

PANMURE GORDON & CO  
INTEGRITY IN INVESTMENT BANKING SINCE 1876

# Interim Report

Interim Report for the six months ended 30 June 2009

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# Overview

## Financial highlights

- Net revenue increased to £28.4m, up by 23% in sterling terms in the first half of 2009 compared to the first half of 2008, despite challenging market conditions
- Adjusted earnings of £0.5m compared to a loss of £2.0m
- Statutory loss after tax of £3.7m compared to a loss of £19.5m reflecting reduction in restructuring charges
- Completion of £23m investment by QInvest post period end strengthens balance sheet, allowing Group to take advantage of market opportunities and broaden its business offering

## Operational highlights

- Growth of market share in UK commission
- Good trading performance on tightly controlled trading books
- Recovery in investment banking revenues although markets remain difficult for IPOs
- US cost base dramatically reduced by 21.8% whilst strength of franchise maintained
- Excellent new hires to sales and research in both the UK and US
- Raised £498m for UK clients compared to £188m in H1 2008
- Strong balance sheet, superior brand and quality people position the Group well to grow existing businesses and establish new areas of excellence

**"In recent weeks we have made a number of excellent hires, have seen our market share of commission in the UK grow significantly, and have seen a re-opening of the US IPO window. The first half results bear testament to the tough business conditions then prevailing. We are now experiencing better markets and these, coupled to our recent restructuring and strong management team, have seen the business performance improve."**

**"Our focus is to continue to grow our existing businesses while also working in conjunction with QInvest to develop a Gulf-based offering and expand the Group's wealth advisory business. These will take some time to achieve, but the planning is going well, and the opportunities are real. We anticipate having operations in these areas during 2010. We are also looking at expanding our US brokerage operation and deepening our UK investment banking business."**

**Tim Linacre**  
Chief Executive

# Chief Executive's Review

## Introduction

The first six months of 2009 were amongst the strangest in the firm's 132 year history.

The appalling market conditions of the end of last year continued and further deepened in the early part of 2009. There was an improvement in market conditions towards the end of the half, which we have seen continuing into the second half of the year, however the short term outlook remains uncertain.

We made the decision to seek new financing for the business both to strengthen the firm's balance sheet and to provide the impetus for growth. The investment by QInvest, the largest investment bank in Qatar, which completed on 7 August 2009, has provided the business with substantial capital and opportunity to develop the business in the Middle East and elsewhere.

Having weathered the financial storms of the recent past, the business is now moving forward strongly. The rest of 2009 will be focussed on ensuring the firm is best placed to exploit the opportunities provided by the investment and improving markets.

In recent weeks we have made a number of excellent hires, have seen our market share of commission in the UK grow significantly, and have seen a re-opening of the US IPO window. The first half results bear testament to the tough business conditions then prevailing. We are now experiencing better markets and these, coupled to our recent restructuring and strong management team, have seen the business performance improve.

## Business update

In the UK, Panmure Gordon has two main revenue streams: institutional equities and corporate finance revenue.

On 3 March, the FTSE 100 fell to 3512, its lowest level in five years. While the market collapse and the consequent trading volume reductions affected our institutional commission income, we increased our market share even in the difficult months, demonstrating the trust placed by institutional clients in the Panmure team. The nascent market recovery gathered strength towards the end of the first half and our commission income responded accordingly. This recovery continued after the end of the half year and we have continued to grow market share.

We provide trading facilities as a core client service, not for proprietary gain. As such, our book is tightly controlled and it made a positive contribution in the first half.

Since the end of the half year we have made a number of important hires on both our UK sales and research desks and I am pleased the respective teams are now at full strength. Our ability to hire exceptional candidates, broadening and deepening our research and institutional coverage, is encouraging and positions us well for the future.

While we remain cautious of the London stock market direction, we are optimistic that the investment we have made in people, and the excellent quality of our offering, will underpin our future performance.

Turning to our UK investment banking business, the quality of our existing client relationships enabled us to participate in a number of sizeable transactions in the first half. We raised nearly £0.5bn for our clients. We have an active pipeline for the rest of this year, and believe that we will see some sign of recovery in the IPO market towards the end of this year and the start of 2010. Our strengthened balance sheet also means we are attractive as a counterparty of choice for corporate clients, and we are looking forward to welcoming more clients to our excellent quality list.

In the US, ThinkEquity saw a similar trend in institutional commission. Having had a difficult start to the year there has been a recovery. This again reflects both improving markets and the benefit of recent hiring of excellent staff to add to our outstanding existing team.

US investment banking revenue in the first half reflected the near total absence of any fund-raising activity. In that desert, ThinkEquity was involved in two significant transactions. We led a significant secondary offering and also successfully managed a syndicate role in a major IPO. There are clear signs that after a lengthy hiatus the US IPO window is opening, but it will still take some time for it to open fully. ThinkEquity is well positioned to benefit when this happens.

# Chief Executive's Review

Continued

## Business initiatives

Panmure Gordon is a highly regarded business and we are intent on continuing to grow its reputation as one of London's leading independent investment banks with a unique US reach and Middle Eastern connections.

At a time of market recovery and a pick up in activity, the strengthening of the firm's balance sheet was well timed. QInvest have brought us additional capital and opportunity. While the transaction only completed on 7 August, considerable planning has been undertaken to expand the business. I have talked above about our recent hires. Our focus is to continue to grow our existing businesses while also working in conjunction with QInvest to develop a Gulf-based offering and expand the Group's wealth advisory business. These will take some time to achieve, but the planning is going well, and the opportunities are real. We anticipate having operations in these areas during 2010. We are also looking at expanding our US brokerage operation and deepening our UK investment banking business.

Having emerged from the global crisis as a well capitalised firm with outstanding clients and employees, and having taken appropriate action to reduce costs, we are well placed for a sustained period of growth. The Board is focused on building long term shareholder value; we will invest for the upswing even though that may be at the expense of short term profitability.

