COUNTY CONTACT CENTRES PLC

Interim Report December 2007

Highlights

FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

	6 months ended 31 December 2007 (unaudited) £	6 months ended 31 December 2006 (unaudited) £	12 months ended 30 June 2007 (unaudited) £
Revenue	**1,805,123**	1,726,652	3,572,059
Profit before taxation	**138,019**	210,240	353,918

- First set of statements prepared under the International Financial Reporting Standards
- Share Premium Account cancelled
- Sales increased by £78,471 compared with the corresponding prior year period
- Profit of £138,019 reflecting the difficult trading conditions
- Investment in new telephone switch
- Additional non-executive Director appointed

Company Information

Directors:	Philip John Dayer	(Chairman)
	Peter Michael Brown	(Non-Executive Director)
	William Alexander Catchpole	(Managing Director)
	Geoffrey Forsyth	(Technical Director)
	Robert Stuart McWhinnie Gordon	(Financial Director)
	Stephen John Allen (appointed 1 February 2008)	(Non-Executive Director)
Secretary:	Robert Stuart McWhinnie Gordon BA FCMA	

Company registration number: 3869545

Registered office: Melford Court
The Havens
Ransomes Europark
Ipswich
Suffolk, IP3 9SJ

Nominated Advisers and Brokers: Brewin Dolphin Securities Limited

Registrars: Equiniti Limited

Solicitors: Fasken Martineau Stringer Saul LLP

Bankers: Barclays Bank PLC

Auditors: Grant Thornton UK LLP

Interim financial statements available at
www.countycontactcentres.com

Chairman's Statement

FINANCIAL SUMMARY

The Board is pleased to report continued progress although increased costs and slower revenue generation have impacted profitability during the last six months.

The Group profit before taxation for the six months to December 2007 is £138,019 (December 2006: £210,240), achieved on turnover of £1,805,123 (December 2006: £1,726,652).

In preparing the figures for the 6 months to 31 December 2007 we have made the transition from UK GAAP to International Financial Reporting Standards ("IFRS"). There are many changes in the way we report our results and, in particular, a review of the capitalisation of development costs was undertaken. This highlighted that the capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory. As such, the Group has capitalised and amortised the development work undertaken within the CallScripter division.

This created an Intangible asset carried forward in the Balance Sheet at June 2007 of £182,770, which increased profits in the years ending June 2007, 2006 and prior by £54,957, £70,179, and £57,634 respectively (Note 4).

In addition, under IFRS a holiday pay provision must be accrued. As our holiday year runs from January to December, a provision is required each June, which is then released each December. A brought forward provision of £32,100 was created at June 2006, which was then released in December 2006. A new accrual of £38,000 was created in June 2007, and this was then released in December 2007 (Note 4).

During the year to 30 June 2007, the Company decided to reorganise its capital and convened an Extraordinary General Meeting to obtain shareholder approval. Following subsequent court proceedings, the capital reorganisation became effective on 6 August 2007. This reorganisation has had a positive effect on the Balance Sheet. The effect of the capital reorganisation appears in the Condensed Consolidated Statement of Changes in Equity and in Note 8 and it should be noted that while Total equity remains unchanged, the Profit and loss account reflects a positive balance.

BUSINESS SUMMARY

County Contact Centres PLC operates through two principal subsidiaries, County Contact Centres (UK) Limited and CallScripter Limited.

The Group trades under two main trading styles, namely Ansaback and CallScripter.

Ansaback is a 24 hours a day, 7 days a week bureau telephony service providing overflow and out of hours call handling, emergency cover, dedicated phone resources, non-geographic, low call and Freephone telephone facilities as well as disaster recovery lines and other ancillary telecommunication services.

CallScripter is an enhanced customer interaction software suite specifically developed for contact centres, telesales and telemarketing operations. Our clients gain major benefits by introducing CallScripter's dynamic scripting environment into their organisation. The software facilitates the rapid set-up, handling and reporting of sophisticated inbound, outbound and e-mail campaigns.

REVIEW OF OPERATIONS

Ansaback

The call volumes in July, August and September were 11% up compared to the same period last year, while client numbers remained consistent with no key account desertions. As we have a significant number of TV shopping and mail order clients, we eagerly awaited the upturn in calls relating to the Christmas season. Unfortunately, one major TV client was quieter than in the previous year and we saw a 4%

fall in October calls. However, as has been customary, November became a new record high for billable minutes and this momentum carried on into December resulting in a satisfactory outcome for the division. Overall, however, the sales increase was not as hoped.

