



Arden Partners plc
Interim Report 2008





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Highlights

- ◆ Revenue down by 20% to £6.7m (2007: £8.4m)
- ◆ Equities division revenue up 17% to £4.1m (2007: £3.5m)
- ◆ Corporate Finance division revenue down 48% to £2.5m (2007: £4.9m)
- ◆ Underlying* profit before tax down by 46% to £1.6m (2007: £3.0m)
- ◆ Profit before tax down from £2.7m to £1.3m
- ◆ Underlying* basic earnings per share down by 50% to 4.4p (2007: 8.8p)
- ◆ Basic earnings per share 3.3p (2007: 7.4p)
- ◆ Interim dividend maintained at 2.2p per ordinary share
- ◆ Cash balances £8.2m (2007: £5.3m)

(* underlying profits are profits before share based payments of £275k (2007: £17k) and exceptional costs of £Nil (2007: £318k)

	Six months ended 30 April 2008 Unaudited	Six months ended 30 April 2007 Unaudited
Financial		
Turnover	£6.7m	£8.4m
Underlying profit before tax*	£1.6m	£3.0m
Profit before tax	£1.3m	£2.7m
Underlying earnings per share**		
Basic	4.4p	8.8p
Diluted	4.2p	8.4p
Earnings per share:		
Basic	3.3p	7.4p
Diluted	3.2p	7.1p
Dividend per ordinary share	2.2p	2.2p

* Profit before tax as adjusted to remove the effect of share based payments and exceptional costs.

** Earnings as adjusted for the after-tax effect of share based payments and exceptional costs.

Chief Executive's Statement

Markets remain challenging however the interim results are in line with the Board's overall expectations.

Income from the Equities Division was ahead of the comparative period by 17%.

Corporate Finance Division income was down more than indicated at the AGM primarily because of the Indus IPO being moved into the second half.

Arden has continued to invest in staff in line with its growth strategy.

Earlier this year the Group was subject to an aborted bid approach from Cenkos Securities plc. Subsequently, on 16th May the Board said that it had received preliminary approaches from a number of parties which may or may not lead to an offer being made for the Group. These discussions continue.

Given the delivery of corporate income since the first half together with a reasonably good pipeline, the Board has decided to maintain the interim dividend at 2.2p per ordinary share.

Results and dividend

The results for the period reflect the first time adoption of International Financial Reporting Standards ("IFRS"). During the six months ended 30 April 2008, revenue was down by 20% to £6.7m (2007: £8.4m) and underlying profit before tax (before share based payments of £275k (2007: £17k)) and exceptional costs of £Nil (2007: £318k) fell by 46% to £1.6m (2007: £3.0m). Underlying basic earnings per share (before share based payments and exceptional costs) were 4.4p (2007: 8.8p).

Net assets have increased to £10.4m including cash balances of £8.2m.

The Board has declared a maintained interim dividend of 2.2p (2007: 2.2p). The dividend will be payable on 3rd October 2008 to all shareholders on the register at 12th September 2008.

Equities Division

Income from research, sales and trading has continued to grow with revenue increasing by

17% from £3.5m to £4.1m. We have further strengthened our sales, research and market making teams and we continue to pursue high quality individuals.

Corporate Finance Division

The Corporate Finance ("CF") division's income was down in the period reflecting more difficult market conditions and the move of the Indus IPO into the second half. However, the CF division's income has some resilient characteristics due to the Group's exposure to the oil & gas sector and India's growth.

During the period CF income was characterised by fees derived mainly from M&A activity. Since the interim period end, we have successfully listed Indus Gas on AIM raising \$50m on a market capitalisation of \$550m and Arden has assisted with the IPO of KSK's Indian subsidiary, KSK Energy Ventures on the Bombay and National Stock Exchanges. We have also acted as Rule 3 advisers in the takeover of Virotec.

We are currently working on a range of domestic and Indian focused opportunities, including M&A, secondary placings and also for later in the year, selective IPOs dependent on market conditions and developments.

Staff

The whole team contributes greatly to the success of the business and we are grateful for their hard work ethic. We will continue to reward our staff on a performance basis focused strongly on delivering shareholder value.

Outlook

Whilst UK small mid-cap markets remain challenging, the second half has started well. With a pipeline including internationally focused business, the Board anticipates a satisfactory second half to the financial year.



