

## LUPUS CAPITAL plc ("Lupus" or "the Group")

**Lupus Capital, the security and residential products and marine breakaway couplings group, announces interim results for the six months ended 30 June 2009**

### Financial Summary -£'000s

	H1 2009	H1 2008	FY 2008
Revenue	117,009	137,020	266,559
Operating profit before exceptional items and amortisation	12,091	18,791	36,619
Adjusted profit before tax	7,515	14,459	27,685
Net debt	120,074	112,237	145,321
Cash inflow from operations	11,022	12,227	30,873
Adjusted earnings per share	4.05p	7.56p	14.83p
Dividend per share	nil	2.06p	2.06p

### Operational Summary

- The Group has withstood a very challenging trading environment during this period and is well placed to take advantage of any future improvement in its markets.
- A new management team has been appointed and is conducting a comprehensive review of the Group.
- A number of early actions have been taken including some rationalisation of US and UK plants, streamlining management structures, improvements to cross-selling and a number of new product development initiatives.

Commenting on the results, the Chairman, Michael Jackson, said:

*"At the time of the Annual General Meeting in July, I commented that market conditions in the UK, EC and the US remain difficult. This continues to be the case.*

*However, we are seeing early benefits from the recent decisive management actions. These and other initiatives will underpin the Group's performance into 2010 and beyond.*

*The Group is performing in line with the Board's expectations."*

**7 September 2009**

# LUPUS CAPITAL

## ENQUIRIES:

### **Lupus Capital**

Keith Taylor, Chief Executive Officer  
Paul Felton-Smith, Chief Financial Officer

**Tel: 020 7976 8000**

### **College Hill**

Mark Garraway  
Gareth David

**Tel: 020 7457 2020**

### **Collins Stewart Europe Limited**

Mark Dickenson  
Tom Hulme  
Stewart Wallace

**Tel: 020 7523 8350**

## CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT

### Overview

Despite challenging economic conditions across all our markets the Group recorded a creditable performance in the period. This was due primarily to our market leading positions, strong divisional management and aggressive cost control programme.

We announced on 1 July 2009 that we had successfully concluded the renegotiation of the Group's banking facilities. The new arrangements have significantly reduced the fixed debt repayment profile over the three year term of the renewed facilities, and enable the Group to take advantage of any increase in future market activity

Immediately following the successful renegotiation of the banking facilities, Greg Hutchings resigned from the Board. Michael Jackson was appointed Chairman and Keith Taylor was appointed Chief Executive Officer, with Paul Felton-Smith joining as Chief Financial Officer. Keith and Paul are undertaking a comprehensive review of the Group and are expected to report to the Board soon.

The Board continues to evaluate all options for delivering shareholder value.

### Results & Performance

Revenues at £117.0 million were down 14.6% on the same period last year (2008: £137.0 million).

Although representing a 35.6% decrease on the comparable period, the Group records an operating profit before exceptional items and amortisation of £12.1 million (2008: £18.8 million), reflecting the actions taken to realign the cost base. Profit before tax on an adjusted basis was £7.5 million, down 48% (2008: £14.5 million).

Adjusted earnings per share of 4.05p were down 46% (2008: 7.56p).

Net debt stood at £120.1 million at 30 June 2009, a decrease of £25.2 million from 31 December 2008, of which £18.3 million is related to the strengthening of Sterling against the US Dollar over this 6 month period. The revised banking arrangements have extended the Group's facilities to mid-2012 and have significantly reduced the fixed repayment profile over the three year term.

Meanwhile, we have ensured rigorous cost control is established across the Group, which, together with tighter inventory and working capital management, has ensured that we generated cash of £11.0 million in the first six months of 2009 (2008: £12.2 million).

### Dividend

As previously advised, following the renegotiation of our banking facilities, no interim dividend has been declared. We hope to be able to resume dividend payments when circumstances are more appropriate, consistent with the Group's financial position.

## Banking Arrangements

Lupus successfully concluded the renegotiation of its banking facilities on 30 June 2009.

