



Morson Group PLC
(“Morson” or the “Group”)
Interim results for the six months ended 30 June 2009

Morson (AIM: MRN.L) the UK’s leading provider of technical engineering personnel and project design solutions, supplying over 9,000 highly skilled white collar personnel to the aerospace and defence, nuclear and power, rail and other technical industries, is pleased to announce its interim results for the six months ended 30 June 2009.

Highlights

- Solid trading performance across all sectors
 - Turnover up 3.7% to £219.9m (H1 2008: £212.0m)
 - Net Fee Income up 2.2% to £18.1m (H1 2008: £17.7m)
 - Adjusted operating profit[^] down 7.2% to £6.2m (H1 2008: £6.7m)
 - Operating profit up 7.3% to £5.5m (H1 2008: £5.1m)
 - Adjusted profit before taxation* down 4.9% to £5.4m (H1 2008: £5.7m)
 - Profit before taxation up 17.8% to £4.9m (H1 2008: £4.1m)
 - Adjusted EPS[†] of 8.70 pence (H1 2008 : 8.95 pence)
 - Basic EPS of 7.48 pence (H1 2008: 5.47 pence)
 - Net Debt has reduced during the period to £18.8m, down £8.9m from 31 December 2008.
- Key new or extended contract wins including
 - Thales
 - Airbus UK
 - EADS
 - Scott Wilson
 - Ericsson
 - British Energy
- Market conditions remain challenging
- Interim dividend maintained at 2.0 pence per share (2008: 2.0 pence per share)

[^] Adjusted operating profit is operating profit of £5.5m (H1 2008: £5.1m), excluding amortisation £0.6m (H1 2008: £0.4m) and exceptional item £0.1m (H1 2008: £1.2m).

*Adjusted profit before taxation is profit before taxation of £4.9m (H1 2008: £4.1m), excluding the fair value movement on the derivative financial instrument of £0.2m (H1 2008: £nil), amortisation £0.6m (H1 2008: £0.4m) and exceptional item £0.1m (H1 2008: £1.2m).

[†] Adjusted EPS is net profit attributable to equity holders adjusted for exceptional item, amortisation and fair value movement on the derivative financial instrument values as detailed in note 4.

Gerry Mason, Non Executive Chairman, said:

“I am pleased to report a solid set of interim results for Morson, which has coped well with the current, almost unprecedented, difficulties and pressures of the UK economy and far better than most in our sector. During the period we have continued to win contract awards and re-tenders and expect to announce further progress over the next twelve months.

Current trading conditions remain challenging, however the executive management team at Morson, and indeed many of our key staff, have been with the Group for a considerable time and have seen Morson’s ability to grow over several economic cycles. We will use this experience and firmly believe that the prospects for the Group and its long term future growth are positive.”

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Chairman's Statement

Introduction

I am pleased to report a solid set of interim results for Morson, which has coped well with the current, almost unprecedented, difficulties and pressures of the UK economy and far better than most in our sector.

The Group made a positive start to the year, with the recruitment division achieving several contract wins and renewals which will deliver future contribution, although the nature of these is such that the initial costs of implementation will lead to a period of reduced margin. However in the latter stages of the six months to 30 June 2009 recruitment activity became noticeably reduced although core trading has been, to a degree, protected by the high level of framework agreements that Morson has with substantial clients. More marginal trade and the limited amount of our permanent recruitment activity have seen a decline.

Our consulting activity delivered by Morson Projects has performed well and is seeking to grow and gain design and outsourcing opportunities. This business is a unique part of our offering, differentiating our business model from our competitors. It is well positioned to gain from clients reviewing their skills and supply chain strategies, giving the Group even greater opportunities when the economy improves.

We believe that difficult economic trading conditions encourage our existing and potential new clients to review their supply chain arrangements and Morson, with its established market position, is well placed to gain advantage from this in terms of market share.

Financial highlights

The Group is pleased to report growth in net fee income for the first six months to £18.1 million, an increase of 2.2% over the comparative period last year, with underlying turnover up 3.7% to £219.9 million. There were also increases in operating profit, which increased by 7.3% to £5.5 million and profit before tax, which increased by 17.8% to £4.9 million.

However increases and investments within our overhead cost base have impacted operating margins, reducing the operating profit before amortisation and exceptional items by £0.5 million, down 7.2% to £6.2 million. The overheads of the Group have been reviewed in light of current activity and appropriate savings implemented that will flow through to future periods.

For the Group, the net fee income split across temporary recruitment, engineering consultancy and permanent recruitment was £14.4 million, £3.3 million and £0.4 million respectively (H1 2008: £14.1 million, £2.8 million, £0.8 million).

