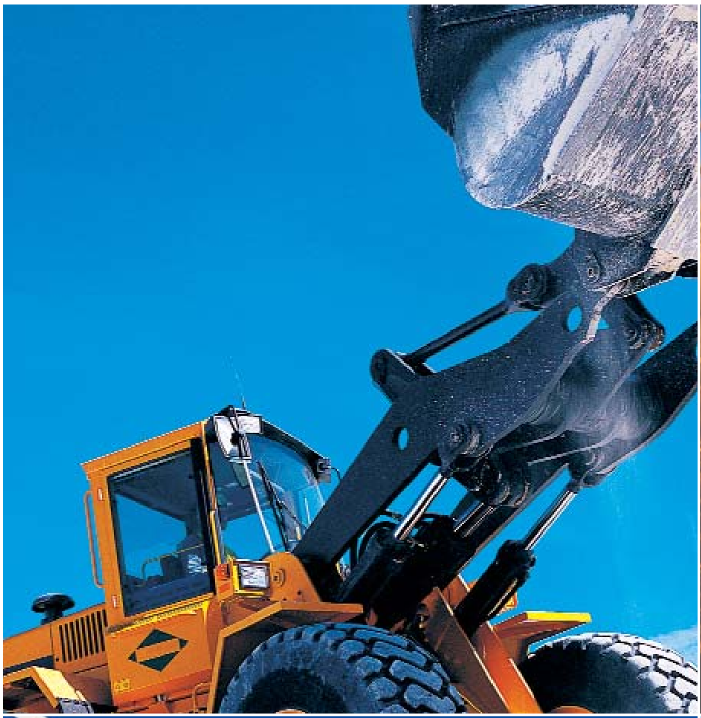
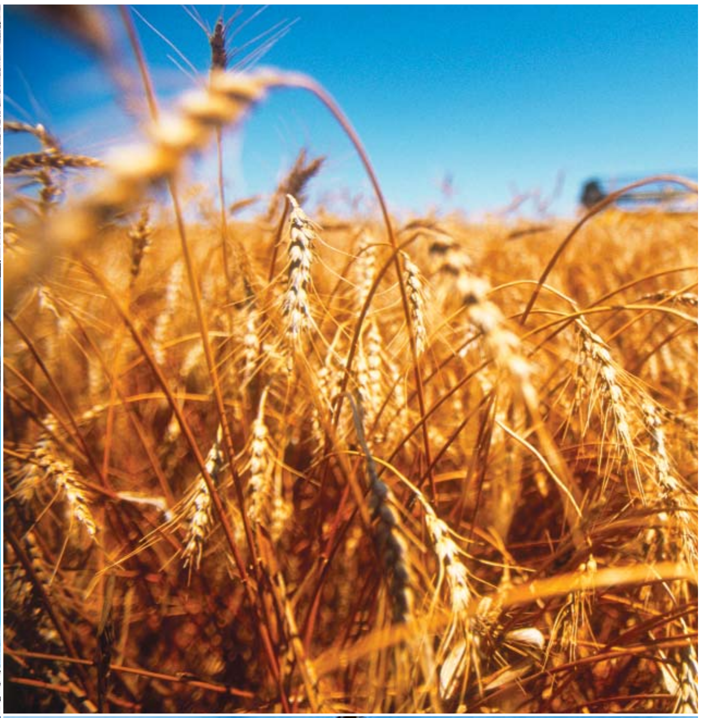
Ambrian Capital plc
Annual Report & Accounts 2006

AMBRIAN

EXTRACTINGHARVESTINGHARNESSINGINNOVATING

CREATING VALUE ACROSS THE RESOURCES SECTOR

CORPORATE STATEMENT

AMBRIAN CAPITAL PROVIDES CORPORATE FINANCE, STOCKBROKING, COMMODITY BROKING AND INVESTMENT MANAGEMENT SERVICES TO INSTITUTIONAL AND CORPORATE CLIENTS ACTIVE IN THE NATURAL RESOURCES AND NEW TECHNOLOGY SECTORS

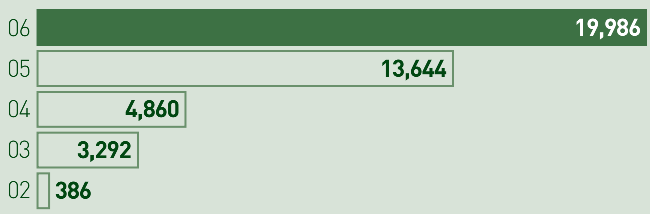
Contents

FINANCIAL HIGHLIGHTS

- Operating income up 47% to £19.99m (2005: £13.64m)
- Profit before tax up 34% to £12.44m (2005: £9.29m)
- Basic earnings per share up 35% to 8.16p (2005: 6.03p)
- Final dividend of 1.00p per share making 1.75p for the full year (2005: 1.25p for the full year)

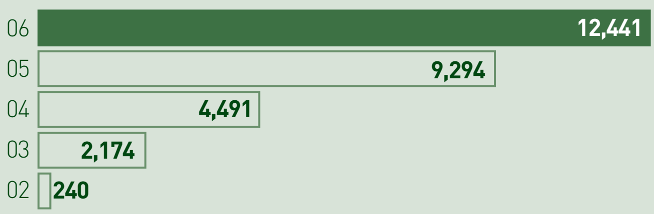
Operating income (£'000)

+47% to £19.99M



Profit before tax (£'000)

+34% to £12.44M

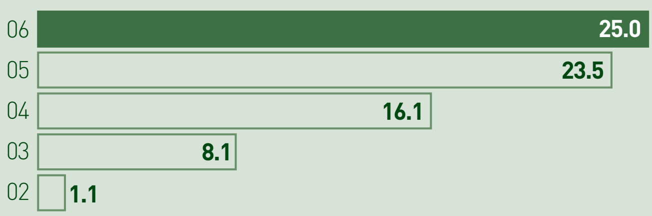


Basic earnings per share (pence)

+35% to 8.16p

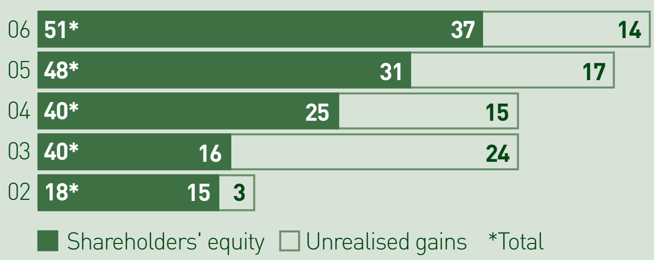
Return on average equity (%)

25% for 2006



Shareholders' equity plus unrealised gains (£'m)

£50.9M for 2006



CHAIRMAN'S STATEMENT

WE ARE VERY PLEASED WITH THE SUBSTANTIAL PROGRESS MADE DURING THE YEAR IN TRANSFORMING THE GROUP INTO A FOCUSED INVESTMENT BANK

Dear Shareholders,

The year under review has been very eventful indeed, marked by a period of record results, significant expansion within all Group subsidiaries, diversification of product range and services, a tax efficient re-structuring of our quoted precious metals assets and a name change to better reflect the new focus of the Group.

We have now succeeded in building Ambrian Capital into a vehicle firing on all cylinders. Our plan to convert our investment portfolio into operating businesses has worked well but we have not given up our investment roots. Our working capital, plus the market value of our investments, continues to increase year on year, both absolutely and on a per share basis.

The best asset of any group is its people and, under the guidance of our Chief Executive Tom Gaffney, a strong recruitment programme has produced a team excelling in integrity, prudence, professionalism and innovation. Our declared strategies and philosophies and increasing reputation are attracting the very best people who wish to work in the environment that we are creating.

Within robust central controls, each autonomous subsidiary is encouraged to fulfil and expand its project pipeline, as well as to make strategic market decisions where opportunities for synergy exist. Ambrian Capital is now a fully-fledged investment bank and its objectives are the identification, acquisition, financing, development and operation of earnings generative businesses, which complement each other in providing maximum market intelligence.

Results

The Directors are pleased to report that the Group's profit before tax for the year ended 31 December 2006 increased by 34% to a record £12.44 million (2005: £9.29 million), while basic earnings per share increased by 35% to 8.16p from 6.03p.

The Group's operating income increased 47% to £19.99 million from £13.64 million. Investment Banking activities accounted for approximately 40% of operating income (2005: 22%), while realised profits arising from our portfolio investment activities accounted for approximately 60% (2005: 78%).

The Group's shareholders' equity at 31 December 2006 was £37.0 million (2005: £31.4 million). The market value of listed investments at 31 December 2006 was approximately £31.9 million (2005: £39.7 million), including unrealised gains (pre-tax) of £13.9 million.

The Group's cash resources net of client deposits increased to £17 million compared with £4.2 million at 31 December 2005.

Dividend

The Board declares payment of a final dividend of 1.00p per share (2005: 0.75p), making a total of 1.75p for the full year (2005: 1.25p). The dividend will be payable on 25 May 2007 to all shareholders on the register as at 4 May 2007.

