CITY OF LONDON
INVESTMENT GROUP PLC

HALF YEAR REPORT
2010/11

City of London Investment Group PLC is an established asset management group which has built its reputation, with an institutional client focus, by specialising in Emerging Market closed-end fund investment. In recent years the Group has successfully added equities (Natural Resources and Emerging Markets) and Developed Market closed-end fund strategies to its product range. City of London operates its business from offices in London, the US, Singapore and Dubai.

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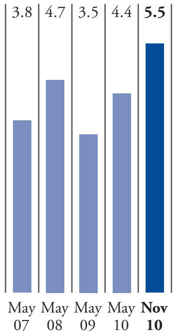
Half year highlights

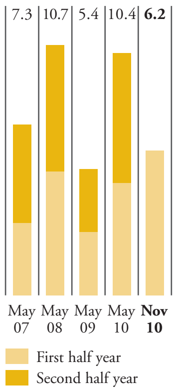
- Upgraded to main market listing on the London Stock Exchange at the end of October 2010.
- Funds under management ("FuM") at the half year end were US$5.5 billion (£3.6 billion), representing an increase of 17% in dollar terms and 24% in sterling terms over the same period last year. Outperformance against our principal benchmarks has been maintained.
- FuM at 31st December 2010 were US$6.0 billion (£3.8 billion), reflecting continued strength in emerging markets, net new client monies and continued outperformance.
- Revenues increased by 25% to £17.2 million (2009: £13.8 million).
- Profit before tax, excluding the £0.4 million (2009: nil) exceptional costs relating to the upgrade to the main market, increased by 30% to £6.2 million (2009: £4.8 million).
- An increased interim dividend of 8p per share (2009: 7p) is declared, to be paid on 28th February 2011 to shareholders on the register on 11th February 2011.
- In response to shareholder requests, the final dividend payment date this year is to be brought forward by approximately one month to mid-October 2011.

"The proportion of long term global investors' portfolios allocated to emerging markets should continue to grow. City of London Investment Group has the track record and infrastructure in place around the world both to take advantage of this long term trend and to continue to diversify carefully from our strong core platform of emerging markets investment."
Andrew Davison, Chairman

Funds under management US$bn



Pre-tax profit £m



Note: Excludes listing costs

Chairman's statement

"Emerging markets as a whole, the Group's principal investment markets, continued to perform well during the period, reflecting the strength of their underlying economies and the increasing realisation by international investors that growth forecasts for many are significantly better than for developed markets."

Against this background, emerging markets' weighting in total global portfolios has increased, which in turn has led a number of the Group's clients to rebalance their own portfolios further in favour of emerging markets. This has benefitted Funds under Management ("FuM") as net new client monies have been received, and we have also maintained our long term outperformance of our benchmarks.

Towards the end of the half year period, the Company's ordinary shares were admitted to the Official List of the UK Listing Authority and the London Stock Exchange's main market after four years of trading on AIM. The Board regards this move as a natural progression and I would like to thank shareholders for assenting to the upgrade. The directors believe that as a result of the move, a wider potential investor universe now exists for City of London Investment Group.

Results – unaudited

Funds under Management ("FuM") as at 30th November 2010 were US$5.5 billion (£3.6 billion) compared to US$4.7 billion (£2.9 billion) at 30th November 2009, representing a year on year increase of 17% in US dollar terms and 24% in sterling terms. FuM at 31st May 2010 were US$4.4 billion (£3.0 billion). Our principal benchmark index, the MSCI Emerging Markets Index ("MXEF"), increased by 15.5% over the same period. Quarter on quarter, FuM increased by US$0.7 billion, or 13.7%, reflecting, as set out above, net new client monies and outperformance of the MXEF, which increased by 11.3% over the same period.

Gross fee income was £17.2 million (2009: £13.8 million), an increase of 25%. After administrative expenses of £11.0 million (2009: £9.2 million) but before the exceptional costs of the upgrade to the main market of £0.4 million (2009: nil), operating profit increased by 35% to £6.2 million (2009: £4.6 million). Administrative expenses comprise both variable costs as well as fixed overheads, with the former representing some 56% of the total for the current period (2009: 54%) including profit-share distribution, which is 30% of the operating profit. Also included is commission payable to our ex-third party marketing consultant, North Bridge Capital, of £2.7 million (2009: £2.1 million).