This stability and growth in our core markets differentiates our business model from dedicated permanent recruitment companies, which traditionally suffer more in economic downturns. Permanent recruitment is a minor element of Morson's Net Fee Income, representing just 2.2% of the Group total.

Profit before exceptional items, amortisation, fair value adjustment and taxation was £5.4 million down 4.9% (H1 2008: £5.7 million). The Group's conversion ratio, calculated as the ratio of operating profit before exceptional item and amortisation to net fee income was 34.1% (H1 2008: 37.5%) which has reduced due to increased overhead and diminished permanent income. In the current climate the Board feels this is still a good result, firmly within the upper quartile of our sector.

Working capital management in the period has been strong and our financing requirements decreased during the period despite growth in turnover. The Group's invoice discounting facility at the period end was drawn to £18.8 million (H1 2008: £26.8 million; H2 2008: £27.8 million) against committed facilities of £50.0 million. There was no draw down on the £5 million revolving credit facility (2008: £nil) and the overdraft was £0.3 million (H1 2008: £0.5 million; H2 2008: £nil). Our invoice discounting facility is entirely typical for the contract recruitment industry and has proved very efficient and cost effective for the Group for the last seventeen years.

Net assets of the Group at 30 June 2009 were £54.6 million (H1 2008: £50.8 million; H2 2008 £52.9 million).

Dividends

I am pleased to announce that a maintained interim dividend of 2.0 pence per share (H1 2008: 2.0 pence per share) is proposed to be paid on 30 October 2009 to shareholders on the register on 2 October 2009. The ex-dividend date will be 30 September 2009. This recognises our firm confidence in the future prospects of the business.

Operating review: Recruitment

Within our core sectors of activity our strategy of entering into long term framework agreements with key substantial clients in those areas has continued to deliver opportunity. Aerospace and Defence, Nuclear and Power and Rail and Transport have seen varying but broadly sustained demand for our services.

The prevailing wider economic and market conditions have impacted our business, more notably toward the end of the six months to June 2009 and this is manifesting itself in lower activity levels and pressures on margins. This has arisen from less "spot" recruitment business which is the more immediate shorter term activity, less permanent (including temporary-to-permanent) business and competitive new and renewed contract bidding.

However we do believe that the provision of outsourced technical services and technical resource is a resilient market and remains strong with good long-term prospects. In particular, the market benefits from skill shortages and the ongoing investment in long-term infrastructure that is required in the United Kingdom. We are very much seeking to position the business to gain market share and remain well placed for future growth via a continued commitment to delivering a first class, high quality service to all our clients.

Aerospace and Defence

Performance in this sector has again been strong, benefiting from core substantial agreements with Xchanging/BAE Systems, Airbus and others together with the new contract award from Thales. In keeping with other areas, the other, more marginal business has seen reductions but despite this the division has had growth in the period.

Recent years have seen a series of military projects undertaken including the JSF, Hawk and the ongoing CVF aircraft carrier project. Morson's strength in this sector is that it spans both military and civil aircraft programme development. Looking forward over future years we see the civil aerospace market committing significant investment into newer "greener" technologies to deliver savings on fuel and engine maintenance. For Morson this represents an opportunity to work with clients in the development of conceptual aircraft and engines requiring significant specialist skills and technical engineering support. Morson Projects is already assisting clients in this area and in conjunction with Morson International the Group is well positioned to exploit these opportunities as they arise.

Nuclear and Power

Overall trading levels within nuclear and conventional power remain consistent with 2008, however Morson Projects has seen increased activity. The potential for growth in the sector will, we believe, increase as a result of the increasing demand for specialised human capital and engineering consultancy services, with the timing dependent on macro-economic factors. Further growth opportunities exist in asset maintenance and various decommissioning programmes regardless of when new build sites are initiated.

The Board is building relationships and capability in this prime sector with a view to playing an important role in the support, maintenance, new build and eventual decommissioning of the UK's current nuclear power stations.

Rail and Transport Infrastructure

The framework contracts we have with core clients in this sector remain in place and whilst these have delivered reduced activity in this period they do hold future prospects as other projects commence.

Within Network Rail, the west coast mainline completion has reduced activity but the Cross Rail project should see increases in 2010. Within the London Underground, ongoing maintenance, critical skills and station refurbishment support work continues with Metronet and Tubelines and the increasing presence of Transport for London in the market will also create tender opportunities for the future.

There is also further scope to expand our footprint in this sector with the recent client wins of Thales and Scott Wilson and our investment in certain other arenas including welding support services.

