**(144)**	2,363
Unused trading losses	**(42,345)**	82,144
Underprovision of current tax	**-**	16,447
Total income tax	**-**	16,447

Corporation tax is calculated at 21% (2010: 21%) of estimated assessable profit for the year.

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2010 - £0).

8. EARNINGS PER SHARE

The calculations of earning per share are calculated by dividing the earnings attributable to ordinary shares by the weighted average number of shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares. There are no dilutive ordinary shares.

	2011	2010
Profit/(Loss) attributable to equity shareholders	**£154,247**	£(337,760)
Weighted average number of shares	**3,195,491,908**	1,910,595,524
Basic and diluted earnings per share	**£0.000048**	£(0.000177)

continued...

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Computer equipment £
COST	
At 1 June 2010	131,891
Additions	15,411
At 31 May 2011	147,302
DEPRECIATION	
At 1 June 2010	95,413
Charge for year	21,636
At 31 May 2011	117,049
NET BOOK VALUE	
At 31 May 2011	30,253
At 31 May 2010	36,478

continued...

9. **PROPERTY, PLANT AND EQUIPMENT - continued**

Group

	Computer equipment £
COST	
At 1 June 2009	125,832
Additions	6,059
At 31 May 2010	131,891
DEPRECIATION	
At 1 June 2009	71,181
Charge for year	24,232
At 31 May 2010	95,413
NET BOOK VALUE	
At 31 May 2010	36,478

Equipment held under finance leases and hire purchase contracts, included in the relevant heading in the above table are:

	2011 £	2010 £
Cost at 1 June 2010 and 31 May 2011	**10,142**	10,142
Depreciation at 1 June	**6,622**	4,086
Charge	**2,536**	2,536
At 31 May	**9,158**	6,622
Net book value	**984**	3,520

continued...

10. INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 June 2010	
and 31 May 2011	**50,000**
NET BOOK VALUE	
At 31 May 2011	**50,000**
At 31 May 2010	50,000

The company's investments at the statement of financial position date in the share capital of companies include the following:

Subsidiary

1 PM (UK) Limited
Nature of business: Leasing

Class of shares:	% holding
Ordinary	100.00

	2011 £	2010 £
Aggregate capital and reserves	**(222,136)**	(376,383)
Profit/(Loss) for the year	**154,247**	(337,760)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 £	2010 £	**2011 £**	2010 £
Current:				
Trade receivables	**8,752,542**	6,174,025	-	-
Amounts owed by group undertakings	-	-	**3,883,621**	3,613,615
Other receivables	**478,936**	301,255	-	-
VAT	**25,807**	33,233	-	-
Prepayments and accrued income	**31,844**	40,260	-	-
	9,289,129	6,548,773	**3,883,621**	3,613,615

continued...

11. TRADE AND OTHER RECEIVABLES - continued

Trade receivables wholly represent finance lease receivables.

	2011	2010
Gross receivables from finance leases:	£	£
No later than 1 year	**4,411,197**	3,319,001
Later than 1 year and no later than 5 years	**6,885,757**	4,382,015
Later than 5 years	**0**	0
Unearned future finance income on finance leases	**(2,544,412)**	(1,526,991)
Net investment in finance leases	**8,752,542**	6,174,025

	2011	2010
The net investment in finance leases are receivable as follows:		
No later than 1 year	**2,927,584**	2,392,623
Later than 1 year and no later than 5 years	**5,824,958**	3,781,402
Later than 5 years	**0**	0
Total	**8,752,542**	6,174,025

The cost of assets acquired for the purpose of letting under finance leases was £6,105,899 (2010: £2,484,952).

Included within Trade receivables are the following receivables that are past due but not impaired as they are considered recoverable:

	2011	2010
	£	£
Less than 3 months old	**67,984**	67,917
More than 3 months old	**56,545**	51,801

All amounts are secured on the asset to which they relate. No other assets are past due or impaired.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank accounts	**353**	305,211	**353**	305,211

continued...

13. CALLED UP SHARE CAPITAL

The Articles of Association of the company state that there is an unlimited authorised share capital. Each share carries the entitlement to one vote.

The issued share capital of the company is as follows:

	No. of shares	Ordinary shares	Share Premium	Total
	No.	£	£	£
At 1 June 2010	3,158,979,085	2,153,791	1,565,035	3,718,826
Movement	121,639,686	82,934	2,214	85,148
At 31 May 2011	3,280,618,771	2,236,725	1,567,249	3,803,974

Allotted and fully paid:

	No. of shares	Nominal Value	Total
	No.	£	£
Ordinary shares	3,280,618,771	0.0006818	2,236,725

During the year the company issued 121,639,686 ordinary shares with a nominal value of £0.0006818 at £0.0007 per share.

