

Date: 28 March 2008
On behalf of: COBRA Holdings PLC ("COBRA" or the "Group")
Embargoed until: 0700hrs

COBRA Holdings PLC

• Interim results for twelve months to 31 December 2007

COBRA Holdings PLC, a major UK-based retail and wholesale insurance broking group, is pleased to report interim results for the twelve month period ended 31 December 2007. This is the second interim report during the year ended 31 December 2007 and follows the change in COBRA's accounting reference date to 31 March, which was announced in December.

The change in accounting reference date is being effected to more closely align the Group's reporting cycle with that of its principal customers and suppliers, in particular for the inclusion of final profit commission figures from insurers, to provide a clearer and more accurate view of the Group's performance. The Group will report preliminary results for the 15 months ended 31 March 2008 in June 2008.

Highlights

- Revenues increased by 68% and operating profit increased by 56%
- Organic growth of 13%
- Number of Network members increased from 98 to 126 and in excess of 25 pipeline members
- Strong underwriting growth supported by two major insurers
- Acquisition of remaining 60% of GAL (Holdings) Ltd
- Acquisition of Tubbs Insurance Services Ltd ("TIS")
- Acquisition of UK & Ireland Holdings Ltd ("UKI")
- Acquisition pipeline remains strong
- Continuing challenge in the Lloyd's market
- Adverse impact of recent flooding on insurer profit shares from network
- Deferral of £1.25 million of operating profits to future periods

Steve Burrows, Chief Executive, said:

"Despite adverse market conditions, we are pleased to report excellent twelve month interim results. The insurance market has seen a significant downturn in premiums within the general insurance sector, but continued growth from our Network and Underwriting Agency has allowed the Group to ride the "soft" cycle and produce significant increases in organic revenues and gross profits."

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Chairman's and Chief Executive's Review of the twelve months to 31 December 2007

Key Points

- Revenues increased by 68% and operating profit increased by 56%
- Organic growth of 13%
- Number of Network members increased from 98 to 126 and in excess of 25 pipeline members
- Strong underwriting growth supported by two major insurers
- Acquisition of remaining 60% of GAL (Holdings) Ltd
- Acquisition of Tubbs Insurance Services Ltd ("TIS")
- Acquisition of UK & Ireland Holdings Ltd ("UKI")
- Acquisition pipeline remains strong
- Continuing challenge in the Lloyd's market
- Adverse impact of recent flooding on insurer profit shares from network
- Deferral of £1.25 million of operating profits to future periods

Despite adverse market conditions, we are pleased to report excellent twelve month interim results. The insurance market has seen a significant downturn in premiums within the general insurance sector, but continued growth from our Network and Underwriting Agency has allowed the Group to ride the "soft" cycle and produce significant increases in organic revenues and gross profits.

Whilst the results for the full year show a significant improvement in group operating profits, they have fallen short of the expectations set out in the analyst's research note published by Fairfax IS PLC on 25 May 2007 for two key reasons:-

- Progress in revitalising COBRA London Markets ('CLM') has been slower than anticipated, primarily due to the continuing difficult conditions in the Lloyd's market. After achieving a break even position in the first half of the year, CLM has posted disappointing second half results with an overall operating loss for the full year of approximately £0.3 million, compared to an anticipated operating profit of £0.5 million. Efficiency improvements continue in this business and the full year result represents an increase on 2006 at the operating level of approximately £0.5 million. CLM continues to be a strategically important business for the Group and the Board believes it will return greater value as the markets improve.
- As recently reported by the Association of British Insurers, the 2007 U.K. floods will cost the insurance industry more than £3 billion, and, combined with other events, have helped make 2007 the worst year ever for weather-related claims. Insurers' loss ratios have been adversely affected by the widespread flooding and as a consequence the entitlement of COBRA Network Limited ('CN') to profit shares from panel insurers has been reduced to an extent not previously estimated or apparent from insurers' calculations. Although profit share payments are by their nature difficult to predict, the continuing revision of statistics emanating from panel insurers for 2007 has made the reliable prediction of out-turn for that year particularly problematic. The unexpectedly high level of overall claims results suffered by insurers as a result of the cost of the floods has had an adverse impact on the results of CN of approximately £0.6 million at operating level.

The impact of these factors on the level of operating profit has been partially mitigated by a strong underlying performance across the Group, other than in its activities in the Lloyd's market, in difficult trading conditions.

