WH Ireland Group plc
Interim report 2011

ESTABLISHED 1872

GROUP

Our key points at a glance

- Group turnover increased 29.7% on same period last year to £11.41m (£8.80m)
- Profit before tax for the half year ended 31 May 2011 of £0.71m (half year ended 31 May 2010: loss of £0.62m)
- Adjusted profit before tax (before goodwill impairment and loss on disposal of associate) for the half year ended 31 May 2011 of £1.48m (half year ended 31 May 2010: loss of £0.59m)
- Basic earnings per share of 2.35p for the period (half year ended 31 May 2010: loss of 0.74p)
- Adjusted basic earnings per share for the period (after adding back goodwill impairment and loss on disposal of associate) of 6.01p (half year ended 31 May 2010: loss of 0.62p)
- Equity shareholders funds of £14.10m up £0.61m from year end (£13.49m)
- Total funds under management and control of £1.80bn up 10.2% from year end (£1.64bn)

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Chairman's statement

The first half of 2011 was very difficult for stock broking businesses. Markets were flat with remarkably little change during the period, and trading volumes were consequently reduced. Furthermore, the prevalent nervousness surrounding a variety of issues reduced investors' risk appetite, particularly for new issues.

Despite this difficult economic backdrop, WH Ireland has achieved robust results for the six months to 31 May 2011, increasing revenues by £2.6 million (29.7%) to £11.4 million. This revenue increase allied to cost reduction measures has allowed the Group, as compared with the same period last year, to turn a loss before tax of £0.6 million into a profit before tax of £0.7 million.

During the first half of the year WH Ireland divested its 37.28% holding in WHI Australia Pty Limited, the holding company of DJ Carmichael Pty Limited, the Australian stock broking business. This has enabled both management and financial resource to be targeted solely on the Group's UK operations, whilst continuing the mutually beneficial working relationship with the DJ Carmichael management team in Australia. The Group has also written down the carrying value of goodwill by £0.5m from historic acquisitions made. After taking into account this write down and the disposal of the Australian business, the Group's profit before tax for the six month period would instead have been £1.5 million.

The new management team of Chief Executive, Paul Compton and Finance & Operations Director, Alan Kershaw are functioning well. They are simplifying the incentive schemes available for staff whilst constantly driving down costs. It is notable that the Group was profitable for each of the six months in this half year, rather than being saved by one large deal in the period, which is further evidence that operationally we now have a solid base from which to advance.

Strategically the Group is focussed on its core activities: which are the provision of high quality investment advice and execution to the UK private client market; along with corporate broking advice and equity raising for the UK smaller company market. Funds under management and control rose to £1.8bn and we now advise 51 quoted corporate advisory and broking clients.

The period as a whole has seen three significant developments for the Group:

1. The strength and liquidity of the balance sheet was improved through profitability and the realisation of £2.2 million of investments, allowing the repayment of the bank overdraft. As at 31 May 2011, the Group had £2.6 million of cash at bank after funding its increasing settlement and trading positions
2. New revenue streams have been developed, with the Group now being one of the few smaller broking houses to offer market-making in its corporate stocks, and a full Contracts for Difference ("CFD") and spread betting service. In addition since the end of May, the Group has designed and created its first structured product. Recruitment has helped to reinvigorate the Group's corporate broking activity, and equity raised for clients in the comparable period rose from £3.1 million across three deals to £45 million in eleven deals.
3. Preparation is underway for what is likely to be the most significant development in small company broking for at least a decade – namely the enhancement of EIS tax relief proposed by the Coalition Government. These proposals should come into effect from April 2012 and the Group is positioning itself now to make the most of this opportunity.

Looking forward the Group is now well financed, profitable on a consistent basis and, as one of the few firms that offers both private client and corporate broking services, ideally positioned to benefit from the impact of the EIS changes. During this turnaround period staff have made an enormous contribution to the Group and I would like to thank them for their support. We now have the opportunity to build on our achievements, in what was a fairly testing first half of the year, and as a result we are actively recruiting more private client brokers into the team. The Board will review its dividend policy at the year end.

Whilst the Board remains aware of the fragile nature of global markets, we view the future with confidence.

