WH Ireland Group plc

Interim report 2010

ESTABLISHED 1872

GROUP

The overriding aim is to establish a leading financial services group with a strong shareholder base, which attracts both new customers and revenue generators through its market reputation and quality of service.

What we do
The Group is involved in providing investment services to institutions, private individuals and companies and its activities include Securities and Wealth Management.

The shares of WH Ireland Group plc are quoted on AIM, the London Stock Exchange's specialist market for growing companies.

Such is its development over the past few years that WH Ireland is now one of the leading sponsors of companies on AIM.

How we do it
Management is committed to enhancing shareholder value through the continued organic development of the Group, which will be complemented by selective acquisitions which meet strict, pre-determined criteria.

WH Ireland is committed to ensuring that its customers are treated fairly and that the fair treatment of customers is, and remains, at the heart of the firm. Management and staff believe that customers are the most important aspect of the business and endeavour to provide a service that is consistent with what the customer wants and expects.

KEY POINTS

- Group revenue from continuing operations decreased by 41.6% to £8.8m (six months ended 31 May 2009: £15.1m)
- Operating loss from continuing operations of £0.587m (six months ended 31 May 2009: profit of £0.287m)
- Loss before tax of £0.518m (six months ended 31 May 2009: consolidated loss of £0.523m*)
- Basic loss per share of 0.25p (six months ended 31 May 2009: consolidated loss per share of 3.23p*)
- Equity shareholders' funds before minority interests decreased to £14.0m (31 May 2009: £15.7m), representing approximately 65p per share (31 May 2009: 74p)
- No interim dividend has been declared (six months ended 31 May 2009: £nil)
- Total funds under management and control of £1.35bn, up 14.7% from year end

* In respect of the period ended 31 May 2009, consolidated loss before tax and consolidated loss per share are stated inclusive of the results from the discontinued operation, as shown in note 3. The discontinued operation relates to the reduction in the Group's shareholding in WH Ireland Australia Pty Limited which resulted in the investment being reclassified from a subsidiary to an associate.

CHAIRMAN'S STATEMENT

Our loss before tax is £0.518m (£0.054m after tax), which is a slight improvement on the consolidated loss for the same period last year. This result was achieved despite a reduction in revenue from continuing operations to £8.8m (2009: £15.1m), primarily due to a large client who provided significant revenues in the first half of 2009 no longer participating in the market. Whilst it is disappointing to see that the business has continued to make a loss during the period, I am pleased to report that our balance sheet has remained largely intact. This has been due in part to the significant cost reduction measures taken during the past twelve months. Shareholders will understand that the Board has decided in the circumstances not to pay an interim dividend.

Underlying revenues in the Wealth Management division have held up well comparing the six months to 30 November 2009 to the first half of the current year reported on in these interim results. Having identified the exceptional revenue referred to above, we undertook a rigorous cost management exercise and these measures have been proven to be appropriate.

In the Wealth Management division, assets under management have increased by 14.7% to £1.35bn since the year end. The rebranding has been implemented successfully and the combined offering is being rolled out on an ongoing basis, whilst maintaining our focus on private client stockbroking.

Our Securities division has suffered from the delay or postponement of a number of transactions in our pipeline but our budgeted revenue targets for the full year remain achievable. Current trading across both the Wealth Management and Securities businesses does reflect the general market malaise and the quietness of the summer months.

It seems that investor confidence may take some time to return and that the prospect of a double dip recession is increasing.

Managing a business during an economic downturn is always difficult but I firmly believe that we have now cut our cloth appropriately and, with further emphasis on increasing our revenues, we will be better positioned for a difficult or even benign market, and well positioned for any upturn.

Through the period there have been a number of changes at board level. Both Richard Ford (Chief Executive Officer) and Nigel Gurney (Finance Director) have chosen to leave the business having completed extensive but necessary restructuring. Despite media speculation to the contrary, their departures were entirely of their own choosing and I am sorry to see them go. I have very much enjoyed working with both of them and have been pleased with the progress in the business under their tenure over two difficult years.

