



7 August 2008

**LONDON CAPITAL GROUP HOLDINGS PLC
("LCG", the "Company" or the "Group")**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

London Capital Group Holdings plc, a leading online financial spread betting and trading company, announces interim results for the six months ended 30 June 2008.

Financial Highlights:

- Turnover up 54% to £12.51 million (H1'07: £8.13 million)
- Adjusted EBITDA* up 56% to £6.18 million (H1'07: £3.97 million)
- Steady adjusted EBITDA margin of 49% (H1'07: 49%)
- Profit before tax (before share based payment expense) up 52% to £5.94 million (H1'07: £3.90 million)
- Profit before tax up 52% to £5.43 million (H1'07: £3.57 million)
- Adjusted EPS** up 54% to 10.95p (H1'07: 7.1p)
- Basic EPS up 58% to 10.25p (H1'07: 6.49p)
- Debt free and net cash of £9.74 million (H1'07: £4.79 million)
- Interim dividend of 2.50p per share (H1'07: 1.25p)
- Minimal Group bad debts of £8,000 (H1'07: £7,000)

Operational Highlights:

- Spread betting live clients up 96% to 25,853 (H1'07: 13,180)
- Average spread betting trades per day up 134% to 16,466 (H1'07: 7,030)
- Spread betting client funds up 59% to £22.33 million (H1'07: £14.04 million)
- Acquired FuturesBetting.com Limited in May 2008
- Current trading is strong

**Adjusted EBITDA represents earnings before share based payment expense, depreciation, amortisation, taxation, interest receivable on corporate cash balances and includes interest receivable on clients' money net of interest payable to clients.*

***Adjusted EPS removes the effect of share based payments.*

Commenting on the results, Frank Chapman, Chief Executive Officer, said:

"London Capital Group has achieved another good performance in the first half of 2008 delivering increased revenue and profitability. We continue to penetrate the spread betting market in both the UK and Europe, driven by growth in client numbers and activity.

While we are mindful of the economic climate we continue to be encouraged by current trading conditions. Betting volumes continue to rise month on month and our flexible offering, strong brand, extensive reach via our white label partners and tight spreads are all proving very attractive to our client base. We remain confident of continued growth given our commitment to the white label model and our ongoing investment in infrastructure and people.

The Capital Forex and Capital Derivative divisions have also delivered a solid performance in the first half of the year.”

Notes to Editors:

London Capital Group Holdings plc is a rapidly growing financial services company offering online trading services. Its core activity is the provision of spread betting products on the financial markets to retail clients under the trading names **Capital Spreads** and more recently **FuturesBetting.com**. Its other divisions provide online foreign exchange trading services to institutional and professional clients under the **Capital Forex** brand and institutional derivatives and equities execution in **Capital Derivatives**.

Based in London, LCG is regulated and authorised by the Financial Services Authority, has a European passport and is a member of the London Stock Exchange. LCG also has access to other international and domestic markets through its global clearing relationships.

LCG floated on the London Stock Exchange's AIM market on 22nd December 2005 at an issue price of 82p. LCG is included in the General Financial sector (8770) and Speciality Finance sub sector (8775) and has a RIC code of LCG.L.

Chairman's Statement

In the first half of 2008, London Capital Group continued to achieve further expansion across all its main divisions. The business model continues to work well with growth in revenues in each of its divisions also resulting in increased profitability at a group level.

This, together with significant growth from our white label partners and continuing organic expansion across all divisions should drive our ability to further reward our shareholders and invest in additional capacity for the future.

Results

Group turnover increased 54% to £12.51 million. Profit before tax (before share based payment expense) rose by 52% to £5.94 million. Adjusted EBITDA also increased by 56% to £6.18 million with a strong adjusted EBITDA margin of 49%, the same as in the first half of last year.

Both the adjusted operating profit before tax and the adjusted EBITDA are stated before recognising expenses relating to share based payments of £0.51 million. The comparable figure in the first half of 2007 was £0.33 million.