Profit before tax increased by 30% to £6.2 million (2009: £4.8 million) before the exceptional costs referred to above. Basic earnings per share, after a 31% tax charge of £1.8 million (2009: £1.5 million representing 32% of pre-tax profit), were 16p (2009: 13.3p). Diluted earnings per share were 15.4p (2009: 12.4p).

Dividends

Dividend cover has been in the process of being rebuilt over the last two years towards our long term target of one and a half times, following the exceptional, adverse circumstances of 2008.
Our payment strategy is for dividends to shareholders to be paid as to one third/two thirds between the interim and the final.

The Board has declared an interim dividend of 8p per share for the current year (2009: 7p per share), payable on 28th February 2011 to shareholders on the register on 11th February 2011. This represents an increase over last year's interim dividend of 14%.

In response to shareholder requests, the Board has asked the Company to shorten the period between the declaration of our final dividend and the date on which it is paid. Last year, the payment of the final dividend was in mid-November, approximately eight weeks after announcement. We intend to bring forward the payment date for the final dividend this year by approximately four weeks, to mid-October.

Outlook

Despite the uncertainties facing the global economy and therefore world stock markets, emerging markets in general are in better shape than they have arguably ever been to withstand economic shocks. This is particularly apparent when compared to the forecasts for developed markets. What this continues to mean is that the proportion of long term global investors' portfolios allocated to emerging markets should continue to grow. This trend, and the performance of emerging markets in the last month of 2010, is reflected in our calendar year end FuM of US$6.0 billion (US$4.9 billion as at 31st December 2009).

City of London Investment Group has the track record and infrastructure in place around the world both to take advantage of this long term trend and to continue to diversify carefully from our strong core platform of emerging markets investment. On behalf of the Board, I wish shareholders, clients and staff a prosperous 2011 and thank them for their continued support.

Andrew Davison
Chairman

20th January 2011

Chief Executive Officer's review

"One of the ways that we measure our success in managing our firm is to review on a regular basis the three constituencies that we as Directors represent: our Shareholders, Clients and Staff. "

I have used the diagram below on a few occasions now to demonstrate how we carve up and view our responsibilities internally and having come through another half year relatively successfully I thought that this would be a good opportunity to share with our shareholders some of our Core Values in this regard.

There are, we believe, three prime areas of conflict in the management of a Fund Management business. In our opinion, if those conflicts can be confronted, if there is trust between the participants, and thus if the three parties believe that they are being treated fairly by Management, then there is the potential for harmony. To the extent that one or other of the constituencies feels that they are not being treated fairly, then a disproportionate amount of Management's time will be spent firefighting conflicts.

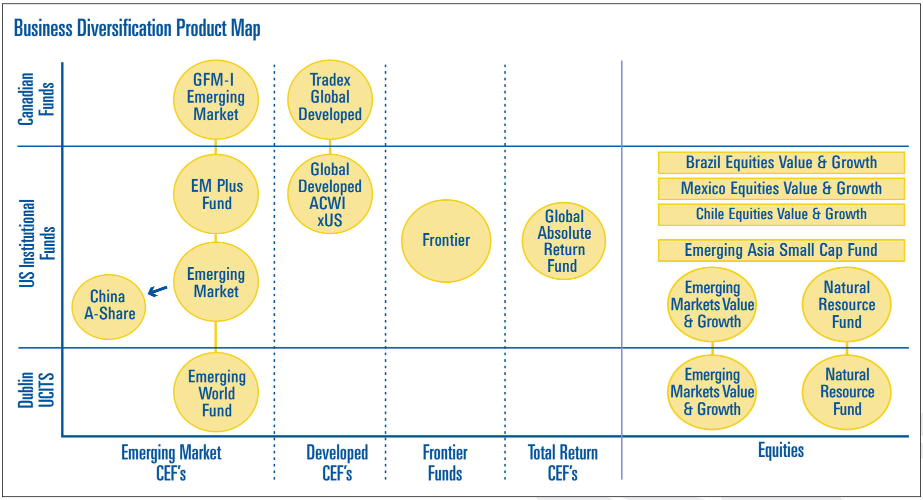
In our case over the past few years these three groups, the Shareholders (who own the business), the Clients (who pay the bills) and the Employees (who manage the business) seem to accept that they have been treated fairly.