Investment Banking

Investment Banking operating income for the year ended 31 December 2006 was £7.99 million, up 167% from £3.00 million for the year ended 31 December 2005, reflecting the rapid growth of our investment banking activities.

Ambrian Partners Limited

Ambrian Partners Limited, our wholly-owned corporate finance and stockbroking subsidiary, was involved in 14 capital raisings with a total value of approximately £135 million, including five Initial Public Offerings ("IPOs") on AIM. At 31 December 2006 Ambrian Partners had 35 corporate clients who pay regular retainer fees.

During the year Ambrian Partners made significant progress in broadening the industry sectors in which it is active and was able to recruit additional talented staff. Ambrian Partners has been replicating the industry specialist model which it has successfully implemented in the mining sector.

Broadening sector expertise provides new growth opportunities and ensures the development of a corporate finance and stockbroking business that is sustainable over the long term. Ambrian Partners is now active in six industry sectors - mining, oil & gas, soft commodities, renewable energy, telecommunications and technology. The expertise of its sector-focused research teams has given Ambrian Partners a competitive edge when competing for corporate and institutional business.

Despite the slowdown in new issue activity on AIM in the second half of 2006, the mandated transaction "pipeline" for Ambrian Partners in 2007 is healthy. In response to changing market conditions our mix of business is evolving with an increased amount of corporate finance advisory work and new equity issues outside of our traditional mining sector.

For example, we are currently acting as joint-financial advisor to the Chinese consortium which has made a £95 million recommended cash offer for Monterrico Metals plc, the AIM-listed Peruvian copper company. New clients include TMO Renewables Ltd, a producer of enzymes used in the production of ethanol; Boreal Energy, a US-based developer of wind energy farms; and Future Internet Technologies plc, an AIM-listed solutions provider for telecom carriers.

To improve our secondary market service to our institutional clients we intend in the coming months to commence making markets in the shares of our corporate clients as well as selectively in the shares of companies we publish research on.

Ambrian Commodities Limited

In March 2006 we launched Ambrian Commodities Limited, an Associate Broker Member of the London Metal Exchange. Ambrian Commodities is a Broker-Dealer in aluminium, copper, lead, nickel and zinc, as well as precious metals (gold, silver, platinum and palladium). Its business is client-driven and its clients are located throughout the world and include the entire metals supply chain, from miners to final industrial users.

+167%
Growth in Investment Banking Operating Income in 2006

£135M
Value of capital raising completed by Ambrian Partners in 2006

+40%
Increase in dividends relating to 2006

£16.8M
Group's cash resources net of client deposits

Portfolio investments as at 31 December 2006

Company	Location of primary assets	Primary commodities	Market value of investment (£m)	% of net assets
Golden Prospect Precious Metals	Worldwide	Precious metals	9.30	18.3
Jubilee Platinum	South Africa, Madagascar	PGMs, Nickel, Copper	5.20	10.2
Samson Oil & Gas	US	Oil & Gas	1.93	3.8
Nido Petroleum	Philippines	Oil & Gas	1.86	3.6
Anglesey Mining	Canada, Wales	Iron Ore, Copper, Zinc	1.74	3.4
European Gas	France	Oil & Gas	1.47	2.9
Horizon Oil	Worldwide	Oil & Gas	1.20	2.4
Nautical Petroleum	North Sea	Oil & Gas	1.06	2.1
North Australian Diamonds	Australia	Diamonds	0.76	1.5
Yilgarn Gold	Australia, Philippines	Gold, Oil & Gas	0.67	1.3
Total Top 10 Holdings			**25.19**	**49.5**
Other Listed Investments			6.71	13.2
Total Listed Investments			**31.90**	**62.7**
Unlisted Investments at Book Value			4.83	9.5
Total Portfolio Investments			**36.73**	**72.2**
Net Other Assets			14.17	27.8
Total			**50.90**	**100.0**

Ambrian Commodities made an important contribution to the operating income of our investment banking activities in 2006. Ambrian Commodities has benefited from high customer activity levels and high volatility in metals prices. It is these two factors that drive our profitability rather than the actual direction of metals prices.

We have recently commenced trading carbon credits and sugar, following our success in the base and precious metals markets, and we have hired traders and salesmen with a high level of expertise in these growth areas. This move into carbon credits and sugar is a natural progression for Ambrian. Ambrian Commodities proved its business model at a very early stage and continues to add significant growth and revenues to the Group as a whole.

Ambrian Partners is already active in the alternative energy area, particularly the renewable energy and bio-fuel sectors, and has specialist research teams for both areas. The expansion of Ambrian Commodities demonstrates the Group's firm commitment to the resources sector.

Ambrian Asset Management Limited

Towards the end of 2006, Ambrian Asset Management Limited launched its first fund: the Golden Prospect Precious Metals Fund Limited ("GPPM"), a closed end tax efficient vehicle registered in Guernsey and listed on AIM. Ambrian Asset Management earns a management fee and, potentially, a performance fee for providing investment management services to GPPM.

The Group transferred into GPPM the bulk of its portfolio of precious metals investments, valued at approximately £9.4 million in return for GPPM shares. GPPM has increased its share price significantly since listing on AIM. We plan to build on this success by launching further funds that complement our expertise in the wider resources sector.

Portfolio Investments

Operating income from realisations of portfolio investments for the year ended 31 December 2006 was £11.99 million, up 12.7% from £10.64 million the previous year.

The liquidity raised from the profitable realisation of the principal investment activities has enabled the Group to make significant strides over the past two years in its transformation from a resource-focused investment company into a more broadly based investment bank. The increase in capital adequacy enables the Group to realise its objective, which is to build a highly profitable investment bank, capable of generating recurring income from its various business units over the long term. The foundation for such an objective is built on the fact that the Group's shareholders' equity plus unrealised gains on its listed investment portfolio has grown by £36 million since January 2002 (compound annual growth rate of 28%) after the payment of tax on realised profits.

Listed Investments

At 31 December 2006 the market value of our portfolio of listed investments was £31.9 million. The most important investments were our £9.3 million holding in our 72%-owned subsidiary GPPM, and our £5.2 million holding in Jubilee Platinum plc. We remain positive on the outlook for precious metals.

Our 9.4% stake in Jubilee Platinum plc continues to represent a highly attractive holding with its valuable and strategic resource positions in South Africa and Madagascar.

At 31 December 2006 we held approximately £8.0 million of investments in the oil & gas sector. Our intention is either to use these investments to "seed" a newly formed energy fund managed by Ambrian Asset Management or to realise them as the opportunity arises.

The remaining listed investments will be actively managed and will either be used to "seed" new managed funds or will be realised as they reach their profit potential.

Unlisted Investments

We have a portfolio of unlisted equity investments which we value at cost in our accounts. At 31 December 2006 the book value of our unlisted equity investments was £4.8 million.

Our most significant unlisted equity investments are our African mining exploration assets, our 25% stake in Commodity Watch plc (which owns the leading resources news websites Minesite and Oilbarrel) and various stakes acquired by Ambrian Partners in connection with pre-IPO financings.

In November 2006 the Group announced that it had signed an agreement to merge its African mining exploration assets with Palladex plc, an AIM-listed mineral exploration and development company. The Group will retain an approximate 40% interest in the merged company. All parties are working towards a target completion date of mid-2007.

Commodity Watch plc has been listed on PLUS in April 2007 at a valuation several times that at which the Group made its investment.

We have been able to achieve attractive returns from late stage pre-IPO investments, particularly where Ambrian Partners is appointed Corporate Broker to the IPO. An ability to make pre-IPO investments provides Ambrian Partners with a competitive advantage in securing IPO mandates.

We are well placed to source and evaluate unlisted, late stage, pre-IPO investments. Through Ambrian Partners we have the knowledge of the equity capital market required to assess potential investor appetite and to provide the market access to effect an orderly realisation of the investment in due course.

We have recently formed Ambrian Private Equity as a division of Ambrian Capital with a formal mandate to invest in late stage, pre-IPO companies. The objective is to build a portfolio of companies that are attractive investments in their own right and to provide a "pipeline" of IPO mandates for Ambrian Partners. We intend to allocate actively up to £5 million of capital to this during 2007.

Capital

As of 31 December 2006, shareholders' equity was £37.0 million excluding unrealised gains (pre-tax) of £13.9 million. Book value per ordinary share was 34.3p excluding unrealised gains and 47p including unrealised gains (pre-tax).

The Group's cash resources net of client deposits at 31 December 2006 was £17 million compared with £4.2 million at 31 December 2005.

IFRS

From 1 January 2007 the Group is required by European Directives to report its consolidated financial statements under International Financial Reporting Standards ("IFRS") rather than under UK Generally Accepted Accounting Principles ("UK GAAP") as we have done in the past. Under IFRS our portfolio of investments will be valued on the Group's balance sheet at market prices rather than at the lower of cost or net realisable value. The Group's level of profits will depend on changes in the value of the investment portfolio during 2007. Accordingly, unrealised gains after tax at 31 December 2006 will be reflected in reserves and movements in value thereafter will be reflected in the profits.