Dividend

Given this strong performance and the confidence in the Group's prospects, the Board is recommending a 100% increase in the interim dividend per share to 2.5p. This interim dividend will be paid on 5 September 2008 to shareholders on the register at the close of business on 15 August 2008.

The dividend policy is to pay a sustainable flow of ordinary dividends out of recurring profits which reflect the earnings, cash flow and potential of the Group and also ensures retention of sufficient funds to meet trading and working capital requirements.

Risk Management

Internal day to day risk management of the Group is led by Chief Operating Officer, Simon Denham. The executive board meets regularly to discuss and manage the operational and financial risks of the Group. These include, amongst other financial risks, liquidity levels, overall trading limits and financial parameters in hedging policy. Any risks identified are reported to the Group Risk Committee with an assessment of the implications and a recommendation for mitigation. The Risk Committee is chaired by a non-executive director. Strong emphasis is placed on risk control and mitigation across each division and the Group as a whole. The risk management software systems are specifically designed to prevent bad debts via the stoploss policy and no credit is offered to any clients across the Group.

The Future

The Group continues to expand both in the UK and internationally. Meanwhile, the Board is focussed on organic growth and will use acquisitions and partnerships to accelerate the achievement of the company's strategy, but believe patience is a virtue in current market conditions.

We are also currently developing a CFD platform in order to target international markets where these instruments are widely traded.

Richard Davey
Chairman

7 August 2008

Chief Executive Officer's Statement

Introduction

The Group continues to experience excellent growth in revenues, profitability and earnings per share.

By keeping focused on our consistent, long term strategy of measured and sustainable expansion, we have been able to demonstrate our ability to deliver on all of the above.

Financial Review

The Group has continued to deliver a strong financial performance in the first half of 2008. This improved performance has been driven by an increase in revenue and volume growth across all group divisions and current market conditions continue to favour the business model.

Turnover is up 54% to £12.51 million (H1'07:8.13 million). Adjusted EBITDA is also up 56% to £6.18 million (H1'07: £3.97 million) revealing a strong adjusted EBITDA margin of 49%, which is the same as last year. Profit before tax (before share based payment expense) is also up 52% to £5.94 million (H1'07: £3.90 million), resulting in the adjusted earnings per share increasing by 54% to 10.95p (H1'07: 7.1p).

Both the adjusted operating profit before tax and the EBITDA are stated before recognising an expense of £0.51 million (H1'07: £0.33 million) relating to share based payments.

Adjusted EBITDA represents earnings before share based payment expense, depreciation, amortisation, taxation, interest receivable on corporate cash balances and includes interest receivable on clients' money net of interest payable to clients.

During the period the Group acquired the entire share capital of FuturesBetting.com ("FBc"). The consideration consists of an initial £200,000 paid on completion plus a deferred consideration. The deferred consideration payable is an earn-out payment calculated as 20% of the future profits of FBc over a three year period up to a maximum of £300,000. Contingent on this is the recovery of a £100,000 debtor, therefore the net cash outflow will be a maximum of £200,000. The acquisition of FBc is consistent with our strategy of controlled growth by expanding into new markets. It was funded out of existing financial resources within the Group and did not require any external debt or equity capital.

Cash and cash equivalents at the end of the first half were £54.45 million (H1'07: £37.20 million), an increase of £17.25 million. Client money held by the spread betting division increased by £8.29 million to £22.33 million (H1'07: £14.04 million). Client money held by the Forex division also increased by £4 million to £22.37 million (H1'07: £18.37 million). Net cash resources also rose to £9.74 million from £4.79 million in H1'07, a rise of 103%. The Group had no debt at the half year.

Based on the first half performance of the Group and its net cash resources, the Board has decided to pay an interim dividend of 2.5 pence per share amounting to a total dividend of £957,317. This compares favourably with the 1.25 pence per share paid for the same period last year and this reflects the earnings and cash flow potential of the Group.

Operating Review

Capital Spreads has enjoyed another stellar period of trading activity and client trading volumes remain stronger than forecast.

The current trading system capacity and performance has increased substantially over the last six months and robustness has been a major factor in the acquisition and retention of new customers.

