

# Directors' Remuneration Report

## Remuneration Committee

The company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are JN Bridge and M Groak who are both non-executive directors and the committee is chaired by JN Bridge.

In determining the directors' remuneration for the year, the committee consulted the Chief Executive DS Kell and the Finance Director CD Brooks about its proposals.

## Remuneration Policy

The policy of the committee is to reward executive directors in order to recruit, motivate and retain high quality executives within a competitive market place.

There are four main elements of the remuneration packages for executive directors and senior management:

- Basic annual salary (including directors' fees) and benefits;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

## Basic salary

Basic salary is reviewed annually in March with increases taking effect from 1 April. In addition to basic salary, the executive directors also receive certain benefits in kind, principally private medical insurance.

## Annual bonus

The committee establishes the objectives which must be met for each financial year if a cash bonus is to be paid. The purpose of the bonus is to reward executive directors and other senior employees for achieving above average performance which also benefits shareholders. Incentive payments for the year ended 31 December 2007 varied between 40% and 110%.

## Share options

The executive directors have options granted to them under the terms of the Share Option Scheme. There are no performance conditions attached to the share options.

## Pension arrangements

Executive directors are members of a money purchase pension scheme to which the group contributes. Their dependants are eligible for dependants' pension and the payment of a lump sum in the event of death in service. No other payments to directors are pensionable.

## Directors' Contracts

It is the company's policy that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice. In the event of early termination, the directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

## Non-Executive Directors

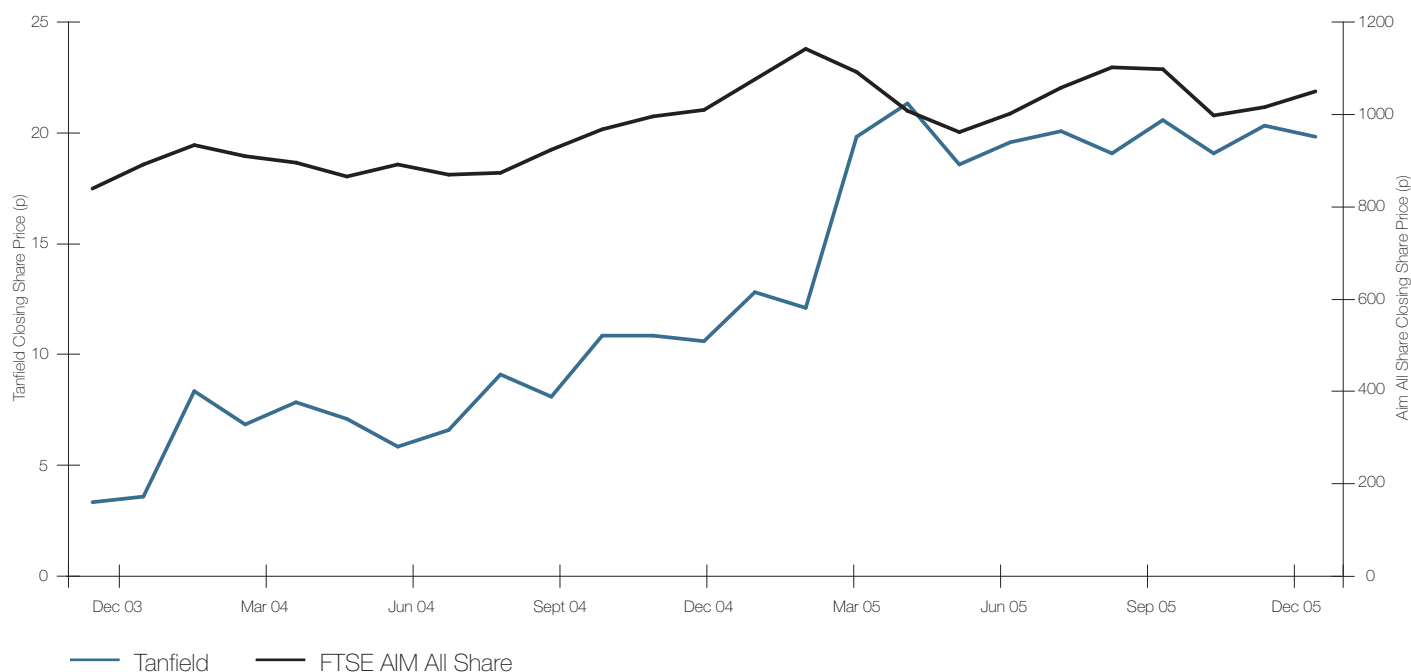
The fees of non-executive directors are determined by the board as a whole having regard to the commitment of time required and the level of fees in similar companies.