The amendments include:

- Roll-over of the existing \$230.0 million LSS facilities and £25.0 million Schlegel facilities, including the reduction of the revolving credit facilities to \$14.0 million and £5.0 million respectively;
- Extension of the term of the Schlegel facilities by one year until mid 2012 to match the final maturity date of the LSS facilities;
- Significant reduction in the fixed repayment profile, with a focus on debt amortisation serviced from free available cash flow of LSS, Schlegel and Gall Thomson Environmental ("GT") and full repayment at maturity;
- Amendments to the debt and interest cover financial covenants, the inclusion of a cash flow cover covenant and removal of all other financial covenants;
- Increased margins to reflect current market conditions; and
- Provision of security over the majority of the LSS and Schlegel assets, including a share pledge over GT by Lupus.

Costs for fees and expenses of some £7.5 million were incurred during the process, of which £1.3 million have been expensed as an exceptional item. £6.2m of these costs have been capitalised and will be charged over the next 3 years to profit and loss.

## Operational Review

This first six months of the year were very challenging. Both our Building Products businesses and Gall Thomson have done well to withstand such an unprecedented and prolonged period of downturn.

### Building Products

The division comprises our UK, EC and US security and residential products businesses which produce a broad range of items including seals, locks, balances, handles and hinges for the door and window industries.

Revenues were £111.2 million (2008: £130.7 million) whilst operating profit was £1.9 million (2008: £11.3 million).

The Group's new management team is conducting a comprehensive review of the Building Products operation and has already undertaken a number of actions to reduce its cost base and to ensure that our businesses are performing optimally in the current environment.

These include:

- An on-going review of our employee numbers which have been reduced by 12% across all functions since the beginning of the year. Temporary labour costs have also reduced and are under constant review;
- An assessment of our global manufacturing facilities. The operations of our Chicago plant, for example, were transferred to our Statesville plant in August. A facilities footprint analysis is being conducted in the US to maximise opportunities;
- An evaluation of growth opportunities arising from improved cross-selling across the Group as well as a number of new product development initiatives;
- A review of opportunities to further rationalise our back office operations and systems capabilities beyond recent actions which include the merger of LSH and ERA administrative functions;
- Rationalisation of the Group's management structures. An Executive Committee has been formed to bring Group and Divisional management closer together with certain Divisional management teams being merged and business reporting re-aligned; and
- Establishment of a Programme Management Office to control and monitor a significant number of other initiatives which will underpin the ongoing turnaround of the Group.

## Gall Thomson

Gall Thomson is a world leading manufacturer of breakaway couplings.

Revenues were £5.8 million (2008: £6.3 million) whilst operating profit was £2.4 million (2008: £2.6 million).

The business continued to maintain its strong market position with sales, profits and cash generation during the period broadly in line with the same period last year.

## **Outlook**

At the time of the Annual General Meeting in July, we commented that market conditions in the UK, EC and US remain difficult. This continues to be the case.

However, we are seeing early benefits from the recent decisive management actions. These and other initiatives will underpin the Group's performance into 2010 and beyond

The Group is performing in line with the Board's expectations.