In July, LCG launched the Group's new spread betting platform targeting the German market and is launching an alternative platform later this month. Both platforms offer a significantly enhanced front end client experience with a greater breadth of functionality and data display. The new sites will substantially increase the scalability of the LCG spread betting platform and will also allow direct interface with the new CFD platform which is currently being built.

We believe these two new sites put LCG ahead of the majority of our competition in terms of functionality and retail client usability and will form a solid base for growth over the coming years.

We have made substantial investments in both infrastructure and people during the first half of the year. Capital expenditure has risen following the Group's recent development push and staff numbers have grown to cope with the significant increase in customer wins. The eventual cost saving efficiencies achievable with the latest technology, coupled with LCG's ability to offer a considerably expanded product range will enhance the opportunity for additional profitability in the future. In order to cope with this expansion, we have recently leased additional office space in our head office at Appold Street on favourable terms.

Following the acquisition of FBc in May, we carried out some minor operational enhancements and re-launched the site last month. The platform fits in very neatly between Capital Spreads, our retail spread betting unit and our professional FX offering and is now generating income on a daily basis.

We also continue to practice strict risk management controls which, together with our policies of not offering credit and the placing of automatic stop losses on all retail client positions, has meant minimal bad debts across all group divisions of only £8,000 in this half year (H1'07: £7,000).

The Capital Forex division has delivered a solid performance in the first half of 2008 with an average monthly volume of US\$25.3 billion (H1'07: US\$22.9 billion). The division signed up 120 new institutional clients in the period. The number of trades increased significantly to 180,000 compared to 69,000 in the first half of 2007. The division has been further strengthened by the arrival of experienced new sales personnel. As in the prior year, the marketing budget for the division has been minimal.

Capital Derivatives has performed well in the first half of 2008, increasing trading volumes by 18.9% to 1.63 million lots versus 1.37 million lots traded in H1'07. There was a strong performance in the first quarter of the year but trading in the second quarter experienced a slow down due mainly to the credit crunch with customers becoming more risk averse and trading in smaller volumes.

Growth Strategy

We remain focussed on our strategy of measured growth and becoming a market leading European online financial trading services company. We aim to continue to deliver this via comprehensive online trading solutions to our retail customer base, together with low risk and high margin broking and execution services to our institutional clients.

As online financial trading becomes more widespread outside the UK, we plan to continue to offer white label solutions to partners in other jurisdictions (bar the US) rather than to set up our own operations. This model provides cost effective, low risk and fast access to these markets.

The Group's plan to market its spread betting and trading products into Europe and Asia will highlight to potential clients the benefits of trading via online spread betting, FX and CFDs. Capital Spreads is well placed to take advantage of its strong brand name, reputation and quality product offering and will continue to be a major player in this sector.

The Capital Forex division will continue to concentrate on the growth of its institutional customer base, marketing its platform to major institutions internationally. We have invested in personnel to increase sales in this division and intend to continue to build on this in the future. The market for this platform continues to be substantial and growing.

Capital Derivatives is highly respected in the industry for its options expertise and the Group plans to continue to capitalise on this.

FBc offers experienced traders a professional spread betting trading platform with DMA (direct market access) into major indices, currencies and commodities. Following its recent re-launch, FBc will focus on penetrating the UK and European markets with its existing offering.

Current Trading and Outlook

LCG's improved performance has been driven by an increase in revenue and volume growth across the Group and current market conditions continue to favour the business model.

We are encouraged by the increase in client money in both the Capital Spreads and Capital Forex divisions which we regard as a leading indicator for the future growth of our business.

Mindful of current economic conditions, we are optimistic for the remainder of 2008. Trading since the start of the second half of the year has been strong.

