

maxima

Maxima Holdings plc
Report and Financial Statements
31 May 2005

maxima

Holdings plc

(formerly Ventiva plc and formerly AngelpEARL Public Limited Company)

REPORT AND FINANCIAL STATEMENTS

Company Registration No. 5043538

31 May 2005

Report and Financial Statements for the period ended 31 May 2005

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Officers and Professional Advisers

DIRECTORS	M J Brooke (Non-executive Chairman) K F Harrison (Chief Executive) G Bicknell (Group Finance Director) J M Prescott (Non-executive Director)
SECRETARY	L Andrews
REGISTERED OFFICE	Cotswold Court Lansdown Road Cheltenham Gloucestershire GL50 2JA
REGISTERED NUMBER	5043538
BROKERS & NOMINATED ADVISORS	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL
BANKERS	Barclays Bank plc Eagle Point 1 Capability Green Luton LU1 3US
INDEPENDENT AUDITORS	Grant Thornton UK LLP Registered Auditors Chartered Accountants 95 Bothwell Street Glasgow G2 7JZ
SOLICITORS	BPE St James's House St James Square Cheltenham GL50 3PR
REGISTRARS	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Chairman's Statement

I am delighted to present my first report as Chairman of Maxima Holdings plc. This is for the period ended 31st May 2005, the Company having achieved a successful flotation on AIM, a market regulated by the London Stock Exchange ('AIM') on 24 November 2004.

STRATEGY

Maxima Holdings ('Maxima') was established to acquire companies or businesses in the highly fragmented computer software and services market with the objective of building a focused and significant IT services group. At the time of flotation sufficient funds were raised to make our first acquisition, Azur Holdings Limited ('Azur') for a combination of cash and shares in Maxima. Since that time we have been active in building up a pipeline of acquisition opportunities and although mindful of the need to deliver the strategy we set out at flotation, we are also clear on the need for realistic valuations commensurate with acceptable risks, this being very much in the interests of our shareholders. Nevertheless, we strongly believe that the acquisition opportunities we foresaw at the time of flotation still do exist and we are currently engaged in active discussions with several of them one of which we announced on 8 August 2005.

RESULTS

I am pleased to report that our first acquisition, Azur, has outperformed expectations set at the time of flotation. The pro forma results for the year to 31st May 2005 show that Azur delivered growth in its own right whilst generating a substantial operating cash flow. We ended the year after all flotation and acquisition costs with cash reserves of £2.9million.

STAFF

It is a credit to the management and all employees of Azur that the acquisition by Maxima did not in any way hamper the growth and performance of the business. There is clear strength in the Azur team which, supported by the Board, confirm our initial views of a capability to handle further acquisitions. I would like to take this opportunity to extend my thanks to the management team and staff for their commitment, expertise and focus during a critical year.

PROSPECTS

Market conditions for Azur continue to be tough, but I believe that the business will continue to deliver shareholder value by striking a careful balance between investment in winning new business and attentive servicing of existing customers. However, I expect the results in the coming year to be positively transformed by the acquisitions that Maxima anticipates completing, including the acquisition announced on 8 August 2005.

DIVIDEND

The directors recommend a final dividend of 1.5p per share, payable to shareholders on record as at 28 October 2005 on 7 November 2005. This is in line with the stated policy of a progressive dividend. (An interim dividend was not paid this year, as the Company only began trading shortly before the end of the first half of the year).



M J Brooke
Chairman
11 August 2005

Operating Review

These results only include the results of Azur, an IT services business providing installation and support of enterprise software systems to UK-based mid-sized organisations. Azur operates in a broad range of industries including food, electronics, automotive, medical and transportation. Azur has its own established enterprise application software products, as well as specialising in re-selling QAD and SAP supplied applications and complementary packages and services.

FINANCIAL RESULTS IN SUMMARY

Turnover for the period was £8.1m achieving profit for the financial period of £1.1m.

Referring to the pro forma twelve month results, stated as if Azur had been part of Maxima for the full year, revenue for the year to 31st May 2005 grew by 13.7% to £14.1m (2004: £12.4m). Operating profit before amortisation grew by 50% to £2.2m (2004: £1.5m). These results beat expectations set at the time of flotation and confirms the quality of the Azur business model and client base. Operating profit margin increased to 15.5% (2004: 11.8%) and was accompanied by a strong operational cash flow.

MARKET CONDITIONS

Independent analysts have reported improved growth in the Software and IT Services market and have slightly raised their forecasts (e.g. Ovum Holway reported overall market growth of 5.9% in 2004, compared with their prior forecast of 5.4%, and predict growth of 4 – 6% p.a. for the next 5 years).

The enterprise applications software market for mid-sized industrial organisations has been characterised over the last year by several continuing trends:

- Consolidation of software vendors: The three major players SAP, Oracle and Microsoft, each with very different offerings, are increasing their dominance. At the next level, vendors such as SSA, Infor and Lawson also continue to be highly acquisitive, although the market remains very fragmented.

- A desire from clients to extract more value from their existing systems e.g. by upgrading to newer versions of software, adding complementary “bolt-on” products or by additional training or business process changes to better exploit their systems.
- Client risk aversion, resulting in few opportunities for new system sales; generally these opportunities are fiercely contested with severe pressure on software license prices and requirements for the supplier to commit to fixed price implementations.
- Increasing client willingness to pass responsibility for ongoing application management to suppliers.
- Regulatory issues (financial, environmental, safety, medical, food, etc) becoming an increasing driver of system requirements for control and traceability. This has now filtered down to the mid-market.

In addition there is a consolidation of technologies underlying these applications, in particular, towards the Oracle database, the Windows operating system, the Microsoft “desktop” and .NET, and to IBM’s technology portfolio as well as Open Source (Linux).

OPERATIONAL REVIEW

It has been our view that given the market conditions described above, greater commercial gain is to be had from exploiting today’s technologies, rather than from making a major investment in research and new product development. Whilst we continue to keep our own products up to date, we rely on our partners such as QAD, SAP, Oracle and Microsoft to develop and prove new technologies and applications. Our investment is in gaining a detailed practical knowledge of these technologies and products, generally leading to formal certification of our staff. These skills, when combined with our detailed knowledge of the specific vertical markets in which we operate, enable us to build specific solutions based on the technologies and products which fit our clients’ requirements.

We have continued to attach paramount importance to providing exemplary levels of service to our existing

Operating Review (continued)

customers. As a result we have derived 90% of revenues from existing clients, 48% being recurring support revenues and 42% being additional software and services. We have found that clients are increasingly recognising our ability to deliver, support and enhance an entire technology stack (hardware, networking, system software, database and multiple applications packages). The remaining 10% of revenues come from new clients, principally with our SAP offerings. Revenues from managed services, such as database administration, disaster recovery, desktop management and network management have increased with both existing and new clients.

All three divisions of Azur, that is, Azur Business Solutions, Azur for SAP and Minerva Industrial Systems, achieved organic growth in the twelve month period to 31 May 2005 compared to the same period to 31 May 2004, and all three divisions gained new ERP business sales. This was particularly evident in the SAP division which obtained 9 major orders for SAP Business One, making a total of 16 installations. Utilisation rates for fee-earning staff (application consultants, technical specialists, development and support) remained high, averaging 76% for the year. We believe this to be a sustainable level and is achieved by a combination of good manpower planning and control processes and the fact that many of our staff are trained in several different disciplines and technologies.

