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INTERIM ACCOUNTS FOR THE FOUR MONTHS ENDED 01 MAY 2007

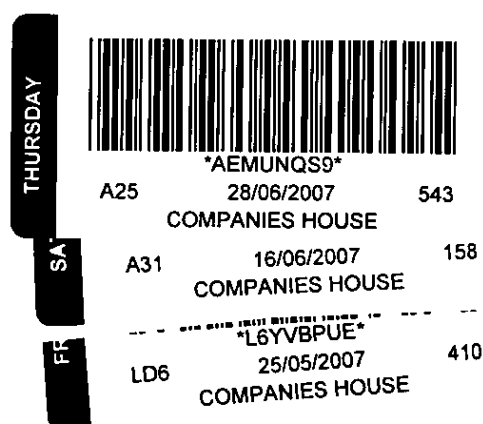
PANMURE GORDON & CO. PLC

PROFIT & LOSS ACCOUNT

for the four months ended 1 May 2007

	Notes	Four months 1 May 2007 £'000
Turnover	3	6,000
Cost of sales		-
Gross profit		6,000
Administrative expenses before share-based payments		(981)
Operating profit before share-based payments		5,019
Share-based payments	4	(2)
Share-based payments arising as a result of the acquisition of Panmure Gordon (UK) Ltd	5	(380)
Total administrative expenses		(1,363)
Operating profit		4,637
Net interest receivable and similar items		183
Profit on ordinary activities before taxation		4,820
Taxation	6	-
Profit on ordinary activities after taxation		4,820

The notes on pages 3 to 8 form part of these financial statements



BALANCE SHEET

	Notes	1 May 2007 £'000	31 December 2006 £'000
Fixed assets			
Tangible fixed assets	7	1,817	1,628
Investments in subsidiaries	8	33,047	12,024
Available for sale investments	8	6,574	5,459
Total fixed assets		<u>41,438</u>	<u>19,111</u>
Current assets			
Debtors	9	15,537	2,571
Cash and bank balances		-	12,239
		<u>15,537</u>	<u>14,810</u>
Creditors: amounts falling due within one year	10	<u>(11,575)</u>	<u>(5,780)</u>
Net current assets		<u>3,962</u>	<u>9,030</u>
Total assets less current liabilities		45,400	28,141
Provisions for liabilities and charges	11	<u>(100)</u>	<u>(154)</u>
Net assets		<u>45,300</u>	<u>27,987</u>
Capital and reserves			
Ordinary shares	12	2,818	2,530
Share premium account	13	23,318	12,595
Merger reserve	13	1,715	1,715
Special Reserve	13	9,595	9,595
Treasury Shares	13	(2,810)	(2,810)
Fair value reserve	13	1,100	-
Profit and loss account	13	9,564	4,362
Equity shareholders' funds		<u>45,300</u>	<u>27,987</u>

The notes on pages 3 to 8 form part of these financial statements

Approved by the Board on 25th May 2007 and signed on its behalf by



T Linacre
Chief Executive



D Liddell
Finance Director

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the inclusion of investments at market value, as discussed below. The functional currency is sterling.

1.2 Turnover

Turnover comprises management fees, profits on sale of investments and dividends receivable from subsidiaries.

Transactions are recorded in the financial books and records on the date on which the Company enters into an irrevocable commitment to carry out the transaction.

1.3 Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fittings	20.00% per year
Furniture and office equipment	15.00% per year
Computer and telephone equipment	33.33% per year

1.4 Investments

The Company has adopted *FRS 25 Financial Instruments: Disclosure & Presentation* and *FRS 26 Financial Instruments: Recognition & Measurement*.

The Company classifies its financial assets and liabilities as:

- i) investment securities held for trading – assets (formerly long positions)
- ii) investment securities held for trading – liabilities (formerly short positions)
- iii) available for sale investments

The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The adoption of FRS 25 and FRS 26 resulted in no impact to reserves or the profit and loss account.

Recognition

All financial assets and liabilities are initially recognised, and subsequently measured at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Derecognition

The Company derecognises all investment securities held for trading when the contractual rights to the cash flows on the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the financial asset are transferred.

Held for trading assets and liabilities

The terms "investment securities held for trading assets" and "investment securities held for trading liabilities" (formerly long and short trading positions) represent the aggregate of trading positions in individual securities arising respectively from a net bought or net sold position. These positions in securities are valued at market bid and offer prices respectively at the close of business on the balance sheet date, and movements are recognised in the profit and loss account. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Purchases and sales of investments are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Investment securities held for trading assets and investment securities held for trading liabilities, that are quoted in active markets, are determined by reference to the current quoted bid/offer price, with held for trading assets marked to the bid price and held for trading liabilities marked to the offer price. In management's opinion, held for trading assets and liabilities are held at fair value.