Non-executive directors are employed on renewable fixed term contracts not exceeding three years.

## Directors' Remuneration Report continued

### Performance Graph

The following graph shows the company's performance, measured by closing share price, compared with the performance of the FTSE AIM All Share Index which has been selected by the Board as being the most appropriate measure as no readily identifiable benchmark group of companies exists.



### Aggregate Directors' Remuneration

The total amounts for director's remuneration were as follows:

	2007 £000's	2006 £000's
Emoluments	<b>1,339</b>	685
Gain on exercise of share options	<b>10,015</b>	257
Money purchase pension contributions	<b>60</b>	34
<b>Total</b>	<b>11,414</b>	976

### Directors Emoluments

	Salary £000's	Benefits in kind £000's	Bonuses £000's	Total 2007 £000's	Total 2006 £000's	Pension Total 2007 £000's	Pension Total 2006 £000's
<b>Executive Directors</b>							
RRE Stanley	177	17	175	<b>369</b>	250	<b>19</b>	15
DS Kell	198	15	225	<b>438</b>	199	<b>16</b>	11
CD Brooks	135	15	120	<b>270</b>	91	<b>12</b>	—
BJ Campbell	135	15	50	<b>200</b>	62	<b>13</b>	3
<b>Non Executive Directors</b>							
JN Bridge	25	—	—	<b>25</b>	8	—	—
M Groak	25	—	—	<b>25</b>	11	—	—
C Billiet	12	—	—	<b>12</b>	—	—	—
	707	62	570	<b>1,339</b>	621	<b>60</b>	29

## Directors Share Options

	As at 31 December 2006	Granted/ Lapsed	Exercised	As at 31 December 2007	Exercise Price (pence)	Market Price at date of exercise (pence)	Date from which normally exercisable*	Expiry Date
DS Kell	3,500,000	—	(1,443,329)	<b>2,056,671</b>	20p	196.5p	01/03/2009	01/03/2016
	1,528,671	—	(1,528,671)	<b>—</b>	2p	196.5p	30/12/2003	04/12/2013
	—	4,300,000	—	<b>4,300,000</b>	20p		02/01/2010	02/01/2017
	5,028,671	4,300,000	(2,972,000)	<b>6,356,671</b>				
RRE Stanley	3,500,000	—	(3,500,000)	<b>—</b>	20p	196.5p	01/03/2009	01/03/2016
	—	4,000,000	—	<b>4,000,000</b>	20p		02/01/2010	02/01/2017
	3,500,000	4,000,000	(3,500,000)	<b>4,000,000</b>				
CD Brooks	1,250,000	—	—	<b>1,250,000</b>	23p		14/06/2009	14/06/2016
	—	1,000,000	—	<b>1,000,000</b>	20p		02/01/2010	02/01/2017
	1,250,000	1,000,000	—	<b>2,250,000</b>				
BJ Campbell	1,000,000	—	(300,000)	<b>700,000</b>	1p	196.5p	14/09/2008	14/09/2015
	250,000	—	—	<b>250,000</b>	20p		01/03/2009	01/03/2016
	—	1,600,000	—	<b>1,600,000</b>	20p		02/01/2010	02/01/2017
	1,250,000	1,600,000	(300,000)	<b>2,550,000</b>				
JN Bridge	150,000	—	—	<b>150,000</b>	20p		01/03/2009	01/03/2016
M Groak	150,000	—	—	<b>150,000</b>	20p		01/03/2009	01/03/2016
	11,328,671	10,900,000	(6,772,000)	<b>15,456,671</b>				

\*Certain share option agreements have a clause that allows the options to be exercised early if market capitalisation exceeds a certain level.

On 28 December 2007 the market price of the ordinary shares was 138p. The range during 2007 was 55p to 203.5p.

### Approval

This report was approved by the board of directors and authorised for issue on 21 April 2008 and signed on its behalf by:

### John Bridge

Chairman of Remuneration Committee

21 April 2008