In terms of the first group, fortunately some of our long term Shareholders have benefitted over the recent months from some of our long term plans coming to fruition. Our diversification plans have continued to develop. Our promotion to the Main Market of the London Stock Exchange seems to have been well received, and it would be reasonable for us to assume that by now our Shareholders understand the formulaic approach that we have regarding many of the conflicts that exist between these three constituents referenced above. Shareholders are aware we have a target of 1½ x cover for the dividend and that we manage the business in such a manner that controls our overheads. Shareholders should rest assured that we understand that they own the business and that to the extent that is reasonably possible we will control costs thus enabling them to benefit from us maximising earnings accumulation. I would also like to make the point here that we continue to embrace the use of sensible technology solutions wherever possible. Technology is assisting us in keeping our headcount down and our margins up. In addition, I would like to restate my ongoing intentions regarding retirement and the disposal of my shares. Having targeted the sale of 500,000 shares at £3, £3.50, £4, £4.50 and £5 I am gradually being able to diversify away from total reliance on CLIG shares for my retirement at age 70. Should these intentions alter, perhaps as a result of a material change in market conditions, I will inform the Board and an appropriate announcement will be released. In the next four years I will be gradually passing over my responsibilities based upon a plan that has been agreed with the CLIG Board. As I see it, my job is to make that transfer of responsibilities as seamless as possible. In the meantime we will be continuing to develop our business as shown in the Product Map below.

The second group, our 250 or so institutional clients, has demonstrated what I would consider to be remarkable stability over the past year and specifically over the past six months under review. Approximately one third of our clients (by value) have been with us for over five years. We are proud of this level of stability and believe that it reflects our investment performance. Every one of our Closed End Fund institutional accounts outperformed the Morgan Stanley Emerging Markets Total Return Index in the year ended 31st December 2010.

In my opinion investment performance is what drives our business. I continue to believe that an absolute focus in this regard and an avoidance of distractions is what will continue to enable us to both perform well and develop our business. Clients, as I have said before, benefit from our diversification plans as staff stability and motivation contribute to investment returns.

Regarding the third group, in past shareholder communications I have referenced the stickiness of our staff. In this regard we are very fortunate in terms of our investment professionals who have not only remained loyal to CLIM but have been both the providers of the investment returns and have assisted in the ongoing development of our Investment Process over many years. Other staff provide additional high quality support. In my opinion employees need to see that a business in which they participate has a future in its marketplace, has plans to grow and will offer them opportunities for future development. In this regard we seem to have been relatively successful. As with other formulaic approaches used



Chief Executive Officer's review

Continued

within CLIM, our staff know where they stand regarding their bonus which in total will equate to 30% of the pre-tax profit.

Over the years we have found that removing the conflict of deciding what will be paid to whom and when is one of the most difficult issues that management in an organisation such as ours must confront. As we have introduced these formulaic solutions so we have moved away from the every day stresses and strains of Bonus vs. Dividends. Obviously with due notice any of these formulas can be altered. As I see it though our job is to ensure that everyone feels that they are being treated fairly, that the process is out in the open and that we as Executive Directors can be held accountable by both the Non Executive Directors on the CLIG Board and also by the Shareholders.

Regarding the Interim figures themselves, as we stated on 6th December, as of 30th November 2010 FUM were \$5.5bn (£3.6bn). This compared with \$4.7bn (£2.9bn) as of 30th November 2009 and \$4.4bn (£3.0bn) at our year end 31st May 2010.

As an update, as of 31st December 2010 FUM were \$6.0bn (£3.8bn). The most recent increase in FUM has been assisted by further outperformance relative to our benchmark separate from small additional inflows. For the calendar year MXEF appreciated by around 18% while the aggregate value of our CEF EM Funds appreciated by approximately 20%.

The Interim Dividend is to be increased to 8p (last year 7p) per share. This takes into account both the recent performance of CLIM and also the Board's present view of the future prospects for the Group.

