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Panmure Gordon & Co

Report and Financial Statements

For the year ended 31 December 2007

Directors	Charles Stonehill	Chairman
	Tim Linacre	Chief Executive
	David Liddell	Chief Financial Officer
	Michael Moe	Director
	Deborah Quazzo	Director
	Simon Bax	Non-executive Director
	Anthony Cann	Non-executive Director
	Tony Caplin	Non-executive Director
	Paul Gismondi	Non-executive Director
	Simon Heale	Non-executive Director
	Richard Wyatt	Non-executive Director

Secretary	Sarah Wigley
Registered Office	155 Moorgate London EC2M 6XB
Registered Number	2700769
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB
Registrars	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Financial Adviser and Nomad	Close Brothers Corporate Finance Limited 10 Crown Place London EC2A 4FT
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Bankers	Barclays Bank Plc Financial Markets Team PO Box 544 54 Lombard Street London EC3V 9EX

PANMURE GORDON & CO PLC
("PANMURE GORDON" OR THE "GROUP")

Results for the Year ended 31 December 2007

HIGHLIGHTS

Financial Highlights

- Group revenue up 55% to £65 2m (2006 £42 0m)
- Basic earnings per share increased to 8 23p (2006 6 49p)
- Adjusted earnings per share of 11 68p (2006 15 83p)
- Final dividend of 1 5p, giving total maiden dividend of 3p
- Cash position of £34 4m at year end with net tangible assets (excluding goodwill) of £37 6m
- Overall increase in UK investment banking fees to £26 2m (2006 £23 3m)
- US investment banking revenue on a pro-forma basis grew by 38% to $31 9m*
- Panmure Gordon involved in deals raising £1 2bn
- ThinkEquity involved in deals raising $2 0bn
- ThinkEquity Wealth Management assets under advisement up by 8% at $889m

* *Calendar 2007 versus calendar 2006 The results of ThinkEquity are included in the Group results only from the date of acquisition of 30 March 2007*

Business Highlights

- Acquisition of ThinkEquity in March 2007
- 62 billable transactions in the UK
- 27 new corporate clients during 2007 in the UK
- 22 equity transactions executed in the US
- Recognised as most active AIM broker in first half 2007 by *Growth Company Investor*
- Opening of new offices in Liverpool and Geneva

Chairman's statement

The year has been one of challenge and achievement for Panmure Gordon & Co It has also been a year of two halves

During the first half of 2007, we completed the acquisition of ThinkEquity Holdings LLC and witnessed the transformation of our business from a domestic, UK based investment banking firm to a firm with a broad reach into the US and beyond

Combining the two firms, both of which have established strong reputations for client-led business, gives our clients access to the world's two most significant capital markets It also provides the opportunity to build a firm capable of offering full access to, and coverage of, the UK and US capital markets We continue to believe that this strategy is correct and that Panmure Gordon will be able to grow more successfully - and be better positioned over the long term - by having a broader international presence

During 2007, we added offices in Liverpool, and in January 2008 in Geneva, the first primarily for our UK business, the latter to increase distribution of the Group's institutional equities products

Market conditions during the first half of 2007 were broadly favourable for Panmure Gordon's business We enjoyed an active and profitable six months and strengthened our leading position as an underwriter to companies wishing to list in the UK We also consolidated our reputation in the US as a leading emerging growth investment and research firm The reputation we have established in both markets is our most vital asset

During the second half of 2007, the progressively deteriorating environment for capital raising and securities trading put pressure on both our UK and US businesses We responded accordingly and enter 2008 in good condition to manage our way through what is proving to be the most severe downturn in the capital markets in the last twenty years and we will continue to take whatever steps are necessary to adjust to the changing market circumstances As a sign of our confidence in the future for the business, the Board is recommending a final dividend of 1 5p, making a total maiden dividend of 3p

The Remuneration Committee has recently undertaken a review of the Company's share based long-term incentive provision, since the majority of the Company's past share awards will have vested by April 2008 We are keen to ensure that we will be providing a competitive share based incentive package in 2009 and thereafter, in particular one that will assist the retention of the talented Executive Directors and employees required to drive our future success We intend to establish a Performance Share Plan to operate as the primary long-term incentive vehicle going forward under which shares will be awarded subject to the attainment of certain performance conditions Further details of the scheme appear in the AGM notice

During the second half of 2007, we welcomed to our Board Anthony Cann, Simon Bax and Paul Gismondi We also bade farewell to Jonathan Hack, who served with distinction as a Board member since 2005 and to whom I would like to extend my thanks on behalf of the rest of the Board and the Company for his service

Finally, I would like to extend, on behalf of the whole Board, the thanks that are due to our staff, our clients and our shareholders, who have provided the bedrock of support that is so vital to the long term development of our business I would also like to thank our management team for their perseverance and dedication

Charles Stonehill
Chairman

11 March 2008

Chief Executive's review

I am pleased to report that 2007 was a very active year for Panmure Gordon & Co during which we made considerable progress in building our business for the future Two notable highlights were the completion of the acquisition of US growth-company investment bank ThinkEquity and the opening of a new office in Liverpool

Results

After a strong first half we had to contend with volatile markets in the latter part of the year We also took a number of decisions which had an impact on the second half numbers but have placed the business in better shape In the UK we exited investment trusts in the first quarter of the year which had a significant impact on revenue but little impact on profitability

As a consequence of acquiring ThinkEquity we saw revenue increase by 55% to £65 2m (2006 £42 0m) Adjusted operating profit fell by 25% to £8 6m (2006 £11 6m) reflecting market conditions in the second half of the year Basic earnings per share increased from 6 49p to 8 23p, principally because of the benefit from a deferred tax credit relating to the future exercise of share options Adjusted earnings per share were 11 68p (2006 15 83p) reflecting both the results and the shares issued in conjunction with the acquisition of ThinkEquity This is after charging £1 9m in respect of certain hiring costs in the US business Adding back the losses incurred on available for sale investments, principally the write down of one investment in a corporate stock, adjusted earnings per share would have been 12 88p

Our people

We continued to attract exceptionally talented staff Within the UK the most significant change was the opening of our Liverpool office which now has a team of 13 and is making a strong contribution to the firm Following our withdrawal from investment trusts we ended 2007 with a very similar headcount in the UK to that with which we started the year We see continuing opportunities to hire staff who can make a difference to the firm

In the US we have also both attracted talented recruits, particularly in investment banking, and are managing the cost base to reflect market conditions

At all times, but especially in current markets, the firm appreciates the quality and loyalty of our people

UK performance

The UK business model is that, in all bar the most extreme market conditions, all pre-bonus costs are covered by institutional equities and retainer income We are therefore not dependent on corporate finance transaction income to meet costs The bonus pool for staff is paid out as a fixed percentage of operating profit such that staff and shareholders' interests are aligned

In the first half of 2007 we were pleased to be recognised by *Growth Company Investor* as the most active broker on AIM in raising money for corporate clients In total we were involved in raising over £1 2bn for our clients We were engaged in 62 billable transactions demonstrating the benefits of building a broad corporate client base

We were appointed to 27 corporate clients during the year, more than compensating for those clients, such as investment trusts, where we exited the relationship during the year, and see considerable opportunity to add to that number

We have expanded our research and execution services for UK quoted companies and institutional investors During the year we hired a number of high quality individuals to add to our existing strengths in support services, and to strengthen considerably our property and natural resources franchise We now produce research on more than 250 stocks and are a market maker in some 500 stocks

Our trading philosophy remains one of client facilitation rather than proprietary trading The performance of our trading book did suffer in December with the administrative receivership of a corporate client where we held a material position in the shares

US performance

ThinkEquity joined the Panmure Gordon Group in March 2007 Following the acquisition we undertook some limited restructuring and in particular recruited a number of senior investment bankers We are now one of the few firms with genuine expertise in helping small and mid sized companies on both sides of the Atlantic and in servicing institutions which invest in such firms Since the acquisition market conditions have been difficult which has impacted the financial performance of the business We continue to take steps to align the cost base of the business with market conditions while strengthening the business where appropriate The business has real strength in sectors including education, technology and green industries At the start of 2008 we opened an office in Geneva Initially this will sell ThinkEquity research product into Europe though it is intended that this will also work alongside the London sales desk to sell Panmure research

While it is still relatively early days, the strategic rationale for acquiring ThinkEquity remains clear A number of Panmure Gordon's recent client wins have resulted from introductions by ThinkEquity Panmure Gordon clients are also being hosted on US road shows by ThinkEquity We now have specialist salesmen selling the UK product in the US and the US product in the UK We are firmly focused on translating this into a satisfactory financial performance

Reflecting the increasing closeness of the businesses, ThinkEquity is in the process of being rebranded ThinkPanmure

Dividend

The Board is recommending a final dividend of 1 5p per share (2006 nil) bringing the total dividend for the year to 3p (2006 nil) The dividend will be payable on 30 May 2008 to all shareholders on the register at 2 May 2008, subject to shareholder approval

Outlook

At the time of our interim results in September 2007 I commented that the second half of the year was seeing turbulent equity markets The developing credit crunch impacted the markets in which we operate The outlook remains unpredictable and we are managing the business accordingly In investment banking more emphasis is being placed on M&A and advisory work, as opposed to flotations, with considerable success, and we continue to have a strong investment banking pipeline

We have strong brands, excellent people and a robust business and are well placed to continue to make progress irrespective of market conditions

Tim Linacre
Chief Executive

11 March 2008

Operating review

Financial results 2007

The Panmure Gordon Group results for 2007 include the results of ThinkEquity for the 9 months of the year since acquisition The combined business produced revenue of £65 2m (2006 £42 0m), adjusted profit before tax of £10 5m (2006 £12 9m) and adjusted earnings per share of 11 68p (2006 15 83p)

The Board remains absolutely committed to focusing on reducing costs while ensuring that strategic spending is allocated where necessary for the long-term benefit of the Group and improved revenues

To give a more clear and consistent view of operating performance than is contained in the statutory income statement, the table below sets out operating profit and earnings on an adjusted basis, excluding

- IFRS 2 share based payment and related charges
- Tax credits relating to IFRS 2 share based payment charges
- One off items, including redundancy and restructuring charges, and prior year tax credits
- Payments to employees in substitution for dividends that would have been paid in respect of vested shares in the Employee Benefit Trust (dividend equivalent bonuses)

	2007 *£'000*	**2006** *£'000*
Net revenue	**65,159**	42,041
Net (loss)/gain on available for sale investments	**(1,104)**	471
Less gain relating to discontinued activities	**(77)**	(84)
Administrative expenses (including bonuses)	**(55,926)**	(30,849)
Dividend equivalent bonuses	**151**	-
Redundancy and restructuring charges	**432**	-
Adjusted operating profit	**8,635**	11,579
Interest receivable and similar items	**1,821**	1,336
Adjusted profit before tax	**10,456**	12,915
Tax	**(2,384)**	(3,082)
Adjusted earnings	**8,072**	9,833
Adjusted earnings per share (p)	**11.68p**	15 83p
Adjusted earnings adding back loss/deducting gain on available for sale investments	**12.88p**	15 40p
Weighted average number of shares in issue	**69,102,942**	62,081,645

The adjusted earnings reconcile to the profit on ordinary activities after taxation contained in the consolidated income statement on page 30 as follows

	2007 *£'000*	2006 *£'000*
Adjusted earnings	**8,072**	9,833
Add/(less)		
IFRS 2 charges as a result of the acquisition of Panmure Gordon (UK) Limited	**(4,149)**	(6,908)
Other IFRS 2 share based payments	**(2,278)**	(214)
Gain on sale of discontinued activities net of corporation tax	**54**	84
Dividend equivalent bonuses net of corporation tax	**(106)**	-
Redundancy and restructuring charges net of corporation tax	**(250)**	-
Prior year over provision of tax	**492**	405
Tax relief provided by exercise of share options	**849**	828
Deferred tax asset from the future exercise of share options	**3,323**	-
Deferred tax liability relating to goodwill	**(317)**	-
Profit for the period	**5,690**	4,028
Basic profit per ordinary share	**8.23p**	6 49p

UK operations – Panmure Gordon & Co

The Board examines a number of key performance indicators in evaluating business performance The most important of these are

	2007	2006
Revenue per employee *(£'000)*	**325**	345
Ratio of employee compensation to turnover	**55%**	55%
Average daily institutional revenue *(£'000)*	**64**	81
UK adjusted operating profit *(£'000)*	**10,104**	11,579

At year end, we were retained by more than 90 UK listed corporate clients and we maintained sales and trading relationships with over 400 institutional investors in the UK and overseas

Investment banking
The investment banking teams based in London and Liverpool continued to build our investment banking franchise and we were recognised by *Growth Company Investor* as the most active broker on AIM new issues in the first half

Highlights for the year include

- 62 billable transactions during 2007
- Involved in fundraisings with value in excess of £1 2bn
- 27 new corporate clients during 2007

We have achieved good results through winning and completing successful transactions in a competitive and challenging capital markets environment Our corporate client list has been strengthened by the addition of larger companies and we continue to deepen our relationships by providing high quality independent financial advice

The investment banking team's international reach has further expanded following successful initiatives in several sectors and geographies Our strong reputation in London is reflected overseas and we maintain strict standards when selecting opportunities which meet our commercial objectives

Institutional equities & research
Our institutional equities team provides research, sales and trading services with a predominantly UK focus to institutional investors in the UK, US and Europe

During the year, our team continued to produce high-quality independent research covering more than 250 companies from FTSE 100 to AIM Additionally, we increased our sector coverage to 18 market sectors, up from 15 in 2006 We are a registered market maker in approximately 500 stocks and provide liquidity in a further 400 stocks

In our Liverpool office, our analyst team has expanded our research coverage sectors to include pharmaceutical and biotech and specialist property In London, we have also strategically hired excellent analysts to strengthen our franchise in the oil and gas and business services sectors

Our trading philosophy remains one of client facilitation rather than proprietary trading

US operations – ThinkEquity Partners LLC

	2007
Revenue per employee *(£'000)*(annualised)	**181**
Ratio of employee compensation to turnover	**71%**
Average daily institutional net revenue *(£'000)*	**54**
US adjusted operating loss *(£'000)*	**(1,469)**

The adjusted operating loss of £1 5m is for a 9 month period and compares to a calendar 2006 pro-forma loss of $9 0m (£4 5m at average 2007 exchange rates) The adjusted operating loss is struck after all bonuses, including £2 0m in respect of certain hiring costs

ThinkEquity joined the Panmure Gordon Group in March 2007 It is a growth focused, research-centric investment bank headquartered in San Francisco, with offices in New York, Boston, Chicago, Minneapolis and Geneva The firm's lines of business encompass research, institutional sales and trading, investment banking and wealth management As an SEC registered Investment Adviser, ThinkEquity offers wealth management and advisory services to private clients in the US

In January 2008, we saw the acquisition and establishment of the Geneva office, which has tremendous experience and relationships and is expected to generate significant revenue for the Group through institutional business and investment banking opportunities

ThinkEquity specialises in identifying unique opportunities and businesses within the following growth sectors greentech and green consumer, media and e-commerce, education, software and services, gaming technology, communications and life sciences

Investment banking
ThinkEquity's investment banking team services corporate clients within the firm's key sectors, providing public equity underwriting, M&A and advisory services and private equity agency for public and private companies Led by the sector expertise of our equity research team, we develop deep domain knowledge of each sector and close access to key industry participants

Since joining the Panmure Gordon Group, 22 equity transactions were executed raising a total of $2 0bn for franchise clients Noteworthy among these were the $695 0m co-managed follow-on for First Solar Corporation in August 2007, the $73 3m lead-managed follow-on for DayStar Technologies Inc and a $108 0m co-managed IPO for K12 com in December 2007 As a testament to continuing, repeat client business, ThinkEquity also participated as a co-manager for both American Public Education Inc 's $93 7m IPO in November 2007 and a $132 9m follow-on offering in February 2008

The US M&A effort was significantly enhanced with the hiring of three additional senior bankers experienced in technology and M&A

Institutional equities and research
ThinkEquity research process is to identify and affiliate with the fastest growing private and public companies within chosen sectors The interests of growth investors and growth companies are connected by a need for insight into industries that, by definition, change rapidly ThinkEquity is committed to ensuring that the research produced is of the highest quality and written on an independent basis and currently covers in excess of 200 companies across its growth sectors

Wealth management
ThinkEquity Wealth Management is a focused group servicing the needs of the firm's corporate clients and high net worth individuals Since joining the Group, the ThinkWealth team has grown assets from $821m to $889m, a rise of 8% The stability created by joining the Panmure Group has also generated greater corporate client interest in the firm's wealth management services, with new client mandates won as a result

