

**Mattioli Woods plc**  
**Interim Report 2006**



## Securing your pension

Pension Trustees & Administrators  
Pension Investment Services  
Pension Consultants

# Corporate Statement

Mattioli Woods plc (“Mattioli Woods” or “the Company”) was established by Ian Mattioli and Bob Woods in 1991. Mattioli Woods and its subsidiaries (“the Group”) provide pensions consultancy and administration services, primarily to owner-managers, senior executives and professionals. The Group’s focus is at the higher end of the market where clients require bespoke service and specialist advice.

Headquartered in Leicester and employing 96 staff, including 13 pension consultants, Mattioli Woods has a strong network of intermediary contacts throughout the UK. The practice has grown consistently year on year since inception and became a public company on joining the AIM market of the London Stock Exchange plc in November 2005.

Our objective is to continue to grow Mattioli Woods’ business to increase its market share and enhance its reputation in the pension consultancy market. Mattioli Woods’ core values provide our staff and our clients with an open, passionate and caring organisation of integrity.

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## Highlights

- Revenue increased by 20.4% to £4.34 million (2005: £3.61 million)
- Profit before interest and tax up 55.1% to £1.52 million (2005: £0.98 million)
- Earnings per share of 6.3 pence (2005: 5.0 pence)
- Interim dividend to shareholders of 0.85 pence per share (2005: nil)
- Normalised operating margin increased to 33.4% (2005: 28.1%)
- Graduate recruitment is creating platform for growth
- Continued development of innovative products and services



## Chairman's statement



For the third consecutive reporting period since floating on AIM it gives me great pleasure to report continued growth, with revenue up 20.4% and profit before interest and tax up 55.1% in the six months ended 30 November 2006 compared with the same period in 2005. We are operating in a sector that has been stimulated by beneficial legislative changes and strong investment markets. These factors, together with ongoing demand for self-administered and self-invested pensions, have resulted in the anticipated increase in our revenues compared to the same period last year.

We now act for over 1,500 small self-administered pension scheme ("SSAS") and self invested personal pension ("SIPP") clients throughout the UK with funds under trusteeship at 30 November 2006 totalling over £760 million (2005: £551 million). We believe an average scheme value of over £500,000 is well in excess of the industry average.

We have continued to strengthen our investment services, and the successful launch of two 'structured products' during the period, which link the performance in major emerging market economies over a five-year period with a 100% capital guarantee, gives us the confidence to develop more products of this nature going forward. These products complement our mainstream investment strategies, which are developed and

delivered in partnership with a number of leading financial institutions. By maintaining relationships with a wide range of product providers, we maintain the integrity of our impartial advice.

### Trading results

In the six months ended 30 November 2006, increased revenue of £4.34 million (2005: £3.61 million) was achieved. Profit before interest and tax was £1.52 million (2005: £0.98 million), with EBITDA of £1.69 million (2005: £1.05 million).

Operating margin increased to 35.1% (2005: 27.2%) as a result of efficiencies arising from changes made to our administration systems in the run-up to A-Day and tight cost control. We also benefited from £0.1 million of non-recurring revenue associated with the introduction of Pension Simplification, giving a normalised operating margin for the six months ended 30 November 2006 of 33.4% (2005: 28.1%). Costs in the same period last year were inflated by approximately £0.2 million of one-off costs related to our AIM float and the move to new office premises.

Time-based fees continue to represent our core revenue stream, with additional revenues generated from our investment planning and syndicated property initiatives. We are seeing increasing demand for good quality commercial property investment opportunities. During the period we have facilitated the creation of four new syndicates (2005: four), which will further enhance our recurring revenue streams.

Earnings per share were 6.3 pence (2005: 5.0 pence).

### Market overview

The SIPP is increasingly being seen as the pension vehicle of choice for a wider market. We also see growing demand from our clients for our investment services, and in particular, good quality syndicated property investment opportunities.

From April 2007 the Financial Services Authority ("FSA") will assume responsibility for the regulation of SIPPs. We believe Mattioli Woods was one of the first businesses to submit its application for registration, and we are confident we can comply with all the regulator's requirements. The expectation of increased capital adequacy requirements under the new regime has led commentators to speculate some existing players may wish to exit the sector, creating further acquisition opportunities.

We remain enthusiastic about the opportunity to develop consultancy services in the Final Salary Scheme market, which we anticipate will also have a positive impact on our SIPP business.

#### **Dividends**

The Board is pleased to announce an interim dividend for the half year ended 30 November 2006 of 0.85 pence (2005: nil) per ordinary share in line with our previously stated policy. I reiterate our intention to grow dividend distributions sensibly going forward. The interim dividend will be paid on 23 March 2007 to shareholders on the Register at the close of business on 2 March 2007.

#### **Staff**

Our people have demonstrated an enormous amount of enthusiasm and commitment in responding to the challenges faced by our fast-growing organisation. Increasing capacity remains crucial in an environment of growing demand, and our graduate recruitment programme remains a key part of this strategy. Seven new graduates joined the Group during the period (2005: one), increasing our total headcount to 96. Our increased business profile following the admission to AIM has also enhanced our ability to recruit experienced pension administration and support staff.

I have highlighted previously that Mattioli Woods enjoys a strong team spirit and commitment from its entire staff, and it remains our aim to build on that culture by continuing to facilitate wider equity participation within the organisation. The

introduction of the Consultants' Share Option Plan in September 2006 was an important step towards this objective.

#### **Shareholders**

I am delighted that we have maintained a broad institutional shareholder base since joining the AIM market. We are also pleased to be developing a wider private client shareholder base. It is your board's intention to continue to communicate fully with all our shareholders, current and future, and in so doing build further awareness of Mattioli Woods over the coming years.

#### **Outlook**

Robust trading has continued into the start of the second half. As the SIPP market develops, we expect our consultancy team to continue to attract new business at the top end of the market. The arguments in favour of self-administered and self-invested pensions have been strengthened by the Government's introduction of Pension Simplification in April 2006.

We were pleased the Government has since confirmed the abolition of compulsory annuity purchase after the age of 75. This removes a long-standing drawback to pension fund investment for many of our existing and potential clients. However, we were disappointed by the Chancellor's announcement that pension funds are to be subject to an onerous tax charge in the event of death after the age of 75. Whilst we await clarification of the Government's position on these issues, we expect these proposals to widen planning opportunities for our clients.

Against the backdrop of uncertain markets and a rapidly changing world economic environment, we expect there to be further opportunities for growth in our core markets. I believe we are well placed to capitalise on these opportunities, and remain confident that our business can look forward to continued growth in 2007 and beyond.

#### **Bob Woods**

Chairman  
19 February 2007

# Independent review report to Mattioli Woods plc

## Introduction

We have been instructed by the Group to review the financial statements set out on pages 5 to 39 and have read the other information in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the Group for the purpose of their interim statement and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save as expressly agreed by our prior consent in writing.