## Business outlook

In the US the M&A and equity issuance cycles are showing initial signs of improvement after two years of terrible markets. In the US M&A cycles tend to last five years, with equity issuance cycles following closely. The financial performance of ThinkEquity since its purchase in April 2007 has clearly been disappointing, primarily reflecting market conditions. In the first half of 2008 the number of US IPO transactions fell from 145 in the first half of 2007 to 42. In the first half of 2009 the number of transactions was only 15. It appears that currently we are seeing the re-emergence of market conditions in which ThinkEquity will thrive. However, as deal volumes and IPOs follow a market recovery rather than lead it, the recovery is likely to take time. We are expecting an uptick in investment banking activity in the first quarter of 2010 so we will ensure that ThinkEquity has the right resources to succeed next year and thereafter.

In the UK, institutional equities continue to grow market share and we will see the full benefit of our recent hires over the next months. In investment banking, our short term pipeline was temporarily impacted by the uncertainty surrounding the raising of capital, but has recovered on the basis of our reputation for independent advice and strengthened balance sheet. There is the opportunity to attract further quality clients to the firm.

The market recovery has not yet fully translated into completed investment banking deals and probably will not do so until next year. Deal flows, IPOs and market volumes all depend on institutional confidence. However with the US now clearly emerging from recession, and despite the appalling nature of the UK government's fiscal deficit, institutional confidence is building. We have seen an improvement in market levels, and it is reasonable to assume deal volumes will now also increase.

I expect by the time we report our full year results in the spring of 2010, I will be able to update you on the business initiatives we are working on in the Gulf, in wealth advisory, and in the existing businesses, and to be able to report on a continuation of the improving trend we are seeing.

We will look back on the past two years as being the most challenging many of us will ever see. For a transatlantic ECM focused firm such as Panmure Gordon, it was particularly challenging. Having secured the support of QInvest, we are confident that the business has a strong and prosperous future. The firm is well positioned to take advantage of improving markets; we are hiring great people and with the support of our shareholders, we continue the building of a genuinely outstanding investment banking institution.

**Tim Linacre**  
**Chief Executive**  
**23 September 2009**

# Operating review

## Results

	2009 H1 £'000	2008 H1 £'000
Net revenue	<b>28,365</b>	<b>23,004</b>
Losses on available for sale investments	(796)	(589)
Administrative expenses	(27,199)	(26,266)
<b>Adjusted operating profit/(loss)</b>	<b>370</b>	<b>(3,851)</b>
Net interest (payable)/receivable	(57)	499
Adjusted profit/(loss) before tax	313	(3,352)
Taxation	232	1,329
<b>Adjusted earnings</b> (see note 6)	<b>545</b>	<b>(2,023)</b>
<b>Adjusted earnings per share</b> (see note 6)	<b>0.70p</b>	<b>(2.87)p</b>

This table excludes goodwill impairment, amortisation of intangibles, share-based payments and one-off restructuring and non-recurring charges (see note 6).

Net revenue has increased by 23% in sterling terms compared to the first half of 2008; in constant currency, the increase is 9.5%, illustrating the benefit to our revenue of the weakening of sterling versus the US dollar. Equally, whilst underlying costs in sterling increased marginally by 3.6%, in constant currency they fell by 9.9%. This is most marked in the US where costs reduced by 21.8%, or \$6.8m half year on half year, equating to an annualised saving of \$13.6m. In the UK, underlying fixed costs are also down, but we have made a provision for bonus, meaning total costs are up H1 2009 versus H1 2008.

Adjusted profit before tax was £0.3m compared to a loss of £3.4m in the first half of 2008. Adjusted earnings were £0.5m (2008: loss of £2.0m).

This compares to the statutory loss before tax set out in the Income Statement on page 12 of £3.5m (2008: loss of £19.8m). The statutory loss after tax was £3.7m (2008: loss of £19.5m).

We set out below an analysis of the revenue streams over the past three halves. For the US business, we have shown the numbers in sterling and US dollars.

## Institutional equities

### UK institutional equities (£'000)

	6 months to Jun 09 £'000	6 months to Dec 08 £'000	6 months to Jun 08 £'000
Commission	5,042	5,667	5,348
Trading	1,586	(2,940)	775
Settlement costs	(642)	(509)	(662)
	<b>5,986</b>	<b>2,218</b>	<b>5,461</b>

UK commission levels have held up well given lower market levels and lower volumes in H1 2009. We have gained market share since the end of 2008. We are pleased with the performance of the trading book where good profits have been achieved despite very tightly controlled trading books.

### US institutional equities (£'000)

	6 months to Jun 09 £'000	6 months to Dec 08 £'000	6 months to Jun 08 £'000
Commission	9,205	9,631	7,722
Trading	(364)	(469)	(216)
Settlement costs	(1,029)	(990)	(856)
	<b>7,812</b>	<b>8,172</b>	<b>6,650</b>

### (\$'000)

	6 months to Jun 09 \$'000	6 months to Dec 08 \$'000	6 months to Jun 08 \$'000
Commission	13,820	16,377	15,337
Trading	(529)	(814)	(432)
Settlement costs	(1,532)	(1,668)	(1,696)
	<b>11,759</b>	<b>13,895</b>	<b>13,209</b>

US commission levels have been affected by lower volumes H1 2009 and some staff turnover in our research department. With a better tone to markets, we expect volumes to recover and with a settled and expanded research team, commission levels should grow from here. The loss rate on our trading remains well below average industry levels.

## Investment banking

### UK investment banking (£'000)

	6 months to Jun 09 £'000	6 months to Dec 08 £'000	6 months to Jun 08 £'000
Retainers	1,478	1,578	1,577
Transaction related income	6,824	2,199	3,482
	<b>8,302</b>	<b>3,777</b>	<b>5,059</b>

The strength of our UK client base is illustrated by the recovery in transaction fees from the very low levels achieved in 2008. There remains considerable upside to this line of revenue once markets normalise and IPOs return.

# Operating Review

Continued

US investment banking (£'000)	6 months to Jun 09 £'000	6 months to Dec 08 £'000	6 months to Jun 08 £'000
Transaction related income	5,337	3,619	4,429

  

(\$'000)	6 months to Jun 09 \$'000	6 months to Dec 08 \$'000	6 months to Jun 08 \$'000
Transaction related income	8,451	6,385	8,755

US banking fees recovered somewhat from the low levels of the second half of 2008. The background remains difficult, with a very limited number of IPOs coming to the market; the Group is well positioned, however, once the situation changes. We are seeing signs that the IPO pipeline is beginning to build.

