Eckoh

Eckoh plc | *Annual Report* 2008

Eckoh – Inspired speech solutions for the contact centre industry

Eckoh is the UK's largest provider of hosted speech recognition services. Our innovative, multi-channel solutions focus on speech recognition and IVR technology but can also incorporate mobile and the web. They are designed to significantly reduce costs, unlock new contact centre revenues, provide the convenience of 24 by 7 service and make life easier for both the client and their customers.

Every solution is delivered from our own highly scalable technology platform, which frees organisations from the burden of large upfront technology investment. We are experts in communication design and advanced customer management, and our approach is ambitious – to maximise the power of the technologies we use to deliver inspired communication solutions.

Multi-channel, multi-contact From speech to IVR, mobile and web – our automated solutions provide a consistent and integrated customer experience across multiple contact channels.

Operational flexibility Every solution is underpinned by our on-demand self-service platform, capable of handling over 650,000 contacts per hour and scalable to every client need.

Extensive heritage & expertise With a large portfolio of active clients, Eckoh delivers automated solutions across an unmatched range of industry sectors, with more deployments and managing more interactions, than any other company in our marketplace.

Bespoke and business proven At Eckoh, we deliver a total solution, from expert consultation to the creation of advanced services that are unique to our clients' business. Our on-demand hosted model removes the burden of in-life capital expenditure, enabling our clients to achieve a return on investment in a matter of months if not weeks.

Partners for success Our strategic alliance with BT has delivered automated services to an extensive range of blue chip organisations, generating more than 80 million minutes of self-service transactions.

Highlights of the Year

- Completion of final phase of restructuring and repositioning the Group as a specialised speech solutions business with the sale of Connection Makers' trade and assets for £2.89m
- Reduced annual Group expenses by over £1m taking effect in 2008/9 following disposal of non-core activities
- Significant improvement in second half with a 63% reduction in adjusted continuing loss before tax excluding intangible asset amortisation, impairment charges and restructuring costs to £0.4m over the first half (H1 2008: £1.2m)
- Net assets as at 31 March 2008 amounted to £9.5m (2007: £8.7m), comprising £6.8m (2007: £9.6m) cash and short-term investments (equivalent to 3.4p per share (2007: 4.9p)), £3.3m future receivables from Symphony Telecom and £1.8m future receivables from Connection Makers disposal
- Profit for the year of £0.5m (2007: £8.2m)
- Profit per share of 0.24p (2007: 3.16p)
- 2 year renewal with current highest revenue generating IVR client, Trinity Mirror
- 5 year contract extension with Northern Ireland Electricity
- 3 year contract extension with TD Waterhouse

Outlook

- Capability to deliver calls from all European markets to Eckoh's UK call platform nearing completion
- Focus on executing opportunity presented by Speech division where significant contracts have been signed already in the new year:
  - » 3 year contract with the Ministry of Justice to provide fine collection services to the English and Welsh Magistrates' Courts
  - » 3 year contract to provide the Traintracker Text service for National Rail Enquiries
  - » 3 year renewal with the highest revenue generating Speech client, Ideal Shopping Direct
- Significant growth in Speech division expected to occur in the medium term as companies formulate their strategy to address the challenging macro-economic conditions
- Increased gross profits from both divisions along with a reduced cost base will see a far better financial performance in 2008/9 than in 2007/8

Chairman's Statement

During the financial year ended 31 March 2008, the Board took the last steps to restructure the Group by disposing of the Connection Makers' business operations, in order that our efforts could be focused on the high margin, high growth speech solutions market. Connection Makers had been in decline and was by its nature a very different business activity, so we are extremely pleased with the outcome of these transactions and the price achieved.

The high profile problems reported in the media relating to TV programmes utilising premium rate phone activity had a major impact on the Company throughout the period and also proved to be a constant distraction. The action we took to establish ourselves as a "best practice" service provider required a significant degree of effort and resource, nevertheless it was essential to position ourselves securely for the future and to reassure our clients, to whom we are grateful for their unwavering support. The decline in the IVR revenues can be directly attributed to the industry problems and it was certainly a major factor in the flattening of the Speech revenues. However, I am pleased to say that the release of the Deloittes report, commissioned by ITV, highlighted that Eckoh had performed impeccably on these particular shows over a number of years and it is testament to the Company that ITV remained supportive throughout the whole period and continues to contract with Eckoh to this day.

Whilst currently smaller in size the IVR market now has fewer credible suppliers and we believe Eckoh has the opportunity to capitalise on its clear strengths and benefits going forward. Additionally we foresee a recovery in the market as the issues of 2007 recede in the public memory.

The problems in the IVR market led to Group turnover from continuing operations falling by 67% to £25.6m, and pre-tax losses were £2.2m; cash and short-term investments amounted to £6.8m.

Within the Speech Solutions area there is a renewed optimism with the completion of some strategically important new contracts such as that with the Ministry of Justice as well as a number of significant contract renewals from our existing client base.

As important is the work we have done to open up the European markets by facilitating call delivery to our facilities in the UK. This work is nearing completion and should prove to be an extremely cost effective way of satisfying client demand for comparable services from multiple territories. We are already seeing this capability opening up extremely exciting opportunities for large pan-European contracts.

We believe our strategic market leading position in the on-demand UK speech market will deliver clear shareholder value in the medium-term as the continuing operations move into sustained and growing profitability. The Speech Solutions business continues to be the long-term focus of the Group and is where the Board believes the best value for shareholders will be realised.

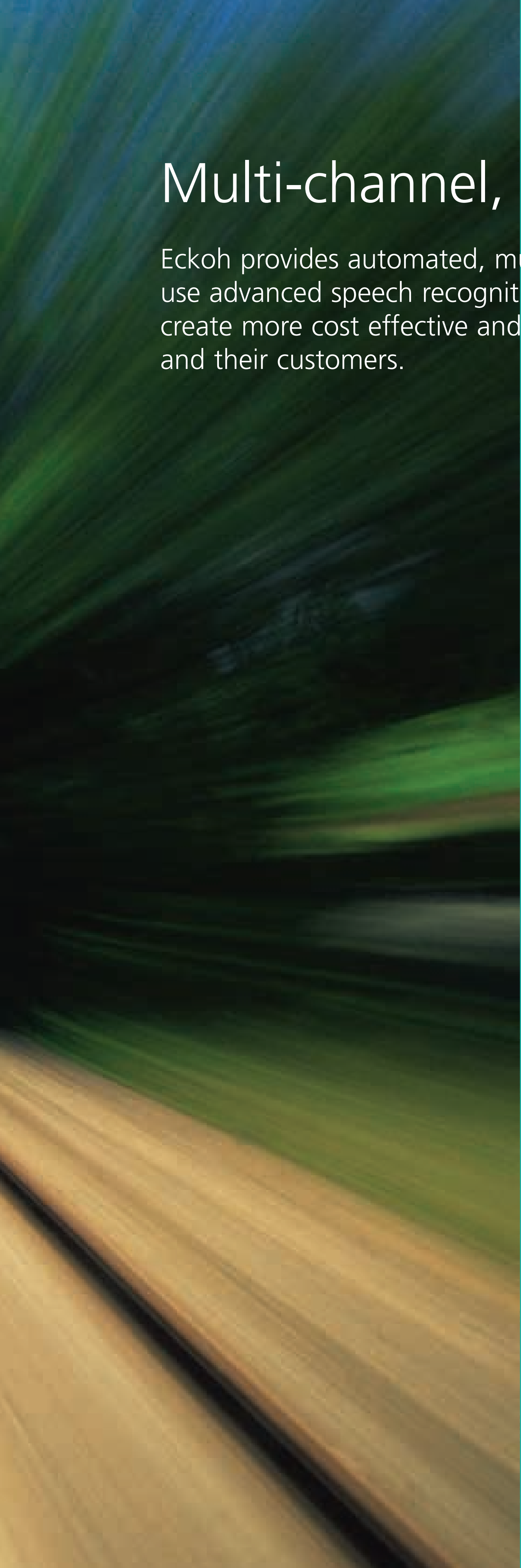
I would like to take this opportunity to thank Eckoh's staff for their loyalty, commitment and dedication over what has been at times a difficult twelve months, as we all look forward to an exciting and positive year ahead.

Peter Reynolds
Chairman

"National Rail Enquiries is committed to providing travellers with comprehensive, multi-channel travel information services.

With their ability to deliver complex messages succinctly, BT and Eckoh's technology will allow us to provide an enhanced level of information via this rapidly expanding channel."

Chris Scoggins CEO, National Rail Enquiries



Multi-channel, multi-contact

Eckoh provides automated, multi-channel contact centre solutions that use advanced speech recognition, IVR, mobile and web technologies to create more cost effective and satisfying interactions between companies and their customers.

Case in Point: TrainTracker™ for National Rail Enquiries

In January 2008, National Rail Enquiries awarded a new three year contract to Eckoh and strategic business partner BT, to provide TrainTracker™ Text, an interactive text-based journey planning solution. The service, which went live in early April 2008, complements the existing speech-enabled TrainTracker™ journey planning and travel information service (0871 200 4950), launched by BT and Eckoh in January 2005.

TrainTracker™ Text is fully integrated with National Rail Enquiries' journey planning engine, ensuring that up-to-the-minute and consistent information is given to travellers, irrespective of channel. Like the automated speech service, TrainTracker™ Text allows customers to obtain real-time arrival and departure information for UK journeys.

Furthermore, the service uses the same 'built in intelligence' as the speech service to recognise callers and to anticipate their requests. To use the service, customers simply send a text message with their requested departure and or arrival station to the mobile short code 84950, to receive matching journeys including real-time running information.

The Business Review

Introduction

2007/8 has been a challenging year for the Group but resulted in some significant changes which have created a far stronger business going into 2008/9

The early months of the year were dominated with dealing with the aftermath of a series of adverse stories on the use of premium rate telephony in Broadcasting. As a response Eckoh has invested significant amounts of time and money to ensure that not only are all services compliant with the PhonepayPlus code (formerly ICSTIS) but that as a business we have a clear "best practice" approach in this area. These steps have been welcomed by the clients across our business, not just in the media sector, and as a result of our action we have not only retained all of our major clients but won significant new contracts during the period. Nevertheless, the adverse publicity meant that public confidence in the sector was undoubtedly damaged, with a huge reduction in the number of calls into premium rate services and consequential reduction in our revenues. During Q4, as part of the wider cost review, we reduced the headcount in the IVR division. This action, combined with signs of recovery in call volumes should lead to a more profitable year for the division.

Whilst the Speech Solutions division operates very independently from the IVR division, the adverse publicity was undoubtedly a restricting factor in attracting new business during this period, although support from existing clients was extremely strong. However, the signs towards the end of the financial year were positive with some significant new contract wins and renewals from existing clients. The announcement of the Ministry of Justice contract demonstrates that this trend is continuing.

With profit contributed by the Connection Makers division having reduced from £2.7m in 2004/5 to £1.3m in 2006/7, it was decided that the time was right to sell the trade of that division in order to concentrate the Group around the growing Speech division. This was achieved through two separate asset sales of the TV and Chat sub divisions for total cash consideration of £2.89m payable over two years. Removing this significant level of profitability has had an immediate impact on the overall profitability of the Group, but has meant that the restructuring is now complete and ensures the Company is now focused on the highest value activity. The transactions have also enabled us to take a hard view on central overheads within the Group and allowed us to reduce that cost going forward by over £1m per annum. This action was taken in Q4 and was achieved through a combination of factors including a reduction in staff numbers and a renegotiation of supplier contracts; the results of which will be seen in 2008/9.

The new contracts and strong pipeline in the Speech Solutions division, signs of recovery in the IVR division, increased gross margin in both divisions and the reduction in fixed costs have positioned the Group for a much improved financial performance in 2008/9.

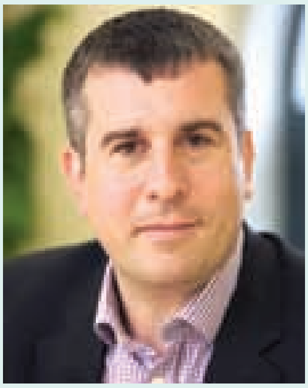
Speech Solutions

Revenue in the Speech Solutions division fell by 3% to £6.1m (2006/7: £6.3m) while gross margin increased to 64% (2006/7: 62%) allowing gross profit to remain steady at £3.9m (2006/7: £3.9m). It is extremely unusual for the division to lose any clients, and indeed the only major client loss that has ever been experienced was when the UGC cinema chain was acquired by Cineworld and the service was moved to their incumbent provider, which had an impact on the 2007/8 numbers. Adjusting for the loss of UGC, revenue increased by 8%, with gross profit increasing by 15%.

The model in the division is to generate predictable revenue streams through securing long term contracts, which are typically 3 years or longer, and are usually underpinned by minimum revenue or transactional volume guarantees. It is also our experience that even when these contracts expire, they are generally renewed by the client due to the satisfaction with the service Eckoh provides and the ongoing cost savings that they experience. As a result the division has excellent visibility of future revenues and given the negligible churn, benefits from a layering of revenues from existing clients, supplemented with incremental contracts from new clients.

It is also common for clients to expand their offering as we have seen recently with TD Waterhouse, who are currently piloting a phone broker service to complement its existing stock quote service and National Rail Enquiries awarding us the contract for the Traintracker text service.

The recently announced contract wins with the



Nik Philpot *Chief Executive Officer*

Adam Moloney *Group Finance Director*

Jim Hennigan *Executive Director*

Ministry of Justice and National Rail Enquiries; combined with the crucial contract renewals of Ideal Shopping and TFCC have further reinforced the confidence of the Directors that the future of the Group lies with the offering from the Speech Solutions division.

Outlook for the Speech Solutions division
Over the next year there are three key factors which the Group believes will be important in generating new business.

The first is the challenging economic climate, which presents a potential opportunity for the Speech division. With many companies having to postpone significant capital expenditure investment decisions but still requiring the improvements to their customer contact services, the on-demand solution that Eckoh provides becomes an attractive option.

Secondly we are seeing an increasing trend towards on-shoring, where companies either through public pressure or poor performance, are looking to repatriate their call centre activity back to the UK. To avoid a significant increase in cost a clear alternative for these businesses is to use Eckoh's automated solutions alongside a high quality UK live agent operation. Customer feedback shows that a well designed automated service can score higher in satisfaction surveys than live agents, whether in the UK or abroad, so automation is an extremely valid choice at a cost several times lower than an agent.