The Group has benefited from advantageous financing terms from two major insurers, which were completed in the period:

- funding of £2.9 million in aggregate has been secured on an interest free basis which will result in the recognition of financing gains on a fair value basis of approximately £0.45 million over the course of the financing arrangements; and
- the Group expects to earn enhanced commissions resulting in net operating profits of at least a further £0.8 million over the course of these financing arrangements.

Neither of these earnings deferrals, the effect of which will be to benefit future periods, is reflected in the full year results.

We have successfully purchased and integrated the remainder of CLM, TIS and UKI, creating growth within our London and South East operations and a new base in the Manchester area. We continue to be on course to develop our regional strategy of seven “hubs” in major locations throughout the U.K., allowing us to acquire further targets to compliment these new regions.

Revenues for the Group have increased by 68%, with an underlying organic growth of 13%. Profit before amortisation and depreciation has risen by 53% against 2006.

The increase in organic revenue is predominately due to the continued growth of the Network. In addition, the Underwriting Agency has successfully negotiated binding authority deals with two major U.K. insurers.

The associated benefits which will accrue over time include:

- Referrals of Lloyd's business to CLM by Network members.
- Improvement in margins where Network members place insurance with COBRA Underwriting Agencies Limited
- Increase in revenue over time as the new Network members' clients renew their insurances and move to COBRA panel insurers

Whilst generally rates remain weak in the U.K. and are not expected to increase significantly in the short term, the Group has continued to re-evaluate its operating costs to improve margins.

COBRA Network

The Network continues to be a major contributor to growth, with many of the Group companies benefiting from the business and opportunities generated from this company. Despite the impact of the recent floods on insurer profit shares, revenues have increased by 21% against £2.6m in 2006 and operating margins remain strong at 43% (2006 49%)

Despite competition from other U.K networks, we have increased membership from 98 to 126 during 2007, with an estimated annual increase in gross written premiums of £90m. Revenues from these new members will be within the 2008 results, although partial revenues have been received during 2007, depending on membership periods.

The new member enquiry rate continues to increase with over 25 potential new members currently in discussion. We intend to enhance our network services and facilities over the first quarter of 2008, which we believe will increase our successful conversion rate over the coming months.

Underwriting Agency

Successful negotiations have been completed with two major UK insurers, who now provide full support for the SME business written within the underwriting agency. Growth continues to meet with expectations showing increased commissions for the full year of 195% to £1.7 million.

The underwriting agency facilities have also been expanded to incorporate capacity to include specialist commercial risks up to £50,000 premium via a global insurer.

Technology continues to be the key to efficient growth within this company. Following collaboration with a recognised major insurance I.T software company, the bespoke software has now been successfully tested and installed. Over the coming months, this should allow greater administrative savings and allow growth at an increased rate.

During 2007, we have continued our aim of recruiting high quality senior and underwriting staff and are currently running at 80% capacity allowing us headroom for further growth in gross written premiums transferred from our network members.

Retail Insurance Broking

During 2007 the “soft” market continued to challenge our U.K. retail division. Overall, the severe downward pressure on gross written premiums has resulted in premium reductions, in the region of 15% across the board. However, above expected renewal retention and on target new business growth has shown overall increases in revenue of 26% to £5.9 million, of which 3% represents organic growth.

As yet there are no signs of the commercial insurance market premiums improving in the U.K during 2008. We will therefore continue to concentrate on further improving our relationships with existing clients, whilst carefully selecting profitable new business opportunities.

Our retail division continually researches the market for new scheme opportunities, which we believe allows us to grow within all market cycles.

We successfully integrated two acquisitions into this division during 2007, bringing our total number of purchases to ten since formation in 2006, with a strong pipeline of further targets in various stages of negotiation.

Lloyd's Wholesale Insurance Broking

The Lloyd's market continues to be within a weak premium cycle, with no signs of improvement. This has proved extremely challenging over the past twelve months, since we completed the full acquisition. Whilst we have considerably reduced our cost base, the continual reduction of premiums has resulted in this division making losses of £0.3 million during 2007 (2006: £0.8 million).

The Lloyd's facility is an integral part of the overall offering of the COBRA Network and support continues from the network members. We have embarked on a U.K. wide marketing initiative to encourage non member brokerage firms to utilise our Lloyd's facilities, which is now showing signs of success. We anticipate that we will be able to further improve this company's performance in 2008.

Financial Services

2007 remained a good trading year for Financial Services with budgets being achieved after additional Group costs. Pipeline new business continues to be strong, with greater emphasis being applied to commercial and high net worth individuals. The newly formed mortgage department is showing good signs for the future, and we are hopeful of increased activity during 2008 in this division

We have continued our search for acquisition targets and have several potential firms in the early stages of negotiation.