## Directors' responsibilities

The interim statement, 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 statement in accordance with the AIM Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the Group's annual accounts.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board as if that Bulletin applied. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2006.

## **Baker Tilly**

Registered Auditor  
Chartered Accountants  
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## Condensed consolidated interim income statement for the six months ended 30 November 2006

	Notes	Unaudited Six months ended 30 Nov 2006 £	Unaudited Six months ended 30 Nov 2005 £	Audited Year ended 31 May 2006 £
<b>Revenue</b>	4	<b>4,342,664</b>	3,605,970	7,572,845
Employee benefits expense		<b>(1,878,673)</b>	(1,480,420)	(3,271,679)
Other administrative expenses		<b>(770,282)</b>	(1,072,854)	(1,973,425)
Depreciation and amortisation		<b>(166,047)</b>	(70,136)	(169,184)
Profit/(loss) on disposal of property, plant and equipment		<b>(3,876)</b>	-	-
<b>Operating profit before financing</b>	4	<b>1,523,786</b>	982,560	2,158,557
Financial income		<b>53,187</b>	32,174	103,731
Financial expenses		<b>(51)</b>	(76,760)	(94,010)
<b>Net financing income/(costs)</b>		<b>53,136</b>	(44,586)	9,721
<b>Profit before tax</b>		<b>1,576,922</b>	937,974	2,168,278
Income tax expense	5	<b>(495,759)</b>	(304,063)	(674,585)
<b>Profit for the period</b>		<b>1,081,163</b>	633,911	1,493,693
<b>Attributable to:</b>				
Equity holders of the parent		<b>1,081,163</b>	633,911	1,493,693
Earnings per ordinary share:				
Basic (pence)	6	<b>6.3</b>	5.0	10.0
Diluted (pence)	6	<b>6.3</b>	5.0	10.0

The operating profit for each period arises from the Group's continuing operations.

## Condensed consolidated interim statement of recognised income and expense

for the six months ended 30 November 2006

	<b>Unaudited Six months ended 30 Nov 2006 £</b>	Unaudited Six months ended 30 Nov 2005 £	Audited Year ended 31 May 2006 £
Profit for the period	<b>1,081,163</b>	633,911	1,493,693
Total recognised income and expense for the period	<b>1,081,163</b>	633,911	1,493,693

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# Condensed consolidated interim balance sheet

as at 30 November 2006

	Notes	Unaudited 30 Nov 2006 £	Unaudited 30 Nov 2005 £	Audited 31 May 2006 £
<b>Assets</b>				
Property, plant and equipment	8	374,404	379,481	390,496
Intangible assets		5,744,065	5,243,151	5,835,970
Deferred income tax assets	5	41,738	4,667	16,946
<b>Total non-current assets</b>		<b>6,160,207</b>	<b>5,627,299</b>	<b>6,243,412</b>
Trade and other receivables		4,688,203	3,069,885	5,105,177
Cash and cash equivalents	10	1,593,425	3,028,215	441,160
<b>Total current assets</b>		<b>6,281,628</b>	<b>6,098,100</b>	<b>5,546,337</b>
<b>Total assets</b>		<b>12,441,835</b>	<b>11,725,399</b>	<b>11,789,749</b>
<b>Equity</b>				
Issued capital	11	172,159	170,455	170,455
Share premium	11	5,601,458	5,321,151	5,321,151
Other reserves	11	2,086,545	2,069,870	2,094,687
Retained earnings	11	2,915,459	1,213,150	2,072,932
<b>Total equity attributable to equity holders of the parent</b>		<b>10,775,621</b>	<b>8,774,626</b>	<b>9,659,225</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	5	–	8,225	–
Provisions and other liabilities		130,607	186,118	144,443
		<b>130,607</b>	<b>194,343</b>	<b>144,443</b>
<b>Current liabilities</b>				
Trade and other payables		888,669	669,054	1,193,196
Current income tax liabilities	5	515,841	306,486	374,107
Interest bearing loans and borrowings		–	1,200,000	–
Bank overdraft	10	–	450,644	347,705
Provision and other liabilities		131,097	130,246	71,073
		<b>1,535,607</b>	<b>2,756,430</b>	<b>1,986,081</b>
<b>Total liabilities</b>		<b>1,666,214</b>	<b>2,950,773</b>	<b>2,130,524</b>
<b>Total equities and liabilities</b>		<b>12,441,835</b>	<b>11,725,399</b>	<b>11,789,749</b>

# Condensed consolidated interim statement of cash flows

for the six months ended 30 November 2006

	Notes	Six months ended 30 Nov 2006 £	Six months ended 30 Nov 2005 £	Year ended 31 May 2006 £
<b>Cash flows from operating activities</b>				
Cash receipts from customers		4,661,087	3,317,554	6,927,700
Cash paid to suppliers and employees		(2,869,943)	(2,396,932)	(4,593,034)
New loans advanced to property syndicates		(1,817,442)	(3,540)	(1,777,034)
Loan repayments from property syndicates		1,915,994	-	95,540
Cash generated from operations		1,889,696	917,082	653,172
Interest paid		(51)	(76,760)	(94,010)
Income taxes paid	5	(360,607)	(593,753)	(904,045)
<b>Net cash from operating activities</b>		<b>1,529,038</b>	<b>246,569</b>	<b>(344,883)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	8	474	-	-
Interest received		53,187	32,174	103,731
Acquisition of subsidiaries, net of cash received		-	(15)	-
Acquisition of property, plant and equipment	8	(62,400)	(209,232)	(273,768)
Acquisition of other investments		-	(383,791)	(1,091,316)
<b>Net cash from investing activities</b>		<b>(8,739)</b>	<b>(560,864)</b>	<b>(1,261,353)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital	11	225,001	6,000,001	6,000,001
Payment of costs of share issue		-	(576,385)	(576,385)
Proceeds from new borrowings		-	1,200,000	1,200,000
Redemption of preference shares		-	(2,000,000)	(2,000,000)
Repayments of borrowings		-	-	(1,200,000)
Repayment of Directors' loans		(6,694)	(3,019,298)	(3,011,473)
Dividends paid	7	(238,636)	-	-
<b>Net cash from financing activities</b>		<b>(20,329)</b>	<b>1,604,318</b>	<b>412,143</b>
Net increase/(decrease) in cash and cash equivalents		1,499,970	1,290,023	(1,194,093)
Cash and cash equivalents at start period	10	93,455	1,287,548	1,287,548
<b>Cash and cash equivalents at end period</b>		<b>1,593,425</b>	<b>2,577,571</b>	<b>93,455</b>

# Notes to the condensed consolidated interim financial statements

## 1. Corporate information

Mattioli Woods plc ("the Company") is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The condensed consolidated interim financial statements of the Company for the six months ended 30 November 2006 comprise the Company and its subsidiaries (together referred to as the "Group"). The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 19 February 2007.

