

**The Clarkson Hill Group Plc (the “Group”)  
Half Yearly Report for the period 1 August 2007 to 31 January 2008**

**Chief Executive Officer's Statement**

I am pleased to present the interim statement for the six months to 31 January 2008.

**Highlights**

- Profit before tax £6,439 (2007 £11,591)
- Turnover increased by 26 per cent. to £10.681 million (2007 £8.476 million)
- Operating efficiency improved to 16.7 per cent.\* (2007 20.3%) retaining the Plimsoll ranking of sixth most efficient IFA (February 2008).
- Number of advisers increased by 17 per cent. to 354 as at 31 January 2008 (31 January 2007 303 advisers)
- Total funds under management approximately £874 million (not calculated for 2007)

\*See operating efficiency below

\*\*Plimsoll Top 200 IFA, February 2008

**Financial Results**

	6 months to 31 Jan 2008 (£'000)	Restated 6 months to 31 Jan 2007 (£'000)
Turnover	10,681	8,476
Gross profit	1,809	1,753
Administrative Expenses	1,788	1,726
Operating Profit	21	27
Profit before tax for the group	6	12
Cash and cash equivalents	599	469

**Results**

**Profits**

The Group's progress has resulted in first half pre-tax profits of £6,439 compared with £11,591 for same period to 31 January 2007.

**Trading**

Turnover for the six months to 31 January 2008 increased by 26 per cent. to £10.68 million (2007 £8.47 million) with gross profit increasing by 3 per cent. to £1.8 million (2007 £1.75 million).

## **Funds under Advice**

A comprehensive review of the Group's current funds under advice is underway, with a view to the introduction of an overall 'Assets under Management' strategy that will be introduced to each Clarkson Hill client and adviser. The roll out of this project is designed to enhance the level and quality of advice provided to our clients and enable ongoing reviews and valuations to take place.

These funds continue to grow with £874 million now under management. The Board are confident that the implementation of this project will significantly enhance the Group's growth prospects.

## **Operating Efficiency**

The Board continues to focus on operational efficiency; this has improved to 16.7 per cent. in the half year (2007 restated 20.3 per cent.). The Board determine this by way of the administration costs as a percentage of the gross income. The Board's success in this area is demonstrated by the Group's appearance yet again in the independently determined Plimsoll Top 200 IFA report, dated March 2008. In the latest report, the Group is rated as the sixth most efficient IFA, based on sales returns as a percentage of employee remuneration.

## **Dividends**

It is the intention of the Board to establish the payment of dividends to shareholders as soon as is appropriate. In last year's interim report it was stated that the Board was considering a proposal to reduce the company's share premium account thereby eliminating the deficit created by goodwill impairment and accumulated losses from previous years. This proposal is still under consideration.

## **Segmental Analysis**

The business segment performance highlights:

- Single Premium Investments up by 44 per cent.
- Pension Investments up by 12 per cent.
  
- Fees (including mortgages) up by 22 per cent.
  
- Protection up by 3 per cent.

## **Financial Year End**

It is the intention of the Board to change the financial year-end of the Group from 31 July to 31 December. This will then fall in line with the budgeting, targeting and operational processes operated by the Company. This change is intended to take place in the current year and will result in a seventeen month trading period to 31 December 2008.

## **Treating Customers Fairly**

The Board continues to give full regard for the requirements determined by the FSA for Treating Customers Fairly.

**Appointments**

The Board is pleased to confirm that Bill Moncrieff, previously Director of Strategy and Development has been appointed as Managing Director, Adviser Sales. Mr Moncrieff has been with the Company for five years.

**Current Trading**

Trading continues in line with the Board's expectations.

**Outlook**

Since January 2008 the Group has recruited a further 25 advisers. The Board believes that having established an effective and efficient administrative processing system, the Group has the foundations in place to continue recruitment of professional advisers leading to improved profitability. In addition, the focus on assets under management will be beneficial both to our clients and the Company.

