



Grant Thornton

Financial Statements Ambrian Partners Limited

For the Year Ended 31 December 2007



Company No. 04236075

Company information

Company registration number

04236075

Registered office

Old Change House
128 Queen Victoria Street
London
EC4V 4BJ

Directors

W L Banks CBE
R J Chase
J M Coles
C A Crick
T B Gaffney

Secretary

N A Steinberg

Auditor

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
30 Finsbury Square
London
EC2P 2YU

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The company's principal activity continues to be that of corporate finance, stockbroking and equity research services. The company holds Category 'A' status as a Securities and Investment Firm authorised and regulated by the Financial Services Authority. The company is a member of the London Stock Exchange and holds the status of "Nominated Advisor".

During the year the company was involved in 13 capital raisings with a total value of approximately £148 million. As at 31 December 2007, Ambrian Partners Limited had 35 corporate clients who pay regular retainer fees.

The company has made significant progress in broadening the industry sectors in which it is active and was able to recruit additional talented staff. Ambrian Partners Limited has been replicating the industry specialist model, which it has successfully implemented in the mining sector.

Broadening sector expertise provides new growth opportunities and ensures the development of a corporate finance and stockbroking business that is sustainable over the long term. Ambrian Partners Limited is now active in five industry sectors – mining, oil & gas, soft commodities, renewable energy, and technology. The expertise of its sector focused research teams has given the company a competitive edge when competing for corporate and institutional business.

In July 2007, Ambrian Partners Limited became a registered Market Maker and currently makes markets in the shares of 61 companies listed on AIM. The focus is on making markets in the shares of the company's corporate clients and research coverage list.

Results and dividends

The profit for the year, after taxation, amounted to £885,557. The directors have not recommended a dividend.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 12 to the accounts.

Directors

The directors who served the company during the year were as follows:

W L Banks CBE

R J Chase

J M Coles

C A Crick

T B Gaffney

J B Beatson-Hird (resigned 19 May 2007)

N T MacLachlan (resigned 12 October 2007)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as auditors on 1 February 2008 to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985. Special notice pursuant to Section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD



J M Coles
Director
9 April 2008



Report of the independent auditor to the members of Ambrian Partners Limited

We have audited the financial statements of Ambrian Partners Limited for the year ended 31 December 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19. 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 Report of the Directors is consistent with the financial statements.

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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Ambrian Partners Limited (continued)

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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LONDON
9 April 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with applicable United Kingdom accounting standards

The principal accounting policies of the company have remained unchanged from the previous year, with exception of the adoption of Financial Reporting Standard 26 'Financial Instruments measurement', and are set out below

Cash flow statement

The Company has taken advantage of the exemption from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as during the year it was a wholly owned subsidiary undertaking of Ambrian Capital Plc, whose consolidated financial statements include those of the Company and are publicly available

Turnover

Turnover comprises fees invoiced to clients for corporate broking, NOMAD and advisory fees, fees earned on capital raisings, profits earned from market making and mark to market revenues from principal investments

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, fittings and equipment - 3 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Financial instruments

In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard 26 'Financial Instruments measurement', representing a change in accounting policy and has resulted in a prior year adjustment

Financial assets can be divided into the following categories

- loans and receivables
- financial assets at fair value through profit and loss
- available-for-sale investments

Financial assets are assigned to the different categories on initial recognition depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in the income statement or charged directly against equity.

Generally the company recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expense relating to financial assets are recognised in the income statement under the headings "revenue" and "financial costs", respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's trade and other receivables fall into this category of financial asset and are valued at cost less provision for impairment. Individual receivables are considered for impairment when they are overdue or when there is objective evidence that the debtor will default.

Financial assets at fair value through profit and loss include the company's trading book.

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	7,162,549	6,673,950
Cost of sales		44,350	459,034
Gross profit		7,118,199	6,214,916
Other operating charges	2	6,033,370	4,538,922
Other operating income		30,107	712
Operating profit	3	1,114,936	1,676,706
Interest receivable		150,146	75,064
Profit on ordinary activities before taxation		1,265,082	1,751,770
Tax on profit on ordinary activities	5	379,525	597,228
Profit for the financial year	16	885,557	1,154,542

All of the activities of the company are classed as continuing

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	6	<u>85,127</u>	<u>144,751</u>
Current assets			
Other investments	7	446,122	124,122
Trading book positions	8	2,035,352	1,882,898
Debtors	9	4,712,379	1,707,099
Cash at bank and in hand		5,834,338	3,348,747
		<u>13,028,191</u>	<u>7,062,866</u>
Creditors: amounts falling due within one year	10	<u>7,398,507</u>	<u>2,474,963</u>
Net current assets		<u>5,629,684</u>	<u>4,587,903</u>
Total assets less current liabilities		<u>5,714,811</u>	<u>4,732,654</u>
Provisions for liabilities			
Deferred taxation	11	<u>98,818</u>	<u>2,218</u>
		<u>5,615,993</u>	<u>4,730,436</u>
Capital and reserves			
Called-up equity share capital	14	3,000,000	3,000,000
Share premium account		1,220	1,220
Other reserves	15	30,000	30,000
Profit and loss account	16	2,584,773	1,699,216
Shareholders' funds	17	<u>5,615,993</u>	<u>4,730,436</u>

These financial statements were approved by the directors and authorised for issue on 9 April 2008, and are signed on their behalf by



T B Gaffney
Director



J M Coles
Director

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	<u>7,162,549</u>	<u>6,673,950</u>

2 Other operating charges

	2007 £	2006 £
Administrative expenses	<u>6,033,370</u>	<u>4,538,922</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	81,416	64,595
Auditor's remuneration		
Audit fees	15,000	12,000
Other operating lease rentals	125,000	125,000
Net (profit)/loss on foreign currency translation	<u>(17,937)</u>	<u>21,956</u>