The Ansaback Sales Director returned from maternity leave in August and subsequently left the Group in October. The existing team, led by the Sales Manager, covered the interim position and will be joined by a new manager, with a wide-ranging brief, who will commence work during the first half of 2008.

Significant investment in new infrastructure has occurred during the period. The network has been upgraded and a new telephony switch was ordered to replace the system that has been serving us since 2000. This new switch will enable significant tuning of the call distribution into Ansaback thus allowing us to improve further our service to clients. It is planned to commission the new switch during the first few months of 2008.

The outlook for new contracts remains good enabling us to continue building the business. These contracts, along with the retention of our client base, are key to the continued profitable progress of this division.

CallScripter

We are pleased to announce that we have strengthened the sales department. This enlarged sales team will allow CallScripter to capitalise on our market position and enable us to unlock its potential. The division has already achieved a good start to the New Year by winning a £45,000 contract.

Whilst the OEM collaboration with Interactive Intelligence has resulted in additional business, these sales unfortunately remain lower than originally anticipated.

In September, we launched a hosted version of CallScripter running within a web-farm based in London. This new service is ideally placed for the home-worker market and has attracted significant interest with 2 new clients already using the application.

RISKS

A key risk within Ansaback is the technology utilised in the call centre and as such we have contracted to invest in a 'state-of-the-art' modern telephone switch. This new switch will include fail-over systems to further increase our business continuity/disaster recovery readiness whilst also enabling us to offer additional services to clients. Looking at other risks, to lower our susceptibility to power outages, we have a standby generator in case of power cuts, while our main computer systems have been upgraded to improve their resilience and minimise any down-time should a problem arise.

The risks to the CallScripter division continue to be in the ability of our internal sales team and the partner resellers to achieve market penetration. We are confident that the sales targets can be achieved.

DIVIDEND

The Company will not be declaring a dividend.

OUTLOOK

There are difficult trading times ahead, but with the addition of the new CallScripter Sales Executives and the new Ansaback General Manager we hope to further increase sales, which will drive through to improved profitability.

In addition, we are pleased to welcome Stephen Allen as a non-executive Director of the Group. Stephen has experience of selling software products on a global basis, being previously Chairman of Atlantic Global PLC, and will add significantly to the resources available to our software division.

Whilst the outlook for the remainder of the year is challenging, the Directors remain confident about the future prospects for the Group.

Philip Dayer
Chairman
21 February 2008

Condensed Consolidated Income Statement

	Note	**6 months ended 31 December 2007 (unaudited) £**	6 months ended 31 December 2006 (unaudited) £	12 months ended 30 June 2007 (unaudited) £
Revenue		**1,805,123**	1,726,652	3,572,059
Cost of sales		**(950,655)**	(926,688)	(2,020,331)
Gross profit		**854,468**	799,964	1,551,728
Net operating expenses		**(727,320)**	(588,203)	(1,199,736)
Operating profit		**127,148**	211,761	351,992
Finance income		**15,490**	3,007	10,962
Finance expenditure		**(4,619)**	(4,528)	(9,036)
Profit before taxation		**138,019**	210,240	353,918
Tax	7	**—**	23,000	61,000
Profit for the period		**138,019**	233,240	414,918
Attributable to:				
Equity shareholders of the parent		**138,019**	233,240	414,918
Basic and diluted earnings per share	6	**0.5p**	0.8p	1.4p

