Ambrian Capital plc
Registered number:
3172986

AMBRIAN

Interim Report
for the six months ended 30 June 2007

Ambrian Capital plc, the independent investment bank, today announced its interim results for the six months ended 30 June 2007.

- Investment Banking performed well, with revenues up 26.5% during the first half of 2007
  - completed nine capital raisings with a total value of £68 million
  - commenced Market Making in July 2007
  - expansion of LME metals sales team
  - commenced trading carbon credits and soft commodities
- The Investment Portfolio showed gains of £9.52 million during the first half of 2007 compared with £7.93 million for the first half of 2006 and £9.41 million for the year ended 31 December 2006
- Shareholders' equity increased by 13.5% to £51.91 million since 31 December 2006
- Cash resources, net of client deposits, totalled £19.91 million compared with £17.04 million at 31 December 2006, an increase of 16.8%
- Sun Hung Kai Financial, Hong Kong's largest non-bank financial institution, acquired a 9.10% stake in Ambrian Capital in March 2007

Commenting on the results, Tom Gaffney, Chief Executive of Ambrian Capital plc, said:

"During the first half of 2007 Ambrian Capital has made excellent progress in its Investment Banking business, growing revenue and building the platform for the future growth of the Group. Our Investment Portfolio also experienced significant gains over the period.

We have built a strong position as a specialist Investment Bank focused on the wider resources and new technologies sectors. Our activities in these sectors are diversified and include stockbroking, commodity dealing, asset management and principal investment.

Our sector specialisation and range of activities provide us with a competitive advantage and position us well to benefit from the continuing resource-intensive growth of China and India.

Although the equity markets have been adversely affected in recent weeks by the credit market turmoil, we have seen the gold price surge to a 28-year high and the oil price has recently hit an all-time high. Whilst the Investment Portfolio has not been immune to the weakness in the equity markets, approximately 56% of the Investment Portfolio is exposed to precious metals prices and approximately 28% to energy prices.

As a result of the adoption of IFRS, we are required to mark-to-market the value of our investments. Changes in the value of the Investment Portfolio are now reported as revenues – this will result in short-term fluctuations in our reported profits.

Over the coming months the outlook for our business will depend on the impact that the instability in the credit markets has on the global economy and, in particular, emerging countries which have driven raw material demand. Nevertheless, we remain confident that the fundamental factors remain in place for China and India to sustain their strong growth over the medium and long term, from which we are well positioned to benefit."

CHIEF EXECUTIVE'S STATEMENT

During the first half of 2007 Ambrian Capital has made excellent progress in its Investment Banking business, growing revenue and building the platform for the future growth of the Group. Our Investment Portfolio also experienced significant gains over the period.

We have further advanced our vision of creating an investment bank focused on the wider resources sector to include mining, oil & gas, agricultural products, alternative energy and new technologies.

During the first half of the year there were a number of changes to the board of Ambrian Capital. Lawrence Banks was appointed Chairman of Ambrian Capital in succession to Malcolm Burne, who stood down at the Annual General Meeting on 22 May 2007. Malcolm will remain an adviser to Ambrian Capital and to Golden Prospect Precious Metals Limited. We would also like to extend our thanks to Richard Lockwood, who stood down from the Board on 22 May, for his guidance and support.

We are pleased to welcome Lee Seng Huang as a Non-executive Director of Ambrian Capital. Lee Seng Huang is Chairman of Sun Hung Kai Financial which purchased a 9.10% interest in Ambrian Capital on 21 March 2007.

We are also pleased to welcome Charles Crick as a Non-executive Director. Charles trained as a Solicitor with Allen & Overy and from 1996 to 2004 was head of corporate finance and a main board director of Numis Corporation plc.

Financial Review

From 2007 Ambrian Capital is required to report its full-year consolidated financial statements under International Financial Reporting Standards ("IFRS") as adopted by the European Union rather than under UK Generally Accepted Accounting Principles ("UK GAAP") as we have done in the past. The consolidated financial information reported for the six months to 30 June 2007 has been prepared in accordance with accounting policies which will be adopted in presenting the full-year annual report and accounts. Accordingly (i) our Investment Portfolio at 30 June 2007 was valued on the Group's balance sheet at then market prices rather than at the lower of cost or net realisable value and (ii) changes in the value of the Investment Portfolio are reported as revenue.

Revenue for the first half of 2007 was £14.87 million (2006: £12.16 million), representing an increase of 22.3%.

CHIEF EXECUTIVE'S STATEMENT (Continued)

Investment Banking revenue for the first half of 2007 was £5.35 million (2006: £4.23 million). This represented a 26.5% increase over the first half of 2006 and accounted for 36% of Group revenue (2006: 35%).

Revenue from the Investment Portfolio was £9.52 million compared with £7.93 million for the first half of 2006 and £9.41 million for the full year of 2006.