The recent £95 million cash acquisition of Broker Network Holdings by Towergate Partnership confirmed the real value for shareholders inherent in COBRA's strategy of acquisition and consolidation in the industry and the company continues to be well placed to exploit that value.

Peter Robinson Chairman

Steve Burrows Chief Executive

Consolidated Income Statement

Unaudited results for the twelve months ended 31 December 2007

	Note	12 months to 31 December 2007 Unaudited £'000	12 months to 31 December 2006 Audited £'000
Revenues:			
Commissions		14,775	8,815
Interest and investment income		311	129
Other operating income		-	12
		<u>15,086</u>	<u>8,956</u>
Operating expenses		<u>(13,231)</u>	<u>(7,765)</u>
Operating profit		1,855	1,191
Finance costs		(234)	(133)
		<u>(234)</u>	<u>(133)</u>
Profit on ordinary activities before taxation analysed between:			
Profit before amortisation, depreciation and share based payments		1,621	1,058
Share option charge		(120)	-
Depreciation and amortisation		(616)	(446)
		<u>885</u>	<u>612</u>
Profit before tax		885	612
Taxation	3	<u>(248)</u>	<u>(310)</u>
Profit after tax of consolidated companies		637	302
Share of losses of associate		-	(314)
		<u>637</u>	<u>(314)</u>
Profit/(loss) for the period attributable to the equity shareholders of the parent		<u>637</u>	<u>(12)</u>
Earnings/(Loss) per share:			
Basic	4	1.76p	(0.04)p
Diluted		1.71p	(0.04)p

All amounts relate to continuing activities.

Consolidated Balance Sheet
Unaudited as at 31 December 2007

	Notes	As at 31 December 2007 Unaudited £'000	As at 31 December 2006 Audited £'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,582	610
Investments		6	30
Goodwill and other intangibles		13,616	7,761
		<u>15,204</u>	<u>8,401</u>
Current assets			
Trade and other receivables		30,702	3,327
Cash and cash equivalents		8,422	3,601
		<u>39,124</u>	<u>6,928</u>
Total assets		<u>54,328</u>	<u>15,329</u>
EQUITY AND LIABILITIES			
Non-current liabilities			
Borrowings		1,723	1,907
Other non-current liabilities		4,474	2,341
Financial liabilities		1,496	-
Deferred tax		210	25
Finance lease obligations		77	228
		<u>7,980</u>	<u>4,501</u>
Current liabilities			
Borrowings		913	632
Current tax payable		334	317
Finance lease obligations		299	79
Trade and other payables		37,473	4,538
		<u>39,019</u>	<u>5,566</u>
Total liabilities		<u>46,999</u>	<u>10,067</u>
Equity			
Share capital	5	9,454	8,424
Share premium		254	-
Acquisition reserve		(4,033)	(4,033)
Share based payment reserve		120	-
Other reserves		26	-
Retained earnings		1,508	871
		<u>7,329</u>	<u>5,262</u>
Total equity		<u>7,329</u>	<u>5,262</u>
Total equity and liabilities		<u>54,328</u>	<u>15,329</u>

Consolidated Cash Flow Statement
Unaudited for the twelve months ended 31 December 2007

	Notes	12 months to 31 December Unaudited 2007 £'000	12 months to 31 December Audited 2006 £ '000
Cash flows from operating activities			
Cash generated from operations	7	941	419
Income taxes paid		(294)	(579)
Net cash generated from (absorbed by)/ operating activities		647	(160)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6	130
Purchase of property, plant and equipment		(55)	(61)
Purchase of intangible assets		(37)	
Finance lease interest paid		(65)	(42)
Acquisition of subsidiaries, net of cash acquired	8	1,785	3,074
Net cash from investing activities		1,634	3,101
Cash flows from financing activities			
Issue of ordinary share capital		83	-
New borrowings		2,900	2,700
Repayment of borrowings		(146)	(2,093)
Bank interest paid		(169)	(83)
Repayment of finance leases		(128)	(202)
Net cash used in financing activities		2,540	322
Increase in cash and cash equivalents		4,821	3,263
Cash and cash equivalents at the start of the period		3,601	338
Cash and cash equivalents at end of the period		8,422	3,601

Consolidated Statement of Changes in Shareholders' Equity
Unaudited for the twelve months ended 31 December 2007