Condensed Consolidated Balance Sheet

	Note	**31 December 2007 (unaudited) £**	31 December 2006 (unaudited) £	30 June 2007 (unaudited) £
ASSETS				
Non current assets				
Intangible assets	4.5	**203,735**	155,313	182,770
Plant and equipment		**198,564**	63,331	79,727
Deferred taxation	7	**76,000**	38,000	76,000
Non-current assets		**478,299**	256,644	338,497
Current assets				
Trade and other receivables		**654,443**	597,121	660,243
Cash and cash equivalents		**324,637**	334,614	413,890
Current assets		**979,080**	931,735	1,074,133
Total assets		**1,457,379**	1,188,379	1,412,630
LIABILITIES				
Non-current liabilities				
Long-term borrowings		**—**	(65,155)	(34,564)
Non-current liabilities		**—**	(65,155)	(34,564)
Current liabilities				
Trade and other payables		**(494,451)**	(467,659)	(544,156)
Current portion of long-term borrowings		**(55,161)**	(67,495)	(64,162)
Current liabilities		**(549,612)**	(535,154)	(608,318)
Total liabilities		**(549,612)**	(600,309)	(642,882)
Net assets		**907,767**	588,070	769,748
EQUITY				
Equity attributable to shareholders of County Contact Centres PLC				
Share capital	4	**297,908**	297,908	297,908
Share premium account	4	**—**	6,045,563	6,045,563
Other reserves	4	**18,396**	18,396	18,396
Profit and loss account	4	**591,463**	(5,773,797)	(5,592,119)
Total equity		**907,767**	588,070	769,748

Condensed Consolidated Cash Flow Statement

	6 months ended 31 December 2007 (unaudited) £	6 months ended 31 December 2006 (unaudited) £	12 months ended 30 June 2007 (unaudited) £
Cash flows from operating activities			
Profit for the period	**138,019**	233,240	414,918
Adjustments for:			
Interest received	**(15,490)**	(3,007)	(10,962)
Interest paid	**3,245**	3,438	6,233
Interest element of finance leases	**1,374**	1,090	2,803
Deferred tax provision	**—**	(38,000)	(61,000)
Depreciation	**18,229**	16,598	36,252
Amortisation	**32,789**	23,000	45,991
(Increase)/decrease in trade and other receivables	**5,800**	(91,677)	(169,799)
(Decrease)/increase in trade and other payables	**(124,557)**	21,673	78,058
Cash generated from operations	**59,409**	166,355	342,494
Interest paid	**(3,245)**	(3,438)	(6,233)
Interest element of finance leases	**(1,374)**	(1,090)	(2,803)
Tax paid	**—**	(15,000)	(15,000)
Net cash generated from operating activities		**54,790**	146,827
318,458			
Cash flows from investing activities			
Interest received	**15,490**	3,007	10,962
Capitalisation of development costs	**(53,754)**	(50,500)	(100,948)
Purchase of property, plant and equipment	**(72,206)**	(15,200)	(51,250)
Net cash used in investing activities	**(110,470)**	(62,693)	(141,236)
Cash flows from financing activities			
Repayments of borrowings	**(25,001)**	(25,000)	(50,000)
Capital element of finance leases	**(8,572)**	(24,412)	(13,224)
Net cash used in financing activities	**(33,573)**	(49,412)	(63,224)
Net (decrease)/increase in cash	**(89,253)**	34,722	113,998
Cash at beginning of the period	**413,890**	299,892	299,892
Net (decrease)/increase in cash	**(89,253)**	34,722	113,998
Cash at the end of the period	**324,637**	334,614	413,890

Condensed Consolidated Statement of Changes in Equity

	Share Capital £	Share Premium £	Other Reserves £	Profit and Loss Account £	**Total Equity £**
Balance at 1 July 2006	297,908	6,045,563	18,396	(6,102,750)	**259,117**
Intangible assets	—	—	—	127,813	**127,813**
Accruals — holiday pay provision	—	—	—	(32,100)	**(32,100)**
Balance at 1 July 2006 (revised)	297,908	6,045,563	18,396	(6,007,037)	**354,830**
Profit for the period	—	—	—	173,640	**173,640**
Intangible assets	—	—	—	27,500	**27,500**
Accruals — holiday pay provision	—	—	—	32,100	**32,100**
Total recognised income and expense for the period	—	—	—	233,240	**233,240**
Balance at 31 December 2006	297,908	6,045,563	18,396	(5,773,797)	**588,070**
Profit for the period	—	—	—	192,221	**192,221**
Intangible assets	—	—	—	27,457	**27,457**
Accruals — holiday pay provision	—	—	—	(38,000)	**(38,000)**
Total recognised income and expense for the period	—	—	—	181,678	**181,678**
Balance at 30 June 2007	297,908	6,045,563	18,396	(5,592,119)	**769,748**
Profit for the period	—	—	—	138,019	**138,019**
Capital reorganisation	—	(6,045,563)	—	6,045,563	**—**
Total recognised income and expense for the period	—	(6,045,563)	—	6,183,582	**138,019**
Balance at 31 December 2007	297,908	—	18,396	591,463	**907,767**

Notes to the Interim Financial Statements

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

The Company operates principally as a holding company. The main subsidiaries are engaged in the provision of a 24 hours a day, 7 days a week out of hours and overflow telephony service and the development and sale of call centre contact relationship management software.