Administrative expenses (including accrued incentive payments) were £4.82 million (2006: £3.72 million), an increase of 29% primarily attributable to investment in additional staff and start-up costs associated with the commencement of Market Making. Administrative expenses attributable to Investment Banking (including accrued incentive payments) represented approximately 67% of Investment Banking revenue.

Profit before tax was £10.02 million (2006: £8.40 million), generating basic earnings per share from continuing operations of 6.60p, an increase of 20%.

Balance Sheet

The balance sheet remains strong with a substantial cash balance. Shareholders' equity was £51.91 million at 30 June 2007 compared with £45.75 million at 31 December 2006, an increase of 13.5%. Our Investment Portfolio was valued at £34.37 million at 30 June 2007, of which 94% is in quoted investments. The Group's cash resources, net of client deposits, totalled £19.91 million at 30 June 2007 compared with £17.04 million at 31 December 2006 and £6.71 million at 30 June 2006.

Our strong balance sheet ensures the resilience of our business and provides us with the ability to take advantage of opportunities that may arise. We are committed to making efficient use of our capital.

Dividend

The Board declares payment of an interim dividend of 0.75p per share (2006: 0.75p). The dividend will be payable on 2 November 2007 to all shareholders on the register as at 12 October 2007.

Investment Banking

During the first half of 2007, each of our corporate finance and stockbroking, commodity dealing and asset management subsidiaries made further progress in strengthening their market positions. Our strategy of involvement in a range of different business activities in the natural resources sector has proved to be successful. During the first half of 2007,

CHIEF EXECUTIVE'S STATEMENT (Continued)

revenue from equity new issues represented less than 25% of Investment Banking revenue. We have been particularly successful in developing our M&A advisory activities. Mining clients remain key to our business, but these accounted for approximately 44% of Investment Banking revenue in the first half of 2007, demonstrating our success in building a client base that includes oil & gas, alternative energy and technology clients.

Ambrian Partners Limited

During the period, Ambrian Partners Limited, our corporate finance and stockbroking subsidiary, was involved in nine capital raisings with a total value of approximately £68 million. At 31 August 2007 Ambrian Partners had 34 retained corporate clients.

During the first half of 2007 Ambrian Partners was involved in the following equity placements:

- £18 million for Sylvania Resources Limited
- A$35 million (£15 million) for Monto Minerals Limited
- £15 million for TMO Renewables Limited
- £6 million for Zenergy Power plc
- £4.5 million for IPSO Ventures plc

Ambrian Partners was also active in providing M&A advisory services during the first half of 2007; notable transactions included:

- Co-adviser to the Zijin Consortium on its recommended £95 million cash offer for Monterrico Metals plc
- Adviser to Kalahari Minerals plc in connection with the £26.4 million merger of its uranium assets with Extract Resources Ltd

During the first half of 2007 Ambrian Partners appointed two experienced equity traders and put in place the systems to become a registered Market Maker in the shares of selected companies on AIM. Market Making operations commenced at the beginning of July 2007. Market Making enables Ambrian Partners to provide a superior level of service to its institutional clients and further strengthens revenue from secondary market activities.

Ambrian Commodities Limited

Ambrian Commodities' LME metals business continues to make good progress and has benefited from volatility in metals prices and high customer

CHIEF EXECUTIVE'S STATEMENT (Continued)

activity levels. Ambrian Commodities added to its sales team with the appointment of three highly experienced individuals who each brought with them their own client bases to complement the existing one. These appointments have further strengthened Ambrian Commodities' presence in the global metals market and, at the same time, have broadened the geographical client base.

Ambrian Commodities also recruited senior traders and salesmen to commence trading in both the carbon credits and soft commodities markets. In January 2007 Ambrian Commodities began trading carbon products quoted on the European Climate Exchange ("ECX") of which Ambrian Commodities is now a member. The move into carbon credits and soft commodity trading is a natural progression for Ambrian Commodities and is demonstrative of the Group's commitment to the wider resources sector.

Ambrian Asset Management Limited

Ambrian Asset Management is the manager of Golden Prospect Precious Metals Limited ("GPPM"), a Guernsey-registered, closed-ended investment fund listed on AIM dedicated to equity investments in the precious metals sector.

GPPM was launched in November 2006 with an opening Net Asset Value ("NAV") per share of 96.20p. GPPM had an NAV per share at 30 June 2007 of 114.84p, an increase of 19.4% since launch. This compares with a 1.2% increase in the gold price over the same period. GPPM's share price at 30 June 2007 was 113.5p and its market capitalisation was £14.7 million.

In May 2007 Ambrian Capital placed 2.85 million shares of GPPM with institutional investors and reduced its interest in GPPM to 49.96%. As a result GPPM has ceased to be a consolidated subsidiary of Ambrian Capital and is now held instead as an equity investment.