Frank Chapman
Chief Executive Officer

7 August 2008

London Capital Group Holdings plc
INTERIM CONSOLIDATED INCOME STATEMENT
For the period ending 30 June 2008

	Notes	Unaudited 6 Months to 30 June 2008 £000	Unaudited 6 Months to 30 June 2007 £000	Audited Year to 31 December 2007 £000
Revenue	3	12,508	8,134	18,980
Cost of sales		2,605	1,660	3,774
GROSS PROFIT		9,903	6,474	15,206
Administrative expenses (excluding depreciation, amortisation and share based payments)		3,720	2,501	5,595
Adjusted EBITDA		6,183	3,973	9,611
Depreciation and amortisation		421	125	434
OPERATING PROFIT (excluding share based payments)		5,762	3,848	9,177
Share based payments		507	331	737
Total administrative expenses		(4,648)	(2,957)	(6,766)
OPERATING PROFIT		5,255	3,517	8,440
Finance income		178	56	134
PROFIT BEFORE TAXATION		5,433	3,573	8,574
Taxation	5	1,494	1,088	2,566
Profit for the financial period		3,939	2,485	6,008
Earnings per share				
		Pence	Pence	Pence
Basic	6	10.25	6.49	15.69
Diluted	6	9.60	6.19	14.89
Adjusted basic	6	10.95	7.10	17.04

All activities of the group are classed as continuing.

London Capital Group Holdings plc
INTERIM CONSOLIDATED BALANCE SHEET
As at 30 June 2008

		Unaudited 30 June 2008 £000	Unaudited 30 June 2007 £000	Audited 31 December 2007 £000
NON-CURRENT ASSETS				
Property, plant and equipment	8	801	2,189	792
Intangible assets		13,260	9,303	11,826
Deferred tax asset		80	77	67
		<u>14,141</u>	<u>11,569</u>	<u>12,685</u>
CURRENT ASSETS				
Trade and other receivables		2,010	1,023	1,096
Cash and cash equivalents	9	54,446	37,203	46,132
		<u>56,456</u>	<u>38,226</u>	<u>47,228</u>
TOTAL ASSETS		<u>70,597</u>	<u>49,795</u>	<u>59,913</u>
CURRENT LIABILITIES				
Trade and other payables		47,502	33,171	39,511
Current tax liabilities		1,630	1,134	1,467
		<u>49,132</u>	<u>34,305</u>	<u>40,978</u>
TOTAL LIABILITIES		49,132	34,305	40,978
NET ASSETS		<u>21,465</u>	<u>15,490</u>	<u>18,935</u>
EQUITY				
Share capital	10	3,842	3,829	3,829
Share premium account		12,019	11,607	11,607
Retained profits		9,264	4,580	7,639
Share option reserve		1,684	818	1,204
Other reserves		(5,344)	(5,344)	(5,344)
TOTAL EQUITY		<u>21,465</u>	<u>15,490</u>	<u>18,935</u>

London Capital Group Holdings plc
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ending 30 June 2008 (unaudited)

	Issued share capital £000	Share premium account £000	Retained profits £000	Share option reserve £000	Other reserves £000	Total equity £000
At 1 January 2007	3,829	11,607	2,708	541	(5,344)	13,341
Profit for the period	-	-	2,485	-	-	2,485
Equity dividends	-	-	(651)	-	-	(651)
Share based transactions including current and deferred taxation	-	-	-	331	-	331
Exercise/forfeiture of share options	-	-	38	(54)	-	(16)
At 30 June 2007	3,829	11,607	4,580	818	(5,344)	15,490
Profit for the period	-	-	3,522	-	-	3,522
Equity dividends	-	-	(479)	-	-	(479)
Share based transaction including current and deferred taxation	-	-	-	407	-	407
Exercise/forfeiture of share options	-	-	16	(21)	-	(5)
At 1 January, 2008	3,829	11,607	7,639	1,204	(5,344)	18,935
Profit for the year	-	-	3,939	-	-	3,939
Equity dividends	-	-	(2,010)	-	-	(2,010)
Share based transactions including current and deferred taxation	-	-	-	507	-	507
Issue of share capital	13	90	-	-	-	103
Exercise/forfeiture of share options	-	322	(304)	(27)	-	(9)
At 30 June, 2008	3,842	12,019	9,264	1,684	(5,344)	21,465

London Capital Group Holdings plc
INTERIM CONSOLIDATED CASH FLOW STATEMENT
For the period ending 30 June, 2008