Finally in recent months Eckoh have been working with BT to create a network which will allow calls to be delivered from all major European territories to the Eckoh call processing platform in the UK. This will allow the major European markets to be opened up to Eckoh without necessarily having to establish a local presence or even work with a local partner. The first significant pan-European contract is in the pipeline and if this can be secured it will provide a strong foundation for further European business which has always been a key part of Eckoh's strategy.

The recent contract wins have renewed confidence that strong growth in the Speech division will return in 2008/9. Eckoh will continue to focus on organically growing the UK business and will look to open up the European markets through the new capability that has been put in place. The Group is also looking at other indirect partnerships both in the UK and in Europe that we believe could accelerate growth in this division.

Client IVR

It has been a turbulent year for the Client IVR division against the background of adverse media publicity in relation to the use of premium rate telephony, particularly in the broadcast sector. Revenues in this division have fallen by 73% to £19.5m (2006/7: £71.3m) mainly due to a reduction in the volumes of calls coming into ITV and the closure of the ITV Play formats. Gross profits in this division were £2.1m (2006/7: £3.5m).

As described in the interim results statement, Eckoh has positioned itself as a "best practice" service provider which has significantly altered the proposition it offers to large media operations. There has been a significant investment in the compliance aspect of these services which we believe to be unrivalled by competitors. The professional nature of the service provided has also allowed Eckoh to introduce charging on a fee basis with some of the clients rather than a traditional revenue share. As a result of these steps, the gross margin earned in the second half of the financial year was 20% of revenue compared to 6% in the first half of the year, and 5% for the whole of 2006/7.

During the period, Eckoh have reviewed contracts with all IVR clients to ensure that contracts accurately reflect the trading relationship between the parties from a regulatory perspective. Significantly, Eckoh have renewed a contract for two years with the most revenue generative client within the division, Trinity Mirror, and are in the process of renewing with other major clients in the division.

Outlook for the IVR division The near term size of the market is still somewhat uncertain although signs of recovery are becoming more evident. The competitive landscape has become less crowded with a number of smaller businesses either closing or being consolidated and Eckoh feel confident that their position as arguably the most credible provider will inevitably mean that new business opportunities will increase.

Operational flexibility

Eckoh’s highly scalable self-service platform – one of Europe’s largest – handles up to 650,000 contacts an hour and up to 8,000 simultaneously. Our hosted platform underpins every solution we deliver, which means our clients’ call handling requirements can be accommodated with ease, regardless of seasonal fluctuations or dramatic peaks in demand.

Case in Point: Vue Entertainment
Cinema information and booking line
(Tel: 08712 240 240)

Eckoh provides Vue Entertainment (the UK’s largest operator of modern multiplex cinemas) with a 24 by 7, one-number solution using advanced speech recognition technology. Eckoh’s solution handles calls from customers across the entire Vue cinema circuit, encompassing 62 cinemas and 607 screens throughout the UK and Ireland.

In 2006, Eckoh was also awarded the contract to supply the live contact centre operation providing Vue with a complete end-to-end telephony solution for their cinema business. Vue believe in providing high quality customer service and wished to offer their customers the best automated solution supported by a personal and tailored contact centre that was easily accessible to users.

The automated service enables cinema goers to request film information and screen times from their nearest cinema as well as the ability to book and pay for tickets in advance and receive confirmation by text message. In the event that a particular film showing is sold out, the service also offers the user the nearest cinema that has availability at the desired time. The service is hosted on Eckoh's 8,000 line call processing platform and receives millions of calls every year from Vue's customers. The on-demand capability of Eckoh’s platform is of crucial importance to Vue particularly during periods of unpredictable weather or busy film blockbuster periods, enabling callers to connect straight through to the information and booking service without delay.

"We have found that Eckoh were extremely responsive to our needs and have demonstrated that they can deliver a top quality speech recognition service in a tight timeframe. We wanted a provider who not only has the necessary capacity to cope with the extreme peaks of response that the cinema market requires but also has future growth plans to match our own. On that basis, we believe Eckoh to be the best choice in the UK market today."

Roland Jones IT Director, Vue Entertainment

The Business Review continued

Connection Makers

As announced in the interim results, we have successfully been able to dispose of the Connection Makers division for a total of £2.89m to be fully paid by the end of 2009. It was felt that this mature operation which had been in decline was no longer complementary to the rest of the Group, with the sale enabling the management to further focus on growing the Speech Solutions division as we go into the 2008/9 financial year.

The financial results for the Connection Makers division are included within discontinued operations.

Administrative expenses

The administrative expenses in the continuing operations have reduced to £8.8m (2007: £8.9m). Whilst there has been a big reduction in the IVR revenue streams, all clients were retained during the year and the same resource was required to service them. However, since the disposal of Connection Makers, a full review of the administrative costs has been undertaken. A number of steps have been taken to significantly reduce the cost base of the business going into 2008/9 which has resulted in the fixed costs of the business reducing by over £1m with the full result of this process to be seen in 2008/9.

Balance Sheet

Eckoh continues to hold a very strong balance sheet with shareholders' equity of £9.5m (2007: £8.7m) including £6.8m of cash, cash equivalents and short-term investments (2007: £9.6m). The huge reduction of revenues has had an impact on working capital contributing to a net cash out flow of £3.7m from the reduction in trade receivables and payables.

Included in other receivables is a balance of £3.3m outstanding from Symphony Telecom Limited who were a subsidiary sold in 2006. Instalments are being paid in accordance with the loan agreement with the loan to be fully repaid by June 2010.There is also £1.8m outstanding from the sale of the trade of Connection Makers which is being paid in line with the terms agreed and with full payment due by the end of 2009.

Offer update

On 2 April, the Group announced that it had terminated discussions with Telephonetics plc however, the Board was still in discussions with various parties in which other transactions are being considered. These discussions have continued although none of the discussions at this stage contemplate an offer being made for the entire issued share capital of the Group.

Group outlook

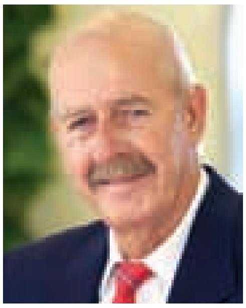
We firmly believe the impact of the adverse publicity which affected the Group in the early part of 2007 has now dissipated and this combined with the sale of the Connection Makers business will allow us to focus on executing on the exciting opportunity presented by the Speech division. Demand for these systems, located in the UK, is set to grow, as these provide a highly cost-effective, user-friendly and lower risk alternative to outsourcing abroad. With a streamlined business, proven technology and a strong balance sheet, Eckoh is now well positioned to capitalise on these medium to long term trends and looks forward to delivering shareholder value.

Board of Directors

Board Committees

* *Member of the Audit Committee*
† *Member of the Remuneration Committee*
ß *Member of the Nomination Committee*

Peter Reynolds (70)
*Non-executive Chairman *†ß*



Joined the board in September 2003. Currently also Executive Chairman of Swallow Ventures Limited, a company specialising in CRM software. Peter is also currently a non-executive director of Silence Therapeutics plc, a European Biopharmaceutical company, Waltech plc, a payment systems supplier and Vialogy plc, a USA based software company specialising in security and defence. Peter is Chairman of the Board, as well as Chaiman of the Audit, Nomination and Remuneration Committees.

Nik Philpot (44)
Chief Executive Officer ß

Joined the Board in February 1999, appointed COO and Deputy CEO in September 2001 and appointed CEO in September 2006. Nik was a co-founder of Symphony Telecom and formerly worked for British Telecom. As co-founder of Eckoh he has created the UK's largest automation solutions provider for the contact centre and media industries. Nik has 21 years experience in the voice services industry.

Adam Moloney (38)
Group Finance Director

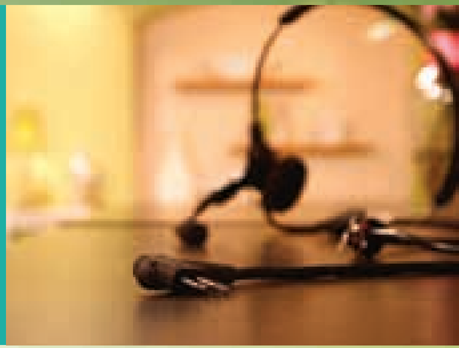
Joined the Company in May 2003 as Group Accountant, taking on the role of Acting Group Finance Director in July 2004 following the departure of the previous Group Finance Director, and appointed Group Finance Director in August 2005. Prior to joining Eckoh, he was Manager of Finance & Operations for the UK arm of New York based computer reseller, Resilien Inc.

Jim Hennigan (46)
Executive Director

Following a 20 year career in IT, including senior roles at Apple and Marks & Spencer, Jim joined Eckoh in 2000 as Group CTO, becoming Managing Director of its contact centre solutions business in 2002, and appointed to the Board in February 2007. Jim is a recognised authority on automated multi-channel contact centre solutions and their impact on business performance, staff and customer satisfaction.

"Eckoh has a proven track record and reputation for delivering high quality, hosted automated solutions but we've also been tremendously impressed with their innovative and flexible approach to our business, which made our decision to select them an easy one. We have a clear strategy to improve the communication, information and service that we provide to our customers and we know that Eckoh will work in partnership with us to deliver on that goal over the next 3 years."

Andrew Fryatt Chief Executive Officer, Ideal Shopping Direct



Extensive heritage & expertise

Every Eckoh solution is based on an extensive suite of modules that have been tried and tested across an unmatched range of client environments and industry sectors. We are experts in communication design and advanced customer management and our approach is ambitious – to maximise the power of technology to deliver inspired communication solutions.

Case in Point: Ideal Shopping Direct Automated Orderline and customer service solution

In May 2008, Eckoh was awarded a new three year contact with Ideal Shopping Direct as their exclusive network operator for inbound telephony services as well as a new contract to be their exclusive supplier of automated telephony solutions. Eckoh has worked with ISD since 2005 and they are Eckoh's largest revenue generating speech client delivering over 5 million calls per annum.

ISD sells its products to consumers via the internet and its three television shopping channels Ideal World, Create and Craft and Vitality, which are broadcast to 86% of all UK households.

Currently telephone orders can be placed either through ISD's contact centre or a legacy IVR system with limited capacity, which means that it is extremely difficult for ISD to process all orders quickly and efficiently in times of high demand. The new solution will be hosted on Eckoh's highly scalable call processing platform, which is capable of handling up to 8,000 callers simultaneously. This will allow all ISD customers to be serviced conveniently and quickly, with the contact centre providing additional support for any consumers who specifically require the services of a live agent.

The new Orderline solution that Eckoh is deploying will also streamline the process for the customer and provide a more intuitive and personalised service based upon their preferences and previous order history. The new Customer Service solution will allow new customers to register more easily and will provide existing customers access to more detailed information on tracking their orders or refunds.

Directors' Report

The Directors of Eckoh plc present their annual report, together with the audited financial statements of the Company and the Group for the year ended 31 March 2008.

Principal activity The principal activity of Eckoh plc and its subsidiary undertakings ("the Group") is the provision of hosted speech recognition services and outsourced automated solutions. The trade and assets of Connection Makers, a subsidiary undertaking of the Group, were disposed of during the year, the financial results of which have been included within discontinued operations. The Chairman's Statement (page 3) and the Business Review (pages 6 to 10) report on the progress made in the financial year under review.

The principal subsidiary undertakings are listed on page 42.

Results and dividends The audited financial statements and related notes for the year ended 31 March 2008 are set out on pages 26 to 64. The Group's profit for the year is set out in the Income Statement on page 26.

The Company intends to reinvest any future earnings to finance the growth of its business and does not anticipate paying any dividends in the foreseeable future.

The Group's financial risk management is discussed in note 4. The Directors regularly assess the Group's key commercial risks, which are considered to be the competitive market sector and the infrastructure stability. Commercial risks are managed through the introduction of new products and services and by maintaining high levels of customer service. Infrastructure stability is managed through 24 hour technical monitoring.

Research and development The Group capitalised £0.1m (2007 £0.1m) of research and development expenditure during the year as an intangible asset as it expanded its product portfolio and produced bespoke solutions for customers.

Financial instruments The financial instruments of the Group are set out in the notes to the financial statements on pages 30 to 64. Please refer to note 3 for a summary of principal accounting policies; to note 4 for the Group's financial risk management policies in relation to liquidity risk or cash flow risk, interest rate risk and foreign currency risk, as well as capital management; to note 18 for credit risk and loans and other receivables; to note 19 for short-term investments; to note 20 for cash and cash equivalents and to note 21 for trade and other payables.

Related party transactions are disclosed in note 28.

Annual General Meeting The next Annual General Meeting of the Company will be held at 10:00 on 24 September 2008. Details of the business to be proposed at the Annual General Meeting are contained within the Notice of Meeting, which accompanies this Report.

Directors The current Directors of the Company are shown on page 11.

The articles of association require that at the Annual General Meeting one third, or as near as possible, of the Directors will retire by rotation. Peter Reynolds will retire by rotation and put himself forward for re-election at the Annual General Meeting.

Directors' Remuneration

Name	Salary and fees £'000	Bonus £'000	Other benefits £000	2008 Total £'000	2007 Total £'000
M R Turner (i)	-	-	-	**-**	571
N B Philpot	207	-	3	**210**	326
A P Moloney (ii)	118	-	14	**132**	173
J P Hennigan (iii)	150	-	3	**153**	106
H R P Reynolds	60	-	11	**71**	64
M E Smith (iv)	-	-	-	**-**	39
Total	535	-	31	**566**	1,279

The information contained in this table has been audited.

Gains on the exercise of share options in the year ended 31 March 2008 totalled £116,000 (2007: £nil) (see note (i) above).

Notes:

(i) M R Turner resigned on 1 December 2006. Included within the 2007 figure above is an amount totalling £297,000 which was paid after the date of his resignation as a director in connection with a compromise agreement. In addition, following the exercise of share options in 2008 M R Turner made gains of £116,000 which are not included in the table above.

(ii) Included within the other benefits paid to A P Moloney is an employer pension contribution of £12,000 (2007: £10,000). There were no other pension costs during the year.