Risks and uncertainties

Panmure Gordon is proud of its reputation for integrity We actively guard against risk by regularly reviewing the business and by actively promoting a culture founded on irreproachable ethics and compliance throughout the business

We have identified the top five risks as follows

Risk of market downturn As with other firms in our sector, Panmure Gordon is generally dependent on financial market health and appetite for new and secondary issues Liquidity and volatility issues significantly affect market activity levels and global economic conditions in the second half of 2007 inevitably took their toll on the Group's revenues We have moved to mitigate this risk through geographic diversification and we continue to monitor activity levels and capacity utilisation Additionally, we focus relentlessly on cost reduction and maintaining our strong balance sheet

Loss of key staff Panmure Gordon is a people-oriented business and hence the loss of team members is a potential risk Throughout 2007, we took steps to develop our management team and broaden our employee base We remain focused on providing competitive benefits and salary packages benchmarked to ensure parity with market conditions As part of that, the Board is proposing to introduce a new performance share plan in 2008

Breach of Chinese walls A breach of Chinese walls or the requirements surrounding them would be detrimental to the Group's reputation, whether through regulatory censure or adverse publicity Panmure Gordon has built a reputation for respecting its client confidentiality and the market's requirements We have robust procedures in place – including physical separation of departments and data segregation – to mitigate this risk and our employees fully recognise the importance of information barriers

Lack of quality execution Reputational risk accompanies all market transactions We have vigorous internal approvals processes that mitigate risk before we take on new business and as transactions proceed In the event of risk crystallisation, we would move proactively to address market impact and maintain confidence in our offering and services

IT failure The level of risk arising from an IT failure is dependent largely on the extent of the failure As we rely on core data services, we actively seek providers who have suitable disaster recovery procedures of their own in place in addition to building networks that are a combination of in-house and package products which ensure industry-best operating platforms supported by top-quality IT professionals We also manage our own significant disaster recovery programmes and have a detailed plan in place to ensure business continuity in the event of significant failure

More information on the Group's internal controls is contained in the corporate governance report

Environment

The Panmure Gordon Group recognises that although our environmental footprint is small, our offices contribute to CO_2 emissions and produce waste

Against this background, we have established, with the help of our respective building managements, active paper recycling programmes and the use of paper from sustainable forestry or recycled paper where practical We actively encourage staff to print documents only when necessary to reduce paper use Additionally, as part of our UK benefits package, we have instituted a pre-tax bicycle purchase benefit for employees

Electronic waste in all our offices is disposed of safely either through using approved contractors or recycling In the UK, we donate old computer equipment to the charity *Computer Aid* that refurbishes them for reuse by NGOs throughout the developing world

We recognise that good environmental practice helps to reduce costs, too Low-energy fluorescent light bulbs are installed extensively throughout our offices, many are activated via motion sensor Our employees are strongly encouraged to use public transport to attend meetings outside the office

REPORT OF THE DIRECTORS

Financial statements
The Directors have pleasure in submitting their Annual Report together with the consolidated financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2007

Principal activities
The principal activity of the Group is to provide corporate and institutional investment banking and stockbroking services The Group's UK business encompasses two regulated operating subsidiaries, Panmure Gordon (UK) Limited and Panmure Gordon (Broking) Limited, both of which are authorised and regulated by the Financial Services Authority Panmure Gordon (UK) Limited is a member of the London Stock Exchange

At the end of March 2007, the Company acquired ThinkEquity Holdings LLC, a US based growth investment bank ThinkEquity is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation and is an SEC registered broker-dealer and investment adviser It is a member of NASDAQ and a trading permit holder for the NYSE / Arca Exchange

The shares of Panmure Gordon and Co plc are traded on the AIM market of the London Stock Exchange (PMR L)

Business review
A detailed review of the business and a description of the main trends and factors likely to affect the future development, performance and position of the Group can be found in the Chief Executive's review on pages 4 to 5 and the Operating Review on pages 6 to 10

Results and dividends
The Group recorded a profit after tax of £5 7m (2006 £4 0m) Further information on the result for the period is included within the Chief Executive's review on pages 4 to 5 and the Operating review on pages 6 to 10

The Company paid an interim dividend of 1 5p per share in October 2007 (2006 nil)

The Directors recommend the payment of a final dividend for the year ended 31 December 2007 of 1 5p per share (2006 nil), making a total dividend for the year of 3p per share (2006 nil) If approved by shareholders at the Annual General Meeting, the final dividend will be paid on 30 May 2008 to shareholders on the register at the close of business on 2 May 2008

Board of Directors
The following Directors were in office during the year ended 31 December 2007

Simon Bax	Non-executive Director	Appointed 01-10-07
Anthony Cann	Non-executive Director	Appointed 01-09-07
Tony Caplin	Non-executive Director	
Howard Flight	Non-executive Director	Retired 02-05-07
Paul Gismondi	Non-executive Director	Appointed 01-12-07
Jonathan Hack	Non-executive Director	Resigned 01-12-07
Simon Heale	Non-executive Director	Appointed 01-01-07
David Liddell	Executive Director	
Tim Linacre	Executive Director	
Michael Moe	Executive Director	Appointed 30-03-07
Deborah Quazzo	Executive Director	Appointed 30-03-07
Charles Stonehill	Chairman	
Richard Wyatt	Non-executive Director	

Directors' indemnity arrangements
The Company has purchased and maintained throughout the year directors' and officers' liability insurance During the year shareholders approved a change to the Company's Articles of Association to enable the Company to take advantage of the provisions allowing the Company to grant wider ranging indemnities to directors The Company has now executed deeds of indemnity for the benefit of each Director of the Company These provisions, which are qualifying third party provisions, were brought into force in September 2007 and are currently in force

Substantial shareholders
At 31 December 2007, the following had notified the Company of an interest of 3% or more of the Company's ordinary shares

Beneficial owner	**Number of ordinary shares**	**Shareholdings percentage**
Praxis Trustees Limited on behalf of the Panmure Gordon & Co plc No 2 Employee Benefit Trust	15,389,961	22 78%
UKPG Holdings LLC	11,821,295	17 49%
Northcote (IOM) Limited	6,450,000	9 55%
HBOS plc	4,945,173	7 32%
Deutsche Bank AG, London	4,084,280	6 04%

Acquisition of own shares
At the Annual General Meeting of the Company held on 2 May 2007, the Company was given authority to purchase up to 6,139,373 ordinary 4p shares This authority will expire and shareholders will be asked to give a similar authority at the Annual General Meeting to be held on 22 May 2008

During the year the Company purchased 1,353,732 of its own shares (with a nominal value of £54,149) for a total consideration of £2,162,731 to be held in treasury, taking the total number of shares held in treasury to 3,210,203 At 31 December 2007 the Company had 70,779,816 shares in issue, therefore the total number of shares held in treasury represents 4 54% of the issued share capital The Board of Directors authorised the programme to buy back shares into treasury at times when they were perceived to be under-valued as they believed that this would increase earnings per share Shares acquired in this way may in the future contribute to new staff incentive plans, but none of these shares have yet been re-issued

Risk management and financial risk
The risks and uncertainties facing the Group are discussed in the Operating review on pages 6 to 10 In addition, the financial instruments and risk profile of the Group are set out in note 19

Employee benefit trusts
The Group has three employee benefit trusts ("EBTs") which were established on 28 May 1996, 5 June 2003 and 26 April 2005 The assets and liabilities of the EBTs are solely for the benefit of the employees and former employees of the Group

Payments to suppliers
The Group agrees terms and conditions for its business transactions with suppliers Payment is then made on these terms, subject to the terms and conditions being met by the supplier At 31 December 2007 trade creditors represented approximately 57 days trade purchases for the Group (Parent Company 30 days)

Political and charitable donations
No political donations were made by the Group during 2007 (2006 nil) The Group made charitable donations of £29,988 in 2007 (2006 £300)

Auditors
A resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

Directors' statement as to disclosure of information to auditors
Each Director who was member of the Board at the time of approving the Directors' report (as listed on page 11), having made enquiries of fellow Directors and of the Company's auditors, confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware, and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

Annual General Meeting
The Annual General Meeting of the Company will be held on Thursday 22 May 2008 at 2 00pm

Approved by order of the Board on 11 March 2008

S A Wigley
Sarah Wigley
Company Secretary

Directors' remuneration report

The Board of Directors presents the following remuneration report for the year ended 31 December 2007

Remuneration Committee

The Remuneration Committee, which consists solely of Non-executive Directors, is responsible for determining the remuneration policy and terms and conditions of service of the Executive Directors and the Chairman Further detail on the Remuneration Committee is included within the corporate governance report on pages 23 to 26

Remuneration policy

The remuneration packages of the Executive Directors are constructed with the objective of

- attracting and retaining individuals with the qualities required to drive the business forward,
- motivating Directors to increase the profile and profitability of the business whilst balancing both the short term aims and the long term objectives of the Group,
- aligning the interests of the Directors to those of the shareholders, and
- reflecting the value of the Directors whilst remaining appropriate in comparison to the reward levels of other senior employees within the Group

The remuneration awarded to Directors reflects consideration of comparable market compensation packages and the individual performance of each Director, together with the Group's profitability and its position within its development cycle In order to ensure that the Directors' motivation is intrinsically linked to the Group's performance, remuneration packages are a blend of

- basic annual salary and related benefit
- bonus payments
- share incentive schemes

Executive Directors are entitled to accept appointments outside the Group and retain any fees associated with these appointments, subject to the approval of the Board

The remuneration of the Non-executive Directors is determined by the Executive Directors

Basic salary

Each Executive Director's basic salary is determined by the Remuneration Committee taking into consideration standards within the financial services industry and the individual's experience and potential value to the Group Salaries are reviewed annually following the Group-wide annual appraisal process in December, or exceptionally during the year should there be any change to an individual's role or responsibility In addition to basic salary, each Executive Director is eligible to participate in the Group's defined contribution stakeholder pension scheme, with the Group providing contributions of up to 12 5% of basic salary, depending on the Director's own contribution Other benefits consist of membership of the Group's medical insurance and life assurance schemes These benefits are in line with the benefits afforded to all Group employees

The Non-executive Directors are paid an annual basic salary (with the exception of Paul Gismondi) and are reimbursed all reasonable expenses incurred solely in relation to their duties as Non-executive Director

Share options and awards

Directors' options and other share awards are granted at the discretion of the Remuneration Committee and take into account the past performance of the individual Director and the future objectives of the Group

The Company currently operates eight share plans

- 2002 Approved Share Option Plan
- 2002 Unapproved Share Option Plan
- 2005 Employee Share Option Plan
- Performance Share Option Plan
- Matching Share Plan
- Overseas Share Option Plan
- ThinkEquity Accrued Bonus Plan
- ThinkEquity Performance Pool Plan

Save for options awarded under the Performance Share Option Plan and the ThinkEquity Performance Pool Plan (see below), no specific performance criteria have been set for exercise of share options or vesting of share awards

As noted in the Chairman's statement, the Board intends to introduce a performance share plan during 2008, whereby employees will be granted shares, subject to the fulfilment of specific performance criteria This reflects the fact that the majority of shares in the 2005 Employee Share Option Plan vest in 2008, and the Company needs to put in place a new scheme to retain and attract high quality people The awards proposed to be granted to senior key executives in 2008 will only vest if demanding and stretching performance conditions relating to the Company's compound annual growth in earnings per share have been achieved The performance period for such awards will be three years, but to aid the retentive effect of the awards, the vested shares will be distributed in equal thirds on each of the third, fourth and fifth anniversaries of grant

Directors' contracts

Tim Linacre and David Liddell have service contracts without fixed terms which are terminable on 12 months' notice by the Group Should a Director's contract be terminated without giving the required notice, the Company would be obliged to pay compensation to the extent that insufficient notice was given Compensation for loss of office is negotiable by the Company The service contracts of Michael Moe and Deborah Quazzo are for a term of 40 months from 30 March 2007 and are terminable on 30 days' notice If the contract is terminated by the Group without cause or by the Director for good reason, the Company would be obliged to continue to pay the Director until expiration of the 40 month term

The Non-executive Directors all have service contracts without fixed terms which are terminable on three months' notice, with the exception of Paul Gismondi's contract which is governed by the terms of the Relationship Agreement in place between Panmure Gordon & Co plc, UKPG Holdings LLC and Lazard & Co , Limited

All Directors are required to retire by rotation (providing each Director is subject to re-election every three years) and one third of the Board is required to seek re-election each year

Simon Bax, Anthony Cann and Paul Gismondi will be standing for election by the shareholders at the Annual General Meeting for the first time, having been appointed since the last AGM, whilst Tony Caplin, Charles Stonehill and Richard Wyatt are retiring for re-election

Directors' emoluments

Emoluments paid to each Director during the period ended 31 December 2007 were as follows

	Salary	Bonus	Pension	Benefits	Dividend Equivalent Payment[1]	Total	Total
	2007	2007	2007	2007	2007	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S Bax[2]	10	-	-	-	-	10	-
A Cann[3]	13	-	-	-	-	13	-
A Caplin	50	-	-	2	-	52	52
H Flight[4]	22	-	-	-	-	22	52
P Gismondi[5]	-	-	-	-	-	-	-
J Hack[5]	-	-	-	-	-	-	-
S Heale	50	-	-	-	-	50	-
D Liddell	140	122	18	2	2	284	282
T Linacre	175	332	22	2	48	579	699
M Moe[6]	95	126	-	5	-	226	-
D Quazzo[6]	95	126	-	-	-	221	-
R Wyatt	47	-	-	2	48	97	108
C Stonehill	70	-	-	-	-	70	57
Total	767	706	40	13	98	1,624	1,250

1 The Dividend Equivalent Scheme represents payments in substitution for dividends that would have been paid in respect of shares under the 2005 Employee Share Option Plan and the Performance Share Option Plan

2 Appointed 1 October 2007

3 Appointed 1 September 2007

4 Retired 2 May 2007

5 The contracts of Jon Hack and Paul Gismondi are governed by the terms of the Relationship Agreement in place between Panmure Gordon & Co plc, UKPG Holdings LLC and Lazard & Co , Limited Under this agreement, UKPG is entitled to appoint a Non-executive Director to the Board (the "Appointed Director"), to remove any Appointed Director from office and to appoint another person in the place of any Appointed Director who for any reason ceases to be a Director Jon Hack resigned and Paul Gismondi was appointed on 1 December 2007

6 Appointed 30 March 2007

Directors' interests in the Company

Shareholdings

The following Directors of the Company had beneficial interests in the Company on 31 December 2007

	Ordinary shares of 4p each as at 31 December 2007	Ordinary shares of 4p each as at 31 December 2006
A Caplin	127,142	127,142
S Heale	15,000	-
D Liddell	37,000	26,000
T Linacre	37,500	25,000
M Moe	1,118,159	-
D Quazzo	1,280,557	-
C Stonehill	62,500	50,000

Share options & awards

The following tables provide details of Directors' share options and awards which were outstanding at 31 December 2007

<u>**2002 Approved Share Option Plan**</u>

Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (p)	No. Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No Outstanding at 31 December 2007
A Caplin							
06/06/03	06/06/06	06/06/13	120	25,000	-	-	25,000
D Liddell							
12/05/04	12/05/07	12/05/14	125	24,000	-	-	24,000

<u>**2002 Unapproved Share Option Plan**</u>

Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (p)	No. Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No. Outstanding at 31 December 2007
D Liddell							
26/04/05	26/04/07	26/04/15	120	500,000	-	-	500,000

Some of the shares held in the Employee Benefit Trust have been sub-trusted for the potential benefit of certain Directors or their beneficiaries The current allocations, which are subject to change at the Trustees' discretion, are as follows

Date of Sub-trusting	Earliest Exercise Date	Expiry Date	Exercise Price (p)	No Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No. Outstanding at 31 December 2007
A Caplin							
10/07/03	06/06/05	06/06/13	103	167,828	-	-	167,828
31/10/03	11/08/05	11/08/13	171	35,172	-	-	35,172
							203,000
D Liddell							
13/05/04	06/06/05	06/06/13	103	5,715	-	-	5,715
13/05/04	11/08/05	11/08/13	171	23,560	-	-	23,560
13/05/04	12/05/06	12/05/14	125	96,725	-	-	96,725
26/04/05	07/12/06	07/12/14	64	130,000	-	-	130,000
							256,000

2005 Employee Share Option Plan

The Trustees of the Panmure Gordon & Co plc No 2 Employee Benefit Trust have granted options to Directors as follows

Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (p)	No. Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No. Outstanding at 31 December 2007
D Liddell							
26/04/05	26/04/06	Undated	4	64,646	-	-	64,646
26/04/05	26/04/07	Undated	4	64,647	-	-	64,647
26/04/05	26/04/08	Undated	4	64,647	-	-	64,647
							193,940
T Linacre							
26/04/05	26/04/06	Undated	4	824,246	-	-	824,246
26/04/05	26/04/07	Undated	4	824,246	-	-	824,246
26/04/05	26/04/08	Undated	4	824,246	-	-	824,246
							2,472,738
C Stonehill							
14/09/06	26/04/07	Undated	4	83,333	-	-	83,333
14/09/06	26/04/08	Undated	4	83,333	-	-	83,333
14/09/06	26/04/09	Undated	4	83,334	-	-	83,334
14/09/06	See note [1]	14/09/11	4	100,000	-	-	100,000
14/09/06	See note [2]	14/09/11	4	100,000	-	-	100,000
							450,000
R Wyatt							
26/04/05	26/04/06	Undated	4	824,246	-	-	824,246
26/04/05	26/04/07	Undated	4	824,246	-	-	824,246
26/04/05	26/04/08	Undated	4	824,246	-	-	824,246
							2,472,738

[1] The vesting of these shares is subject to the Company's share price reaching 275p
[2] The vesting of these shares is subject to the Company's share price reaching 350p

Performance Options

The performance criteria having been met, each of Richard Wyatt and Tim Linacre hold options to subscribe for 872,731 ordinary shares, which are currently exercisable, at an exercise price of 4p These options were granted on 26 April 2005 and became exercisable as to half of the shares under option when the market capitalisation of the Company exceeded £60m on any five consecutive AIM trading days and as to the remaining half when the market capitalisation of the Company exceeded £90m on any five consecutive AIM trading days The options have no expiry date

Matching Share Plan

The Matching Share Plan was introduced in March 2007 and all employees of the Group at the time were invited to participate in the plan Under the plan, free shares are awarded to match one for one the number of shares employees purchase themselves, subject to a three year holding period Executive Directors have participated in the plan as follows

Date of Grant	Vesting Date	No. Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No Outstanding at 31 December 2007
D Liddell 31/03/07	31/03/10	-	11,000	-	11,000
T Linacre 31/03/07	31/03/10	-	12,500	-	12,500
C Stonehill 31/03/07	31/03/10	-	12,500	-	12,500

Overseas Share Option Plan
As part of the acquisition of ThinkEquity Holdings LLC, the Company introduced the Overseas Share Option Plan for the benefit of US-based employees Options have been granted to Directors as follows

Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (p)	No. Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No. Outstanding at 31 December 2007
M Moe 19/09/07	30/03/10	30/03/17	181 5	-	207,800	-	207,800
D Quazzo 19/09/07	30/03/10	30/03/17	181 5	-	207,800	-	207,800

Accrued Bonus Plan
As part of the acquisition of ThinkEquity, the Company undertook to issue shares in part settlement of ThinkEquity bonus payments, these awards of shares vest in equal instalments over three years Directors have participated in the Accrued Bonus Plan as follows

Date of Grant	Vesting Date	No Outstanding at 1 January 2007	Granted in Period	Lapsed in Period	No. Outstanding at 31 December 2007
M Moe					
30/03/07	30/03/08	-	8,190	-	8,190
30/03/07	30/03/09	-	8,190	-	8,190
30/03/07	30/03/10	-	8,191	-	8,191
					24,571
D Quazzo					
30/03/07	30/03/08	-	8,190	-	8,190
30/03/07	30/03/09	-	8,190	-	8,190
30/03/07	30/03/10	-	8,191	-	8,191
					24,571

ThinkEquity Performance Pool Plan
As part of the acquisition of ThinkEquity, a contingent performance pool was established under which shares would be awarded dependent upon a number of conditions, including financial performance targets The first Plan Year not having yet been completed, no award has yet been granted under this plan

During the period and up to the date of this report, the Directors have exercised none of the above share options or awards

Details on staff share options exercised during the period are included in note 22 to the financial statements

The market price of the Company's shares at 31 December 2007 was 91 5p (31 December 2006 166p) and the range during the period was 76 5p to 188 5p

Approved by order of the Board on 11 March 2008

S.A. Wigley
Sarah Wigley
Company Secretary

Board of Directors

Chairman
Charles Stonehill (50)

Charles has had a long career in investment banking, including being Head of European Equities and Equity Capital Markets at Morgan Stanley International, and Head of Investment Banking for Credit Suisse First Boston in the Americas He is currently a Non-executive Director of the London Metal Exchange, Julius Baer Holding Ltd and GAM Holding AG He was previously a Director of Lazard & Co , Limited

Chief Executive
Tim Linacre (49)

On completion of the reverse of Panmure Gordon into Durlacher in April 2005, Tim was appointed Chief Executive A Chartered Accountant, Tim joined Panmure Gordon in 1992 following five years with Hoare Govett He undertook a number of roles including Joint Head of Corporate Broking in 2000, Head of Technology Investment Banking for WestLB Panmure in 2001 and Joint Head of Investment Banking for WestLB Panmure in 2002 In March 2003, Tim was appointed Chief Executive of WestLB Panmure to plan and execute the restructuring of the business In September of that year, with the restructuring of WestLB Panmure completed, he became Chief Executive of Panmure Gordon, a position he held at the time of the acquisition by Lazard in January 2004 Following the acquisition of Panmure Gordon by Lazard, Tim was appointed a Managing Director of Lazard with responsibility for Lazard Capital Markets which he helped to restructure and integrate within Panmure Gordon

Chief Financial Officer
David Liddell (48)

David was appointed Finance Director in April 2004 Having read history at Cambridge he qualified as a Chartered Accountant with Deloitte Haskins & Sells in 1986 In 1988 he joined Hoare Govett Securities Limited as a financial accountant and subsequently moved to Guinness Flight Global Asset Management Limited as Finance Director in 1991 Overseeing a business that grew rapidly, including the acquisition of Hambros Fund Management from Hambros Plc, David played a leading role in the sale of Guinness Flight Hambro to Investec Group in 1998 Continuing as Finance Director of the enlarged fund management business, Investec Asset Management, until 2000, he then became head of Investec's investment trust business

Director
Michael Moe (45)

Chairman and CEO of ThinkEquity Partners LLC, Michael is a founding partner of ThinkEquity and was formerly Director of Global Growth Stock Research and a Managing Director at Merrill Lynch Prior to joining Merrill Lynch in 1998, Michael was a Senior Managing Director and Director of Growth Stock Strategy at Montgomery Securities He is a member of the New York Society of Security Analysts, a member of the San Francisco Analyst Society and is a past adviser for the Centre of Innovation

Director
Deborah Quazzo (47)

Deborah, President of ThinkEquity Partners LLC, is the co-founding partner of ThinkEquity and heads the firm's investment banking practice Formerly a Managing Director in Investment Banking at Merrill Lynch, Deborah founded and headed Merrill Lynch's Global Growth Group Prior to her 13 years at Merrill Lynch, she worked at JP Morgan

Non-executive Director
Simon Bax (49)

Simon has extensive financial and operating experience primarily in the media and entertainment industry, including being Chief Financial Officer of Chiat/Day Advertising, Fox Filmed Entertainment and Pixar Animation Studios Simon is currently Chief Executive Officer of Broadcast Facilities Inc, Vice-Chairman of Docufide Inc and a Director of MobiTV Inc and China Cablecom He is also a Director of The Caius Foundation, as well as being a Trustee of The UC Berkeley Art Museum and Pacific Film Archive

Non-executive Director
Anthony Cann (60)

Anthony has spent his career as a solicitor with Linklaters, serving as worldwide Senior Partner from 2001 to 2006 He worked principally in the firm's corporate department, working on a broad range of M&A transactions, privatisations and several financings, specialising particularly in public and private M&A and joint ventures Anthony is currently a Non-executive Director of Smiths News plc, Chairman of Trustees of Changing Faces, a Trustee of Adventure Capital Fund and a Governor of Haberdashers' Aske's Hatcham College Trust

Non-executive Director
Tony Caplin (56)

Tony was appointed as a Non-executive Director of the Company in January 2002 and served as Non-executive Chairman from 1 July 2002 to 26 April 2005 Tony is specialised in turn-arounds and has also held many senior executive positions including Managing Director of Manchester News Limited, President of Pacific Telesis (European Division), Chief Executive of First City GB and Chief Executive of Hunterprint Plc He is also currently the Non-executive Chairman of Ealing Hospital NHS Trust and is a Non-executive Director of Northamber Plc and Alternative Networks Plc

Non-executive Director
Paul Gismondi (52)

Paul has 30 years of experience in the banking industry and is currently a Managing Director in charge of Lazard & Co , Limited's capital markets advisory, origination, and financing activities, responsible for advising, acting as sponsor and acting as placement agent on a wide range of securities offerings and private placements Before joining Lazard Brothers & Co , Limited in 1990, Paul spent five years as Managing Director of Manufacturers Hanover Limited in London Previously he was employed by Manufacturers Hanover Trust Company in New York and the Bank of New York

Non-executive Director
Simon Heale (54)

Simon qualified as a Chartered Accountant before embarking on a long career with the Swire Group where he held positions in the US, Japan and Hong Kong Following a move into the investment banking arena with Jardine Fleming in Hong Kong, he was Chief Executive of the London Metal Exchange from 2001 to 2006 He is currently a Non-executive Director of The Morgan Crucible Company plc, Kazakhmys plc, PZ Cussons plc and MAREX Financial Limited and Chief Executive of ChinaNow

Non-executive Director
Richard Wyatt (48)

Richard served as Chairman of Panmure Gordon & Co plc from 26 April 2005 until 24 July 2006 He began his career as a stockbroker at James Capel & Co in 1980 He was one of the founders of Schroder Securities' UK equity business in 1996, becoming Head of Schroder Securities in 1999 Subsequently he was Head of European Equities and then Chairman of Equity Capital Markets at Schroder Salomon Smith Barney following the takeover of Schroders by CitiGroup in 2000, he left CitiGroup in 2003 Between 2001 and 2003 he was a member of the Regulatory Decisions Committee of the Financial Services Authority He became a Managing Director of Lazard, Chairman of Lazard Capital Markets and Chairman of Panmure Gordon in early 2004 He is currently Chairman of Loudwater Investment Partners Limited

Corporate governance

The Group is committed to a high standard of corporate governance and has, wherever possible and practicable, adopted the provisions of the Combined Code as it applied to the Group's current reporting period Where the Group does not comply with the code's provisions, an explanation is set out below

Board of Directors

The Board currently consists of four Executive and seven Non-executive Directors, whose biographies can be found on pages 20 to 22 The Directors collectively bring a broad range of business experience to the Board and this is considered essential for the effective management of the Group The Board has between eight and ten scheduled meetings each year and meets more frequently when required by the needs of the business The Board has full control over strategy, investment and capital expenditure and is responsible for the overall direction and performance of the Group The day to day management of the Group's business in the UK is delegated to the Management, Risk and New Business Committees and in the US to the ThinkEquity Holdings Board, Executive and Management Committees The Board reviews the decisions of these Committees at each of its meetings

The roles of Chairman and Chief Executive are separated, ensuring a division of authority and responsibility at the most senior level within the Company Charles Stonehill was appointed Chairman on 24 July 2006 Charles had served on the Board as Non-executive Deputy Chairman since January 2006 and was deemed to be independent However, given the Group's need for executive management to dedicate time to strategic development in addition to the day to day requirements of the business, it was decided that Charles would devote a more substantial amount of time to the Group and take on executive responsibilities Following the acquisition of ThinkEquity and the increased depth of the executive management, Charles's role has reverted to that of Non-executive Chairman

Of the Non-executive Directors, Simon Bax, Anthony Cann, Tony Caplin and Simon Heale are considered by the Board to be independent of management and free from any relationship that could materially interfere with the exercise of their independent judgement Tony Caplin was awarded share options some years ago, nevertheless the Board does not consider that this impedes his objectivity and independence in current matters Paul Gismondi was appointed by UKPG Holdings LLC, a major shareholder, pursuant to the Relationship Agreement entered into at the time of the acquisition of Panmure Gordon He is not therefore considered to be independent, but nevertheless applies impartial reasoning to Board involvement Richard Wyatt, currently a Non-executive Director, previously served as Executive Chairman and so cannot be considered to be independent The Non-executive Directors all contribute to the Company's strategy and policy making, in addition they assist with the monitoring of the performance of the business and its successful management

The Board has agreed not to appoint a Senior Independent Director Given the size of the organisation and the policy of active dialogue maintained with institutional shareholders by senior management, the Board is of the opinion that the appointment of a Senior Independent Director would not assist further in communication with shareholders

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information A comprehensive set of board papers including the latest monthly and year to date accounts compared to budget is presented to the Board at each of its regular meetings

Newly appointed Directors are offered training appropriate to the level of their previous experience Details of Directors' retirement and re-election requirements are detailed within the Directors' remuneration report on pages 14 to 19 All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are observed Any Director wishing to do so may take independent professional advice at the expense of the Company

Full details of the Company's remuneration policy and the terms and conditions of service are set out in the Directors' remuneration report appearing on pages 14 to 19

The Board has chosen not to undertake a formal review of its own performance during the calendar year, given the changes to the composition of the Board, but intends to do so during 2008

Board Committees

The Board has a supporting committee structure in line with the proposals of the Combined Code The Board has three committees, namely the Nomination Committee, the Audit Committee and the Remuneration

Committee, as described below The terms of reference of these committees can be viewed on the Company's website (www panmure com)

Nomination Committee
The Nomination Committee currently comprises Simon Bax, Anthony Cann, Paul Gismondi and Richard Wyatt and is chaired by Paul Gismondi As mentioned earlier in this report, Paul Gismondi is not considered to be an independent Non-executive Director due to his appointment by UKPG Holdings LLC pursuant to the Relationship Agreement entered into at the time of the acquisition of Panmure Gordon However, the Committee is comprised exclusively of Non-executive Directors and the Board considers that this constitutes an effective balance of independent views on Board appointments The Committee meets as necessary to consider and make recommendations to the Board in respect of further Board appointments The appointments of Simon Bax and Anthony Cann were made following an extensive search undertaken in the UK and the US by an international executive search consultancy

Audit Committee
The Audit Committee comprises Simon Bax, Tony Caplin and Simon Heale and is chaired by Tony Caplin The Committee meets at least twice a year and monitors and reviews the internal controls and financial reporting of the Group from information provided by the management and auditors It also considers the objectivity, independence and cost effectiveness of the external auditors Other personnel, including the Chief Executive and the Chief Financial Officer, may be invited to attend the Audit Committee meetings as required

Remuneration Committee
The Remuneration Committee meets at least once a year and on an ad hoc basis as and when required The members of the Committee are Anthony Cann, Tony Caplin, Simon Heale and Richard Wyatt and it is chaired by Simon Heale The Committee is responsible for determining the remuneration policy, the terms and conditions of service of the Company's Executive Directors and for considering the introduction of incentive schemes for the Executive Directors and the Group's employees more generally Other Directors, the Head of HR or representatives of external advisers are invited to attend Committee meetings as appropriate During the year the Directors appointed remuneration consultants to advise the Committee on the establishment of a new employee share scheme

Attendance at meetings

	Scheduled Board meetings	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Number of meetings in the year	8	4	3	2
Simon Bax[1]	2/2	2/2		
Anthony Cann[2]	3/3		1/1	1/1
Tony Caplin[3]	8/8	4/4	3/3	2/2
Paul Gismondi[4]	1/1			
Simon Heale[5]	8/8	3/4	2/2	2/2
David Liddell	8/8			
Tim Linacre	8/8			
Michael Moe[6]	5/5			
Deborah Quazzo[7]	5/5			
Charles Stonehill	8/8			
Richard Wyatt	7/8		2/3	2/2

1 Simon Bax was appointed on 1 October 2007
2 Anthony Cann was appointed on 1 September 2007
3 Tony Caplin ceased to be a member of the Nomination Committee on 24 October 2007
4 Paul Gismondi was appointed on 1 December 2007
5 Simon Heale was appointed to the Remuneration Committee on 24 January 2007 and ceased to be a member of the Nomination Committee on 24 October 2007
6 Michael Moe was appointed on 30 March 2007
7 Deborah Quazzo was appointed on 30 March 2007

Auditor independence
The Audit Committee and the external auditors, KPMG Audit Plc, have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised These safeguards include the auditors' report to the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from Panmure Gordon

The overall performance and the independence of the auditors is reviewed annually by the Audit Committee taking into account the views of management The Audit Committee also has discussions with the auditors without management being present on the adequacy of controls and on any judgemental areas

The annual appointment of auditors by shareholders in the Annual General Meeting is a fundamental safeguard of auditor independence, but beyond this, appropriate consideration is given to whether additional work performed by the auditors may be appropriate for sound commercial and practical reasons, including confidentiality Examples of work that would fall into this category include regulatory advice, taxation services and financial due diligence work

The level of audit and non-audit fees charged by KPMG is set out in note 5.