Jonathan Keeling

Chief Executive
31 July 2008



Consolidated Income Statement

For the six months ended 30 April 2008

	note	Six months ended 30 April 2008 Unaudited £'000	Six months ended 30 April 2007 Unaudited £'000	Year ended 31 October 2007 Unaudited £'000
Revenue	2	6,657	8,448	16,819
Administrative expenses	3	5,591	5,951	12,071
Profit from operations		1,066	2,497	4,748
Finance income		271	184	461
Finance costs		-	6	3
Profit before taxation		1,337	2,675	5,206
Income tax expense		518	857	1,717
Profit on ordinary activities after taxation		819	1,818	3,489
Earnings per share				
Basic	4	3.3p	7.4p	14.1p
Diluted	4	3.2p	7.1p	13.1p

**Consolidated Balance Sheet**

At 30 April 2008

	At 30 April 2008 Unaudited £'000	At 30 April 2007 Unaudited £'000	At 31 October 2007 Unaudited £'000
Assets			
Non-current assets			
Plant property and equipment	439	443	512
Deferred Tax	-	5	-
Total non-current assets	439	448	512
Current assets			
Financial assets – held for trading	880	2,806	1,652
Financial assets- available for sale	20	822	443
Pledged assets	-	882	-
Trade and other receivables	8,904	13,155	9,753
Cash and cash equivalents	8,151	5,289	7,855
Total current assets	17,955	22,954	19,703
Total assets	18,394	23,402	20,215
Current liabilities			
Trade and other payables	7,532	13,401	8,992
Corporation tax liability	495	851	806
Total current liabilities	8,027	14,252	9,798
Non current liabilities			
Deferred tax liability	-	-	28
Total non-current liabilities	-	-	28
Total liabilities	8,027	14,252	9,826
Net assets	10,367	9,150	10,389
Financed by:			
Called up share capital	2,470	2,470	2,470
Share premium account	2,646	2,646	2,646
Employee Benefit Trust Reserve	(200)	(200)	(200)
Profit and loss account	5,451	4,256	5,438
Available for sale reserve	-	(22)	35
Total equity	10,367	9,150	10,389

**Consolidated Cash Flow Statement**

For the period ended 30 April 2008

	Six months ended 30 April 2008 Unaudited £'000	Six months ended 30 April 2007 Unaudited £'000	Year ended 31 October 2007 Unaudited £'000
Operating activities before taxation			
Net profit from ordinary activities before tax	1,337	2,675	5,206
Adjustments for:			
Fair value adjustments on held for trading assets	(35)	14	45
Depreciation	141	101	236
Interest expense/(receivable)	(271)	(178)	(458)
Share based payments	275	17	34
Operating profit before changes in working capital	1,447	2,629	5,063
Decrease/(Increase) in trade and other receivables	817	(6,906)	(2,629)
Sale/(Purchase) of financial assets	1,530	(1,869)	(254)
Increase/(Decrease) in trade and other payables	(1,795)	4,295	(159)
Cash generated from operations	1,999	(1,851)	2,021
Income taxes paid	(806)	(676)	(1,575)
Cash flows from operating activities	1,193	(2,527)	446
Investing activities			
Purchases of fixed assets	(68)	(156)	(360)
Interest received	252	157	458
	184	1	98
Financing activities			
Dividends paid to equity shareholders	(1,081)	(445)	(949)
Increase/(decrease) in cash and cash equivalents	296	(2,971)	(405)
Cash and cash equivalents at the beginning of the period	7,855	8,260	8,260
Cash and cash equivalents at the end of the period	8,151	5,289	7,855

Consolidated Statement of Changes in Equity

For the period ended 30 April 2008

Unaudited Statement of changes in equity for the six months ended 30 April 2008

	Share Capital £'000	Share Premium Account £'000	Employee Benefit Trust Reserve £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2007	2,470	2,646	(200)	35	5,438	10,389
Available for sale investments:						
Valuation gains/(losses) taken to equity	-	-	-	(51)	-	(51)
Tax taken to equity	-	-	-	16	-	16
Profit for the period	-	-	-	-	819	819
Dividends	-	-	-	-	(1,081)	(1,081)
Share based payment	-	-	-	-	275	275
Balance at 30 April 2008	2,470	2,646	(200)	-	5,451	10,367