John Padovan retired as a Non-executive Director at the Company's AGM in April having served in senior roles in many public companies during a long and distinguished career. I am very grateful for his contribution to WH Ireland over the years and wish him a long and happy retirement.

In addition, following his appointment as Parliamentary Under Secretary of State at the Department of Energy and Climate Change and in accordance with the Ministerial Code, Lord Jonathan Marland has resigned from the Board as a Non-executive Director of the Company with immediate effect. I would like to thank Jonathan for his significant contribution to the Company and wish him well in his new government responsibilities.

As announced separately, I am also delighted that we have appointed (subject to FSA approval) Paul Compton as our new Chief Executive, who will be taking up his new position in September 2010. He and Richard Ford have already commenced an orderly and structured handover to ensure as much continuity as possible and will be supported by Nigel Gurney who remains with us as Finance Director until mid November.

Paul has over 25 years' experience in the Small/Mid Cap sector and joins WH Ireland from Toscafund Asset Managament LLP (Toscafund), the London based hedge fund and asset managers. At Toscafund, Paul co-managed the Toscafund Mid Cap Fund which was ranked the second best performing equity hedge fund in Europe in 2009 by Eurohedge, a leading hedge fund news and information provider.

From 2002 to 2007, Paul was Head of Capital Markets at Collins Stewart, where he was responsible for building the division into the leading broker in the Small/Mid Cap field, with a strong track record in raising funds. During his time at Collins Stewart, his team raised £7.6bn in 234 separate transactions. Prior to this, Paul worked for Merrill Lynch as Head of Capital Goods Research, having started his career with Morgan, Grenfell & Co.

Paul brings a wealth of relevant experience to the business and will be focusing on driving our revenues. He is excited about building on our regional presence, further enhancing our wealth management proposition and adding to our placing power for corporate clients. Paul will be joining a growing team of highly qualified, committed and experienced individuals.

I am also pleased to announce that we have appointed John Scott, Head of Private Client Stockbroking, to the Board as an Executive Director with immediate effect. John joined the Company in May 2008 from Barclays Wealth, having worked in stockbroking for over 40 years.

Finally, I would like to thank our shareholders for their support over a difficult two years of market turmoil and restructuring.

Rupert Lowe
Chairman
22 July 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED
FOR THE HALF YEAR ENDED 31 MAY 2010

	Note	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
Revenue	2	8,799	15,073	24,618
Administrative expenses		(9,386)	(14,786)	(26,449)
Operating (loss)/profit		(587)	287	(1,831)
Other income		29	1	29
Investment losses		(66)	(151)	(263)
Finance income		26	82	84
Finance expense		(54)	(122)	(192)
Share of profit of associates		130	40	93
Profit on disposal of associate		4	—	—
(Loss)/profit before tax		(518)	137	(2,080)
Tax expense		464	365	183
(Loss)/profit from continuing operations		(54)	502	(1,897)
Loss on discontinued operations, net of tax		—	(1,223)	(216)
Loss for the year		(54)	(721)	(2,113)
Other comprehensive income				
Loss on property revaluation		(102)	—	—
Valuation gains/(losses) on available-for-sale investments		20	(16)	55
Transferred to profit or loss on sale		(22)	—	—
Exchange gains arising on translation of foreign operations		—	357	479
Tax relating to components of other comprehensive income		—	15	114
Total other comprehensive income		(104)	356	648
Total comprehensive income		(158)	(365)	(1,465)
Profit for the period attributable to:				
Owners of the parent		(54)	(683)	(2,075)
Minority interest		—	(38)	(38)
		(54)	(721)	(2,113)
Total comprehensive income attributable to:				
Owners of the parent		(158)	(369)	(1,507)
Minority interest		—	4	42
		(158)	(365)	(1,465)
Earnings per share for profit attributable to the ordinary equity holders of the parent during the period				
Basic	7	(0.25)p	(3.23)p	(9.79)p
Diluted	7	(0.25)p	(3.23)p	(9.79)p
Continuing operations				
Basic	7	(0.25)p	2.38p	(8.95)p
Diluted	7	(0.25)p	2.38p	(8.95)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