County Contact Centres PLC is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The address of County Contact Centres PLC's registered office is also its principal place of business. County Contact Centres PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's condensed consolidated interim financial statements (the "interim financial statements") are presented in pounds sterling (£), which is also the functional currency of the parent company.

These interim financial statements do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 June 2007, prepared under UK GAAP (Generally Accepted Accounting Practice), have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 237 (2) of the Companies Act 1985.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

These interim financial statements are for the six months ended 31 December 2007. They have been prepared in accordance with IAS 34 "International Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 30 June 2008. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2007.

These interim 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 are effective, or expected to be effective, at 30 June 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

These interim financial statements have been prepared under the historical cost convention.

County Contact Centres PLC's consolidated financial statements were prepared in accordance with UK GAAP until 30 June 2007. The date of transition to IFRS was 1 July 2006. The comparative figures in respect of 30 June 2007 have been restated to reflect changes in accounting policies as a result of the adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP are given in the reconciliation schedules and explained in Note 4.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The interim financial statements incorporate the financial statements of County Contact Centres PLC ("the Company") and its subsidiary undertakings (together "the Group"). A subsidiary is a company controlled directly by the Group and all of the subsidiaries are 100% owned by the group. Control is achieved where the Group has the power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities.

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

3.2 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or the transfer of risk to the customer.

Call centre turnover is recognised on the basis of billable minutes in the month, along with standing monthly charges and any specific supplementary service charges.

Software licence turnover is recognised at the point of sale, as it is at this point that the Group has performed all of its obligations. Turnover from annual maintenance and support contracts may be received in a single amount or in monthly instalments. Such turnover is recognised over the period to which it relates, reflecting the fact that customers could cancel the maintenance contract if there were any disputes.

3.3 Intangible assets

The capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred are capitalised when all of the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the expenditure attributable to the intangible asset during the development can be measured reliably

3.3 Intangible assets (continued)

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include development engineers' salary and on-costs incurred on software development. The cost of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired software. However, until completion of the development project, the assets are subject to impairment testing only.

Amortisation commences upon completion of the asset, and is shown within Net Operating Expenses on the Income Statement. Amortisation is calculated to write down the cost less estimated residual value of all intangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Research and Development 33%

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each Balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

3.4 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Leased plant is included in plant and equipment only where it is held under a finance lease.

3.4.1 Disposal of assets

The gain or loss arising on disposal of an asset is determined as the difference between the disposal proceeds and the residual value of the asset and is recognised in the Income Statement.

3.4.2 Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all plant and equipment assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Motor vehicles 33%
- Plant and fittings 20% to 50%
- Computer equipment 33%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

3.4.3 Impairment testing of other intangible assets, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4.4 Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Income Statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Income Statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

3.5 Financial instruments

The Group uses various financial instruments including loans, cash, receivables, payables, and leasing that arise directly from its operations. The main purpose of these financial instruments is to maintain adequate finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in detail below. The Directors review and agree policies for managing each of these risks, as summarised below, and these remain unchanged from previous years. Short-term payables and receivables have been excluded from disclosures (except currency disclosures).

3.5.1 Financial risk management and objectives

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors achieve this by regularly preparing and reviewing forecasts based on the trends shown in the monthly management accounts.

3.5.2 Credit risk

The Group's principal financial assets are cash and receivables, with the principal credit risk arising from receivables. In order to manage credit risks the Group conducts third party credit reviews on all new clients, takes deposits where this is deemed necessary and collects payment by direct debit on all new Ansaback accounts, limiting the exposure to a build-up of a large outstanding debt. The Group also conducts third party credit reviews on CallScripter accounts, which also have an agreed payment plan tailored to the risk of the individual client.

3.5.3 Interest rate risk

The Group finances its operations through a mixture of cash and loans and has some risk to interest rate movements on the outstanding loans which are not deemed significant in the short to medium term.

3.5.4 Liquidity risk

The Group aims to mitigate liquidity risk by closely monitoring cash generation and expenditure. Cash is monitored daily and forecasts are regularly prepared to ensure that the movements are in line with the Directors' strategy.