(iii) J P Hennigan was appointed as an Executive Director on 1 February 2007. A resolution in relation to the appointment was passed at the Annual General Meeting held on 27 September 2007.

(iv) M E Smith resigned on 30 October 2006. As Chairman of Symphony Telecom Holdings plc, he also received fees totalling £12,500 which are included in the 2007 figure above.

Directors' interests The interests of the Directors in the share capital of the Company and their options in respect of shares in the Company are shown below. No Director has had any material interest in a contract of significance (other than service contracts) with the Company or with any subsidiary company during the year.

Directors' interests in shares The interests, all of which are beneficial, of the Directors (and their immediate families) in the share capital of the Company are set out below:

	31 May 2008 Ordinary shares of 0.25 pence each	31 March 2008 Ordinary shares of 0.25 pence each	1 April 2007 Ordinary shares of 0.25 pence each
N B Philpot (i)	2,282,000	2,282,000	2,282,000
A P Moloney	-	-	-
H R P Reynolds (ii)	646,550	646,550	646,550
J P Hennigan	15,000	15,000	15,000

Notes:

(i) N B Philpot's spouse is the beneficial owner of 80,000 shares which are included above.

(ii) Included in H R P Reynolds' shareholding is 258,620 shares held in the name of Brewin Nominees Limited.

The Directors' Report continues on page 18.

"Eckoh's platform can handle up to 8,000 concurrent calls without delay which will cope with the most extreme volatile trading conditions. StockQuote provides customers with alternative access to real-time share prices, and now PhoneBroker goes one step further offering the choice of fully automated telephone trading."

Darren Hepworth Customer Services Director, TD Waterhouse

Bespoke and business proven

Eckoh creates solutions that are bespoke to our clients' requirements. Our automated speech solutions have been proven to significantly reduce call handling costs without compromising service quality.

Case in Point: TD Waterhouse
Automated stock quotation service
(Tel: 0845 607 6001)

In April 2008, TD Waterhouse, one of the UK's largest execution-only stock brokers, extended its contract for the provision of speech activated automated services with Eckoh and strategic partner BT, for a further three years.

Eckoh and BT, will continue to provide TD Waterhouse with the hugely successful automated StockQuote service, which was first introduced in 2004 and which gives customers an additional way to access real-time share price and market index information quickly and efficiently, without needing to speak to a live agent. This service handles around 40% of all of TD Waterhouse's incoming call traffic and has delivered an increase in customer satisfaction levels.

Eckoh and BT are also developing a further service enhancement that will enable customers to complete their entire stock trade transaction and receive automated confirmation on the phone. The new service, called PhoneBroker, is currently being piloted using a small number of stocks with the intention to extend this to all stocks traded through TD Waterhouse in the future.

Directors' Report continued

Directors' Share Options The Directors' interests in share options under the Share Option Scheme (1999) are shown in the following table.

	Note	At 31 March 2007 (number)	Granted in year (number)	Lapsed in year (number)	At 1 April 2006 (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
N B Philpot	b	3,000,000	-	-	3,000,000	6.50	27.06.05	27.06.12
	a	380,710	-	-	380,710	7.88	07.10.07	07.10.14
	b	337,702	-	-	337,702	7.88	07.10.07	07.10.14
	b	1,000,000	-	-	1,000,000	8.75	13.09.08	13.09.15
	c	800,000	800,000	-	-	8.75	31.07.10	31.07.17
	b	200,000	200,000	-	-	8.75	31.07.10	31.07.17
A P Moloney	a	250,000	-	-	250,000	8.50	28.02.08	28.02.15
	b	750,000	-	-	750,000	8.75	13.09.08	13.09.15
	c	900,000	900,000	-	-	8.75	31.07.10	31.07.17
	b	100,000	100,000	-	-	8.75	31.07.10	31.07.17
J P Hennigan	b	200,000	-	-	200,000	7.75	07.03.05	07.03.12
	b	800,000	-	-	800,000	10.75	28.11.05	28.11.12
	a	34,014	-	-	34,014	7.88	07.10.07	07.10.14
	b	500,000	-	-	500,000	8.75	13.09.08	13.09.15
	c	1,000,000	1,000,000	-	-	8.75	31.07.10	31.07.17

The information contained in this table has been audited.

Notes:

a *Granted under the Inland Revenue approved Appendix to the Eckoh plc Share Option Scheme (1999).*

b *Granted under the Eckoh plc Share Option Scheme (1999) but not qualifying for Inland Revenue approval.*

c *Granted under the Eckoh plc 2007 Enterprise Management Incentive ("EMI") Share Option Plan.*

The performance target attaching to the above options is that the closing price of a share, on any day following the third anniversary of the date of grant, must be greater than the exercise price of the Option by RPI plus 15%.

Substantial share holdings At 30 June 2008, the company had been notified of the following material interests representing 3% or more of its current issued share capital.

	No of shares	% of issued share capital
Cavendish Asset Management	19,928,000	9.98
Universities Superannuation Scheme	18,566,991	9.29
Gartmore Investment Management	14,788,465	7.40
Peter O'Reilly	13,457,941	6.74
Herald Investment Trust Limited	9,202,390	4.61

Share capital and reserves Details of changes in the authorised and issued share capital and reserves of the Company are shown in notes 24 and 25 to the financial statements.

Share schemes The Directors believe that a key element in attracting, motivating and retaining employees of the highest calibre is employee involvement in the performance of the Group through participation in share schemes. By doing so, the Directors believe that employees' interests will be aligned with those of shareholders. Details of options granted under the share option schemes are set out in note 26 to the financial statements. All permanent employees are eligible to join a scheme.

Charitable and political donations The Group made no political donations during the year. Charitable donations totalled £300 during the year (2007: £600).

Employees The Directors believe that the Group's employees are a source of competitive advantage. The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre.

The Group is committed to the principle of equal opportunity in employment. It seeks to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, nationality, race, colour, ethnic or national origin, religion, disability or sexual orientation or is disadvantaged by conditions or requirements, including age limits, which cannot be objectively justified. Entry into and progression within the Group are solely determined by the application of job criteria, personal aptitude and competence.

It is the Group's policy to apply best practice in the employment of disabled people. Full and fair consideration is given to every application for employment from disabled persons whose aptitude and skills can be utilised in the business and to their training and career development. This includes, wherever possible, the retraining and retention of staff who become disabled during their employment.

All staff are informed of matters concerning their interest as employees and the financial and economic factors affecting the business. Established management communication channels have been supplemented by direct presentations to staff by Directors to explain developments of particular significance.

Environmental report The Directors recognise the importance and responsibility of ensuring that the Group's businesses are conducted with respect and care for the environment. Environmental management is regularly monitored by the Board through the internal control risk management process.

Payments to creditors The Company and its subsidiaries have a variety of payment terms with their suppliers. The Group agrees payment terms with its suppliers when it enters into binding purchasing contracts for the supply of goods and services. The Company seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 31 March 2008 the amount of trade creditors shown in the balance sheet represents 33 days of average purchases for the Group (2007: 33 days). The Company had no trade creditors at 31 March 2008.

Statement of Disclosure of Information to Auditors As far as the Directors are aware there is no information relevant to the audit of which the Company's auditors are unaware and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any such relevant information and to establish that the Company's auditors are aware of that information.

Auditors During the year ended 31 March 2008, BDO Stoy Hayward LLP were appointed as auditors of the Company in place of PricewaterhouseCoopers LLP. A resolution to reappoint BDO Stoy Hayward LLP as auditors of the Company, and to authorise the Directors to set their fees, will be submitted to the forthcoming Annual General Meeting.

By order of the Board

Adam Moloney
Company Secretary
1 August 2008

Partners for success

At Eckoh, we're experts in providing "best of breed" solutions. Part of our success comes from choosing the right channel partners. For instance, our strategic alliance with BT has delivered automated services to over 25 leading clients, generating more than 80 million minutes of self-service transactions.

Case in Point: Ministry of Justice
Automated fine payment service

In August 2008, Eckoh and BT announced a new three year, multi-million pound contract with the Ministry of Justice, to provide an automated fine payment service for Magistrates' Courts across England and Wales. Eckoh and BT will also supply the live contact centre operation to support the automated service, providing the Courts with a complete end-to-end telephony solution.

The service, which allows citizens to pay fines conveniently 24 hours a day, has resulted in nearly 15 per cent of fines being paid out of office hours for one Court already using it. It has also enabled them to considerably lower the cost of collecting the fines which will be reflected across other Courts as they take up the service.

The current service processes an average of 278,000 fine payments per year. There are future plans to extend the scope of the service for the payment of fixed penalty notices, including speeding offences and other on-the-spot charges which would see the volume of transactions significantly increase even further. The service will be hosted on Eckoh's state-of-the art call processing platform, which is capable of handling over 650,000 calls an hour and 8,000 callers concurrently. The scalability and resilience of the Eckoh platform ensures that callers will always be connected immediately and that the service will be available on a 24/7 basis. BT and Eckoh supply speech services to over 25 clients.

"Once considered an experimental technology, automated speech recognition is now robustly allowing organisations to cut costs and inefficiencies whilst responding to the citizen's need to be able to conduct business with Government quickly, easily and at a time convenient to them. We're pleased that the benefits the current users have seen have resulted in the service now being extended nationally."

Mark Quartermaine Managing Director, BT Public Sector

Corporate Governance

Compliance Statement The Board of Eckoh plc recognises its responsibilities to maintain high standards of corporate governance throughout the Group. The Board continues to give careful consideration to the principles of corporate governance as set out in the Combined Code published by the Financial Services Authority, although as a company listed on AIM it is not required to comply with the Combined Code. The Company is committed to complying with the Combined Code so far as is practicable and appropriate for a public company of its size and nature.

Board of Directors The Chairman is responsible for the effective running of the Board of Directors. The Board currently has four members, comprising the Non-executive Chairman, the Chief Executive, the Group Finance Director and an Executive Director. The Board has considered the independence of its Non-executive Chairman, Peter Reynolds, and after due consideration, has concluded that he is independent. He does not have any involvement in the day-to-day management of the Company or its subsidiaries.

The biographical details of the Board members are set out on page 11.

There is a schedule of formal matters specifically reserved for the full Board's consideration, including a policy enabling Directors to take independent professional advice in the furtherance of their duties at the Company's expense. The Board programme is designed so that Directors have a regular opportunity to consider the Group's strategy, policies, budgets, progress reports and financial position and to arrive at a balanced assessment of the Group's position and prospects. In addition, strategic developments are on the agenda at each Board meeting and, where appropriate, the Board programme also includes a day set aside purely for strategic review and planning.

The Company has a clear division of responsibility between the roles of Chairman and Chief Executive within the business.

The Non-executive Chairman has a responsibility to ensure that the strategies and policies proposed by the Executive Directors are fully discussed and critically examined, not only with regard to the best long-term interests of shareholders, but also having regard to the Company's relationships with its employees, customers and suppliers. The Board and its Committees are supplied with information and papers to ensure that all aspects of the Company's affairs are reviewed on at least an annual basis.

Day-to-day management of the business is delegated to the Management Team, consisting of the three Executive Directors and certain senior managers, which meets monthly. The Board is dependent on the Management Team for the provision of accurate, complete and timely information and the Directors may seek further information where necessary. The Chairman is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings.

Under the Company's articles of association, each year at least one third of the Directors must retire and submit themselves for re-election by the shareholders at the Annual General Meeting. The communication accompanying the Company's Notice of Annual General Meeting sets out reasons for the Board's belief that the individual should be re-elected.

Board Committees Certain responsibilities are delegated to the Remuneration Committee, the Audit and the Nomination Committees. The three committees have written terms of reference, which define their authorities, duties and membership. The written terms of reference are available for inspection at the Company's registered office during normal business hours on any weekday excluding public holidays. Details of membership of the committees are given on page 11.

The Audit Committee formally met twice during the period under review, with no absentees. Adam Moloney, the Group Finance Director, attends all Audit Committee meetings by invitation and provides advice to the Committee where appropriate. The Chief Executive Officer was invited to and attended both meetings. The Company's auditors attended both meetings and the Committee considered reports issued by them. The auditors have direct access to the Audit Committee without the presence of an Executive Director. The Committee reviews the effectiveness of the Company's internal financial controls by reference to reports from the external auditors. The Committee also reviews the scope and results of the external audit as well as its cost effectiveness.

The Audit Committee annually reviews the requirement for an internal audit function. The Committee has decided that none is necessary at present. Instead, other monitoring processes have been applied to provide assurance to the Board that the system of internal control is functioning satisfactorily. Internal controls are discussed under the internal control and risk management section below.

The Nomination Committee is responsible for the formal selection process of Executive and Non-executive Directors. The normal selection process involves the formulation of a clear job description and ideal candidate profile, the appointment of independent recruitment consultants, if appropriate, and interviews of suitable candidates by the Committee and one or more of the Executive Directors. A short-list of candidates then meets with the remaining Directors. Following feedback from all Directors, and after due consideration, the Nomination Committee recommends the appointment of the chosen candidate.

The principal objectives of the Remuneration Committee are to review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment.

Internal Control and Risk Management
The Directors formally acknowledge their responsibility for establishing effective internal control within the Company. In this context, control is defined as those policies, processes, tasks and behaviours established to ensure that business objectives are achieved most cost effectively, assets and shareholder value are safeguarded and laws, regulations and policies are complied with.

The Board has put in place a system of internal controls, set within a framework of a clearly defined organisational structure, with well understood lines of responsibility, delegation of authority, accountability, policies and procedures which is supported by training, budgeting, reporting and review procedures.

A long-term business plan and an annual operating budget are prepared by management and are reviewed and approved by the Board prior to the commencement of each financial year. Monthly reporting and analysis of results against budget, risk assessment and related internal controls and forecasts are received, discussed by management and reported to the Board.

There are ongoing processes for identifying, evaluating and managing the Company's significant risks and related internal controls which are integrated into the Company's operations. Such processes are reported to, and reviewed by, the Board at each meeting. These processes have identified the risks most important to the Company (business, operational, financial and compliance), determined the financial implications, and assessed the adequacy and effectiveness of their control. The reporting and review processes provide routine assurance to the Board as to the adequacy and effectiveness of the internal controls.