	Share Premium	Share capital	Acquisition reserve	Retained earnings	Share based payments reserve	Other reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unaudited and restated at 1 January 2006	-	1	-	883	-	-	884
Loss for the year	-	-	-	(12)	-	-	(12)
Shares issued	-	8,424	-	-	-	-	8,424
Arising on reverse acquisition	-	(1)	(4,033)	-	-	-	(4,033)
Audited at 31 December 2006	-	8,424	(4,033)	871	-	-	5,262
Shares issued	1,169	1,030	-	-	-	-	2,199
Cost of issue of new shares	(915)	-	-	-	-	-	(915)
Other reserves	-	-	-	-	-	26	26
Share based payments	-	-	-	-	120	-	120
Profit for the period	-	-	-	637	-	-	637
Unaudited at 31 December 2007	254	9,454	(4,033)	1,508	120	26	7,329

**Notes to the interim report
Unaudited for the twelve months ended 31 December 2007**

1. Basis of Presentation

Basis of accounting

The financial information for the twelve months ended 31 December 2007 included in this second interim report (the "interim financial report") comprises the consolidated income statement, the consolidated balance sheet, the consolidated cashflow statement, the consolidated statement of changes in shareholders' equity and the related notes.

The interim financial report has been prepared in accordance with the AIM rules and the principal accounting policies and methods of valuation set out in the Group's Annual Report and Accounts for the year ended 31 December 2006 as well as any new accounting policies adopted since that date, as set out below. The financial information included within the interim financial report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The interim financial report does not include all of the information required for full annual financial statements and do not comply with all the requirements of IAS 34 "Interim Financial Reporting" as the Company is not required to adopt this.

The information is unaudited and the financial information set out in this report for the year ended 31 December 2007 does not constitute financial statements of the group within the meaning of section 240 of the Companies Act 1985. Financial information for the year ended 31 December 2006 included herein has been extracted from the Group's Annual Report and Accounts for that year, which have been delivered to the Registrar of Companies, upon which the auditors have given an unqualified report and which did not contain a statement under section 237(2) of 237(3) of the Companies Act. Copies of the Annual Report and Accounts can be obtained from the Company Secretary at 110 Fenchurch Street, London, EC3 M 5JT.

The unaudited interim report on pages 5 to 17 were approved by the Board of Directors and authorised for issue on 27 March 2008.

2. New Accounting Policies

Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of such assets on a straight line basis over their estimated useful lives at the following annual rates:

Freehold property Up to 2%

Share based payments

The cost of awards to employees that take the form of shares or rights to shares is measured by the fair value of the equity instrument awarded at the date of grant, and is recognised in the income statement over the vesting period of the award, with the corresponding increase in equity.

The fair value of share options awarded is calculated using option-pricing models excluding the impact of non-market performance conditions. Non-market performance conditions are reflected in the assumptions of the number of options expected to vest, which is revised at each period end date.

2. Segmental reporting

Business segments

Based on risks and returns, the Directors consider that the Group had only two business segments during the periods ended 31 December 2007:-

- Provision of independent financial advice (comprising Cobra Financial Services Limited)
- Provision of reinsurance and insurance intermediary, risk advisory and related insurance services (comprising all other companies)

Unaudited 31 December 2007	Revenue	Depreciation & amortisation	Profit after tax of consolidated companies	Share of loss of associate	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Financial advice	1,304	35	35	-	571	169
Insurance Intermediary	13,775	277	2,516	-	38,919	37,064
Shared costs / net assets	-	304	(1,914)	-	-	-
Other Operating Income	7	-	-	-	14,838	9,766
	<u>15,086</u>	<u>616</u>	<u>637</u>	<u>-</u>	<u>54,328</u>	<u>46,999</u>
Audited 31 December 2006	Revenue	Depreciation & amortisation	Profit after tax of consolidated companies	Share of loss of associate	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Financial advice	1,088	32	97	-	574	125
Insurance Intermediary	7,856	395	1,791	(314)	6,604	3,983
Shared costs / net assets	-	19	(1,586)	-	8,151	5,959
Other operating income	12	-	-	-	-	-
	<u>8,956</u>	<u>446</u>	<u>302</u>	<u>(314)</u>	<u>15,329</u>	<u>10,067</u>

Geographical segments

For the period ended 31 December 2006 no geographical segmental analysis has been presented as the principal activities of the Group all arose in the United Kingdom. Cobra London Markets Limited provides insurance intermediary services to clients outside the United Kingdom as follows:-