AS AT 31 MAY 2010

	Note	31 May 2010 £'000	31 May 2009 £'000	30 November 2009 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		6,394	7,152	6,813
Goodwill		2,866	3,074	2,909
Intangible assets		240	529	321
Associates		2,003	920	1,963
Investments	4	1,417	1,598	1,514
Loan note receivable		335	310	310
Deferred tax asset		912	815	643
		14,167	14,398	14,473
Current assets				
Trade and other receivables		32,752	78,312	42,673
Other investments		70	149	855
Corporation tax recoverable		263	—	42
Cash and cash equivalents	5	1,600	7,848	4,258
		34,685	86,309	47,828
Total assets		48,852	100,707	62,301
LIABILITIES				
Current liabilities				
Trade and other payables		(31,828)	(76,584)	(44,628)
Bank overdraft	5	—	(2,003)	—
Borrowings		(474)	(500)	(419)
Corporation tax provision		—	(33)	—
Provisions		—	(102)	—
		(32,302)	(79,222)	(45,047)
Non-current liabilities				
Borrowings		(1,936)	(2,552)	(2,426)
Deferred tax liability		(313)	(250)	(273)
Accruals and deferred income		(167)	(2,507)	(297)
Liability for Put and Call Options		—	(212)	—
Provisions		(135)	—	(147)
		(2,551)	(5,521)	(3,143)
Total liabilities		(34,853)	(84,743)	(48,190)
Total net assets		13,999	15,964	14,111
EQUITY				
Share capital	6	1,064	1,064	1,064
Share premium		5,724	5,724	5,724
Available-for-sale reserve		208	169	210
Revaluation reserve		565	667	667
Foreign exchange reserve		—	345	—
Other reserves		1,472	1,472	1,472
Retained earnings		5,253	6,585	5,261
Treasury shares		(287)	(287)	(287)
Total shareholders' equity		13,999	15,739	14,111
Minority interest		—	225	—
Total equity		13,999	15,964	14,111

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

FOR THE HALF YEAR ENDED 31 MAY 2010

	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
Operating activities			
Loss for the period	(54)	(721)	(2,113)
Adjustments for:			
Depreciation, amortisation and impairment	293	707	1,151
Financial income	(26)	(97)	(109)
Financial expense	54	127	199
Taxation	(464)	198	(247)
Share of profit of associates	(130)	(40)	(93)
Changes in investments	217	80	507
Gain on sale of discontinued operations	—	—	(382)
Gain on sale of associate	(4)	—	—
Gain on sale of property, plant and equipment	(136)	(160)	(171)
Non-cash adjustment for share option charge	46	29	97
Decrease in trade and other receivables	9,921	182,925	211,533
Decrease in trade and other payables	(12,943)	(170,566)	(198,237)
Decrease/(increase) in current asset investments	785	(51)	(757)
Exchange adjustments	—	—	548
Tax paid	15	(590)	(728)
Net cash (used in)/generated from operating activities	(2,426)	11,841	11,198
Investing activities			
Proceeds from sale of property, plant and equipment	300	168	250
Proceeds from sale of investments	—	221	—
Interest received	26	97	109
Disposal of subsidiary, net of cash acquired	—	—	(218)
Disposal of associate, net of cash acquired	100	—	—
Acquisition of associates	—	—	(32)
Acquisition of property, plant and equipment	(22)	(59)	(203)
Acquisition of investments	(122)	(59)	(133)
Income from investments	—	1	—
Net cash generated from/(used in) investing activities	282	369	(227)
Financing activities			
Proceeds from issue of share capital	—	101	101
Issue of loan note	(25)	—	—
Decrease in borrowings	(435)	(567)	(774)
Interest paid	(54)	(127)	(199)
Net cash used in financing activities	(514)	(593)	(872)
Net (decrease)/increase in cash and cash equivalents	(2,658)	11,617	10,099
Cash and cash equivalents at beginning of period	4,258	(5,841)	(5,841)
Effect of foreign exchange movements	—	69	—
Cash and cash equivalents at end of period	1,600	5,845	4,258
Clients' settlement cash	549	3,396	1,969
Group cash	1,051	2,449	2,289
Cash and cash equivalents at end of period	1,600	5,845	4,258