Ron Pritchard  
Chief Executive Officer  
24 April 2008

**Group Income Statement**  
**Unaudited Interim Results to 31 January 2008**

	<b>6 months to 31 January 2008</b>	<b>Restated 6 months to 31 January 2007</b>	<b>Year ended 31 July 2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Revenue from continuing operations</b>	10,681,852	8,476,474	18,300,143
Cost of sales	(8, 872,441)	(6,723,406)	(14,649,130)
<b>Gross profit</b>	1,809,411	1,753,068	3,651,013
Net operating expenses (see note 1)	(1,788,584)	(1,725,711)	(3,595,257)
<b>Operating profit from continuing operations</b>	20,827	27,357	55,756
Interest receivable and similar income	12,293	9,408	18,631
Finance costs	(26,681)	(25,174)	(49,108)
<b>Profit on ordinary activities before taxation</b>	6,439	11,591	25,279
Taxation on profit on ordinary activities	(6,298)	(11,279)	(24,576)
<b>Profit attributable to shareholders</b>	141	312	703
Earnings per share – basic	0. p	0. p	0.p
- diluted	N/A	N/A	N/A

There are no recognised gains or losses other than the profit or loss for the above financial periods.

None of the group's activities were acquired or discontinued during the above financial periods.

**Group Balance Sheet****Unaudited Interim Results at 31 January 2008**

	<b>31 January 2008</b>	<b>Restated</b>	<b>31 July 2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangibles (see note 1)	174,217	126,959	136,820
Property, plant and equipment	181,084	182,677	193,533
Investments	7,000	7,000	7,000
Deferred tax	333,900	353,495	340,198
	<u>696,201</u>	<u>670,131</u>	<u>677,011</u>
<b>Current Assets</b>			
Trade and other receivables	3,294,894	3,088,125	3,400,452
Cash and cash equivalents	599,004	469,149	663,026
	<u>3,893,898</u>	<u>3,557,274</u>	<u>4,063,478</u>
<b>Total Assets</b>	<b><u>4,590,099</u></b>	<b><u>4,227,405</u></b>	<b><u>4,740,489</u></b>
<b>EQUITIES &amp; LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Called-up share capital	482,154	482,154	482,154
Share premium	2,140,073	2,140,073	2,140,073
Merger reserve	(99,000)	(99,000)	(99,000)
Retained earnings (see note 1)	(1,391,825)	(1,392,357)	(1,391,966)
<b>Total equity</b>	<u>1,131,402</u>	<u>1,130,870</u>	<u>1,131,261</u>
<b>Non-current liabilities</b>			
Long-term borrowings	200,000	269,320	206,584
<b>Total non-current liabilities</b>	<u>200,000</u>	<u>269,320</u>	<u>206,584</u>
<b>Current liabilities</b>			
Trade and other payables	2,933,429	2,385,800	2,631,468
Short term borrowings	160,430	166,818	555,457
Current portion of long-term borrowings	120,000	139,591	125,000
Current tax payable	44,838	135,006	90,719
<b>Total current liabilities</b>	<u>3,258,697</u>	<u>2,827,215</u>	<u>3,402,644</u>
<b>Total equity &amp; liabilities</b>	<b><u>4,590,099</u></b>	<b><u>4,227,405</u></b>	<b><u>4,740,489</u></b>

**Group Cash Flow Statement**  
**Unaudited Interim Results to 31 January 2008**

	<b>6 months to 31 January 2008 Unaudited</b>	<b>Restated 6 months to 31 January 2007 Unaudited</b>	<b>Year ended 31 July 2007 Audited</b>
<b>Cash flows from operating activities</b>			
	<b>£</b>	<b>£</b>	<b>£</b>
Profit before taxation	6,439	11,591	25,279
Adjustments for :			
Depreciation	25,200	24,000	52,994
Impairment	(1,775)	8,734	31,242
Interest net	14,388	15,766	30,477
Operating profit before working capital changes	44,252	60,091	139,992
Decrease/(Increase) in trade and other receivables	105,558	(200,120)	(514,177)
Increase in trade and other payables	256,080	165,052	366,433
Cash generated from operations	405,890	25,023	(7,752)
Interest paid	(26,681)	(25,174)	(49,108)
<b>Net cash outflow from operating activities</b>	<b>379,209</b>	<b>(151)</b>	<b>(56,860)</b>
<b>Cash flows from investing activities</b>			
Taxation	-	-	1,730
Purchase of intangibles	(36,162)	(60,000)	(91,829)
Purchase of property, plant and equipment	(12,751)	(28,714)	(68,564)
Interest received	12,293	9,408	18,631
<b>Net cash used in investing activities</b>	<b>(36,620)</b>	<b>(79,306)</b>	<b>(140,032)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowing	360,000	-	-
(Repayment of) long term borrowings	(375,046)	(62,627)	(134,629)
Movement in short term borrowings	(385,899)	70,724	460,167
Payment of hire purchase and finance liabilities	(5,666)	(6,128)	(12,257)
<b>Net cash (used in)/from financing activities</b>	<b>(406,611)</b>	<b>1,969</b>	<b>313,281</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(64,022)</b>	<b>(77,488)</b>	<b>116,389</b>
Cash and cash equivalents at the beginning of the period	663,026	546,637	546,637
<b>Cash and cash equivalents at the end of the period</b>	<b>599,004</b>	<b>469,149</b>	<b>663,026</b>