Rupert Lowe
Chairman
15 July 2011

Consolidated statement of comprehensive income – unaudited

for the half year ended 31 May 2011

	Note	**Half year ended 31 May 2011 £'000**	Half year ended 31 May 2010 £'000 (as restated, note 7)	Year ended 30 November 2010 £'000 (as restated, note7)
Revenue	2	**11,408**	8,799	18,379
Administrative expenses		**(10,340)**	(9,488)	(19,210)
Operating profit/(loss)		**1,068**	(689)	(831)
Other income		**16**	29	45
Investment gains		**7**	30	259
Fair value losses on investments		**(163)**	(96)	(72)
Finance income		**41**	26	54
Finance expense		**(38)**	(54)	(90)
Share of profit of associates		**63**	130	226
Profit/(loss) on disposal of associate		**(284)**	4	(311)
Profit/(loss)before tax		**710**	(620)	(720)
Tax (charge)/credit		**(215)**	464	351
Profit/(loss) for the period		**495**	(156)	(369)
Other comprehensive income				
Valuation gains/(losses) on available-for-sale investments		**135**	20	(192)
Transferred to profit or loss on sale of investments		**(9)**	(22)	(31)
Tax relating to components of other comprehensive income		**(34)**	—	60
Total other comprehensive income		**92**	(2)	(163)
Total comprehensive income		**587**	(158)	(532)
Profit/(loss) for the period attributable to:				
Owners of the parent		**495**	(156)	(369)
		495	(156)	(369)
Total comprehensive income attributable to:				
Owners of the parent		**587**	(158)	(532)
		587	(158)	(532)
Earnings per share for profit attributable to the ordinary equity holders of the parent during the period				
Basic	6	**2.35p**	(0.74)p	(1.75)p
Diluted	6	**2.29p**	(0.74)p	(1.75)p

Consolidated statement of financial position – unaudited

as at 31 May 2011

	Note	**31 May 2011 £'000**	31 May 2010 £'000 (as restated, note 7)	30 November 2010 £'000 (as restated, note 7)
Assets				
Non-current assets				
Property, plant and equipment		**6,195**	6,394	6,301
Goodwill		**2,349**	2,866	2,835
Intangible assets		**80**	240	161
Associates		**—**	2,003	1,156
Investments	3	**450**	1,417	1,483
Loan note receivable		**25**	335	335
Deferred tax asset		**664**	912	930
		9,763	14,167	13,201
Current assets				
Trade and other receivables		**34,279**	32,752	37,205
Other investments		**807**	70	—
Corporation tax recoverable		**36**	263	21
Cash and cash equivalents	4	**2,559**	1,600	2,439
		37,681	34,685	39,665
Total assets		**47,444**	48,852	52,866
Liabilities				
Current liabilities				
Trade and other payables		**(30,639)**	(31,828)	(36,495)
Borrowings		**(311)**	(474)	(305)
Provisions		**(96)**	—	(149)
		(31,046)	(32,302)	(36,949)
Non-current liabilities				
Borrowings		**(1,771)**	(1,936)	(1,930)
Deferred tax liability		**(367)**	(313)	(384)
Accruals and deferred income		**(139)**	(167)	(98)
Provisions		**(20)**	(135)	(20)
		(2,297)	(2,551)	(2,432)
Total liabilities		**(33,343)**	(34,853)	(39,381)
Total net assets		**14,101**	13,999	13,485
Equity				
Share capital	5	**1,064**	1,064	1,064
Share premium		**5,724**	5,724	5,724
Available-for-sale reserve		**139**	208	47
Other reserves		**1,472**	1,472	1,472
Retained earnings		**5,989**	5,818	5,465
Treasury shares		**(287)**	(287)	(287)
Total equity		**14,101**	13,999	13,485