Future

We look forward to 2007 with confidence despite the recent turbulence in the markets. Our strong balance sheet provides us with a solid foundation. Ambrian Partners' strategy of diversification into new industry sectors has brought a number of new clients and attractive new issue mandates and our move into commodities and investment management has provided important diversification for the Group, providing a wider platform for growth.

The Group intends to capitalise on London's position as the world's centre for equities, commodities and investment management by seeking ways of further extending the international reach of each of our businesses.

On 21 March 2007, we announced the purchase by Sun Hung Kai & Co. Limited ("SHK") of Ambrian Capital ordinary shares from certain directors, a proposed change in the composition of the Board of Directors of Ambrian Capital, and a commitment to business cooperation between the two organisations.

Ambrian Capital and SHK have agreed to develop cooperative activities in the areas of: capital raising, commodities and fund management. Ambrian intends to play a role together with SHK in managing the flow of international investment into China as well as the international deployment of capital by Chinese companies.

SHK, which trades under the brand Sun Hung Kai Financial, is the leading non-bank financial institution in Hong Kong. SHK currently has approximately HK$40 billion (£2.6 billion) in assets under management and/or advice, and about HK$8.1 billion in shareholders' equity. Its core areas of focus include wealth management/brokerage, asset management, corporate finance, consumer finance as well as principal investments.

After ten years as Executive Chairman, and dictated by advancing years, it is now opportune for me to stand down from full-time Executive Duties in favour of a Group Investment Advisory Role. Richard Lockwood, who founded the company with me, will also be retiring at the forthcoming AGM. I will continue to consult on principal investments and asset management strategies whilst also remaining as Ambrian's representative on principal investee company boards, including Golden Prospect Precious Metals Limited, Jubilee Platinum plc and Commodity Watch plc.

Effective on the date of the AGM, Lawrence Banks, CBE, will be appointed Non-Executive Chairman of Ambrian Capital. Lawrence is currently a Non-Executive Director of Ambrian Capital and Chairman of Ambrian Partners. Lawrence was previously Deputy Chairman of Robert Fleming Holdings Limited.

Finally, I would like to take this opportunity to thank all our clients who have entrusted us with their business, our employees for their dedication and my fellow directors, without whose enthusiasm and wisdom the Group's growth would not have been possible.

Malcolm A. Burne
Chairman
27 April 2007

BUSINESS STRUCTURE

AMBRIAN CAPITAL PLC
(AIM: AMBR)

AMBRIAN PARTNERS LIMITED

FSA Authorised

Member of the
London Stock Exchange

Nominated Advisor
Corporate Finance
Corporate Broker
Equity New Issues
Equity Sales & Trading
Research

AMBRIAN COMMODITIES LIMITED

FSA Authorised

Member of the
London Metal Exchange

Member of ECX

Broker-Dealer of LME
Futures & Options
Bullion Dealer
Physical Metals Dealer
Carbon Credits Dealer
Soft Commodities Dealer

AMBRIAN ASSET MANAGEMENT LIMITED

FSA Authorised

Investment Manager

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Managed by Ambrian
Asset Management

Guernsey Registered Closed
End Fund (AIM:GPM)

AMBRIAN PRINCIPAL INVESTING

Listed Investments
(£31.9m at market
value at 31/12/06)

Unlisted Investments
(£4.8 m at book
value at 31/12/06)

CHINA IS HAVING A MAJOR IMPACT ON THE GLOBAL ECONOMY AND IS EXPECTED TO BECOME THE LARGEST CONSUMER OF COMMODITIES IN THE WORLD.

AMBRIAN CAPITAL'S TIE-UP WITH SUN HUNG KAI FINANCIAL, HONG KONG'S LARGEST NON-BANK FINANCIAL INSTITUTION, PROVIDES A STRONG PLATFORM FOR GROWTH IN ASIA ACROSS ALL OUR BUSINESS ACTIVITIES.

INDUSTRY SECTORS

KEY
III = ACTIONED II = DEVELOPING I = PLANNED

EXTRACTING

The core of our business is focused on investing in and providing investment banking services to companies active in the extraction of metals, minerals and oil & gas throughout the world.

- Non-Ferrous Metals
- Ferrous Metals
- Precious Metals
- Gemstones
- Industrial Minerals
- Oil
- Gas

HARVESTING

Soft commodities share the same demand drivers as hard commodities, including the industrialisation of China and India and increasing use of sugar and palm oil as a source of bio-fuel. Through our equity research we are positioning ourselves as an active participant in this segment of the commodities market.

- Cocoa
- Coffee
- Forestry
- Grains
- Livestock
- Palm Oil
- Rubber
- Soya
- Sugar

HARNESSING

Alternative and renewable energies based on new technologies which use the earth's non-fossil fuel energy resources represent a substantial growth opportunity for us as we bring together companies seeking finance to develop their projects with the institutional providers of capital.

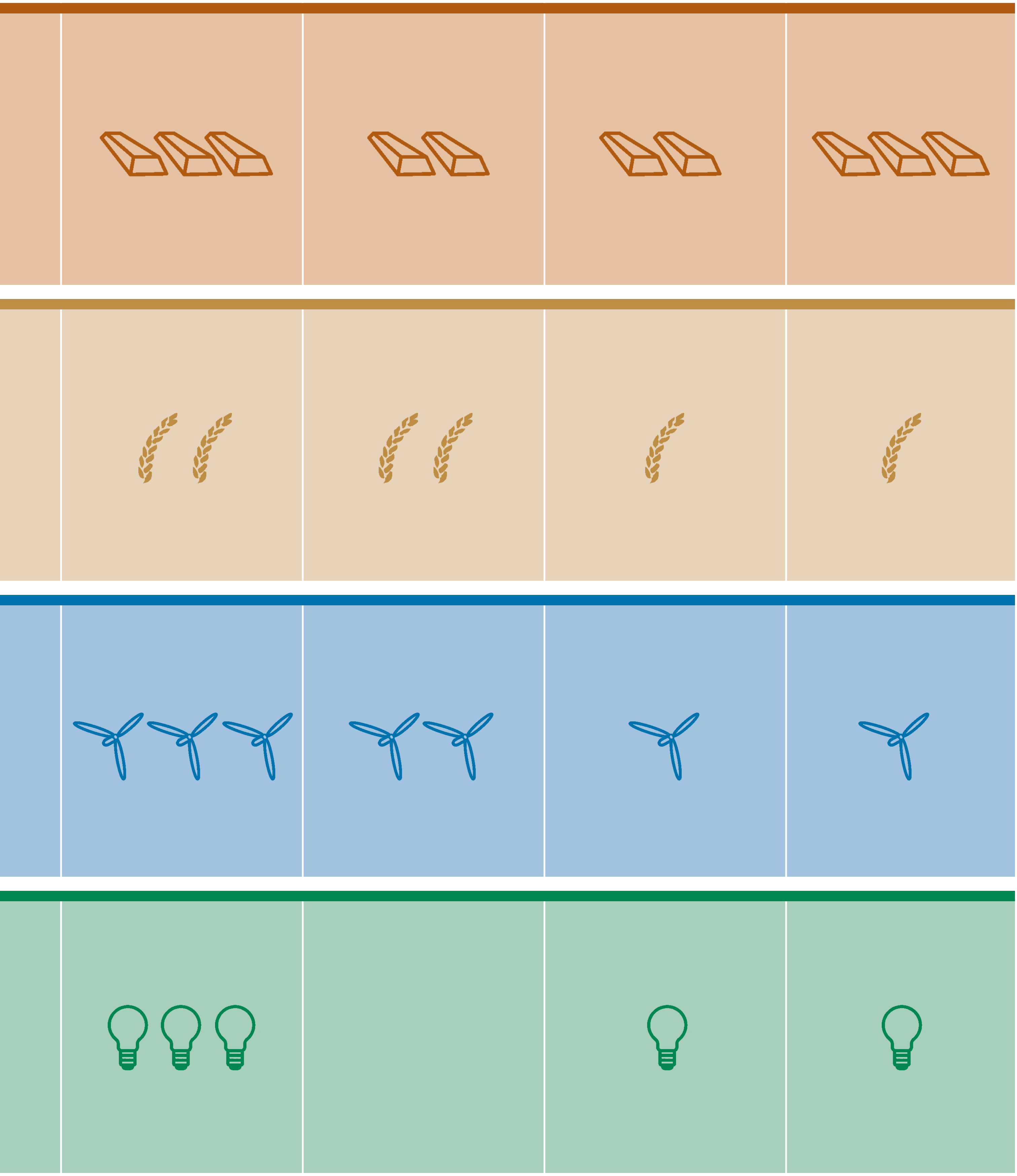
- Bio-Mass
- Carbon Credits
- Energy Efficiency
- Fuel Cells
- Hydro Power
- Solar Power
- Wave Power
- Wind Power

INNOVATING

Ambrian actively seeks to identify and provide its investment banking services to innovative, growing companies who are developing technologies that have the potential to make a significant impact on their chosen sector.