Unaudited Statement of changes in equity for the six months ended 30 April 2007

	Share Capital £'000	Share Premium Account £'000	Employee Benefit Trust Reserve £'000	Available for sale reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2006	2,470	2,646	(200)	(107)	2,866	7,675
Available for sale investments:						
Valuation gains/(losses) taken to equity	-	-	-	121	-	121
Tax taken to equity	-	-	-	(36)	-	(36)
Profit for the period	-	-	-	-	1,818	1,818
Dividends	-	-	-	-	(445)	(445)
Share based payment	-	-	-	-	17	17
Balance at 30 April 2007	2,470	2,646	(200)	(22)	4,256	9,150



Notes to the Condensed Financial Statements

1) Basis of preparation

The financial information for the six months ended 30 April 2008 and for the six months ended 30 April 2007 is unaudited. The financial information presented for the Group does not constitute "statutory accounts" within the meaning of Section 240 of the Companies Act 1985.

The information for the year ended 31 October 2007 has been extracted from the financial statements of the statutory accounts of Arden Partners plc which were prepared under UK Generally Accepted Accounting Principles ("UK GAAP") and have been delivered to the Registrar of Companies. The auditors have reported on those financial statements; their report was unqualified, did not include any references to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under either Section 237(2) or Section 237(3) of the Companies Act 1985. This audited information has been restated, as necessary, for the adoption of IFRS. The restatements have not been audited.

Accounting policies

The condensed consolidated financial information for the six months ended 30 April 2008 has been prepared in accordance with the Disclosure of Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The financial information presented in this report has been prepared using accounting policies that will be used in the preparation of the financial statements for the year ending 31 October 2008

These policies are in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board as endorsed for use in the European Union, that are expected to be applicable for the year ending 31 October 2008.

The significant accounting policies in relation to the IFRS adoption are as follows:

Revenue

Revenue comprises the net trading gains or losses of shares traded on a principal basis, commissions and fees earned from trading shares on an agency basis, together with fees derived from corporate finance activities, broking services and retainers.

Revenue is recognised at the fair value of the consideration receivable, to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group. Where consideration includes financial instruments or other non cash items, revenue is measured at fair value using an appropriate valuation method.



Notes to the Condensed Financial Statements continued

The Group recognises revenue at the point of completing an assignment to the extent that it has obtained the right to consideration through performance of its services to clients.

Deal fees and placing commissions are only recognised once there is an absolute contractual entitlement for the Group to receive them.

Institutional Commissions are recognised on trade dates. Net trading gains or losses are the realised and unrealised profits and losses from market making long and short positions on a trade date basis.

Corporate retainers are recognised on an accruals basis.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group's accounting policy for each category is as follows:

Held for trading: Trading investments and their associated financial liabilities represent market making positions and other investments held for resale in the near term and are stated at fair value. Gains and losses from the changes in fair value are taken to the income statement.

For trading investments which are quoted in active markets, fair values are determined by reference to the current quoted bid price. Where independent prices are not available, fair value is determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques that are commonly used by market participants.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment)



Notes to the Condensed Financial Statements continued

that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities as well as corporate bonds. They are carried at fair value with changes in fair value recognised directly in a separate component of equity (available-for-sale reserve) other than exchange differences on corporate bonds denominated in foreign currency, which are recognised in profit or loss. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the income statement. Interest on corporate bonds classified as available for sale is calculated using the effective interest method and is recognised in finance income in the income statement.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for each category is as follows:

Fair value through profit or loss: The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.



Notes to the Condensed Financial Statements continued

Other financial liabilities: Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Pledged assets

The Group may enter into stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with securities or cash advances received as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at a future agreed price. The securities purchased are not recognised on the balance sheet and the transaction is treated as a secured loan made for the purchase price.

Where cash has been used to effect the purchase, the cash collateral amount is recorded as a pledged asset on the balance sheet.

Notes to the Condensed Financial Statements continued

2) Revenue

	Six months ended 30 April 2008 Unaudited £'000	Six months ended 30 April 2007 Unaudited £'000	Year ended 31 October 2007 Unaudited £'000
Equities Division	4,138	3,537	7,444
Corporate Finance division	2,519	4,911	9,375
Total revenue	6,657	8,448	16,819

The Directors are of the opinion that there are only two business segments and disclose only in terms of turnover the reporting segments of the Group.