The funds raised were used in 1 PM (UK) Limited to finance continuing operations.

14. RESERVES

Group

	Retained earnings	**Share premium**	**Totals**
	£	**£**	**£**
At 1 June 2010	**(426,383)**	**1,565,035**	**1,138,652**
Profit for the year	**154,247**		**154,247**
Warrants issued	**-**	**2,214**	**2,214**
At 31 May 2011	**(272,136)**	**1,567,249**	**1,295,113**

Company

	Retained earnings	**Share premium**	**Totals**
	£	**£**	**£**
At 1 June 2010	**-**	**1,565,035**	**1,565,035**
Profit for the year	**-**		**-**
Warrants issued	**-**	**2,214**	**2,214**
At 31 May 2011	**-**	**1,567,249**	**1,567,249**

continued...

15. TRADE AND OTHER PAYABLES

	Group 2011 £	Group 2010 £
Current:		
Trade payables	**2,669,208**	1,787,867
Social security and other taxes	**7,170**	5,613
Other payables	**109,678**	124,030
	2,786,056	1,917,510
Non-current:		
Trade payables	**2,865,474**	1,473,849
Accruals and deferred income	**24,000**	36,300
	2,889,474	1,510,149
Aggregate amounts	**5,675,530**	3,427,659

Trade payables wholly represent funding payables, which are secured on the value of the finance leases.

The Trade payables figure is made up of numerous funding blocks that are repaid by monthly instalments. The length of the repayment term varies from 33 to 42 months and interest rates from 7.75% to 11%.

The company's banking facilities are secured by a mortgage debenture, dated 7 December 2007 incorporating a fixed and floating charge over all current and future assets of the company.

16. FINANCIAL LIABILITIES - BORROWINGS

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Current:				
Bank overdrafts	**94,248**	80,324	**-**	-
Other loans	**130,000**	250,000	**130,000**	250,000
	224,248	330,324	**130,000**	250,000

Group

	1 year or less £
Bank overdrafts	**94,248**
Other loans	**130,000**
	224,248

continued...

16. FINANCIAL LIABILITIES - BORROWINGS - continued

Company

	1 year or less £
Other loans	130,000

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

The following analysis shows the contractual undiscounted cash flows (which differ from the discounted cash flow totals shown in Current and Non-current payables above):

	2011 £	2010 £
Trade payables:		
On demand or within one year	3,029,901	1,996,111
More than one year but less than two years	2,012,699	1,264,900
More than two years but less than five years	1,067,111	284,554
	6,109,711	3,545,565

Other loans constitute a loan from UK Private Healthcare Limited and are secured by a debenture over the assets of the company. The loan is repayable at £10,000 per month.

17. LEASING AGREEMENTS

Group

	Non-cancellable operating leases	
	2011 £	2010 £
Within one year	11,550	19,800
Between one and five years	72,000	83,350
	83,550	103,150

The company leases offices under non-cancellable operating lease agreements. The lease term is three years and is renewable at the end of the lease period at market rate.

Operating lease expenditure is disclosed in Note 5.

continued...

17. LEASING AGREEMENTS - continued

The future aggregate minimum lease payments under non-cancellable finance leases are as follows:

	2011 £	2010 £
Minimum lease payments:		
No later than one year	**643**	1,929
Later than one year and no later than five years	**0**	643
Less: future finance charges	**(113)**	(498)
Present value of minimum lease payments	**530**	2,074
Included in the financial statements as:		
Other payables < 1 year	**530**	1,556
Trade payables > 1 year	**0**	518
	530	2,074

18. DEFERRED TAX

(Asset)/Liability:

Group

	2011 £	2010 £
Balance at 1 June	**(159,964)**	(78,861)
Fixed asset timing differences	**(225)**	(2,363)
Unused trading losses	**48,308**	(78,740)
Balance at 31 May	**(111,881)**	(159,964)

There are no deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.

The deferred tax asset arising from un-used tax losses has been recognised on the forecast future profits of the company.

The deferred tax included within the statement of financial position is as follows:

	2011 £	2010 £
Fixed asset timing differences	**(1,621)**	(1,846)
Unused trading losses	**113,502**	161,810
Included in non-current assets	**111,881**	159,964

continued...

19. TRANSACTIONS WITH DIRECTORS

Mr M R Johnson (Director) has given personal guarantees to: Svenska Handelsbanken Plc of £350,000, Hitachi Capital Limited of £1,000,000, Venture Finance of £500,000, and Kingston Asset Finance Limited to the outstanding debt at the time of the agreement being terminated.