Ambrian Asset Management receives a monthly management fee for managing GPPM and is eligible to receive a performance-related fee at the end of the current year equal to 20% of the increase in the NAV of GPPM after a hurdle of 8% has been attained.

Ambrian Asset Management continues to explore the possibility of launching new funds in sectors in which the Group has expertise.

CHIEF EXECUTIVE'S STATEMENT (Continued)

Investment Portfolio

The total value of Ambrian Capital's Investment Portfolio at 30 June 2007 was £34.37 million. Approximately 94% of the Investment Portfolio is in the shares of quoted companies.

Precious metals investments represented approximately 56% of the Investment Portfolio and energy investments represented a further 28% of the Investment Portfolio. The balance comprised a range of other resources and technology-orientated investments.

Revenue from the Investment Portfolio for the six months ended 30 June 2007 was £9.52 million. Approximately £4.0 million of revenue from the Investment Portfolio was attributable to the 77.5% rise in the Jubilee Platinum share price from 68.75p to 122p between 1 January 2007 and 30 June 2007. Ambrian Capital holds 7.64 million Jubilee Platinum shares.

The Investment Portfolio was valued at £32.11 million at 24 September 2007, of which Jubilee Platinum represented £7.02 million.

Listed Investments

At 30 June 2007 the market value of our portfolio of listed investments was £32.41 million. Our top ten holdings had a total market value of £29.1 million and were as follows:

1.	Jubilee Platinum	£9.3 million
2.	Golden Prospect Precious Metals	£7.4 million
3.	Nido Petroleum	£2.8 million
4.	Kairiki Energy	£1.9 million
5.	Minerva Resources*	£1.6 million
6.	Anglesey Mining	£1.5 million
7.	Horizon Oil	£1.4 million
8.	Samson Oil & Gas	£1.3 million
9.	Nautical Petroleum	£1.0 million
10.	Commodity Watch	£0.9 million
	Total	£29.1 million

*Listed 10 July 2007

Ambrian Capital's 8.8% holding in Jubilee Platinum (AIM: JLP) remains a core investment as the company has valuable resource positions in South Africa and Madagascar.

CHIEF EXECUTIVE'S STATEMENT (Continued)

Our 49.96% interest in Golden Prospect Precious Metals (AIM: GPM) provides leveraged exposure to the precious metals sector.

In July 2007 we concluded the successful capitalisation of our exploration assets by the sale of our exploration subsidiary Golden Prospect Mining Company Limited in exchange for 39.82% interest in the share capital of Minerva Resources plc, an AIM-listed exploration company.

Minerva has an exciting management team and it is anticipated that with Ambrian's continued support it will unlock value from our former exploration assets.

Also of note, during the first half of 2007, Commodity Watch plc (previously called Minesite) was listed on Plus Markets. Ambrian Capital has a 25% holding in the company.

Unlisted Investments
At 30 June 2007 the book value of Ambrian Capital's unlisted investments was £1.92 million. The reduction from £4.83 million at 31 December 2006 primarily was attributable to the sale of the exploration assets in return for listed shares of Minerva and the listing of Commodity Watch. The unlisted investment portfolio includes five stocks and a holding of 'A' and 'B' shares in the London Metal Exchange.

Future
Despite the fact that the majority of our Investment Portfolio is invested in the shares of companies exposed to commodity prices, such as gold and oil, it has not been immune to the downturn in the equity markets due to the instability in the credit markets to which we have no direct exposure. We remain confident that our Investment Portfolio comprises quality assets with good business models and growth potential. Moreover, our cash balances underpin a solid balance sheet.

The focus of the Investment Banking businesses on the resources sector positions us well to benefit from strength in the commodities markets and the growth in the alternative energy sectors. The strengthening of our secondary market equity trading operation, the expansion of our commodities trading business, and the initial contribution from our asset management business all provide avenues for growth in a more volatile market environment.

Tom Gaffney
Chief Executive
26 September 2007

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Six Months To 30/6/07 £	Six Months To 30/6/06 £	Year To 31/12/06 £
Continuing operations			
Revenue	**14,867,585**	12,158,144	17,841,224
Administrative expenditure	**(4,819,484)**	(3,723,984)	(8,003,165)
Finance costs	**(28,652)**	(36,373)	(36,615)
Profit before tax	**10,019,449**	8,397,787	9,801,444
Taxation	**(3,011,130)**	(2,574,900)	(2,995,305)
Profit for the period from continuing operations	**7,008,319**	5,822,887	6,806,139
Discontinued operations			
Loss for the period from discontinued operations	–	–	(1,732,261)
Profit for the period	**7,008,319**	5,822,887	5,073,878
Attributable to:			
Equity holders of the parent	**7,008,319**	5,822,887	5,073,878
	7,008,319	5,822,887	5,073,878