## US wealth advisory

(£'000)	6 months to Jun 09 £'000	6 months to Dec 08 £'000	6 months to Jun 08 £'000
Fee and commission income	928	1,278	1,405

  

(\$'000)	6 months to Jun 09 \$'000	6 months to Dec 08 \$'000	6 months to Jun 08 \$'000
Fee and commission income	1,393	2,157	2,787

Revenue is down reflecting the departure of a team in 2008, together with lower volumes and market levels.

## Expenditure

<b>UK expenditure (£'000)</b>	<b>6 months to Jun 09 £'000</b>	<b>6 months to Dec 08 £'000</b>	<b>6 months to Jun 08 £'000</b>
Fixed employment	5,396	5,801	6,411
Other operating expenditure	3,309	3,334	3,736
Bonus accrual	2,302	782	-
	<b>11,007</b>	<b>9,917</b>	<b>10,147</b>

Excluding bonus accrual, underlying UK costs were 14.2% below the level of the first half of 2008.

<b>US expenditure (£'000)</b>	<b>6 months to Jun 09 £'000</b>	<b>6 months to Dec 08 £'000</b>	<b>6 months to Jun 08 £'000</b>
Fixed employment	5,894	5,426	6,397
Variable employment	3,517	3,095	2,810
Other operating expenditure	5,580	5,887	5,402
Bonus accrual	1,201	1,238	1,510
	<b>16,192</b>	<b>15,646</b>	<b>16,119</b>

<b>(\$'000)</b>	<b>6 months to Jun 09 \$'000</b>	<b>6 months to Dec 08 \$'000</b>	<b>6 months to Jun 08 \$'000</b>
Fixed employment	8,831	10,043	12,668
Variable employment	5,341	5,312	5,564
Other operating expenditure	8,403	9,501	10,705
Bonus accrual	1,912	2,708	2,383
	<b>24,487</b>	<b>27,564</b>	<b>31,320</b>

Overall underlying costs have fallen by 21.8% compared to 2008.

# Condensed consolidated interim income statement (unaudited)

For the half year to 30 June 2009

(€'000)		6 months 30 June 2009	6 months 30 June 2008	12 months 31 December 2008
	Notes			
Commission and trading income		15,469	13,629	25,518
Commission and trading expense		(1,671)	(1,518)	(3,017)
<b>Net commission and trading income</b>		<b>13,798</b>	<b>12,111</b>	<b>22,501</b>
Corporate finance and other income		14,567	10,893	19,567
<b>Net commission and fee income</b>		<b>28,365</b>	<b>23,004</b>	<b>42,068</b>
Net loss on available for sale investments	9	(796)	(589)	(1,349)
Administrative expenses <sup>1</sup>		(27,689)	(26,032)	(50,931)
Redundancy, restructuring and other non-recurring charges <sup>1</sup>	10	(1,827)	(1,341)	(3,187)
<b>Operating loss before share-based payments and goodwill impairment</b>		<b>(1,947)</b>	<b>(4,958)</b>	<b>(13,399)</b>
Share-based payments <sup>1</sup>	4	(1,475)	(1,681)	(2,378)
Goodwill impairment <sup>1</sup>	2	-	(13,688)	(13,688)
<b>Operating loss (including goodwill impairment)</b>	3	<b>(3,422)</b>	<b>(20,327)</b>	<b>(29,465)</b>
Financial income		61	596	945
Financial expense		(118)	(97)	(259)
<b>Loss before tax</b>		<b>(3,479)</b>	<b>(19,828)</b>	<b>(28,779)</b>
Income tax	5	(171)	306	635
<b>Loss for the period attributable to the owners of the Company</b>		<b>(3,650)</b>	<b>(19,522)</b>	<b>(28,144)</b>
Basic earnings (loss) per share	6	<b>(4.71)p</b>	(27.68)p	(38.50)p
Diluted earnings (loss) per share	6	<b>(4.71)p</b>	(27.68)p	(38.50)p

The notes on pages 18 to 31 form part of these financial statements.

<sup>1</sup> These are part of administrative expenses which total €31.0m (6 months 30 June 2008: €42.7m, 12 months 31 December 2008: €70.2m) which have been presented separately owing to their nature and size.

# Condensed consolidated interim statement of comprehensive income (unaudited)

For the half year to 30 June 2009

(£'000)	6 months 30 June 2009	6 months 30 June 2008	12 months 31 December 2008
<b>Loss for the period</b>	<b>(3,650)</b>	<b>(19,522)</b>	<b>(28,144)</b>
<b>Other comprehensive income</b>			
Foreign exchange translation differences net of tax	(2,695)	(59)	6,206
Available for sale impairment losses transferred to the income statement net of tax	-	12	12
<b>Total other comprehensive income for the period net of tax</b>	<b>(2,695)</b>	<b>(47)</b>	<b>(6,218)</b>
<b>Total comprehensive income for the period attributable to the owners of the Company</b>	<b>(6,345)</b>	<b>(19,569)</b>	<b>(21,926)</b>

# Condensed consolidated interim statement of financial position (unaudited)

At 30 June 2009

(£'000)	Notes	As at 30 June 2009	As at 30 June 2008	31 December 2008
<b>Assets</b>				
Intangibles	2	29,742	26,684	32,381
Plant and equipment		2,175	2,937	3,029
Available for sale investments		3,258	7,280	4,076
Deferred income tax asset		5,023	5,001	4,822
<b>Total non-current assets</b>		<b>40,198</b>	<b>41,902</b>	<b>44,308</b>
Securities held for trading		2,788	7,336	3,133
Trade and other receivables	11	61,091	73,861	25,804
Cash and cash equivalents		20,683	14,879	21,106
<b>Total current assets</b>		<b>84,562</b>	<b>96,076</b>	<b>50,043</b>
<b>Current liabilities</b>				
Bank overdraft		-	(69)	-
Trade payables	12	(49,877)	(65,079)	(17,112)
Tax and social security		(897)	(622)	(606)
Corporation tax liabilities		-	(26)	-
Other payables	12	(11,867)	(8,482)	(10,809)
Held for trading liabilities		(1,677)	(436)	(212)
<b>Total current liabilities</b>		<b>(64,318)</b>	<b>(74,714)</b>	<b>(28,739)</b>
<b>Net current assets</b>		<b>20,244</b>	<b>21,362</b>	<b>21,304</b>
Interest bearing loans and borrowings		(3,000)	(3,000)	(3,000)
Provisions		(312)	(488)	(488)
Deferred tax liability		(667)	(370)	(592)
<b>Total non-current liabilities</b>		<b>(3,979)</b>	<b>(3,858)</b>	<b>(4,080)</b>
<b>Net assets</b>		<b>56,463</b>	<b>59,406</b>	<b>61,532</b>
<b>Equity</b>				
Issued share capital	7	3,173	2,841	3,167
Shares to be issued (including share premium)	7	326	2,769	611
Share premium account		16,337	13,113	16,058
Merger reserve	7	21,200	19,130	21,200
Special reserve		9,595	9,595	9,595
Other reserve		(525)	(605)	(566)
Foreign currency translation reserve		3,155	(415)	5,850
Treasury shares		(5,187)	(5,209)	(5,187)
Retained earnings		8,389	18,187	10,804
<b>Total equity</b>		<b>56,463</b>	<b>59,406</b>	<b>61,532</b>