3) Administrative expenses

	Six months ended 30 April 2008 Unaudited £'000	Six months ended 30 April 2007 Unaudited £'000	Year ended 31 October 2007 Unaudited £'000
Staff costs	3,255	3,662	7,120
Overheads	2,336	1,971	4,633
Staff and overhead costs	5,591	5,633	11,753
Exceptional items	-	318	318
Total administrative costs	5,591	5,951	12,071

Note: staff costs include a charge of £275,000 (Interim 2007: £17,000, Final 2007: £34,000) for share based payments (IFRS 2).

4) Earnings per share

Basic earnings per share is calculated on profit after tax of £819,000 (2007: £1,818,000) and 24,701,872 (2007: 24,701,872) being the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share takes account of the weighted average number of outstanding share options being 1,245,685 (2007: 1,077,998).

Notes to the Condensed Financial Statements continued

Underlying basic earnings per share of 4.4p (2007: 8.8p) and the underlying diluted earnings per share of 4.2p (2007: 8.4p) for the six months ended 30 April 2008 is calculated on profit after tax of £1,094,000 (2007: £2,170,000) being the profit after tax, adjusted for the post tax impact of IFRS 2 costs of £275,000 (2007: £34,000) and exceptional costs of £Nil (2007: £318,000).

5) Dividends

	Six months ended 30 April 2008 Unaudited £'000	Six months ended 30 April 2007 Unaudited £'000	Year ended 31 October 2007 Unaudited £'000
Final dividend year ended 31 October 2007	1,081	445	445
Interim dividend year ended 31 October 2007	-	-	400
Distribution to equity shareholders	1,081	445	845

The Board has declared an interim dividend of 2.2p (2007: 2.2p). The dividend will be payable on 3 October 2008 to all shareholders on the register at 12 September 2008. The interim dividend has not been accrued in these financial statements.

6) Transition to IFRS

The financial information for the six months ended 30 April 2007, the year ended 31 October 2007 and the opening balance sheet at 1 November 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The Group's transition date to IFRS is 1 November 2006. The rules for first-time adoption of IFRS are set out in IFRS 1 'First time adoption of international financial reporting standards'. In preparing the IFRS financial information, these transition rules have been applied to the amounts reported previously under generally accepted accounting principles in the United Kingdom ('UK GAAP'). IFRS 1 generally requires full retrospective application of the Standards and Interpretations in force at the first reporting date. However, IFRS 1 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.



Notes to the Condensed Financial Statements continued

The Group has elected to make use of the exemptions available in IFRS 1 as follows:

IFRS 2 'Share-based Payments' has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 November 2006.

IFRS 3 'Business Combinations' has not been applied retrospectively to business combinations that occurred before 1 November 2006.

7) Reconciliation of UK GAAP to IFRS:

For the period ended 30 April 2007 and the year ended 31 October 2007 there are differences between the income statement and balance sheet amounts reported under UK GAAP and IFRS as noted on the following pages. There are also differences under UK GAAP and IFRS for the opening balance sheet on transition (as at 1 November 2006).

There is no monetary impact on the cash flow statement following the adoption of IFRS for these above periods.

The IFRS transition has given rise to three types of adjustments, these are as follows:

- a) Fair value adjustments for financial assets that are classed as held for trading, with movements in the fair value going to the income statement;
- b) Fair value adjustments for financial assets that are classified as available for sale with movements in the fair value going through equity;
- c) Tax relating to the above.

8) Risks

The principal financial and non-financial risks facing the Group are disclosed within note 28 of the Annual Report for the year ended 31 October 2007, a copy of which is available at the Group's website (www.arden-partners.co.uk).



Notes to the Condensed Financial Statements continued

Statement of Directors' Responsibilities

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Arden Partners plc are listed in the Annual Report for the year ended 31 October 2007.

A list of the current Directors is maintained on the Arden Partners' website (www.arden-partners.co.uk).

By Order of the Board

Jonathan Keeling

Chief Executive

Trevor Norris

Finance Director

31 July 2008



Restatement of Historical Financial Information Under IFRS

Consolidated financial information for the six months ended 30 April 2007

	UK GAAP At 30 April 2007 (Unaudited) £'000	IFRS Adjustments £'000	IFRS At 30 April 2007 (Unaudited) £'000
Assets			
Non-current assets			
Plant property and equipment	443	-	443
Deferred Tax	-	5	5
Total non-current assets	443	5	448
Current assets			
Financial assets – held for trading	2,802	4	2,806
Financial assets - available for sale	853	(31)	822
Pledged assets	882	-	882
Trade and other receivables	13,155	-	13,155
Cash and cash equivalents	5,289	-	5,289
Total current assets	22,981	(27)	22,954
Total assets	23,424	(22)	23,402
Current liabilities			
Trade and other payables	13,401	-	13,401
Corporation tax liability	851	-	851
Total current liabilities	14,252	-	14,252
Non current liabilities			
Deferred tax liability	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	14,252	-	14,252
Net assets	9,172	(22)	9,150