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED
FOR THE HALF YEAR ENDED 31 MAY 2010

	Share capital £'000	Share premium £'000	Available-for-sale reserve £'000	Revaluation reserve £'000	Exchange reserve £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total share-holders' equity £'000	Minority interest £'000	Total equity £'000
Balance at 1 December 2008	1,054	5,633	170	667	31	1,472	7,847	(287)	16,587	220	16,807
Total comprehensive (loss)/income for the period	—	—	(1)	—	314	—	(683)	—	(370)	5	(365)
Shares issued	10	91	—	—	—	—	—	—	101	—	101
Recognition of share-based payments	—	—	—	—	—	—	29	—	29	—	29
Amounts owed to shareholders	—	—	—	—	—	—	(608)	—	(608)	—	(608)
Balance at 31 May 2009	1,064	5,724	169	667	345	1,472	6,585	(287)	15,739	225	15,964
Total comprehensive income/(loss) for the period	—	—	41	—	(345)	—	(1,392)	—	(1,696)	(225)	(1,921)
Recognition of share-based payments	—	—	—	—	—	—	68	—	68	—	68
Balance at 30 November 2009	1,064	5,724	210	667	—	1,472	5,261	(287)	14,111	—	14,111
Total comprehensive loss for the period	—	—	(2)	(102)	—	—	(54)	—	(158)	—	(158)
Recognition of share-based payments	—	—	—	—	—	—	46	—	46	—	46
Balance at 31 May 2010	**1,064**	**5,724**	**208**	**565**	**—**	**1,472**	**5,253**	**(287)**	**13,999**	**—**	**13,999**

The nature and purpose of each reserve is summarised below:

Share premium

The share premium is the amount raised on the issue of shares that is in excess of the nominal value of those shares and is recorded less any direct costs of issue.

Available-for-sale reserve

The available-for-sale reserve reflects gains or losses arising from the change in fair value of available-for-sale financial assets except for impairment losses which are recognised in the statement of comprehensive income. When an available-for-sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available-for-sale reserve is transferred to the statement of comprehensive income.

Revaluation reserve

The revaluation reserve reflects changes in the fair value of property, plant and equipment until such time as the assets are disposed of. A revaluation surplus is recognised in the revaluation reserve unless it reverses a previous deficit when it is credited to the statement of comprehensive income up to the amount of the previous deficit. A revaluation deficit is charged to the statement of comprehensive income unless it reverses a previous surplus when it is charged to the revaluation reserve up to the amount of the previous surplus.

Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves comprise a merger reserve of £491,511, a capital redemption reserve of £228,083 and other reserves of £753,704.

Retained earnings

Retained earnings reflect accumulated income, expenses, gains and losses recognised in the statement of comprehensive income and are net of dividends paid to shareholders. The cumulative effect of changes in accounting policy is also reflected as an adjustment in retained earnings.

Treasury shares

Purchases of the Company's own shares in the market are presented as a deduction from equity, at the amount paid, including transaction costs. That is, treasury shares are shown as a separate class of shareholders' equity with a debit balance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MAY 2010

1. Basis of preparation
Statement of compliance
These consolidated interim financial statements have been prepared in accordance with the disclosure requirements of AIM Rules and the recognition and measurements of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) excluding IAS 34 'Interim Financial Reporting'.

The IASB has issued the following revised and updated standards that are applicable to the Group and that resulted in changes in presentation for this accounting period: IAS 1 (revised) 'Presentation of Financial Statements' and IFRS 8 'Operating Segments'.