The notes on pages 18 to 31 form part of these financial statements.

# Condensed consolidated interim statement of cash flows (unaudited)

Reconciliation of profit before tax to net cash outflow from operating activities

(€'000)	6 months 30 June 2009	6 months 30 June 2008	12 months 31 December 2008
<b>Cash flows from operating activities</b>			
Loss before tax	(3,479)	(19,828)	(28,779)
Goodwill impairment	-	13,688	13,688
Net financial expense/(income)	57	(499)	(686)
Depreciation and amortisation	715	778	1,697
Net loss on available for sale investments	796	589	1,349
Loss on disposal of plant and equipment	-	79	-
Movement in securities held for trading	1,812	(2,108)	1,870
Increase in amounts owed by market counterparties	(2,649)	(1,272)	(35)
Decrease in trade and other receivables	1,073	858	968
Increase/(decrease) in trade payables and provisions	226	(10,514)	(9,305)
IFRS 2 share-based payments and related charges	1,235	1,681	3,522
<b>Net cash flow from operating activities</b>	<b>(214)</b>	<b>(16,548)</b>	<b>(15,711)</b>
Income taxes paid	-	(774)	(843)
<b>Net cash from operating activities</b>	<b>(214)</b>	<b>(17,322)</b>	<b>(16,554)</b>
<b>Cash flows from investing activities</b>			
Financial income received	61	596	945
Acquisition of plant and equipment	(30)	(368)	(643)
Acquisition of available for sale investments	-	(1,502)	(1,503)
Proceeds from disposal of investments	104	-	2,468
<b>Net cash from investing activities</b>	<b>135</b>	<b>(1,274)</b>	<b>1,267</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	-	-	3,164
Purchase of own shares for treasury	-	(237)	(237)
Financial expense	(118)	(97)	(259)
Repayment of EBT loan	41	31	70
Payment of dividends	-	(779)	(779)
<b>Net cash from financing activities</b>	<b>(77)</b>	<b>(1,082)</b>	<b>1,959</b>
Net increase/(decrease) in cash and cash equivalents	(156)	(19,678)	(13,328)
Cash and cash equivalents at 1 January	21,106	34,434	34,434
Effect of exchange rate fluctuations	(267)	54	-
<b>Cash and cash equivalents at 30 June / 31 December</b>	<b>20,683</b>	<b>14,810</b>	<b>21,106</b>

## Condensed consolidated interim statement of changes in equity for the half year to 30 June 2009

(£'000)	Issued share capital	Shares to be issued	Share premium	Merger reserve	Special reserve	Fair value reserve	Other reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total equity
At 1 January 2009	3,167	611	16,058	21,200	9,595	-	(566)	5,850	(5,187)	10,804	61,532
Shares issued under employee share plans	6	(285)	279	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	1,235	1,235
Reduction in shares held by EBT	-	-	-	-	-	-	41	-	-	-	41
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,695)	-	(3,650)	(6,345)
	<b>3,173</b>	<b>326</b>	<b>16,337</b>	<b>21,200</b>	<b>9,595</b>	<b>-</b>	<b>(525)</b>	<b>3,155</b>	<b>(5,187)</b>	<b>8,389</b>	<b>56,463</b>

## Condensed consolidated interim statement of changes in equity for the half year to 30 June 2008

(£'000)	Issued share capital	Shares to be issued	Share premium	Merger reserve	Special reserve	Fair value reserve	Other reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total equity
At 1 January 2008	2,831	3,147	12,676	32,818	9,595	(12)	(636)	(356)	(4,972)	22,517	77,608
Purchase of shares for treasury	-	-	-	-	-	-	-	-	(237)	-	(237)
Shares issued under employee share plans	10	(378)	437	-	-	-	-	-	-	-	69
Fair value reserve	-	-	-	-	-	12	-	-	-	-	12
Share-based payments	-	-	-	-	-	-	-	-	-	2,283	2,283
Reduction in shares held by EBT	-	-	-	-	-	-	31	-	-	-	31
Transfer from merger reserve on account of goodwill impairment	-	-	-	(13,688)	-	-	-	-	-	13,688	-
Dividends paid	-	-	-	-	-	-	-	-	-	(779)	(779)
Total comprehensive income for the period	-	-	-	-	-	-	-	(59)	-	(19,522)	(19,581)
	<b>2,841</b>	<b>2,769</b>	<b>13,113</b>	<b>19,130</b>	<b>9,595</b>	<b>-</b>	<b>(605)</b>	<b>(415)</b>	<b>(5,209)</b>	<b>18,187</b>	<b>59,406</b>