Barry Olliff
Chief Executive Officer

20th January 2011

Consolidated income statement

For the six months ended 30th November 2010

	Note	Six months ended 30th Nov 2010 (unaudited) £	Six months ended 30th Nov 2009 (unaudited) £	Year ended 31st May 2010 (audited) £
Revenue	2	**17,195,382**	13,780,442	29,969,539
Administrative expenses				
Staff costs		**5,532,979**	4,455,540	9,378,107
Commissions payable		**2,772,803**	2,176,244	4,768,780
Other administrative expenses		**2,552,430**	2,430,081	5,184,733
Main market listing costs		**437,778**	–	–
Depreciation and amortisation		**170,317**	136,758	348,196
		(11,466,307)	(9,198,623)	(19,679,816)
Operating profit		**5,729,075**	4,581,819	10,289,723
Interest receivable and similar income		**(45,048)**	2,477	(70,066)
Impairment of seed investments		**49,429**	179,319	159,418
Profit before tax		**5,733,456**	4,763,615	10,379,075
Income tax expense		**(1,803,718)**	(1,519,322)	(3,396,293)
Profit for the period		**3,929,738**	3,244,293	6,982,782
Basic earnings per share	3	**16.0p**	13.3p	28.5p
Diluted earnings per share	3	**15.4p**	12.4p	26.9p

Consolidated statement of comprehensive income

For the six months ended 30th November 2010

	Six months ended 30th Nov 2010 (unaudited) £	Six months ended 30th Nov 2009 (unaudited) £	Year ended 31st May 2010 (audited) £
Fair value gains/(losses) on available-for-sale investments*	389,477	213,340	266,790
Other comprehensive income	389,477	213,340	266,790
Profit for the period	3,929,738	3,244,293	6,982,782
Total comprehensive income for the period attributable to equity holders of the company	4,319,215	3,457,633	7,249,572

*Net of deferred tax

Consolidated statement of financial position

30th November 2010

	Note	30th Nov 2010 (unaudited) £	30th Nov 2009 (unaudited) £	31st May 2010 (audited) £
Non-current assets				
Property and equipment		**581,462**	736,870	687,657
Intangible assets		**386,414**	–	409,144
Other financial assets		**76,618**	62,460	76,679
Deferred tax asset		**1,531,823**	2,105,675	1,503,498
		2,576,317	2,905,005	2,676,978
Current assets				
Trade and other receivables		**4,811,073**	4,403,019	4,365,999
Available-for-sale financial assets		**6,324,109**	2,385,160	3,595,873
Other financial assets		**1,028**	25,182	–
Cash and cash equivalents		**3,065,310**	4,696,584	4,774,473
		14,201,520	11,509,945	12,736,345
Current liabilities				
Trade and other payables		**(3,463,265)**	(3,420,552)	(3,887,781)
Current tax payable		**(184,433)**	(943,920)	(811,983)
		(3,647,698)	(4,364,472)	(4,699,764)
Net current assets		**10,553,822**	7,145,473	8,036,581
Total assets less current liabilities		**13,130,139**	10,050,478	10,713,559
Non-current liabilities				
Deferred tax liability		**(256,638)**	(84,389)	(105,203)
Net assets		**12,873,501**	9,966,089	10,608,356
Capital and reserves				
Share capital		**266,397**	260,816	259,688
Share premium account		**1,920,408**	1,552,941	1,640,667
Investment in own shares	4	**(2,786,808)**	(3,197,501)	(3,071,259)
Revaluation reserve		**659,928**	217,001	270,451
Share option reserve		**1,737,492**	2,320,225	1,721,492
Capital redemption reserve		**18,562**	14,172	18,562
Retained earnings		**11,057,522**	8,798,435	9,768,755
Total equity		**12,873,501**	9,966,089	10,608,356

Consolidated statement of changes in shareholders' equity

For the six months ended 30th November 2010

	Share capital £	Share premium account £	Investment in own shares £	Revaluation reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2010	259,688	1,640,667	(3,071,259)	270,451	1,721,492	18,562	9,768,755	10,608,356
Total comprehensive income	–	–	–	389,477	–	–	3,929,738	4,319,215
Share option exercise	6,709	279,741	284,451	–	–	–	–	570,901
Share-based payment	–	–	–	–	(40,633)	–	94,411	53,778
Deferred tax	–	–	–	–	56,633	–	(34,639)	21,994
Current tax on share options	–	–	–	–	–	–	1,039,194	1,039,194
Dividends paid	–	–	–	–	–	–	(3,739,937)	(3,739,937)
As at 30th November 2010	**266,397**	**1,920,408**	**(2,786,808)**	**659,928**	**1,737,492**	**18,562**	**11,057,522**	**12,873,501**