3.5.5 Foreign currencies

The Group does not sell or buy any currency forward or enter into any hedging contracts and does not hold any significant balances in foreign currencies.

3.6 Cash and cash equivalents

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

3.7 Dividends

Dividend distributions payable to equity shareholders are included in "other short-term financial liabilities" when the dividends are approved in general meeting prior to the Balance sheet date.

3.8 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Other reserves" represents the merger reserve created at the initial demerger of the Company
- "Profit and loss reserve" represents retained profits

3.9 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Profit and Loss account in the period in which they arise. Exchange differences of non-monetary items are recognised in the statement of recognised income and expenses to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, otherwise such gains and losses are recognised in the Income Statement.

3.10 Deferred taxation

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting policy. Temporary differences include those associated with shares in subsidiaries and joint ventures 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. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Deferred taxation (continued)

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are 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.

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 directly to equity, in which case the deferred tax is also charged or credited directly to equity.

3.11 Contribution to defined contribution pension schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

3.12 Share options

All material share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 July 2006 are recognised in the financial statements.

All equity-settled share-based payments are ultimately recognised as an expense in the Profit and loss account with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transactions are credited to share capital, and where appropriate share premium.

The fair value of the share options granted after 7 November 2002 and not vested at 1 July 2006 has been assessed in accordance with IFRS 2 — Share-based Payments. The Directors do not consider that the amounts involved are material and therefore no charge has been recognised.

4. TRANSITION TO IFRS

4.1 Basis of transition to IFRS

These interim financial statements have been prepared in accordance with the recognition and measurement principles of IFRS's for the first time. The disclosures required by IFRS 1 "First-time Adoption of International Financial Reporting Standards" are given in Notes 4.2 to 4.5.

The Group's transition date is 1 July 2006. Comparative data for the year ended 30 June 2007 has been translated to conform to the new accounting policies set out above.

These new policies reflect exemptions from restating certain financial information as permitted by IFRS 1. The Group has taken exemptions under IFRS 2 (Share-based Payments). In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at the date of the adoption.

4.2 Reconciliation of equity at 1 July 2006

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Share capital	297,908	—	297,908
Share premium account	6,045,563	—	6,045,563
Other reserves	18,396	—	18,396
Profit and loss account	(6,102,750)	95,713	(6,007,037)
Balance at 1 July 2006	259,117	95,713	354,830

The Profit and loss account has been increased by £127,813 at 1 July 2006 due to the capitalisation and amortisation of the development work undertaken within the CallScripter division. The Intangible fixed assets have also increased by the same as analysed in Note 4.5.

The Group holiday year runs from January to December and as a holiday pay provision is mandatory under IFRS the Profit and loss account has been decreased by £32,100 at 1 July 2006 to cover the cost of holidays accrued but not taken at 30 June 2006.

4.3 Reconciliation of profit before taxation and equity at 31 December 2006

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Revenue	1,726,652	—	1,726,652
Cost of sales	(942,788)	16,100	(926,688)
Net operating expenses	(631,703)	43,500	(588,203)
Other expenses	(1,521)	—	(1,521)
Profit before taxation	150,640	59,600	210,240
Share capital	297,908	—	297,908
Share premium account	6,045,563	—	6,045,563
Other reserves	18,396	—	18,396
Profit and loss account	(5,929,110)	155,313	(5,773,797)
Balance at 31 December 2006	432,757	155,313	588,070

The Profit and loss account has been increased by £155,313 at 31 December 2006 due to the capitalisation and amortisation of the development work undertaken within the CallScripter division and the adjustment for the holiday pay provision. The capitalisation and amortisation is made up of a prior year element of £127,813 and an adjustment in the period of £27,500. The Intangible fixed assets have also increased by the same as analysed in Note 4.5. The holiday pay provision of £32,100, accrued in the prior year, was released in December 2006, as it was no longer required.