## 2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") for interim financial statements. These are the Group's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRSs has affected the financial position, financial performance and cash flows of the Group is provided in Notes 14 and 15. These notes include reconciliations of equity and profit or loss for comparative periods reported under UK Generally Accepted Accounting Practice ("UK GAAP") to those reported periods under IFRSs.

## 2.2 Basis of preparation

The preparation of interim financial statements in conformity with IAS 34 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed consolidated interim financial statements have been prepared on the basis of IFRSs in issue that are effective or available for early adoption at the Group's first IFRS annual reporting date, 31 May 2007. Based on these IFRSs, the Board of Directors has made assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended 31 May 2007.

The IFRSs that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 31 May 2007 are still subject to change and to the issue of additional interpretation(s), and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first IFRS financial statements are prepared at 31 May 2007.

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under UK GAAP. The accounting policies set out below have been applied

## Notes to the condensed consolidated interim financial statements (continued)

consistently to all periods presented in these condensed consolidated interim financial statements. They have also been applied in preparing an opening IFRS balance sheet at 1 June 2005 for the purposes of the transition to IFRSs, as required by IFRS 1. The impact of the transition from UK GAAP to IFRSs is explained in Notes 14 and 15.

The accounting policies have been applied consistently throughout the Group for the purposes of these condensed consolidated interim financial statements.

### 2.3 Basis of consolidation

The condensed consolidated interim financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn as at November each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. All inter-group balances, transactions, income and expenses and profits and losses resulting from inter-group transactions that are recognised in assets are eliminated in full.

### 2.4 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

#### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less cost to sell of the cash-generating unit to which the goodwill is allocated. Estimating a fair value less cost to sell amount requires management to make an estimate of the realisable value of the cash generating unit. The carrying amount of goodwill at 30 November 2006 was £2,347,130 (2005: £2,347,130).

#### Deferred tax assets

Deferred tax assets include temporary differences related to employee benefits settled via the issue of share options. Recognition of the deferred tax assets assumes share options will have a positive value at the date of vesting, which is greater than the share option cost recognised in the income statement.

## Notes to the condensed consolidated interim financial statements (continued)

### Recoverability of accrued time costs

The Group recognises accrued income in respect of time costs incurred on clients' affairs during the accounting period, which have not been invoiced at the balance sheet date. This requires an estimation of the recoverability of the time costs incurred but not invoiced to clients. The carrying amount of accrued time costs at 30 November 2006 was £1,107,594 (2005: £960,537).

### Accrued commission income

Accrued commission income is recognised in respect of commissions due to the Group on investments and bank deposits placed during the accounting period which have not been received at the balance sheet date. This requires an estimation of the amount of commission income that will be received subsequent to the balance sheet date in respect of the accounting period. The carrying amount of accrued commission income at 30 November 2006 was £485,956 (2005: £395,262).

### Deferred consideration

The Group has entered into certain acquisition agreements that provide for deferred consideration to be paid via an earn-out. A provision is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to make an estimate of the expected future cash flows from the acquired client portfolio and also to choose a suitable discount rate for the calculation of the present value of those cash flows. The deferred consideration provision at 30 November 2006 was £103,030 (2005: £174,968).

## 2.5 Summary of significant accounting policies

### Property, plant and equipment

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

- Computer and office equipment 20/25% per annum on written down values;
- Fixtures and fittings 20% per annum on written down values; and
- Motor vehicles 25% per annum on written down values.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

## Notes to the condensed consolidated interim financial statements (continued)

### **Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets and liabilities of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on the Group's reporting format determined in accordance with IAS 14 *Segment Reporting*.

If a subsidiary was to be sold, the difference between the selling price and the net assets and amortised goodwill would be recognised in the income statement.

### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Any intangible assets assessed as having finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

The Group amortises individual client portfolios acquired through business combinations, on the basis of clients lost from the portfolio during the period. Client portfolios acquired through business combinations are allocated for amortisation testing purposes to three cash-generating units as follows:

## Notes to the condensed consolidated interim financial statements (continued)

- Individual clients acquired on 2 September 2003 as part of the unincorporated business Mattioli Woods Pension Consultants ("the Partnership portfolio");
- Individual clients acquired on 20 June 2005 as part of the Geoffrey Bernstein portfolio; and
- Individual clients acquired on 27 January 2006 as part of the Suffolk Life portfolio.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A summary of the policies applied to the Group's goodwill and intangible assets is as follows:

	Goodwill	Client portfolios	Software
Useful life	Indefinite	Finite	Finite
Measurement method used	Annual impairment review	Amortised over the useful economic life on the basis of the number of clients lost from the portfolio	Amortised over the useful economic life on a reducing balance basis
Internally generated or acquired	Acquired	Acquired	Both

### Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or group of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised

## Notes to the condensed consolidated interim financial statements (continued)

impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

### *Goodwill*

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 May.

Goodwill was tested for impairment at 1 June 2005, the date of transition to IFRSs, even though no indication of impairment existed.

### *Intangible assets*

Intangible assets with indefinite useful lives will be tested for impairment annually as of 31 May either individually or at the cash-generating unit level, as appropriate.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method, less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### **Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.



## Notes to the condensed consolidated interim financial statements (continued)

### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as a difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

### *Trade and other receivables*

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as un-collectable.

### **Leases**

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease, only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- (d) There is substantial change to the asset.

## Notes to the condensed consolidated interim financial statements (continued)

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group has no lease arrangements that were entered into prior to 1 June 2005.

### **Group as a lessee**

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement, net of a reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate which reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the amount of time is recognised as a finance cost.

## Notes to the condensed consolidated interim financial statements (continued)

### Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions").

In situations where some or all of the goods or services received by the entity as consideration for equity instruments cannot be specifically identified, they are measured as the difference between the fair value of the share based payment and the fair value of any identifiable goods or services received at the grant date.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised, together with a corresponding increase in equity, as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Fair value is determined using the Black Scholes Merton pricing model.

The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are given in Note 6).

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

## Notes to the condensed consolidated interim financial statements (continued)

### *Rendering of services*

The Group invoices clients six months in arrears for time costs incurred in advising on and administering their affairs. Revenue is recognised as time costs accrue under fees and services agreements with clients, by reference to the estimated recoverability of the time incurred but not invoiced. Recoverability is measured by reference to the time costs incurred in the 12 months which ended six months prior to the balance sheet date, as a percentage of the total time costs invoiced in respect of the same 12 month period. No revenue is recognised if there are significant uncertainties regarding recovery of the time incurred.

### *Commission income*

Commission is recognised as being earned at the point when an investment of funds has been made by the client and submitted to the product provider.