STRATEGY

The primary objective of Maxima is to grow by acquisition. We have continued to build a pipeline of opportunities and are in active discussions with several potential targets. Our principal criterion is that target businesses should be capable of fitting the business model and processes that we have successfully developed in Azur. Subject to meeting this criterion, we are looking both at businesses that would be integrated with Azur and others that would operate alongside it, but sharing finance, administration and infrastructure. We are acutely aware of the need to strike a sensible compromise between valuation and risk. Nevertheless, we believe that the assumption on which Maxima's strategy is based, namely that there are considerable opportunities to

create shareholder value through consolidation opportunities in the IT services market remains valid.

CONCLUSIONS

Maxima has had a successful debut as a public company, with Azur, its trading business exceeding the expectations set at the IPO in November 2004. These results are indication of the quality of the entire team and their commitment to long-term customer relationships. I should like to thank them for all their support during this transformational year.



Kelvin F Harrison
Chief Executive
11 August 2005

Financial Review

These results refer to Maxima consisting of the Azur Holdings group, with two trading companies, and the holding company, Maxima Holdings plc.

OPERATING RESULTS

Revenue for the period from acquisition of Azur on 24th November 2004 to 31st May 2005 was £8.1m, compared to £6.7m in the same period the prior year. Operating profit before amortisation for this period was £1.4m compared to £1.1m the prior year. However, in order to provide a useful comparison we have also included pro forma results for the 12 months to 31st May 2005 and to 31st May 2004, both including Maxima Group costs as though the Group had existed for those periods.

PRO FORMA OPERATING RESULTS

Referring to the pro forma numbers shown below, revenue for the twelve months to 31st May 2005 was £14.1m, up 13.7% on the prior year revenue of £12.4m. Operating profit before amortisation of £2.2m for the twelve months to 31st May 2005 was £0.7m (50%) up on the prior year numbers reflecting the increase in sales volume as well as effective cost control. The costs of the holding company (on an annualised basis and excluding one-off acquisition related costs) amount to approximately £320,000.

The basis of preparation of the pro forma results represents the annual trading results for the subsidiaries including the annualised running costs of Maxima.

	Unaudited	
	Pro forma Year to 31 May 2005	Pro forma Year to 31 May 2004
	£000	£000
Revenue	14,118	12,415
Cost of sales	(3,929)	(3,772)
Gross profit	10,189	8,643
Operating expenses*	(7,999)	(7,183)
Adjusted operating profit*	2,190	1,460
Interest - net income	25	87

Profit before tax	2,215	1,547
Taxation**	(665)	(464)
Profit after tax	1,550	1,164
Basic EPS*	13.0p	9.1p
Diluted EPS*	12.0p	8.4p

* excluding goodwill amortisation

** notional tax charge at 30%

Basic and diluted EPS are based on 11,939,281 and 12,917,948 shares respectively.

Much of the top line growth came from the SAP business which was introduced during 2004 and had little impact on revenue in the year to 31st May 2004 but amounted to £1.3m in the year to 31st May 2005. The other two divisions also saw some growth with Azur Business Solutions growing from £6.2m revenue to £6.3m and Minerva growing from £6.0m to £6.3m. The conversion of profit to cash flow was high due to tight controls over capital expenditure and working capital, particularly trade debtors. As a result, the operating cash flow in the 12 months to 31st May 2005 was £2.9m, representing 131% of the operating profit.

The recurring revenue from support contracts represented 48% of the total revenue for the 12 months to 31st May 2005. In addition, business with existing customers represented 90% of total revenue.

ADMISSION TO AIM

The company raised £4.9m on its successful admission to AIM and had a market capitalisation on admission of approximately £13.1m. The funds raised together with bank debt enabled the company to purchase Azur for £14.25m. As important the Initial Public Offering gave Maxima access to the capital funds it will require to finance its stated acquisition strategy.

ACQUISITION ACCOUNTING

The acquisition of Azur Holdings was accounted for under acquisition accounting with goodwill of £15.1m arising. Pending adoption of IFRS, the Group is

Financial Review *(continued)*

amortising goodwill arising on the acquisition of Azur, as required by current accounting standards, over a period of 20 years. This results in a charge to the accounts of £377,020 in the period to 31 May 2005. Acquisition costs amounted to £159,000.

SHARE OPTIONS

The Company has a share option scheme in place, under which options may be issued over shares representing up to 10% of the current issued share capital. Options were granted on flotation, primarily to senior management, over shares representing some 9.6% of the issued share capital. The details of the scheme are included in note 18 to the Accounts.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Although not mandatory for AIM listed companies until they report results for financial years commencing on or after 1 January 2007, we are carrying out a review of the implications of reporting under International Financial Reporting Standards. Once the implications of IFRS adoption have been assessed in full, consideration will be given as to the most appropriate time to make the transition from UK GAAP.

PENSIONS

The Group operates defined contribution pension schemes for executive directors and employees and as a consequence this does not represent a funding liability for the Group.

TAXATION

Prior to the acquisition of Azur by Maxima, Azur employees were able to exercise share options resulting in a deduction for tax purposes. As a result there is no corporation tax liability applying to the Group profits for the period to 31st May 2005. In addition, the Group has trading tax losses accounting to £229,000 which have been carried forward and may be utilised in future years.

DIVIDEND

The Board is recommending a dividend of 1.5p per share for the period to 31st May 2005, in line with our stated policy of a progressive dividend. It is payable on November 7 2005 to all shareholders on the register at 28 October 2005.



Geoff Bicknell
Group Finance Director
11 August 2005

Corporate Governance

PRINCIPLES OF CORPORATE GOVERNANCE

The Board supports the principles of good corporate governance set out in the Combined Code.

Although companies that have securities traded on AIM are not required to comply with the provisions of the Combined Code, the Company is committed to applying them insofar as it is practicable and appropriate given its size.

COMPLIANCE

At this stage in the Group's development, your Board does not consider that the expense of full compliance with the Combined Code is appropriate. However, your Board considers that it has complied during the period from quotation of the Company on AIM in November 2004 with the main provisions of the Combined Code applicable to smaller companies, except that it has not undertaken a formal performance evaluation of its own performance or those of its committees and individual directors. Steps are being put in place to comply with this provision.

APPLICATION OF PRINCIPLES

DIRECTORS – THE BOARD

The Company supports the concept of an effective board leading and controlling the Group.

The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management performance.

The Board comprises two executive and two non-executive directors. The members of the Board and the roles of each director are given in the biographical details of the directors on page 16. The non-executive Chairman is Michael Brooke, the Chief Executive is Kelvin Harrison, and the Senior Independent Director is Jeremy Prescott. The Board considers that the non-executive directors are independent within the meaning of the Combined Code.

The policy of the Board is to meet at least 10 times per year to address a schedule of matters specifically reserved for its decision, including the overall strategy of the Group, acquisitions and disposals, significant contractual commitments and capital expenditure, and any major financial proposals. Management supply the board with appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the

Company Secretary and independent professionals at the Company's expense. Training is available for new directors and other directors as necessary. The Board formally evaluates its own performance, together with that of its committees and individual directors, on an annual basis. As stated under 'Compliance' above, no formal evaluation has yet taken place.

The Articles of Association require one third of the Board to retire by rotation, and for those directors appointed during the year to stand for re-election at the first AGM after their appointment.