	Unaudited 6 Months to 30 June 2008	Unaudited 6 Months to 30 June 2007	Audited 12 Months to 31 December 2007
Notes	£000	£000	£000
Profit for the financial period	3,939	2,485	6,008
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	150	125	434
Amortisation of intangible assets	271	-	-
Equity settled share based payment	507	331	737
Loss on disposal of property, plant and equipment	41	-	-
Finance income	(178)	(56)	(134)
Current tax charge	1,632	1,138	2,612
Deferred tax asset	(138)	(66)	(46)
Operating cash flows before movements in working capital	6,224	3,957	9,611
Increase in receivables	(684)	(337)	(410)
Increase in payables	7,026	17,301	23,639
Cash generated by operations	12,566	20,921	32,840
Taxation paid	(1,469)	(582)	(1,737)
Net cash from operations	11,097	20,339	31,103
Investing activities			
Interest received	178	56	134
Acquisitions of property, plant and equipment	(93)	(659)	(2,094)
Acquisitions of intangible assets	(696)	-	-
Acquisitions of subsidiary	11 (265)	-	-
Net cash used in investing activities	(876)	(603)	(1,960)
Financing activities			
Dividends paid	(2,010)	(651)	(1,129)
Proceeds on issue of shares	103	-	-
Net cash flow used in financing activities	(1,907)	(651)	(1,129)
Net increase in cash and cash equivalents	8,314	19,085	28,014
Cash and cash equivalents at beginning of year	46,132	18,118	18,118
Cash and cash equivalents at end of year	9 54,446	37,203	46,132

London Capital Group Holdings plc
Notes to the interim condensed consolidated financial statements
For the period ending 30 June 2008 (unaudited)

1. General information

The interim condensed consolidated financial statements of London Capital Group Holdings plc and its subsidiaries for the six months ended 30 June 2008 were authorised for issue by the board of directors on 7 August 2008. The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the EU (IFRS) and in accordance with IAS 34 *Interim Financial Reporting*.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

3. Segment information

	Unaudited 6 Months to 30 June 2008 £000	Unaudited 6 Months to 30 June 2007 £000	Audited Year to 31 December 2007 £000
Revenue			
Spread betting	11,254	6,242	16,162
Forex	2,150	2,054	3,943
Brokerage	836	488	1,080
Gross group revenue	14,240	8,784	21,185
Spread betting brokerage and hedging costs	(1,732)	(650)	(2,205)
Net group revenue	12,508	8,134	18,980
Unallocated corporate expenses	7,253	4,617	10,540
Operating profit	5,255	3,517	8,440
Net financing income	178	56	134
Profit before taxation	5,433	3,573	8,574
Taxation expense	(1,494)	(1,088)	(2,566)
Profit for the period	3,939	2,485	6,008

Included within revenue is interest income earned on client money held.

All of the segment revenue reported above is from external customers.

4. Operations in the interim period

The revenues of the group are not subject to seasonal or cyclical factors.

5. Taxation

Income tax for the six month period is charged at 28.5% (six months ended 30 June 2007: 30%; year ended 31 December 2007: 30%), representing the best estimate of the average annual effective income tax rate expected at the full year, applied to the pre-tax income of the six month period.

6. Earnings per share

	Unaudited 6 Months to 30 June 2008 £000	Unaudited 6 Months to 30 June 2007 £000	Audited Year to 31 December 2007 £000
<i>Basic EPS</i>			
Profit after tax	3,939	2,485	6,008
Weighted average no of shares	38,417,683	38,292,683	38,292,683
Weighted average basic EPS	10.25p	6.49p	15.69p
<i>Diluted EPS</i>			
Profit after tax	3,939	2,485	6,008
Weighted average no of shares	41,046,598	40,168,952	40,343,531
Weighted average fully diluted EPS	9.60p	6.19p	14.89

Diluted earnings per share is the basic earnings per share after allowing for the dilutive effect of the conversion into Ordinary shares of the weighted average number of options outstanding during the period.