### *Interest income*

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

## **Taxes**

### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or repaid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the condensed consolidated interim financial statements (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, effects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## Notes to the condensed consolidated interim financial statements (continued)

### Pension costs

The Company makes discretionary payments into the personal pension schemes of certain employees. Contributions are recognised in the income statement as they are payable.

### Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), which is subject to risks and rewards that are different to those of other business segments.

The Group provides products or services within one economic environment (geographical segment), the United Kingdom.

### 3. Seasonality of operations

The Group's operations are not subject to any recurrent seasonal fluctuations as a result of external factors. Historically, revenues in the second-half year typically have been higher than in the first half, due to SSAS scheme year-ends being linked to the sponsoring company's year-end, which is often in December or March. However, with the growth in the number of SIPP schemes under administration and further diversification of the Group's revenue streams in recent periods, the Board of Directors believes the seasonal impact of SSAS scheme year-ends will no longer be material.

### 4. Segment reporting

The primary segment reporting format is determined to be business segments, as the Group's risks and returns are affected predominantly by differences in the products and services provided to clients. No secondary geographic basis for segment information is reported, as the Group operates exclusively within the United Kingdom. Each segment represents a revenue stream subject to risks and returns that are different to other business segments, although each business segment's products and services are offered to the same market, as follows:

- Time-based fees earned for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities;
- Investment planning revenues generated from the placing of investments on clients' behalf with banks and other financial institutions; and
- Property syndicate revenues generated where the Group facilitates commercial property transactions on behalf of its clients.

There are no transfers between business segments.

### Business segments

The following table presents revenue and profit and certain asset and liability information regarding the Group's business segments:

# Notes to the condensed consolidated interim financial statements (continued)

	Time-based fees			Investment planning			Property syndicates			Total		
	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended
	30 Nov 2006	31 May 2006	30 Nov 2006	31 May 2006	30 Nov 2006	31 May 2006	30 Nov 2006	31 May 2006	30 Nov 2006	31 May 2006	30 Nov 2006	31 May 2006
Business segments	£	£	£	£	£	£	£	£	£	£	£	£
Total revenue	2,010,838	3,281,859	1,883,547	1,693,367	3,335,582	448,279	559,270	955,404	4,342,664	3,605,970	7,572,845	
Results												
Employee benefits expense	1,403,397	1,048,918	2,405,719	176,164	362,276	290,214	255,338	503,684	1,878,673	1,480,420	3,271,679	
Other administrative expense	141,240	115,333	285,627	294,479	451,463	-	-	-	184,715	409,812	737,090	
Segment results	466,201	189,082	1,655,010	1,222,724	2,521,843	158,065	303,932	451,720	2,279,276	1,715,738	3,564,076	
Unallocated expenses									755,490	733,178	1,405,519	
Operating profit before financing									1,523,786	982,560	2,158,557	
Net finance income/(costs)									53,136	(44,586)	9,721	
Profit before income tax									1,576,922	937,974	2,168,278	
Income tax expense									(495,759)	(304,063)	(674,585)	
Net profit for the period									1,081,163	633,911	1,493,693	
Assets and liabilities												
Segment assets	2,123,468	1,923,918	2,113,931	485,956	395,262	451,630	1,988,468	591,557	2,280,676	2,910,737	4,846,237	
Unallocated assets									7,843,943	8,814,662	6,943,512	
Total assets									12,441,835	11,725,399	11,789,749	
Segment liabilities	3,114	-	43,014	12,050	12,674	-	-	-	15,788	12,050	55,688	
Unallocated liabilities									1,650,426	2,938,723	2,074,836	
Total liabilities									1,666,214	2,950,773	2,130,524	

Each reportable business segment utilises the same intangible and tangible assets, and have been financed together, rather than individually. The reportable business segments are managed together, as one business operating from one location. Accordingly, only employee benefit expenses and other direct costs have been allocated across the reportable business segments.

## Notes to the condensed consolidated interim financial statements (continued)

### 5. Income taxes

#### Current tax

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

#### Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the estimated average annual effective income tax rate for the interim periods presented.

The primary components of the entity's recognised deferred taxed assets include temporary differences related to employee benefits, provisions and other items.

The primary components of the entity's deferred tax liabilities include temporary differences related to property, plant and equipment and intangible assets.

The recognition of deferred tax in the income statement arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The primary component of the deferred tax credit for the six months ended 30 November 2006 of £6,581 (2005: £3,511) is related to temporary differences arising on share-based payments to employees.

The total deferred tax asset recognised directly in equity was £18,211 for the six months ended 30 November 2006 (2005: £1,156).

#### Reconciliation of effective tax rates

The current tax expense for the six months ended 30 November 2006 was calculated based on the estimated average annual effective income tax rate of 31.4% (2005: 32.4%), as compared to the tax rates expected to be enacted or substantively enacted at the balance sheet date of 30% (2005: 30%). Differences between the estimated average annual effective income tax rate and statutory rate include, but are not limited to the effect of non-deductible expenses, tax incentives not recognised in profit or loss and under/(over) provisions in previous periods.



## Notes to the condensed consolidated interim financial statements (continued)

### 6. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>Unaudited Six months ended 30 Nov 2006 £</b>	Unaudited Six months ended 30 Nov 2005 £	Audited Year ended 31 May 2006 £
Net profit and diluted net profit attributable to equity holders of the Company	<b>1,074,582</b>	618,698	1,493,693
Weighted average number of ordinary shares:	<b>Thousands</b>	Thousands	Thousands
Issued ordinary shares at start period	<b>17,045</b>	12,500	12,500
Effect of shares issued in November 2005	–	199	2,366
Effect of shares issued in October 2006	<b>42</b>	–	–
Basic weighted average number of shares	<b>17,087</b>	12,699	14,866
Dilutive potential ordinary shares:			
– non-employee share options	<b>48</b>	–	28
Diluted weighted average number of shares	<b>17,135</b>	12,699	14,894

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

## Notes to the condensed consolidated interim financial statements (continued)

### 7. Dividends paid and proposed

	Unaudited Six months ended 30 Nov 2006 £	Unaudited Six months ended 30 Nov 2005 £	Audited Year ended 31 May 2006 £
<i>Paid during the year period</i>			
Equity dividends on ordinary shares:			
Final dividend for the year ended 31 May 2006: 1.40p	<b>238,636</b>	–	–
Dividends paid	<b>238,636</b>	–	–
<i>Proposed for approval</i>			
Equity dividends on ordinary shares:			
Interim dividend for the half year ended 30 November 2006: 0.85p (2005: nil)	<b>146,335</b>	–	–
Final dividend for the year ended 31 May 2006: 1.40p	–	238,636	–
Dividends proposed	<b>146,335</b>	238,636	–

The proposed interim dividend was approved on 22 January 2007.

### 8. Property, plant and equipment

#### Acquisitions and disposals

During the six months ended 30 November 2006, the Group acquired assets with a cost of £62,400 (2005: £209,232). Assets with a net book value of £4,350 were disposed of during the six months ended 30 November 2006 (2005: nil), resulting in a loss on disposal of £3,876 (2005: nil).