BOARD COMMITTEES

The Board has formally established Nomination, Remuneration and Audit Committees. The full terms of reference of these committees are available on the Company's website, www.maximaholdings.com.

NOMINATION COMMITTEE

The Nomination Committee meets as required to select and recommend to the Board suitable candidates for both executive and non-executive directors when they are first appointed. The Committee is chaired by Michael Brooke.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Michael Brooke and comprises both non-executive directors. The committee meets when necessary during the year to review remuneration policy and to determine the remuneration packages of the executive directors and key senior management. It also reviews proposals for the granting of share options to employees of the Group. The remuneration of the non-executive directors is determined by the Board as a whole. The Directors' remuneration report is set out on pages 12 and 13.

ATTENDANCE AT MEETINGS (number of meetings held)

There were six board meetings held during the period from listing on AIM on 24 November 2004. All members of the board or relevant committee members attended all meetings held during the year.

	Board	Audit Committee	Remuneration Committee
No. of meetings from listing on AIM and commencement of trading	6	2	1

Corporate Governance (continued)

ACCOUNTABILITY AND AUDIT

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price-sensitive reports as well as in the information required to be presented by statutory requirements.

AUDIT COMMITTEE

The Audit Committee comprises the non-executive directors and is chaired by Jeremy Prescott. The Chief Executive, Finance Director and Company Secretary and a representative of the external auditors normally attend meetings, but the committee has the right to meet without such persons being present. The audit committee meets at least three times a year. Its terms of reference include monitoring the integrity of the financial statements focusing particularly on accounting policies and financial reporting compliance, reviewing the Group's internal financial controls, and reviewing the scope and effectiveness of the external audit. It meets with the auditors to review their plan for the audit and to discuss any matters arising therefrom and any reports they may produce. The auditors have direct access to the committee should they wish to raise any concerns. The audit committee reviews the independence and objectivity of the external auditors. The committee reviews the nature and amount of the non-audit work undertaken by the auditors (for which its prior approval is required) to satisfy itself that there is no effect on their independence. The committee is satisfied that Grant Thornton UK LLP are independent.

INTERNAL CONTROL

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets, and for reviewing its effectiveness. Such a system is designed to manage, but cannot eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The directors have identified the Group's major risks and a risk register has been compiled. The Board and senior management monitor any factors which they believe might prove a risk to the business, prospects or assets of the Group on an ongoing basis.

The key features of the Group's system of internal control are as follows:

The Board has put in place a clearly defined

organisational structure with appropriate delegation of authority to operational management.

A comprehensive annual planning and budgeting process requiring Board approval is carried out prior to the start of the financial year. Detailed financial forecasts are compiled, and actual results compared to management accounts and reviewed on a monthly basis.

Monthly operational review meetings for all Group businesses.

A system of detailed financial controls that includes approval limits for all sale contracts, ordering and expenditure.

The Group appoints experienced and professional staff of the necessary calibre to fulfil their allotted responsibilities.

The Board has reviewed the effectiveness of the Group's system of internal control for the financial period ended 31 May 2005 and for the period up to the date of approval of the financial statements.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will keep the decision under annual review.

GOING CONCERN

After making appropriate enquiries, the directors believe that the Group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

RELATIONS WITH SHAREHOLDERS

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance, board membership and management, and holds regular meetings and presentations to its institutional shareholders to discuss objectives.

The AGM is used to communicate with investors and they are encouraged to participate. The directors make themselves available to shareholders, both before and after the AGM, subject to normal disclosure rules.

All shareholders can gain access to the Company's presentations, as well as to the annual report and other information about the Company through the investor relations section of the Company's website www.maximaholdings.com.

Remuneration Report

As an AIM listed company, Maxima is not required to report on Directors' remuneration. However we have chosen to report on those aspects which we think will inform our shareholders.

This report will be put to an advisory vote of the Company's shareholders at the Annual General Meeting to be held on 20 October.

REMUNERATION COMMITTEE

The remuneration committee makes recommendations to the Board on remuneration packages for individual executive directors. It consists entirely of independent non-executive directors and is chaired by Michael Brooke. The other member of the committee during 2004/5 was Jeremy Prescott. Neither member of the Committee has any personal financial interests (other than as shareholder) or day-to-day involvement in running the business.

The committee consults with the Chief Executive as appropriate with regard to its proposals relating to remuneration of the executive directors. The committee has drawn up terms of reference which determine its duties and is authorised to take outside professional advice if it considers this necessary. No director is involved in the review of his/her own remuneration.

POLICY ON EXECUTIVE DIRECTORS' REMUNERATION

The policy of the Board is to ensure that the executive directors of the Company are fairly rewarded for their individual contribution to the overall performance of the Company.

COMPONENTS OF REMUNERATION

The remuneration package of executive directors comprises base annual salary, an annual bonus scheme, share options, pension arrangements and certain benefits in kind (principally life assurance, health cover and car benefits).

BASE ANNUAL SALARY

Base salaries of executive directors are reviewed annually and are set at levels which reflect the level of

responsibility of the executive directors concerned and ensure that they are competitive with pay for executive directors holding equivalent positions in comparable companies, as well as internal performance. Basic salaries were last reviewed in November 2004.

ANNUAL PERFORMANCE BONUS

Executive directors participate in a bonus scheme which is linked to the achievement of demanding business and corporate objectives, primarily profit and cash generation. Bonus targets for 2004/5 were based on profit before interest and tax. Bonus targets for 2005/6 are based on both profit before interest and tax and cash generation.

The maximum annual bonus that can be earned is 50% of annual salary, fully payable in cash. Annual bonus payments are not pensionable.

SHARE OPTIONS

The executive directors have been granted options under both an approved EMI scheme and as unapproved options. Options under these plans are only exercisable if the Company's EPS over a three year period equals or exceeds the cumulative increase in the RPI plus 3% per annum. Details of options granted to and held by directors are contained in note 18 of the financial statements.

PENSIONS

Contributions are made to the individual executive directors' personal pension schemes, which are defined contribution schemes, of up to 14% of basic salary only. No other element of remuneration is pensionable.

SERVICE CONTRACTS

The service contracts of the executive directors were entered into on 10 November 2004, are for no fixed term and are subject to twelve months notice by either party.

NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is decided by the Board. Non-executive directors receive a base fee only and are not eligible for incentive schemes or other benefits.

Remuneration Report *(continued)*

The Chairman and non executive directors' appointments are under letters dated 10 November 2004 and are for a fixed term of twelve months, following

which they will be open for renewal by mutual agreement.

DETAILS OF DIRECTORS REMUNERATION

	Salary and fees £000	Pension £000	Bonus £000	Benefits in kind £000	Total £000
Executive Directors					
Kelvin Harrison	76	10	19	4	109
Geoff Bicknell	62	6	15	4	87
Mark Pearman	-	-	-	-	-
Non-executive Directors					
Michael Brooke	13	-	-	-	13
Colin Black	6	-	-	-	6
Jeremy Prescott	8	-	-	-	8
	165	16	34	8	223

By order of the board



M J Brooke
Chairman
11 August 2005

Directors' Report

The directors present their report together with the audited financial statements for the period from incorporation on 13 February 2004 to 31 May 2005.