Consolidated statement of cash flows – unaudited

for the half year ended 31 May 2011

	Half year ended 31 May 2011 £'000	Half year ended 31 May 2010 £'000 (as restated, note 7)	Year ended 30 November 2010 £'000 (as restated, note 7)
Operating activities			
Profit/(loss) for the period	**495**	(156)	(369)
Adjustments for:			
Depreciation, amortisation and impairment	**707**	293	562
Financial income	**(41)**	(26)	(54)
Financial expense	**38**	54	90
Taxation	**215**	(464)	(351)
Share of profit of associates	**(63)**	(130)	(226)
Loss/(profit) on disposal of associates	**284**	(4)	311
Changes in investments	**249**	217	272
Gain on sale of property, plant and equipment	**—**	(34)	(26)
Non-cash adjustment for share option charge	**29**	46	(94)
Decrease in trade and other receivables	**2,926**	9,921	5,468
Decrease in trade and other payables	**(5,815)**	(12,930)	(8,332)
(Decrease)/increase in provisions	**(53)**	(13)	22
Increase/(decrease) in current asset investments	**(807)**	785	855
Net cash used in operations	**(1,836)**	(2,441)	(1,872)
Income taxes (paid)/received	**(15)**	15	256
Net cash used in operating activities	**(1,851)**	(2,426)	(1,616)
Investing activities			
Proceeds from sale of property, plant and equipment	**—**	300	291
Proceeds from sale of investments	**1,038**	—	823
Interest received	**41**	26	54
Disposal of associate	**935**	75	75
Acquisition of property, plant and equipment	**(34)**	(22)	(81)
Acquisition of investments	**(128)**	(122)	(665)
Repayment/Purchase of loan notes	**310**	—	—
Net cash generated from investing activities	**2,162**	257	497
Financing activities			
Repayment of borrowings	**(153)**	(435)	(610)
Interest paid	**(38)**	(54)	(90)
Net cash used in financing activities	**(191)**	(489)	(700)
Net increase/(decrease) in cash and cash equivalents	**120**	(2,658)	(1,819)
Cash and cash equivalents at beginning of period	**2,439**	4,258	4,258
Cash and cash equivalents at end of period	**2,559**	1,600	2,439
Clients' settlement cash	**2,503**	549	1,573
Group cash	**56**	1,051	866
Cash and cash equivalents at end of period	**2,559**	1,600	2,439

Condensed consolidated statement of changes in equity – unaudited

for the half year ended 31 May 2011

	Share capital £'000	Share premium £'000	Available for-sale reserve £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Balance at 1 December 2009 (as restated, note7)	1,064	5,724	210	1,472	5,928	(287)	14,111
Total comprehensive income for the period (as restated, note 7)	—	—	(2)	—	(156)	—	(158)
Recognition of share-based payments	—	—	—	—	46	—	46
Balance at 31 May 2010 (as restated, note7)	1,064	5,724	208	1,472	5,818	(287)	13,999
Total comprehensive income for the period	—	—	(161)	—	(213)	—	(374)
Recognition of share-based payments	—	—	—	—	(140)	—	(140)
Balance at 30 November 2010	1,064	5,724	47	1,472	5,465	(287)	13,485
Total comprehensive income for the period	—	—	92	—	495	—	587
Recognition of share based payments	—	—	—	—	29	—	29
Balance at 31 May 2011	**1,064**	**5,724**	**139**	**1,472**	**5,989**	**(287)**	**14,101**

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.

Other reserves
Other reserves comprise a merger reserve of £1,244k and capital redemption reserve of £228k

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.

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

The information in this interim report is unaudited and does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. The interim report was approved by the Board of Directors on 14 July 2011. The statutory accounts for the year ended 30 November 2010 have been delivered to the Registrar of Companies in England and Wales. The auditor has reported on those accounts. Its report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

The accounting policies adopted by the Group in the preparation of its 2011 interim financial statements are those which the Group currently expects to adopt in its annual financial statements for the year ending 30 November 2011 and are consistent with those disclosed in the annual financial statements for the year ended 30 November 2010.

Going concern

The financial statements of the Group have been prepared on a going concern basis. In making this assessment, the Directors have prepared detailed financial forecasts for the period to November 2012 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.