Earnings per share:	**Pence**	**Pence**	**Pence**
Basic earnings per share from continuing operations	**6.60**	5.50	6.44
Diluted earnings per share from continuing operations	**6.25**	5.22	6.12
Basic earnings per share from discontinued operations	**–**	–	(1.63)
Diluted earnings per share from discontinued operations	**–**	–	(1.55)
Basic earnings per share	**6.60**	5.50	4.81
Diluted earnings per share	**6.25**	5.22	4.57

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	30/6/07 £	30/6/06 £	31/12/06 £
ASSETS			
Non-current assets			
Property, plant and equipment	**173,054**	203,728	199,766
Goodwill	**1,836,828**	1,836,828	1,836,828
Other intangible assets	**–**	2,626,765	–
	2,009,882	4,667,321	2,036,594
Current assets			
Financial assets	**32,810,513**	40,357,085	34,739,291
Trade and other receivables	**3,976,535**	6,986,820	3,856,631
Cash and cash equivalents	**26,796,044**	14,166,055	30,408,289
	63,583,092	61,509,960	69,004,211
Non-current assets classified as held for sale	**1,557,500**	–	1,557,500
	65,140,592	61,509,960	70,561,711
Total assets	**67,150,474**	66,177,281	72,598,305
LIABILITIES			
Current liabilities			
Trade and other payables	**(2,034,403)**	(2,253,643)	(4,198,794)
Amounts due to clients	**(6,883,254)**	(7,457,050)	(13,371,613)
Current tax payable	**(1,573,639)**	(3,762,538)	(3,091,685)
	(10,491,296)	(13,473,231)	(20,662,092)
Non-current liabilities			
Deferred tax liabilities	**(4,752,717)**	(5,393,901)	(2,706,549)
Total non-current liabilities	**(4,752,717)**	(5,393,901)	(2,706,549)
Total liabilities	**(15,244,013)**	(18,867,132)	(23,368,641)
Net assets/liabilities	**51,906,461**	47,310,149	49,229,664
EQUITY			
Equity			
Share capital	**10,856,121**	10,806,121	10,806,121
Share premium	**12,194,639**	12,094,639	12,094,639
Treasury shares	**(163,217)**	–	(163,217)
Related earnings	**30,242,673**	25,811,019	24,278,739
Employee benefit trust	**(1,813,557)**	(1,813,557)	(1,813,557)
Reserve for share based payments	**589,802**	411,927	543,262
Total equity attributable to equity holders of the parent	**51,906,461**	47,310,149	45,745,987
Minority interest	**–**	–	3,483,677
Total equity	**51,906,461**	47,310,149	49,229,664

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Other equity reserves £	Profit and loss account £	Total £	Minority interest £	Total equity £
Balance at 31 December 2005	10,726,121	12,048,639	168,957	20,791,092	43,734,809	–	43,734,809
Changes in equity for first half of 2006							
Purchase of shares	–	–	(1,701,921)	–	(1,701,921)	–	(1,701,921)
Share option charge	–	–	131,334	–	131,334	–	131,334
Profit for the period	–	–	–	5,822,887	5,822,887	–	5,822,887
Total recognised income and expense for the period	–	–	(1,570,587)	5,822,887	4,252,300	–	4,252,300
Dividends	–	–	–	(802,960)	(802,960)	–	(802,960)
Issue of share capital	80,000	46,000	–	–	126,000	–	126,000
Balance at 30 June 2006	10,806,121	12,094,639	(1,401,630)	25,811,019	47,310,149	–	47,310,149
Balance at 31 December 2005	10,726,121	12,048,639	168,957	8,529,698	31,473,415	–	31,473,415
Changes in accounting policy	–	–	–	12,261,394	12,261,394	–	12,261,394
Restated balance at 31 December 2005	10,726,121	12,048,639	168,957	20,791,092	43,734,809	–	43,734,809
Changes in equity for 2006							
Minority interest arising on acquisition	–	–	–	–	–	3,483,677	3,483,677
Purchase of shares	–	–	(1,865,138)	–	(1,865,138)	–	(1,865,138)
Share option charge	–	–	262,669	–	262,669	–	262,669
Profit for the period	–	–	–	5,073,878	5,073,878	–	5,073,878
Total recognised income and expense for the period	–	–	(1,602,469)	5,073,878	3,471,409	3,483,677	6,955,086
Dividends	–	–	–	(1,586,231)	(1,586,231)	–	(1,586,231)
Issue of share capital	80,000	46,000	–	–	126,000	–	126,000
Balance at 31 December 2006	10,806,121	12,094,639	(1,433,512)	24,278,739	45,745,987	3,483,677	49,229,664
Changes in equity for 2007							
Elimination of minority interest	–	–	–	–	–	(3,483,677)	(3,483,677)
Share option charge	–	–	46,540	–	46,540	–	46,540
Profit for the period	–	–	–	7,008,319	7,008,319	–	7,008,319
Total recognised income and expense for the period	–	–	46,540	7,008,319	7,054,859	(3,483,677)	3,571,182
Dividends	–	–	–	(1,044,385)	(1,044,385)	–	(1,044,385)
Issue of share capital	50,000	100,000	–	–	150,000	–	150,000
Balance at 30 June 2007	10,856,121	12,194,639	(1,386,972)	30,242,673	51,906,461	–	51,906,461