Internal control
The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the period and up to the date of approval of the financial statements This process has been reviewed by the Board

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss Steps have been taken to embed internal control and risk management further into the operations of the business, as described below

As part of the Chief Executive's review presented at each Board meeting, the monthly results of each area of the business are discussed and compared to forecast Market conditions, and the risks and benefits that these afford to each business area at the time, are considered, together with any developing operational or other environmental risks surrounding each activity Implementation of the *Capital Requirements Directive* and the *Markets in Financial Instruments Directive* has led to even further management focus on risk issues during the year and the Group's preparations have been reviewed and discussed at Board level

The Group has established a number of committees for the day-to-day running of the business

In the UK, the Management Committee comprises the UK-based Executive Directors and all business unit heads It is chaired by the Chief Executive and meets once every two weeks A Corporate Finance Committee and an Institutional Equities Committee have also been established as sub-committees of the Management Committee The Risk Committee, which is tasked with consideration of all risk issues, specifically market and trading risks, meets twice a month and is chaired by the Chief Financial Officer Its members include the COO, the Head of Trading, the Operational Risk Manager and the Compliance Officer An Operational Risk Committee, which is responsible for monitoring and reviewing operational risk and the control environment generally, reports into the Risk Committee The New Business Committee meets as appropriate to consider proposed engagements The New Business Committee is chaired by the Chief Executive and comprises appropriate executives from Corporate Finance and Institutional Equities, as well as the Chief Financial Officer and Compliance Officer

In the US, representatives from each business area are members of the Management Committee, the committee charged with overseeing the day to day running of the business, which meets weekly The Management Committee reports to the Executive Committee which is tasked with general US business oversight and strategic direction There are also three functional committees to review new business the New Business Committee, which is tasked with reviewing opportunities before a formal pitch of our services, the Equity Commitment Committee, which approves new banking transactions, and the Investment Management Committee, which reviews new customers and relative client performance in our Investment Advisory business In addition a Risk Committee monitors capital risk on the trading desks

Owing to the size of the Group, the monitoring of the Group's activities by the Compliance department and the hands-on approach by the Executive Directors, the Board does not feel the need to establish a dedicated internal audit function at the present time, however, this will continue to be reviewed annually

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the following 12 month period For this reason the Directors continue to adopt the going concern basis in preparing the financial statements

Communication with shareholders

The Company places a great deal of importance on communicating with its shareholders and endeavours to keep shareholders informed through press releases, the Company's website and Interim and Annual Reports All shareholders are encouraged to attend, and are given at least 21 days' notice of, the Annual General Meeting, at which an opportunity is provided to ask questions The Executive Directors are in regular contact with the Company's major shareholders and other institutional investors throughout the year and they are responsible for ensuring that shareholders' views are communicated to the Board as a whole

Regulation

Panmure Gordon (UK) Limited and Panmure Gordon (Broking) Limited are authorised and regulated by the Financial Services Authority ThinkEquity is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation and is an SEC registered broker-dealer and investment adviser

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and Company financial statements for each financial year Under that law they have elected to prepare both the Group and Company financial statements in accordance with IFRSs as adopted by the EU and applicable laws

The Group and Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the Company and the performance for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing each of the Group and Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Panmure Gordon & Co. plc

We have audited the Group and Company financial statements (the "financial statements") of Panmure Gordon & Co plc for the year ended 31 December 2007 which comprise the Group income statement, the Group and Company statements of recognised income and expense, the Group and Company balance sheets, the Group and Company cash flow statements and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' responsibilities on page 27

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion, the information given in the Directors' report is consistent with the financial statements The information given in the Directors' report includes that specific information presented in the Operating review and Chief Executive's review that is cross referred from the Business review section of the Directors' report

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
11 March 2008

Consolidated income statement

For the year ended 31 December 2007

	Notes	2007	2006
		£'000	*£'000*
Commission and trading income		27,952	20,494
Commission and trading expense		(2,164)	(1,737)
Net commission and trading income		25,788	18,757
Corporate finance and other fee income		39,371	23,284
Net commission and fee income		**65,159**	**42,041**
Net (loss)/gain on available for sale investments		(1,104)	471
Administrative expenses		(55,494)	(30,849)
Redundancy and restructuring charges		(432)	-
Operating profit before share based payments		**8,129**	**11,663**
Share based payments arising as a result of the acquisition of Panmure Gordon (UK) Limited	*4*	(4,149)	(6,908)
Other share based payments	*4*	(2,278)	(214)
Operating profit		**1,702**	**4,541**
Financial income	*6*	2,043	1,554
Financial expenses	*6*	(222)	(218)
Net financial income	*6*	1,821	1,336
Profit before tax		**3,523**	**5,877**
Income tax	*8*	2,167	(1,849)
Profit for the period		**5,690**	**4,028**
Basic earnings per share	*10*	**8.23p**	6 49p
Diluted earnings per share	*10*	**8.05p**	6 23p

The notes on pages 37 to 76 form part of these financial statements

Consolidated statement of recognised income & expense

For the year ended 31 December 2007

	Notes	2007	2006
		£'000	*£'000*
Foreign exchange translation differences	*23*	(356)	-
Change in fair value of available for sale investments		(17)	-
Deferred tax arising thereon	*18*	5	-
Income and expense recognised directly in equity		**(368)**	-
Profit for the period	*23*	**5,690**	4,028
Total recognised income and expense for the period		**5,322**	4,028

The notes on pages 37 to 76 form part of these financial statements

Consolidated balance sheet

As at 31 December 2007

	Notes	2007	2006
		£'000	*£'000*
Assets			
Intangibles	*11*	40,056	13,201
Plant and equipment	*12*	3,288	1,628
Available for sale investments	*13*	6,351	5,459
Deferred tax asset	*18*	4,541	-
Total non-current assets		**54,236**	20,288
Securities held for trading	*13*	5,477	7,763
Trade and other receivables	*14*	39,730	30,030
Cash and cash equivalents	*27*	34,893	43,782
Total current assets		**80,100**	81,575
Current liabilities			
Bank overdraft	*27*	(459)	(819)
Trade payables	*15*	(30,776)	(19,680)
Tax and social security		(470)	(461)
Corporation tax liabilities		(774)	(1,404)
Other payables	*15*	(19,730)	(15,409)
Held for trading liabilities		(686)	(4,636)
Total current liabilities		**(52,895)**	(42,409)
Net current assets		**27,205**	**39,166**
Interest bearing loans and borrowings	*16*	(3,000)	(3,000)
Provisions	*17*	(488)	(766)
Deferred tax liability	*18*	(345)	-
Total non-current liabilities		**(3,833)**	**(3,766)**
Net assets		**77,608**	**55,688**
Equity			
Issued share capital	*23*	2,831	2,530
Shares to be issued (including share premium)	*23*	3,147	-
Share premium account	*23*	12,676	12,595
Merger reserve	*23*	32,818	21,810
Special reserve	*23*	9,595	9,595
Fair value reserve	*23*	(12)	-
Other reserve	*23*	(636)	(712)
Foreign currency translation reserve	*23*	(356)	-
Treasury shares	*23*	(4,972)	(2,810)
Retained earnings	*23*	22,517	12,680
Total equity		**77,608**	**55,688**

The notes on pages 37 to 76 form part of these financial statements

Approved by the Board on 11 March 2008 and signed on its behalf by

Tim Linacre
Chief Executive

David Liddell
Chief Financial Officer

Company statement of recognised income & expense

For the year ended 31 December 2007

	Notes	2007	2006
		£'000	*£'000*
Change in fair value of available for sale investments		(17)	-
Deferred tax arising thereon	*18*	5	-
Income and expense recognised directly in equity		**(12)**	-
Profit for the period	*23*	**4,793**	2,964
Total recognised income and expense for the period		**4,781**	2,964

Company balance sheet

As at 31 December 2007

	Notes	2007	2006
		£'000	*£'000*
Assets			
Plant and equipment	*12*	1,627	1,628
Investments in subsidiary undertakings	*13*	47,811	20,107
Available for sale investments	*13*	6,338	5,459
Deferred tax asset	*18*	2,062	-
Total non-current assets		**57,838**	27,194
Trade and other receivables	*14*	12,936	1,859
Cash and cash equivalents	*27*	153	12,239
Total current assets		**13,089**	14,098
Current liabilities			
Trade payables	*15*	(209)	(87)
Other payables	*15*	(12,212)	(2,771)
Accruals and deferred income	*15*	(1,741)	(2,922)
Total current liabilities		**(14,162)**	(5,780)
Net current assets		**(1,073)**	8,318
Provisions	*17*	-	(154)
Deferred tax liability	*18*	(28)	-
Net assets		**56,737**	35,358
Equities			
Issued share capital	*23*	2,831	2,530
Shares to be issued (including share premium)	*23*	3,147	-
Share premium account	*23*	12,676	12,595
Merger reserve	*23*	12,723	1,715
Special reserve	*23*	9,595	9,595
Fair value reserve	*23*	(12)	-
Other reserve	*23*	(636)	(712)
Treasury shares	*23*	(4,972)	(2,810)
Retained earnings	*23*	21,385	12,445
Total equity		**56,737**	35,358

The notes on pages 37 to 76 form part of these financial statements

Approved by the Board on 11 March 2008 and signed on its behalf by

Tim Linacre
Chief Executive

David Liddell
Chief Financial Officer

Consolidated statement of cash flow

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

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities		
Profit before tax	3,523	5,877
Net financial income	(1,821)	(1,336)
Depreciation and amortisation	1,018	494
Disposal of plant and equipment	-	17
Net loss/(gain) on available for sale investments	1,104	(471)
Movement in securities held for trading	(1,658)	415
Decrease in net amounts owed by market counterparties	3,088	3,056
Decrease/(increase) in trade receivables	356	(698)
(Decrease)/increase in trade payables and provisions	(2,644)	2,477
IFRS 2 share based payment charges	4,908	7,123
Net cash inflow from operating activities	**7,874**	16,954
Income taxes paid	(3,132)	(918)
Net cash from operating activities	**4,742**	16,036
Cash flows from investing activities		
Financial income received	2,043	1,554
Acquisition of subsidiary net of cash acquired	(1,313)	-
Transaction costs relating to the subsidiary acquisition	(1,483)	-
Acquisition of plant and equipment	(1,447)	(437)
Acquisition of available for sale investments	(4,344)	(6,192)
Proceeds from disposal of available for sale investments	2,400	1,205
Net cash from investing activities	**(4,144)**	(3,870)
Cash flows from financing activities		
Proceeds from the issue of share capital	86	12,846
Purchase of own shares for treasury	(2,162)	(2,810)
Financial expense	(222)	(218)
Repayment of borrowings arising in subsidiary acquired	(6,144)	-
Repayment of EBT loan	76	29
Redemption of warrants	-	(120)
Payment of interim dividend	(761)	-
Net cash from financing activities	**(9,127)**	9,727
Net (decrease)/increase in cash and cash equivalents	(8,529)	21,893
Cash and cash equivalents at 1 January	42,963	21,070
Cash and cash equivalents at 31 December	**34,434**	42,963

The notes on pages 37 to 76 form part of these financial statements

Company statement of cash flow

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

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities		
Profit before tax	2,764	2,964
Net financial income	(608)	(614)
Depreciation and amortisation	664	494
Disposal of plant and equipment	-	17
Loss/(gain) on available for sale investments	1,124	(387)
Decrease/(increase) in trade receivables	(10,039)	273
(Decrease)/increase in trade payables and provisions	8,228	300
IFRS 2 share based payment charges	1,764	2,611
Net cash inflow from operating activities	**3,897**	5,658
Cash flows from investing activities		
Financial income received	608	614
Acquisition of subsidiary	(1,847)	-
Transaction costs relating to the subsidiary acquisition	(181)	-
Capital injection into subsidiary	(9,119)	-
Acquisition of plant and equipment	(663)	(437)
Acquisition of available for sale investments	(4,344)	(6,192)
Proceeds from disposal of available for sale investments	2,324	1,121
Net cash from investing activities	**(13,222)**	(4,894)
Cash flows from financing activities		
Proceeds from the issue of share capital	86	12,846
Purchase of own shares for treasury	(2,162)	(2,810)
Repayment of EBT loan	76	29
Payment of interim dividend	(761)	-
Redemption of warrants	-	(120)
Net cash from financing activities	**(2,761)**	9,945
Net (decrease)/increase in cash and cash equivalents	(12,086)	10,709
Cash and cash equivalents at 1 January	12,239	1,530
Cash and cash equivalents at 31 December	**153**	12,239

The notes on pages 37 to 76 form part of these financial statements

1 Significant accounting policies

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 consolidated financial statements of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the "Group")

1.1 Basis of preparation and statement of compliance

Both the Group and Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements These are the Group's and Company's first IFRS consolidated financial statements and IFRS 1 has been applied The disclosures required by IFRS 1 concerning the transition from UK GAAP to adopted IFRSs are given in note 25

The financial statements are presented in sterling, rounded to the nearest thousand The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements

The preparation of financial statements in conformity with adopted IFRSs require 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 note 28

The Company has elected to take the following exemptions affecting comparative financial data

(i) Business combinations

The Company has elected not to restate business combinations that took place prior to the 1 January 2006 transition date

(ii) Plant and equipment

A first-time adopter may elect to measure individual items of plant and equipment at the book value under its previous GAAP, at the date of transition to adopted IFRSs The Group and Company have made this election

(iii) Forthcoming requirements and future developments to accounting policies

IFRS 8 *Operating Segments* is effective for periods beginning on or after 1 January 2009 This standard introduces the "management approach", which requires segment disclosures based on the components of the entity that management monitors in making decisions about operating matters At the reporting date this standard has not yet been adopted

IFRIC 11 in conjunction with IFRS 2 share based payments has not yet been adopted, but on adoption it will not impact the reported profits or financial position of the Group or the Company

The comparative figures for the financial year ended 31 December 2006 are not the Group's or Company's statutory accounts for that financial year Those accounts, which were prepared under UK GAAP, 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

1.2 Basis of consolidation

1 2 1 Subsidiaries

Subsidiaries are entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that are presently exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases In the Company's financial statements investments in subsidiaries are stated at cost less any impairment losses

1.2.2 Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

1.2.3 EBT

The Group has accounted for each Trust as a branch of the Company Holdings of shares by the Trusts are accounted for as treasury shares When the Trusts transfer shares to employees, this is accounted for as a distribution of those shares to the employees

1.3 Functional and presentation currency

These consolidated financial statements are presented in sterling, which is the Group's presentational currency The Company's financial statements are presented in sterling, which is the Company's functional and presentational currency Except where indicated, financial information presented in sterling has been rounded to the nearest thousand

1.4 Foreign currency

1.4.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction, to the respective functional currencies of the Group entities Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to their respective functional currency at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement Non-monetary assets and liabilities, except for goodwill, that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction Non-monetary assets and liabilities, except for goodwill, denominated in foreign currencies that are stated at fair value are translated to their respective functional currency at foreign exchange rates ruling at the dates the fair value was determined

1.4.2 Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to sterling at foreign exchange rates ruling at the balance sheet date The revenues and expenses of foreign operations are translated to sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions Foreign exchange differences arising on retranslation of assets and liabilities are recognised directly in a separate component of equity known as the Foreign Currency Translation Reserve When a foreign operation is disposed of, in part or in full, the relevant amount in the Foreign Currency Translation Reserve is transferred to the income statement

1.5 Plant and equipment

1 5 1 Owned assets
Items of plant and equipment are stated at cost, less accumulated depreciation (see 1 5 2) and any impairment losses (see 1 10 3)

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment and depreciated accordingly

1 5.2 Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment The estimated useful lives are as follows

(i)	Fixtures and fittings	5 years
(ii)	Furniture and office equipment	6 - 7 years
(iii)	Computer and telephone equipment	3 years

1.6 Intangible assets

1 6 1 Goodwill
All business combinations are accounted for by applying the purchase method Goodwill has been recognised in acquisitions of subsidiaries In respect of business acquisitions that have occurred since 1 January 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP The classification and accounting treatment of business combinations that occurred prior to 1 January 2006 has not been reconsidered in preparing the Group's and Company's opening adopted IFRS balance sheet at 1 January 2006

Goodwill is stated at cost less any accumulated impairment losses Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment

1 6.2 Other intangible assets
Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation (see 1 6 4) and impairment losses