Shareholder Relations The Company holds meetings with its major institutional investors and general presentations are given covering the interim and preliminary results. The Chairman, Peter Reynolds met with shareholders and brokers during the period under review. The Chairman is available to attend presentation meetings and other presentations on an ongoing basis. All Directors have access to the Company's nominated advisors who give feedback from shareholders and receive copies of broker update documents.

All shareholders have the opportunity to raise questions at the Company's Annual General Meeting, or leave written questions, which will be answered in writing as soon as possible. At the meeting the Chairman will give a statement on the Group's performance during the year, together with a statement on current trading conditions.

In addition to regular financial reporting, significant matters relating to the trading or development of the business are disseminated to the market by way of Stock Exchange announcements. The Company's Annual Report and Accounts, Interim Statements and other major announcements are published on the Company's corporate web site at www.eckoh.com.

Going Concern Under company law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice the Group prepares annual and longer term plans and, in reviewing this information, the Company's Directors are satisfied that the Group and the Company have reasonable resources to enable them to continue in business for the foreseeable future. For this reason the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditors' Report to the shareholders of Eckoh plc

We have audited the group and parent company financial statements (the ''financial statements'') of Eckoh plc for the year ended March 2008 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the highlights of the year, the chairman's statement, the business review, the directors' report, the corporate governance statement and the statement of directors responsibilities. 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Hatfield
1 August 2008

Consolidated Income Statement
for the year ended 31 March 2008

	Notes 1	2008 £'000	Restated 2007 £'000
Continuing operations			
Revenue	5	**25,590**	77,575
Cost of sales		**(19,579)**	(70,206)
Gross profit	5	**6,011**	7,369
Administrative expenses	5	**(8,757)**	(8,865)
Loss from operating activities	6	**(2,746)**	(1,496)
Interest receivable	5,9	**569**	882
Interest payable	5,9	**-**	(1)
Loss before taxation	5	**(2,177)**	(615)
Taxation	10	**-**	-
Loss for the year from continuing operations		**(2,177)**	(615)
Discontinued operations			
Post tax profit for the year from discontinued operations	5,11	**2,647**	8,792
Profit for the year		**470**	8,177
Attributable to:			
Minority interests	12	**-**	(144)
Equity holders of the parent		**470**	8,321
		470	8,177
Earnings/(loss) per share attributable to equity holders of the parent during the year (pence)			
Basic and diluted	13	**0.24**	3.16
Continuing			
Basic and diluted	13	**(1.09)**	(0.23)

Consolidated Balance Sheet
as at 31 March 2008

	Notes	2008 £'000	2007 £'000
Assets			
Non-current assets			
Intangible assets	14	**114**	180
Property, plant and equipment	15	**743**	1,148
Financial assets	16	**-**	288
Loans and other receivables	18	**3,293**	3,273
		4,150	4,889
Current assets			
Inventories	17	**13**	17
Trade and other receivables	18	**6,382**	8,644
Short-term investments	19	**1,530**	2,530
Cash and cash equivalents	20	**5,307**	7,071
		13,232	18,262
Total assets		**17,382**	23,151
Liabilities			
Current liabilities			
Trade and other payables	21	**(7,896)**	(13,939)
Obligations under finance leases	22	**(5)**	(7)
		(7,901)	(13,946)
Non-current liabilities			
Obligations under finance lease	22	**(2)**	-
Provisions	23	**(17)**	(516)
		(19)	(516)
Net assets		**9,462**	8,689
Shareholders' equity			
Share capital	24,25	**499**	491
Capital redemption reserve	25	**198**	198
Share premium	25	**695**	477
Currency reserve	25	**(27)**	(7)
Retained earnings	25	**8,097**	7,530
Total shareholders' equity		**9,462**	8,689

The financial statements on pages 26 to 64 were approved by the Board of Directors on 1 August 2008 and signed on its behalf by:

Adam Moloney – *Group Finance Director*

Consolidated Statement of Changes in Equity
as at 31 March 2008

	Share Capital £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Currency reserve £'000	Total Shareholders Equity £'000	Minority interests £'000	Total £'000
Balance as 1 April 2006	681	-	227	9,345	-	10,253	1,592	11,845
Profit for the period	-	-	-	8,321	-	8,321	(144)	8,177
Exchange differences	-	-	-	-	(61)	(61)	-	(61)
Disposal of subsidiary	-	-	-	-	54	54	-	54
Net income recognised directly in equity	-	-	-	-	(7)	(7)	-	(7)
Total recognised income and expense	-	-	-	8,321	(7)	8,314	(144)	8,170
Disposal of subsidiary	-	-	-	-	-	-	(1,448)	(1,394)
Share based payment charge	-	-	-	111	-	111	-	111
Shares issued under the option schemes	8	-	250	-	-	258	-	258
Share buy back and tender offer	(198)	198	-	(10,247)	-	(10,247)	-	(10,247)
Balance at 31 March 2007	491	198	477	7,530	(7)	8,689	-	8,689
Balance at 1 April 2007	491	198	477	7,530	(7)	8,689	-	8,689
Profit for the period	-	-	-	470	-	470	-	470
Exchange differences and net income recognised directly in equity	-	-	-	-	(20)	(20)	-	(20)
Total recognised income and expense	-	-	-	470	(7)	450	-	450
Share based payment charge	-	-	-	97	-	97	-	97
Shares issued under the option schemes	8	-	226	-	-	234	-	234
Shares held by Share Incentive Plan	-	-	(8)	-	-	(8)	-	(8)
Balance at 31 March 2008	**499**	**198**	**695**	**8,097**	**(27)**	**9,462**	**-**	**9,462**

Consolidated Cash Flow Statement
for the year ended 31 March 2008

	Notes	2008	Restated 2007
	1	£'000	£'000
Cash flows from operating activities			
Continuing operations			
Cash utilised in operations		**(5,870)**	(4,111)
Interest paid		**-**	(1)
Net cash utilised in continuing operating activities	30	**(5,870)**	(4,112)
Discontinued operations			
Cash generated from operations		**629**	4,024
Interest paid		**-**	(82)
Taxation		**(10)**	(162)
Net cash generated from discontinued operating activities	30	**619**	3,780
Cash flows from investing activities			
Continuing operations			
Purchase of property, plant and equipment		**(336)**	(786)
Purchases of intangible fixed assets		**(109)**	(230)
Decrease in short-term investments		**1,000**	1,000
Loans repaid by third parties		**1,500**	-
Interest received		**591**	784
Net cash generated from continuing investing activities		**2,646**	768
Discontinued operations			
Purchase of property, plant and equipment		**(13)**	(204)
Purchases of intangible fixed assets		**(38)**	(56)
Net proceeds on disposal of business operations undertaking		**666**	10,788
Net cash disposed with business operations		**-**	(2,715)
Interest received		-	18
Net cash generated from discontinued investing activities		**615**	7,831
Cash flows from financing activities			
Continuing operations			
Issue of shares		**226**	258
Share buy back and tender offer		**-**	(10,247)
Capital element of finance lease rental payments		**-**	(13)
Net cash generated from/(utilised in) continuing financing activities		**226**	(10,002)
Discontinued operations			
Loans repaid		**-**	(400)
Capital element of finance lease rental payments			(1)
Net cash utilised in discontinued financing activities		**-**	(401)
Decrease in cash and cash equivalents		**(1,764)**	(2,136)
Cash and cash equivalents at the start of the period	20	**7,071**	9,207
Cash and cash equivalents at the end of the period	20	**5,307**	7,071

Notes to the Financial Statements
for the year ended 31 March 2008

1 Restatement of prior year comparatives

The 2007 comparative figures in both the consolidated income statement and the consolidated cash flow statement have been restated since their publication in December 2007. The restatement was required in order to reflect the results and cash flows from Connection Makers within discontinued operations (see notes 11 and 31). The reported profit and net assets for the year are not affected by the restatement.

2 Basis of preparation

The consolidated financial statements of Eckoh plc have been prepared in accordance with International Financial Reporting Standards. They take into account the requirements of IFRS 1, 'First-time Adoption of IFRS', as they are the Group's first IFRS financial statements. These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at 31 March 2008.

The Group has adopted IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures'. The adoption introduces new disclosures relating to financial instruments, however it does not have any impact on the classification and valuation of the group's financial instruments, or the numerical disclosures relating to taxation and trade and other payables.

IFRS 8, 'Operating Segments' is a new standard which is effective for annual reporting periods beginning on or after 1 January 2009. The Group has adopted this standard in the year ended 31 March 2008. The effect of the early adoption is seen in the segmental disclosures but it has had no impact on the financial results.

The following revised and amended standards were issued before the year end but were not effective for the year ended 31 March 2008:

IFRS 2 Share-based payment – vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009)

IAS 1 Presentation of financial statements – a revised approach (effective for accounting periods beginning on or after 1 January 2009)

IAS 23 Borrowing costs (effective for accounting periods beginning on or after 1 January 2009)

IAS 32 Financial Instruments (effective for accounting periods beginning on or after 1 January 2009)

IFRS 1 and IAS 27 Cost of an investment in a subsidiary, jointly-controlled entity or associate (effective for accounting periods beginning on or after 1 January 2009)

IFRS 3 'Business combinations' (effective for accounting periods beginning on or after 1 July 2009)

IAS 27 Consolidated and separate financial statements (effective for accounting periods beginning on or after 1 July 2009)

Improvements to IFRS (effective for accounting periods beginning on or after 1 July 2009)

The following IFRIC interpretations were issued before the year end but were not effective for the year ended 31 March 2008:

IFRIC 12 Service concession arrangements (effective for accounting periods beginning on or after 1 January 2008)

IFRIC 13 Customer loyalty programmes (effective for accounting periods beginning on or after 1 July 2008)

IFRIC 14 and IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective for accounting periods beginning on or after 1 January 2008)

IFRIC 16 Hedges of a net investment in a foreign operation (effective for accounting periods beginning on or after 1 October 2008)

IFRIC 15 Agreements for the construction of real estate (effective for accounting periods beginning on or after 1 January 2009)

The Group is currently assessing the impact, if any, that these standards will have on the presentation of its consolidated financial statements.

These financial statements have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union ("EU") and effective at 31 March 2008, the first annual reporting date at which Eckoh plc is required to use IFRS accounting standards adopted by the EU.

Eckoh plc's consolidated financial statements were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles ("UK GAAP") until 31 March 2007. The date of transition was 1 April 2006. UK GAAP differs in some areas from IFRS. In preparing Eckoh plc's 2007 consolidated financial statements, management has amended certain accounting methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2007 have been restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity, net income and cash flows are provided in Note 31.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit and loss.

The principal accounting policies, which have been consistently applied, are described below.

3 Summary of principal accounting policies

Critical accounting policies, estimates and adjustments The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The policies, and the related notes to the financial statements, are found below:

Intangible assets	note 14
Trade and other receivables	note 18
Provisions	note 23
Share based payment	note 26

Basis of Consolidation The Group financial statements consolidate the accounts of the Company and its subsidiary undertakings. The results of subsidiaries acquired are included in the consolidated income statement from the date on which control passes to the Group and are included until the date on which the Group ceases to control them. Subsidiaries are all entities over which the Group has power to control the financial and operating policies so as to obtain benefits from their activities. Transactions between Group companies are eliminated on consolidation.

Investments in subsidiary undertakings are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Business combinations prior to 1 April 2006 have not been restated under an IFRS basis due to the application of an exemption under IFRS1.

Intangible fixed assets

(a) Goodwill Goodwill represents the excess of the fair value of the consideration paid over the fair value attributable to the net assets acquired and is capitalised on the Group balance sheet. Goodwill is carried at cost less amortisation charged prior to the Group's transition to IFRS on 1 April 2006.

Prior to the adoption of IFRS, goodwill was amortised over a period not exceeding 20 years. Following the adoption of IFRS, goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised in the period in which it is indentified.

(b) Intangible fixed assets Intangible fixed assets acquired by the Group are capitalised at the fair value of the consideration paid and amortised over their expected useful economic lives. The expected useful economic life of intangible fixed assets is assessed for each acquisition as it arises, and is generally assumed to be three years.

(c) Research and development Research costs are charged to the income statement in the year in which they are incurred. Development expenses include expenses incurred by the Group to develop new products and enhance its systems. Development costs are capitalised as intangible fixed assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs that do not meet those criteria are expensed as incurred. Capitalised development costs are amortised on a straight line basis over the estimated useful life of the asset, which is generally three years.

Amortisation is charged to administrative expenses in the income statement.

The carrying value of intangible fixed assets is assessed at the end of each financial year for impairment. See the policy entitled impairment of assets below.

Impairment of non-financial assets An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and the value-in-use based on an internal discounted cash flow evaluation. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment Property, plant and equipment is stated at cost or fair value at acquisition, net of depreciation and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising on the disposal of an asset is determined by comparing the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its expected useful life, as follows:

Motor vehicles	over 3 years
Fixtures and equipment	over 3 years

Material residual values and useful lives are reviewed, and adjusted if appropriate, at least annually. 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.

Financial assets Financial assets include investments in companies other than Group companies, trade and other receivables (see separate policy) financial receivables held for investment purposes, treasury shares and other securities. A permanent impairment is provided as a direct reduction of the securities account.

The Group classifies its financial assets in the following categories: available for sale investments and loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification is determined by management at initial recognition and the designation is re-evaluated at each balance sheet date.

(a) available-for-sale investments: are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included within non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(b) loans and receivables: are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included within current assets, with the exception of those with maturities greater than one year, which are included within non-current assets. Loans and receivables are included within trade and other receivables in the balance sheet.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

An assessment for impairment is undertaken annually. Management consider the financial information in respect of entities from which receivables are due.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Inventories Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

Trade and other receivables Trade and other receivables are stated at amortised cost less provision for impairment. A provision for the impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the provision is determined as 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. Other receivables are stated at amortised cost less provision for impairment.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term investments, with maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Short-term investements Short-term investments comprise funds which have been invested in short-term deposit accounts with maturities of less than twelve months and amounts held in escrow. Liquidity and credit risk management is described in note 4.

Equity Equity comprises the following:
Share capital represents the nominal value of ordinary shares.
Capital redemption reserve represents the maintenance of capital following the share buy back and tender offer.
Share premium reserve represents consideration for ordinary shares in excess of the nominal value.
Currency reserve represents exchange differences arising on consolidation of Group companies with a functional currency different to the presentation currency.
Retained earnings represents retained profits.