ACTIVITIES

Maxima Holdings plc is the parent company of a group of companies engaged in the provision of specialist computing systems and associated services. The Company was incorporated on 13 February 2004 as Angelp pearl Public Limited Company. On 24 November 2004 the Company was admitted to AIM raising share proceeds of £4.9m before expenses of £0.5m. On the same date the Company acquired the entire issued share capital of Azur Holdings Limited, a company incorporated in the United Kingdom, registration number 2974039. A full review of the business progress during the period is set out in the Operating and Financial reviews on pages 6 to 9.

CHANGE OF NAME

The Company changed its name from Angelp pearl Public Limited Company to Ventiva plc on 14 April 2004 and to Maxima Holdings plc on 18 October 2004.

RESULTS AND DIVIDENDS

The results of the Group for the period are set out in detail in the consolidated profit and loss account and balance sheets on pages 18 to 21. The results reflect the period from date of acquisition of Azur Holdings to 31 May 2005 as Maxima did not trade prior to the acquisition. The acquisition has been accounted for under acquisition accounting.

The directors have proposed an ordinary dividend of 1.5p per share for the period ended 31 May 2005.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and subsequently are set out below:

M J Brooke (appointed 15 April 2004)
K F Harrison (appointed 24 November 2004)
G Bicknell (appointed 18 March 2004)
J M Prescott (appointed 15 April 2004)

S C Black (appointed 24 November 2004; resigned 30 March 2005)

M Pearman (appointed 18 March 2004; resigned 9 November 2004)

Instant Companies Limited (appointed 13 February 2004; resigned 18 March 2004)

Swift Incorporations Limited (appointed 13 February 2004; resigned 18 March 2004)

In accordance with the Articles of Association members will be asked to re-elect Mr K F Harrison. Mr J M Prescott retires by rotation and being eligible offers himself for re-election.

The interests of the directors in office at the end of the period in the shares of the Company were as follows:

	Ordinary Shares of 1p		Share Options	
	31 May 2005	13 February 2004	31 May 2005	13 February 2004
M J Brooke	22,703	-	-	-
K F Harrison	3,585,429	-	415,000	-
G Bicknell	117,636	2,500,000	415,000	-
J M Prescott	10,000	-	-	-
M Pearman	-	2,500,000	-	-

On 9 November 2004, it was approved at an extraordinary general meeting that conditional upon Admission to AIM the 5,000,000 ordinary shares of 1p each in the capital of the Company be re-designated as 5,000,000 redeemable deferred shares. These shares were subsequently redeemed at par.

There was no change in these holdings in the period between 31 May 2005 and 11 August 2005. No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Company's business.

180,000 share options have been issued to directors under an approved EMI scheme and 650,000 under an unapproved option scheme. The options all have an exercise price of 110p (see note 18).

Directors' Report (continued)

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHARITABLE DONATIONS

Donations to charitable organisations amounted to £1,600.

SUBSTANTIAL SHAREHOLDERS

At 31 May 2005 the following had notified the Company of a disclosable interest in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	%
Mr K F Harrison	3,585,429	30.0%
Liontrust Asset Management Limited	1,165,772	9.8%
Mr J M Caines	933,752	7.8%
NSA Investments Limited	794,002	6.7%
Unicorn Asset Management	636,200	5.3%

Mrs L M Andrews	597,569	5.0%
Herald Investment Management Limited	545,000	4.6%

PAYMENT POLICY AND PRACTICE

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction. Trade creditors at the period end correspond to 117 days of average supplies for the period, impacted by a significant payment due on 1 June 2005 to a key supplier.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The Group acquired 100% of the issued share capital of Ringwood Group plc for a consideration of £2,860,000 in cash and shares on 11 August 2005.

AUDITORS

Grant Thornton UK LLP were appointed auditors on 23 December 2004 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 20 October 2005.

Approved by the Board of Directors
and signed on behalf of the Board



Linda Andrews
Company Secretary
11 August 2005

Board of Directors

Michael Brooke, 62, *Non-Executive Chairman*

Michael Brooke has worked in the computer industry for almost 40 years, predominantly specialising in founding, developing, floating and/or selling companies within the computer software, hardware and services sector. In 1967, he founded Datasolve, which was acquired by BOC in 1973, and in 1976 he founded Micro Business Systems Plc, which became the largest PC reseller in the UK before floating on the Official List in 1983. In 1986, he co-founded Telephone Information Services Plc, sold to management in 1991, and in 1994 he co-founded CMS Ltd which was sold to Millward Brown Limited in 1998. In 1991, he co-founded Comino Plc, which floated on AIM in 1997 and moved to the Official List in 1999.

Michael is currently non-executive chairman of Prelude Investment Trust plc and Quester VCT3 plc. He is a member of the Advisory Board for Corporate Finance for PriceWaterhouseCoopers LLP.

Kelvin Harrison C Eng, 50, *Chief Executive*

Kelvin Harrison joined Weir Systems as Chief Executive in 1999 in order to turn that company around following several years of heavy losses. Having successfully achieved this he merged the business with Maxima Information Group to create Azur in June 2001. He has a proven track record of achieving profits growth in both high growth and consolidating environments. His merger and acquisition experience includes origination, execution and integration. Prior to taking up general management positions, he worked in sales, project management and quality assurance and retains a strong focus on optimizing business processes.

Kelvin was with Vega Group plc (software for aerospace and defence applications) from 1985 to 1996 latterly as chief executive, and was chief executive of Symbionics Group Limited (system and software design for wireless communication devices) from 1997 to 1998. He is a Chartered Engineer and has a first class honours degree in Electrical Engineering & Computing Science. He is also a non-executive director of UBC Media Group plc. He was a non-executive director of Axon Group plc from 1999 until May 2004.

Geoffrey Bicknell FCA, 63, *Group Finance Director*

Geoffrey Bicknell is a practised executive with a record of accomplishment in turnaround management. From 2000 to 2003, he served as group finance director at Northgate Information Solutions Plc ("Northgate"), helping to transform the group from loss making into a profitable, cash positive application software and services business. During his time at Northgate, Geoffrey oversaw the integration of a number of acquisitions and the disposal of a major non-core division, helped to raise significant bank financing, created and trained a strong financial management team and installed effective financial controls.

Before joining Northgate, Geoffrey spent seven years at TI Group Plc, holding a number of senior executive positions including deputy group finance director and president of the US based Polymer Division. He spent 14 years at Rockwell International Corporation serving as finance director, business development director and chief executive and was involved in the restructure and growth of businesses in both Europe and North America.

A chartered accountant, Geoffrey has over 30 years' of experience within the commercial and strategic arena, helping to enhance shareholder value either through acquisitive or organic means.

Jeremy Prescott FCA, 56, *Non-Executive Director*

Jeremy Prescott worked in the Corporate Finance & Advisory Division of HSBC Investment Bank plc (formerly Samuel Montagu & Co. Limited) from 1982 to 2002. Appointed as a managing director in 1997, Jeremy's focus was on medium and smaller-sized companies with an emphasis on flotations, mergers, acquisitions and disposals.

Jeremy qualified as a chartered accountant with Peat Marwick Mitchell & Co. (now part of KPMG LLP) and is an adviser to IMAS Corporate Advisors Limited, a City-based specialist mergers and acquisitions adviser.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MAXIMA HOLDINGS PLC

We have audited the financial statements of Maxima Holdings plc for the period ended 31 May 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the reconciliation of movements in consolidated shareholders funds and notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the group is not disclosed.