Part of the Group's funding is provided by bank loans. The Company has a facility with the Bank of Scotland in respect of a £3m property loan facility repayable over twenty years at 1.25% above base rate and a £2m working capital loan facility repayable over ten years, with a one year capital repayment holiday, at 2.25% above base. The property loan was drawn down on 4 February 2002 and the working capital facility loan was drawn down on 29 May 2002. The loans are secured on the 11 St James's Square property in Manchester and the Bank has a floating charge over the assets of the Group. The Directors and the Group's Bank have agreed that funding facilities will be available to the Group until 29 February 2012.

2. Segmental reporting

Following the adoption of IFRS 8, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, and who has been identified as the Board of Directors, comprising both Executive and Non-executive Directors.

The Group has four main operating divisions; Private Clients, Wealth Management, Capital Markets and Secondary Trading. These four segments represent the Group's reportable segments under IFRS8.

The Private Clients division offers investment management and stockbroking advice and services to individuals. Wealth Management contains our Independent Financial Advisory ("IFA") business, giving advice on and acting as intermediary for a range of financial products. The Capital Markets division provides corporate finance and corporate broking advice and services to companies and acts as Nominated Advisor to clients listed on the Alternative Investment Market ("AIM"). Secondary Trading contains our Institutional Sales and Research business, which carries out stockbroking activities on behalf of companies as well as conducting research into markets of interest to its clients. Each reportable segment has a segment manager who is directly accountable to and maintains regular contact with the CODM. The Head Office segment comprises centrally incurred costs and revenues.

2. Segmental reporting continued

Half year ended 31 May 2011

	Private Clients £'000	Wealth Management £'000	Capital Markets £'000	Secondary Trading £'000	Head Office £'000	Group £'000
Revenue	**5,036**	**589**	**2,033**	**2,354**	**1,396**	**11,408**
Segment result	**1,696**	**(352)**	**1,001**	**337**	**(1,614)**	**1,068**
Other Income	**—**	**—**	**—**	**—**	**16**	**16**
Investment income/gains/(losses)	**—**	**—**	**(143)**	**—**	**(13)**	**(156)**
Finance income	**—**	**—**	**—**	**—**	**41**	**41**
Finance expense	**—**	**—**	**—**	**—**	**(38)**	**(38)**
Share of profit of associates	**—**	**—**	**—**	**—**	**63**	**63**
Loss on disposal of associate	**—**	**—**	**—**	**—**	**(284)**	**(284)**
Profit/(loss) before taxation	**1,696**	**(352)**	**858**	**337**	**(1,829)**	**710**
Taxation	**—**	**—**	**—**	**—**	**(215)**	**(215)**
Profit/(loss) on continuing operations after taxation	**1,696**	**(352)**	**858**	**337**	**(2,044)**	**495**

Impairment losses on goodwill totalling £487k are included in the segment results above and can be allocated as follows:

- £36k Private Clients
- £200k Wealth Management
- £251k Secondary Trading

Half year ended 31 May 2010 (as restated, note 7)

	Private Clients £'000	Wealth Management £'000	Capital Markets £'000	Secondary Trading £'000	Head Office £'000	Group £'000
Revenue	4,589	842	1,271	1,174	923	8,799
Segment result	1,180	(87)	(43)	382	(2,121)	(689)
Other Income	—	—	—	—	29	29
Investment income/gains/(losses)	—	—	(93)	—	27	(66)
Finance income	—	—	—	—	26	26
Finance expense	—	—	—	—	(54)	(54)
Share of profit of associates	—	—	—	—	130	130
Profit on disposal of associate	—	—	—	—	4	4
Profit/(loss) before taxation	1,180	(87)	(136)	382	(1,959)	(620)
Taxation	—	—	—	—	464	464
Profit/(loss) on continuing operations after taxation	1,180	(87)	(136)	382	(1,495)	(156)

Impairment losses on goodwill of £30k can be allocated to the Private Clients segment and is included in the segment result above.