- Alternative Energy
- Electronics
- Hardware/Software
- Life Sciences
- Telecoms

CORPORATE FINANCE AND STOCKBROKING | COMMODITY TRADING | ASSET MANAGEMENT | PRINCIPAL INVESTMENTS



EXTRACTING

JUBILEE PLATINUM

AMBRIAN CAPITAL HAS BEEN A LONG-STANDING SHAREHOLDER OF JUBILEE PLATINUM PLC WITH A 9.4% DIRECT INTEREST. MALCOLM BURNE IS CHAIRMAN OF JUBILEE AND AMBRIAN PARTNERS WAS APPOINTED IN MARCH 2006 JOINT FINANCIAL ADVISOR AND CORPORATE BROKER TO JUBILEE

Jubilee is a mining exploration and development company with a focus on platinum group metals ("PGM") and nickel/copper.

Jubilee's flagship Tjate project is strategically located in South Africa's Bushveld igneous complex, a geological system unmatched globally, which produces 80% of the world's platinum. Jubilee has announced plans to increase its investment in Tjate up to 63% and Jubilee's South African subsidiary has entered into a convertible loan investment with Mitsubishi Corporation.

In Madagascar, Jubilee is developing potentially world-class nickel/copper/PGM assets and has entered into joint-venture agreements with Impala Platinum and TransAsia Minerals Limited.

GOLDEN PROSPECT PRECIOUS METALS

GOLDEN PROSPECT PRECIOUS METALS

IN NOVEMBER 2006 AMBRIAN ASSET MANAGEMENT ANNOUNCED THE LAUNCH OF GOLDEN PROSPECT PRECIOUS METALS LIMITED. GPPM IS AN AIM-LISTED, GUERNSEY-REGISTERED, CLOSED-ENDED INVESTMENT FUND DEDICATED TO EQUITY INVESTMENTS IN THE PRECIOUS METALS SECTOR. GPPM IS MANAGED BY AMBRIAN ASSET MANAGEMENT

In support of GPPM and to benefit from the low tax regime in Guernsey, Ambrian Capital transferred in approximately £9.4 million of its existing precious metals equity investment portfolio in return for the equivalent investment of ordinary shares and warrants in GPPM.

METALS TRADING

Ambrian Commodities became an Associate Broker Member of the London Metal Exchange ("LME") in March 2006. The LME is the world's largest non-ferrous metals market with a turnover in 2006 in excess of US$8,100 billion. Ambrian Commodities offers a full range of Broker-Dealer services to its industrial and institutional clients in both the LME metals and precious metals sectors.

HARVESTING

SOFTS TRADING

AT THE BEGINNING OF 2007 AMBRIAN COMMODITIES BEGAN TRADING SOFT COMMODITIES WITH AN INITIAL FOCUS ON SUGAR

The importance of sugar as a raw material for ethanol is increasingly driven by legislative requirements in both the EU and several US states. In addition, the rapidly developing economies in Asia will help drive demand for sugar and other soft commodities for several years to come.

TMO

TMO RENEWABLES LTD APPOINTED AMBRIAN PARTNERS AS FINANCIAL ADVISOR AND PLACING AGENT IN CONNECTION WITH A PRE-IPO EQUITY FUND RAISING

TMO has developed a proven technology for the conversion of sustainable biomass resource (such as straw, wood waste and food waste which has few commercial or fuel uses) into substitutes for oil-based fuels. This uses thermophilic organisms which are capable of extracting the sugars from cellulosic biomass that traditional organisms such as yeast cannot. TMO has focused on the production of ethanol, although the technology is applicable to other biofuels such as bio-diesel.

In April 2007, Ambrian Partners assisted TMO in a private placement of shares to raise £13.1 million. The proceeds of the financing will be used for the development of a production-scale plant and for more research and development of TMO's proprietary thermophile portfolio. Ambrian Private Equity participated as an investor in the private placement and Ambrian Partners is advising TMO on its planned AIM IPO.

IN THE MEDIA

Ambrian Commodities has become an acknowledged commentator on agricultural commodities in London. Agricultural commodities include sugar, corn, palm oil, coffee, cocoa and livestock.

Sugar and corn are not only important foodstuffs, but have also become important feedstocks for the production of ethanol which is a clean burning motor fuel and fuel additive. Similarly, palm oil is not only an edible vegetable oil but has become feedstock for the production of bio-diesel. Demand for other agricultural commodities is also growing.

HARNESSING

CERAMIC FUEL CELLS LIMITED

AMBRIAN PARTNERS WAS APPOINTED JOINT BROKER TO CERAMIC FUEL CELLS LIMITED, AN AUSTRALIAN STOCK EXCHANGE-LISTED COMPANY, IN ITS AIM IPO

CFCL, headquartered in Melbourne, is a leading developer of flat-plate solid oxide fuel cell ("SOFC") technology – a highly efficient technology for generating electricity and heat from fuels such as natural gas, propane and bottled butane gases. CFCL's SOFC can achieve up to 50% electrical efficiency using natural gas and can reduce carbon dioxide emissions by up to 60% compared to coal-fired electricity generation.

CFCL required capital to advance its commercialisation and technology development activities, build a European specialist ceramic powder plant and fund the equity component of a European volume fuel cell stack manufacturing plant.

The AIM IPO was successfully completed in March 2006, with CFCL raising proceeds of £37.2 million at a price of 21.25p per share which represented approximately 60.8% of CFCL's issued share capital.

Since its AIM IPO, CFCL has announced an agreement to develop a fully integrated micro-CHP unit for the French residential market with Gaz de France and De Dietrich Thermique. Gaz de France is Europe's largest distributor of natural gas and has 13.8 million customers. De Dietrich is one of the largest boiler manufacturers in Europe.

ECX European Climate Exchange

CARBON CREDITS TRADING

Ambrian Commodities announced in March 2007 that it had become a Member of ICE Futures which allows Ambrian Commodities to trade all listed carbon instruments quoted on the European Climate Exchange ("ECX").

The carbon market is growing rapidly. The EU Emissions Trading Scheme grew almost fourfold in 2006 with trades worth an estimated US$30 billion. ECX handles 80% of traded volumes. It is Ambrian Commodities' intention to play an active role in this market by building a global customer base in both the CO_2 allowances and Certified Emissions Reductions (CER) markets.

Ambrian has put in place a scheme to offset its own carbon emissions, which are primarily related to international air travel by staff.

RENESOLA

AMBRIAN PARTNERS' EQUITY RESEARCH IS FOCUSED ON PROVIDING OUR INSTITUTIONAL CLIENTS WITH TIMELY RECOMMENDATIONS BASED ON FUNDAMENTAL ANALYSIS IN OUR CHOSEN SECTORS OF EXPERTISE

For example, in the Alternative Energy sector we began recommending Renesola plc shares in October 2006 and after more than doubling in price we downgraded our recommendation to hold two months later. Renesola, listed on AIM, is one of China's leading crystalline solar water producers for use in solar cell installations.

INNOVATING

IPSO VENTURES

Ambrian Partners was appointed as Nomad and Corporate Broker to IPSO Ventures plc in connection with its AIM IPO.

IPSO plans to commercialise the intellectual property of universities and other research institutions through the establishment of spin-out companies and/or licensing agreements. IPSO intends to capitalise on the high-quality research and intellectual property that is generated by UK universities, particularly in the areas of environmental sciences, technology and life sciences.

In March 2007 IPSO completed its £4.5 million AIM IPO. One of IPSO's first agreements is with Loughborough University under which IPSO will provide the initial equity capital for any future spin-out companies.

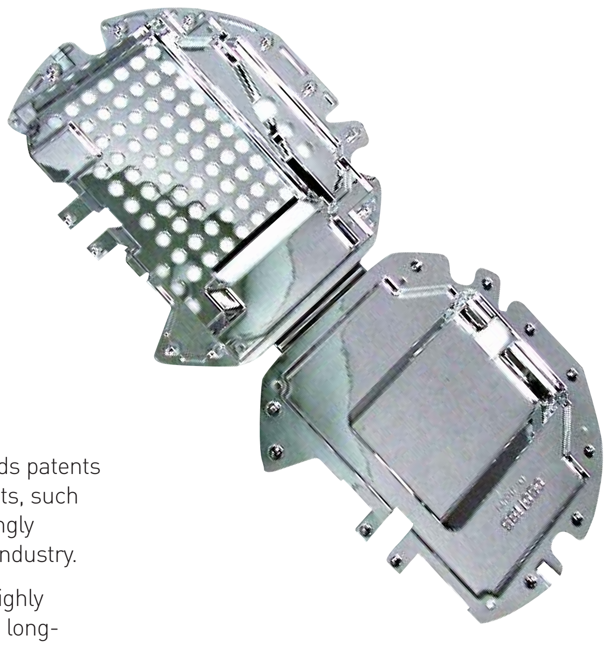
FIT

IN DECEMBER 2006 FUTURE INTERNET TECHNOLOGIES PLC ("FIT") WAS RE-ADMITTED TO AIM FOLLOWING THE ACQUISITION OF ARTILIUM NV. AMBRIAN PARTNERS WAS APPOINTED CORPORATE BROKER TO FIT ON RE-ADMISSION

FIT provides the hardware and software packages that allow traditional carrier telecoms companies to offer, for example, highly flexible tariff packages; experimentation with new price plans on a strictly regional or a city-wide basis; configurations for particular demographic groups; or the introduction of loyalty programmes. In other words, to be able to respond to rapidly evolving consumer, market and technology trends.