Foreign currency transactions
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's functional and presentation currency.

(b) Group companies The results and position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rates of exchange ruling at the balance sheet date;

(ii) income and expenses are translated at the average exchange rates. If however the average exchange rate is not a reasonable approximation of the exchange rates prevailing on the date of the transactions, the income and expenses are translated at the exchange rates at the transaction dates; and

(iii) resulting exchange differences are recognised as a separate component of equity.

Differences on exchange arising from the retranslation of the net investment in foreign entities are taken to shareholders equity on consolidation. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the profit or loss on disposal.

The Group used an exemption available under IFRS 1 'First time adoption of International Financial Reporting Standards' which resulted in the cumulative translation differences for all foreign operations being deemed to be zero at the date of transition. Any gain or loss on the subsequent disposal of those foreign operations would exclude translation differences that arose before this date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and as such are translated at the closing rate.

Leases Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised assets of the Group 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 to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Provisions Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

Employee Benefits
(a) Pensions The Group operates a group personal pension scheme. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions payable are charged in the income statement in the year in which they are incurred.

(b) Bonus schemes The Group recognises a liability and an expense for bonuses payable to: i) employees based on a formula that takes in to account gross profit; and ii) senior management and executive directors based on a formula that takes in to account operating profit. A provision is recognised where there is a past practice that has created a constructive obligation.

(c) Share-based payments From time to time on a discretionary basis, the Board of Directors award high-performing employees bonuses in the form of share options. The options are subject to a three year vesting period and their fair value is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period. The fair value of share options granted is recognised within staff costs with a corresponding increase in equity. The proceeds received are credited to share capital and share premium when the options are exercised.

The fair value of share options was measured using the QCA-IRS option valuer using the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold of vesting.

IFRS 2 has been applied to all options granted after 7 November 2002 which have not vested on or before 1 April 2006. A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date.

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's shares at the balance sheet date and is spread over the vesting period of the share options.

(d) Employee Share Ownership Plan The Group's Employee Share Ownership Plan ('ESOP') is a separately administered trust. The assets of the ESOP comprise shares in the Company and cash. The assets, liabilities, income and costs of the ESOP have been included in the financial statements in accordance with SIC 12, 'Consolidation – Special purpose entities' and IAS 32, 'Financial Instruments: Disclosure and Presentation'. The shares in the Company are included at cost to the ESOP and deducted from shareholders' funds. When calculating earnings per share these shares are treated as if they were cancelled.

Revenue recognition Revenue represents the fair value of the sale of goods and services, net of Value-Added Tax, and after eliminating sales within the Group. Revenue is recognised as follows:

Speech Solutions build fee revenue is recognised on delivery of the speech application. Call revenue from speech services is recognised when the Group has determined that users have accessed its services via a telephone carrier network and/or the Group's telecommunication call processing equipment connected to that network. In the event that build, call and maintenance revenue are included in the same contract, each component part is separately valued and individual component revenues are recognised when that component is delivered.

Client IVR and Connection Makers revenue is recognised when the Group has determined that users have accessed its services via a telephone carrier network and/or the Group's telecommunication call processing equipment connected to that network. Cost of sales includes media costs, network charges, production costs and facility costs, and is expensed in the accounting period in which the related revenues are generated

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

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not provided if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

Financial liabilities Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are stated at amortised cost.

A financial liability is derecognised only when the obligation is discharged, is cancelled or it expires.

4 Financial risk management

The operations of the Group expose it to a variety of financial risks: liquidity risk, interest rate risk and foreign currency risk. Policies for managing these risks are set by the Board following recommendations from the Group Finance Director. All financial risks are managed centrally. The policy for each of the above risks is described in more detail below.

The Group's financial instruments comprise cash, short-term deposits, finance leases and various items, such as receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. Similarly the Group did not undertake any financial hedging arrangements during the year under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year-end.

Liquidity risk Through detailed cash flow forecasting and capital expenditure planning, the Group monitors working capital and capital expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations as they fall due. Cash at bank is pooled and invested in overnight money market accounts and deposits. The Group's treasury policy requires that surplus funds are invested in short-term (less than 12 months) deposit accounts with AA rated banks or building societies with net assets exceeding £3 billion, to ensure that funds are available to meet current and future operating requirements.

Interest rate risk The Group principally finances its operations through shareholders' equity and working capital. The Group had no borrowings during the year, other than finance leases and its only material exposure to interest rate fluctuations was on its cash deposits, short-term deposits and the Symphony receivable.

The Group has adopted a sensitivity analysis that measures changes in the fair value of financial instruments and any resultant impact on the income statement of an increase or decrease of 2% in market interest rates.

	2% decrease in interest rates £'000	2% increasein interest rates £'000
(Decrease)/increase in fair value of loans and other receivables	(87)	87
(Decrease)/increase in fair value of short-term investments	(38)	38
Impact on income statement: (loss)/gain	(145)	145

Foreign currency risk The Group's principal exposure to exchange rate fluctuations arises on the translation of overseas net assets, profits and losses into the presentation currency. This risk is managed by taking differences that arise on the retranslation of the net overseas investments to the currency reserve. Foreign currency risk on cash balances is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes. No sensitivity analysis is provided in respect of foreign currency risk as due to the Group's working capital management practices, the risk is considered to be immaterial.

Capital management The Board's policy is to maintain a strong capital base with the joint objectives to maintain investor, creditor and market confidence and to sustain future development of the business. Capital comprises all components of equity (i.e. share capital, capital redemption reserve, share premium and retained earnings). The Board manages the capital structure and makes adjustments as required in the light of changes in economic conditions. The Board may return capital to shareholders, issue new shares or sell assets in order to maintain capital.

Credit risk management is described in note 18.

Categories of financial assets and financial liabilities

	Loans and receivables		Available for sale financial assets	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Current financial assets				
Trade receivables (note 18)	**968**	1,689	-	-
Other receivables (note 18)	**53**	53	-	-
Loans and receivables (note 18)	**1,752**	1,675	-	-
Short-term investments (note 19)	**1,530**	2,530	-	-
Cash and cash equivalents (note 20)	**5,307**	7,071	-	-
Total current financial assets	**9,610**	13,018	-	-
Non-current financial assets				
Available for sale (note 16)	-	-	-	288
Loans and receivables (note 18)	**3,293**	3,273	-	-
Total non-current financial assets	**3,293**	3,273	-	288
Total financial assets	**12,903**	16,291	-	288

Financial liabilities

All financial liabilities held by the Group are measured at amortised cost and comprise trade payables of £3,983,000 (2007: £8,610,000), other payables of £84,000 (2007: £40,000) and obligations under finance leases of £7,000 (2007: £7,000). See notes 21 and 22 for further details.

5 Segment analysis

The Group's primary operating segments reflect the internal financial reporting structure. Eckoh plc operates two business segments Speech Solutions and Client IVR, these business segments are reported within continuing operations. Discontinued operations relate to the Connection Makers business (see note 11). The business segments are described in detail in the business review on page 6. All revenue originates from the United Kingdom. Unallocated central costs, assets and liabilities and cashflows relate to the entity as a whole and can not be allocated to individual segments. The revenues and operating results generated by the business segments are summarised as follows:

2008	**Speech Solutions £'000**	**Client IVR £'000**	**Central costs £'000**	**Total continuing operations £'000**	**Discontinued operations £'000**	**Total £'000**
Revenue	6,065	19,525	-	**25,590**	**4,682**	**30,272**
Gross profit	3,881	2,130	-	**6,011**	**2,177**	**8,188**
Administrative expenses	(2,845)	(2,065)	(3,847)	**(8,757)**	**(1,648)**	**(10,405)**
Net interest receivable-	-	-	569	**569**	**62**	**631**
Profit/(loss) before taxation	1,036	65	(3,278)	**(2,177)**	**591**	**(1,586)**
Taxation	-	-	-	**-**	**(10)**	**(10)**
Post tax gain from disposal of operations	-	-	-	**-**	**2,066**	**2,066**
Profit/(loss) after taxation	**1,036**	**65**	**(3,278)**	**(2,177)**	**2,647**	**470**

2007	Speech Solutions £'000	Client IVR £'000	Central costs £'000	Total continuing operations £'000	Discontinued operations £'000	Total £'000
Revenue	6,260	71,315	-	77,575	9,266	86,841
Gross profit	3,888	3,481	-	7,369	4,464	11,833
Administrative expenses	(2,690)	(2,363)	(3,812)	(8,865)	(3,509)	(12,374)
Net interest receivable	-	-	881	881	(76)	805
Profit/(loss) before taxation	1,198	1,118	(2,931)	(615)	879	264
Taxation	-	-	-	-	(80)	(80)
Post tax gain from disposal of operations	-	-	-	-	7,993	7,993
Profit/(loss) after taxation	1,198	1,118	(2,931)	(615)	8,792	8,177

Included within revenue attributable to Client IVR is an amount of £9,067,000 (2007: £56,242,000) generated from the division's largest client.

6 Loss from operating activities

	2008 £'000	2007 £'000
The Group's operating loss is arrived at after charging:		
Employee benefits expense (note 7)	**5,260**	6,588
Depreciation (note 15)	**634**	758
Amortisation (note 14)	**176**	200
Impairment of available for sale financial assets (note 16)	**288**	-
Operating lease payments	**252**	252
Restructuring costs	**159**	1,427
Loss on disposal of property, plant and equipment	**36**	67

Restructuring costs

During the year ended 31 March 2008, the Group undertook a cost reduction programme, incurring restructuring costs totalling £108,000 in relation to continuing operations. Included within discontinued operations are restructuring costs of £51,000 following the closure of the Connection Makers Dating division. During the year ended 31 March 2007, the Group incurred restructuring costs of £1,427,000 in connection with the disposal of its holding in Symphony Telecom Holdings plc, £646,000 of which was incurred in relation to continuing operations and £781,000 in relation to discontinued operations.

7 Employee benefits expense

	2008 £'000	2007 £'000
Wages and salaries	**4,666**	5,850
Social security costs	**489**	617
Pension costs	**8**	10
Share based payments	**97**	111
	5,260	6,588

The Directors' report on page 15 provides further details on the Directors' emoluments. The average number of people (including executive directors) employed by the Group during the year was:

	2008 Number	2007 Number
Technical support	**45**	45
Customer services	**37**	56
Administration and management	**38**	62
	120	163

8 Auditor remuneration

During the year the Group obtained the following services from the Group's auditor at costs as detailed below:

	2008 £'000	2007 £'000
Fees payable for the audit of the parent company and consolidated accounts	**30**	51
Fees payable for other services:		
The audit of subsidiary undertakings comprising continuing operations	**40**	40
The audit of subsidiary undertakings comprising discontinued operations	**13**	17
Services relating to the premium rate services regulation	**7**	-
Taxation services	**23**	6
Total fees payable to the Group's auditor	**113**	114

The fees payable for the audit of the parent company and consolidated accounts are borne by a subsidiary undertaking.

During the year ended 31 March 2008, the Group appointed BDO Stoy Hayward LLP as auditors.

9 Interest receivable and interest payable

	2008 £'000	2007 £'000
Interest receivable		
Bank interest receivable	**245**	702
Interest receivable on loans and other receivables	**386**	198
	631	900
Interest payable		
Interest payable on bank loans and overdrafts	**-**	(93)
Interest payable on finance leases	**-**	(2)
	-	(95)

For the year ended 31 March 2008, of the interest receivable, £62,000 relates to the unwinding of the discount on the deferred consideration for the disposal of the Connection Makers trades and as such is included within discontinued operations (see notes 5 and 18). For the year ended 31 March 2007, £76,000 interest payable relates to the Symphony Group and is reported within discontinued operations. Net interest receivable in respect of the continuing operations for the year ended 31 March 2008 is £569,000 (2007: £881,000).

10 Taxation

	2008 £'000	2007 £'000
Continuing operations		
Current tax	**-**	-
Deferred tax	**-**	-
Taxation	**-**	-

The tax charge for the year is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £'000	2007 £'000
Continuing operations		
Loss on ordinary activities before taxation	**(2,177)**	(615)
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 30% (2007: 30%)	**(653)**	(185)
Effect of expenses not deductible for tax purposes	**67**	56
Effect of capital allowances in excess of depreciation	**13**	(121)
Effect of tax losses carried forward	**573**	250
Current tax charge for the year	**-**	-

No deferred tax assets have been recognised in respect of tax losses and other temporary differences on the grounds that there is insufficient evidence that the assets will be recoverable. Unprovided deferred taxation assets total £6,823,000 (2007: £7,172,000).

The taxation charge within discontinued operations is in relation to an under provision of current tax in the prior year.

11 Post tax profit for the year from discontinued operations

Discontinued operations in the year ended 31 March 2008 relate to the three trading divisions of Connection Makers Limited, a wholly owned subsidiary. Following a detailed review of the Connection Makers business, the Board took the decision to close the Dating division, which had become unprofitable, at the end of September 2007. On 1 October 2007, the trade and assets of the Television division were sold for £1.00m payable in cash over two years. On 14 November 2007, the assets of the second television channel were sold for £0.14m payable in cash over two years. On 1 January 2008, the trade and assets of the Chat division were sold for £1.75m payable in cash over two years. The results of Connection Makers are disclosed within discontinued operations. The comparative information also includes information relating to the operating loss and disposal of Symphony Telecom Holdings plc on 18 July 2006.

The profit on discontinued operations was determined as follows:

	2008 £'000	2007 £'000
Profit from disposal of operations		
Consideration:		
Cash	**600**	10,954
Deferred cash	**2,290**	-
Cash consideration	**2,890**	10,954
Discounting on deferred cash	**(197)**	-
Net consideration received	**2,693**	10,954
Cost of disposal - paid	**(319)**	(166)
- accrued	**(154)**	-
Net assets disposed:		
Goodwill	-	(8,036)
Intangible assets	**(1)**	(313)
Property, plant and equipment	**(120)**	(414)
Inventories	**-**	(483)
Trade and other receivables	**(33)**	(8,154)
Cash and cash equivalents	**-**	(2,715)
Trade and other payables	**-**	15,947
Minority interests	**-**	1,448
Currency reserve	**-**	(54)
Pre and post-tax gain from the disposal of operations	**2,066**	7,993

No cash or cash equivalents was disposed of with the sale of these operations (2007: £3,165,000 cash disposed with Symphony Telecom Holdings plc).