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Six Months To 30/6/07 £	Six Months To 30/6/06 £	Year To 31/12/06 £
Cash flows from operating activities			
Profit after taxation	**7,008,319**	5,822,887	5,073,878
Adjustments for:	**–**	–	–
Depreciation	**43,132**	23,014	79,118
Foreign exchange (gain)/loss	**(331,825)**	409,220	548,737
Investment income	**(270,077)**	(148,532)	(593,096)
Taxation expense recognised in profit and loss	**3,011,130**	2,574,900	2,995,305
(Increase) in trade and other receivables	**(119,904)**	(5,356,984)	(2,226,795)
Decrease/(increase) in financial assets	**1,928,778**	1,291,009	6,908,803
(Decrease)/Increase in trade payables	**(2,164,391)**	968,190	2,797,618
(Decrease)/Increase in amounts owed to clients	**(6,488,357)**	7,457,050	13,371,613
Employee benefit trust	**–**	(1,701,921)	(1,701,921)
Share base payment reserve	**46,540**	131,334	262,669
Loss on discontinued operations	**–**	–	1,732,261
Cash generated from operations	**2,663,345**	11,470,167	29,248,190
Income taxes paid	**(2,483,010)**	(505,794)	(4,302,766)
Net cash from operating activities	**180,335**	10,964,373	24,945,424
Cash flows from investing activities			
Purchase of property, plant and equipment	**(16,420)**	(87,943)	(140,085)
Purchase of intangible fixed assets	**–**	(29,895)	(558,805)
Investment income	**270,077**	148,532	593,096
Net cash used in investing activities	**253,657**	30,694	(105,794)
Cash flows from financing activities			
Proceeds from issue of share capital	**150,000**	126,000	126,000
Treasury shares acquired	**–**	–	(163,217)
Bank loan repayment	**–**	(1,500,000)	(1,500,000)
Minority interests	**(3,483,677)**	–	3,483,677
Dividends paid	**(1,044,385)**	(802,959)	(1,586,231)
Net cash used in financing activities	**(4,378,062)**	(2,176,959)	360,229
Net increase in cash and cash equivalents	**(3,944,070)**	8,818,108	25,199,859
Cash and cash equivalents at beginning of period	**30,408,289**	5,757,167	5,757,167
Foreign exchange gains/(losses)	**331,825**	(409,220)	(548,737)
Cash and cash equivalents at end of period	**26,796,044**	14,166,055	30,408,289

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 30 June 2007. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 December 2007. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for revaluation of certain properties and financial instruments.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 December 2007 or are expected to be adopted and effective at 31 December 2007, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Ambrian Capital plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 December 2006. The date of transition to IFRS was 1 January 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 5.

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

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 December 2006, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified/qualified and did not/did contain a statements under Section 237(2) of the Companies Act 1985.

The Interim Statement was approved by the Directors on 25 September 2007 and copies are available to the public free of charge from the company at 8 Angel Court, London EC2R 7HP during normal office hours, Saturdays, Sundays and Bank Holidays exempted, for 14 days from today.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

2 Revenue

The group's revenue is derived from investment banking and management.

6 months to 30 June 2007 – unaudited

	Investment banking	Investment portfolio	Total
Operating revenue	5,352,784	9,514,801	14,867,585

6 months to 30 June 2006 – unaudited

	Investment banking	Investment portfolio	Total
Operating revenue	4,229,172	7,928,972	12,158,144

Year to 31 December 2006 – unaudited

	Investment banking	Investment portfolio	Total
Operating revenue	8,429,339	9,411,885	17,841,224

Operating revenue includes investment and other income. The investment portfolio includes realised and unrealised gains on financial assets.