	Share capital £	Share premium account £	Investment in own shares £	Revaluation reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2009	259,816	1,518,441	(2,633,932)	3,661	1,767,730	14,172	7,811,792	8,741,680
Total comprehensive income	–	–	–	213,340	–	–	3,244,293	3,457,633
Share option exercise	1,000	34,500	167,269	–	–	–	–	202,769
Purchase of own shares	–	–	(730,838)	–	–	–	–	(730,838)
Share-based payment	–	–	–	–	1,527	–	34,154	35,681
Deferred tax	–	–	–	–	550,968	–	(14,252)	536,716
Current tax on share options	–	–	–	–	–	–	177,488	177,488
Dividends paid	–	–	–	–	–	–	(2,455,040)	(2,455,040)
As at 30th November 2009	260,816	1,552,941	(3,197,501)	217,001	2,320,225	14,172	8,798,435	9,966,089

	Share capital £	Share premium account £	Investment in own shares £	Revaluation reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2009	259,816	1,518,441	(2,633,932)	3,661	1,767,730	14,172	7,811,792	8,741,680
Total comprehensive income	–	–	–	266,790	–	–	6,982,782	7,249,572
Share option exercise	4,262	122,226	293,512	–	–	–	–	420,000
Share cancellation	(4,390)	–	–	–	–	4,390	(1,165,678)	(1,165,678)
Purchase of own shares	–	–	(730,839)	–	–	–	–	(730,839)
Share-based payment	–	–	–	–	11,943	–	72,962	84,905
Deferred tax	–	–	–	–	(58,181)	–	(31,099)	(89,280)
Current tax on share options	–	–	–	–	–	–	280,688	280,688
Dividends paid	–	–	–	–	–	–	(4,182,692)	(4,182,692)
As at 31st May 2010	259,688	1,640,667	(3,071,259)	270,451	1,721,492	18,562	9,768,755	10,608,356

Consolidated cash flow statement

For the six months ended 30th November 2010

	Six months ended 30th Nov 2010 (unaudited) £	Six months ended 30th Nov 2009 (unaudited) £	Year ended 31st May 2010 (audited) £
Cash flow from operating activities			
Operating profit	5,729,075	4,581,819	10,289,723
Adjustments for:			
Depreciation charges	147,587	136,758	302,735
Amortisation of intangible assets	22,730	–	45,461
Share-based payment charge	53,778	35,681	84,905
Translation adjustments	3,877	(32,903)	(293,254)
(Profit)/loss on disposal of fixed assets	–	–	(342)
Cash generated from operations before changes in working capital	5,957,047	4,721,355	10,429,228
(Increase)/decrease in trade and other receivables	(445,074)	(1,534,621)	(1,497,601)
Increase/(decrease) in trade and other payables	268,060	1,071,218	1,538,447
Cash generated from operations	5,780,033	4,257,952	10,470,074
Interest received	16,066	112,540	66,579
Taxation (paid)/received	(2,090,979)	247,947	(1,681,580)
Net cash generated from operating activities	3,705,120	4,618,439	8,855,073
Cash flow from investing activities			
Purchase of property and equipment	(41,392)	(72,074)	(189,408)
Proceeds from sale of property and equipment	–	–	911
Purchase of intangible assets	–	–	(454,605)
Purchase of non-current financial assets	(643)	(3,041)	(10,318)
Purchase of current financial assets	(2,400,938)	(2,008,367)	(3,146,241)
Proceeds from sale of current financial assets	60,204	379,436	379,853
Net cash used in investing activities	(2,382,769)	(1,704,046)	(3,419,808)
Cash flow from financing activities			
Proceeds from issue of ordinary shares	286,450	35,500	126,488
Ordinary dividends paid	(3,739,937)	(2,455,040)	(4,182,692)
Purchase and cancellation of own shares	–	–	(1,165,678)
Purchase of own shares by employee share option trust	–	(730,838)	(730,838)
Proceeds from sale of own shares by employee share option trust	284,451	167,269	293,511
Net cash used in financing activities	(3,169,036)	(2,983,109)	(5,659,209)
Net decrease in cash and cash equivalents	(1,846,685)	(68,716)	(223,944)
Cash and cash equivalents at start of period	4,774,473	4,718,766	4,718,766
Effect of exchange rate changes	137,522	46,534	279,651
Cash and cash equivalents at end of period	3,065,310	4,696,584	4,774,473

Notes

1 Basis of preparation and significant accounting policies

The financial information contained herein is unaudited and does not comprise statutory financial information within the meaning of section 434 of the Companies Act 2006. The information for the year ended 31st May 2010 has been extracted from the latest published audited accounts. The report of the independent auditor on those financial statements contained no qualification or statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 "Interim Financial Reporting" as adopted by the European Union. The accounting policies are consistent with those set out and applied in the statutory accounts of the Group for the period ended 31st May 2010.