1.6.3 Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates All other expenditure is expensed as incurred

1 6 4 Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite Goodwill and intangible assets with an indefinite useful life are tested systematically for impairment at each reporting date Other intangible assets are amortised from the date that they are available for use The estimated useful lives of intangibles are up to five years

1.7 Investments

1 7.1 Fınancıal assets and lıabılıties

The Group classifies ıts financıal assets and lıabılıties as

1 securıties held for tradıng,
2 held for tradıng lıabılıtıes, and
3 avaılable for sale ınvestments

The classıfıcatıon depends on the purpose for whıch the assets or lıabılıtıes were acquıred Management determınes the classıficatıon of ıts ınvestments at ınıtıal recognıtıon

A fınancıal ınstrument ıs defıned as any contract that gıves rıse to a fınancıal asset of one entıty and a fınancıal lıabılıty or equıty ınstrument of another entıty

1 7 2 Recognıtıon

All fınancıal assets and lıabılıtıes are ınıtıally recognısed and measured at faır value plus dırectly attrıbutable transactıon costs on the trade date at whıch the Group or Company becomes a party to the contractual provısıons of the fınancıal ınstrument

1.7.3 Derecognıtion

The Group derecognıses all securıtıes held for tradıng when the contractual rıghts to the cash flows on the fınancıal asset expıre, or ıt transfers the rıghts to receıve the contractual cash flows on the fınancıal asset ın a transactıon ın whıch substantıally all the rısks and rewards of the financıal asset are transferred

1.7.4 Held for tradıng assets and lıabılıtıes

The terms "securıtıes held for tradıng" and "held for tradıng lıabılıtıes" (formerly long and short tradıng posıtıons) represent the aggregate of tradıng posıtıons ın ındıvıdual securıtıes arısıng respectıvely from a net bought or net sold posıtıon These posıtıons ın securıtıes are valued at market bıd and offer prıces respectıvely at the close of busıness on the balance sheet date, and movements are recognısed ın the ıncome statement A fınancıal asset or lıabılıty ıs classıfıed ın thıs category ıf acquıred prıncıpally for the purpose of sellıng or buyıng back ın the short term Purchases and sales of ınvestments are recognısed on trade date, beıng the date on whıch the Group or Company commıts to purchase or sell the asset

1 7 5 Avaılable for sale investments

Avaılable for sale ınvestments are those ınvestments whıch are not held for short term tradıng Faır values ın respect of avaılable for sale ınvestments that are quoted ın actıve markets are determıned by reference to the current quoted bıd prıce Where ındependent prıces are not avaılable, faır values may be determıned usıng valuatıon technıques wıth reference to observable market data The dıfference between acquısıtıon cost and faır value ıs taken to equıty, and to the ıncome statement ıf the asset ıs ımpaıred The Group and Company makes an assessment at each balance sheet date as to whether there ıs any objectıve evıdence of ımpaırment, beıng any cırcumstance where an adverse ımpact on estımated future cash flows of the fınancıal asset or Group of assets can be relıably estımated On dısposal, any profıt prevıously recognısed wıthın equıty, or any ımpaırment prevıously recognısed ın the ıncome statement are reversed and the actual profıt or loss on dısposal ıs recognısed ın the ıncome statement

1.8 Trade and other receivables

Trade and other receivables are initially recognised at fair value plus directly attributable transaction costs and then measured at amortised cost At each balance sheet date such receivables are reviewed to determine whether there is an indication of impairment If any such indication exists, the recoverable amount is estimated Impairment losses are recognised in the income statement

1 9 Cash and cash equivalents

Cash and cash equivalents (including money market funds) comprise cash balances and call deposits with an original maturity of three months or less Bank overdrafts that are repayable on demand and form an integral part of the Group's treasury function are included as a component of cash and cash equivalents for the purpose of the statement of cash flows Cash and cash equivalents are held at amortised cost in the balance sheet

1.10 Impairment

1.10 1 Available for sale investments

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement

1 10 2 Goodwill and other intangibles

All recoverable amounts are measured based on the higher of value in use and fair value less costs to sell The key assumptions and approach to determine value in use calculations are solely estimates for the purpose of assessing impairment on acquired goodwill For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not available for use, the recoverable amount is estimated at each balance sheet date An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement An impairment loss in respect of goodwill is not reversed

1.10.3 Plant and equipment

For plant and equipment, an impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement

1.11 Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity

1.12 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis

1.13 Employee benefits

1.13 1 Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

1 13.2 Share based payment transactions

The Group has applied the requirements of IFRS 2 share based payments to all grants of equity instruments

The Group issues equity-settled share based payments to certain employees Equity-settled share based payments are measured at fair value at the date of grant The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest Fair value is measured by use of a proprietary valuation model and considers such inputs as share price at date of grant, exercise price, historical volatility and risk-free interest rates At each reporting date the amount recognised as an expense is adjusted to reflect the actual number of leavers

1 13 3 Matching Share Plan

Under the Matching Share Plan, the Group grants free shares to employees equivalent to the number they have purchased This is recorded as an expense based on its estimate of the number of shares expected to vest on a straight-line basis over the vesting period At each reporting date the amount recognised as an expense is adjusted to reflect the actual number of leavers More information on the Matching Share Plan can be found in note 4

1.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, which can be estimated reliably, and it is probable that the Group will be required to settle that obligation Provisions are measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date

1 15 Trade and other payables

Trade and other payables are initially recognised at fair value plus directly attributable transaction costs and then measured at amortised cost

1.16 Revenue

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, 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)
- 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)
- Commission, as reported on the face of the income statement, reflects revenue generated from the institutional equities business segment
- Trading revenue comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with related income, expense and dividends
- Fee income, as reported on the face of the income statement, reflects revenue generated from the corporate finance business segment as well as wealth management revenue
- Financial income and financial expenses are recognised using the effective interest rate method

1.17 Segmental reporting

Segments are distinguishable components of the Group that provide services within a particular economic environment (geographic segment) or type of service (business segment) A reportable segment is any segment that earns at least 10% of its revenue from external customers The dominant source of the Group's different risks and rewards determines the Group's primary segment

In accordance with IAS 14, the Group's primary segment is based on geographic region

1.18 Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Under IAS 17 guidelines, lease incentives received are recognised in the income statement as an integral part of the total lease expense

1.19 Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date The most significant element of the deferred tax asset relates to the tax benefit arising from the future exercise of share options

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised

Deferred tax is not recognised for the following temporary differences the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future

2 Segmental reporting

Segment information is presented in respect of the Group's geographical and business segments The Group's primary segment is geographical and is based on the Group's management and internal reporting structure

2.1 Geographical segments

The Group compromises the following main geographical segments

- UK business
- US business

The following provides an analysis of results split by geographical segments

	UK		US		Consolidated	
	2007 *£'000*	**2006** *£'000*	**2007** *£'000*	**2006** *£'000*	**2007** *£'000*	**2006** *£'000*
Net commission and trading income	**14,894**	18,757	**10,894**	-	**25,788**	18,757
Corporate finance fee income	**26,215**	23,284	**10,435**	-	**36,650**	23,284
Wealth management income	**-**	-	**2,721**	-	**2,721**	-
Net (loss)/gain on AFS investments	**(1,104)**	471	**-**	-	**(1,104)**	471
Total administration expenses	**(29,975)**	(30,849)	**(25,951)**	-	**(55,926)**	(30,849)
Share based payment charges	**(6,343)**	(7,122)	**(84)**	-	**(6,427)**	(7,122)
Net financial income	**2,040**	1,336	**(219)**	-	**1,821**	1,336
Income tax	**1,276**	(1,849)	**891**	-	**2,167**	(1,849)
Profit/(loss) for period	**7,003**	4,028	**(1,313)**	-	**5,690**	4,028
Non-current assets (inc goodwill)	**24,802**	20,288	**29,434**	-	**54,236**	20,288
Current assets[1]	**67,313**	81,575	**12,787**	-	**80,100**	81,575
Current liabilities[1]	**(33,750)**	(42,409)	**(19,145)**	-	**(52,895)**	(42,409)
Non-current liabilities	**(3,833)**	(3,766)	**-**	-	**(3,833)**	(3,766)
Capital expenditure	**(663)**	(437)	**(783)**	-	**(1,447)**	(437)

[1] These amounts exclude the intragroup balance between the UK and the US

2 2 Business segments

The UK and US segments operate in two principal business segments, institutional equities and corporate finance and other fee income

The following provides an analysis of revenue by business segment for the period to 31 December 2007

	Total	Institutional Equities	Corporate Finance and other fee income	Central
	Year ended 31 December 2007 *£'000*	Year ended 31 December 2007 *£'000*	Year ended 31 December 2007 *£'000*	Year ended 31 December 2007 *£'000*
Net commission and fee income	**65,159**	25,788	39,371	-
Current assets (segment)	**80,100**	36,219	2,449	41,432
Current liabilities (segment)	**(52,895)**	(29,252)	-	(23,643)
Capital expenditure	**(1,447)**	-	-	(1,447)

The following provides an analysis of revenue by business segment for the period to 31 December 2006

	Total	Institutional Equities	Corporate Finance and other fee income	Central
	Year ended 31 December 2006 *£'000*	Year ended 31 December 2006 *£'000*	Year ended 31 December 2006 *£'000*	Year ended 31 December 2006 *£'000*
Net commission and fee income	**42,041**	18,757	23,284	-
Current assets (segment)	**81,575**	36,760	1,015	43,800
Current liabilities (segment)	**(42,409)**	(24,060)	-	(18,349)
Capital expenditure	**(437)**	-	-	(437)

3 Purchase of subsidiary undertakings

On 30 March 2007 the Group completed the acquisition of ThinkEquity The net assets acquired under adopted IFRSs were as follows

	Book value	Adjustments	Fair value
	£'000	*£'000*	*£'000*
Intangible assets	-	554	554
Plant and equipment	1,327	(72)	1,255
Available for sale investments	13	-	13
Held for trading investments	7	-	7
Trade and other receivables	3,795	-	3,795
Cash	5,389	-	5,389
Payables	(20,913)	-	(20,913)
Net liabilities	(10,382)	482	(9,900)
Direct costs of acquisition	-	-	(1,483)
Add goodwill on consolidation	-	-	26,645
			15,262
Satisfied by			
Cash payment	-	-	1,847
Issue of 8,767,626 shares[1]	-	-	13,415
			15,262

[1] market price of 153p at the date of acquisition

The acquisition of ThinkEquity, which has been accounted for under acquisition accounting, has resulted in an increase in the merger reserve created on consolidation of £11,008,002 being the difference between the market value of shares issued, not including shares to be issued, and their nominal value of £295,517 (4p per share)

The intangible assets acquired relate to customer relationships

Goodwill arising on the acquisition of ThinkEquity is attributable to those intangibles which are not recognised separately, such as an experienced work force in place

Since acquisition, ThinkEquity reported a loss after tax of £1,313,273 which is included within the consolidated income statement

If ThinkEquity had been acquired on 1 January 2007, ThinkEquity's revenue for the period would have been £35,017,000 and their loss for the year would have been £1,382,773

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 Group's 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, one share is 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

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 of 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 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 (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 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 income statement over the vesting period of the options Since this charge is neither 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 under the 2005 Employee Share Option Plan Such payments will only be made whilst the 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 all other options on the date of grant has been estimated using a Black-Scholes 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 (40% based on historic volatility) (2006 50%),
(d) Risk free rate on the date of grant, and
(e) Expected dividend yield (nil)

Over the 12 months to 31 December 2007 the following number and weighted average exercise price of options were recorded

Group

	Number	Weighted average price
Outstanding at the beginning of the period	19,512,775	£0 17
Granted during the period	8,845,090	£0 71
Forfeited during the period	2,587,382	£0 39
Exercised during the period	2,553,943	£0 08
Expired during the period	-	-
Outstanding at the end of the period	23,216,540	£0 36
Exercisable at the end of the period	10,922,859	£0 25

Of the number of options outstanding at the end of the period, 13,867,003 relate to shares which are already in issue

Company

	Number	Weighted average price
Outstanding at the beginning of the period	8,860,050	£0 17
Granted during the period	500,742	£1 69
Forfeited during the period	-	-
Exercised during the period	258,586	£0 04
Expired during the period	-	-
Outstanding at the end of the period	9,102,206	£0 25
Exercisable at the end of the period	6,263,073	£0 22

4.1 Share based payment charges arising from the acquisition of Panmure Gordon (UK) Limited

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
IFRS 2 share based payment charges	2,964	6,908
Other related IFRS 2 share based payment charges	1,185	-
Total IFRS 2 share based payment charges relating to the acquisition of Panmure Gordon (UK) Limited	**4,149**	6,908

IFRS 2 share based payment charges are derived from the following issues of options relating to the acquisition of Panmure Gordon (UK) Limited

Type of scheme	Date of grant	No of options granted less exercised or lapsed	Exercise price (p)	Vesting period (years)
2002 Unapproved	26/04/2005	500,000	120	2
2005 EBT (tranche 2)	26/04/2005	1,713,139	4	2
2005 EBT (tranche 3)	26/04/2005	1,971,724	4	3
2005 EBT (tranche 2)	31/05/2005	747,628	4	1 9
2005 EBT (tranche 3)	31/05/2005	809,291	4	2 9
2005 EBT (tranche 2)	31/05/2005	804,828	4	1 9
2005 EBT (tranche 3)	31/05/2005	839,845	4	2 9
2005 EBT (tranche 2)	16/08/2005	61,667	4	1 7
2005 EBT (tranche 3)	16/08/2005	61,666	4	2 7
2005 EBT (tranche 2)	16/08/2005	1,667	4	1 7
2005 EBT (tranche 3)	16/08/2005	5,999	4	2 7
2005 EBT (tranche 2)	24/11/2005	10,000	4	1 42
2005 EBT (tranche 3)	24/11/2005	10,000	4	2 42
2005 EBT (tranche 1)	10/03/2006	251,038	4	1 1
2005 EBT (tranche 2)	10/03/2006	255,705	4	2 1
2005 EBT (tranche 3)	10/03/2006	255,710	4	3 1
2005 EBT (tranche 1)	15/05/2006	17,500	4	0 95
2005 EBT (tranche 2)	15/05/2006	20,000	4	1 95
2005 EBT (tranche 3)	15/05/2006	20,000	4	2 95
2005 EBT (tranche 1)	17/07/2006	5,000	4	0 78
2005 EBT (tranche 2)	17/07/2006	5,000	4	1 78
2005 EBT (tranche 3)	17/07/2006	5,000	4	2 78
2005 EBT (tranche 1)	14/09/2006	88,333	4	0 61
2005 EBT (tranche 2)	14/09/2006	93,333	4	1 61
2005 EBT (tranche 3)	14/09/2006	93,334	4	2 61
2005 EBT	14/09/2006	100,000	4	5
2005 EBT	14/09/2006	100,000	4	5

4 2 Other share based payment charges

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
IFRS 2 share based payment charges	1,944	214
Other related IFRS 2 share based payment charges	334	-
Total IFRS 2 share based payment charges	**2,278**	214

IFRS 2 share based payment charges are derived from the following issues of options unconnected with the acquisition of Panmure Gordon (UK) Limited