3 Share issue

During the period to 30 June 2007 500,000 shares were issued as a result of the exercise of share options. Shares issued and authorised for the period to 30 June 2007 may be summarised as follows:

6 months to 30 June 2007 – unaudited

	Number	£
At 1 January 2007	108,061,208	10,806,121
Issue of shares	500,000	50,000
At 30 June 2007	108,561,208	10,856,121

6 months to 30 June 2006 – unaudited

	Number	£
At 1 January 2006	107,261,208	10,726,121
Issue of shares	800,000	80,000
At 30 June 2006	108,061,208	10,806,121

Year to 31 December 2006 – unaudited

	Number	£
At 1 January 2006	107,261,208	10,726,121
Issue of shares	800,000	80,000
At 31 December 2006	108,061,208	10,806,121

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

4 Earnings per 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. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

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

6 months to 30 June 2007 – unaudited

	Earnings £	Weighted average number of shares	Per share amount Pence
Total operations – all continuing operations			
Earnings attributable to ordinary shareholders	7,008,319		
Weighted average number of shares (used for basic earnings per share)		108,207,617	
Shares held in Treasury and Employee Benefit Trust		2,056,712	
		106,150,905	
Dilutive effect of options		6,024,242	
Diluted weighted average number of shares (used for diluted earnings per share)		112,175,147	
Basic earnings per share			6.60
Diluted earnings per share			6.25

6 months to 30 June 2006 – unaudited

Total operations – all continuing operations			
Earnings attributable to ordinary shareholders	5,822,887		
Weighted average number of shares (used for basic earnings per share)		107,544,081	
Shares held in Employee Benefit Trust		1,731,712	
		105,812,369	
Dilutive effect of options		5,638,796	
Diluted weighted average number of shares (used for diluted earnings per share)		111,451,165	
Basic earnings per share			5.50
Diluted earnings per share			5.22

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

4 Earnings per share (continued)

Year to 31 December 2006 – unaudited

	Earnings £	Weighted average number of shares	Per share amount Pence
Continuing operations			
Earnings attributable to ordinary shareholders	6,806,139		
Weighted average number of shares (used for basic earnings per share)		107,804,770	
Shares held in Treasury and Employee Benefit Trust		2,056,712	
		105,748,058	
Dilutive effect of options		5,390,248	
Diluted weighted average number of shares (used for diluted earnings per share)		111,138,306	
Basic earnings per share			6.44
Diluted earnings per share			6.12
Discontinued operations			
Earnings attributable to ordinary shareholders	(1,732,261)		
Weighted average number of shares (used for basic earnings per share)		107,804,770	
Shares held in Treasury and Employee Benefit Trust		2,056,712	
		105,748,058	
Dilutive effect of options		5,390,248	
Diluted weighted average number of shares (used for diluted earnings per share)		111,138,306	
Basic earnings per share			(1.63)
Diluted earnings per share			(1.55)
Total operations			
Earnings attributable to ordinary shareholders	5,073,878		
Weighted average number of shares (used for basic earnings per share)		107,804,770	
Shares held in Treasury and Employee Benefit Trust		2,056,712	
		105,748,058	
Dilutive effect of options		5,390,248	
Diluted weighted average number of shares (used for diluted earnings per share)		111,138,306	
Basic earnings per share			4.81
Diluted earnings per share			4.57

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. Explanation of transition to IFRS

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

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 1 January 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations of £1,836,828 has not been restated other than as set out in note a below.
- cumulative translation differences on foreign operations are deemed to be nil at 1 January 2006. Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will exclude translation differences arising prior to the transition date.
- the entity has elected not to apply IAS 21 "The Effects of Changes in Foreign Exchange Rates" retrospectively to goodwill and fair value adjustments arising on business combinations before the Group's date of transition to IFRS. Such goodwill and fair value adjustments are not treated as foreign currency assets and so are not retranslated at each reporting date.

RECONCILIATION OF EQUITY AT 1 JANUARY 2006 – UNAUDITED

Note	UK GAAP £	a £	b £	c £	d £	e £	f £	IFRS £
Non-current assets								
Property, plant and equipment	138,799	–	–	–	–	–	–	138,799
Goodwill	1,836,828	–	–	–	–	–	–	1,836,828
Other intangible assets	2,596,870	–	–	–	–	–	–	2,596,870
Deferred tax assets	84,178	–	–	–	–	(84,178)	–	–
Current assets								
Financial assets	24,131,817	–	17,516,277	–	–	–	–	41,648,094
Trade and other receivables	1,629,836	–	–	–	–	–	–	1,629,836
Cash and cash equivalents	5,757,167	–	–	–	–	–	–	5,757,167
Current liabilities								
Trade and other payables	(1,149,443)	–	–	–	–	–	–	(1,149,443)
Short-term borrowings	(1,500,000)	–	–	–	–	–	–	(1,500,000)
Current tax payable	(1,916,627)	–	–	–	–	–	–	(1,916,627)
Other taxes and social security	(136,010)	–	–	–	–	–	–	(136,010)
Non-current liabilities								
Deferred tax	–	–	–	–	(5,254,883)	84,178	–	(5,170,705)
Net assets	31,473,415	–	17,516,277	-	(5,254,883)	–	–	43,734,809
Equity								
Share capital	10,726,121	–	–	–	–	–	–	10,726,121
Share premium account	12,048,639	–	–	–	–	–	–	12,048,639
Profit and loss account	8,529,698	–	17,516,277	–	(5,254,883)	–	–	20,791,092
Reserve for share based payments	280,593	–	–	–	–	–	–	280,593
Employee benefit trust	(111,636)	–	–	–	–	–	–	(111,636)
Total equity	31,473,415	–	17,516,277	–	(5,254,883)	–	–	43,734,809