**Michael Jackson**  
Chairman

**Keith Taylor**  
Chief Executive Officer

7 September 2009

# LUPUS CAPITAL

## Condensed consolidated income statement

For the six months ended 30 June 2009

	Note	Six months 30 June (unaudited) £'000	Six months 30 June (unaudited) £'000	Year ended 31 December (audited) £'000
<b>Revenue</b>	3	<b>117,009</b>	137,020	266,559
Cost of sales		<b>(78,079)</b>	(89,503)	(175,666)
<b>Gross profit</b>		<b>38,930</b>	47,517	90,893
<b>Administrative expenses</b>		<b>(34,606)</b>	(33,620)	(70,046)
<b>Operating profit</b>	3	<b>4,324</b>	13,898	20,847
Analysed as:				
Operating profit before exceptional items and Exceptional items	4	<b>12,091</b> <b>(2,006)</b>	18,791 -	36,619 (5,987)
Amortisation of intangible assets		<b>(5,761)</b>	(4,893)	(9,785)
<b>Operating profit</b>		<b>4,324</b>	13,898	20,847
Finance income	5	<b>239</b>	968	1,687
Finance costs	5	<b>(5,849)</b>	(5,703)	(11,743)
Net finance costs		<b>(5,610)</b>	(4,735)	(10,056)
<b>(Loss)/profit before taxation</b>		<b>(1,286)</b>	9,163	10,791
Income tax expense	6	<b>211</b>	(2,932)	(4,275)
<b>(Loss)/profit for the year from continuing</b>		<b>(1,075)</b>	6,231	6,516
<b>Earnings per share</b>				
- Basic EPS from continuing operations	7	<b>(0.83p)</b>	4.79p	5.01p
- Diluted EPS from continuing operations	7	<b>(0.83p)</b>	4.79p	4.92p

All results relate to continuing operations.

	Note	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 (audited) £'000
<b>Non GAAP measure</b>				
<b>Adjusted<sup>1</sup> profit before taxation</b>		<b>7,515</b>	14,459	27,685
<b>Earnings per share</b>				
- Adjusted <sup>1</sup> basic EPS from continuing operations	7	<b>4.05p</b>	7.56p	14.83p
- Adjusted <sup>1</sup> diluted EPS from continuing operations	7	<b>4.05p</b>	7.56p	14.57p

<sup>1</sup> before amortisation of acquired intangible assets, deferred tax on amortisation of intangible assets, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

# LUPUS CAPITAL

## Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2009

	<b>Six months 30 June (unaudited) £'000</b>	Six months 30 June (unaudited) £'000	Year ended 31 December (audited) £'000
Loss/(profit) for the period	<b>(1,075)</b>	6,231	6,516
Actuarial losses on defined benefit plans	-	-	(5,559)
Exchange differences on retranslation of foreign operations	<b>(19,156)</b>	1,514	42,620
Effective portion of changes in value of cash flow hedges	<b>841</b>	(115)	(2,392)
Tax on items recognised directly in equity	-	-	1,890
Other comprehensive Income for the period	<b>(18,315)</b>	1,399	36,559
Total comprehensive income for the period, attributable to	<b>(19,390)</b>	7,630	43,075

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2009

	Share capital £'000	Share Premium £'000	Other reserves £'000	Treasury reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2008</b>	6,861	45	10,389	(1,075)	(1,546)	(1,801)	194,259	207,132
Shares issued net of costs	3	56	-	-	-	-	-	59
Share buyback	-	-	-	(5,689)	-	-	-	(5,689)
Transactions with owners	3	56	-	(5,689)	-	-	-	(5,630)
Profit for the period	-	-	-	-	-	-	6,231	6,231
Other comprehensive								
Exchange differences on	-	-	-	-	-	1,514	-	1,514
Effective portion of changes	-	-	-	-	(115)	-	-	(115)
Total comprehensive	-	-	-	-	(115)	1,514	6,231	7,630
<b>At 30 June 2008</b>	6,864	101	10,389	(6,764)	(1,661)	(287)	200,490	209,132
Dividends paid	-	-	-	-	-	-	(7,232)	(7,232)
Share based payments	-	-	-	-	-	-	55	55
Transactions with owners	-	-	-	-	-	-	(7,177)	(7,177)
Profit for the period	-	-	-	-	-	-	285	285
Other comprehensive								
Exchange differences on	-	-	-	-	-	41,106	-	41,106
Actuarial losses on defined	-	-	-	-	-	-	(5,559)	(5,559)
Tax on items recognised	-	-	-	-	-	-	1,890	1,890
Effective portion of changes	-	-	-	-	(2,277)	-	-	(2,277)
Total comprehensive	-	-	-	-	(2,277)	41,106	(3,384)	35,445
<b>At 31 December 2008</b>	<b>6,864</b>	<b>101</b>	<b>10,389</b>	<b>(6,764)</b>	<b>(3,938)</b>	<b>40,819</b>	<b>189,929</b>	<b>237,400</b>
Share based payments	-	-	-	-	-	-	13	13
Transactions with owners	-	-	-	-	-	-	13	13
Profit for the period	-	-	-	-	-	-	(1,075)	(1,075)
Other comprehensive								
Exchange differences on	-	-	-	-	-	(19,156)	-	(19,156)
Effective portion of changes	-	-	-	-	841	-	-	841
Total comprehensive	-	-	-	-	841	(19,156)	(1,075)	(19,390)
<b>At 30 June 2009</b>	<b>6,864</b>	<b>101</b>	<b>10,389</b>	<b>(6,764)</b>	<b>(3,097)</b>	<b>21,663</b>	<b>188,867</b>	<b>218,023</b>