Available for sale investments

Fair values in respect of available for sale investments that are quoted in active markets are determined by reference to the current quoted bid price. Where independent prices are not available, fair values may be determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models such as Black-Scholes and other valuation techniques commonly used by market participants. The difference between acquisition cost and fair value is taken to equity, if a profit, and to the profit and loss account if the asset is impaired. The Company makes an assessment at each balance sheet date as to whether there is any objective evidence of impairment, being any circumstance where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated. To the extent that any profit has been recognised previously in equity, impairment is taken first against that profit, and then to the profit and loss account. To the extent there is any subsequent recovery in fair value that recovery is taken to the profit and loss account to the extent of the impairment already recognised therein, and then to equity. On disposal, any profit previously recognised within equity, or any impairment previously recognised in the profit and loss account are reversed and the actual profit or loss on disposal is recognised in the profit and loss account.

1.5 Operating Leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

1.6 Debtors

Debtors are stated at net realisable value after taking account of any provision for bad and doubtful debts.

1.7 Employee Benefit Trust and Share-based payments

The Company 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).

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 provisions of share-based payments have been applied to these options. This results in a notional charge to the profit and loss account, being the estimated value of the options on their date of grant written off over the expected vesting periods of those options.

As set out in the Circular dated 30 March 2005, on completion of the acquisition by the Company 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 trustees have granted options over some of the shares to employees, including Directors, at an exercise price equivalent to the par value of 4 pence 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. Share-based payment provisions have been applied to both these options and to the options granted over shares held in EBT2.

1.8 Deferred taxation

Deferred taxation is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No deferred tax asset has been recognised as the transfer of economic benefit is uncertain.

Deferred tax balances are not discounted.

1.9 Foreign currencies

Transactions in currencies other than sterling are recorded at the appropriate rate at the time of accounting for the transaction. Currency balances at the year end are converted at the rate ruling at that date.

2. SEGMENTAL ANALYSIS

The Directors consider that the Company operates in one segment, being investment banking and in one geographic location.

3. TURNOVER ANALYSIS

The following provides an analysis of turnover by major activity

	Four months ended 1 May 2007 £'000
Dividend income from subsidiaries	6,000
	<u>6,000</u>

4. SHARE-BASED PAYMENTS

As set out in Note 1.7 the Group has adopted the provisions regarding share-based payments. These 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 option charge.

The fair value of options on the date of grant has been estimated by an independent third party using a proprietary valuation model. The significant inputs to the model were:

- (a) Share price on the date of grant
- (b) Exercise price (see below)
- (c) Expected volatility (50% based on historic volatility)
- (d) Risk free rate on the date of grant
- (e) Expected dividend yield (1% where applicable)
- (f) Expected lapse rates (15% per annum)

	Four months ended 1 May 2007 £'000
4.1 Share-based payments	<u>2</u>

Options issued under the existing Durlacher approved and unapproved schemes, unconnected with the acquisition of Panmure Gordon (UK) Limited are shown above.

	Four months ended 1 May 2007 £'000
4.2 Share-based payments (see note 5)	<u>380</u>

Options issued over shares granted to the Panmure Gordon 2005 scheme and options issued under the 2002 unapproved scheme on the date of the completion of the acquisition of Panmure Gordon (UK) Limited are shown separately, as these grants were integral to the transaction by which Durlacher Corporation acquired Panmure Gordon.

5. ADMINISTRATIVE EXPENSES – SHARE-BASED PAYMENTS

Included within administrative expenses are the following expenses relating to the acquisition of Panmure Gordon (UK) Ltd

	Four months ended 1 May 2007 £'000
Expensing of share-based payments	<u>380</u>

6. TAXATION

No corporation tax charge arises as there are no taxable profits

7. TANGIBLE FIXED ASSETS

	Furniture and Office Equipment £'000	Fittings £'000	Computer and Telephone Equipment £'000	Total £'000
Cost				
At 1 January 2007	341	1,832	451	2,624
Additions	58	326	-	384
Disposals	(2)	(14)	(17)	(33)
At 1 May 2007	397	2,144	434	2,975
Accumulated depreciation				
At 1 January 2007	(120)	(741)	(135)	(996)
Charge for the period	(19)	(127)	(48)	(194)
Disposals	2	14	16	32
At 1 May 2007	(137)	(854)	(167)	(1,158)
Net book value				
At 1 May 2007	260	1,290	267	1,817
At 31 December 2006	221	1,090	317	1,628