RECONCILIATION OF EQUITY AT 30 JUNE 2006 – UNAUDITED

Note	UK GAAP £	a £	b £	c £	d £	e £	f £	IFRS £
Non-current assets								
Property, plant and equipment	203,728	–	–	–	–	–	–	203,728
Goodwill	1,787,846	48,982	–	–	–	–	–	1,836,828
Other intangible assets	2,626,765	–	–	–	–	–	–	2,626,765
Deferred tax assets	84,178	–	–	–	–	(84,178)	–	–
Current assets								
Financial assets	22,096,820	–	18,260,265	–	–	–	–	40,357,085
Trade and other receivables	6,986,820	–	–	–	–	–	–	6,986,820
Cash and cash equivalents	14,166,055	–	–	–	–	–	–	14,166,055
Current liabilities								
Trade and other payables	(9,710,693)	–	–	–	–	–	–	(9,710,693)
Current tax payable	(3,762,538)	–	–	–	–	–	–	(3,762,538)
Non-current liabilities								
Deferred tax	–	–	–	–	(5,478,079)	84,178	–	(5,393,901)
Net assets	34,478,981	48,982	18,260,265	–	(5,478,079)	–	–	47,310,149
Equity								
Share capital	10,806,121	–	–	–	–	–	–	10,806,121
Share premium account	12,094,639	–	–	–	–	–	–	12,094,639
Profit and loss account	13,111,185	48,982	18,260,265	(131,334)	(5,478,079)	–	–	25,811,019
Reserve for share based payments	280,593	–	–	131,334	–	–	–	411,927
Employee benefit trust	(1,813,557)	–	–	–	–	–	–	(1,813,557)
Total equity	34,478,981	48,982	18,260,265	–	(5,478,079)	–	–	47,310,149

RECONCILIATION OF EQUITY AT 1 JANUARY 2007 – UNAUDITED

Note	UK GAAP £	a £	b £	c £	d £	e £	f £	IFRS £
Non-current assets								
Property, plant and equipment	199,766	–	–	–	–	–	–	199,766
Goodwill	1,738,864	97,964	–	–	–	–	–	1,836,828
Other intangible assets	3,155,675	–	–	–	–	–	(3,155,675)	–
Deferred tax assets	1,727,034	–	–	–	–	(1,727,034)	–	–
Current assets								
Financial assets	19,960,680	–	14,778,611	–	–	–	–	34,739,291
Trade and other receivables	3,856,631	–	–	–	–	–	–	3,856,631
Cash and cash equivalents	30,408,289	–	–	–	–	–	–	30,408,289
Non-current assets classified as held for sale	–	–	–	–	–	–	1,557,500	1,557,500
Current liabilities								
Trade and other payables	(17,436,322)	–	–	–	–	–	(134,085)	(17,570,407)
Current portion of long-term borrowings	–	–	–	–	–	–	–	–
Current tax payable	(3,091,685)	–	–	–	–	–	–	(3,091,685)
Non-current liabilities								
Deferred tax	–	–	–	–	(4,433,583)	1,727,034	–	(2,706,549)
Net assets	40,518,932	97,964	14,778,611	–	(4,433,583)	–	(1,732,260)	49,229,664
Equity								
Share capital	10,806,121	–	–	–	–	–	–	10,806,121
Share premium account	12,094,639	–	–	–	–	–	–	12,094,639
Treasury shares	(163,217)	–	–	–	–	–	–	(163,217)
Profit and loss account	15,568,007	97,964	14,778,611	–	(4,433,583)	–	(1,732,260)	24,278,739
Reserve for share based payments	543,262	–	–	–	–	–	–	543,262
Employee benefit trust	(1,813,557)	–	–	–	–	–	–	(1,813,557)
Minority interest	3,483,677	–	–	–	–	–	–	3,483,677
Total equity	40,518,932	97,964	14,778,611	–	(4,433,583)	–	(1,732,260)	49,229,664