Type of scheme	Date of grant	No of options granted less exercised or lapsed	Exercise price (p)	Vesting period (years)
2002 Approved	12/05/2004	89,863	125	3
2005 EBT (tranche 1)	17/01/2007	8,333	4	1 27
2005 EBT (tranche 2)	17/01/2007	8,333	4	2 27
2005 EBT (tranche 3)	17/01/2007	8,334	4	3 27
2005 EBT (tranche 1)	06/03/2007	78,334	4	1 14
2005 EBT (tranche 2)	06/03/2007	78,334	4	2 14
2005 EBT (tranche 3)	06/03/2007	78,332	4	3 14
Overseas Plan	30/03/2007	464,741	181 5	3
Matching Share Plan	31/03/2007	1,476,423	-	3
2005 EBT (tranche 1)	10/04/2007	114,666	4	1 04
2005 EBT (tranche 2)	10/04/2007	114,666	4	2 04
2005 EBT (tranche 3)	10/04/2007	114,668	4	3 04
2005 EBT	10/04/2007	215,000	4	3
2002 Approved	23/04/2007	18,750	160	3
2002 Approved	23/04/2007	17,964	167	3
2002 Unapproved	23/04/2007	156,250	160	4
2002 Unapproved	23/04/2007	7,036	167	4
Matching Share Plan	26/04/2007	200,000	-	3
Overseas Plan	16/05/2007	56,000	181 5	3
2005 EBT (tranche 1)	22/05/2007	15,833	4	0 93
2005 EBT (tranche 2)	22/05/2007	15,833	4	1 93
2005 EBT (tranche 3)	22/05/2007	15,834	4	2 93
2005 EBT	22/05/2007	20,000	4	2 88
2002 Approved	20/06/2007	47,045	176	3
2002 Unapproved	20/06/2007	157,955	160	4
2005 EBT (tranche 1)	05/07/2007	11,417	4	0 81
2005 EBT (tranche 2)	05/07/2007	11,417	4	1 81
2005 EBT (tranche 3)	05/07/2007	11,416	4	2 81
2005 EBT	05/07/2007	200,000	4	0 16
2005 EBT (tranche 1)	06/07/2007	187,749	4	0 81
2005 EBT (tranche 2)	06/07/2007	187,749	4	1 81
2005 EBT (tranche 3)	06/07/2007	187,752	4	2 81
Matching Share Plan	11/07/2007	264,000	-	3
2005 EBT (tranche 1)	17/08/2007	59,000	4	0 69
2005 EBT (tranche 2)	17/08/2007	99,000	4	1 69
2005 EBT (tranche 3)	17/08/2007	79,001	4	2 69
2002 Approved	19/09/2007	1,300,000	125	3
Overseas Plan	19/09/2007	415,600	181 5	2 53
2005 EBT (tranche 1)	12/10/2007	105,000	4	0 54
2005 EBT (tranche 2)	12/10/2007	85,000	4	1 54
2005 EBT (tranche 3)	12/10/2007	85,000	4	2 54
Matching Share Plan	19/10/2007	136,460	-	3
Matching Share Plan	30/10/2007	31,811	-	3
2005 EBT (tranche 1)	19/11/2007	14,999	4	0 43
2005 EBT (tranche 2)	19/11/2007	14,999	4	1 43
2005 EBT (tranche 3)	19/11/2007	15,002	4	2 43
Matching Share Plan	20/11/2007	50,000	-	3
2005 EBT (tranche 1)	18/12/2007	45,000	4	0 35
2005 EBT (tranche 2)	18/12/2007	45,000	4	1 35

5 The operating profit for the Group before taxation is stated after charging

Auditor's remuneration

The following fees were payable by Panmure Gordon to the Group's principal auditor, KPMG Audit Plc and its associate in the US (together KPMG)

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Audit fees for statutory audit		
Fees relating to current year	**100**	90
Fees payable to KPMG for other services provided to the Group		
Audit related services		
Audit of subsidiaries	**92**	35
Other services pursuant to legislation	**41**	25
Tax services	**90**	30
Other services	**120**	29
Total fees payable	**443**	209

6 Net financial income

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Financial income		
Cash and money market deposits	**1,884**	1,284
Other	**159**	270
	2,043	1,554
Financial expense		
Bank loans and overdrafts	**(30)**	(26)
Subordinated loan	**(192)**	(192)
	(222)	(218)
Net financial income	**1,821**	1,336

7 Staff costs

Group	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Staff costs including Directors' emoluments		
Wages and salaries	**35,366**	20,139
Social security costs	**2,901**	2,527
Pensions (defined contribution scheme)	**1,191**	1,072
Total	**39,458**	23,738

The Group operates a defined contribution pension scheme, accruing costs as paid At the balance sheet date the Group had no outstanding pension contribution liabilities The charge for the period to 31 December 2007 was £1,191,000 (2006 £1,072,000)

Average number of persons, including Directors, employed by the Group during the year

	Group Total 2007	UK 2007	US 2007	Group Total 2006
Institutional Equities	**152**	**59**	**93**	**63**
Corporate Finance	**91**	**30**	**61**	**28**
Other	**69**	**39**	**30**	**36**
Total	**312**	**128**	**184**	**127**

As at 31 December 2007, the number of persons, including Directors, employed by the Group was

	Group Total 2007	UK 2007	US 2007	Group Total 2006
Institutional Equities	**147**	**59**	**88**	**58**
Corporate Finance	**96**	**29**	**67**	**30**
Other	**73**	**42**	**31**	**36**
Total	**316**	**130**	**186**	**124**

Directors' emoluments

Emoluments paid to Directors were as follows

	Emoluments *2007* *£'000*	**Pension** *2007* *£'000*	**Emoluments** *2006* *£'000*	**Pension** *2006* *£'000*
Aggregate	1,584	40	1,103	147
Highest paid Director	557	22	587	112

Two Directors are accruing benefits under the Group's defined contribution pension scheme No Directors have exercised any share options or awards during the period Three Directors (including the highest paid Director) were granted share awards under the Company's Matching Share Plan and two Directors were granted share options under the Overseas Share Option Plan and the Accrued Bonus Plan during the year

The Directors are reimbursed all reasonable expenses incurred solely in relation to their duties as a Director

8 Income tax expense

The analysis of the total income tax credit/(expense) is as follows

	Year ended 31 December 2007 *£'000*	Year ended 31 December 2006 *£'000*
Analysis of current tax charge in period		
UK current period corporation tax charge on current year profit	(2,501)	(2,254)
UK corporation tax credit in respect of prior year	492	405
Current tax charge	(2,009)	(1,849)
Analysis of deferred tax credit in period		
Arising on future exercise of share options	3,323	-
Recognition of the future tax benefit of US losses	890	-
Temporary difference on plant and equipment	280	-
Temporary difference on goodwill	(317)	-
Deferred tax credit	4,176	-
Total income tax credit/(expense)	2,167	(1,849)

<u>Tax reconciliation</u>

Profit on ordinary activities before tax	3,523	5,877
Taxation at UK corporation tax rate of 30% (2006 30%)	(1,057)	(1,763)
Effects of		
US losses at different rate	264	-
Brought forward losses utilised	-	1,117
Deferred tax on future exercise of share options	3,323	-
Deferred tax on plant and equipment	280	-
Deferred tax on goodwill	(317)	-
Tax on IFRS 2 share based payment charges	(1,928)	(2,136)
Tax relief from exercise of share options	849	828
Prior year corporation tax over provision	492	405
Sundry differences	261	(300)
	2,167	(1,849)

The effective tax rate for this reporting period was a credit of 61 5% (2006 charge of 31 5%) The tax credit for this reporting period was principally due to the recognition of a deferred tax asset on the future exercise of share options Further details can be found in note 18

9 Result of the Company

As permitted by section 230 of the Companies Act 1985, the Company's income statement is not presented as part of these financial statements The Company's profit for the financial period was £4 8m (2006 profit of £3 0m)

10 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

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Profit on ordinary activities after taxation (PAT)	**5,690**	4,028
Add IFRS 2 charges re acquisition of Panmure Gordon (UK) Limited	**4,149**	6,908
Other IFRS 2 share based payment charges	**2,278**	214
Tax relief from exercise of options	**(849)**	(828)
Prior year tax over provision	**(492)**	(405)
Deferred tax from the future exercise of share options	**(3,323)**	-
Deferred tax relating to goodwill	**317**	-
Redundancy and restructuring net of tax	**250**	-
Gain on sale of discontinued activities net of tax	**(54)**	(84)
Dividend equivalent bonus net of tax	**106**	-
Adjusted profit after taxation (Adj PAT)	**8,072**	9,833
Weighted average number of shares in issue	**69,102,942**	62,081,645
Fully diluted weighted average number of shares in issue	**70,649,835**	64,686,485
Basic earnings per share (based on PAT)	**8.23p**	6 49p
Diluted earnings per share (based on PAT)	**8.05p**	6 23p
Adjusted earnings per share (based on Adj PAT)	**11.68p**	15 83p

11 Goodwill and other intangibles

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
At 1 January	**13,201**	13,201
Goodwill on acquisition of ThinkEquity	**26,645**	-
Other intangibles arising on acquisition of ThinkEquity	**554**	-
Foreign currency movement	**(344)**	-
Total	**40,056**	13,201

Goodwill represents the excess of purchase price paid over net assets acquired, being

(i) £13 2m in respect of the acquisition of Panmure Gordon (UK) Limited in April 2005 The Board considers that the business and cash flows emanating from Panmure Gordon (UK) Limited are integral to the operations of the Group in the UK As such the Board has reviewed forecast cash flows in the UK and is satisfied that the present value of these cash flows is considerably in excess of £13 2m In arriving at the present value of cash flows, a discount factor of 17% has been applied, along with a growth rate of 2%

(ii) £26 6m in respect of the acquisition of ThinkEquity in March 2007 In assessing the value of goodwill, the Board has taken into consideration the following

- The relatively recent date of the acquisition and the improvement in the operating performance of the Company in calendar year 2007 versus 2006

- Forecast cash flows over a three year period The present value of the cash flows using a discount rate of 22 34% and 2% constant growth from the third year forecast cash flow is considerably in excess of £26 6m

(iii) The intangible assets acquired amount to £554,000 and relate to customer relationships, the estimated useful life of which is five years

12 Plant and equipment

Group

2007	Furniture and Office Equipment	Fittings	Computer and Telephone Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2007	341	1,831	452	2,624
Fair value at acquisition 1 April 2007	404	424	427	1,255
Additions	111	450	886	1,447
Disposals	(2)	(17)	(22)	(41)
At 31 December 2007	**854**	**2,688**	**1,743**	**5,285**
Accumulated depreciation				
At 1 January 2007	(120)	(741)	(135)	(996)
Charge for the year	(138)	(549)	(331)	(1,018)
Disposals	2	17	22	41
FX translation	(3)	(1)	(20)	(24)
At 31 December 2007	**(259)**	**(1,274)**	**(464)**	**(1,997)**
Net book value				
At 31 December 2007	**595**	**1,414**	**1,279**	**3,288**
At 31 December 2006	221	1,090	317	1,628

Company

2007	Furniture and Office Equipment	Fittings	Computer and Telephone Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2007	341	1,831	452	2,624
Additions	63	354	246	663
Disposals	(2)	(17)	(22)	(41)
At 31 December 2007	**402**	**2,168**	**676**	**3,246**
Accumulated depreciation				
At 1 January 2007	(120)	(741)	(135)	(996)
Charge for the year	(60)	(413)	(191)	(664)
Disposals	2	17	22	41
At 31 December 2007	**(178)**	**(1,137)**	**(304)**	**(1,619)**
Net book value				
At 31 December 2007	**224**	**1,031**	**372**	**1,627**
At 31 December 2006	221	1,090	317	1,628

Group and Company

2006	Furniture and Office Equipment	Fittings	Computer and Telephone Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2006	358	1,674	195	2,227
Additions	-	158	279	437
Disposals	(17)	(1)	(22)	(40)
At 31 December 2006	**341**	**1,831**	**452**	**2,624**
Accumulated depreciation				
At 1 January 2006	(66)	(391)	(68)	(525)
Charge for the year	(54)	(351)	(89)	(494)
Disposals	-	1	22	23
At 31 December 2006	**(120)**	**(741)**	**(135)**	**(996)**
Net book value				
At 31 December 2006	**221**	**1,090**	**317**	**1,628**
At 31 December 2005	292	1,283	127	1,702

13 Investments

Available for sale investments

Group	31 December 2007 £'000	31 December 2006 £'000
Available for sale investments - quoted	**6,004**	1,824
Available for sale investments - unquoted	**347**	3,635
Total	**6,351**	5,459

Available for sale investments

Company	31 December 2007 £'000	31 December 2006 £'000
Available for sale investments - quoted	**5,991**	1,824
Available for sale investments - unquoted	**347**	3,635
Total	**6,338**	5,459

Investment in subsidiary undertakings

Company	31 December 2007 £'000	31 December 2006 £'000
Shares in subsidiary undertakings	**47,811**	20,107
Total	**47,811**	20,107

Additional information on subsidiary undertakings.

At 31 December 2007 the Company owned 100% of the ordinary share capital of the following subsidiary undertakings other than those indicated

Name	Country of incorporation	Nature of business
Panmure Gordon (UK) Limited	United Kingdom	Stockbroking, corporate finance and market making
Panmure Gordon (Broking) Limited	United Kingdom	Stockbroking, corporate finance and market making
Durlacher Corporate Finance Limited	United Kingdom	Dormant
Durlacher Fund Management Limited	United Kingdom	Dormant
Durlacher Research Limited	United Kingdom	Dormant
Durlacher Ventures Limited	United Kingdom	Dormant
Life Capital Limited	United Kingdom	Dormant
Panmure General Partner Limited	United Kingdom	General Partner
Rotherfield Nominees Limited[1]	United Kingdom	Dormant
web-angel Limited	United Kingdom	Dormant
web-angel Services Limited[2]	United Kingdom	Dormant
United Energy Limited[2]	United Kingdom	Dormant
United Energy Property Limited[2]	United Kingdom	Dormant
Moorfields GP Limited (33%)	United Kingdom	General Partner
ThinkEquity Holdings LLC	United States	Holding company
ThinkEquity Partners LLC[3]	United States	FINRA/SEC registered broker dealer
ThinkEquity Capital LLC[3]	United States	Investment manager
ThinkEquity Capital Advisors LLC[3]	United States	Investment administrator
Brantwood Management LLC (50%)[3]	United States	Investment manager

[1] Direct subsidiary of Panmure Gordon (Broking) Limited
[2] Direct subsidiaries of web-angel Limited
[3] Direct subsidiaries of ThinkEquity Holdings LLC

The composition of securities held for trading at 31 December was as follows

	Group		Company	
	31 December 2007 £'000	31 December 2006 £'000	31 December 2007 £'000	31 December 2006 £'000
Shares traded on the London Stock Exchange	**1,487**	6,825	-	-
Shares traded on AIM	**3,835**	938	-	-
Other	**155**	-	-	-
Total	**5,477**	7,763	-	-

Included within 'commission and trading income', in the consolidated income statement, is a gain of £633,000 (2006 £3,705,000) on account of held for trading assets and liabilities

14 Trade and other receivables

	Group		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	£'000	*£'000*	*£'000*	*£'000*
Due within one year				
Trade receivables	**2,449**	1,015	**103**	46
Stock borrow[1]	**764**	4,602	**-**	-
Market receivables	**29,978**	22,572	**-**	-
Amounts owed by Group undertakings	**-**	-	**8,999**	660
Other receivables	**5,117**	894	**3,078**	499
Prepayments and accrued income	**1,422**	947	**756**	654
Total	**39,730**	30,030	**12,936**	1,859

[1] Stock borrow reflects collateral placed against the value of stock borrowed

15 Trade and other payables

	Group		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	£'000	*£'000*	*£'000*	*£'000*
Trade payables	**(2,210)**	(256)	**(209)**	(87)
Market payables	**(28,566)**	(19,424)	**-**	-
Total trade payables	**(30,776)**	(19,680)	**(209)**	(87)
Other payables[1]	**(2,398)**	(578)	**(12,212)**	(2,771)
Accruals and deferred income	**(17,332)**	(14,831)	**(1,741)**	(2,922)
Total other payables	**(19,730)**	(15,409)	**(13,953)**	(5,693)

[1] Included within other payables within the Company's balance sheet is an intragroup payable of £11 2m (2006 £2 5m)

16 Interest bearing loans and borrowings

	Group		Company	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	£'000	*£'000*	*£'000*	*£'000*
Subordinated loan	**(3,000)**	(3,000)	**-**	-
Total	**(3,000)**	(3,000)	**-**	-

The subordinated loan is repayable on 17 February 2011 at £3m and bears an interest rate of 6 4% payable quarterly

17 Provisions

Group	Reorganisation & Reconstruction	Legal Action	Other	Total
	£'000	*£'000*	*£'000*	*£'000*
Provisions at 1 January 2007	(154)	(362)	(250)	(766)
Utilised/reversed during the period	154	362	-	516
Charged during the period	-	-	(238)	(238)
As at 31 December 2007	**-**	**-**	**(488)**	**(488)**

Company	Reorganisation & Reconstruction	Total
	£'000	*£'000*
Provisions at 1 January 2007	(154)	(154)
Utilised/reversed during the period	154	154
Charged during the period	-	-
As at 31 December 2007	**-**	**-**

18 Deferred tax asset and liabilities

Group

	Assets	Liabilities	Net
	£'000	£'000	£'000
Balance as at 1 January 2007	-	-	-
Share based payments	3,323	-	**3,323**
Current year US losses	905	-	**905**
Plant and equipment	280	-	**280**
Fair value reserve	33	(28)	**5**
Goodwill	-	(317)	**(317)**
Balance as at 31 December 2007	**4,541**	**(345)**	**4,196**

A deferred tax asset of £4 5m has been established to reflect the tax benefit which is expected to arise from the future exercise of share options, items of plant and equipment, current year US losses and fair value movements in available for sale investments taken directly to the fair value reserve Previously, a deferred tax asset was not recognised on the basis that it was not considered probable that the deferred tax asset would be recovered