# Condensed consolidated statement of changes in equity for the year ended 31 December 2008

(£'000)	Issued share capital	Shares to be issued	Share premium	Merger reserve	Special reserve	Fair value reserve	Other reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total equity
At 1 January 2008	2,831	3,147	12,676	32,818	9,595	(12)	(636)	(356)	(4,972)	22,517	77,608
Shares issued under employee share plans	-	-	-	-	-	-	-	-	-	-	-
Reduction in shares held by EBT	-	-	-	-	-	-	70	-	-	-	70
Shares issued to EFG	269	-	2,895	-	-	-	-	-	-	-	3,164
Shares issued re ThinkEquity	67	(2,536)	487	2,070	-	-	-	-	-	-	88
Fair value reserve net of tax	-	-	-	-	-	12	-	-	-	-	12
Foreign currency translation reserve net of tax	-	-	-	-	-	-	-	6,206	-	-	6,206
Purchase of shares for treasury	-	-	-	-	-	-	-	-	(237)	-	(237)
Treasury shares issued	-	-	-	-	-	-	-	-	22	-	22
Loss for the year	-	-	-	-	-	-	-	-	-	(28,144)	(28,144)
2007 dividends paid	-	-	-	-	-	-	-	-	-	(779)	(779)
Share-based payments	-	-	-	-	-	-	-	-	-	3,522	3,522
Goodwill impairment	-	-	-	(13,688)	-	-	-	-	-	13,688	-
	<b>3,167</b>	<b>611</b>	<b>16,058</b>	<b>21,200</b>	<b>9,595</b>	<b>-</b>	<b>(566)</b>	<b>5,850</b>	<b>(5,187)</b>	<b>10,804</b>	<b>61,532</b>

# Notes to the condensed consolidated interim financial statements (unaudited)

## 1 Legal status and basis of preparation

### 1.1 Legal status

Panmure Gordon & Co. plc (the “Company”) is a company domiciled in the United Kingdom. The address of the Company’s registered office is Moorgate Hall, 155 Moorgate, London, EC2M 6XB. The interim financial statements of the Company for the 6 months ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the “Group”).

### 1.2 Basis of preparation and statement of compliance with International Financial Reporting Standards

The interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (‘IASB’) and as endorsed by the EU.

The consolidated financial statements of the Group at 31 December 2008 were prepared in accordance with International Financial Reporting Standards (‘IFRSs’) as issued by the IASB and as endorsed by the EU. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2008, there were no unendorsed standards effective for the year ended 31 December 2008 affecting the consolidated financial statements at that date, and there were no differences between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Group. Accordingly, the Group’s financial statements for the year ended 31 December 2008 were prepared in accordance with IFRSs as issued by the IASB.

At 30 June 2009, there were no unendorsed standards effective for the period ended 30 June 2009 affecting these consolidated financial statements.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (‘IFRIC’) and its predecessor body.

During the period ended 30 June 2009, the Group adopted the following significant standards and amendments to standards

- On 1 January 2009, the Group adopted IFRS 8 *Operating Segments* (IFRS 8), which replaced IAS 14 *Operating Segments*. IFRS 8 requires an entity to disclose information about its segments which enables users to evaluate the nature and financial effects of its business activities and the economic environments in which it operates. The Group's chief operating decision maker regularly reviews operating activity primarily on geographic location. IFRS 8 requires segment information to be reported using the same measure reported to the chief operating decision maker for the purpose of making decisions about allocating the resources to the segment and assessing its performance. Information provided to the chief operating decision maker of the Group to make decisions about allocating resources and assessing performance of operating segments is measured in accordance with IFRSs.
- On 1 January 2009, the Group adopted revised IAS 1 *Presentation of Financial Statements* (IAS 1). The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard has no effect on the results reported in the Group's consolidated financial statements. It does, however, result in certain presentation changes in the Group's financial statements, including:
  - the presentation of all items of income and expenditure in two financial statements, the 'Income statement' and 'Statement of comprehensive income'; and
  - the presentation of the 'Statement of changes in equity' as a financial statement which replaces the 'Equity' note on the financial statements.

During the period ended 30 June 2009, the Group adopted a number of amendments to standards and interpretations which had an insignificant effect on the consolidated financial statements. These are described on page 32 of the Report and Financial Statements 2008.

The Group had cash resources of £20.7m at 30 June 2009 and no short term borrowings. In addition, subsequent to the year end, the Group has raised an additional £22.96m gross of expenses through an issue of shares as set out in note 14. Consequently the Directors believe that the Company and Group have adequate resources, both in terms of liquidity and regulatory capital, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these interim results.

# Notes to the condensed consolidated interim financial statements (unaudited)

## 1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

- If revenue is earned on the execution of a significant act, it is recognised when the significant act has been completed (for example, commissions from institutional equities and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement for the acquisition of shares or other securities).
- Trading positions are marked to market on a daily basis and resulting trading profits or losses are recognised in revenue.
- If revenue is earned as services are provided, it is recognised as the services are provided (for example, asset management, portfolio and other management advisory and service fees).
- Financial income and financial expenses are recognised using the effective interest rate method.

## 1.4 Comparative information

These interim consolidated financial statements include comparative information as required by IAS 34 and the AIM Rules for Companies.

The comparative figures for the financial year ended 31 December 2008 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

## **1.5 Use of estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. Judgements made by management in the application of adopted IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in pages 33 to 37 and in note 28 within the Report and Financial Statements 2008.

## **2 Goodwill impairment**

Impairment testing of goodwill is carried out annually at 31 December. In 2008, an impairment charge of £13.7m was taken against the goodwill created on the acquisition of our US business, as set out in note 12 to the Report and Financial Statements 2008. The Board considers that, as at 30 June 2009, circumstances have not changed adversely since the last review for impairment at 31 December 2008.

## **3 Segmental analysis**

The Group has reported its operating segments according to how the Group's Chief Operating Decision Maker (CODM) allocates resources to each segment and assesses performance. In this respect the Group's CODM has been defined as the Group's CEO. The CODM allocates resources across the Group based on results and performance in each geographic area of operation. This is consistent with the basis of segmentation in the Report and Financial Statements 2008.