We read other information contained in the annual report, including the corporate governance statement and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement, the operating review, the financial review, the corporate governance statement and remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not

required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 financial statements give a true and fair view of the state of affairs of the company and the group at 31 May 2005 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Glasgow

11 August 2005

Website disclaimer

The maintenance and integrity of the Maxima Holdings plc website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Consolidated Profit and Loss Account period ended 31 May 2005

	<i>Note</i>	£	For six month period ended 31 May 2005 £
TURNOVER			
Acquisitions	2		8,076,167
Cost of sales			(2,391,175)
GROSS PROFIT			<u>5,684,992</u>
Administrative expenses			
- goodwill amortisation		(377,020)	
- other		<u>(4,317,685)</u>	
Other operating income			(4,694,705) <u>57,730</u>
OPERATING PROFIT	3		
Acquisitions			1,048,017
Net interest	4		<u>(10,001)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,038,016
Tax on profit on ordinary activities	6		<u>27,609</u>
PROFIT FOR THE FINANCIAL PERIOD			1,065,625
Proposed dividend	7		<u>(179,089)</u>
PROFIT TRANSFERRED TO RESERVES	19		<u><u>886,536</u></u>
Earnings per share	9		
Basic			8.9p
Diluted			8.3p
Adjusted earnings per share			
Basic			12.1p
Diluted			11.2p

There are no recognised gains or losses other than the profit for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

Reconciliation of movements in Consolidated Shareholders' Funds period ended 31 May 2005

	For six month period ended 31 May 2005 £
Retained profit for the financial year	886,536
Issue of shares	12,679,138
Redemption of shares	(50,000)
	<hr/>
Net increase in shareholders' funds	13,515,674
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>13,515,674</u>

Consolidated Balance Sheet 31 May 2005

	<i>Note</i>	2005 £
FIXED ASSETS		
Intangible assets	<i>10</i>	14,703,788
Tangible assets	<i>11</i>	319,467
		<u>15,023,255</u>
CURRENT ASSETS		
Stocks and Work in Progress	<i>14</i>	13,824
Debtors	<i>15</i>	4,072,453
Cash at bank and in hand		2,924,607
		<u>7,010,884</u>
CREDITORS: amounts falling due within one year	<i>16</i>	<u>(3,618,550)</u>
NET CURRENT ASSETS		3,392,334
TOTAL ASSETS LESS CURRENT LIABILITIES		18,415,589
DEFERRED INCOME: amounts falling due within one year		<u>(4,899,915)</u>
TOTAL NET ASSETS		<u><u>13,515,674</u></u>
CAPITAL AND RESERVES		
Called up share capital	<i>18</i>	119,393
Share premium account	<i>19</i>	12,509,745
Capital redemption reserve	<i>19</i>	50,000
Profit and loss account	<i>19</i>	836,536
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u><u>13,515,674</u></u>

These financial statements were approved by the Board of Directors on 11 August 2005
Signed on behalf of the Board of Directors



G Bicknell
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Parent Company Balance Sheet 31 May 2005

	<i>Note</i>	31 May 2005 £
FIXED ASSETS		
Investments	<i>12</i>	14,408,820
CURRENT ASSETS		
Debtors	<i>15</i>	531,533
Cash at bank and in hand		60,932
		<hr/>
		592,465
CREDITORS: amounts falling due within one year	<i>16</i>	(2,287,546)
		<hr/>
NET CURRENT LIABILITIES		(1,695,081)
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,713,739
		<hr/>
TOTAL NET ASSETS		12,713,739
		<hr/> <hr/>
CAPITAL AND RESERVES		
Called up share capital	<i>18</i>	119,393
Share premium account	<i>19</i>	12,509,745
Capital redemption reserve	<i>19</i>	50,000
Profit and loss account	<i>19</i>	34,601
		<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS		12,713,739
		<hr/> <hr/>

These financial statements were approved by the Board of Directors on 11 August 2005.

Signed on behalf of the Board of Directors



G Bicknell
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement 31 May 2005

	<i>Notes</i>	For six month period ended 31 May 2005 £
Net cash inflow from operating activities	<i>20</i>	3,279,289
Returns on investments and servicing of finance		
Interest received		28,434
Interest paid		(38,435)
Net cash outflow from returns on investments and servicing of finance		(10,001)
Taxation		
Corporation tax paid		(565,453)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets		(15,890)
Receipts from sales of tangible fixed assets		7,400
Net cash outflow from capital expenditure and financial investment		(8,490)
Acquisitions and disposals		
Purchase of subsidiary (net of cash and overdraft)	<i>13</i>	(5,993,708)
Net cash from purchase of subsidiary undertaking	<i>13</i>	2,008,944
Expenses paid in connection with acquisition		(158,820)
Net cash outflow from acquisitions and disposals		(4,143,584)
Net cash outflow before financing		(1,448,239)
Financing		
Issue of shares		4,889,811
Expenses paid in connection with share issues		(504,465)
Receipt from borrowings		2,000,000
Repayment of borrowings		(2,000,000)
Redemption of deferred shares		(12,500)
Net cash inflow from financing		4,372,846
Increase in cash in the period	<i>21</i>	2,924,607

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Accounts period ended 31 May 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. Accordingly, the Group profit and loss account and statement of cash flows include the result and statement of cash flows of Azur Holdings Limited for the six month period from its acquisition on 24 November 2004. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition. The results of subsidiaries acquired during the period are included for the period during which the Group held an interest. No profit and loss account is presented for Maxima Holdings plc as provided by s230 of the Companies Act 1985.

Acquisitions, disposals and goodwill

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the Group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill. This is capitalised and amortised on a straight line basis over the estimated useful economic life.

The directors have concluded that they should evaluate the life of goodwill on a case by case basis, amortising goodwill in instances where a fixed life is appropriate. Goodwill which is not amortised is reviewed each year for impairment and written down as appropriate. The acquisition of Azur Holdings, the Company's only acquisition to date, has been determined to have a life of 20 years.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Turnover and revenue recognition

Turnover represents the value of work performed in the UK and overseas during the period plus the invoiced value of sales in respect of maintenance and support contracts for the respective period, excluding VAT and trade discounts.

Where the value of a customer contract contains multiple elements these are recognised on delivery and invoicing of each element. Where the contract does not split the value into different elements the revenue is recognised based on percentage completion.

Cost of sales

Cost of sales represents the cost of hardware, software and maintenance in respect of sales recognised in the year with an adjustment for deferred income in respect of services invoiced in advance of performance. All staff costs are treated as an overhead with no allocation to cost of sales.

Notes to the Accounts period ended 31 May 2005

1. ACCOUNTING POLICIES *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation or any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated economic useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	over the period of the lease
Equipment, fixtures and fittings	20 - 25% per annum
Computers and purchased development software	33 - 50% per annum
Motor vehicles	25% per annum

Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

Stocks

Stocks comprising stock for resale and short term work-in-progress, are stated at the lower of cost and net realisable value. Cost comprises direct material and third party labour plus attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to disposal.

Deferred income

Deferred income arises where services are invoiced in advance of performance. The amount is released to the profit and loss account in subsequent periods in accordance with appropriate contract or maintenance time frames.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Foreign exchange

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

Notes to the Accounts period ended 31 May 2005

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The Company operates defined contribution pension schemes covering the directors and some of the employees. The pension cost represents the contributions payable to the pension schemes in respect of the accounting period.