Revenue	12 months to 31 December 2007 Unaudited £'000
United States	462
Republic of Ireland	424
Australia	116
South Korea	171
Rest of world	9
	<hr/>
	1,182
United Kingdom	<hr/>
	2,413
	<hr/>
	3,595
	<hr/>

3. Taxation

	12 months to 31 December 2007 Unaudited £'000	12 months to 31 December 2006 Audited £'000
Major components of the tax expense		
Income tax expense – current period	253	301
Over provision in prior year	(5)	(21)
Income tax expense	<hr/>	<hr/>
	248	280
Deferred tax	-	30
	<hr/>	<hr/>
	248	310
	<hr/>	<hr/>

4. Earnings/(Loss) per share

Basic

Earnings per share in the year ended 31 December 2007 is calculated by dividing the consolidated profit of £636,223 (2006: loss £12,337) attributable to equity holders in the Company by the weighted average number of ordinary shares in issue during the period of 36,184,367 (2006: 33,695,680) ordinary shares of £0.25 each, reflecting the sub-division which took place on 24 May 2007 as if that sub-division had taken place at the start of the accounting period.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares in issue in the period. On 22 June 2007, the Company granted 1,960,000 ordinary share options pursuant to a Share Option Scheme. The total potential dilutive ordinary shares in issue at the balance sheet was 1,960,000 (2006: nil).

	12 months to 31 December 2007 Unaudited	12 months to 31 December 2006 Audited
Basic		
Consolidate profit/(loss)	636,223,	(12,337)
Weighted average number of ordinary shares issued	36,184,367	33,695,680
Diluted		
Consolidate profit/(loss)	636,223	(12,337)
Weighted average number of ordinary shares issued	37,118,720	33,695,680

5. Share capital

	31 December 2007		31 December 2006	
	No	Unaudited £'000	No	Audited £'000
Authorised:				
Ordinary shares of £1 each	-	-	36,000,000	36,000
7% preference shares of £1 each	-	-	535,000	535
Ordinary shares of 25p each	<u>146,140,000</u>	<u>36,535</u>	<u>-</u>	<u>-</u>
	<u>146,140,000</u>	<u>36,535</u>	<u>36,535,000</u>	<u>36,535</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	-	-	8,423,920	8,424
Ordinary shares of 25p each	<u>37,818,917</u>	<u>9,454</u>	<u>-</u>	<u>-</u>

Ordinary shares

On 2 April 2007 the Company issued 615,000 ordinary shares of £1 each in respect of the purchase of 60% of the issued ordinary share capital of COBRA GAL (Holdings) Limited.

On 5 July 2007, the Company was admitted onto the Alternative Investment Market of the London Stock Exchange. The Company issued 1,049,540 new ordinary shares of 25p, which were admitted at a price of 97p

On 19 October 2007 the Company issued 613,697 ordinary shares of 25p each in respect of the purchase of 100% of the issued ordinary share capital of COBRA UKI (Holdings) Limited.

Preference shares

On 23 May 2007, the 7% preference shares of £1 each in the Company were re-designated as ordinary shares of £1 each.

Share sub-division

On 24 May 2007, the ordinary shares of £1 each in the Company were sub-divided into ordinary shares of 25p each.

6. Acquisitions of subsidiaries

i) The Group took control of Cobra GAL (Holdings) Ltd on 1 January 2007 and the results of the sub-group have been consolidated from this date. The finalisation of the purchase of the remaining 60% of the ordinary share capital was completed on 2 April 2007 by Cobra Network Ltd, a 100% subsidiary of the company. Cobra Network Ltd has owned a 40% shareholding since 31 August 2004. Cobra GAL (Holdings) Ltd owns 100% of Cobra London Markets Ltd ("CLM"), a Lloyd's broker. Previously, the investment was incorporated using the equity method of accounting.

The provisional fair value of the net assets acquired are set out below.

	Book Value £'000	Fair value adjustment £'000	Fair value £'000
Non-current assets			
Property, plant and equipment	164	-	164
Customer relationships	-	316	316
Current assets			
Receivables	23,107	-	23,107
Cash at bank and in hand	3,294	-	3,294
	<u>26,565</u>	<u>316</u>	<u>26,881</u>
Current liabilities	(26,520)		(26,520)
Non-current liabilities	(565)	(88)	(653)
	<u>(27,085)</u>	<u>(88)</u>	<u>(27,173)</u>
Net liabilities acquired	<u>(375)</u>	<u>228</u>	<u>(292)</u>
Provisional fair value of 60% of net liabilities acquired			(84)
Goodwill			1,570
Total consideration			<u><u>1,486</u></u>
Satisfied by:			
Cash and expenses			158
Ordinary £1 shares issued in Cobra Holdings			615
Loan notes issued by Cobra Holdings			713
			<u><u>1,486</u></u>

Of the £3,294,000 cash and cash equivalents £3,294,000 is cash held in client accounts.

ii) On 26 July 2007, the company exercised an option to acquire the entire share capital of COBRA Tubbs Batten Ltd (“CTB”) (previously Tubbs Insurance Services Ltd) for aggregate consideration of £1,665,000.