The Group comprises the following operating segments:

- UK business
- US business

# Notes to the condensed consolidated interim financial statements (unaudited)

## Segmental analysis for the 6 months to 30 June 2009 and the 6 months to 30 June 2008

	UK		US		Consolidated	
	6 months 30 June 2009	6 months 30 June 2008	6 months 30 June 2009	6 months 30 June 2008	6 months 30 June 2009	6 months 30 June 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Net commission and trading income	5,986	5,461	7,812	6,650	13,798	12,111
Corporate finance fee income	8,302	5,059	5,337	4,429	13,639	9,488
Wealth management and other income	–	–	928	1,405	928	1,405
Net (loss)/profit on AFS investments	(901)	(589)	105	–	(796)	(589)
Ongoing administration costs	(11,007)	(10,147)	(16,192)	(16,119)	(27,199)	(26,266)
<b>Segmental operating profit/(loss)</b>	<b>2,380</b>	<b>(216)</b>	<b>(2,010)</b>	<b>(3,635)</b>	<b>370</b>	<b>(3,851)</b>
Redundancy, restructuring and non-recurring charges	(590)	(266)	(1,237)	(659)	(1,827)	(925) <sup>1</sup>
Foreign exchange (loss)/gain	–	–	(424)	21	(424)	21
Dividend equivalent bonus	–	(64)	–	–	–	(64)
Amortisation of intangibles	–	–	(66)	(139)	(66)	(139)
Share-based payment charges	(1,326)	(1,537)	(149)	(144)	(1,475)	(1,681)
Goodwill impairment	–	–	–	(13,688)	–	(13,688)
<b>Operating profit/(loss)</b>	<b>464</b>	<b>(2,083)</b>	<b>(3,886)</b>	<b>(18,244)</b>	<b>(3,422)</b>	<b>(20,327)</b>
Net financial income/(expense)	361	649	(418)	(150)	(57)	499
<b>Profit/(loss) before tax</b>	<b>825</b>	<b>(1,434)</b>	<b>(4,304)</b>	<b>(18,394)</b>	<b>(3,479)</b>	<b>(19,828)</b>
Income tax	(171)	(1,396)	–	(1,702)	(171)	306
<b>Profit/(loss) for period</b>	<b>654</b>	<b>(2,830)</b>	<b>(4,304)</b>	<b>(16,692)</b>	<b>(3,650)</b>	<b>(19,522)</b>

All revenue is from external customers. The segmental operating profit reconciles to the statutory profit above, which was the basis for segmental disclosure in the Report and Financial Statements 2008. There are no discontinued activities.

In respect of assets and non-current assets, the basis of segmentation is the same as in the Report and Financial Statements 2008. There are no regular major customers that account for more than 10% of revenue.

<sup>1</sup> Net of withholding tax credit on the Accrued Bonus Plan of £416,000

## Segmental analysis for the 6 months to 30 June 2009 and the 12 months to 31 December 2008

	UK		US		Consolidated	
	6 months 30 June 2009	12 months 31 Dec 2008	6 months 30 June 2009	12 months 31 Dec 2008	6 months 30 June 2009	12 months 31 Dec 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Net commission and trading income	5,986	7,679	7,812	14,822	13,798	22,501
Corporate finance fee income	8,302	8,836	5,337	8,048	13,639	16,884
Wealth management and other income	–	–	928	2,683	928	2,643
Net (loss)/gain on AFS investments	(901)	(1,349)	105	–	(796)	(1,349)
Ongoing administration costs	(11,007)	(20,063)	(16,192)	(31,766)	(27,199)	(51,829)
Segmental operating profit/(loss)	<b>2,380</b>	<b>(4,897)</b>	<b>(2,010)</b>	<b>(6,213)</b>	<b>370</b>	<b>(11,110)</b>
Redundancy and restructuring charges	(590)	(900)	(1,237)	(2,287)	(1,827)	(3,187)
Foreign exchange (loss)/gain	–	–	(424)	1,180	(424)	1,180
Amortisation of intangibles	–	–	(66)	(218)	(66)	(218)
Dividend equivalent bonus	–	(64)	–	–	–	(64)
Share-based payment charges	(1,326)	(2,098)	(149)	(280)	(1,475)	(2,378)
Goodwill impairment	–	–	–	(13,688)	–	(13,688)
Operating profit/(loss)	<b>464</b>	<b>(7,959)</b>	<b>(3,886)</b>	<b>(21,506)</b>	<b>(3,422)</b>	<b>(29,465)</b>
Net financial income/(expense)	361	1,233	(418)	(547)	(57)	686
Profit/(loss) before tax	<b>825</b>	<b>(6,726)</b>	<b>(4,304)</b>	<b>(22,053)</b>	<b>(3,479)</b>	<b>(28,779)</b>
Income tax	(171)	(1,132)	–	1,767	(171)	635
Profit/(loss) for period	<b>654</b>	<b>(7,858)</b>	<b>(4,304)</b>	<b>(20,286)</b>	<b>(3,650)</b>	<b>(28,144)</b>

# Notes to the condensed consolidated interim financial statements (unaudited)

## 4 IFRS 2 Share-based payments

The Group has two active employee benefit trusts, the Panmure Gordon & Co. plc Employee Benefit Trust (EBT1) and the Panmure Gordon & Co. plc No. 2 Employee Benefit Trust (EBT2). The assets and liabilities of each EBT are consolidated within the consolidated interim financial statements.

Certain options over the ordinary shares of Panmure Gordon & Co. plc issued under the Unapproved Share Option Plan have been granted in prior periods to an Executive Share Option Scheme held in EBT1. Subsequently, options have been sub-trusted for the potential benefit of certain employees (including Directors) or their beneficiaries.

The Panmure Gordon & Co. plc Matching Share Plan is in essence a buy one get one free plan, under which for each ordinary share in Panmure Gordon & Co. plc which is purchased and lodged with the Company, matching shares are issued free of charge after three years, provided the shares have not been disposed of and provided that the employee is still employed by the Company at the time of vesting.

The Performance Share Plan was introduced in May 2008, following shareholder approval of its terms. Awards are made over shares which are issued free of charge after a minimum of three years provided the performance conditions imposed at the time of grant are fulfilled and provided the employee is still employed by a Group company at the time of vesting. Awards currently outstanding under this plan were made on the basis that shares will vest in 2011 if the Company's earnings per share for the financial year ending 31 December 2010 is 10p or more. If this performance condition is not satisfied, the shares will vest in 2012 if the Company's average earnings per share for the financial years ending 31 December 2010 and 31 December 2011 is 10p or more.

On completion of the acquisition by the Group of Panmure Gordon (UK) Limited on 26 April 2005, the Company issued 18,521,295 new ordinary shares at par value to the trustees of EBT2. The par value of these shares, less exercised shares, is currently shown within the other reserve section on the balance sheet. The trustees have granted options over some of the shares to employees, including Directors, at an exercise price equivalent to the par value of 4p per share. Also consequent on completion of the acquisition of Panmure Gordon (UK) Limited the Company granted 1,500,000 options over ordinary shares to certain Directors under the 2002 Unapproved Share Option Plan (of which 500,000 remain outstanding). The provisions of IFRS 2 have been applied to both these options and to the options granted over shares held in EBT2.