	2008 £'000	2007 £'000
Trading result of discontinued operations		
Revenue	**4,682**	9,266
Gross profit	**2,177**	4,464
Administrative expenses	**(1,648)**	(3,509)
Interest receivable/(payable)	**62**	(76)
Profit before taxation	**591**	879
Taxation	**(10)**	(80)
Post-tax profit for the year from discontinued operations	**581**	799
Post-tax gain from the disposal of operations	**2,066**	7,993
	2,647	8,792
Basic and diluted earnings per share (note 13)	**1.33 pence**	3.39 pence

The taxation charge in the year ended 31 March 2008 is an adjustment in respect of the prior year.

12 Minority interests

	2008 £'000	2007 £'000
Balance at beginning of year	**-**	1,592
Minority share of losses for the period	**-**	(144)
Disposals	**-**	(1,448)
Balance at end of year	**-**	-

13 Earnings per share

Basic earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares of 197,216,792 (2007: 263,382,969) in issue during the year ended 31 March 2008 after adjusting for shares held by the Employee Share Ownership Plan of 70,866 (2007: nil) and the profit for the period attributable to equity holders of the parent of £0.5m (2007: £8.4m).

In calculating diluted earnings per share, the weighted average number of ordinary shares in issue, after adjusting for shares held by the Employee Share Ownership Plan is further adjusted to include the dilutive effect of potential ordinary shares. The potential ordinary shares represent share options granted to employees where the exercise price is less than the average market price of ordinary shares in the period. The total number of options in issue is disclosed in note 26.

	2008 £'000	2007 £'000
Denominator		
Weighted average number of shares in issue in the period	**199,288**	263,383
Shares held by employee ownership plan	**(71)**	-
Number of shares used in calculating basic earnings per share	**199,217**	263,383
Dilutive effect of share options	**-**	-
Number of shares used in calculating basic and diluted earnings per share	**199,217**	263,383

As continuing operations were loss making all of the options were antidilutive in the periods presented but could potentially dilute earnings per share in future years.

14 Intangible assets

Group	Goodwill £'000	Internally developed computer software £'000	Customer contracts £'000	Other intangible assets £'000	Total £'000
Cost					
At 1 April 2006	17,980	200	199	14	18,393
Additions	-	227	-	31	258
At 31 March 2007	17,980	427	199	45	18,651
Additions	-	144	-	3	147
Disposals	(2,058)	(101)	(199)	(30)	(2,388)
At 31 March 2008	**15,922**	**470**	**-**	**18**	**16,410**
Amortisation					
At 1 April 2006	17,980	86	199	6	18,271
Charge for the year	-	168	-	32	200
At 31 March 2007	17,980	254	199	38	18,471
Charge for the year	-	170	-	6	176
Disposals	(2,058)	(65)	(199)	(29)	(2,351)
At 31 March 2008	**15,922**	**359**	**-**	**15**	**16,296**
Carrying amount					
At 31 March 2008	**-**	**111**	**-**	**3**	**114**
At 31 March 2007	-	173	-	7	180

15 Property, plant and equipment

	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2006	6,557	-	6,557
Additions	937	10	947
Disposals	(2,690)	(6)	(2,696)
At 31 March 2007	4,804	4	4,808
Additions	349	-	349
Disposals	(235)	(4)	(239)
At 31 March 2008	**4,918**	**-**	**4,918**
Depreciation			
At 1 April 2006	5,525	-	5,525
Charge for the year	750	8	758
Disposals	(2,619)	(4)	(2,623)
At 31 March 2007	3,656	4	3,660
Charge for the year	634	-	634
Disposals	(115)	(4)	(119)
At 31 March 2008	**4,175**	**-**	**4,175**
Carrying amount			
At 31 March 2008	**743**	**-**	**743**
At 31 March 2007	1,148	-	1,148

The carrying amount of property, plant and equipment includes £7,000 (2007: £18,000) in respect of assets held under finance lease contracts. The depreciation charge in respect of assets held under finance lease was £10,000 (2007: £12,000).

16 Financial assets - available for sale

	2008 £'000	2007 £'000
Cost		
At 1 April	**288**	288
Impairment	**(288)**	-
At 31 March	**-**	288

The financial asset, represented by unlisted UK equity securities in eDirectory.co.uk plc, was fully impaired during the financial year. On 1 May 2008, trading in eDirectory shares on PLUS was suspended after an announcement that eDirectory's two operating subsidiaries, CTD Limited and Freecom.net Limited were placed into administration on 29 April 2008. The goodwill and assets of both operating subsidiaries were sold by the Administrators. eDirectory's shares were withdrawn from PLUS on 19 May 2008. Accordingly the impairment write off of £288,000 was taken directly to the income statement.

The financial asset was measured at cost because the fair value of the instruments cannot be reliably measured due to the lack of relevant financial information available to the Group. The Group originally intended to dispose of the shareholding once eDirectory had achieved its AIM listing.

Investment in subsidiary undertakings

The following are the principal subsidiary undertakings of the Group:

Subsidiary undertakings	Country of incorporation	Principal activities	Percentage of share capital held
Eckoh UK Limited	England and Wales	Speech Solutions and Client IVR	100%
Eckoh France SAS	France	Speech Solutions and Client IVR	100%(ii)
Eckoh Projects Limited (i)	England and Wales	Dormant	100%
Avorta Limited	England and Wales	Dormant	100%(ii)
Connection Makers TV Limited	England and Wales	Dormant	100%
Eckoh Technologies Limited	England and Wales	Dormant	100%(ii)
Intelliplus Group Limited	England and Wales	Dormant	100%
Intelliplus Limited	England and Wales	Dormant	100%(ii)
Medius Networks Limited	England and Wales	Dormant	100%(ii)
Telford Projects Limited	England and Wales	Dormant	100%
Swwwoosh Limited	England and Wales	Dormant	100%(ii)
365 Isle of Man Limited	Isle of Man	Dormant	100%(ii)

(i) On 7 January 2008, the company name of Connection Makers Limited was changed to Eckoh Projects Limited.
(ii) Share capital held by a subsidiary undertaking.

All companies have March year-ends. All trading companies operate principally in their country of incorporation.

17 Inventories

	2008 £'000	2007 £'000
Work in progress	**13**	17
	13	17

18 Trade and other receivables

	2008 £'000	2007 £'000
Amounts falling due within one year		
Trade receivables	**994**	1,733
Less: provision for impairment of receivables	**(26)**	(44)
Net trade receivables	**968**	1,689
Loans and receivables	**1,752**	1,675
Other receivables	**53**	53
Prepayments and accrued income	**3,609**	5,227
	6,382	8,644

	2008 £'000	2007 £'000
Amounts falling due after one year		
Loans and receivables (note 28)	**3,293**	3,273
	3,293	3,273

The Directors' consider that the carrying value of the trade and other receivables approximate to their fair value.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade and other receivables. Concentrations of credit risk with respect to trade receivables are limited due to i) working capital practices of the market sector and the Group; and ii) the nature of the Group's customer base. The working capital practices of the market sector within which the Group operates are such that the majority of the trade receivables balance is due from the telephony carriers under a self bill agreement. The working capital practices of the Group follow the PhonePayPlus regulations, making out-payments to clients once the relevant trade receivable has been received. For other trade receivables, the reputable nature of the Group's customer base limits exposure to credit risk. At 31 March 2008, trade receivables that are past due but not impaired represent £144,000 or 14.7% of the total trade receivables (2007: £776,000 or 45.6%). The past due balance of £144,000 represents receivables that are between 60 and 90 days past due (2007: £115,000 30 to 60 days past due and £678,000 60 to 90 days past due). Due to this, management believe that the current provision for the impairment of receivables need not be increased. The movement on the provision in the year relates to the impairment of an £18,000 receivable from Symphony Telecom Limited in respect of property costs which was not recovered (2007: impairment of £6,000 due to an unrecoverable receivable).

Loans and receivables include amounts in respect of the consideration paid for the Connection Makers TV and Chat businesses totalling £1,770,000 (2007: £nil). £1,177,000 (2007: £nil) is recognised within loans and receivables falling due within one year, and £593,000 (2007: £nil) is recognised within loans and receivables falling due after one year. The credit risk associated with the consideration receivable is not considered to be material as due to the working capital practices of the market sector described above, the amounts due are deducted from the out-payment made to the relevant purchaser. The receivables for the Connection Makers businesses have been discounted at 10%. Also included within other receivables is the amount receivable from Symphony Telecom of £3,275,000 (2007: £4,797,000). £575,000 (2007: £1,524,000) is recognised within other receivables falling due within one year, and £2,700,000 (2007: 3,273,000) is recognised within other receivables falling due after one year (see note 28). Interest receivable during the year in respect of this receivable totalled £287,000 (2007: £198,000). The effective rate of interest is 5.98% (2007: 4.01%).

The discount rate of 10% used in relation to the Connection Makers deferred consideration has been selected by assessing receivables with a similar risk profile.

The previously disclosed contingent asset of up to £850,000 receivable in consideration for the disposal of Freecom.net Limited to eDirectory in July 2005 is no longer recoverable (see note 16). Included within interest receivable (see note 9) is an amount of £38,000 received from eDirectory in respect of this contingent asset, the capital amount received was £7,000.

19 Short-term investments

	2008 £'000	2007 £'000
Sterling	**1,530**	2,530
	1,530	2,530

	2008 £'000	2007 £'000
Fixed rate	**1,000**	2,000
Floating rate	**530**	530
	1,530	2,530

Of the amount presented within short-term investments, £530,000 (2007: £530,000) represents an amount held in escrow in connection with a client contract. The amount will become available within three months of the contract termination, expiry or re-negotiation. Short-term deposits have an average maturity of one month. The average interest rate on short-term deposits during the year was 5.77% (2007: 4.90%).

20 Cash and cash equivalents

	2008 £'000	2007 £'000
Sterling	**5,223**	6,954
Euro	**84**	117
	5,307	7,071

	2008 £'000	2007 £'000
Floating rate	**5,307**	7,071
	5,307	7,071

Cash and cash equivalents comprise cash held by the Group. Surplus cash is placed in an interest bearing account. The average interest rate on the interest bearing account during the year was 5.70% (2007: 4.19%).

The Group's financial risk management is disclosed in note 4.

21 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	**3,983**	8,610
Other payables	**84**	40
Other taxation and social security	**335**	257
Accruals and deferred income	**3,494**	5,032
	7,896	13,939

All of the above are payable within one year and are less than three months old at the year end.
The Group's exposure to liquidity risk is disclosed in note 4.

22 Obligations under finance leases

	Minimum lease payments £'000	Present value of minimum lease payments £'000
Amounts payable under finance leases:		
Within one year	5	5
After one year	2	2
	7	7
Less future finance charges		-
Present value of lease obligations		7
Less amount due for settlement within one year (shown under current liabilities)		5
Amount due for settlement after one year		2

23 Provisions

	Provision for regulatory review £'000	Provision for NIC £'000	Total £'000
At 1 April 2007	451	65	516
Utilisation in year	(434)	(32)	(466)
Release in year	-	(33)	(33)
At 31 March 2008	**17**	**-**	**17**

The Directors consider that the carrying value of all financial liabilities is approximate to their fair value.

The provision for regulatory review relates to potential costs in connection with the regulatory review of the interactive television market. The utilisation of the provision during the year ended 31 March 2008 includes professional advisory costs of £284,000 and the imposed PhonePayPlus (formerly ICSTIS) fine of £150,000 in relation to a breach of its Code of Practice relating to the "You Say, We Pay" competition on the "Richard and Judy show". The remaining provision is expected to be fully utilised within one year.

On exercise of share options issued after 6 April 1999, the Company will be required to pay National Insurance on the difference between the exercise price and market value of the shares issued for employees subject to UK taxation. In addition a provision has also been made for similar social security taxes affecting employees not subject to UK taxation. The Company will become unconditionally liable to pay the National Insurance and other similar taxes upon exercise of the options, which are exercisable over a period of up to ten years from the date of grant. The Company spreads the liability over the period to vesting and adjusts it according to the market value of the Company's shares at each subsequent balance sheet date. During the year ended 31 March 2007, Eckoh plc transferred the provision for National Insurance on share options to Eckoh UK Limited, a subsidiary undertaking. Based on the market value of the Company's shares at 31 March 2008, no provision is required and as such the provision was released to the income statement.

All of the above are payable within one year.

Eckoh UK Limited ('Eckoh UK') a Group company, has received particulars of claim from solicitors acting for Channel Four Television Corporation ('Channel 4') and 4 Ventures Limited claiming breach of various contractual and other duties allegedly owed to their clients by Eckoh UK in connection with Channel 4's breaches of the Ofcom Broadcasting Code in relation to the 'Richard and Judy' programme. Eckoh UK has denied any liability and the claim will be strongly contested. Accordingly no provision has been made in respect of the claim.

24 Share Capital

	Number of shares	Nominal value £'000	Consideration received £'000
Ordinary shares			
At 1 April 2006	272,456,475	681	
Shares issued under the share option scheme	3,399,185	8	258
Share buyback and tender offer	(79,346,084)	(198)	-
At 1 April 2007	196,509,576	491	
Shares issued under the share option scheme	3,250,000	8	234
Shares held under Share Incentive Plan	(70,866)	-	(8)
At 31 March 2008	**199,688,710**	**499**	**-**

Authorised share capital and significant terms and conditions The total authorised number of shares is 600,000,000 ordinary shares with a nominal value of 0.25 pence per share. All ordinary shares in issue are fully paid. The holders of ordinary shares are entitled to receive dividends, if declared, and are entitled to vote at general meetings of the Company. There were no changes to the authorised share capital during the period.

Potential ordinary shares are disclosed in note 26.