#### Capital commitments

During the six months ended 30 November 2006, the Group entered into a contract to purchase and install new accounting software for £123,075 (2005: nil).

### 9. Share based payments

#### Share Option Plan

The Company operates the Share Option Plan by which certain of the executive directors and other senior executives are able to subscribe for 875,000 ordinary shares in the Company. The exercise price of the options is £1.32, equal to the placing price of the shares issued on 15 November 2005. The options vest if and when profit-based performance conditions between 1 June 2005 and 31 May 2011 are fulfilled. A failure to meet these performance conditions causes the options to lapse. The contractual life of each option once granted expires on 31 May 2015.

## Notes to the condensed consolidated interim financial statements (continued)

### Consultants' Share Option Plan

On 5 September 2006, 255,684 options to subscribe for ordinary shares in the Company were granted to senior executives under the Consultants' Share Option Plan. The exercise price of the options is £2.21, equal to the market price of the shares at the close of business on the day immediately preceding the date of grant. The options vest if and when the option holder achieves certain individual performance hurdles. If these performance hurdles, which are linked to individual sales revenues, are not met over the five financial years commencing on 1 June before the date of grant, the options lapse.

The expense for share-based payments made in respect of employee services under the Share Option Plan and the Consultants' Share Option Plan are recognised over their expected vesting periods. The expense recognised during the six months ended 30 November 2006 is £30,658 (2005: £11,703), which entirely arises from equity-settled share-based payment transactions.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the six months ended 30 November 2006:

	<b>Consultants' Share Option Plan</b>	<b>Share Option Plan</b>
Share price at date of grant	£2.20	£1.05
Option exercise price	£2.21	£1.32
Expected life of option (years)	7	6
Expected share price volatility (%)	30.0	30.0
Dividend yield (%)	1.0	1.0
Risk-free interest rate (%)	4.58	4.58

The share price at date of grant for options issued under the Share Option Plan and Consultants' Share Option Plan is based on the market value of the shares on that date as agreed by HM Revenue & Customs. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options grant were incorporated into the measurement of fair value.

## Notes to the condensed consolidated interim financial statements (continued)

### 10. Cash and cash equivalents

For the purpose of the interim condensed consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	<b>Unaudited 30 Nov 2006 £</b>	Unaudited 30 Nov 2005 £	Audited 31 May 2006 £
Cash at banks and on hand	<b>1,593,425</b>	3,028,215	441,160
Short-term deposits	–	–	–
	<b>1,593,425</b>	3,028,215	441,160
Bank overdrafts	–	(450,644)	(347,705)
	<b>1,593,425</b>	2,577,571	93,455

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits at 30 November 2006 is £1,593,425 (2005: £2,577,571).

At 30 November 2006, the Group had available £600,000 (2005: £1,150,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

### 11. Capital and reserves

#### Share capital

	<b>Unaudited 30 Nov 2006 £</b>	Unaudited 30 Nov 2005 £	Audited 31 May 2006 £
Authorised			
25,000,000 Ordinary Shares of 1 pence each	–	250,000	250,000
30,000,000 Ordinary Shares of 1 pence each	<b>300,000</b>	–	–
	<b>300,000</b>	250,000	250,000

On 19 October 2006 the authorised share capital of the Company was increased from £250,000 to £300,000 by the creation of 5,000,000 Ordinary Shares of 1 pence.

## Notes to the condensed consolidated interim financial statements (continued)

	Unaudited 30 Nov 2006 £	Unaudited 30 Nov 2005 £	Audited 31 May 2006 £
<b>Allotted, called up and fully paid</b>			
17,215,910 Ordinary Shares of 1p each	172,159	–	–
17,045,455 Ordinary Shares of 1p each	–	170,455	170,455
	<b>172,159</b>	170,455	170,455

On 17 October 2006, the share capital of the Company was altered by the allotment of 170,455 new Ordinary Shares of 1p in the capital of the Company at £1.32 per share, following the exercise of options over these shares by W Deb MVL plc (formerly Williams de Broë plc) under the option agreement dated 16 November 2005 made between the Company and Williams de Broë plc.

### Share option schemes

The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (Note 9).

### Reserves

	Share premium account £	Other reserves Equity share based payments £	Capital redemption reserve £	Retained earnings £
At 1 June 2005 – <i>audited</i>	–	–	–	2,654,239
Capitalised on bonus issue	–	–	–	(75,000)
Capitalised on redemption of preference shares	–	–	2,000,000	(2,000,000)
Arising on share issue	5,954,547	–	–	–
Costs of share issue	(633,396)	–	–	–
Share-based payments	–	68,714	–	–
Deferred tax asset recognised in equity	–	1,156	–	–
Profit for the financial year	–	–	–	633,911
At 30 November 2005 – <i>unaudited</i>	5,321,151	69,870	2,000,000	1,213,150
Share-based payments	–	11,703	–	–
Deferred tax asset recognised in equity	–	13,114	–	–
Profit for the financial period	–	–	–	859,782
At 31 May 2006 – <i>audited</i>	5,321,151	94,687	2,000,000	2,072,932
Arising on share issue	223,296	–	–	–
Share-based payments	–	30,658	–	–
Exercise of share options	57,011	(57,011)	–	–
Deferred tax asset recognised in equity	–	18,211	–	–
Profit for the financial period	–	–	–	1,081,163
Dividends	–	–	–	(238,636)
At 30 November 2006 – <i>unaudited</i>	5,601,458	86,545	2,000,000	2,915,459

## Notes to the condensed consolidated interim financial statements (continued)

### 12. Related party transactions

#### Transactions with key management personnel

The private pension schemes of Ian Mattioli, Robert Woods, Nathan Imlach and Murray Smith, together with the private pension schemes of other key management personnel of the Group, have a beneficial interest in MW Properties (No 16) Limited. The Group leases its premises at Grove Park, Enderby from MW Properties (No 16) Limited, and paid rentals of £84,000 during the six months ended 30 November. At 30 November the Group had prepaid future rentals of £11,047.

Key management personnel receive compensation in the form of short-term employee benefits and equity compensation benefits (see Note 9). Key management personnel, representing the executive directors and four senior executives, received total compensation of £666,273 for the six months ended 30 November 2006 (2005: £524,616). Total remuneration is included in "employee benefits expense".

### 13. Financial instruments

The Group's principal financial instruments comprise bank loans and overdrafts, trade payables and loans given. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

It is, and has been throughout the six months ended 30 November 2006 and year ended 31 May 2006, the Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and short-term deposits with floating interest rates.

The Group's policy is to manage its interest income using a mix of fixed and variable rate deposits. The Group's policy is to secure competitive rates of interest whilst maintaining sufficient funds available for it to pursue new business opportunities.

#### Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

## Notes to the condensed consolidated interim financial statements (continued)

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and property syndicate loans, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Loans are only advanced to new property syndicates to facilitate the purchase of commercial property. In the event that a syndicate fails to raise sufficient funds to complete the property purchase, the Group may either take up ownership of part of the property or lose some or all of the loan. However, to mitigate this risk, loans are only approved by the Board under strict criteria, which include independent professional advice confirming the market value of the underlying property.

### Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and leases.

### 14. Explanation of transition to IFRSs

As stated in Note 2, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRSs.

The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 30 November 2006, the comparative information for the six months ended 30 November 2005, the financial statements for the year ended 31 May 2006 and the preparation of an opening IFRS balance sheet at 1 June 2005 (the Group's date of transition).

In preparing its opening IFRS balance sheet, comparative information for the six months ended 30 November 2005 and financial statements for the year ended 31 May 2006, the Group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

An explanation of how the transition from UK GAAP to IFRSs has effected the Group's financial position and financial performance is set out in the tables and the notes that accompany the tables in Note 15. There are no material differences between the cash flow statement presented under IFRSs and the cash flow statement presented under UK GAAP.

## Notes to the condensed consolidated interim financial statements (continued)

### 15. Reconciliations between UK GAAP and IFRS

#### 15.1 Reconciliation of equity at 1 June 2005

	UK GAAP Format 1 June 2005 £	Note 1 IAS1 Reformat £	Note 2 & 3 IAS37 Provisions £	Notes 4 & 5 IAS38 Intangible assets £	IFRS 1 June 2005 £
<b>Assets</b>					
Property, plant and equipment	224,630	-	-	(2,219)	222,411
Intangible assets	4,695,220	-	-	7,144	4,702,364
<b>Total non-current assets</b>	<b>4,919,850</b>	<b>-</b>	<b>-</b>	<b>4,925</b>	<b>4,924,775</b>
Trade and other receivables	2,765,864	-	9,209	-	2,775,073
Cash and cash equivalents	1,381,461	-	-	-	1,381,461
<b>Total current assets</b>	<b>4,147,325</b>	<b>-</b>	<b>9,209</b>	<b>-</b>	<b>4,156,534</b>
<b>Total assets</b>	<b>9,067,175</b>	<b>-</b>	<b>9,209</b>	<b>4,925</b>	<b>9,081,309</b>
<b>Equity</b>					
Issued capital	50,000	-	-	-	50,000
Retained earnings	2,680,694	-	(31,380)	4,925	2,654,239
<b>Total equity</b>	<b>2,730,694</b>	<b>-</b>	<b>(31,380)</b>	<b>4,925</b>	<b>2,704,239</b>
<b>Non-current liabilities</b>					
Deferred income tax liabilities	8,225	-	-	-	8,225
Provisions and other liabilities	47,966	(47,966)	-	-	-
	56,191	(47,966)	-	-	8,225
<b>Current liabilities</b>					
Trade and other payables	593,711	-	-	-	593,711
Current income tax liabilities	592,666	-	-	-	592,666
Interest-bearing loans and borrowings	5,000,000	-	-	-	5,000,000
Bank overdraft	93,913	-	-	-	93,913
Provisions and other liabilities	-	47,966	40,589	-	88,555
	6,280,290	47,966	40,589	-	6,368,845
<b>Total liabilities</b>	<b>6,336,481</b>	<b>-</b>	<b>40,589</b>	<b>-</b>	<b>6,377,070</b>
<b>Total equity and liabilities</b>	<b>9,067,175</b>	<b>-</b>	<b>9,209</b>	<b>4,925</b>	<b>9,081,309</b>



## Notes to the condensed consolidated interim financial statements (continued)

### 15.1 Reconciliation of equity at 1 June 2005 (continued)

**Notes:**

1. Under IFRS format £47,966 of client claim provision classified within provisions for liabilities and charges under UK GAAP has been re-classified as a provision within current liabilities.
2. Under IFRS format £9,209 of clawback provision netted off against trade receivables under UK GAAP has been re-classified as a provision within current liabilities.
3. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required where there is a present obligation as a result of a past obligating event. A provision for dilapidations of £31,380 on the Group's former offices at Watling House, Hinckley has been recognised within current liabilities.
4. Under IAS38 *Intangible Assets*, software with a net book value of £2,219 has been reclassified as intangible assets.
5. Under IAS38 *Intangible Assets*, salary costs of £4,925 incurred developing internally generated software have been capitalised as intangible assets.

## Notes to the condensed consolidated interim financial statements (continued)

### 15.2 Reconciliation of equity at 30 November 2005

	UK GAAP Format 30 Nov 2005 £	Notes 1, 2 & 3 IAS1 Reformat £	Note 4 IAS12 Taxation £	Note 5 IAS37 Provision £	Notes 6, 7 & 8 IAS38 Intangible assets £	Note 9 IFRS2 Share-based payments £	IFRS at 30 Nov 2005 before Restatement £	Note 10 IAS8 Restatement £	IFRS 30 Nov 2005 £
<b>Assets</b>									
Property, plant and equipment	388,766	-	-	-	(9,285)	-	379,481	-	379,481
Intangible assets	5,405,891	-	-	-	(162,740)	-	5,243,151	-	5,243,151
Deferred income tax assets	-	-	4,667	-	-	-	4,667	-	4,667
<b>Total non-current assets</b>	<b>5,794,657</b>	<b>-</b>	<b>4,667</b>	<b>-</b>	<b>(172,025)</b>	<b>-</b>	<b>5,627,299</b>	<b>-</b>	<b>5,627,299</b>
Trade and other receivables	3,057,835	12,050	-	-	-	-	3,069,885	-	3,069,885
Cash and cash equivalents	3,028,215	-	-	-	-	-	3,028,215	-	3,028,215
<b>Total current assets</b>	<b>6,086,050</b>	<b>12,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,098,100</b>	<b>-</b>	<b>6,098,100</b>
<b>Total assets</b>	<b>11,880,707</b>	<b>12,050</b>	<b>4,667</b>	<b>-</b>	<b>(172,025)</b>	<b>-</b>	<b>11,725,399</b>	<b>-</b>	<b>11,725,399</b>
<b>Equity</b>									
Issued capital	170,455	-	-	-	-	-	170,455	-	170,455
Share premium	5,378,162	-	-	-	-	(57,011)	5,321,151	-	5,321,151
Reserves	-	-	1,156	-	-	68,714	69,870	2,000,000	2,069,870
Retained earnings	3,474,747	-	3,511	(81,380)	(172,025)	(11,703)	3,213,150	(2,000,000)	1,213,150
<b>Total equity</b>	<b>9,023,364</b>	<b>-</b>	<b>4,667</b>	<b>(81,380)</b>	<b>(172,025)</b>	<b>-</b>	<b>8,774,626</b>	<b>-</b>	<b>8,774,626</b>
<b>Non-current liabilities</b>									
Deferred income tax liabilities	8,225	-	-	-	-	-	8,225	-	8,225
Provisions and other liabilities	222,934	(86,816)	-	50,000	-	-	186,118	-	186,118
	231,159	(86,816)	-	50,000	-	-	194,343	-	194,343
<b>Current liabilities</b>									
Trade and other payables	669,054	-	-	-	-	-	669,054	-	669,054
Current income tax liabilities	306,486	-	-	-	-	-	306,486	-	306,486
Interest-bearing loans and borrowings	1,200,000	-	-	-	-	-	1,200,000	-	1,200,000
Bank overdraft	450,644	-	-	-	-	-	450,644	-	450,644
Provisions and other liabilities	-	98,866	-	31,380	-	-	130,246	-	130,246
	2,626,184	98,866	-	31,380	-	-	2,756,430	-	2,756,430
<b>Total liabilities</b>	<b>2,857,343</b>	<b>12,050</b>	<b>-</b>	<b>81,380</b>	<b>-</b>	<b>-</b>	<b>2,950,773</b>	<b>-</b>	<b>2,950,773</b>
<b>Total equity and liabilities</b>	<b>11,880,707</b>	<b>12,050</b>	<b>4,667</b>	<b>-</b>	<b>(172,025)</b>	<b>-</b>	<b>11,725,399</b>	<b>-</b>	<b>11,725,399</b>