At 31 December 2007, the Group had a potential deferred tax asset of £6,822,773 (2006 £7,202,000) relating to UK tax losses This asset has not been recognised in the balance sheet due to the uncertainty over the timing of its recoverability

A deferred tax liability of £0 3m has been established to reflect the difference between the carrying value and the tax value of goodwill generated following the acquisition of Panmure Gordon (UK) Limited in 2005 The £28,000 deferred tax liability reflects the tax impact of the fair value movement on available for sale investments

Company

	Assets	Liabilities	Net
	£'000	£'000	£'000
Balance as at 1 January 2007	-	-	-
Share based payments	1,749	-	**1,749**
Plant and equipment	280	-	**280**
Fair value reserve	33	(28)	**5**
Balance as at 31 December 2007	**2,062**	**(28)**	**2,034**

A deferred tax asset of £2 1m has been established to reflect the tax benefit which is expected to arise from the future exercise of share options, items of plant and equipment and available for sale investments taken directly to the fair value reserve Previously, a deferred tax asset was not recognised on the basis that it was not considered probable that the deferred tax asset would be recovered

The deferred tax liability reflects the tax impact of the fair value movement on available for sale investments

19 Financial instruments and risk profile

The Group and Company's financial instruments comprise cash and cash equivalents, trading positions, available for sale investments, trade receivables and payables arising from operations and subordinated debt The Group and Company have recognised the following risks arising from these financial instruments

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Group and Company do not trade in financial instruments other than marketable securities, which are traded as part of market making activities

19 1 Market risk

Equity price risk
Market risk is the risk that changes in market prices such as equity prices, interest rates and exchange rates will affect the Group and Company's income or the value of its holdings in financial instruments The Group and Company manages these risks within acceptable parameters, while optimising the return on risk Market risk is monitored by means of

Single stock limits are calculated by applying an agreed set of formulas to a set of risk metrics derived from the average traded volume, historical returns and market capitalisation of the specific stock The trading system holds the market value of each trading position along with the holding value limit attributed to it An embedded alarm within the trading system visually alerts management when the value of the individual trading positions breaches 90% of the calculated limit The calculated limits are updated periodically to reflect changes in the risk metrics used to calculate the limits

Segregation of the static data, input and amend functionality, within the trading system ensures that traders and order takers have no ability to amend stock limits Amendments which reflect changes in the calculated limits can only be made upon instruction from Risk Management Any request to amend a limit to a value that falls outside that of the calculated limit are put to the Risk Committee for approval

Position reporting – the largest held for trading positions are reported to, and reviewed by, management on a daily basis and to the Risk Committee every two weeks The Risk Committee establishes an acceptable level of maximum net long position based on current market conditions

A proprietary valuation model is used to gauge potential future losses to individual securities within the trading portfolio The model looks at historic average 10 day returns, derived from the historical daily closing prices for each investment held within the trading book The average returns are then compared to the current 10 day return The model calculates an approximate valuation of potential future losses based on the positions' current value and the deviation of the current return from the historical average return The resultant valuation figure is made available to management as an indicative valuation of the market risk exposure attributable to uncharacteristic period returns for securities held within the book Management then makes the decision as to whether any action should be taken in respect of positions whose current period return differs significantly from the average historical period return There are reviews of intraday investment values and intraday revenue by the Chief Executive, Chief Financial Officer and Chief Operating Officer

Available for sale investments are those investments which are not held for short term trading All investments are held at fair value and reported to the Board on a monthly basis The Board reviews the suitability of all available for sale investments considering current market conditions and instructs as necessary to the Chief Executive, Chief Financial Officer and Chief Operating Officer

Equity sensitivity analysis

Group
A 10% increase or decrease in the underlying share price of held for trading investment assets / liabilities and available for sale investments, of the Group, at the reporting date would have increased / decreased equity by £635,100 (2006 £545,900) and would have impacted the income statement by £479,100 (2006 £312,700)
Company
A 10% increase or decrease in the underlying share price of held for trading investment assets / liabilities and available for sale investments, of the Company, at the reporting date would have increased / decreased equity by £633,800 (2006 £545,900) and would have made no impact to the income statement (2006 £nil)

Interest rate risk
Financial income arises primarily from cash and cash equivalents and will fluctuate depending on cash movements and market interest rate movements All cash and cash equivalents mature within three months Financial income in the period is disclosed in note 6

The subordinated loan of £3m is repayable on 17 February 2011 and bears a fixed interest rate of 6 4%, payable quarterly Financial income and expense is recognised using the effective interest rate method

Sensitivity analysis on interest rate risk
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the income statement, net of income tax, by the amounts shown below This analysis assumes that all other variables, in particular foreign currency rates, remain constant

	Profit or loss	
	100bp increase	**100bp decrease**
	£'000	*£'000*
31 December 2007		
Subordinated loan	-	-
Cash and cash equivalent	270	(272)
Cash flow sensitivity (net)	270	(272)
31 December 2006		
Subordinated loan	-	-
Cash and cash equivalent	248	(248)
Cash flow sensitivity (net)	248	(248)

Sensitivity analysis on currency risk

A 10% strengthening of GBP against USD at 31 December 2007 would have decreased equity by £2,515,745 (2006 £9,726), assuming that all other variables, in particular interest rates, remain constant The following table shows the Group's exposure to foreign currency risk at the balance sheet date

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows *(all figures in GBP '000)*

	As at 31 December 2007				As at 31 December 2006			
	GBP £'000	USD £'000	Other £'000	Total £'000	GBP £'000	USD £'000	Other £'000	Total £'000
Assets								
Intangibles	13,201	26,855	-	**40,056**	13,201	-	-	**13,201**
Plant and equipment	1,627	1,661	-	**3,288**	1,628	-	-	**1,628**
Available for sale investments	6,338	13	-	**6,351**	3,636	-	1,823	**5,459**
Deferred tax asset	3,636	905	-	**4,541**	-	-	-	-
Total non-current assets	24,802	29,434	-	**54,236**	18,465	-	1,823	**20,288**
Investment securities held for trading	5,322	155	-	**5,477**	7,763	-	-	**7,763**
Trade and other receivables	28,496	4,899	6,335	**39,730**	28,124	1,721	185	**30,030**
Cash and cash equivalents	30,285	4,228	380	**34,893**	43,578	-	204	**43,782**
Total current assets	64,103	9,282	6,715	**80,100**	79,465	1,721	389	**81,575**
Current liabilities								
Bank overdraft	-	(459)	-	**(459)**	(24)	(795)	-	**(819)**
Trade and other payables	(21,976)	(2,689)	(6,111)	**(30,776)**	(18,724)	(819)	(137)	**(19,680)**
Tax and social security	(470)	-	-	**(470)**	(461)	-	-	**(461)**
Corporation tax liabilities	(774)	-	-	**(774)**	(1,404)	-	-	**(1,404)**
Provisions and other payables	(11,839)	(7,891)	-	**(19,730)**	(15,409)	-	-	**(15,409)**
Held for trading liabilities	(686)	-	-	**(686)**	(4,636)	-	-	**(4,636)**
Total current liabilities	(35,745)	(11,039)	(6,111)	**(52,895)**	(40,658)	(1,614)	(137)	**(42,409)**
Net current assets	28,358	(1,757)	604	**27,205**	38,807	107	252	**39,166**
Interest bearing loans and borrowings	(3,000)	-	-	**(3,000)**	(3,000)	-	-	**(3,000)**
Provisions	(488)	-	-	**(488)**	(766)	-	-	**(766)**
Deferred tax liability	(345)	-	-	**(345)**	-	-	-	-
Total non-current liabilities	(3,833)	-	-	**(3,833)**	(3,766)	-	-	**(3,766)**
Net assets	49,327	27,677	604	**77,608**	53,506	107	2,075	**55,688**
Equity								
Issued share capital	2,831	-	-	**2,831**	2,530	-	-	**2,530**
Shares to be issued (inc share premium)	3,147	-	-	**3,147**	-	-	-	-
Share premium account	12,676	-	-	**12,676**	12,595	-	-	**12,595**
Merger reserve	32,818	-	-	**32,818**	21,810	-	-	**21,810**
Special reserve	9,595	-	-	**9,595**	9,595	-	-	**9,595**
Fair value reserve	(12)	-	-	**(12)**	-	-	-	-
Other reserve	(636)	-	-	**(636)**	(712)	-	-	**(712)**
Foreign currency translation reserve	(356)	-	-	**(356)**	-	-	-	-
Treasury shares	(4,972)	-	-	**(4,972)**	(2,810)	-	-	**(2,810)**
Retained earnings	22,517	-	-	**22,517**	12,680	-	-	**12,680**
Total equity	77,608	-	-	**77,608**	55,688	-	-	**55,688**

19 2 Credit risk

Credit risk represents the possibility that the Group will suffer a financial loss resulting from a counterparty failing to meet its contractual obligations This risk arises principally from the Group's market and trading receivables Credit risk is managed in a number of ways, namely

- new client account opening procedures which include approval of all clients by the Chief Executive, Chief Operating Officer and Compliance

- the general policy of dealing only with counterparties authorised by the FSA (or equivalent overseas regulators) or listed on a recognised investment exchange

Credit limits are not established for each counterparty Given that all trades are settled on a delivery versus payment basis and the vast majority of counterparties are financial institutions, the risk of non-settlement of trades is not considered to be high enough to warrant the establishment and monitoring of individual credit limits The risk to the Group of non-settlement is based on the stock price movement between trade date and settlement date and is monitored daily

There is a risk of non-payment of retainers by corporate clients, again this is considered a low risk as the amounts involved are relatively small and overdue amounts are actively pursued

All new corporate clients are reviewed at the New Business Committee and then subjected to a rigorous due diligence test Upon an equity transaction where new funds are raised, the Group's fees are held back from the client to eliminate any possible credit risk that may occur

Stock borrow
The Group's stock borrow reflects collateral placed against the value of stock borrowed The cash is placed with one bank that has an investment grade credit rating The balance at the reporting date was £764,000 (2006 £4,602,000)

Other receivables
The Group actively monitors other receivables, and where there is evidence of impairment, management estimates the recoverable amount Impairment losses are recognised in the income statement No collateral is taken against other receivables

Exposure to credit risk
The carrying value of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

	Group		**Company**	
	2007	2006	**2007**	2006
	£'000	*£'000*	*£'000*	*£'000*
Trade receivables	**2,449**	1,015	**103**	46
Stock borrow	**764**	4,602	**-**	-
Market receivables	**352**	857	**-**	-
Other receivables	**5,117**	894	**3,714**	1,211

The ageing of trade receivables at the reporting date was

Group

	Carrying amount	
	31 December 2007	31 December 2006
	£'000	*£'000*
Not past due	**2,314**	498
Past due 31-60 days	**159**	530
Past due 61-90 days	**502**	-
Past due 91-120 days	**88**	14
Past due 121+ days	**141**	204
Provisions	**(755)**	(231)
Total	**2,449**	1,015

The Company's trade receivables amounted to £103,418 (2006 £46,149) which was not past due

19 3 Liquidity risk

Liquidity risk is the risk that the Group and Company is unable to raise sufficient funding to enable it to meet its obligations without incurring a large cost, if at all

The Group and Company's policy with regard to liquidity risk is to manage funding liquidity risk, with a full analysis of cash-flows, and constant monitoring of the Group and Company's balance sheet structure, borrowing limit, buffer assets, and cost of maintaining liquidity, in order to ensure the diversity and availability of funding sources Contingency plans are established in preparation for funding liquidity risk scenarios such as widespread credit uncertainty in the market, or the occurrence of war, civil unrest, accidents, natural disasters, or other incidents

The Group and Company manages its funding liquidity risk through the following tools

- monitoring of cash positions on a daily basis,
- control over ensuring timely settlement by trade debtors, and
- control over timely settlement of market debtors and creditors

Liquidity risk is controlled by a process that is designed to ensure that cumulative financing requirements are considered for the next one year A key operating requirement of the finance function is to ensure that the Group's long term assets and one year's annual operating expenses are covered by long term equity and existing credit lines

The Group holds its cash and cash equivalents with a number of highly rated financial institutions and money funds All cash and cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash without penalty

The contractual maturity of the Group's financial liabilities are all within one to six months except for

- the subordinated loan, where the contractual maturity is 17 February 2011 This is consistent with the prior year, and

- provisions, where there is no contractual liability but are expected to be settled within two years of the balance sheet date (2006 three years)

The contractual maturity of the Company's financial liabilities are all within one to six months In 2006, the Company had provisions which were expected to be settled in more than one year from the balance sheet date However, these were settled in the current year

19.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural Operational risk is not just limited to the processes relating to the Group's business activities but is inherent in all of the Group's activities by virtue of the fact that the Group is a business – because it is an employer and it occupies (and is responsible for) property along with its contents including (but not limited to) assets and information not only belonging to the Group but to our clients

An established Operational Risk Committee (comprised of senior management from all operational business areas) meets regularly not only to discuss current issues but to look to pre-empt future risks that arise as the Group grows The Committee is also responsible for updating and reviewing the risk framework in which all conceived risk events, ranging from everyday reconciliation problems to potentially severe events such as fraud, are recorded and scored depending on their likely frequency of occurrence and potential impact on the Group Also contained within the risk framework are details of mitigation strategies and controls in place around each of the risks recorded as the Group recognises that not all risks can be eliminated (errors and accidents will always occur) and is aware than even where risk can be eliminated it is not always cost effective to do so Where risks are judged to be severe, the Group concentrates primarily on putting stringent controls and mitigation strategies in place to reduce the likelihood of occurrence and impact magnitude of the risk event to a minimum Severe events include both those that are reasonably foreseeable and those that, while not predictable, are thought to be reasonably possible For lower impact risks the Group concentrates on management and monitoring

Capital management
The Group and Company's policy on capital management is to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain future development of the business The Group and Company has adopted the *Capital Requirement Directive* (CRD) which requires the daily monitoring of the excess of the Capital Resources over the Capital Resources Requirement The Group and Company's capital report is reviewed by the Board on a monthly basis

The Group's capital resources consist of three tiers

- Tier One – equity capital,
- Tier Two – subordinated debt with more than five years to maturity, and
- Tier Three – unaudited profit and loss figure

The Group manages its risk profile and its capital resources with the objective of maintaining a regulatory ratio comfortably in excess of the Capital Resources Requirement for all its regulated subsidiaries Based on submissions to the respective regulators of the Group's subsidiaries, this objective was achieved at all times throughout the financial year The management of the Group's capital is carried out under the principle that it should not unexpectedly need to raise new capital or significantly reduce its risk taking in order to meet its capital management objectives

Panmure Gordon (UK) Limited and Panmure Gordon (Broking) Limited are authorised and regulated by the Financial Services Authority

ThinkEquity is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation and is an SEC registered broker-dealer and investment adviser

Treasury shares
From time to time the Group and Company may purchase its own shares, referred to as Treasury Shares in these financial statements, the timing of each purchase is governed by prevailing market prices The Board approves an overall purchase policy, each individual purchase is transacted by management and then reported to the Board

20 Fair value

The carrying value of financial assets and liabilities of the Group and Company approximate its fair value except for the Group's subordinated loan of £3 0m (2006 £3 0m) which has a fair value of £2 9m (2006 2 9m)

21 Other financial commitments

At 31 December, the Group and Company were committed to making the following payments under non-cancellable operating leases

	Group		Company	
	2007	**2006**	**2007**	**2006**
	£'000	*£'000*	*£'000*	*£'000*
Land & building annual commitments which expire				
Within 1 year	**52**	-	-	-
Within 1 to 2 years	**546**	-	-	-
Within 2 to 5 years	**416**	209	**209**	209
Over 5 years	**1,519**	564	**717**	564
Total	**2,533**	773	**926**	773

22 Share capital

The Company issued 7,192,241 ordinary shares (at a nominal value of 4p per share) on 30 March 2007 and 195,680 ordinary shares on 2 November 2007 in consideration for the acquisition of ThinkEquity A further 1,379,705 ordinary shares are still to be issued, which were held back to compensate for contingencies, and are reflected within the shares to be issued line on the balance sheet During the year to 31 December 2007, 141,697 shares were allotted to satisfy the exercise of options

The Company has continued its programme to purchase its own shares into treasury at times when the shares were perceived by the Board to be under-valued As at 31 December 2007, the number of shares in issue was 70,779,816 (2006 63,250,198), of which 3,210,203 were held in treasury (2006 1,856,471) The fully diluted share capital was 75,969,086 (2006 65,412,749)

The 'other reserve' section of the balance sheet reflects the nominal value of share capital owned by the Panmure Gordon & Co plc No 2 Employee Benefit Trust At the balance sheet date the Trust held 15,389,961 shares (2006 17,798,374 shares)