Financial period

The Company was incorporated on 13 February 2004 and commenced trading on 24 November 2004 when it acquired Azur Holdings Limited hence the financial report reflects the trading results for the period from 24 November to 31 May 2005. As it is the Company's first financial period there are no comparative figures.

Financial instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

2. SEGMENTAL ANALYSIS

An analysis of turnover by geographical market is given below:

	For six month period ended 31 May 2005
	£
UK	7,744,253
Rest of Europe	228,173
USA	99,513
Other	4,228
	<hr/>
	8,076,167
	<hr/> <hr/>

The analysis of profit before tax and net assets by geographical segment has not been disclosed as the group's operations are carried out wholly from the UK.

Notes to the Accounts period ended 31 May 2005

3. OPERATING PROFIT

	For six month period ended 31 May 2005
Operating profit before taxation is stated after charging/(crediting):	£
Depreciation	
Tangible fixed assets owned	52,099
Tangible fixed assets held under lease	11,483
Amortisation of goodwill	377,020
Auditors' remuneration	
Audit fees	
- company	14,500
- subsidiaries	8,000
Other services	
- taxation - compliance	5,655
- taxation - advisory	9,905
- interim review	7,000
- other	15,095
Exchange losses	1,885
Rentals under operating leases	
Land and buildings	235,274
Other	43,071
(Profit) on disposals of fixed assets	(4,889)
Other operating income:	<u>(57,730)</u>
Rent receivable in respect of operating leases	<u>(57,730)</u>

4. NET INTEREST

	For six month period ended 31 May 2005
	£
Investment income:	
Bank interest receivable	28,434
Interest payable and similar charges:	
On bank overdrafts and other financing	(38,435)
	<u>(10,001)</u>

Notes to the Accounts period ended 31 May 2005

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	For six month period ended 31 May 2005
Remuneration in respect of directors was as follows:	£
Emoluments	208,256
Contributions to defined contribution pension scheme	16,515
	<hr/> 224,771 <hr/> <hr/>
	For six month period ended 31 May 2005
Highest paid director's emoluments	£
Emoluments	99,415
Contributions to defined contribution pension scheme	10,515
	<hr/> 109,930 <hr/> <hr/>

During the period two directors participated in a defined contribution pension scheme. Two directors were granted share options but no director exercised share options during the period.

	For six month period ended 31 May 2005
Employees	No.
Average number of persons employed by the group in the period (including directors):	
Operations	77
Marketing	14
Administration	15
	<hr/> 106 <hr/> <hr/>
	For six month period ended 31 May 2005
Staff costs incurred during the period in respect of these employees were:	£
Wages and salaries	1,781,832
Social security costs	194,989
Pension costs	73,772
	<hr/> 2,050,593 <hr/> <hr/>

Notes to the Accounts period ended 31 May 2005

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	For six month period ended 31 May 2005 £
The tax credit represents	£
United Kingdom Corporation tax at 30%	(10,779)
Adjustments in respect of prior years in relation to subsidiary undertakings	(16,830)
	<hr/>
Total current tax	(27,609)
	<hr/> <hr/>
Profit on ordinary activities before tax	1,038,016
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	311,405
Effect of:	
Expenses not deductible for tax purposes	12,899
Capital allowances for the period in excess of depreciation	(6,416)
Utilisation of tax losses	(4,275)
Other short term timing differences	(3,849)
Statutory deductions on exercise of share options	(418,293)
Deferred tax movement not recognised	(40,738)
Tax effect of consolidation adjustments	139,616
Tax losses carried back – rate differences	(1,128)
Prior year adjustments in relation to subsidiary undertakings	(16,830)
	<hr/>
Current charge for period	(27,609)
	<hr/> <hr/>

7. DIVIDENDS

	For six month period ended 31 May 2005 £
Proposed dividend of 1.5p per ordinary share	179,089
	<hr/> <hr/>

8. PROFIT OF THE PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after dividends for the financial period amounted to £34,601.

Notes to the Accounts period ended 31 May 2005

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders. As this is the first year of listing, the weighted average number of shares has been calculated from the date of admission to AIM.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Profit attributable to Shareholders £	Weighted average number of shares	Per share amount pence
Earnings per share			
Basic earnings per share	1,065,625	11,939,281	8.9p
Options	-	978,667	-
	<hr/>	<hr/>	<hr/>
Diluted earnings per share	1,065,625	12,917,948	8.3p
	<hr/>	<hr/>	<hr/>
Adjusted earnings per share			
Basic earnings per share	1,442,645	11,939,281	12.1p
Diluted earnings per share	1,442,645	12,917,948	11.2p
	<hr/>	<hr/>	<hr/>

The adjusted earnings per share are based on the profit after tax and before goodwill amortisation of £377,020.

10. INTANGIBLE ASSETS

The group	Goodwill on Consolidation £
Cost	
Additions	15,080,808
Amortisation charge in period	(377,020)
	<hr/>
Net book value at 31 May 2005	14,703,788
	<hr/> <hr/>

Goodwill arose during the year as a result of the purchase of Azur Holdings Limited as disclosed in note 13. The charge in the period represents a 6 month charge of a 20 year amortisation period.

Notes to the Accounts period ended 31 May 2005

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Equipment, fixtures and fittings £	Computers and purchased development software £	Motor vehicles £	Total £
The group					
Cost					
Additions	-	-	15,890	-	15,890
Acquisition of subsidiary undertakings	302,441	306,231	576,853	105,863	1,291,388
Disposals	-	-	-	(20,087)	(20,087)
At 31 May 2005	302,441	306,231	592,743	85,776	1,287,191
Accumulated depreciation					
Provision	11,483	1,994	37,710	12,395	63,582
Acquisition of subsidiary undertakings	83,270	292,036	508,289	38,123	921,718
Disposals	-	-	-	(17,576)	(17,576)
At 31 May 2005	94,753	294,030	545,999	32,942	967,724
Net book value					
At 31 May 2005	207,688	12,201	46,744	52,834	319,467

Notes to the Accounts period ended 31 May 2005

12. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £
The company	
Cost	
Acquisitions during period	14,408,820
Cost and net book value at 31 May 2005	14,408,820

Subsidiary undertakings	Country of Incorporation/registration and operation	Class of share capital held	Proportion of class of shares held	
			By company %	By group %
Azur Holdings Limited	England and Wales	Ordinary	100	
Minerva Industrial Systems plc	England and Wales	Ordinary		100
Azur Group Limited	England and Wales	Ordinary		100
M2 Systems Limited	England and Wales	Ordinary		100
Azur Business Solutions Limited	Scotland	Ordinary		100
Ventiva Limited	England and Wales	Ordinary	100	

The interests in Azur Holdings Limited and Ventiva Limited are direct holdings by the company.

Azur Holdings Limited is an intermediary holding company. Minerva Industrial Systems plc and Azur Group Limited are engaged in the provision of specialist computing systems and associated services. Ventiva Limited, M2 Systems Limited and Azur Business Solutions Limited are dormant.