## Notes to the condensed consolidated interim financial statements (continued)

### 15.2 Reconciliation of equity at 30 November 2005 (continued)

#### Notes:

1. Under IFRS format £47,966 of client claim provision classified within provisions for liabilities and charges under UK GAAP has been re-classified as a provision within current liabilities.
2. Under IFRS format £38,850 of deferred consideration classified within provisions for liabilities and charges under UK GAAP has been re-classified as a provision within current liabilities.
3. Under IFRS format £12,050 of clawback provision netted off against trade receivables under UK GAAP has been re-classified as a provision within non-current liabilities.
4. Under IAS12 *Income Taxes*, for employee share-based payment transactions the difference between the tax base of the employee services received to date (being the amount the taxation authorities will permit as a deduction in future periods) and the carrying value of nil, is a deductible temporary difference which results in a deferred tax asset of £4,667.
5. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required where there is a present obligation as a result of a past obligating event. A provision of £31,380 for dilapidations on the Group's offices at Watling House, Hinckley is recognised as a provision within current liabilities. In addition, a provision of £50,000 for dilapidations on the Group's offices at Grove Park, Leicester has been recognised within non-current liabilities.
6. Under IAS38 *Intangible Assets*, software with a net book value of £9,285 has been reclassified as intangible assets.
7. Under IAS38 *Intangible Assets*, salary costs of £3,173 incurred developing internally generated software have been capitalised as intangible assets during the period.
8. Under IAS38 *Intangible Assets*, amortisation of client portfolios of £28,212 is charged in the period. Amortisation of £151,910 has been recognised in prior periods.
9. IFRS2 *Share-based Payments* requires the recognition of the cost of share based payments, resulting in £57,011 of non-employee share option costs being capitalised against the share premium account, and £11,703 of employee share option costs being recognised in the income statement.
10. In accordance with IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors*, an adjustment has been made to recognise a Capital Redemption Reserve of £2,000,000 at 30 November 2005.

## Notes to the condensed consolidated interim financial statements (continued)

### 15.3 Reconciliation of profits for the six months ended 30 November 2005

	UK GAAP format 30 Nov 2005 £	Note 1 IAS12 Taxation £	Note 2 IAS37 Provisions £	Notes 3 & 4 IAS38 Intangible assets £	Note 5 IFRS2 Share-based payments £	IFRS 30 Nov 2005 £
Revenue	3,605,970	-	-	-	-	3,605,970
Employee benefits expense	(1,471,890)	-	-	3,173	(11,703)	(1,480,420)
Other administrative expenses	(1,022,854)	-	(50,000)	-	-	(1,072,854)
Depreciation and amortisation	(41,924)	-	-	(28,212)	-	(70,136)
<b>Operating profit before financing costs</b>	1,069,302	-	(50,000)	(25,039)	(11,703)	982,560
Financial income	32,174	-	-	-	-	32,174
Financial expenses	(76,760)	-	-	-	-	(76,760)
<b>Net financing costs</b>	(44,586)	-	-	-	-	(44,586)
<b>Profit before tax</b>	1,024,716	-	(50,000)	(25,039)	(11,703)	937,974
Income tax expense	(307,574)	3,511	-	-	-	(304,063)
<b>Profit for the period</b>	717,142	3,511	(50,000)	(25,039)	(11,703)	633,911
<b>Attributable to:</b>						
Equity holders of the parent	717,142	3,511	(50,000)	(25,039)	(11,703)	633,911

## Notes to the condensed consolidated interim financial statements (continued)

### 15.3 Reconciliation of profits for the six months ended 30 November 2005 (continued)

**Notes:**

1. Under IAS12 *Income Taxes*, for employee share-based payment transactions the difference between the tax base of the employee services received to date (being the amount of taxation the authorities will permit as a deduction in future periods) and the carrying value of nil, is a deductible temporary difference which results in a deferred tax asset. A deferred tax credit of £3,511 relating to employee share option costs recognised in the income statement has been recognised in the income statement.
2. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required where there is a present obligation as a result of a past obligating event. A provision of £50,000 for dilapidations on the Group's offices at Grove Park, Leicester is recognised within non-current liabilities.
3. Under IAS38 *Intangible Assets*, £3,173 of salary costs incurred developing internally generated software have been capitalised as intangible assets.
4. Under IAS38 *Intangible Assets*, amortisation on client portfolios of £28,212 is recognised in the period.
5. IFRS2 *Share-based Payments* requires the recognition of the cost of share based payments, resulting in £11,703 of employee share option costs being recognised in the income statement.