The ThinkEquity Accrued Bonus Plan was established at the time of the acquisition of ThinkEquity in 2007. It was agreed that 25% of ThinkEquity's 2006 bonus pool would be settled in the form of shares with a fixed value of £1.815 and \$/£ exchange rate of 1.962, vesting over a three year period. In 2008 certain awards which had been forfeited by leavers were re-allocated.

The Group has adopted the provisions of IFRS 2 as regards share-based payment charges. These provisions require a calculation of the fair value at the date of grant of share options granted to directors and employees. This fair value is then charged to the profit and loss account over the vesting period of the options. Since this charge is not a cash item nor a diminution in asset value, there is an equal and opposite credit to reserves of the amount of the share-based payment charge.

Other share-based payment charges relate to payments to employees in compensation for employer's National Insurance Contributions borne by them on the exercise of share options. Such payments will only be made whilst the UK Group remains profitable.

Where options have been granted with an exercise price of 4p or less, the fair value of options on the date of grant has been estimated at their intrinsic value. The fair value of share options granted has been estimated using the Black Scholes valuation model. The significant inputs to this model were:

- (a) Share price on the date of grant
- (b) Exercise price
- (c) Expected volatility
- (d) Risk free rate on the date of grant
- (e) Expected dividend yield

	<b>6 months 30 June 2009 £'000</b>	<b>6 months 30 June 2008 £'000</b>	<b>12 months 31 December 2008 £'000</b>
Share-based payment charges	1,235	2,283	3,522
Other related share-based payment charges	240	(602)	(1,144)
Share-based payment charges	<b>1,475</b>	<b>1,681</b>	<b>2,378</b>

# Notes to the condensed consolidated interim financial statements (unaudited)

## 5 Taxation

The current tax charge for the period is different to the standard rate of corporation tax in the UK of 28% (2008: 28.5%).

### Analysis of the total income tax (charge)/credit:

	6 months 30 June 2009 £'000	6 months 30 June 2008 £'000	12 months 31 December 2008 £'000
<b>Analysis of current tax (charge)/credit in period</b>			
UK current period corporation tax (charge)/credit	(631)	(26)	1,060
Tax credit on current year losses available for carry back	–	–	376
UK corporation tax credit in respect of prior year	–	–	119
<b>Current tax (charge)/credit</b>	<b>(631)</b>	<b>(26)</b>	<b>1,555</b>
<b>Analysis of deferred tax credit/(charge) in period</b>			
Arising on future exercise of share options	525	(1,317)	(2,500)
Fair value reserve	–	–	(5)
Recognition of US tax losses	–	1,702	1,767
Temporary difference on plant and equipment	9	–	93
Temporary difference on goodwill	(74)	(53)	(275)
<b>Deferred tax credit/(charge)</b>	<b>460</b>	<b>332</b>	<b>(920)</b>
<b>Total income tax (charge)/credit</b>	<b>(171)</b>	<b>306</b>	<b>635</b>
<b>Tax reconciliation</b>			
Loss on ordinary activities before tax	(3,479)	(19,828)	(28,779)
Taxation at UK corporation tax rate of 28% (2008: 28.5%)	974	5,651	8,202
<b>Effects of:</b>			
US losses at different rate	–	402	2,764
US losses not recognised	(1,205)	–	(1,866)
Deferred tax on future exercise of share options	525	(1,317)	(2,500)
Deferred tax on plant and equipment	9	–	93
Deferred tax on goodwill	(74)	(53)	(275)
Goodwill impairment	–	(3,901)	(5,476)
Tax on IFRS 2 share-based payment charges	(371)	(479)	(678)
Tax relief from exercise of share options	95	–	93
Prior year corporation tax over provision	–	–	119
Fund raising related expenses	(143)	–	–
Loss carry back at different tax rate	–	–	19
Sundry differences	19	3	145
Fair value reserve	–	–	(5)
	<b>(171)</b>	<b>306</b>	<b>635</b>

## 6 Earnings per share

Earnings per share (EPS) are calculated on a net basis using the profit on ordinary activities after taxation divided by the weighted average number of shares detailed below.

	6 months 30 June 2009 £'000	6 months 30 June 2008 £'000	12 months 31 December 2008 £'000
<b>Loss on ordinary activities after taxation (PAT)</b>	(3,650)	(19,522)	(28,144)
Share-based payment charges	1,475	1,681	2,378
Tax relief from exercise of options	(95)	–	(93)
Prior year tax over provision	–	–	(119)
Deferred tax from the future exercise of share options	(525)	1,317	2,500
Deferred tax relating to goodwill	74	53	275
Redundancy, restructuring and other non-recurring charges net of taxation	1,805	839	2,015
Reduction in withholding tax on Accrued Bonus Plan	–	(263)	–
Dividend equivalent bonus net of taxation	–	46	46
Amortisation of intangibles	66	138	218
Foreign exchange loss/(gain)	424	–	(1,180)
Impairment of goodwill	–	13,688	13,688
Deferred tax credit not recognised on US losses	971	–	1,866
<b>Adjusted profit/(loss) after tax (adj PAT)</b>	<b>545</b>	<b>(2,023)</b>	<b>(6,550)</b>
Weighted average number of shares in issue	77,513,424	70,522,791	73,092,280
Fully diluted weighted average number of shares in issue	84,803,552	72,607,743	77,835,008
Basic earnings per share (based on PAT)	(4.71)p	(27.68)p	(38.50)p
Diluted earnings per share (based on PAT)	(4.71)p	(27.68)p	(38.50)p
Adjusted earnings per share (based on adj PAT)	0.70p	(2.87)p	(8.96)p
Adjusted diluted earnings per share (based on adj PAT)	0.70p	(2.87)p	(8.96)p

With respect to the year ended 31 December 2008, the adjusted loss after tax has been amended to exclude the foreign exchange gain made on short term funding of the US business.