Other developing markets

As reported in prior periods overseas framework contracts with Telecoms companies Ericsson and Nokia Siemens have been secured in various global locations. In other markets we have seen steady activity in oil and gas. The Board continues to consider other horizontal markets that might complement the existing portfolio and we have, and will continue to, invest in certain targeted niche areas for the future.

Morson Projects

The first six months of the year have been strong for Morson Projects with good demand for its design engineering services and outsourcing solutions. This business provides the Group with an excellent "business hedge" and strategic position in providing multi-disciplined resource solutions. The technical expertise held within Morson Projects gives it the ability to directly undertake and manage its clients' outsourced design work. This is a key differentiator for the Group and continued investment in the enhancement and spread of capabilities of the Group is an area of great opportunity during difficult times as clients seek cost effective solutions to deliver programme efficiencies.

During the period, the split focus of the company on Aerospace and Nuclear work has remained but with the Nuclear side expanding its footprint. We have a fully developed on site capability at Sellafield and we are developing new opportunities to expand the expertise of this division. With regards to the Aerospace side, whilst military projects have been quieter, there remains notable activity on the marine side and the civil aviation area is busy and expected to develop further with good relationships being built with Bombardier, Airbus and others. Work on fuel efficient aircraft and variants is seen as a cornerstone of future activity and Morson continues to develop expertise and knowledge of composite materials which is at the cutting edge of fuel efficient design theory.

Centenary Way

The Group is pleased to advise that good progress continues towards the move into a new Head Office in Manchester, as described within the circular passed at the EGM in May 2008. It may be that the move into the new offices can be undertaken at the end of 2009 or very early in 2010, indeed logistically the Group would prefer a move around the New Year period. As such much of the capital expenditure in the fit-out of the new premises may fall into the current period. The Group will update further on this matter later in the year but at the present time does not anticipate that the expenditure incurred will be materially different from that outlined in the aforementioned EGM.

Growth strategy

The difficult economic environment has undoubtedly played a part in slowing the growth pattern of the Group. However the business remains strong and Morson's growth strategy remains unchanged. This is to complement organic growth from our long-term embedded client relationships and the demonstrable savings and efficiencies that Morson can deliver to its clients, together with the consideration of selective acquisitions with the right prospects.

Trading and outlook

The Group has historically remained resilient in difficult economic cycles and, whilst we have undoubtedly been affected by the scale of the current UK economic recession, we have performed well. This reflects our strategy to focus on temporary rather than permanent recruitment; the diversity of sectors covered and their infrastructure bias; Morson Projects outsourcing capacity and Morson's core resource skills capability. We will continue to build on our experience and capability and as in prior periods plan intelligently to progress our longer term prospects and develop future opportunities.

Morson provides scarce engineering talent to specialised engineering sectors, mostly related to long-term infrastructure projects and the maintenance of some of the UK's prime assets. We have continued to win new contracts and tenders. We have won new business with clients in and connected to all our specialist sectors, particularly Nuclear, Rail, Aerospace and Defence and expect to announce further progress over the next twelve months.

The Board is confident that the move into the new premises that will bring together the recruitment and consultancy businesses will give Morson an added impetus and great benefit, providing a modern and efficient environment conducive to taking the Group forward in the coming years. We aim to increase market share and sustain growth through a variety of organic initiatives and other business opportunities. Whilst we are well aware that the present economic environment might provide acquisition opportunities we will be disciplined when evaluating these.

Current trading conditions remain challenging, however the executive management team at Morson, and indeed many of our key staff, have been with the Group for a considerable time and have seen Morson's

ability to grow over several economic cycles. We will use this experience and firmly believe that the prospects for the Group and its long term future growth are positive.

Going Concern

The Directors are satisfied that this condensed set of financial statements should be prepared on a going concern basis – further details are included in note 1 to this interim statement

Gerry Mason

Non-executive Chairman

21 September 2009

Consolidated income statement
for the six months ended 30 June 2009

	Note	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
CONTINUING OPERATIONS				
Revenue		219,892	212,001	431,446
Cost of sales		(201,759)	(194,261)	(394,717)
GROSS PROFIT		18,133	17,740	36,729
Amortisation of intangible fixed assets		(611)	(367)	(972)
Exceptional head office relocation costs	2	(110)	(1,202)	(1,280)
Other administrative expenses		(11,954)	(11,082)	(23,197)
OPERATING PROFIT		5,458	5,089	11,280
Finance income		-	14	27
Fair value movements on derivative financial instrument		172	-	(1,593)
Finance cost		(751)	(962)	(1,812)
PROFIT BEFORE TAXATION		4,879	4,141	7,902
Taxation	3	(1,487)	(1,667)	(2,076)
NET PROFIT FOR THE PERIOD		3,392	2,474	5,826
Attributable to:				
Equity holders of the parent		3,350	2,468	5,807
Minority interests		42	6	19
		3,392	2,474	5,826
EARNINGS PER SHARE				
From continuing operations				
Basic (pence)	4	7.48	5.47	12.91
Diluted (pence)	4	7.42	5.42	12.82

The Group has no recognised gains or losses in the current and prior period or prior year other than those reported above and therefore no separate Consolidated Statement of Recognised Income and Expense has been presented.