4. TRANSITION TO IFRS (continued)

4.4 Reconciliation of profit before taxation and equity at 30 June 2007

	UK GAAP £	Effect of transition to IFRS £	IFRS £
Revenue	3,572,059	—	3,572,059
Cost of sales	(2,014,931)	(5,400)	(2,020,331)
Net operating expenses	(1,254,193)	54,457	(1,199,736)
Other income	1,926	—	1,926
Profit before taxation	304,861	49,057	353,918
Share capital	297,908	—	297,908
Share premium account	6,045,563	—	6,045,563
Other reserves	18,396	—	18,396
Profit and loss account	(5,736,889)	144,770	(5,592,119)
Balance at 30 June 2007	624,978	144,770	769,748

The Profit and loss account has been increased by £144,770 at 30 June 2007 due to the treatment of the capitalisation and amortisation of the development work undertaken within the CallScripter division and the adjustment for the holiday pay provision. The capitalisation and amortisation is made up of a prior year element of £127,813 and an adjustment in the period of £54,457. The Intangible fixed assets have also increased by the same as analysed in Note 4.5. The holiday pay provision of £32,100, accrued in the prior year, was released in December 2006, as it was no longer required, while a new accrual of £38,000 was made at June 2007.

4.5 Reconciliation of intangible assets at 30 June 2007

In preparing the figures for the 6 months to 31 December 2007, we have made the transition from UK GAAP to IFRS and a review of the capitalisation of development costs was undertaken. This highlighted that the capitalisation of development costs is not discretionary under International Accounting Standard 38, if certain criteria are met, and therefore the capitalisation and amortisation of these costs is now mandatory. As such, the Group has capitalised and amortised the development work undertaken within the CallScripter division.

4.5 Reconciliation of intangible assets at 30 June 2007 (continued)

The following table highlights the effects of the transition to IFRS on the capitalisation and amortisation of intangible assets.

	Development Costs £
Carrying amount at 30 June 2006 under UK GAAP	—
Additions — prior years	147,613
Amortisation — prior years	(19,800)
Carrying amount at 1 July 2006 under IFRS	127,813
Additions	50,500
Amortisation	(23,000)
Carrying amount at 30 December 2006	155,313
Additions	50,448
Amortisation	(22,991)
Carrying amount at 1 July 2007	182,770
Additions	53,754
Amortisation	(32,789)
Carrying amount at 30 December 2007	203,735

5. SEGMENTAL INFORMATION

County Contact Centres PLC operates two business sectors, Ansaback and CallScripter. The Revenue and Profit after taxation of each business sector are summarised below:

Business segments	Ansaback £	CallScripter £	Group £
6 months to December 2007			
Revenue	1,578,389	226,734	1,805,123
Profit after taxation	187,023	(49,004)	138,019
12 months to June 2007			
Revenue	3,071,980	500,079	3,572,059
Profit after taxation	421,482	(6,564)	414,918
6 months to December 2006			
Revenue	1,479,437	247,215	1,726,652
Profit after taxation	229,986	3,254	233,240

6. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit after taxation added to reserves divided by the weighted average number of ordinary shares in issue during the relevant period. No diluted profit per share is shown because all options are non-dilutive.

	6 months ended 31 December 2007 (unaudited)	6 months ended 31 December 2006 (unaudited)	12 months ended 30 June 2007 (unaudited)
Profit after taxation added to reserves	**£138,019**	£233,240	£414,918
Weighted average number of ordinary shares in issue during the period	**29,790,743**	29,790,743	29,790,743
Basic and diluted earnings per share	**0.5p**	0.8p	1.4p

7. TAXATION

Due to the Group's profitable position, a deferred tax asset of £38,000 was recognised at December 2006, £76,000 at June 2007 and £76,000 at December 2007. This asset relates to losses brought forward which are expected to be recovered against future profits.

8. CAPITAL REORGANISATION

During the year to 30 June 2007 the Company decided to reorganise its capital and held an Extraordinary General Meeting to obtain shareholder approval. Following subsequent court proceedings, the capital reorganisation became effective on the 6 August 2007. The reorganisation cancelled the share premium account and transferred the balance to the Profit and loss account.

	Share Capital £	Share Premium £	Other Reserves £	Profit and Loss Account £	**Total Equity £**
Balance at 30 June 2007	297,908	6,045,563	18,396	(5,592,119)	**769,748**
Profit for the period	—	—	—	138,019	**138,019**
Capital reorganisation	—	(6,045,563)	—	6,045,563	**—**
Balance at 31 December 2007	297,908	—	18,396	591,463	**907,767**

9. AVAILABILITY OF INTERIM STATEMENT

Copies of this interim statement are being sent to the Company's shareholders and will also be available from the Company's head office at Melford Court, The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ. A copy is also available to download on the corporate page of the Group website at www.countycontactcentres.com.

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