BLOCK SHIELD

AMBRIAN PARTNERS WAS APPOINTED JOINT CORPORATE BROKER TO BLOCK SHIELD CORPORATION PLC IN APRIL 2007



Block Shield's California-based subsidiary WaveZero Inc. has developed and holds patents covering innovative solutions in the electronic shielding field. WaveZero's products, such as Form Met, Flow Met and Flex Met, have been developed to meet the increasingly sophisticated electromagnetic emissions (EMI) control needs of the electronics industry.

In addition to its activities in the area of shielding, Block Shield's technology is highly applicable to the nascent RFID (radio frequency ID) industry. RFID is seen as the long-term replacement for barcodes as well as having numerous other applications for tracking and monitoring goods.

DIRECTORS' REPORT 2006

The directors present their report and the audited financial statements of the group for the year ended 31 December 2006.

Principal activities, review of the business and future prospects
During the period under review the group was engaged in equity investment, corporate finance, stockbroking, commodity broking and investment management services and mineral exploration.

A full review of the activity of the business and of future prospects is contained in the Chairman's statement and the operating reports on pages 1 to 11.

The directors recommend the payment of a final dividend of 1p per share

Policy for Payment of creditors
It is the company's policy to settle all agreed transactions within the terms established with suppliers. The company had no trade creditors at the year end.

Corporate governance
The Board meets when necessary in order to determine the strategy and policy of the group and the allocation of its financial resources and has a schedule of matters specifically reserved to it for decision.

The company has two non-executive directors being Mr W L Banks and Mr R A Lockwood who serve on the Audit and Remuneration Committees.

Risk management
The major business and financial risks to which the group is exposed are disclosed in note 22.

Internal control
The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and group assets.

The directors monitor the operation of internal controls. The objective of the system is to safeguard group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance;
- Prior approval of all significant expenditure including all major investment decisions;
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the group's system of internal control for the financial period and the period up to the date of approval of the financial statements.

Going concern
After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors and their interests
The present membership of the Board, all of whom served during the year, is set out below. Their interests in the ordinary shares of the company were:

	Ordinary shares		Share options	
Beneficial holdings	At 31 December 2006	At 1 January 2006	At 31 December 2006	At 1 January 2006
W L Banks	419,915	419,915	225,000	225,000
M A Burne	2,751,000	2,751,000	1,300,000	1,300,000
T B Gaffney	4,420,083	4,420,083	5,500,000	5,500,000
R A Lockwood	1,200,000	1,200,000	1,500,000	1,500,000
N A Steinberg	400,000	–	–	800,000

Further details in respect of the share options are disclosed in note 17 to the accounts.

Substantial shareholders
The directors have been notified of the following institutional shareholders as at 20 April 2007.

	Number	Percentage
Artemis Investment Management	15,270,215	14.17
Resource Capital Group	12,307,000	11.39
AXA S.A.	11,952,484	11.06
Sun Hung Kai Financial	9,806,250	9.07

Auditors
Grant Thornton UK LLP have expressed their willingness to continue in office as auditors. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of directors and signed on behalf of the Board on 27 April 2007.

M A Burne
Chairman

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AMBRIAN CAPITAL PLC

We have audited the group and parent company financial statements (the ''financial statements'') of Ambrian Capital plc for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the operating reports that is cross referred from the business review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report and statement of responsibilities, the chairman's statement and the other statements and reports listed on the contents page. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements to be audited are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the directors' report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Southampton
27 April 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 Restated £
Operating income	2	**19,985,794**	13,643,750
Administrative expenses		**(8,101,128)**	(4,380,702)
Operating profit – continuing operations	2	**11,884,666**	9,263,048
Investment income		**593,096**	155,398
Interest payable and similar charges		**(36,616)**	(123,480)
Profit on ordinary activities before taxation		**12,441,146**	9,294,966
Tax on profit on ordinary activities	4	**(3,816,605)**	(2,825,975)
Profit for the financial year		**8,624,541**	6,468,991
Profit per ordinary share – basic	6	**8.16p**	6.03p
–diluted		**7.76p**	5.81p

There were no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 Restated £	2005 Restated £
Fixed assets					
Intangible assets	7		**4,894,539**		4,433,698
Tangible assets	8		**199,766**		138,799
Investments	9		**730,932**		589,682
			5,825,237		5,162,179
Current assets					
Debtors: Amounts falling due within one year	10	**3,856,631**		1,629,836	
Investments	11	**19,229,748**		23,542,135	
Deferred tax	12	**1,727,034**		84,178	
Cash at bank and in hand		**30,415,392**		5,757,167	
		55,228,805		31,013,316	
Creditors: Amounts falling due within one year	13	**(20,535,109)**		(4,702,080)	
Net current assets			**34,693,696**		26,311,236
Total assets less current liabilities			**40,518,933**		31,473,415
Capital and reserves					
Called up share capital	14		**10,806,121**		10,726,121
Share premium account	15		**10,849,383**		10,803,383
Merger reserve	15		**1,245,256**		1,245,256
Profit and loss account	15		**15,568,008**		8,529,698
Other reserves	15		**(1,433,512)**		168,957
Equity shareholders' funds	16		**37,035,256**		31,473,415
Equity minority interests			**3,483,677**		–
			40,518,933		31,473,415

These financial statements were approved by the Board of directors on 27 April 2007.

M A Burne
Chairman

N A Steinberg
Financial Director

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 Restated £	2005 Restated £
Fixed assets					
Tangible assets	8		**11,664**		14,635
Investments	9		**12,611,939**		7,611,939
			12,623,603		7,626,574
Current assets					
Debtors: amounts falling due after more than one year	10a	**1,564,313**		1,031,784	
Debtors: amounts falling due within one year	10b	**95,023**		77,727	
Investments	11	**20,677,560**		21,966,080	
Deferred tax	12	**162,979**		84,178	
Cash at bank and in hand		**7,617,363**		4,804,225	
		30,117,238		27,963,994	
Creditors: Amounts falling due within one year	13	**(3,781,321)**		(4,376,319)	
Net current assets			**26,335,917**		23,587,675
Total assets less current liabilities			**38,959,520**		31,214,249
Capital and reserves					
Called up share capital	14		**10,806,121**		10,726,121
Share premium account	15		**10,849,383**		10,803,383
Merger reserve	15		**1,245,256**		1,245,256
Profit and loss account	15		**17,492,272**		8,270,532
Other reserves	15		**(1,433,512)**		168,957
Equity shareholders' funds	16		**38,959,520**		31,214,249

These financial statements were approved by the Board of directors on 27 April 2007.

M A Burne
Chairman

N A Steinberg
Financial Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 Restated £	2005 Restated £
Net cash inflow from operating activities	A		**29,426,056**		5,432,020
Returns on investments and servicing of finance					
Investment income		**593,096**		155,398	
Interest payable		**(36,616)**		(123,480)	
Net cash inflow from returns on investment and servicing of finance			**556,480**		31,918
Taxation			**(4,302,766)**		(2,148,597)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		**(558,805)**		(330,031)	
Payments to acquire tangible fixed assets		**(140,085)**		(148,132)	
Payments to acquire fixed asset investments		**(141,250)**		(124,122)	
Net cash outflow from capital expenditure and financial investment			**(840,140)**		(602,285)
Equity Dividend paid			**(1,586,231)**		(536,306)
Net cash inflow before financing			**23,253,399**		2,176,750
Financing					
Issue of ordinary share capital		**126,000**		–	
Treasury shares acquired		**(163,217)**		–	
Bank loan repayment		**(1,500,000)**		–	
Issue of shares in subsidiary undertaking to minority interests		**3,483,677**		–	
Net cash inflow from financing			**1,946,460**		–
Increase in cash	B		**25,199,859**		2,176,750

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2006

A Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2006 £	2005 Restated £
Operating profit	**11,884,666**	9,263,048
Depreciation	**79,118**	33,845
Amortisation	**97,964**	97,964
Exchange losses	**548,737**	59,035
(Increase)/decrease in debtors	**(2,226,795)**	(1,090,330)
Increase/(decrease) in creditors	**16,169,231**	382,058
Decrease/(increase) in current asset investments	**4,312,387**	(3,482,557)
Employee benefit trust	**(1,701,921)**	(111,636)
FRS 20 share option charge	**262,669**	280,593
	29,426,056	5,432,020

B Analysis of net funds	At 1 January 2006 £	Cash flow £	Exchange movement £	At 31 December 2006 £
Bank balances with stockbrokers	**1,139,819**	3,760,385	(270,682)	**4,629,522**
Cash at bank and in hand	**4,617,348**	21,446,577	(278,055)	**25,785,870**
	5,757,167	25,206,962	(548,737)	**30,415,392**
Bank overdrafts	**–**	(7,103)	–	**(7,103)**
	5,757,167	25,199,859	(548,737)	**30,408,289**

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted by the directors are described below, and are unchanged from the previous year except as explained in notes 1.8 and 1.12 below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and include the results of the group's operations as indicated in the directors' report, all of which are continuing.