All activity has arisen from continuing operations.

Consolidated balance sheet
at 30 June 2009

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
NON-CURRENT ASSETS			
Goodwill	32,945	32,945	32,945
Other intangible assets	1,350	2,572	1,961
Property, plant and equipment	2,526	2,625	2,352
Deferred tax asset	486	-	474
	37,307	38,142	37,732
CURRENT ASSETS			
Trade and other receivables	74,523	74,221	75,583
Cash and cash equivalents	271	308	120
	74,794	74,529	75,703
TOTAL ASSETS	112,101	112,671	113,435
CURRENT LIABILITIES			
Trade and other payables	(35,007)	(32,125)	(29,568)
Current tax liabilities	(1,928)	(1,783)	(1,383)
Deferred tax liabilities	-	(116)	-
Obligations under finance leases	(100)	(191)	(171)
Bank overdrafts and loans	(19,078)	(27,278)	(27,801)
Derivative financial instrument	(1,421)	-	(1,593)
	(57,534)	(61,493)	(60,516)
NET CURRENT ASSETS	17,260	13,036	15,187
NON-CURRENT LIABILITIES			
Deferred tax liabilities	-	(302)	-
Obligations under finance leases	-	(78)	-
	-	(380)	-
TOTAL LIABILITIES	(57,534)	(61,873)	(60,516)
NET ASSETS	54,567	50,798	52,919
EQUITY			
Issued capital	2,267	2,267	2,267
Share premium account	37,607	37,607	37,607
Retained earnings	15,126	11,031	13,520
Other reserves	(526)	(145)	(526)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	54,474	50,760	52,868
Minority interest	93	38	51
TOTAL EQUITY	54,567	50,798	52,919

Consolidated cash flow statement
for the six months ended 30 June 2009

	Note	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
NET CASH INFLOW FROM				
OPERATING ACTIVITIES	6	11,465	10,144	10,548
INVESTING ACTIVITIES				
Interest received		-	14	27
Purchases of property, plant and equipment		(744)	(823)	(1,007)
Proceeds on disposal of property, plant and equipment		16	27	77
Acquisition of subsidiaries		-	(105)	(105)
NET CASH USED IN INVESTING ACTIVITIES		(728)	(887)	(1,008)
FINANCING ACTIVITIES				
Dividends paid		(1,792)	(1,758)	(2,657)
Repayments of borrowings		-	(3,000)	(3,000)
Repayments of obligations under finance leases		(71)	(14)	(109)
NET CASH USED IN FINANCING ACTIVITIES		(1,863)	(4,772)	(5,766)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,874	4,485	3,774
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		(27,681)	(31,455)	(31,455)
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		(18,807)	(26,970)	(27,681)

Statement of changes in consolidated shareholders' equity
for the six months ended 30 June 2009

		Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Profit for the period/year attributable to equity holders of the parent		3,350	2,468	5,807
Dividends	5	(1,792)	(1,758)	(2,657)
Purchase of own shares		-	-	(380)
Share-based payment		48	48	96
NET ADDITION TO EQUITY		1,606	758	2,866
Opening equity		52,868	50,002	50,002
CLOSING EQUITY		54,474	50,760	52,868

Notes to the interim information

1. Basis of preparation

These unaudited interim results have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Details of the accounting policies applied are set out in Morson Group PLC's Annual Report and Accounts 2008.

The comparative figures are an abridged version of the Group's full financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group within the meaning of Section 240 of the Companies Act 1985.

Those financial statements for the year ended 31 December 2008 have been delivered to the Registrar of Companies and include an auditors' report which was unqualified and did not contain a statement under Section 237(2) and (3) of the Companies Act 1985.