25 Reserves

	Share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Currency reserve £'000	Retained earnings £'000
At 1 April 2006	681	-	227	-	9,345
Profit for the year	-	-	-	-	8,321
Share based payment charge	-	-	-	-	111
Shares issued during the year under the share option schemes	8	-	250	-	-
Exchange differences	-	-	-	(61)	-
Transfer on disposal	-	-	-	54	-
Share buyback and tender offer	(198)	198	-	-	(10,247)
At 1 April 2007	491	198	477	(7)	7,530
Profit for the year	-	-	-	-	470
Share based payment charge	-	-	-	-	97
Shares issued during the year under the share option schemes	8	-	226	-	-
Shares held under Share Incentive Plan	-	-	(8)	-	-
Exchange differences	-	-	-	(20)	-
At 31 March 2008	**499**	**198**	**695**	**(27)**	**8,097**

The nature and purpose of each reserve within shareholders equity is described below:

Share capital represents the nominal value of ordinary shares. The capital redemption reserve represents the maintenance of capital following the share buy back and tender offer. The share premium reserve represents consideration for ordinary shares in excess of the nominal value. The currency reserve represents exchange differences arising on consolidation of Group companies with a functional currency different to the presentation currency and retained earnings represents retained profits.

The Group's capital management policy is described in note 4.

26 Share based payment

The Eckoh plc Share Option Scheme ('the Scheme') was introduced in November 1999. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the Scheme become exercisable subject to the share price exceeding RPI plus 15% after the third anniversary of the grant date. Exercise of an option is subject to continued employment, with certain exceptions, as specified in the Scheme rules.

The Eckoh plc Enterprise Management Incentive Scheme ('the EMI Scheme') was introduced in February 2007. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the EMI Scheme become exercisable subject to the percentage growth in earnings per share in the three years following the year of grant being at least 5% (compounded) per annum. Exercise of an option is subject to continued employment, subject to certain exceptions as specified in the EMI Scheme rules.

The Eckoh plc Share Incentive Plan ('the SIP') was introduced in April 2007. Under the SIP, employees can buy partnership shares worth up to £1,500 per annum and receive matching shares in the ratio of 2:1 by completing the partnership/matching share agreement. The purchase price will be the prevailing market price on that day when the shares are purchased. The SIP trustees buy shares twice a year. Subject to continuing employment, within three years of purchase partnership shares can be withdrawn from the SIP with a corresponding charge to income tax and national insurance however the associated matching shares can not be withdrawn within the first three years. Subject to continuing employment, between three and five years of the purchase date, both partnership and matching shares can be withdrawn from the SIP with a corresponding charge to income tax and national insurance. Subject to continuing employment, five years after the purchase date, both partnership and matching shares can be withdrawn from the SIP without a corresponding charge to income tax and national insurance. Both partnership and matching shares can be withdrawn from the SIP within five years of the purchase date without a corresponding charge to income tax and national insurance subject to employment terminating for certain reasons as specified under the SIP rules.

The fair value of share options granted under the Scheme, the EMI Scheme and the SIP was measured using the QCA-IRS option valuer based on the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made. The fair value per option granted and the assumptions used in the calculation are as follows:

	7 Oct 2004	13 Dec 2004	28 Feb 2005	13 Sep 2005	31 Jul 2007
Share price at date of grant (pence)	7.65	9.13	7.85	8.61	8.50
Exercise price (pence)	7.88	9.00	8.50	8.75	8.75
Number of employees	23	1	16	2	27
Shares under option	880,020	7,200	1,850,000	1,750,000	5,050,000
Vesting period (years)	3	3	3	3	3
Expected volatility	68%	67%	66%	59%	43%
Option life (years)	10	10	10	10	10
Expected life (years)	3	3	3	3	3
Risk free rate	4.73%	4.43%	4.76%	4.19%	5.49%
Expected dividends expressed as a dividend yield	-	-	-	-	-
Fair value per option (pence)	3.64	4.38	3.54	3.65	2.89

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with assumed option life. A reconciliation of option movements over the year to 31 March 2008 is shown below:

	2008		2007	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Outstanding at 1 April	**13,156,314**	**7.88**	17,050,645	7.84
Granted	**5,250,000**	**8.75**	-	-
Forfeited	**(254,064)**	**8.67**	(495,146)	8.14
Exercised	**(3,250,000)**	**7.19**	(3,399,185)	7.65
Outstanding at 31 March	**14,902,250**	**8.32**	13,156,314	7.88
Exercisable at 31 March	**8,102,250**	**7.97**	8,536,314	7.47

The weighted average fair value of options granted in the year was 2.89 pence (2007: nil). The weighted average share price on exercise was 9.02 pence (2007: 11.85 pence).

	2008				2007			
Range of exercise prices (pence)	**Weighted average exercise price (pence)**	**Number of shares (000's)**	**Weighted average remaining life Expected**	**Weighted average remaining life Contractual**	Weighted average exercise price (pence)	Number of shares (000's)	Weighted average remaining life Expected	Weighted average remaining life Contractual
6.5 - 8.5	**7.41**	**6,794**	**-**	**5.2**	7.19	9,098	-	6.2
8.5 - 10.5	**8.75**	**6,807**	**1.8**	**8.9**	8.75	2,757	1.4	8.5
10.5 - 12.5	**10.75**	**1,280**	**-**	**4.7**	10.75	1,280	-	5.7
16.5 - 20.0	**19.85**	**21**	**-**	**1.2**	19.85	21	-	2.3

The weighted average share price for options exercised over the year was 9.02 pence (2007: 11.85 pence). The total charge for the year relating to employee share based payment plans was £97,000 (2007: £111,000) all of which related to equity-settled share based payment transactions.

27 Pension commitments

The Group operates a group personal pension scheme and, in addition, the subsidiary company Eckoh UK Limited operates a defined contribution pension scheme. The assets of the pension schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds. There were no outstanding or proposed contributions at the balance sheet date

28 Related party transactions

Eckoh plc is the parent and ultimate controlling company of the Eckoh Group, the consolidated financial statements of which include the results of the following subsidiary undertakings (note 16):

• Eckoh UK Limited
• Eckoh France SAS
• Eckoh Projects Limited

Each subsidiary is 100% owned by the Eckoh Group and is considered to be a related party.

The Company held 6.8% of the issued share capital of eDirectory.co.uk plc ('eDirectory') in addition to which a contingent asset of up to £850,000 was receivable as consideration for the disposal of Freecom.net Limited ('Freecom') to eDirectory in July 2005. eDirectory is considered to be a related party. During the year ended 31 March 2008, the investment was impaired to £nil (note 16) and the contingent asset is no longer considered to be recoverable (note 18). Eckoh plc is the guarantor on the Freecom property lease. As Freecom was placed into administration on 29 April 2008, the amount payable by Eckoh plc as lease guarantor up to the December 2009 break in the lease is £25,000. This amount has been fully provided at 31 March 2008. eDirectory plc paid an amount of £10,000 (2007: £2,000) to Adam Moloney for services as a non-executive director up to the date of his resignation on 31 January 2008. Adam Moloney is a director of the Company.

As part of the financing arrangements for the acquisition of Anglia Telecom Centres Limited in April 2006, Eckoh plc loaned Symphony Telecom Holdings plc (‘Symphony’) £7,500,000. £3,500,000 was repaid during May 2006. On 18 July 2006, the date of the disposal of Symphony, amounts due to Eckoh plc totalled £700,000. This amount was added to the principal of the loan, bringing the loan to £4,700,000. The remaining capital amount of £3,200,000 is due to be repaid in three instalments, the third and final instalment is due to be paid in June 2010. The first capital repayment of £1,500,000 was received during the year ended 31 March 2008. As at 31 March 2008, the balance on the loan to Symphony totals £3,275,000 (2007: £4,797,000). £575,000 (2007: £1,524,000) is reported within other receivables due within one year and £2,700,000 (2007: £3,273,000) is reported within other receivables due after one year (note 18). The loan bears interest at 1% above the Bank of England base rate and interest is payable six monthly in arrears. The loan is not secured. Symphony is considered to be a related party. Interest receiveable during the year ended 31 March 2008 amounted to £287,000 (2007: £198,000).

Directors and key management includes the staff costs of the Directors' and the Management Team.

	2008 £'000	2007 £'000
Directors and other key management		
Wages and salaries	**831**	1,702
Social security costs	**94**	200
Pension costs	**12**	10
Share based payments	**80**	89
	1,017	2,001

The aggregate Directors' emoluments are shown in the table below. An analysis of Directors' emoluments is included in the Directors' Report on page 15.

	2008 £'000	2007 £'000
Directors'		
Aggregate emoluments	**566**	1,279
	566	1,279

29 Operating lease commitments

The Group had total annual commitments under non-cancellable operating leases as follows:

	2008 £'000	2007 £'000
Land and buildings		
Expiring within one year	**252**	252
Expiring within two to five years	**908**	933
Expiring after five years	**454**	681
	1,614	1,866

The principal property under operating lease is the Group's head office in Hemel Hempstead for which the annual operating lease charge is £227,000. The term of the lease covers the period to 21 March 2015, and includes an option to break the lease in either March 2009 or March 2012 with six months notice.

30 Cash flow from operating activities

	2008 £'000	Restated 2007 £'000
Cash flows from operating activities		
Continuing operations		
Loss after taxation	**(2,177)**	(615)
Interest expense	**(569)**	(881)
Depreciation of property, plant and equipment	**597**	723
Amortisation of intangible assets	**153**	179
Impairment of investment	**288**	-
Share based payments	**34**	54
Disposal of property, plant and equipment	**-**	67
Exchange differences	**(20)**	(7)
Operating loss before changes in working capital and provisions	**(1,694)**	(480)
Decrease in inventories	**4**	25
Decrease in trade and other receivables	**1,835**	4,409
Decrease in trade and other payables	**(5,516)**	(8,433)
(Decrease)/increase in provisions	**(499)**	368
Cash utilised in operations	**(5,870)**	(4,111)
Interest paid	**-**	(1)
Net cash utilised in continuing operating activities	**(5,870)**	(4,112)
Discontinued operations		
Profit after taxation	**2,647**	8,792
Profit on disposal	**(2,066)**	(7,993)
Interest (income)/expense	**(62)**	76
Taxation recognised in income statement	**10**	80
Depreciation of property, plant and equipment	**37**	35
Amortisation of intangible assets	**23**	21
Share based payments	**63**	57
Exchange differences	**-**	(54)
Disposal of property, plant and equipment	**36**	-
Operating profit before changes in working capital and provisions	**688**	1,014
Increase in inventories	**-**	(46)
Decrease/(increase) in trade and other receivables	**622**	(1,612)
(Decrease)/increase in trade and other payables	**(681)**	4,692
Decrease in provisions	**-**	(24)
Cash generated from operations	**629**	4,024
Interest paid	**-**	(82)
Taxation	**(10)**	(162)
Net cash generated from discontinued operating activities	**619**	3,780

31 Transition to IFRS

As stated in the Basis of Preparation, these are the Group's first consolidated annual financial statements prepared in accordance with IFRS.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These consolidated financial statements have been prepared on the basis of taking the following optional exemptions:

i) Business combinations prior to 1 April 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 'Business Combinations'.

ii) Cumulative translation differences existing at the date of transition to IFRS are deemed to be zero. The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRS and shall include later translation differences.

iii) IFRS2 'Share-based payments' has been applied to employee options granted after 7 November 2002 that had not vested by 1 April 2006.

The following reconciliations show the effect of the transition from UK GAAP to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 April 2006 and also at 31 March 2007 followed by reconciliations of equity and net income.

Overview of impact on equity

	2007 £'000	2006 £'000
Total equity under UK GAAP	8,699	12,201
Total equity under IFRS	8,689	11,845

Reconciliation of equity at 1 April 2006

	Restated UK GAAP Group £'000	Effect of transition to IFRS £'000	IFRS Group £'000	Notes
Assets				
Non-current assets				
Goodwill	8,036	(8,036)	-	a
Intangible assets	568	(446)	122	a,b
Property plant and equipment	1,498	(466)	1,032	a
Financial assets - available for sale investments	288	-	288	
	10,390	(8,948)	1,442	
Current assets				
Inventories	479	(437)	42	a
Trade and other receivables	22,537	(3,060)	19,477	a
Short-term investments	3,530	-	3,530	
Cash and cash equivalents	9,207	(4,470)	4,737	a
	35,753	(7,967)	27,786	
Assets held for sale	-	21,221	21,221	a
Total assets	46,143	4,306	50,449	
Liabilities				
Current liabilities				
Trade and other payables	(28,771)	8,640	(20,131)	c
Current tax liabilities	(1,476)	397	(1,079)	c
Obligations under finance leases	(23)	7	(16)	c
Bank loans and overdrafts	(2,007)	1,895	(112)	c
	(32,277)	10,939	(21,338)	
Liabilities directly associated with assets held for sale	-	(17,114)	(17,114)	c
Non-current liabilities				
Bank loans	(1,473)	1,473	-	c
Obligations under finance leases	(20)	16	(4)	c
Provisions	(172)	24	(148)	c
	(1,665)	1,513	(152)	
Net assets	**12,201**	(356)	**11,845**	
Shareholders' equity				
Share capital	681	-	681	
Share premium	227	-	227	
Retained earnings	9,366	(21)	9,345	d
Equity attributable to equity holders of the parent	10,274	(21)	10,253	
Minority interest in equity	1,927	(335)	1,592	e
Total equity	**12,201**	(356)	**11,845**	

The UK GAAP balance sheet as at 1 April 2006 has been restated to separately disclose short-term investments previously disclosed within cash and cash equivalents. The effect of this has been to reduce the cash and cash equivalent balance by £530,000 with a corresponding increase in short-term investments.