1.2 Basis of consolidation

The group financial statements consolidate those of the company and all of its subsidiary undertakings (see note 9) drawn up to 31 December 2006. The results of subsidiary undertakings acquired during the period are included from the date of acquisition. Profits or losses on intra group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair value reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its useful economic life of 20 years.

1.3 Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Fixed asset investments represent those where there is a strategic interest.

Current asset investments are stated at the lower of cost and net realisable value.

1.4 Income from investments

Investment income comprises dividends received during the accounting period and interest receivable on listed and unlisted investments.

1.5 Deferred exploration costs

The group uses the full cost method of accounting for mining operations. The costs of expenditure on licences, concessions and exploration incurred by subsidiary undertakings are carried as intangible assets until such time as it is determined that there are commercially exploitable reserves at which time such costs will be transferred to tangible assets to be depreciated over the expected productive life of the asset. The group's intangible assets are subject to periodic review by the directors. Exploration, appraisal and development costs determined as unsuccessful are written off to the profit and loss account.

1.6 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

1.7 Financial instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

1.8 Operating income

For the current year, operating income is used to describe revenue rather than turnover as required by the Companies Act 1985, as the directors consider it better reflects the nature of the business. Operating income comprises institutional brokerage commission and net trading profit or loss on trading positions, corporate broking retainers, commodity commissions, deal fees (comprising cash based on advisory fees and the award of options to the group) and placing commissions. The comparatives reflect this change in policy; previously turnover included the gross sale proceeds of investment trades.

Institutional commissions are recognised on trade dates. Corporate retainer are recognised on an accruals basis. Fees which are contingent on the successful completion of deals are recognised upon the completion of those deals.

1.9 Deferred tax

Deferred tax is recognised on all timing differences when the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.10 Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all the tangible fixed assets by the reducing balance method over their estimated useful economic lives. The rates generally applicable are:

Office equipment 25%.

1.11 Pensions

The company contributes to the private pension schemes of certain directors. The assets of the scheme are held separately from that of the company. Contributions are charged in the accounts as incurred.

1.12 Share-based payment

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserves".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

The effect of the implementation of this accounting policy has been to reduce the profit on ordinary activities before tax by £262,669 (2005: £280,593), the tax charge for the year by £78,801 (2005: £84,178) and to reduce profits available for distribution by £380,283 (2005: £196,415).

1.13 Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the group accounts. Any assets held by the EBT cease to be recognised on the group balance sheet when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the group profit and loss account.

1.14 Treasury shares

The costs of purchasing Treasury shares are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the group profit and loss account.

1.15 Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

2 Operating income

The group's operating income derived from the following activities:

	2006 £	2005 £
Investment banking	**7,994,936**	3,002,859
Managed portfolio	**11,990,858**	10,640,891
	19,985,794	13,643,750

The directors do not consider it appropriate to analyse the operating profits between the group's different activities since the overheads are all integrated and any analysis would be misleading.

	2006 £	2005 £
Operating profit, all of which arises from the group's principal activities, is stated after charging:		
Auditors' remuneration: audit services	**20,000**	18,000
Other non-audit services	**5,500**	7,500
Depreciation	**79,118**	33,845
Amortisation of goodwill	**97,964**	97,964
Operating lease rentals – land and buildings	**104,885**	30,000
Exchange losses	**548,737**	59,035

3 Information regarding directors and employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
	41	18

	2006 £	2005 £
Employment costs		
Wages and salaries	**4,259,516**	2,340,325
Social security costs	**518,157**	287,554
Other pension costs	**337,107**	52,000
	5,114,780	2,679,879

Directors' emoluments

	2006 £	2005 £
Directors' emoluments	**779,913**	811,237
Gains made on the exercise of share options	**382,000**	–
Pension contributions	**260,500**	52,000
	1,422,413	863,237

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2006 £	2005 £
Emoluments	**450,000**	311,237
Pension contributions	**10,500**	41,500
	460,500	352,737

Nathan Steinberg is a partner in Munslows, a firm of Chartered Certified Accountants. That firm charged fees of £120,000 (2005: £115,000) excluding VAT to the group in respect of professional services in the year.

Retirement benefits are accruing to three of the directors under money purchase arrangements.

4 Tax on profit on ordinary activities

	2006 £	Restated 2005 £
UK Current year taxation		
UK corporation tax at 30%	**5,447,919**	2,910,153
Movement in deferred tax provision	**(1,642,856)**	(84,178)
Current year tax charge	**3,805,063**	2,825,975
Prior years		
UK corporation tax	**11,542**	–
	3,816,605	2,825,975

The tax provision for the year is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained as follows:

	2006 £	2005 £
Profit on ordinary activities before tax	**12,441,146**	9,294,966
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	**3,732,344**	2,788,490
Expenses not deductible for tax purposes	**114,433**	37,485
Other adjustments	**(41,714)**	–
Adjustment in respect of earlier years	**11,542**	–
	3,816,605	2,825,975

5 Dividends

		2006 £	2005 £
Paid	1.5 pence per share	**1,586,331**	536,306
Proposed	1 pence per share	**1,080,621**	804,459

Dividends are not paid on treasury and EBT shares.

6 Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust and Treasury.

Reconciliation of the earnings and weighted average number of shares in the calculations are set out below.

	2006			2005		
	Earnings £	Weighted average number of shares	Per share amount (pence)	Earnings £	Weighted average number of shares	Per share amount (pence)
Shares in issue		**107,804,770**			107,261,208	
Shares held in Treasury and by EBT		**2,056,712**			–	
Basic earnings per share	**8,624,541**	**105,748,058**	**8.16p**	6,468,991	107,261,208	6.03p
Dilutive effect of share options		**5,390,248**			4,070,700	
Diluted earnings per share	**8,624,541**	**111,383,306**	**7.76p**	6,468,991	111,337,908	5.81p

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

7 Intangible assets

The group	Goodwill on consolidation £	Exploration expenditure £	Total £
Cost			
At 1 January 2006	1,959,283	4,610,549	**6,569,832**
Written off	–	–	**–**
Additions	–	558,805	**558,805**
At 31 December 2006	**1,959,283**	**5,169,354**	**7,128,637**
Amortisation/impairment provision			
At 1 January 2006	122,455	2,013,679	**2,136,134**
Provision utilised	–	–	**–**
Charge for the year	97,964	–	**97,964**
At 31 December 2006	**220,419**	**2,013,679**	**2,234,098**
Net book value At 31 December 2006	**1,738,864**	**3,155,675**	**4,894,539**
Net book value at 31 December 2005	1,836,828	2,596,870	4,433,698

Of the deferred exploration costs £2,113,367 relates to the group's interests in Sierra Leone, net of an impairment provision of £1,835,479, £1,042,308 relates to the group's interests in Ethiopia net of a provision of £178,200.

The group has agreed Heads of Terms to sell the group's explorations assets to Palladex plc in exchange for shares in that company and it is anticipated that this will be completed in the next financial year.

Included in additions is £30,000 payable to Munslows, a firm in which Mr Nathan Steinberg is a partner.

8 Tangible fixed assets

Group	Office equipment £
Cost	
At 1 January 2006	181,567
Additions	140,085
Balance at 31 December 2006	**321,652**
Depreciation	
At 1 January 2006	42,768
Charge for the year	79,118
Balance at 31 December 2006	**121,886**
Net book value	
At 31 December 2006	**199,766**
At 31 December 2005	138,799

Company	Office equipment £
Cost	
At 1 January 2006	28,437
Additions	917
Balance at 31 December 2006	**29,354**
Depreciation	
At 1 January 2006	13,802
Charge for the year	3,888
Balance at 31 December 2006	**17,690**
Net book value	
At 31 December 2006	**11,664**
At 31 December 2005	14,635

9 Investments held as fixed assets

The group	Investments £
Cost	
At 1 January 2006	589,682
Additions	141,250
At 31 December 2006	**730,932**
Net book value	
At 31 December 2006	**730,932**
At 31 December 2005	589,682

The company	Shares in subsidiary undertakings £	Shares in participating interests £	Total £
Cost			
At 1 January 2006	7,146,379	465,560	**7,611,939**
Additions	5,000,000	–	**5,000,000**
At 31 December 2006	**12,146,379**	**465,560**	**12,611,939**
Net book value			
At 31 December 2006	**12,146,379**	**465,560**	**12,611,939**
At 31 December 2005	7,146,379	465,560	7,611,939

The addition of £5,000,000 represents the share capital subscribed to Ambrian Commodities Limited.