# LUPUS CAPITAL

## Condensed consolidated statement of financial position

At 30 June 2009

	30 June 2009 (unaudited) £'000	30 June 2008 (unaudited) £'000	31 December 2008 (audited) £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	328,909	302,066	369,260
Property, plant and equipment	35,366	35,886	41,663
Deferred tax	6,740	10,828	8,297
	<u>371,015</u>	<u>348,780</u>	<u>419,220</u>
<b>Current assets</b>			
Inventories	27,960	35,007	36,857
Trade and other receivables	36,641	42,620	34,720
Cash and cash equivalents	29,904	31,034	32,407
	<u>94,505</u>	<u>108,661</u>	<u>103,984</u>
<b>TOTAL ASSETS</b>	<u>465,520</u>	<u>457,441</u>	<u>523,204</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax payable	(6,047)	(6,545)	(6,321)
Trade and other payables	(37,892)	(45,411)	(39,148)
Provisions	(2,545)	-	-
Finance lease obligations	(134)	(188)	(231)
Interest bearing loans and borrowings	(6,348)	(21,676)	(27,857)
	<u>(52,967)</u>	<u>(73,820)</u>	<u>(73,557)</u>
<b>Non-current liabilities</b>			
Finance lease obligations	(14)	(135)	(54)
Deferred tax	(25,164)	(30,163)	(30,386)
Interest bearing loans and borrowings	(143,482)	(121,272)	(149,586)
Employee benefit liability	(6,438)	(3,245)	(7,598)
Provisions	(16,046)	(17,873)	(20,441)
Derivative financial instruments	(3,097)	(1,659)	(3,938)
Other creditors	(288)	(142)	(244)
	<u>(194,529)</u>	<u>(174,489)</u>	<u>(212,247)</u>
<b>TOTAL LIABILITIES</b>	<u>(247,496)</u>	<u>(248,309)</u>	<u>(285,804)</u>
<b>NET ASSETS</b>	<u>218,023</u>	<u>209,132</u>	<u>237,400</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the</b>			
Called up share capital	6,864	6,864	6,864
Share premium	101	101	101
Other reserves	10,389	10,389	10,389
Treasury reserve	(6,764)	(6,764)	(6,764)
Hedging reserve	(3,097)	(1,661)	(3,938)
Translation reserve	21,663	(287)	40,819
Retained earnings	188,867	200,490	189,929
<b>TOTAL EQUITY</b>	<u>218,023</u>	<u>209,132</u>	<u>237,400</u>