Explanation of the effect of the transition to IFRS

The material adjustments to the balance sheet are explained below:

a Assets held for sale

On the transition from UK GAAP to IFRS the assets, as at 1 April 2006, of Symphony Telecom Holdings plc ("Symphony"), a 64.64% owned, AIM listed subsidiary of Eckoh plc, have been included within the heading 'assets classified as held for sale' as the investment met the IFRS 5 criteria for such classification. The line items affected are described below:

Impact of recognising assets held for sale

Goodwill	8,036
Intangible assets	425
Property, plant and equipment	466
Inventories	437
Trade and other receivables	3,060
Amount receivable from subsidiary undertaking	4,327
Cash and cash equivalents	4,470
Total impact - assets held for sale	**21,221**

b Intangible assets

Overall impact of derecognising intangible assets in accordance with IAS 38	21
Total impact - decrease in intangible assets	**21**

c Liabilities directly associated with assets held for sale

On the transition from UK GAAP to IFRS the liabilities, as at 1 April 2006, of Symphony have been included within the heading 'liabilities directly associated with assets held for sale'. The line items affected are described below:

Impact of recognising liabilities associated with assets held for sale

Trade and other payables	8,640
Amount payable to subsidiary undertaking	4,662
Current tax liabilities	397
Obligations under finance leases	7
Bank loans and overdrafts	1,895
Bank loans	1,473
Obligations under finance leases	16
Provisions	24
Total impact - liabilities directly associated with assets held for sale	**17,114**

d Retained earnings

Overall impact of derecognising intangible assets in accordance with IAS 38	(21)
Total impact - decrease in retained earnings	**(21)**

e Minority interest in equity

Overall impact of equity accounting for Joint Ventures in accordance with IAS 31, under UK GAAP these entities were accounted for as subsidiary undertakings	(335)
Total impact - reduction in minority interest in equity	**(335)**

Reconciliation of equity at 31 March 2007

	Restated UK GAAP Group £'000	Effect of transition to IFRS £'000	IFRS Group £'000	Notes
Assets				
Non-current assets				
Intangible assets	190	(10)	180	a
Property plant and equipment	1,148	-	1,148	
Financial assets - available for sale investments	288	-	288	
Other receivables	3,273	-	3,273	
	4,899	(10)	4,889	
Current assets				
Inventories	17	-	17	
Trade and other receivables	8,644	-	8,644	
Short-term investments	2,530	-	2,530	
Cash and cash equivalents	7,071	-	7,071	
	18,262	-	18,262	
Total assets	23,161	(10)	23,151	
Liabilities				
Current liabilities				
Trade and other payables	(13,682)	-	(13,682)	
Current tax liabilities	(257)	-	(257)	
Obligations under finance leases	(7)	-	(7)	
	(13,946)	-	(13,946)	
Non-current liabilities				
Provisions	(516)	-	(516)	
	(516)	-	(516)	
Net assets	**8,699**	(10)	**8,689**	
Shareholders' equity				
Share capital	491	-	491	
Capital redemption reserve	198	-	198	
Share premium	477	-	477	
Currency reserve	-	(7)	(7)	b
Retained earnings	7,533	(3)	7,530	c
Equity attributable to equity holders of the parent	**8,699**	(10)	**8,689**	

The UK GAAP balance sheet as at 31 March 2007 has been restated to separately disclose short-term investments previously disclosed within cash and cash equivalents. The effect of this has been to reduce the cash and cash equivalent balance by £530,000 with a corresponding increase in short-term investments.

Explanation of the effect of the transition to IFRS

The material adjustments to the balance sheet are explained below:

a Intangible fixed assets

Overall impact of derecognising intangible assets in accordance with IAS 38	(10)
Total impact - decrease in intangible assets	**(10)**

b Currency reserve

Overall impact of separate disclosure of currency reserve	(7)
Total impact - separate disclosure of currency reserve	**(7)**

c Retained earnings

Overall impact of derecognising intangible assets in accordance with IAS 38	(10)
Overall impact of separate disclosure of currency reserve	7
Total impact - increase in retained earnings	**(3)**

Reconciliation of net income for the year ended 31 March 2007

	Restated UK GAAP Group £'000	Effect of transition to IFRS £'000	IFRS Group £'000	Notes
Continuing operations				
Revenue	81,539	-	81,539	
Cost of sales	(72,568)	-	(72,568)	
Gross profit	8,971	-	8,971	
Administrative expenses	(9,548)	9	(9,539)	a
Operating loss	(577)	9	(568)	
Interest receivable	882	-	882	
Interest payable	(1)	-	(1)	
Profit before taxation	304	9	313	
Taxation	-	-	-	
Profit attributable to equity holders of the parent from continuing operations	304	9	313	
Discontinued operations				
Post tax profit for the period from discontinued operations	8,034	(170)	7,864	b
Profit for the period	8,338	(161)	8,177	
Attributable to:				
Minority interests	(28)	(116)	(144)	b
Equity holders of the parent	8,366	(45)	8,321	c
	8,338	(161)	8,177	

Explanation of the effect of the transition to IFRS

The material adjustments to the income statement are explained below:

a Administrative expenses

Effect of the derecognition of advertisements classified within intangible fixed assets under UK GAAP, but derecognised in accordance with the IAS 38 criteria:	
- Amortisation charge reversal	64
- Additions charged to income statement	(55)
Total impact - decrease in administrative expenses	**9**

b Profit attributable to minority interests

Effect of equity accounting for the Joint Ventures of Symphony Telecom Holdings plc in accordance with the IAS 31 criteria, under UK GAAP these entities were accounted for as subsidiary undertakings	(116)
Currency reserve transfer on disposal of subsidiary operations	(54)
Total impact - increase in loss attributable to minority interests	**(170)**

c Profit attributable to equity holders of the parent

Decrease in administrative expenses (see a)	9
Currency reserve transfer on disposal of subsidiary operations	(54)
Total impact - increase in profit attributable to equity holders of the parent	**(45)**

Explanation of material adjustments to the cash flow statement

The definition of cash is narrower under UK GAAP than under IAS 7 'Cash Flow Statements'. Under IFRS highly liquid investments, readily convertible to a known amount of cash and with an insignificant risk of changes in value, are regarded as cash equivalents. The cash flow statement in the last UK GAAP financial statements reported movements in cash. The cash flow statement in these IFRS consolidated financial statements reports movements in cash and cash equivalents.

Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

(i) interest paid and interest received are classified as cash flows from operating activities and cash flows from investing activities respectively under IFRS, but were included in the 'Returns on investments and servicing of finance' category in cash flows under UK GAAP.

(ii) taxation is classified as operating cash flows under IFRS, but was included in a separate category of 'Taxation' cash flows under UK GAAP.

(iii) payments to acquire property, plant and equipment and payments to acquire intangible fixed assets have been classified as part of 'Investing activities' under IFRS. Under UK GAAP such payments were classified as part of 'Capital expenditure and financial investment'.

(iv) cash flows arising from the disposal of subsidiary undertakings are classified as cash flows from investing activities under IFRS, but were included in a separate category of 'Acquisitions and disposals' under UK GAAP.

(v) included within cash flows from investing activities under IFRS are cash flows classified as 'Financing' under UK GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

Company Financial Statements
Prepared under UK GAAP

Company balance sheet as at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	ii	**9,151**	9,928
		9,151	9,928
Current assets			
Debtors: amounts falling due within one year	iii	**820**	1,766
Debtors: amounts falling due after more than one year	iii	**2,700**	3,273
Short-term investments		**1,000**	2,000
Cash at bank and in hand		**3,621**	6,146
		8,141	13,185
Creditors: amounts falling due within one year	iv	**(8)**	(403)
Net current assets		**8,133**	12,782
Total assets less current liabilities		**17,284**	22,710
Net assets		**17,284**	22,710
Capital and reserves			
Called up share capital	vii, viii	**499**	491
Capital redemption reserve	viii	**198**	198
Share premium account	viii	**695**	477
Share based payment	viii	**209**	67
Profit and loss account	viii	**15,683**	21,477
Total shareholders' funds		**17,284**	22,710

Notes to the Company's Financial Statements

For the year ended 31 March 2008

Principal Accounting Policies

Basis of accounting The financial statements for the Company have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom.

A separate profit and loss account of Eckoh plc itself is not presented, as permitted by Section 230 of the Companies Act.

The principal accounting policies adopted by the Company are described below.

Investments Long-term investments, held as fixed assets, are stated at cost less provision for any impairment in value.

Deferred taxation Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Related party transactions FRS 8, 'Related Party Transactions', requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between Group companies.

Share based payments The Company operates a share option scheme which allowed certain Group employees to acquire shares in the Company. The fair value of share options granted is recognised within the staff costs of the relevant group company with a corresponding increase in equity. The fair value is measured at grant date and spread over the period up to the date when the recipient becomes unconditionally entitled to payment.

The fair value of share options was measured using the QCA-IRS option valuer using the Black-Scholes formula, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold of vesting.

FRS 20 has been applied to all options granted after 7 November 2002 which have not vested on or before 1 January 2006. A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date.

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's share price at the balance sheet date and is spread over the vesting period of the share options. The provision is held by the relevant group company who employs the share option holders.

Cash flow statement The cash flows of the Company are included in the consolidated cash flow statement on page 29. Consequently the Company is exempt under the terms of FRS 1 (revised) 'Cash flow statements' from publishing a cash flow statement.

i. Operating expenses

Staff costs
Details of the Directors' emoluments are given in the Directors' Report on page 15. The Director's remuneration costs are borne by a subsidiary undertaking. The Company did not incur any staff costs during the year (2007: £nil). The average number of employees employed by the company during the year was 4 (2007: 4).

Services provided by the Group's auditor
Fees payable for the audit of the parent company and consolidated accounts of £30,000 (2007: £51,000) were borne by a subsidiary undertaking.

ii. Fixed asset investments

	31 March 2008 £'000
Cost	
At 1 April 2007	9,928
Additions	142
Impairment	(919)
At 31 March 2008	**9,151**

The additional investment represents the capital contribution to Eckoh UK Limited in respect of share based payment charges. Following the closure of the Dating division and the disposal of the Chat and Television business divisions during the year ended 31 March 2008, an impairment charge of £631,000 was recognised in respect of the investment in Eckoh Projects Limited. The investment in eDirectory.co.uk plc has been fully impaired as the trading subsidiaries of eDirectory.co.uk plc went in to administration and the shares were withdrawn from trading on PLUS (see note 16 to the consolidated financial statements).

Notes to the Company's Financial Statements
For the year ended 31 March 2008 continued

The following are the principal subsidiary undertakings of the Company:

Subsidiary undertakings	Country of incorporation	Principal activities	Percentage of share capital held
Eckoh UK Limited	England and Wales	Speech Solutions and Client IVR	100%
Eckoh France SAS	France	Speech Solutions and Client IVR	100%*
Eckoh Projects Limited (i)	England and Wales	IVR Services	100%

(i) On 7 January 2008, the company name of Connection Makers Limited was changed to Eckoh Projects Limited.

*Share capital held by a subsidiary undertaking.

The Company also holds 100% of the issued share capital of nine non-trading or dormant companies, not shown above.

All trading companies operate principally in their country of incorporation and have March year-ends.

iii. Debtors

	2008 £'000	2007 £'000
Other debtors	**621**	1,578
Amounts due from subsidiary undertakings	**181**	181
Prepayments and accrued income	**18**	7
Amounts due within one year	**820**	1,766
Other debtors	**2,700**	3,273
Amounts due after more than one year	**2,700**	3,273

iv. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Other creditors	**8**	-
Amounts owed to group undertakings	**-**	403
	8	403

v. Provisions for liabilities and charges

	2008 £'000	2007 £'000
Total unprovided deferred tax assets are as follows:		
Tax losses available	**(928)**	(825)
Unprovided deferred tax asset	**(928)**	(825)

No deferred tax asset has been recognised on the grounds that there is insufficient evidence that the asset will be recoverable.

vi. Loss of Holding Company

The Directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and have not presented a profit and loss account for the Company alone. During the year ended 31 March 2008 the Company made a loss of £5,794,000 (2007: profit of £11,662,000).

vii. Share capital

Company	2008 £'000	2007 £'000
Authorised		
600,000,000 (2006: 600,000,000) ordinary shares of 0.25p each	**1,500**	1,500

Allotted, called up and fully paid

Date of issue and share type	Number of shares	Nominal value £'000	Consideration received £'000
Ordinary shares of 0.25p each			
As at 1 April 2007	196,509,576	491	-
Shares issued under the share option scheme 1 April 2007 - 31 March 2008	3,250,000	8	234
Shares held under Share Incentive Plan	(70,866)	-	(8)
As at 31 March 2008	**199,688,710**	**499**	**226**

The issue of ordinary shares detailed in the above table were to employees following the exercise of share options listed below. The market values of the ordinary shares issued between 1 April 2007 and 31 March 2008 fell within the range 5.00p – 10.75p per share.

Details of ordinary shares issued for cash to employees following the exercise of share options during the year are shown in note 26 to the consolidated financial statements.

viii. Share capital and reserves

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share based payment £'000	Profit and loss account £'000
Balance at 1 April 2007	491	198	477	67	21,477
Loss for the year	-	-	-	-	(5,794)
Share option charge	-	-	-	142	-
Shares issued under the share option schemes	8	-	226	-	-
Shares held under the Share Incentive Plan	-	-	(8)	-	-
Balance at 31 March 2008	**499**	**198**	**695**	**209**	**15,683**

ix. Share options and share based payments

Share options and share based payments are disclosed in note 26 to the consolidated financial statements.

x. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 8 that transactions between Group companies do not need to be disclosed. FRS 8 also provides a disclosure exemption provided equivalent disclosure is made in the consolidated financial statements. Please refer to note 28.

Shareholder Information

Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

Directors and Company Secretary
H.R.P. Reynolds - Non-executive Chairman
N.B. Philpot - Chief Executive Officer
A.P. Moloney - Group Finance Director and Company Secretary
J.P. Hennigan - Executive Director

Registered Office
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Corner Hall
Hemel Hempstead
Hertfordshire, HP3 9HN

www.eckoh.com

Registered in England and Wales, Company number 3435822

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Capita Registrars
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Kent, BR3 4TU

Nominated Advisor and Nominated Broker
Seymour Pierce Limited
20 Old Bailey
London, EC4M 7EN

Solicitor
Travers Smith
10 Snow Hill
London, ECA 2AL

Banker
Barclays Bank plc
11 Bank Court
Hemel Hempstead
Hertfordshire, HP1 1BX

Auditor
BDO Stoy Hayward LLP
Prospect Place
85 Great North Road
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Electrolux
Ideal Shopping Direct
Parcelforce Worldwide
Rentokil Initial
Wyevale Garden Centres

Media & Broadcast

Bauer
IPC
ITV
Trinity Mirror

Outsourcing

Inkfish
MGt

Travel & Leisure

BAA
Empire Cinemas
Enterprise Rent-A-Car
National Rail Enquiries
William Hill
Vue Entertainment

Telecoms & Utilities

BT
Northern Ireland Electricity
O2
ScottishPower
Tesco Mobile
Three Valleys Water
TFCC
United Utilities