Details of the investments in subsidiary undertakings held by the company are as follows:

Name of company	Country of operation	Country of incorporation	Holding	Proportion of shares and voting rights held	Nature of business
Ambrian Asset Management Limited	UK	UK	ordinary shares	100%	Investment Management
Ambrian Commodities Limited	UK	UK	ordinary shares	100%	Commodities
Ambrian Partners Limited	UK	UK	ordinary shares	100%	Stockbroking
Far East Resources Limited	UK	UK	ordinary shares	100%	Dormant
Golden Prospect Mining Company Limited	Sierra Leone and Ethiopia	Bermuda	ordinary shares	100%	Mining and exploration
Golden Prospect Mining Company Limited	UK	UK	ordinary share	100%	Dormant
Golden Prospect Precious Metals Limited	Guernsey	Guernsey	ordinary shares	72%	Investment Company
Mercia Corporate Inc	BVI	BVI	ordinary shares	100%	Dormant
Resource Securities Limited	British Virgin Islands	British Virgin Islands	ordinary shares	100%	Mining concession licence holders
Yubdo Platinum and Gold Development Private Limited Company	Ethiopia	Ethiopia	ordinary shares	51%	Mining and exploration

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

9 Investments held as fixed assets (continued)

The investment in Golden Prospect Precious Metals Limited is shown as a current asset investment as the directors intend to dispose of this investment in the short term. The investment was acquired during the year at a cost of £9,307,706 and its net book value at 31 December 2006 was £9,307,706.

The minority interest in this company of £3,483,677 represents the subscription of shares for cash.

Investments in which a participating interest is held

Name of company	Country of incorporation	Proportion of shares and voting rights held	Capital and reserves £	Profit for the year £
Above 20%				
Commodity Watch plc	UK	25%	418,688	142,933

This investment has not been accounted for as an associate as the company does not exercise significant influence over the operating and financial policies of this company.

10 Debtors

a) Amounts falling due after more than one year

	2006		2005	
	group £	company £	group £	company £
Amounts owed by subsidiary undertakings	**–**	**1,564,313**	–	1,031,784

b) Amounts falling due within one year

	2006		2005	
	£	£	£	£
Trade debtors	**2,694,360**	**–**	865,199	–
Other debtors	**991,928**	**55,686**	671,777	23,276
Prepayments and accrued income	**170,343**	**39,337**	92,860	54,451
	3,856,631	**95,023**	1,629,836	77,727

11 Investments held as current assets

Group	2006 £	2005 £
Share portfolio	**19,229,748**	23,542,135
Listed	**17,984,208**	22,596,756
Unlisted	**1,245,540**	945,379
	19,229,748	23,542,135

The market value of the listed investments, which are listed on the London, Australian, US and Canadian Stock Exchanges, was £31,936,025 at 31 December 2006 (£39,703,533 at 31 December 2005).

Company	2006 £	2005 £
Share portfolio	**11,369,854**	21,966,080
Shares in subsidiary undertaking (see note 9)	**9,307,706**	–
	20,677,560	21,966,080
Listed	**19,977,542**	21,216,377
Unlisted	**700,018**	749,703
	20,677,560	21,966,080

The market value of the listed investments, which are listed on the London, Australian, U.S and Canadian Stock Exchanges, was £30,052,422 at 31 December 2006 (£37,947,499 at 31 December 2005) including £9,307,706 in respect of the subsidiary undertaking (2005: nil in respect of the subsidiary undertaking).

12 Deferred tax asset

A deferred tax asset has arisen in respect of the following timing differences:

Group	2006 £	Restated 2005 £
Intra group realised profit eliminated on consolidation	**1,564,055**	–
FRS 20 share option charge	**162,979**	84,178
	1,727,034	84,178

Company	2006 £	Restated 2005 £
FRS 20 share option charge	**162,979**	84,178

13 Creditors: amounts falling due within one year

	2006		2005	
	group £	company £	group £	company £
Bank loan and overdrafts	**7,103**	**–**	1,500,000	1,500,000
Corporation tax	**3,091,685**	**2,714,464**	1,916,627	1,742,135
Trade creditors	**378,549**	**–**	10,557	–
Amounts due to clients	**13,371,613**	**–**	–	–
Other creditors	**1,313,567**	**404,437**	5,213	4,437
Taxation and social security creditors	**130,659**	**12,537**	136,010	92,262
Accruals and deferred income	**2,241,933**	**633,218**	1,133,673	646,485
Amounts owed to subsidiary undertaking	**–**	**16,665**	–	391,000
	20,535,109	**3,781,321**	4,702,080	4,376,319

Amounts due to clients consist of amounts held on behalf of clients and counterparties to cover margin calls.

14 Called up share capital

	Group and company		Group and company	
	2006 Number of shares	2005 Number of shares	2006 £	2005 £
Authorised				
Ordinary shares of 10p each	**250,000,000**	250,000,000	**250,000,000**	25,000,000
Called up, allotted and fully paid				
Ordinary shares of 10p each	**108,061,208**	107,261,208	**10,806,121**	10,726,121

800,000 ordinary shares of 10p each were allotted under the terms of two share option agreements on 28 April 2006. 300,000 ordinary shares were allotted at 17p per share and 500,000 ordinary shares were allotted at 15p per share. The total cash received was £126,000 including share premium of £46,000.

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

15 Statement of movement on reserves

The group	Share premium account £	Merger reserve £	Restated profit and loss account £	Other reserves (below) £
Balance at 1 January 2006	10,803,383	1,245,256	8,726,113	(111,636)
Prior year adjustment (on implementation of FRS 20)	–	–	(196,415)	280,593
As restated	10,803,383	1,125,256	8,529,698	168,957
Options exercised	46,000	–	–	–
Profit for the financial year	–	–	8,624,541	–
FRS 20 share option charge	–	–	–	262,669
Dividends	–	–	(1,586,231)	–
Purchase of shares	–	–	–	(1,865,138)
Balance at 31 December 2006	**10,849,383**	**1,245,256**	**15,568,008**	**(1,433,512)**

The merger reserve arose in 2004 and represents the excess of the fair value over the nominal value of the shares issued to acquire subsidiaries.

The company	Share premium account £	Merger reserve £	Restated profit and loss account £	Other reserves (below) £
Balance at 1 January 2006	10,803,383	1,245,256	8,466,947	(111,636)
Prior year adjustment (on implementation of FRS 20)	–	–	(196,415)	280,593
As restated	10,803,383	1,245,526	8,270,532	168,957
Options exercised	46,000	–	–	–
Profit for the financial year	–	–	10,807,971	–
FRS 20 share option charge	–	–	–	262,669
Dividends	–	–	(1,586,231)	–
Purchase of shares	–	–	–	(1,865,138)
Balance at 31 December 2006	**10,849,383**	**1,245,256**	**17,492,272**	**(1,433,512)**

Analysis of other reserves

Group and company	FRS 20 Share-based payment reserve £	Employee benefit trust £	Treasury shares £	Total £
Balance at 1 January 2006	280,593	(111,636)	–	168,957
FRS 20 share option charge	262,669	–	–	262,669
Purchase of shares	–	(1,701,921)	(163,217)	(1,865,138)
Balance at 31 December 2006	**543,262**	**(1,813,557)**	**(163,217)**	**(1,433,512)**

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £10,807,971 (2005: profit £6,373,426).

During the year the company loaned £1,701,921 (2005: £111,636) to an Employee Benefit Trust set up the subsidiary company Ambrian Partners Limited. The Employee Benefit Trust used the loan to purchase 3,100,000 shares (2005: 200,000) shares in the company. These shares had not vested in the employees at the year-end and in accordance with the provisions of UITF 38 the loan to the Employee Benefit Trust is deducted from the shareholders' funds as a separate reserve.

Treasury shares represent 325,000 of the company's own shares which it acquired in the ordinary course of business at a cost of £163,217. The cost of these shares has been deducted from equity by an adjustment to other reserves in accordance with International Accounting Standard 32.