IAS 1 (revised) updates the presentation of the key statements of performance and position for the Group.

IFRS 8 introduces new requirements for segmental reporting to be based on the information provided to the Chief Operating Decision Maker (CODM). It also introduces additional disclosure and reconciliation requirements. The segmental reporting bases used in previous years are those which are currently reported to the CODM, hence the only changes to the segmental reporting for 2009/10 are in respect of the additional disclosure.

In addition, the following IFRIC amendments and IASs have been adopted, although they have no impact on the Group's reporting: IFRIC 9 'Reassessment of Embedded Derivatives', IFRIC 13 'Customer Loyalty Programmes', IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' and the amendments to IAS 23 'Borrowing Costs', IAS 32 'Presentation', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 2 'Share-based Payment'. IFRIC 15 'Agreements for the Construction of Real Estate' and various amendments to IAS 39 are still to be endorsed but these are not expected to have any impact on the Group.

The consolidated interim financial statements are condensed and do not include all of the information required for full annual financial statements.

The accounting policies adopted by the Group in the preparation of its 2010 interim financial statements and those which the Group currently expects to adopt in its annual financial statements for the year ending 30 November 2010 are consistent with those disclosed in the annual financial statements for the year ended 30 November 2009.

The information in this interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The interim report was approved by the Board of Directors on 22 July 2010. The statutory accounts for the year ended 30 November 2009 have been delivered to the Registrar of Companies in England and Wales. The auditor has reported on those accounts. Its report was unqualified and did not contain a statement under Section 298(2) or (3) of the Companies Act 2006.

Going concern
The accounts have been prepared on a Going Concern basis as in the opinion of the Directors, at the time of approving the interim report there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In making this assessment, the Directors have prepared detailed financial forecasts for the period to November 2011 which consider the funding and capital position of the Group. Those forecasts make assumptions in respect of future trading conditions, notably the economic environment and its impact on the Group's revenues and costs. In addition to this the nature of the Group's business is such that there can be considerable variation in the timing of cash inflows. The forecasts take into account foreseeable downside risks, based on the information that is available to them at the time of approval of these financial statements.

Certain activities of the Group are regulated by the FSA which is the single statutory regulator for financial services business in the UK and has responsibility for policy, monitoring and discipline for the financial services industry as a whole. The FSA requires the Group's capital resources to be adequate; that is sufficient in terms of quantity, quality and availability, in relation to its regulated activities. The Directors monitor the Group's regulatory capital resources on a daily basis and they are prepared to implement appropriate management actions to address any potential deficit as required. These actions may include cost reductions, regulatory capital optimisation programmes or further capital raising. The Directors consider that, taking account of foreseeable downside risks, regulatory capital requirements will continue to be met.

The Company has a facility with the Bank of Scotland in respect of a £3m property loan repayable over 20 years at 1.25% above base rate and a £2m working capital facility loan repayable over ten years, with a one year capital repayment holiday, at 2.25% above base rate. The property loan was drawn down on 4 February 2002 and the working capital facility loan was drawn down on 29 May 2002. The property loan outstanding at 31 May 2010 is £2.1m (31 May 2009: £2.3m). The working capital loan outstanding at 31 May 2010 is £0.3m (31 May 2009: £0.8m).

1. Basis of preparation continued

Going concern continued

The Group also has an overdraft facility with the Bank of Scotland for £1m at 3.25% above base rate. Bank overdrafts are repayable on demand. The overdraft facility is due for renewal on 31 August 2010. These facilities are secured against the property at 11 St James's Square, Manchester and fixed and floating charges on the assets of the Group. The Group is in ongoing discussions with the Bank relating to the renewal of the facilities.

2. Segmental reporting

In identifying its operating segments, management generally follows the Group's reporting lines. The segment reporting below is shown in a manner consistent with the internal reporting provided to the CODM, who is the Chief Executive, and to the Board. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates two main business segments which are Wealth Management and Securities.