The provisional fair value of the net assets acquired are set out below, the fair value being equivalent to book amounts.

	Book Value £'000	Fair value adjustment £'000	Fair value £'000
Non-current assets			
Property, plant and equipment	11	-	11
Customer relationships	-	153	153
Current assets			
Receivables	158		158
Cash at bank and in hand	347		347
	<u>516</u>	153	<u>669</u>
Current liabilities			
Non-current liabilities	(287)		(287)
	(46)	(43)	(89)
	<u>183</u>	110	<u>293</u>
Net assets acquired			
Goodwill			1,210
Total consideration			<u><u>1,503</u></u>
Satisfied by:			
Cash and expenses			730
Deferred consideration			<u>773</u>
			<u><u>1,503</u></u>

Of the £347,000 cash and cash equivalents £161,000 is cash held in client accounts.

The deferred consideration is payable as follows:-

April 2009 £773,000

The deferred consideration is subject to an adjustment based on actual revenue achieved in the year to 31 December 2008.

iii) On 19 October 2007 COBRA Holdings purchased 100% of COBRA UKI (Holdings) Ltd. COBRA UKI (Holdings) Ltd owns 100% of COBRA UK & Ireland Insurance Services Ltd (“UKI”), a retail broker and COBRA UK & Ireland Insurance Consultants Ltd, a dormant company.

The provisional fair value of the net assets acquired are set out below. No fair value adjustments to book amounts were identified.

	Book values £'000	Fair value adjustment £'000	Fair value £'000
Non-current assets			
Property, plant and equipment	881		881
Goodwill and other intangibles	-	252	252
Current assets			
Receivables	1,321		1,321
Cash at bank and in hand	1,487		1,487
	<u>3,689</u>	252	<u>3,941</u>
Current liabilities	(2,050)		(2,050)
Non-current liabilities	(58)	(71)	(129)
	<u>(2,108)</u>	(71)	<u>(2,179)</u>
Net assets acquired	<u>1,581</u>	181	<u>1,762</u>
Goodwill			2,511
Total consideration			<u>4,273</u>
Satisfied by:			
Cash and expenses			2,269
Ordinary 25p shares issued in Cobra Holdings			586
Deferred consideration			<u>1,418</u>
			<u>4,273</u>

Of the £1,487,000 cash and cash equivalents £996,000 is cash held in client accounts.

The deferred consideration is payable as follows:-

December 2008	£709,000
December 2009	£709,000

The deferred consideration is subject to an adjustment based on actual revenue achieved in the year to 31 May 2007.

The revenue, profit before tax and cashflows of each of the companies acquired during the period from the date of acquisition to 31 December 2007 are:

£'000	CLM	CTB	UKI	TOTAL
Revenue	3,486	472	486	4,444
Profit before tax	(346)	126	120	(100)
Cashflows	727	96	(988)	(165)

7. Cash generated from operations

	12 months to 31 December 2007 Unaudited £'000	12 months to 31 December 2006 Audited £'000
Profit before taxation	885	612
Depreciation of property, plant and equipment	314	189
Amortisation of customer relationships	302	257
Profit on sale of fixed assets	(6)	-
Share based payments charge	120	-
Finance costs	234	125
Changes in working capital:		
Trade and other receivables	(2,639)	(188)
Trade and other payables	1,731	(576)
	<u>941</u>	<u>419</u>

Non-cash transactions comprise the inception of finance leases of £175,000, the issue of loan notes of £712,500 and of ordinary shares of £1,201,000.

8. Cashflows from investing activities - acquisition of subsidiaries

	12 months to 31 December 2007 Unaudited £'000	12 months to 31 December 2006 Audited £'000
Total purchase consideration	(7,262)	(8,910)
Less: non-cash consideration	4,105	8,486
Consideration paid in cash	<u>(3,157)</u>	<u>(424)</u>
Less: cash and cash equivalents acquired net of overdrafts	4,942	3,498
Net cash inflow on acquisition	<u>1,785</u>	<u>3,074</u>