RECONCILIATION OF PROFIT FOR THE 6 MONTHS ENDED 30 JUNE 2006 – UNAUDITED

	UK GAAP £	a £	b £	c £	d £	e £	f £	IFRS £
Continuing operations								
Revenue	11,414,156	–	743,988	–	–	–	–	12,158,144
Administrative costs	(3,641,632)	48,982	–	(131,334)	–	–	–	(3,723,984)
Finance costs	(36,373)	–	–	–	–	–	–	(36,373)
Profit before tax	7,736,151	48,982	743,988	(131,334)	–	–	–	8,397,787
Taxation	(2,351,704)	–	–	–	(223,196)	–	–	(2,574,900)
Profit for the period from continuing operations	5,384,447	48,982	743,988	(131,334)	(223,196)	–	–	5,822,887
Loss for the period from discontinued operations	–	–	–	–	–	–	–	–
Profit before tax	5,384,447	48,982	743,988	(131,334)	(223,196)	–	–	5,822,887

RECONCILIATION OF PROFIT FOR THE YEAR TO 31 DECEMBER 2006 – UNAUDITED

	UK GAAP £	a £	b £	c £	d £	e £	f £	IFRS £
Continuing operations								
Revenue	20,578,890	–	(2,737,666)	–	–	–	–	17,841,224
Administrative costs	(8,101,128)	97,964	–	–	–	–	–	(8,003,164)
Finance costs	(36,616)	–	–	–	–	–	–	(36,616)
Profit before tax	12,441,146	97,964	(2,737,666)	–	–	–	–	9,801,444
Taxation	(3,816,605)	–	–	–	821,300	–	–	(2,995,305)
Profit for the period from continuing operations	8,624,541	97,964	(2,737,666)	–	821,300	–	–	6,806,139
Profit for the period from discontinued operations	–	–	–	–	–	–	(1,732,261)	(1,732,261)
Profit before tax	8,621,541	97,964	(2,737,666)	–	821,300	–	(1,732,261)	5,073,878

NOTES ON RECONCILIATIONS OF EQUITY

(a) Goodwill recognised by the Group on acquisition of its subsidiaries under UK GAAP was amortised over a period of 20 years. Under IFRS goodwill is not amortised, but tested annually for impairment. The goodwill amortisation charge recognised in accordance with UK GAAP in 2006 was written back. However, intangible assets identified on this business combination in accordance with IFRS as described above are included at their net book value as at 31 December 2005.

(b) Under UK GAAP the group included listed and unlisted investments at cost. However, under IFRS these are included at market value. Accordingly, an unrealised gain of £17,516,277 at 1 January 2006 has been credited to the income statement. Operating income has been increased by £743,988 for the 6 months ended 30 June 2006 and decreased by £2,737,666 for the year ended 31 December 2006.

(c) Under FRS 20 liabilities in respect of share based payments have only been recognised in the financial statements for the year ended 31 December 2006, with the balance sheet as at 31 December 2005 duly restated. Under IFRS these liabilities are recognised in all accounting periods under review. Accordingly, a charge of £131,334 is made to the income statement for the 6 months ended 30 June 2006.

(d) Under FRS 19 deferred tax was only recognised on timing differences; in contrast, IAS 12 "Income Taxes" requires the recognition of all temporary differences. Under UK GAAP, investments are carried on the balance sheet at cost, and no deferred tax arises whereas under IRFS investments are carried on the balance sheet at market value and deferred tax liabilities are recognised. The effect of this adjustment is to create deferred tax liabilities of £5,254,883 at 1 January 2006, £5,470,079 at 30 June 2006, and £4,433,583 at 31 December 2006 and to increase the tax charge for the period ended 30 June 2006 by £223,196 and decrease the tax charge for the year ended 31 December 2006 by £821,300.

(e) The UK GAAP financial statements include a deferred tax asset of £84,178 at 1 January 2006 and 30 June 2006 and £162,979 at 31 December 2006 in respect of the taxation relief on the charge to profits for share based payment. This deferred tax asset has been offset against the deferred tax liabilities set out at (d) above.

The UK GAAP accounts at 31 December 2006 include a further deferred tax asset of £1,564,055 in respect of taxation charged on the profits on the sale of investments between group companies. As the profit has been recognised under IFRS with the appropriate taxation charge, the deferred asset has been debited to deferred tax for the year ended 31 December 2006.

(f) In November 2006, the group commenced negotiations for the sale of its exploration assets to Palladex plc in exchange for Palladex shares. In the UK GAAP accounts these explorations assets were included in intangible fixed assets at cost of £3,155,675. Under IFRS, these assets should be disclosed as non-current assets classified as held for sale at their fair value of £1,557,500. Accordingly, the IFRS accounts for the year ended 31 December 2006 include a loss on discontinued activities of £1,732,261.

EXPLANATION OF MATERIAL ADJUSTMENTS TO THE CASH FLOW STATEMENT

Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

(i) under UK GAAP, payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment'. Under IFRS, payments to acquire property, plant and equipment have been classified as part of 'Investing activities'.

(ii) income taxes of £4,302,766 paid during 2006 are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under previous GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

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