Business segments

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Wealth Management comprises the activities of Private Client Stockbroking, Investment Management and Independent Financial Advice. Securities consists of Corporate Finance Services, Research and Institutional Stockbroking.

The following tables present revenue and profit and certain assets and liabilities information regarding the Group's business segments:

Half year ended 31 May 2010

Group	Wealth Management £'000	Securities £'000	Group £'000
Revenue			
External	7,395	1,404	8,799
Inter-segment	—	—	—
Total revenue	7,395	1,404	8,799
Segment result	2,199	(48)	2,151
Other income	—	—	29
Investment income	—	—	(66)
Finance income	—	—	26
Finance expense	—	—	(54)
Share of profit of associates	—	—	130
Profit on disposal of associate	—	—	4
Loss on discontinued operations, net of tax	—	—	—
Unallocated net corporate expenses	—	—	(2,738)
Loss before taxation	—	—	(518)
Taxation	—	—	464
Loss for the period	—	—	(54)
Segment assets	33,977	1,622	35,599
Unallocated corporate assets	—	—	13,253
Total Group assets	—	—	48,852
Segment liabilities	28,495	263	28,758
Unallocated corporate liabilities	—	—	6,095
Total Group liabilities	—	—	34,853

Other segment items	Wealth Management £'000	Securities £'000	Unallocated corporate items £'000	Group £'000
Capital expenditure	—	—	22	22
Depreciation and amortisation	—	—	261	261

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 MAY 2010

2. Segmental reporting continued
Half year ended 31 May 2009

Group	Wealth Management £'000	Securities £'000	Group £'000
Revenue			
External	13,488	1,585	15,073
Inter-segment	—	—	—
Total revenue	13,488	1,585	15,073
Segment result	4,836	(675)	4,161
Other income	—	—	1
Investment income	—	—	(151)
Finance income	—	—	82
Finance expense	—	—	(122)
Share of profit of associates	—	—	40
Profit on disposal of associate	—	—	—
Loss on discontinued operations, net of tax	—	—	(1,223)
Unallocated net corporate expenses	—	—	(3,874)
Loss before taxation	—	—	(1,086)
Taxation	—	—	365
Loss for the period	—	—	(721)
Segment assets	84,252	1,990	86,242
Unallocated corporate assets	—	—	14,465
Total Group assets	—	—	100,707
Segment liabilities	53,654	353	54,007
Unallocated corporate liabilities	—	—	30,736
Total Group liabilities	—	—	84,743

Other segment items	Wealth Management £'000	Securities £'000	Unallocated corporate items £'000	Group £'000
Capital expenditure	—	—	59	59
Depreciation and amortisation	—	—	321	321

2. Segmental reporting continued

Year ended 30 November 2009

Group	Wealth Management £'000	Securities £'000	Group £'000
Revenue			
External	21,982	2,636	24,618
Inter-segment	—	—	—
Total revenue	21,982	2,636	24,618
Segment result	5,804	(1,125)	4,679
Other income	—	—	29
Investment income	—	—	(263)
Finance income	—	—	84
Finance expense	—	—	(192)
Share of profit of associates	—	—	93
Profit on disposal of associate	—	—	—
Loss on discontinued operations, net of tax	—	—	(216)
Unallocated net corporate expenses	—	—	(6,510)
Loss before taxation	—	—	(2,296)
Taxation	—	—	183
Loss for the year	—	—	(2,113)
Segment assets	44,773	1,846	46,619
Unallocated assets	—	—	15,682
Total Group assets	—	—	62,301
Segment liabilities	38,346	308	38,654
Unallocated liabilities	—	—	9,536
Total Group liabilities	—	—	48,190

Other segment items	Wealth Management £'000	Securities £'000	Unallocated corporate items £'000	Group £'000
Capital expenditure	—	—	212	212
Depreciation and amortisation	—	—	637	637