Year ended 30 November 2010 (as restated, note 7)

	Private Clients £'000	Wealth Management £'000	Capital Markets £'000	Secondary Trading £'000	Head Office £'000	Group £'000
Revenue	8,783	1,667	2,801	2,395	2,733	18,379
Segment result	2,263	(257)	367	461	(3,665)	(831)
Other Income	—	—	—	—	45	45
Investment income/gains	—	—	135	—	52	187
Finance income	—	—	—	—	54	54
Finance expense	—	—	—	—	(90)	(90)
Share of profit of associates	—	—	—	—	226	226
Loss on disposal of associate	—	—	—	—	(311)	(311)
Profit/(loss) before taxation	2,263	(257)	502	461	(3,689)	(720)
Taxation	—	—	—	—	351	351
Profit/(loss) on continuing operations after taxation	2,263	(257)	502	461	(3,338)	(369)

Impairment losses on goodwill of £74k can be allocated to the Private Clients segment and is included in the segment result above.

2. Segmental reporting continued

Segment assets and segment liabilities are reviewed by the CODM in a consolidated statement of financial position. Accordingly this information is replicated in the Group Consolidated Statement of Financial Position on page 3. As no measure of assets of liabilities for individual segments is reviewed regularly by the CODM, no disclosure of total assets or liabilities has been made, in accordance with the amendment to paragraph 23 of IFRS 8.

3. Investments

		Half year ended 31 May 2011 £'000	Half year ended 31 May 2010 £'000	Year ended 30 November 2010 £'000
Available-for-sale investments				
Fair value:	quoted	**14**	231	110
	unquoted	**347**	562	347
		361	793	457
Investments at fair value through the income statement				
Fair value:	quoted	—	358	721
	warrants	**89**	266	305
		89	624	1,026
Total investments		**450**	1,417	1,483

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.

4. 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 2011 was £74.8m (31 May 2010: £80.9m; 30 November 2010: £85.5m).

5. Share capital

The total number of authorised ordinary shares is 34.5 million shares of 5p each (31 May 2010 and 30 November 2010: 34.5 million). The total number of issued ordinary shares is 21.3 million shares of 5p each (31 May 2010: 21.3 million; 30 November 2010: 21.3 million).

6. 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 345,000 (31 May 2010: 1,474,167) 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 2011 '000	Half year ended 31 May 2010 '000 (as restated, note 7)	Year ended 30 November 2010 '000 (as restated, note 7)
Weighted average number of shares in issue during the period	**21,070**	21,070	21,070
Effect of dilutive share options	**526**	93	75
	21,596	21,163	21,145
	£'000	£'000	£'000
Earnings attributable to ordinary shareholders	**495**	(156)	(369)
Add back goodwill impairment	**487**	30	74
Add back loss/(profit) on disposal of associate	**284**	(4)	311
Adjusted earnings attributable to ordinary shareholders	**1,266**	(130)	16
Basic EPS			
Continuing operations	**2.35p**	(0.74)p	(1.75)p
Diluted EPS			
Continuing operations	**2.29p**	(0.74)p	(1.75)p
Adjusted EPS from continuing operations			
Basic	**6.01p**	(0.62)p	0.08p
Diluted	**5.86p**	(0.61)p	0.07p

7. Restatement of prior periods

The comparatives have been restated in these interim financial statements to reflect the following adjustments:

- On transition to IFRS on 1 December 2007, the Group elected to measure certain fixed assets at their fair value and use that fair value as their deemed cost at that date. Accordingly, the revaluation surplus at that time should have been reflected within retained earnings rather than a revaluation reserve. An adjustment has been made to the opening reserves to reflect this, increasing the retained earnings by £667,000 and decreasing the revaluation reserve by £667,000. The adjustment has neither an effect on the total comprehensive income nor the total net assets at either the current or previous reporting dates.
- In the six month period ended 31 May 2010 and the year to 30 November 2010, the Group incorrectly reported a transfer to profit or loss on sale of property, plant and equipment of £102,000 within both other comprehensive income and profit for the year. IAS 16 requires that the gain on the disposal of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the asset. Accordingly, the comparative information has been restated to reflect this change. This has resulted in the loss for the six month period to 31 May 2010 and for the year ended 30 November 2010 increasing by £102,000 with a corresponding reduction to the loss from other comprehensive income. The adjustment had neither an effect on the total comprehensive income nor the total net assets at either the current or previous reporting dates.

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 2011 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 2011 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
15 July 2011

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

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