Restatement of Historical Financial Information Under IFRS

Consolidated financial information for the six months ended 30 April 2007

	UK GAAP At 30 April 2007 (Unaudited) £'000	IFRS Adjustments £'000	IFRS At 30 April 2007 (Unaudited) £'000
Revenue	8,434	14	8,448
Administrative expenses	5,951	-	5,951
Profit from operations	2,483	14	2,497
Finance income	184	-	184
Finance costs	6	-	6
Profit before taxation	2,661	14	2,675
Income tax expense	850	7	857
Profit on ordinary activities after taxation	1,811	7	1,818
Earnings per share			
Basic	7.3p	-	7.4p
Diluted	7.0p	-	7.1p

Restatement of Historical Financial Information Under IFRS

Consolidated financial information for the year ended 31 October 2007

	UK GAAP At 31 October 2007 (Audited) £'000	IFRS Adjustments £'000	IFRS At 31 October 2007 (Unaudited) £'000
Assets			
Non-current assets			
Plant property and equipment	512	-	512
Total non-current assets	512	-	512
Current assets			
Financial assets – held for trading	1,617	35	1,652
Financial assets - available for sale	392	51	443
Trade and other receivables	9,753	-	9,753
Cash at bank and in hand	7,855	-	7,855
Total current assets	19,617	86	19,703
Total assets	20,129	86	20,215
Current liabilities			
Trade and other payables	8,992	-	8,992
Corporation tax liability	806	-	806
Total current liabilities	9,798	-	9,798
Non current liabilities			
Deferred tax liability	-	28	28
Total non-current liabilities	-	28	28
Total liabilities	9,798	28	9,826
Net assets	10,331	58	10,389

Restatement of Historical Financial Information Under IFRS

Consolidated financial information for the year ended 31 October 2007

	UK GAAP Year ended 31 October 2007 (Audited) £'000	IFRS Adjustments £'000	IFRS Year ended 31 October 2007 (Unaudited) £'000
Revenue	16,774	45	16,819
Administrative expenses	12,071	-	12,071
Profit from operations	4,703	45	4,748
Finance income	461	-	461
Finance costs	3	-	3
Profit before taxation	5,161	45	5,206
Income tax expense	1,704	13	1,717
Profit on ordinary activities after taxation	3,457	32	3,489
Earnings per share			
Basic	14.0p	-	14.1p
Diluted	13.0p	-	13.1p



Restatement of Historical Financial Information Under IFRS

Consolidated balance sheet as at 1 November 2006

	UK GAAP At 31 October 2006 (Audited) £'000	IFRS Adjustments £'000	IFRS At 1 November 2006 (Unaudited) £'000
Assets			
Non-current assets			
Plant property and equipment	388	-	388
Deferred Tax	-	48	48
Total non-current assets	388	48	436
Current assets			
Financial assets – held for trading	1,217	(10)	1,207
Financial assets - available for sale	583	(152)	431
Trade and other receivables	7,169	-	7,169
Cash and cash equivalents	8,260	-	8,260
Total current assets	17,229	(162)	17,067
Total assets	17,617	(114)	17,503
Current liabilities			
Trade and other payables	9,151	-	9,151
Corporation tax liability	677	-	677
Total current liabilities	9,828	-	9,828
Total liabilities	9,828	-	9,828
Net assets	7,789	(114)	7,675



Independent Review Report

Results and dividend

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement 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 half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1 the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Group 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 Group in meeting its responsibilities in respect to half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority 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 30 April 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
London
31 July 2008

Corporate Information

Directors

Sir David Rowe-Ham – Chairman
Jonathan Keeling – Chief Executive Officer
Trevor Norris – Group Finance Director
Tony Bartlett – Non Executive Director
Philip Dayer – Non Executive Director
Grahame Whateley – Non Executive Director

Company Secretary and Registered Office

Trevor Norris
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Fax : 0121 423 8991

Company Number

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The Registry
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