23 Reserves

Group	Ordinary Shares £'000	Shares to be issued £'000	Share Premium £'000	Merger Reserve £'000	Special Reserve £'000	Fair Value Reserve £'000	Other Reserve £'000	Foreign Currency £'000	Treasury Shares £'000	Profit & Loss Account £'000
At 1 January 2007	2,530	-	12,595	21,810	9,595	-	(712)	-	(2,810)	12,680
Shares issued re exercise of options	5	-	81	-	-	-	-	-	-	-
Repayment of loan by EBT	-	-	-	-	-	-	76	-	-	-
Shares issued re ThinkEquity	296	3,147	-	11,008	-	-	-	-	-	-
Fair value reserve	-	-	-	-	-	(12)	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	(356)	-	-
Treasury shares	-	-	-	-	-	-	-	-	(2,162)	-
Profit for the year	-	-	-	-	-	-	-	-	-	5,690
Dividends (interim)	-	-	-	-	-	-	-	-	-	(761)
IFRS 2 share based payment charges	-	-	-	-	-	-	-	-	-	4,908
At 31 December 2007	**2,831**	**3,147**	**12,676**	**32,818**	**9,595**	**(12)**	**(636)**	**(356)**	**(4,972)**	**22,517**

Company	Ordinary Shares £'000	Shares to be issued £'000	Share Premium £'000	Merger Reserve £'000	Special Reserve £'000	Fair Value Reserve £'000	Other Reserve £'000	Foreign Currency £'000	Treasury Shares £'000	Profit & Loss Account £'000
At 1 January 2007	2,530	-	12,595	1,715	9,595	-	(712)	-	(2,810)	12,445
Shares issued re exercise of options	5	-	81	-	-	-	-	-	-	-
Repayment of loan by EBT	-	-	-	-	-	-	76	-	-	-
Shares issued re ThinkEquity	296	3,147	-	11,008	-	-	-	-	-	-
Fair value reserve	-	-	-	-	-	(12)	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	(2,162)	-
Profit for the year	-	-	-	-	-	-	-	-	-	4,793
Dividends (interim)	-	-	-	-	-	-	-	-	-	(761)
IFRS 2 share based payment charges	-	-	-	-	-	-	-	-	-	4,908
At 31 December 2007	**2,831**	**3,147**	**12,676**	**12,723**	**9,595**	**(12)**	**(636)**	**-**	**(4,972)**	**21,385**

Shares to be issued
This component of equity reflects the market value of shares at the time of acquisition of ThinkEquity which are still unissued at the balance sheet date See note 3 for full disclosure

Merger reserve
The increase in the merger reserve over the period reflects the difference between the market value of shares issued to purchase ThinkEquity and their nominal value Disclosure is given in note 3

Special reserve
Following the resolution passed at the Extraordinary General Meeting on 22 April 2005, a Court Order dated 12 October 2005 confirmed that the share premium account and deferred share capital were cancelled and extinguished After eliminating the brought forward deficit on the Company's income statement, the surplus standing to the credit of the share premium account and deferred share capital, amounting to £9,595,000, has been transferred to a special reserve This reserve is to be treated as undistributable until such time as any debts or claims against the Company existing at 12 October 2005 have been paid off

Fair value reserve
The fair value reserve reflects unrealised gains and losses on available for sale investments being the difference between acquisition cost and fair value at the balance sheet date The reserve is presented net of deferred tax, which is disclosed in note 18

Other reserve
The other reserve represents the nominal value of share capital owned by the Panmure Gordon & Co plc No 2 Employee Benefit Trust Since this Trust is consolidated within the Group and Company accounts, the nominal value of the share capital is deducted from reserves

Foreign currency translation reserve
Foreign exchange differences arising on the retranslation of assets and liabilities of foreign operations are recognised directly in this component of equity When a foreign operation is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the income statement

24 Dividends

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	*£'000*
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the year ended 31 December 2007 of 1 5p per share (2006 nil)	761	-
Total	**761**	**-**

The Board has declared a final dividend of 1 5p per share (2006 nil) subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements

Under an arrangement dated 22 April 2005, Praxis Trustees Limited, as Trustee of the Panmure Gordon & Co plc No 2 Employee Benefit Trust, which at 31 December 2007 held 15,389,961 ordinary shares representing 22 78% of the Company's called up share capital, has agreed to waive all dividends due on the shares held

25 Transitional disclosures from UK GAAP to adopted IFRSs

Group
The Group reported under UK GAAP in its previously published financial statements for the year ended 31 December 2006 The tables below show reconciliations of equity, net assets and profit as reported under UK GAAP as at 31 December 2006 to the revised equity, net assets and profit under adopted IFRSs as reported in this report

Reconciliation showing the effect of transition to adopted IFRSs on the consolidated balance sheet

£'000	Previous GAAP	Effect of transition to IFRSs	Adopted IFRSs	Previous GAAP	Effect of transition to IFRSs	Adopted IFRSs
		01/01/2006			*31/12/2006*	
Assets						
Intangibles	13,201	-	13,201	12,751	450	13,201
Plant and equipment	1,702	-	1,702	1,628	-	1,628
Available for sale investments	-	-	-	5,459	-	5,459
Deferred tax asset	-	-	-	-	-	-
Total non-current assets	**14,903**	**-**	**14,903**	**19,838**	**450**	**20,288**
Current assets						
Securities held for trading	8,114	-	8,114	7,763	-	7,763
Trade and other receivables	42,759	-	42,759	30,030	-	30,030
Cash and cash equivalents	21,070	-	21,070	43,782	-	43,782
Total current assets	**71,943**	**-**	**71,943**	**81,575**	**-**	**81,575**
Current liabilities						
Bank overdraft	-	-	-	(819)	-	(819)
Trade and other payables	(30,657)	-	(30,657)	(19,680)	-	(19,680)
Current tax liabilities	(581)	-	(581)	(1,404)	-	(1,404)
Provisions and other payables	(12,255)	-	(12,255)	(15,870)	-	(15,870)
Held for trading liabilities	(4,572)	-	(4,572)	(4,636)	-	(4,636)
Total current liabilities	**(48,065)**	**-**	**(48,065)**	**(42,409)**	**-**	**(42,409)**
Net current assets	**23,878**	**-**	**23,878**	**39,166**	**-**	**39,166**
Interest bearing loans and borrowings	(3,000)	-	(3,000)	(3,000)	-	(3,000)
Provisions	(1,189)	-	(1,189)	(766)	-	(766)
Total non-current liabilities	**(4,189)**	**-**	**(4,189)**	**(3,766)**	**-**	**(3,766)**
Net assets	**34,592**	**-**	**34,592**	**55,238**	**450**	**55,688**
Equities						
Issued share capital	2,260	-	2,260	2,530	-	2,530
Share premium account	19	-	19	12,595	-	12,595
Merger reserve	21,810	-	21,810	21,810	-	21,810
Special reserve	9,595	-	9,595	9,595	-	9,595
Other reserve	(741)	-	(741)	(712)	-	(712)
Treasury shares	-	-	-	(2,810)	-	(2,810)
Retained earnings	1,649	-	1,649	12,230	450	12,680
Total equity	**34,592**	**-**	**34,592**	**55,238**	**450**	**55,688**

During 2005, prior to the date of transition to adopted IFRSs, the Group purchased Panmure Gordon (UK) Limited This purchase generated £13,201,000 of goodwill which was amortised in 2006 by £450,000 under the Group's UK GAAP accounting policy As per adopted IFRSs, goodwill acquired in a business combination should not be amortised Instead, goodwill should be tested annually for impairment

Reconciliation showing the effect of transition to adopted IFRSs on the consolidated income statement

£'000	**Previous GAAP**	**Effect of transition to IFRSs**	**Adopted IFRSs**
		12 months to 31/12/2006	
Commission and trading income	20,494	-	20,494
Commission and trading expense	(1,737)	-	(1,737)
Net commission and trading income	**18,757**	**-**	**18,757**
Fee income	23,284	-	23,284
Other operating income	471	-	471
Net commission and fee income	**42,512**	**-**	**42,512**
Administrative expenses before share based payments	(30,849)	-	(30,849)
Operating profit before share based payments	**11,663**	**-**	**11,663**
Goodwill amortisation	(450)	450	-
Share based payments arising as a result of the acquisition of Panmure Gordon (UK) Limited	(6,908)	-	(6,908)
Other share based payments	(214)	-	(214)
Operating profit	**4,091**	**450**	**4,541**
Financial income	1,554	-	1,554
Financial expenses	(218)	-	(218)
Profit before tax	**5,427**	**450**	**5,877**
Income tax expense	(1,849)	-	(1,849)
Profit for the period	**3,578**	**450**	**4,028**

Reconciliation showing the effect of transition to adopted IFRSs on the Company balance sheet

The Company reported under UK GAAP in its previously published financial statements for the year ended 31 December 2006 Under UK GAAP the Company did not account for share based payments to employees of subsidiaries On adoption of IFRSs the Company was required to account for share based payments made to employees of subsidiaries as an investment in subsidiary undertakings Furthermore, the Group's EBTs were considered to be subsidiaries of the Company As a consequence, the 'other reserve' line on the Company balance sheet reflects the nominal value of shares issued into the EBT which was previously accounted for under UK GAAP as a receivable

The table below shows reconciliations of equity and net assets as reported under UK GAAP as at 31 December 2006 to the revised equity and net assets under adopted IFRSs as reported in this report

£'000	Previous GAAP	Effect of transition to IFRSs	Adopted IFRSs	Previous GAAP	Effect of transition to IFRSs	Adopted IFRSs
		01/01/2006			*31/12/2006*	
Assets						
Plant and equipment	1,702	-	1,702	1,628	-	1,628
Investment in subsidiaries	12,024	3,572	15,596	12,024	8,083	20,107
Available for sale investments	-	-	-	5,459	-	5,459
Total non-current assets	**13,726**	**3,572**	**17,298**	**19,111**	**8,083**	**27,194**
Current assets						
Trade and other receivables	2,873	(741)	2,132	2,571	(712)	1,859
Cash and cash equivalents	1,531	-	1,531	12,239	-	12,239
Total current assets	**4,404**	**(741)**	**3,663**	**14,810**	**(712)**	**14,098**
Current liabilities						
Trade and other payables	(173)	-	(173)	(87)	-	(87)
Current tax liabilities	(185)	-	(185)	-	-	-
Provisions and other payables	(4,906)	-	(4,906)	(5,693)	-	(5,693)
Total current liabilities	**(5,264)**	**-**	**(5,264)**	**(5,780)**	**-**	**(5,780)**
Net current assets	**(860)**	**(741)**	**(1,601)**	9,030	(712)	**8,318**
Provisions	(370)	-	(370)	(154)	-	(154)
Net assets	**12,496**	**2,831**	**15,327**	**27,987**	**7,371**	**35,358**
Equities						
Issued share capital	2,260	-	2,260	2,530	-	2,530
Share premium account	19	-	19	12,595	-	12,595
Merger reserve	1,715	-	1,715	1,715	-	1,715
Special reserve	9,595	-	9,595	9,595	-	9,595
Other reserve	-	(741)	(741)	-	(712)	(712)
Treasury shares	-	-	-	(2,810)	-	(2,810)
Retained earnings	(1,093)	3,572	2,479	4,362	8,083	12,445
Total equity	**12,496**	**2,831**	**15,327**	**27,987**	**7,371**	**35,358**

26 Reconciliation of movements in total equity

Group	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Profit for the period after taxation	**5,690**	4,028
Fair value reserve	**(12)**	-
Foreign currency translation reserve	**(356)**	-
IFRS 2 share based payments	**4,908**	7,123
Shares issued re exercise of options	**382**	2,096
Other shares issued	**11,008**	10,750
Shares to be issued	**3,147**	-
Redemption of warrants	-	(120)
Reduction in shares held by EBT	**76**	29
Treasury shares	**(2,162)**	(2,810)
Interim dividend paid	**(761)**	-
Opening total equity	**55,688**	34,592
Closing total equity	**77,608**	55,688

Company	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Profit for the period	**4,793**	2,964
Fair value reserve	**(12)**	-
IFRS 2 share based payments	**4,908**	7,123
Shares issued	**11,390**	12,726
Shares to be issued	**3,147**	-
Reduction in shares held by EBT	**76**	29
Treasury shares	**(2,162)**	(2,810)
Interim dividend paid	**(761)**	-
Opening total equity	**35,358**	15,326
Closing total equity	**56,737**	35,358

27 Analysis of changes in net funds

Group

	31 December 2006 £'000	Cash flow £'000	**31 December 2007 £'000**
Cash and cash equivalents	43,782	(8,889)	**34,893**
Bank overdraft	(819)	360	**(459)**
Cash and cash equivalents as per cash flow statement	42,963	(8,529)	**34,434**
Subordinated loans	(3,000)	-	**(3,000)**
Net funds	39,963	(8,529)	**31,434**

Company

	31 December 2006 £'000	Cash flow £'000	**31 December 2007 £'000**
Cash and cash equivalents	12,239	(12,086)	**153**
Bank overdraft	-	-	**-**
Cash and cash equivalents as per cash flow statement	12,239	(12,086)	**153**

28 Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period

Although these estimates are based on management's best knowledge of the amount, actual results ultimately may differ from those estimates The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below

Intangibles
All recoverable amounts were measured based on value in use The key assumptions and approach to determine value in use calculations are solely estimates for the purpose of assessing impairment on acquired goodwill The calculation uses cash flow projections based on budgets and forecasts approved by management covering three years

Intangibles following the acquisition of Panmure Gordon (UK) Limited
Based on management's calculations used to value goodwill resulting from the purchase of Panmure Gordon (UK) Limited in 2005, a drop of 10% in cash flow estimates would not have resulted in any goodwill impairment If the discount rate used is increased by 2%, from 17% to 19%, again this would not result in any goodwill impairment

Intangibles following the acquisition of ThinkEquity
Based on management's calculations used to value goodwill resulting from the purchase of ThinkEquity in 2007, a drop of 10% in cash flow estimates would not have resulted in any goodwill impairment Again, if the discount rate used is increased by 2%, from 22 34% to 24 34%, this would not result in any goodwill impairment

Provisions

The Group/Company receives legal claims against it in the normal course of business Management has made judgements as to the likelihood of any claim succeeding in making provisions The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits Timing and cost ultimately depends on the due process in respective legal jurisdictions

Share based payments

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 income statement over the vesting period of the options, and is based on an expected number of employees leaving before their options vest

Currently the expected lapse rate is estimated at 15% per annum If this amount increased to 20% the Group's IFRS 2 charge for the year to 31 December 2007 would have decreased by £263,303 (Company £53,501)

If the lapse rate dropped to 10% the Group's IFRS 2 charge for the year to 31 December 2007 would have increased by £272,146 (Company £53,939)

For options granted during the year to 31 December 2007 management has used historical volatility of 40% If this decreased to 30% then the IFRS 2 charge for the year to 31 December 2007 would have decreased by £11,789 (Company £nil)

If historical volatility of 50% was used then the IFRS 2 charge for the year to 31 December 2007 would have increased by £11,365 (Company £nil)

Deferred tax

Deferred tax is calculated on a basis of a taxable benefit arising for the firm based on an estimated number of share options being exercised, brought forward taxable losses, plant and equipment tax cost versus accounting cost and movement on available for sale investments which have been taken directly to fair value reserve The assessment of the recoverability of deferred tax assets is based mainly on the premise that the Group will generate sufficient profits in the future to realise the deferred tax assets This is reviewed at each reporting date

29 Related party transactions

During the year the Group and Company reported the following related party transactions

Intragroup transactions

Transactions between Group entities have been eliminated on consolidation and, as per the provisions of IAS 24, are not disclosed in this note The Company's intragroup balances are reflected within trade and other receivables/payables respectively The nominal value of shares held by the EBT is reflected within the 'other reserve' line on the Group and Company balance sheets At the balance sheet date the Company had lent £8 0m to ThinkEquity, the interest on which is charged at an arm's length rate

Transactions with key management personnel

The compensation paid to the Group and Company's Directors is disclosed in the Director's remuneration report In addition the total compensation paid to the Group and Company's key management personnel is disclosed in the table below

	Group *£'000*	Company *£'000*
Short term employee benefits	**1,885**	1,211
Post employment benefits	**46**	40
Other long term benefits	**1**	1
Total	**1,932**	1,252

Significant shareholders

The Group and Company has disclosed all significant shareholders within the Report of the Directors The Group does not have any transactions with significant shareholders to report

30 General

The report was approved by the Board of Directors on 11 March 2008

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