# Notes to the condensed consolidated interim financial statements (unaudited)

## 7 Reserves

During the six months to 30 June 2009, 158,004 shares were allotted to satisfy the vesting of share awards under the Company's Accrued Bonus Plan. The 'shares to be issued' in the condensed consolidated statement of changes in equity represents the resulting reduction in the number of unvested shares within the Accrued Bonus Plan. Full details regarding this plan can be found in note 4.

The Company has not purchased any of its own shares during the period. As at 30 June 2009, the number of shares in issue was 79,332,687 (31 December 2008: 79,174,683), of which 3,470,531 (31 December 2008: 3,470,531) were held in treasury. The fully diluted share capital was 84,897,746 (31 December 2008: 85,807,712).

The 'other reserve' section of the statement of financial position reflects the nominal value of share capital owned by the Panmure Gordon & Co. plc No. 2 Employee Benefit Trust. As at 30 June 2009 the Trust held 12,499,282 shares.

### Merger reserve

The merger reserve was increased in the financial year to 31 December 2007 following the acquisition of ThinkEquity, and reflected the difference between the market value of shares issued to purchase ThinkEquity and their nominal value. In accordance with section 131 of the Companies Act 1985 the Group has transferred an equal amount of the goodwill impairment reported for the period to 30 June 2008, of £13.7 million, from the merger reserve to retained earnings. There was no movement in the merger reserve in the six months to 30 June 2009.

## 8 Analysis of changes in net funds

	At 31 December 2008 £'000	Cash flow £'000	At 30 June 2009 £'000
Cash and cash equivalents	21,106	(423)	20,683
Subordinated loans	(3,000)	–	(3,000)
<b>Net funds</b>	<b>18,106</b>	<b>(423)</b>	<b>17,683</b>

## 9 Net loss on available for sale investments

Given the length of the current bear market and recent exceptionally volatile conditions, management has recognised a write down on those investments through the income statement, based on market values as at 30 June 2009. Management has based this decision on a detailed review of all investments held as at the balance sheet date when considering this adjustment.

## 10 Redundancy, restructuring and other non-recurring charges

Over the period to 30 June 2009 the Group undertook a cost reduction exercise to bring the cost base in line with market conditions. The costs below represent one-off charges in relation to achieving these cost savings.

	6 months 30 June 2009 £'000	6 months 30 June 2008 £'000	12 months 31 December 2008 £'000
Redundancy costs	426	554	1,071
Litigation costs and fund restructuring	891	–	824
Fund raising related costs	510	–	–
Onerous leases	–	787	1,292
<b>Total</b>	<b>1,827</b>	<b>1,341</b>	<b>3,187</b>

# Notes to the condensed consolidated interim financial statements (unaudited)

## 11 Trade and other receivables

	At as 30 June 2009 £'000	At as 30 June 2008 £'000	As at 31 December 2008 £'000
Trade receivables	846	1,574	1,296
Stock borrow <sup>1</sup>	157	429	–
Market receivables	53,426	65,302	17,222
Corporation tax receivable	562	–	562
Other receivables	4,741	4,994	5,183
Prepayments and accrued income	1,359	1,562	1,541
<b>Total</b>	<b>61,091</b>	<b>73,861</b>	<b>25,804</b>

<sup>1</sup> Stock borrow reflects collateral placed against the value of stock borrowed.

The level of market receivables at a period end is dependent on the level of agency and trading activity in the preceding days. In the days leading up to the calendar year end, trading levels tend to be light and hence year end market receivables balances are at a cyclical low. The majority of market receivables reside within the UK business segment.

## 12 Trade payables

	At as 30 June 2009 £'000	At as 30 June 2008 £'000	As at 31 December 2008 £'000
Market payables	48,723	62,283	15,011
Trade payables	1,154	2,796	2,101
<b>Total trade payables</b>	<b>49,877</b>	<b>65,079</b>	<b>17,112</b>
Other payables	2,868	2,464	2,459
Accruals and deferred income	8,999	6,018	8,350
<b>Total other payables</b>	<b>11,867</b>	<b>8,482</b>	<b>10,809</b>

The level of market payables at a period end is dependent on the level of agency and trading activity in the preceding days. In the days leading up to the calendar year end, trading levels tend to be light and hence year end market payables balances are at a cyclical low.

## **13 Potential legal proceedings**

The Company's solicitors have received notification of a potential claim against the Company relating to the failed investment in the Company by Alessandro Benedetti and Bertrand des Pallieres and their investment vehicle, P.G. Holdings S.A., (together the "Benedetti Parties"). At this stage, no proceedings have been served on the Company. The Company and its legal advisers are extremely confident that its conduct in relation to the failed investment was entirely proper and, should the Benedetti Parties choose to issue proceedings, they will be vigorously defended.

## **14 Subsequent events**

On 7 August 2009, the Company issued 67,514,813 ordinary shares to QInvest LLC at a price of 34p per share, raising £22.96m gross of expenses. The shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange and rank *pari passu* in all respects with the existing share capital of the Company. Following this issuance, the Company's issued share capital consists of 146,857,183 ordinary shares of 4p each. Of this number 3,470,531 ordinary shares are held in treasury.

On 7 August 2009, Shahzad Shahbaz, Rommie Bhutani, Asar Mashkoo and Nader Shenouda were appointed to the Board as Non-executive Directors.

## **15 General**

The interim report was approved by the Board of Directors on 23 September 2009.

This report will be sent to shareholders and will be made available to the public, upon request, at the registered office of Panmure Gordon & Co. plc, Moorgate Hall, 155 Moorgate, London EC2M 6XB or from the Company's website [www.panmure.com](http://www.panmure.com).

# Independent review report to Panmure Gordon & Co. plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 which comprises the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of cash flows, condensed consolidated interim statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly 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 the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

## Directors' responsibilities

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

## Our responsibility

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

**R. Faulkner**

**for and on behalf of KPMG Audit Plc**

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

23 September 2009

## **Directors**

Chairman

Chief Executive

Chief Financial Officer

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Tony Caplin

Tim Linacre

David Liddell

Rommie Bhutani

Anthony Cann

Paul Gismondi

Simon Heale

Asar Mashkooor

Shahzad Shahbaz

Nader Shenouda

## **Auditors**

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8 Salisbury Square

London

EC4Y 8BB

## **Nominated adviser**

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Melton Street Euston Square

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## **Bankers**

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## **Registrars**

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