**Group Statement of Changes in Equity**  
**Unaudited Interim Results to 31 January 2008**

	Share Capital £	Share Premium £	Merger Reserve £	Retained Reserves £	Total £
At 1 August 2006 - Restated	482,154	2,140,073	(99,000)	(1,392,669)	1,130,558
Profit for the six months	-	-	-	312	312
At 31 January 2007 - Restated	482,154	2,140,073	(99,000)	(1,392,357)	1,130,870
Profit for the six months	-	-	-	391	391
At 1 August 2007	482,154	2,140,073	(99,000)	(1,391,966)	1,131,261
Profit for the six months	-	-	-	141	141
As at 31 January 2008	482,154	2,140,073	(99,000)	(1,391,825)	1,131,402

**1. Basis of Preparation and Accounting Policies**

The interim financial information has been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). It does not include all the information required for full annual financial statements. Full details of the accounting policies adopted will be included in the financial figures for the period ending 31 December 2008 and are not expected to be materially different from those set out in the Audited Financial Statements for the year ended 31 July 2007. The comparative figures for the six months to 31 January 2007 have been restated to reflect the income recognition policy adopted in the Audited financial statements to the 31 July 2007.

**2. Nature of Financial Information**

The financial information contained in this report does not constitute the Group's Statutory Accounts within the meaning of Section 240 of The Companies Act 1985. The financial information shown in respect of the year ended 31 July 2007 has been extracted from the Audited Financial Statements which have been filed with the Registrar of Companies. The Auditors' Report on those Financial Statements was unqualified and did not contain any statement under Section 273 of the Companies Act 1985.

**3. Earnings per share**

The earnings per share is calculated on the profit attributable to ordinary shareholders of £141 (period ended 31 January 2007: profit £312 and year ended 31 July 2007: profit £703) divided by 24,107,677 being the weighted average number of ordinary shares in issue during each of these periods.

During the periods reported on, the share warrants and options in issue were antidilutive and accordingly there is no dilution of profit/(loss) per share. However, they could potentially dilute basic earnings per share in the future.

#### 4. Segment Analysis

The Group's primary reporting segment is by business type and as all business is carried out in the UK a secondary geographical segment is not considered relevant. The business segments can be analysed to the gross profit level; other costs, assets and liabilities are not directly attributable to any of the segments and apportionment is not considered meaningful.

	<b>6 months to 31 January 2008 Unaudited Turnover £'000</b>	<b>6 months to 31 January 2008 Unaudited Gross Profit £'000</b>	<b>Restated 6 months to 31 January 2007 Unaudited Turnover £'000</b>	<b>Restated 6 months to 31 January 2007 Unaudited Gross Profit £'000</b>	<b>Year ended 31 July 2007 Audited Turnover £'000</b>	<b>Year ended 31 July 2007 Audited Gross Profit £'000</b>
Investments	4,035	709	2,797	586	6,880	1,253
Pensions	2,992	479	2,674	568	5,314	967
Fees/mortgages	1,765	270	1,317	248	2,674	560
Protection	1,804	266	1,640	303	3,186	625
Other	85	85	48	48	246	246
	<b>10,681</b>	<b>1,809</b>	<b>8,476</b>	<b>1,753</b>	<b>18,300</b>	<b>3,651</b>

#### 5. Copies of the Interim Report

Copies of the Interim Report will be sent to shareholders and are also available from the Company Secretary at the company's registered office: Alexandra House, 33 Alexandra Road, Wisbech, Cambridgeshire, PE13 1HQ.

#### Contact

Ron Pritchard, Director  
The Clarkson Hill Group Plc  
Telephone 01945 585721

Liam Murray, Nominated Adviser  
Dowgate Capital Advisers Limited

Telephone 020 7492 4777