2 Segmental analysis

The directors consider that the Group has only one reportable segment, namely asset management, and hence only analysis by geographical location is given.

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Six months to 30th Nov 2010						
Revenue	14,064,376	835,816	1,162,185	1,133,005	–	17,195,382
Non-current assets:						
Property and equipment	261,348	–	208,804	–	111,310	581,462
Intangible assets	386,414	–	–	–	–	386,414
Six months to 30th Nov 2009						
Revenue	11,073,875	860,171	852,081	847,836	146,479	13,780,442
Non-current assets:						
Property and equipment	317,298	–	272,657	–	146,915	736,870
Intangible assets	–	–	–	–	–	–
Year to 31st May 2010						
Revenue	24,185,206	1,702,328	2,026,138	1,909,388	146,479	29,969,539
Non-current assets:						
Property and equipment	328,191	–	239,529	–	119,937	687,657
Intangible assets	409,144	–	–	–	–	409,144

The Group has classified revenue based on the domicile of its clients and non-current assets based on where the assets are held. Any individual client generating 10% or more of revenue would be disclosed separately, as would assets in a foreign country if they are material.

3 Earnings per share

The calculation of earnings per share is based on the profit for the period of £3,929,738 (31st May 2010 – £6,982,782; 30th November 2009 – £3,244,293) divided by the weighted average number of ordinary shares in issue for the six months ended 30th November 2010 of 24,628,428 (31st May 2010 – 24,491,592; 30th November 2009 – 24,445,638).

3 Earnings per share continued

As set out in note 4 the Employee Benefit Trust held 1,315,940 ordinary shares in the company as at 30th November 2010. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS33 "Earnings per share", the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period of £3,929,738 (31st May 2010 – £6,982,782; 30th November 2009 – £3,244,293) divided by the diluted weighted average number of ordinary shares in issue for the six months ended 30th November 2010 of 25,541,267 (31st May 2010 – 25,953,758; 30th November 2009 – 26,248,256).

4 Investment in own shares

Investment in own shares relates to City of London Investment Group Plc shares held by an Employee Benefit Trust on behalf of City of London Investment Group Plc.

At 30th November 2010 the Trust held 1,315,940 ordinary 1p shares (31st May 2010 – 1,589,158; 30th November 2009 – 1,724,558), of which 1,313,315 ordinary 1p shares (31st May 2009 – 1,427,533; 30th November 2009 – 1,315,933) were subject to options in issue.

5 Dividends

A second interim dividend of 15p per share in respect of the year ended 31st May 2010 was paid on 19th November 2010.

An interim dividend of 8p per share (2010 – 7p) in respect of the year ended 31st May 2011 will be paid on 28th February 2011 to members registered at the close of business on 11th February 2011.

6 Principal risks and uncertainties

Changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income and the value of its investments.

Most of the Group's revenues, and a significant part of its expenses, are denominated in currencies other than sterling, principally US and Canadian Dollars. These revenues are derived from fee income which is based upon the net asset value of accounts managed, and have the benefit of a natural hedge by reference to the underlying currencies in which investments are held. Inevitably, debtor and creditor balances arise which in turn give rise to currency exposures.

7 General

The interim financial statements for the six months to 30th November 2010 were approved by the Board on 20th January 2011. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to the bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board.

Copies of this statement are available on our website, www.citlon.co.uk

Statement of directors' responsibilities

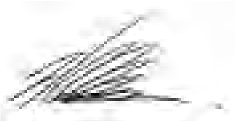
The directors are responsible for preparing the condensed set of financial statements, in accordance with applicable law and regulations and confirm that, to the best of their knowledge:

- this condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and

- this condensed set of financial statements includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

By order of the Board

B M Olliff
Chief Executive Officer



D F Allison
Finance Director

Independent review report to City of London Investment Group plc

Introduction

We have been instructed by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th November 2010 set out on pages 7 to 13. 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 an Independent Auditor of our 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 Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

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 consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists principally of making enquiries, primarily of persons responsible for accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed 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 on the financial information.

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 30th November 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Moore Stephens LLP
Registered Auditors and Chartered Accountants
150 Aldersgate Street, London, EC1A 4AB

21st January 2011

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Registered number
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Joint broker
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