Notes to the Accounts period ended 31 May 2005

13. ACQUISITIONS

On 24 November 2004 the Company acquired the entire share capital of Azur Holdings Limited for a consideration of £14,250,000, satisfied by the issue of 7,505,720 new ordinary shares with a value of £8,256,292 at the issue price of 110p per share and £5,993,708 in cash. Goodwill arising on the acquisition of Azur Holdings Limited has been capitalised. The purchase of Azur Holdings Limited has been accounted for by the acquisition method of accounting.

The summarised profit and loss account of Azur Holdings Limited for the period prior to acquisition and the previous accounting period are set out below:

	Azur Holdings Limited	
	Six month period to	Year end
	24 November 2004	31 May 2004
	£	£
Turnover	6,041,917	12,414,836
Operating profit	779,567	1,779,628
Profit before tax	813,920	1,866,752
Tax	10,489	(462,411)
Profit after tax	824,409	1,404,341

Notes to the Accounts period ended 31 May 2005

13. ACQUISITIONS *(continued)*

The assets and liabilities acquired were as follows:

	Book and Fair Value £
Fixed assets	
Tangible	369,674
Current assets	
Stocks and work in progress	84,793
Debtors	4,408,108
Bank and cash	2,008,944
Total assets	<u>6,871,519</u>
Creditors	
Trade creditors	(381,392)
Other creditors	(976,773)
Accruals	(1,828,005)
Deferred income	(4,357,337)
Total liabilities	<u>7,543,507</u>
Net deficit	<u>(671,988)</u>
Goodwill	15,080,808
	<u>14,408,820</u>
Satisfied by:	
Issue of shares	(8,256,292)
Cash	(5,993,708)
Professional fees	(158,820)
	<u>(14,408,820)</u>

The Directors have reviewed the carrying value of the assets acquired and have determined that no fair value adjustments are required.

Notes to the Accounts period ended 31 May 2005

13. ACQUISITIONS *(continued)*

The subsidiary undertaking acquired during the period made the following contribution to, and utilisation of, Group cash flows.

	2005 £
Net cash inflow from continuing operating activities	3,145,088
Returns on investment and servicing of finance	26,876
Taxation	(565,453)
Capital expenditure and financial investment	(8,490)
Financing	(1,743,290)
	<hr/>
Increase in cash	854,731
	<hr/> <hr/>

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertaking:

	2005 £
Cash at bank and in hand acquired	2,008,944
Cash consideration	(5,993,708)
	<hr/>
	(3,984,764)
	<hr/> <hr/>

An amount of £1,103,745 of the cash consideration is held in escrow payable to Azur Holdings shareholders subject to any warranty claims by the Group before finalisation of the 31 May 2006 financial statements.

14. STOCK

	The Group 2005 £	The Company 2005 £
Work in progress	13,824	-
	<hr/>	<hr/>

15. DEBTORS

	The Group 2005 £	The Company 2005 £
Trade debtors	2,436,835	-
Amounts owed by subsidiaries	-	474,174
Other debtors	8,821	6,141
Corporation tax recoverable	21,283	-
Prepayments and accrued income	1,605,514	51,218
	<hr/>	<hr/>
	4,072,453	531,533
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts period ended 31 May 2005

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 2005 £	The Company 2005 £
Trade creditors	1,198,856	-
Amounts owed to subsidiaries	-	2,077,704
Other taxation and social security	575,378	-
Other creditors	75,612	-
Dividends payable	179,089	179,089
Accruals	1,589,615	30,753
	<u>3,618,550</u>	<u>2,287,546</u>

17. FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising borrowings/cash and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into forward foreign currency agreements. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risk arising from the Group financial instruments is foreign currency risk. The directors review and agree policies for managing these risks. All transactions in forward foreign currency transactions are undertaken to manage the risks arising from the underlying business activities and no transactions of a speculative nature are undertaken. It is, and has been throughout the period under review, the Group policy that no trading in financial instruments shall be undertaken.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The undrawn facility at 31 May 2005 amounted to £2,850,000. These facilities are subject to review by the provider of the facility on 30 November 2006.

Currency risk

The Group is exposed to transaction foreign exchange risk. Transaction exposures are hedged when material and when known, mainly using the forward hedge market.

At the year end the Group had one forward contract, expiring on 1 June 2005, to purchase US Dollars \$876,000 to hedge against movements in the US dollar required for transactions with suppliers in the normal course of business.

Notes to the Accounts period ended 31 May 2005

17. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair value

The net fair values and carrying amounts approximate their carrying value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes.

18. CALLED UP SHARE CAPITAL

	No. of shares	31 May 2005 £
Authorised		
Ordinary shares of 1p each	95,000,000	950,000
Redeemable deferred shares of 1p each	5,000,000	50,000
	<u>100,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid		
Ordinary shares of 1p each	<u>11,939,281</u>	<u>119,393</u>

Changes in authorised share capital

On incorporation the authorised share capital was 5,000,000 ordinary shares and on 9 November 2004 this was increased by 95,000,000 ordinary shares.

Rights attached to shares

Ordinary Shares

The ordinary shares are equity shares. Holders of ordinary shares have one vote for each share held.

Redeemable Deferred Shares

On 24 November 2004 the existing 5,000,000 authorised and issued ordinary shares of 1p each were re-designated as redeemable deferred shares. The redeemable deferred shares are equity shares which carry no entitlement to dividend and do not confer the right to vote. 5,000,000 deferred shares were redeemed in the period at a cost of £50,000 representing the amount subscribed for them.

Allotments during the period

The company made an allotment of 11,939,281 new ordinary shares of 1p each at 110p per share by way of a placing, employee offer and in exchange for the shares of Azur Holdings Limited on 24 November 2004. The difference of £13,013,816 between the total consideration of £13,133,209 and the total nominal value of £119,393 has been credited to the share premium account. The costs of the issue of £504,465 have been charged against the share premium account.

Notes to the Accounts period ended 31 May 2005

18. CALLED UP SHARE CAPITAL *(continued)*

Date shares allocated	No. of shares	Value £
On incorporation 13 February 2004	5,000,000	50,000
On listing 24 November 2004	4,433,919	44,339
On acquisition 24 November 2004	7,505,362	75,054
Shares redeemed 24 November 2004	(5,000,000)	(50,000)
At 31 May 2005	<u>11,939,281</u>	<u>119,393</u>

Contingent rights to the allotment of shares

The Company has granted options to directors and employees in respect of 978,667 new ordinary shares of 1p at 110p per share exercisable after 24 November 2007. At the end of the year the number of options remaining unexercised was 978,667.