## Notes to the condensed consolidated interim financial statements (continued)

### 15.4 Reconciliation of equity at 31 May 2006 and 1 June 2006

	UK GAAP Format 1 June 2006 £	Notes 1, 2 & 3 IAS1 Reformat £	Note 4 IAS12 Taxation £	Note 5 IAS37 Provisions £	Notes 6 & 7 IAS38 Intangible assets £	IFRS 1 June 2006 £
<b>Assets</b>						
Property, plant and equipment	398,566	-	-	-	(8,070)	390,496
Intangible assets	5,816,630	-	-	-	19,340	5,835,970
Deferred income tax assets	2,676	-	14,270	-	-	16,946
<b>Total non-current assets</b>	<b>6,217,872</b>	<b>-</b>	<b>14,270</b>	<b>-</b>	<b>11,270</b>	<b>6,243,412</b>
Trade and other receivables	5,092,503	12,674	-	-	-	5,105,177
Cash and cash equivalents	441,160	-	-	-	-	441,160
<b>Total current assets</b>	<b>5,533,663</b>	<b>12,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,546,337</b>
<b>Total assets</b>	<b>11,751,535</b>	<b>12,674</b>	<b>14,270</b>	<b>-</b>	<b>11,270</b>	<b>11,789,749</b>
<b>Equity</b>						
Issued capital	170,455	-	-	-	-	170,455
Share premium	5,321,151	-	-	-	-	5,321,151
Fair value and other reserves	2,080,417	-	14,270	-	-	2,094,687
Retained earnings	2,111,662	-	-	(50,000)	11,270	2,072,932
<b>Total equity</b>	<b>9,683,685</b>	<b>-</b>	<b>14,270</b>	<b>(50,000)</b>	<b>11,270</b>	<b>9,659,225</b>
<b>Non-current liabilities</b>						
Deferred income tax liabilities	-	-	-	-	-	-
Provisions and other liabilities	152,842	(58,399)	-	50,000	-	144,443
	152,842	(58,399)	-	50,000	-	144,443
<b>Current liabilities</b>						
Trade and other payables	1,193,196	-	-	-	-	1,193,196
Current income tax liabilities	374,107	-	-	-	-	374,107
Bank overdraft	347,705	-	-	-	-	347,705
Provisions and other liabilities	-	71,073	-	-	-	71,073
	1,915,008	71,073	-	-	-	1,986,081
<b>Total liabilities</b>	<b>2,067,850</b>	<b>12,674</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>2,130,524</b>
<b>Total equity and liabilities</b>	<b>11,751,535</b>	<b>12,674</b>	<b>14,270</b>	<b>-</b>	<b>11,270</b>	<b>11,789,749</b>

## Notes to the condensed consolidated interim financial statements (continued)

### 15.4 Reconciliation of equity at 31 May 2006 and 1 June 2006 (continued)

#### Notes:

1. Under IFRS format £47,966 of client claim provision within provisions for liabilities and charges under UK GAAP has been re-classified as a provision within current liabilities.
2. Under IFRS format £10,433 of deferred consideration classified within provisions for liabilities and charges under UK GAAP has been re-classified as a provision within current liabilities.
3. Under IFRS format £12,674 of clawback provision netted off against trade receivables under UK GAAP has been re-classified as a provision within non-current liabilities.
4. Under IAS12 *Income Taxes* for employee share-based payment transactions the difference between the tax base of the employee services rendered to date (being the amount the taxation authorities will permit as a deduction in future periods) and the carrying value of nil, is a deductible temporary difference which results in an additional deferred tax asset of £14,270 recognised in equity.
5. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required where there is a present obligation as a result of a past obligating event. A provision of £31,380 for dilapidations on the Group's offices at Watling House, Hinckley has been released against dilapidation costs incurred during the period, and a provision of £50,000 for dilapidations on the Group's offices at Grove Park, Leicester has been recognised within non-current liabilities.
6. Under IAS38 *Intangible Assets*, software with a net book value of £8,070 has been reclassified as intangible assets.
7. Under IAS38 *Intangible Assets*, salary costs of £6,345 incurred during the period developing internally generated software have been capitalised as intangible assets.

## Notes to the condensed consolidated interim financial statements (continued)

### 15.5 Reconciliation of profits for the year ended 31 May 2006

	UK GAAP Format 31 May 2006 £	Notes 1 & 2 IAS37 Provisions £	Note 3 IAS38 Intangible assets £	IFRS 31 May 2006 £
Revenue	7,572,845	–	–	7,572,845
Employee benefits expense	(3,278,024)	–	6,345	(3,271,679)
Other administrative expenses	(1,954,805)	(18,620)	–	(1,973,425)
Depreciation and amortisation	(169,184)	–	–	(169,184)
<b>Operating profit before financing costs</b>	<b>2,170,832</b>	<b>(18,620)</b>	<b>6,345</b>	<b>2,158,557</b>
Financial income	103,731	–	–	103,731
Financial expenses	(94,010)	–	–	(94,010)
<b>Net financing costs</b>	<b>9,721</b>	<b>–</b>	<b>–</b>	<b>9,721</b>
<b>Profit before tax</b>	<b>2,180,553</b>	<b>(18,620)</b>	<b>6,345</b>	<b>2,168,278</b>
Income tax expense	(674,585)	–	–	(674,585)
<b>Profit for the period</b>	<b>1,505,968</b>	<b>(18,620)</b>	<b>6,345</b>	<b>1,493,693</b>
<b>Attributable to:</b>				
Equity holders of the parent	1,505,968	(18,620)	6,345	1,493,693



## Notes to the condensed consolidated interim financial statements (continued)

### 15.5 Reconciliation of profits for the year ended 31 May 2006 (continued)

#### Notes:

1. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required where there is a present obligation as a result of a past obligating event. A provision of £50,000 for dilapidations on the Group's offices at Grove Park, Leicester has been recognised within non-current liabilities.
2. Under IAS37 *Provisions, Contingent Liabilities and Contingent Assets* a provision for dilapidations on the Group's former offices at Watling House, Hinckley of £31,380 was released against costs incurred during the period.
3. Under IAS38 *Intangible Assets*, £6,345 of salary costs incurred developing internally generated software have been capitalised as intangible assets.

### 16. Copies of interim report

Copies of the interim report will be posted to shareholders in due course and are available from the Group head office at: MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY.

## Company information

<b>Directors:</b>	Robert Woods – Executive Chairman Ian Mattioli – Chief Executive Nathan Imlach – Finance Director Murray Smith – Marketing and Sales Director John Redpath – Non-Executive Director
<b>Company secretary:</b>	Nathan Imlach
<b>Registered office:</b>	MW House 1 Penman Way Grove Park Enderby Leicester LE19 1SY
<b>Registered number:</b>	3140521
<b>Nominated adviser and broker:</b>	<b>Evolution Securities Limited</b> Kings House 1 King Street Leeds LS1 2HH
<b>Auditors:</b>	<b>Baker Tilly</b> 2 Whitehall Quay Leeds LS1 4HG
<b>Solicitors:</b>	<b>Cobbetts LLP</b> Trafalgar House 29 Park Place Leeds LS1 2SP
<b>Principal bankers:</b>	<b>Royal Bank of Scotland plc</b> 98-102 Belgrave Gate Leicester LE1 3GR  <b>Lloyds TSB plc</b> Charnwood House Harcourt Way Meridien Business Park Leicester LE19 1WF
<b>Registrars:</b>	<b>Capita Registrars</b> Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

## Financial calendar

20 February	Announcement of interim results for the six months ended 30 November 2006
28 February	Ex-interim dividend date for ordinary shares
2 March	Record date for interim dividend
23 March	Payment of interim dividend on ordinary shares



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