# LUPUS CAPITAL

## Condensed consolidated cash flow statement

For the six months ended 30 June 2009

	Six months 30 June (unaudited) £'000	Six months 30 June (unaudited) £'000	Year ended 31 December (audited) £'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax	(1,286)	9,163	10,791
Net finance costs	5,610	4,735	10,056
Depreciation	3,530	2,911	6,251
Amortisation	5,761	4,893	9,785
Property, plant and equipment written off	240	-	1,237
Share based payments	15	-	55
Movement in inventories	6,911	(722)	4,013
Movement in trade and other receivables	(2,693)	(5,886)	5,891
Movement in trade and other payables	(3,570)	(292)	(14,228)
Movement in provisions	(1,980)	(1,048)	373
Income tax paid	(1,515)	(1,527)	(3,351)
<b>Net cash inflow from operating activities</b>	<b>11,022</b>	<b>12,227</b>	<b>30,873</b>
<b>Investing activities</b>			
Payments to acquire property, plant and equipment	(1,250)	(2,630)	(4,484)
Proceeds from sales of property, plant and equipment	-	329	-
Deferred consideration on previous acquisition	-	(12,500)	(12,500)
Interest received	233	989	1,708
<b>Net cash outflow from investing activities</b>	<b>(1,017)</b>	<b>(13,812)</b>	<b>(15,276)</b>
<b>Financing activities</b>			
Proceeds from shares issue, net of costs	-	59	59
Purchase of treasury shares	-	(5,692)	(5,689)
Equity dividends paid	-	-	(7,232)
New borrowings	-	5,012	5,390
Interest paid	(7,811)	(5,607)	(9,849)
Repayment of short term borrowings	(2,500)	(8,514)	(17,937)
Repayment of capital element of finance leases	(136)	(79)	(117)
<b>Net cash outflow from financing activities</b>	<b>(10,447)</b>	<b>(14,821)</b>	<b>(35,375)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(443)</b>	<b>(16,406)</b>	<b>(19,778)</b>
Effect of exchange rates on cash and cash equivalents	(2,060)	471	5,216
Cash and cash equivalents at the beginning of the year	32,407	46,969	46,969
<b>Cash and cash equivalents at the year end</b>	<b>29,904</b>	<b>31,034</b>	<b>32,407</b>

## Notes to the Interim Report

### 1. Status of the interim financial statements

The Group's interim financial statements for the six months ended 30 June 2009 were authorised for issue by the directors on 7 September 2009. The consolidated interim financial information, which is unaudited, does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2008 have been reported on by the Group's auditors, received an unqualified audit report and have been filed with the registrar of companies at Companies House.

### 2. Accounting policies

The interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), which were the accounting policies used in the Report and Accounts for the Group for the year ended 31 December 2008. The accounting policies are unchanged from those used in the last annual accounts, with the exception of the adoption of IAS1(revised) "Presentation of Financial Statements" and IFRS8 "Operating Statements".

### 3. Segmental analysis

	Oil services			Building products			Total		
	6 £'000	6 £'000	12 £'000	6 £'000	6 £'000	12 £'000	6 £'000	6 £'000	12 £'000
<b>Continuing</b>									
Revenue	<b>5,819</b>	6,294	12,286	<b>111,190</b>	130,726	254,273	<b>117,009</b>	137,020	266,559
Operating profit	<b>2,415</b>	2,606	5,878	<b>1,909</b>	11,292	14,969	<b>4,324</b>	13,898	20,847
Net finance							<b>(5,610)</b>	(4,735)	(10,056)
(Loss)/profit							<b>(1,286)</b>	9,163	10,791
Income tax							<b>211</b>	(2,932)	(4,275)
<b>(Loss)/profit</b>							<b>(1,075)</b>	6,231	6,516

### 4. Exceptional items

	Six months 30 June (unaudited) £'000	Six months 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 (audited) £'000
Redundancy and restructuring costs	<b>685</b>	-	3,243
Impairment charges associated with restructuring	-	-	2,744
Costs associated with negotiating new debt facilities	<b>1,321</b>	=	=
	<b>2,006</b>	=	<b>5,987</b>

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## 5. Finance income and costs

	Six months 30 June 2009 (unaudited) £'000	Six months 30 June 2008 (unaudited) £'000	Year ended 31 December (audited) £'000
<b>Finance income</b>			
Bank interest receivable	239	968	1,687
Fair value gains on financial instruments			
- interest rate swap - cash flow hedge, transfer from equity	=	=	=
	<u>239</u>	<u>968</u>	<u>1,687</u>
<b>Finance costs</b>			
Interest payable on bank loans and overdraft	(4,800)	(5,045)	(9,464)
Fair value losses on financial instruments - interest rate swap -	-	-	(1,039)
Ineffective portion of changes in value of cash flow hedges	-	-	(54)
Finance charges payable under finance lease and hire	(15)	(13)	(30)
Amortisation of borrowing costs	(734)	(182)	(364)
Unwinding of discount on provisions	(300)	(403)	(758)
Other finance costs	=	(60)	(34)
	<u>(5,849)</u>	<u>(5,703)</u>	<u>(11,743)</u>
<b>Net finance costs</b>	<u>(5,610)</u>	<u>(4,735)</u>	<u>(10,056)</u>