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 MAY 2010

2. Segmental reporting continued
Geographical segments
The Group's operations were located in the United Kingdom and Australia until 6 November 2009, at which time the Group's holding in its Australian investment was substantially reduced, resulting in it then being classified as an associate and no longer being consolidated into the results of the Group. The following tables present revenue and certain assets and liability information by geographical area in which the assets are located:

Group revenue	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
United Kingdom – continuing	8,799	15,073	24,618
Australia – discontinued (see note 6)	—	2,050	5,077
	8,799	17,123	29,695

Group segment assets	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
United Kingdom	12,985	13,497	13,150
Australia	1,014	2,467	961
	13,999	15,964	14,111

Group capital expenditure	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
United Kingdom	22	40	106
Australia	—	19	106
	22	59	212

3. Discontinued operations

	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
Revenue	—	2,050	5,077
Administrative expenses	—	(2,789)	(5,825)
Operating loss	—	(739)	(748)
Other income	—	—	—
Investment income	—	70	68
Finance income	—	15	25
Finance expense	—	(6)	(7)
Share of profit of associates	—	—	—
Loss before tax	—	(660)	(662)
Tax expense	—	(563)	64
Profit on disposal of associate	—	—	—
Gain on discontinued operations, net of tax	—	—	382
Loss for the period	—	(1,223)	(216)

4. Investments

	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
Available-for-sale investments			
Fair value: quoted	231	243	192
unquoted	562	501	572
	793	744	764
Investments at fair value through the income statement			
Fair value: quoted	358	449	391
warrants	266	405	359
	624	854	750
Total investments	1,417	1,598	1,514

Fair value, in the case of quoted investments, represents the bid price at the balance sheet date. In the case of unquoted investments, the fair value is estimated by reference to recent arm's length transactions. The fair value of warrants is estimated using established valuation models.

5. Cash, cash equivalents and bank overdrafts

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks and financial institutions with a maturity of up to three months and bank overdrafts repayable on demand.

Cash and cash equivalents represent the Group's and the Company's money and money held for settlement of outstanding transactions.

Free money held by our bankers on trust on behalf of clients is not included in the balance sheet. Free money at 31 May 2010 was £80.9m (31 May 2009: £98.1m; 30 November 2009: £93.5m). There is no free money held in the Company (31 May 2009: £nil; 30 November 2009: £nil).

6. Share capital

The total number of authorised ordinary shares is 34.5 million shares of 5p each (31 May 2009 and 30 November 2009: 34.5 million). The total number of issued ordinary shares is 21.3 million shares of 5p each (31 May 2009: 21.3 million; 30 November 2009: 21.3 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 MAY 2010

7. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted EPS is the basic EPS, adjusted for the effect of conversion into fully paid shares of the weighted average number of all dilutive employee share options outstanding during the period. Options over 758,558 (31 May 2009: 814,867) shares are excluded from the EPS calculation as they are anti-dilutive. Anti-dilutive options represent options issued where the exercise price is greater than the average market price for the period.

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

	Half year ended 31 May 2010 £'000	Half year ended 31 May 2009 £'000	Year ended 30 November 2009 £'000
Weighted average number of shares in issue during the period	21,281	21,123	21,186
Effect of dilutive share options	93	93	93
	21,374	21,216	21,279
Earnings attributable to ordinary shareholders	(54)	(683)	(2,075)
Continuing operations	(54)	502	(1,897)
Discontinued operations	—	(1,185)	(178)
Basic EPS			
Continuing operations	(0.25)p	2.38p	(8.95)p
Discontinued operations	—	(5.61)p	(0.84)p
	(0.25)p	(3.23)p	(9.79)p
Diluted EPS			
Continuing operations	(0.25)p	2.38p	(8.95)p
Discontinued operations	—	(5.61)p	(0.84)p
	(0.25)p	(3.23)p	(9.79)p

INDEPENDENT REVIEW REPORT
TO WH IRELAND GROUP PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2010 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
22 July 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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