Going Concern

The Directors are required to satisfy themselves as to whether the financial statements of the Group should be prepared on a going concern basis. As part of the ongoing duties and activities of the Board there is continual assessment of the Group's financial and commercial performance. This review does consider business risks and uncertainties that exist and takes account of how wider economic circumstances can impact these. It includes due consideration and assessment of potentially adverse and testing situations. The Board looks forward and appropriate forecasts of financial performance and assessment of future business opportunities and challenges are regularly made. The Directors have also considered the financial support required for these anticipated income streams and note that the Group's current financing arrangements run until 31 December 2010 for its invoice discounting facility and 31 March 2011 for its revolving credit facility. Having properly considered the matter the Directors conclude that they are satisfied that this condensed set of financial statements should be prepared on a going concern basis.

2. Exceptional head office relocation costs

At the EGM held on 22 May 2008 a resolution was passed for Morson Human Resources Limited and Morson Projects Limited to enter into Deeds of Variation* and for Morson Group PLC to enter into an agreement for the new lease of the property at Centenary Way. Accelerated depreciation of £110,000 has been charged in the current period for fixed assets relating to existing properties. In the six months to June 2008 this charge was £13,000 and in the six months to December 2008 this charge was a further £78,000. In the six months to June 2008 £1,189,000 was also provided in full for the costs associated with the variation of the existing leases.

* For the two key properties of Stableford Hall and Darwen House respectively.

3. Taxation

Tax for the six month period is charged at 28% (six months ended 30 June 2008: 28.5%, year ended 31 December 2008: 28.5%). The effective rate of current tax for the six months ended 30 June 2009 is 30.5% (six months ended 30 June 2008: 40.3%, year ended 31 December 2008: 26.3%) after taking into consideration disallowable expenditure. The effective tax rate for the year ended 31 December 2008 was reduced due to the recognition of research and development tax credits.

4. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Profit for the financial period/year used for the calculation of basic earnings per share	3,350	2,468	5,807
Exceptional head office relocation cost	110	1,202	1,280
Amortisation of intangible assets	611	367	972
Fair value movements on derivative financial instruments	(172)	-	1,593
Tax effect of adjustments at 28% (2008: 28.5%)	-	-	(365)
Adjusted profit for the financial period/year	3,899	4,037	9,287

Weighted average number of shares:

	Unaudited six months ended 30 June 2009	Unaudited six months ended 30 June 2008	Audited year ended 31 December 2008
Weighted average number of shares for the purposes of basic earnings per share	44,808,750	45,096,538	44,996,656
Effect of potentially dilutive ordinary shares:			
- share options	342,000	479,096	314,067
For diluted earnings per share	45,150,750	45,575,634	45,310,723
Earnings per share:			
- basic (pence)	7.48	5.47	12.91
- diluted (pence)	7.42	5.42	12.82
Adjusted earnings per share:			
- basic (pence)	8.70	8.95	20.64
- diluted (pence)	8.64	8.86	20.50

The adjusted earnings per share has been calculated on the basis of continuing operations pre-amortisation, fair value movement on derivative financial instrument and exceptional items (see note 2). The Directors consider that the adjusted earnings per share calculation gives a better understanding of the Group's earnings per share.

5. Dividends on equity shares

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Amounts recognised as distributions to equity holders in the period			
– final dividend for the year ended 31 December 2008 of 4.0 pence per ordinary share	1,792	-	-
– interim dividend for the year ended 31 December 2008 of 2.0 pence per ordinary share	-	-	899
– dividend for the year ended 31 December 2007 of 3.9 pence per ordinary share	-	1,758	1,758
	1,792	1,758	2,657

The Directors have proposed an interim dividend of 2.0 pence per share in respect of the six months ended 30 June 2009.

6. Notes to the Group Cash Flow Statement

Reconciliation of profit from operations to net cash from operations

	Unaudited six months ended 30 June 2009 £'000	Unaudited six months ended 30 June 2008 £'000	Audited year ended 31 December 2008 £'000
Operating profit	5,458	5,089	11,280
Depreciation of property, plant and equipment	440	368	783
Amortisation of intangible assets	611	367	972
Exceptional head office relocation costs	110	1,202	1,280
Share option charge	48	48	96
Loss/(profit) on sale of fixed assets	4	1	(33)
Operating cash flows before movements in working capital	6,671	7,075	14,378
Decrease/(Increase) in receivables	718	(119)	(1,206)
Increase in payables	5,436	5,921	3,292
Decrease/(Increase) in inventories	343	(98)	(372)
Purchase of own shares	-	-	(380)
Cash generated by operations	13,168	12,779	15,712
Income taxes paid	(952)	(1,673)	(3,432)
Interest paid	(751)	(962)	(1,732)
Net cash generated from operating activities	11,465	10,144	10,548

Independent review report to Morson Group PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, statement of changes in consolidated shareholders' equity and related notes 1 to 6. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditors
Manchester, United Kingdom
21 September 2009