	Unaudited 6 Months to 30 June 2008 £000	Unaudited 6 Months to 30 June 2007 £000	Audited Year to 31 December 2007 £000
<i>Adjusted basic EPS</i>			
Profit after tax	3,939	2,485	6,008
Share based payment	507	331	738
Tax effect	(239)	(99)	(221)
Adjusted profit after tax	4,207	2,717	6,525
Weighted average no of shares	38,417,683	38,292,683	38,292,683
Weighted average adjusted basic EPS	10.95p	7.10p	17.04p

7. Dividends

	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited Year to 31 December 2007
	pence	pence	pence
<i>Amounts recognised as distributions to shareholders in the period:</i>			
Final dividend for the year to 31 December 2007 (31 December 2006)	5.25	1.7	1.7
Interim dividend for the year to 31 December 2007	-	-	1.25
	5.25	1.7	2.95
<i>Dividends declared in respect of the period:</i>			
Interim dividend for the year to 31 December 2008 (31 December 2007)	2.5	1.25	1.25
Final dividend for the year to 31 December 2007	-	-	5.25
	2.5	1.25	6.5

8. Property, plant and equipment

The Group continues to invest in property, plant and equipment to develop its capacity to generate future economic benefits.

9. Cash and cash equivalents

	Unaudited 6 Months to 30 June 2008 £000	Unaudited 6 Months to 30 June 2007 £000	Audited Year to 31 December 2007 £000
Cash at bank and in hand	1,103	782	454
Short-term deposits	8,636	4,009	9,865
Client money held			
Spread Betting Clients	22,334	14,042	16,785
Forex Clients	22,373	18,370	19,028
	54,446	37,203	46,132

10. Share capital

Share capital as at 30 June 2008 amounted to £3,841,768. During the period, Group issued 125,000 shares for consideration of £102,500, which resulted in an increase in the issued share capital by £12,500, and an increase in the share premium account by £412,500.

11. Acquisition of subsidiary

On 23 May 2008, the Group acquired 100 per cent of the issued share capital of FuturesBetting.com Limited for cash consideration of £200,000 and deferred consideration of £300,000. This transaction has been accounted for by the purchase method of accounting.

	Book value £000	Provisional fair value £000
Property, plant and equipment	108	108
Intangible assets (b)	-	416
Trade and other receivables	230	230
Cash and cash equivalents	43	43
Trade and other payables (a)	(478)	(665)
Deferred tax liability (b)	-	(116)
	<u>(97)</u>	16
Goodwill		592
Total consideration		<u>608</u>
Satisfied by:		
Cash		200
Directly attributable costs		108
Deferred consideration		300
		<u>608</u>
Net cash outflow arising on acquisition		
Cash consideration		308
Cash and cash equivalents acquired		<u>(43)</u>
		<u>265</u>

- (a) The fair value adjustments to trade and other payables relates to additional identified liabilities concerning Gaming Tax of £122,000 and an additional accrual of £65,000.
- (b) The fair value adjustment to intangible assets and the related deferred tax liability concerning the value attributable to the identified customer relationships and trade name of FuturesBetting.com Limited.

The goodwill arising on the acquisition of FuturesBetting.com Limited is attributable to the anticipated profitability from the new markets and the anticipated future operating synergies from the combination.

FuturesBettings.com Limited contributed £nil revenue and a loss of £99,000 to the Group's profit before tax for the period between the date of acquisition and 30 June 2008.

If the acquisition of FuturesBetting.com Limited had been completed on the first day of the current period, Group revenues for the period would have been increased by £209,000 and Group profit attributable to equity holders of the parent would have been reduced by £675,000.

12. Related party transactions

There have been no transactions between the company and its subsidiaries or between the company and other related parties, except for the key management personnel compensation.

13. Capital commitments

There were no contractual commitments for future capital expenditure as at 30 June 2008 (2007: £nil).

14. Contingent liabilities

There were no contingent liabilities as at 30 June 2008 (2007: £nil).

15. Events after balance sheet date

There were no adjusting events or non-adjusting events after the balance sheet date.

INDEPENDENT REVIEW REPORT TO LONDON CAPITAL GROUP HOLDINGS PLC

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent 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 conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditor
7 August 2008
Reading, UK