## 6. Taxation

	Six months 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December (audited) £'000
<b>Current income tax:</b>			
Current income tax charge	1,162	-	6,502
Adjustments in respect of prior periods	4	(34)	(34)
Total current income tax	<u>1,166</u>	<u>(34)</u>	<u>6,468</u>
<b>Deferred tax:</b>			
Effect of change in rates	-	-	-
Origination and reversal of temporary differences	(1,383)	(2,193)	(2,193)
Other items	7	-	-
Total deferred tax	<u>(1,376)</u>	<u>(2,193)</u>	<u>(2,193)</u>
<b>Income tax expense in the income statement</b>	<u>(211)</u>	<u>(2,227)</u>	<u>4,275</u>

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## 7. Earnings per share

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

	<b>Six months 30 June (unaudited) £'000</b>	Six months 30 June (unaudited) £'000	Year ended 31 December (audited) £'000
Weighted average number of shares (including treasury)	<b>137,287</b>	137,281	137,284
Treasury shares	<b><u>(7,447)</u></b>	<u>(7,174)</u>	<u>(7,311)</u>
Weighted average number of shares – basic	<b><u>129,840</u></b>	<u>130,107</u>	<u>129,973</u>
Effect of dilutive potential ordinary shares – options	<u>-</u>	<u>-</u>	<u>2,348</u>
Weighted average number of shares – diluted	<b><u>129,840</u></b>	<u>130,107</u>	<u>132,321</u>

## Earnings per share from continuing operations before exceptional items and intangible asset amortisation

The Group presents as exceptional items on the face of the income statement those material items of income and expense, which because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

To this end, adjusted underlying basic and diluted earnings per share is also presented as an additional measure and using the weighted average number of ordinary shares for both basic and diluted amounts as per the table above. Net profit from continuing operations before exceptional items is derived as follows:

	<b>Six months ended 30 June 2009 (unaudited) £'000</b>	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 (audited) £'000
(Loss)/profit for the year from continuing operations	<b>(1,075)</b>	6,231	6,516
Exceptional costs	<b>2,006</b>	-	5,987
Amortisation of intangible assets, unwinding discount on provisions and amortisation of borrowing costs	<b>6,795</b>	5,296	10,907
Tax effect on exceptional costs and amortisation of intangible assets	<b><u>(2,465)</u></b>	<u>(1,695)</u>	<u>(4,137)</u>
Adjusted underlying profit after tax	<b><u>5,261</u></b>	<u>9,832</u>	<u>19,273</u>
Adjusted underlying basic earnings per share	<b>4.05p</b>	7.56p	14.83p
Adjusted underlying diluted earnings per share	<b>4.05p</b>	7.56p	14.57p

## 8. Dividends

	<b>Six months 30 June (unaudited) £'000</b>	Six months 30 June (unaudited) £'000	Year ended 31 December (audited) £'000
Dividends paid in the year were as follows:			
Final dividend for 2007 at 3.51p per share	-	-	4,557
Interim dividend for 2008 at 2.06p per share	=	=	<u>2,675</u>
	=	=	<u><u>7,232</u></u>

## Independent review report to Lupus Capital plc

### Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2009 which comprises the condensed income statement, consolidated condensed statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of financial position, condensed cashflow statement and notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts. As disclosed in note 2, the annual financial statements of the group are prepared in accordance with the basis of preparation.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### 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 financial information in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

**GRANT THORNTON UK LLP**  
**AUDITOR**  
**LONDON**

7 September 2009