During the year the following transactions occurred:

	2011	2010
	£	£
M R Johnson (Director) - services rendered	**65,000**	85,547
M R Johnson (Director) - expenses repaid	**1,511**	0
R Channon (Director) - services rendered	**15,000**	17,816
R Channon (Director) - expenses repaid	**1,283**	0
H Walker (Director) - services rendered	**46,143**	37,240
R Russell (Director) - services rendered	**10,000**	10,776
R Russell (Director) - interest charged	**31,546**	0
R Russell (Director) - expenses repaid	**1,298**	0

At the year end, included within liabilities are balances due to:

	2011	2010
	£	£
M R Johnson (Director)	**4,038**	7,000
H Walker (Director)	**3,703**	3,508
R Channon (Director)	**31**	0
R Russell (Director)	**17,638**	0

R Russell (Director) is a director and 25% shareholder in UK Private Healthcare Ltd, a company which has an outstanding loan balance of £130,000 (2010: £250,000), included within financial liabilities.

R Russell (Director) loaned the company £600,000, interest is charged at 11%. The gross amount of £744,350 is repayable in forty eight monthly payments. The amount repayable in the year was £87,875 (net £56,329), at the year end £15,507 of this was outstanding. The total amount outstanding at the year end was £671,983. No amounts were written off during the year.

R Russell (Director) increased his loan facility to the company by £200,000 during June 2011.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2011	2010
	£	£
Profit/(Loss) for the financial year	**154,247**	(337,760)
Proceeds from share issue	**85,148**	1,042,320
Net addition to shareholders' funds	**239,395**	704,560
Opening shareholders' funds	**3,292,443**	2,587,883
Closing shareholders' funds	**3,531,838**	3,292,443

continued...

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2011	2010
	£	£
Profit for the financial year	-	-
Proceeds from share issue	85,148	1,042,320
Net addition to shareholders' funds	85,148	1,042,320
Opening shareholders' funds	3,718,826	2,676,506
Closing shareholders' funds	3,803,974	3,718,826

21. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	2011	2010
	£	£
Profit/(loss) before income tax	202,330	(402,416)
Depreciation charges	21,635	24,232
Finance costs	26,444	33,116
Finance income	(152)	(303)
	250,257	(345,371)
(Increase)/Decrease in trade and other receivables	(2,740,356)	562,372
Increase/(Decrease) in trade and other payables	2,247,872	(745,846)
Cash generated from operations	(242,227)	(528,845)

Company

	2011	2010
	£	£
Profit before income tax	-	-
Increase in trade and other receivables	(270,006)	(988,892)
Cash generated from operations	(270,006)	(988,892)

continued...

22. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statements of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

	Group		Company	
Year ended 31 May 2011				
	31.5.11	**1.6.10**	**31.5.11**	**1.6.10**
	£	**£**	**£**	**£**
Cash and cash equivalents	**353**	**305,211**	**353**	**305,211**
Bank overdrafts	**(94,248)**	**(80,324)**	**-**	**-**
	(93,895)	**224,887**	**353**	**305,211**
Year ended 31 May 2010				
	31.5.10	1.6.09	31.5.10	1.6.09
	£	£	£	£
Cash and cash equivalents	305,211	1,783	305,211	1,783
Bank overdrafts	(80,324)	(501,499)	-	-
	224,887	(499,716)	305,211	1,783

23. FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the group's operations. As a matter of policy the group does not trade in financial instruments, nor does it enter into any derivative transactions.

The operations of the group have principally been financed to date through the funds raised on the placing of shares on the AIM and block funding payables. The group has an overdraft facility in place with the group's bankers and an overdraft facility totalling £350,000 (2010: £350,000).

The group's main objectives for the management of capital are; to ensure there is sufficient cash available to be able to provide finance to customers, and to be able to pay debts as they fall due. The forms of capital managed by the group are; the block funding and bank overdraft facilities. The group is not subject to any externally imposed capital requirements from these finance providers.

Working capital requirements are constantly monitored including the interest rates from the key providers of block funding finance.

The main risks to the group, and the policies adopted by the directors to minimise the efforts on the group are as follows:

Credit Risk - The directors believe that credit risk is limited due to debts being spread over a large number of receivables. No individual receivable poses a significant risk. In recent years the group has reduced the average lease value as this reduces the group's exposure to significant, individual receivables and group debt collection procedures are continually assessed.

Interest rate and liquidity risk - All of the group's cash balances and short term deposits are held in such a way that enables the correct balance of access to working capital and a competitive rate of interest is achieved.