	No. Shares	Exercise price per share	Date from which exercisable	Expiry Date
EMI Scheme	328,667	110p	24 November 2007	24 November 2014
Unapproved scheme	650,000	110p	24 November 2007	24 November 2014

19. STATEMENTS OF MOVEMENTS ON RESERVES

	Share premium account £	Capital redemption reserve £	Profit and and loss account £	2005 Total £
THE GROUP				
Balance at beginning of period	-	-	-	-
Profit for the period	-	-	886,536	886,536
Issue of shares (net of expenses)	12,509,745	-	-	12,509,745
Redemption of shares	-	50,000	(50,000)	-
Balance at end of period	<u>12,509,745</u>	<u>50,000</u>	<u>836,536</u>	<u>13,396,281</u>

	Share premium account £	Capital redemption reserve £	Profit and and loss account £	2005 Total £
THE COMPANY				
Balance at beginning of period	-	-	-	-
Profit for the period	-	-	84,601	84,601
Issue of shares (net of expenses)	12,509,745	-	-	12,509,745
Redemption of shares	-	50,000	(50,000)	-
Balance at end of period	<u>12,509,745</u>	<u>50,000</u>	<u>34,601</u>	<u>12,594,346</u>

Notes to the Accounts period ended 31 May 2005

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £
Operating profit	1,048,017
Depreciation	63,582
Amortisation	377,020
Decrease in stocks	70,969
Decrease in debtors	435,984
Increase in creditors	741,139
Increase in deferred income	542,578
	<hr/>
Net cash inflow from continuing operating activities	3,279,289
	<hr/> <hr/>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £
Increase in cash in the period	2,924,607
Cash inflow from bank debt	2,000,000
Cash outflow from repayment of debt	(2,000,000)
	<hr/>
Change in net funds resulting from cash flows	2,924,607
Net funds at 13 February 2004	-
	<hr/>
Net funds at 31 May 2005	2,924,607
	<hr/> <hr/>

22. ANALYSIS OF CHANGE IN NET FUNDS

	At 13 February 2004 £	Cash flow £	At 31 May 2005 £
Cash at bank and in hand	-	2,924,607	2,924,607
Bank loan	-	2,000,000	2,000,000
Repayment of bank loan	-	(2,000,000)	(2,000,000)
	<hr/>	<hr/>	<hr/>
	-	2,924,607	2,924,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts period ended 31 May 2005

23. MAJOR NON-CASH TRANSACTIONS

Part of the consideration for the purchase of interests in subsidiary undertakings comprised shares. Further details of this acquisition is given in Note 13.

24. OPERATING LEASE COMMITMENTS

Operating lease payments amounting to £518,729 are due within one year. The leases to which these amounts relate expire as follows:

	2005	
	Land and Buildings	Other
	£	£
In one year or less	-	21,632
Between one and five years	-	26,858
In five years or more	470,239	-
	<u>470,239</u>	<u>48,490</u>

25. PENSION SCHEME

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and other private schemes and amounted to £73,772 for the period.

An amount of £12,174 is included in creditors being outstanding contributions at the balance sheet date.

26. RELATED PARTY TRANSACTIONS

During the period M Pearman and G Bicknell each owed £18,750 in connection with uncalled share capital. This was cleared on the subsequent redemption of the share capital.

27. COMMITMENTS

There are no other commitments at the balance sheet date other than as disclosed in the financial statements.

28. CONTINGENT LIABILITIES

The bank borrowings are covered by cross-guarantees relating to other companies in the group. The potential liability at the year end was £nil.

29. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The Group acquired 100% of the issued share capital of Ringwood Group plc for a consideration of £2,860,000 in cash and shares on 11 August 2005.

NOTICE OF ANNUAL GENERAL MEETING

MAXIMA HOLDINGS plc (the "Company")

(Registered in England and Wales No: 05043538)

Notice is hereby given that an Annual General Meeting of the Company will be held at Bucklersbury House, 3 Queen Victoria Street, London, EC4M 7HW on 20 October 2005 at 9.00 a.m. to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

- (1) To receive and adopt the report of the directors and the financial statements of the Company for the period commencing 13 February 2004 and ending 31 May 2005 together with the report of the auditors thereon.
- (2) That a final dividend in respect of the year ended 31 May 2005, be declared payable at the rate of 1.5 pence per Ordinary Share on 7 November 2005, to ordinary shareholders registered at the close of business on 28 October 2005.
- (3) To re-elect Mr J M Prescott as a director of the Company, who retires by rotation and, being eligible, offers himself for re-election.
- (4) To re-elect Mr K F Harrison as a director of the Company, who retires by rotation and, being eligible, offers himself for re-election.
- (5) To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.
- (6) That the directors now be and they are generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (as amended) ("the Act") to exercise any and all powers of the Company to allot or grant rights to subscribe for relevant securities (as defined in that section of the Act) up to an aggregate nominal value of £300,000 to such persons and at such times and on such terms as they think proper such authority to be in substitution for any equivalent authority which may have been granted to the directors prior to the passing of this Resolution 6 PROVIDED THAT unless previously renewed, revoked, varied or extended this authority hereby given shall expire on the date of the next annual general meeting of the Company save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

NOTICE OF ANNUAL GENERAL MEETING

MAXIMA HOLDINGS plc
(the "Company")

(Registered in England and Wales No: 05043538)

SPECIAL RESOLUTION

- (7) That the directors of the Company now be and are empowered pursuant to Section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority conferred on the directors under Section 80 of the Act pursuant to Resolution 6 above for the duration of such authority, as if the provisions of Section 89(1) of the Act did not apply to such allotment such authority to be in substitution for any equivalent authority which may have been granted to the directors prior to the passing of this Resolution 7 PROVIDED THAT this power shall be limited to the allotment of equity securities up to an aggregate nominal value equal to £300,000 save that the Company may, prior to the expiry of such power, make any offer or agreement which requires or might require such equity securities to be allotted after the expiry of such period.

BY ORDER OF THE BOARD

Registered office: Cotswold Court
Lansdown Road
Cheltenham
Gloucestershire
GL50 2JA



Linda Andrews (Secretary)

Dated: 11 August 2005

Notes:

- 1) A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- 2) A form of proxy is enclosed. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting in person if he or she so wishes.
- 3) To be effective the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Company's registered office Cotswold Court, Lansdown Road, Cheltenham, Gloucestershire, GL50 2JA so as to be received not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

FORM OF PROXY FOR ANNUAL GENERAL MEETING

MAXIMA HOLDINGS plc
(the "Company")

I/We _____ of _____ being (a) member(s) of the Company hereby appoint the chairman of the meeting/ _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 13th floor, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL on 20 October 2005 at 9.00 a.m. and at every adjournment thereof.

I/We request such proxy to vote on the following resolution as indicated below:

<u>RESOLUTIONS</u>	<u>FOR</u>	<u>AGAINST</u>
<u>ORDINARY RESOLUTIONS</u>		
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
<u>SPECIAL RESOLUTION</u>		
Special Resolution No. 7		

Names of joint holders (if any) _____

Dated _____ 2005

Signature _____

NOTES

- 1 Please indicate with an 'X' in the appropriate boxes how you wish the proxy to vote. The proxy may exercise his discretion as to how he votes or whether he abstains from voting on the resolution referred to above if no instruction is given in respect of that resolution.
- 2 If you wish to appoint someone other than the chairman of the meeting as your proxy please delete the words 'the chairman of the meeting' and insert the name of the person you wish to appoint. A proxy need not be a member of the Company.
- 3 To be effective for use at the meeting this form of proxy, and any power of attorney or other written authority under which it is executed (or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of any such power or written authority), must be deposited at the Company's registered office Cotswold Court, Lansdown Road, Cheltenham, Gloucestershire, GL50 2JA not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- 4 Where the member is a corporation this form must be under its common seal or signed by an officer, attorney or other person duly authorised by the corporation to sign it. Where the member is an individual the form of proxy must be signed by the appointor or his attorney.
- 5 In the case of joint holders only one need sign this form, but the names of the other joint holders should be shown in the space provided. The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. Seniority will be determined by the order in which the names of the holders appear in the register of members in respect of the joint holding.
- 6 Deposit of a form of proxy does not preclude you from attending and voting in person at the meeting or at any adjournment thereof.
- 7 A proxy may not vote except on a poll.