16 Reconciliation of movements in equity shareholders' funds

	The group 2006 £	2005 £
Profit for the financial year	**8,624,541**	6,468,991
Dividends	**(1,586,231)**	(536,306)
Shares issued	**80,000**	–
Share premium on new share issues	**46,000**	–
FRS 20 share-based payments reserve	**262,669**	280,593
Shares purchased for employee benefit trust	**(1,701,921)**	(111,636)
Treasury shares purchased	**(163,217)**	–
Net addition to shareholders' funds	**5,561,841**	6,101,642
At 1 January 2006	**31,473,415**	25,371,773
At 31 December 2006	**37,035,256**	31,473,415

17 Share options

The company has a share option scheme under which options to subscribe for the company's shares have been granted to the directors and other persons. The share options currently in existence were granted and are exercisable as follows:

Date granted	Exercise price	Number of shares	Period exercisable
1 July 2001	17p	1,100,000	Between 2 July 2002 and 1 July 2008
20 December 2002	15p	2,200,000	Between 20 December 2003 and 19 December 2009
20 September 2004	30p	4,059,950	Between 20 September 2005 and 19 September 2011
1 December 2004	40p	250,000	Between 1 December 2005 and 30 November 2011
10 March 2005	35p	2,660,050	Between 10 March 2006 and 9 March 2012
1 December 2005	50p	967,500	Between 9 December 2006 and 8 December 2012
		11,237,500	

At the year-end the market value of the company's shares was 53.5p per share. The highest price during the year was 65.7p and the lowest price was 49p.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price in pence 2006	Number of options 2006	Weighted average exercise price in pence 2005	Number of options 2005
Outstanding at 1 January	28.1	12,262,500	24.1	9,602,450
Exercised during the year	15.8	(800,000)	30.0	(967,500)
Forfeited during the year	15.0	(225,000)	–	–
Granted during the year	–	–	39.0	3,627,550
Outstanding at 31 December	28.9	11,237,500	28.1	12,262,500
Exercisable at 31 December	28.9	11,237,500	23.5	8,934,950

The options outstanding at 31 December 2006 have an exercise price in the range of 15p to 50p and a weighted average contractual life of 4.4 years.

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2006

17 Share options (continued)

The estimated fair values of options which fall under FRS 20, and the inputs used in the Binomial model to calculate those fair values, are as follows:

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Vesting period (yrs)	Risk free rate	Expected dividends
20-Sep-04	£0.0870	£0.29	£0.30	39.8112%	3	2	4.8683%	2.75%
20-Sep-04	£0.0846	£0.29	£0.30	39.8112%	3	3	4.8683%	2.75%
01-Dec-04	£0.0991	£0.37	£0.40	38.3310%	3	2	4.5182%	2.75%
01-Dec-04	£0.0972	£0.37	£0.40	38.3310%	3	3	4.5182%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	1	4.9117%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	2	4.9117%	2.75%
10-Mar-05	£0.1285	£0.39	£0.35	36.8654%	3	3	4.9117%	2.75%
01-Dec-05	£0.1376	£0.51	£0.50	35.7816%	3	1	4.3041%	2.75%
01-Dec-05	£0.1371	£0.51	£0.50	35.7816%	3	2	4.3041%	2.75%
01-Dec-05	£0.1343	£0.51	£0.50	35.7816%	3	3	4.3041%	2.75%

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

18 Financial commitments
At 31 December 2006 the group had annual commitments under non-cancellable operating leases.

	Land and buildings	
	2006 £	2005 £
Expiry date:		
Between two and five years	**125,000**	90,000

19 Capital commitments
There were no capital commitments as at 31 December 2006 or at 1 January 2006.

20 Contingent liabilities
There were no contingent liabilities as at 31 December 2006 or at 1 January 2006.

21 Transactions with related parties
Details of transactions with directors are given in note 3. Balances with group undertakings are disclosed in notes 10 and 13.

22 Financial instruments
The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the group's operations.

The main risks arising from the Group's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

Short term debtors and creditors have been excluded from all the following disclosures except those relating to currency risk.

Liquidity risk
The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs by realising investments as appropriate and to invest cash assets safely and profitably, by regular review of management accounts.

Currency risk
The Group does not hedge its investments quoted on overseas stock exchanges or foreign currency bank balances. The Group therefore has an exposure to translation and transaction foreign exchange risk and takes profits or losses on these as they arise.

Borrowing facilities
The Group had undrawn borrowing facilities of £2,500,000 at 31 December 2006 (2005: £1,000,000) and an offset facility between various currency accounts.

22 Financial Instruments (continued)

Fair values

The fair values of the Group's financial instruments other than investments are considered equal to the book value. The fair values of listed investments are considered to be their market value as set out in note 11.

Interest rate risk

The Group finances its operations through equity financing and bank facilities for day to day operations.

The interest rate exposure of the financial assets and liabilities of the group as at 31 December 2006 related wholly to floating interest rates with reference to base rates as follows:

	2006 £	2005 £
Sterling–Cash at bank in hand	**26,055,212**	3,299,999
Australian dollars	**2,896,596**	2,171,772
Canadian dollars	**1,493,661**	552,939
US dollars	**(30,077)**	(267,543)
Cash in hand	**30,415,392**	5,757,167
Bank loan and overdraft – sterling	**7,103**	1,500,000

Market risk exposures

The Group is affected by conditions in the financial markets and the wider economy through its holdings in the equity investments, which arise through the market making and trading activities, and other longer term investments.

Credit risk

Credit risk is the potential loss that the Group would incur if a counterparty fails to settle under its contractual obligations or there is the failure of a deposit taking institution or fund.

Reputational risk

The Board believes that the greatest risk to the Group comes from the potential for loss of reputation. Whilst entrepreneurial staff are always encouraged to develop new clients and streams of revenue, all new business is subject to rigorous appraisal process supervised by the New Business Committee. This discriminates strongly in favour of high quality, high potential businesses and management teams.

Loss of staff

Retaining key staff, including in particular significant current and future revenue generators is essential to the long term health and growth of the business. Substantial improvements to the existing Long Term Incentive Programme to which the Group participates have been made by increasing its budget and by providing significant funding for employee share procedures.

Poor quality executives

Further continued improvement in quality of service to all our clients is central to the Board's strategy of long term reputation building. The Group therefore places great emphasis on employing and adding highly experienced senior staff who are very closely engaged with clients. To aid the application of best practice, regulatory compliance and consistency, management makes ever increasing use of standardised operating procedures. Finally the Board demands a culture of best practice conduct and rigorous compliance.

Loss of performance control

The Board's policy is to encourage an intense focus by top management on long term business building and revenue generation; and a culture among staff of seeking to build the long term value of the business through personal initiative and entrepreneurship and great client service. The Board therefore encourages an "ownership culture" with growing employee share ownership (through participation in the Long Term Incentive Programme), aspirational revenue targets, tight cost budgets and structured performance-based staff evaluations.

DIRECTORS AND SENIOR PERSONNEL

AMBRIAN CAPITAL PLC

Malcolm Burne
Executive Chairman
A former stockbroker and financial journalist with The Financial Times, Malcolm has controlled and managed fund management, venture capital and investment banking companies in Australia, Hong Kong and North America. Malcolm has been a director of over 20 companies, many which have been in the mineral resources and gold exploration fields. In addition, he was executive chairman of the Australian Bullion Company (Pty) Limited, Australia's leading gold dealer and member of the Sydney Futures Exchange. Malcolm is a director of Golden Prospect Precious Metals Limited, Jubilee Platinum plc, Mano River Resources Inc. and other resources companies in Australia and Canada.

Thomas Gaffney
Chief Executive Officer
Until founding Ambrian Partners in 2001, Tom was director of JPMorgan's Metals and Mining Team and from 1995 was a director and member of the Management Committee in the Corporate Finance Department of Robert Fleming. He has worked in investment banking for over 20 years and has specialised in the natural resource sector. He has advised many of the major natural resource companies on acquisitions, divestitures and capital market transactions, including BHP Billiton, Glencore, Norsk Hydro, Stora Enso, Total and Rio Tinto. Tom previously worked in senior executive positions at Nesbitt Burns (the investment bank of the Bank on Montreal) and Lehman Brothers in London, New York and Toronto.

W Lawrence Banks CBE
Non-executive Director
Lawrence is Chairman of Ambrian Partners Limited. He was Deputy Chairman of Robert Fleming Holdings Limited, the private London–based investment bank acquired by JP Morgan Chase & Co in 2000. Lawrence has spent his career in corporate finance after an initial period as a mining equity research analyst.

Richard Lockwood
Non-executive Director
Richard is the founder of New City Investment Managers (NCIM), the specialist fund manager. NCIM manages the City Natural Resources High Yield Trust, the New City High Yield Fund and Geiger Counter Limited. Previously he was a partner with Hoare Govett for a number of years with responsibility for the mining department.

Nathan Steinberg FCA FCCA TEP
Finance Director
A chartered accountant, Nathan is a partner in the London practice of Munslows, through which his services are provided to Ambrian Capital. He is an experienced tax advisor and has considerable corporate experience of public companies. He is also a member of council of the Institute of Chartered Accountants in England and Wales.

Ambrian Partners Limited
Directors
W Lawrence Banks CBE – Non-executive Chairman
Thomas Gaffney – Chief Executive Officer
Richard Chase
John Coles
Charles Crick – Non-executive
Neil MacLachlan

Ambrian Commodities Limited
Directors
Thomas Gaffney – Chairman
Malcolm Freeman – Managing Director
Roger Clegg
John Coles

Ambrian Asset Management Limited
Directors
Thomas Gaffney – Chairman
Robert Rasbach
Roger Clegg
John Coles
Nathan Steinberg

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