8. INVESTMENTS

Subsidiaries

	1 May 2007 £'000	31 December 2006 £'000
Balance b/f	12,024	12,024
Acquisitions during the period	21,023	-
Disposals during the period	-	-
Investments in subsidiaries	<u>33,047</u>	<u>12,024</u>

Available for sale investments

	1 May 2007 £'000	31 December 2006 £'000
Balance b/f	5,459	-
Acquisitions during the period	1,838	5,459
Disposals during the period	(1,823)	-
Revaluation of Available for sale investments	1,100	-
Available for sale investments	<u>6,574</u>	<u>5,459</u>

9. DEBTORS

	1 May 2007 £'000	31 December 2006 £'000
Due within one year		
Trade debtors	44	46
Amounts owed by Group undertakings	11,298	660
Other debtors	3,411	1,211
Prepayments and accrued income	784	654
Total	<u>15,537</u>	<u>2,571</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 May 2007 £'000	31 December 2006 £'000
Bank overdraft	(3)	-
Trade creditors	(776)	(87)
Amounts owed to Group undertakings	(4,681)	(2,541)
Other creditors	(3,689)	(230)
Accruals and deferred income	(2,426)	(2,922)
Total	<u>(11,575)</u>	<u>(5,780)</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Reorganisation & Reconstruction £'000	Total £'000
Provisions at 1 January 2007	(154)	(154)
Utilised during the period	54	54
Charged during the period	-	-
As at 1 May 2007	(100)	(100)

12. SHARE CAPITAL

	1 May 2007 £'000	31 December 2006 £'000
Authorised:		
100,507,117 (2006 100,507,117) ordinary shares of 4p each	4,020	4,020
Allotted, called up and fully paid:		
70,452,439 (2006 63,250,198) ordinary shares of 4p each	2,818	2,530

On 14 March 2007, 10,000 ordinary shares were allotted to satisfy the exercise of share options

On 1 April 2007, the Company issued 7,192,241 ordinary shares as part of the purchase consideration of ThinkEquity Holdings LLC a US based investment bank.

At 1 May 2007 the following options granted to Directors and employees to acquire ordinary shares in the Company were outstanding.

Scheme	No of shares	Exercise price (p)	Exercise dates
2002 Approved Share Option Plan	20,000	120	06/06/06-06/06/13
	24,000	125	12/05/07-12/05/14
2002 Unapproved Share Option Plan	173,543	103	06/06/05-06/06/13
	58,732	171	11/08/05-11/08/13
	96,725	125	12/05/06-12/05/14
	130,000	64	07/12/06-07/12/14
	500,000	120	26/04/07-26/04/15
Performance Share Option Plan	872,730	4	03/05/05-undated
	872,732	4	08/08/05-undated
2005 Employee share option plan	1,713,139	4	26/04/06-undated
	1,713,139	4	26/04/07-undated
	1,713,138	4	26/04/08-undated
	83,333	4	26/04/07-undated
	83,333	4	26/04/08-undated
	83,334	4	26/04/09-undated
	100,000	4	See note 1
	100,000	4	See note 2

Note 1. The vesting of these shares is subject to the Company's share price reaching 275p The option expires on 14/09/11

Note 2 The vesting of these shares is subject to the Company's share price reaching 350p The option expires on 14/09/11

13. RESERVES

	Share Premium	Merger Reserve	Special Reserve	Treasury Shares	Fair Value Reserve	Profit & Loss Account
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2007	12,595	1,715	9,595	(2,810)	-	4,362
Shares issued re exercise of options	6	-	-	-	-	-
Other share issues	10,717	-	-	-	-	-
Revaluation of Available for sale investments	-	-	-	-	1,100	-
Profit for the period	-	-	-	-	-	4,820
Share-based payments	-	-	-	-	-	382
At 1 May 2007	23,318	1,715	9,595	(2,810)	1,100	9,564

14. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	4 months to 1 May 2007 £'000	Year ended 31 December 2006 £'000
Profit for the period	4,820	2,964
Share-based payments	382	2,611
Shares issued	11,011	9,916
Fair Value Reserve	1,100	-
Opening shareholders' funds	27,987	12,496
Closing shareholders' funds	45,300	27,987