4 Directors and employees

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	3,782,460	2,834,950
Social security costs	455,862	334,201
Other pension costs	12,250	10,500
	<u>4,250,572</u>	<u>3,179,651</u>

Directors and employees (continued)

The average number of employees of the company during the year was 34 (2006 25)

Remuneration in respect of directors was as follows

	2007	2006
	£	£
Emoluments	506,229	931,924
Pension contributions to money purchase pension schemes	12,542	10,500
	<u>518,771</u>	<u>942,424</u>

During the year no directors participated in defined benefit pension schemes and 3 directors participated in money purchase pension schemes

Remuneration in respect of the highest paid director was as follows

	2007	2006
	£	£
Emoluments	225,000	209,629
Pension contributions to money purchase pension schemes	5,000	4,500
	<u>230,000</u>	<u>214,129</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	282,925	600,468
Total current tax	<u>282,925</u>	<u>600,468</u>
Deferred tax		
Origination and reversal of timing differences	96,600	(3,240)
Tax on profit on ordinary activities	<u>379,525</u>	<u>597,228</u>

Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,265,082</u>	<u>1,751,770</u>
Profit on ordinary activities by rate of tax	379,525	525,531
Movement in deferred tax	(96,600)	3,240
Expenses not deductible for tax purposes	-	54,140
Capital allowances for period in excess of depreciation	-	7,248
Adjustments to tax charge in respect of previous periods	-	11,542
Sundry tax adjusting items	-	(1,233)
Total current tax (note 6(a))	<u>282,925</u>	<u>600,468</u>

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2007	251,519
Additions	21,792
At 31 December 2007	<u>273,311</u>
Depreciation	
At 1 January 2007	106,768
Charge for the year	81,416
At 31 December 2007	<u>188,184</u>
Net book value	
At 31 December 2007	<u>85,127</u>
At 31 December 2006	<u>144,751</u>

7 Other investments

	£
Valuation	
At 1 January 2007	124,122
Revaluations	322,000
At 31 December 2007	<u>446,122</u>

The other investment represents a mining royalty held by the company. The Directors value this investment using discounted cash flow forecasts of expected future royalty revenue.

8 Trading book

	2007 £	2006 £
Trading book	<u>2,035,352</u>	<u>1,882,898</u>

The company's trading book represents positions in listed companies held to support market making activities. Positions are valued at market value by reference to the quoted market price at the balance sheet date.

9 Debtors

	2007 £	2006 £
Trade debtors	948,443	916,160
Amounts owed by group undertakings	181,120	125,816
Other debtors	3,363,132	559,701
Prepayments and accrued income	219,684	105,422
	<u>4,712,379</u>	<u>1,707,099</u>

10 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	188,931	155,426
Amounts owed to group undertakings	1,000,000	—
Corporation tax	343,324	49,016
Other taxation and social security	78,921	88,264
Other creditors	3,973,849	891,910
Accruals and deferred income	1,813,482	1,290,347
	<u>7,398,507</u>	<u>2,474,963</u>

11 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	2,218	5,458
Profit and loss account movement arising during the year	96,600	(3,240)
Provision carried forward	<u>98,818</u>	<u>2,218</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	2,218	2,218
Other timing differences	96,600	-
	<u>98,818</u>	<u>2,218</u>

12 Financial risk management objectives and policies

The Company uses financial instruments, other than derivatives, comprising cash and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the Company's operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and reputational risk. The directors review and agree policies for managing these risks.

Short term receivables and payables have been excluded from all the following disclosures except those relating to currency risk.

Market risk exposures

The Company is affected by conditions in the financial markets and the wider economy through its holdings in the equity investments, which arise through the company's market making activities.

Credit risk

Credit risk is the potential loss that the Company would incur if a counterparty fails to settle under its contractual obligations or there is the failure of a deposit taking institution or fund.

Reputational risk

The Board believes that the greatest risk to the Company comes from the potential for loss of reputation. Whilst entrepreneurial staff are always encouraged to develop new clients and streams of revenue, all new business is subject to rigorous appraisal process supervised by the New Business Committee. This discriminates strongly in favour of high quality, high potential businesses and management teams.

Borrowing facilities

The company has no overdraft facilities other than offset between various currency accounts.

Fair values

The fair values of the Company's financial instruments other than current asset investments are considered equal to the book value. The fair value of current asset investments are considered to be their market value as set out in note

13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related party disclosures' and has not disclosed transactions with group undertakings

There are no other related party transactions

14 Share capital

Authorised share capital

	2007 £	2006 £
3,000,000 Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

15 Other reserves

	2007 £	2006 £
Capital redemption reserve	<u>30,000</u>	<u>30,000</u>

16 Profit and loss account

	2007 £	2006 £
Balance brought forward	1,699,216	544,674
Profit for the financial year	<u>885,557</u>	<u>1,154,542</u>
Balance carried forward	<u>2,591,773</u>	<u>1,699,216</u>

17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	885,557	1,154,542
Net addition to shareholders' funds	<u>885,557</u>	<u>1,154,542</u>
Opening shareholders' funds	<u>4,730,436</u>	<u>3,575,894</u>
Closing shareholders' funds	<u>5,615,993</u>	<u>4,730,436</u>

18 Leasing commitments

Operating lease payments amounting to £125,000 (2006 £125,000) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings	
	2007	2006
	£	£
Between one and two years	<u>125,000</u>	<u>125,000</u>

19 Ultimate controlling party

The ultimate controlling party of this company is Ambrian Capital plc, a company registered in England and Wales. Ambrian Capital plc is considered to be the company's ultimate controlling party by virtue of its 100% ownership of the ordinary share capital of the company.

The largest group of undertakings for which Group financial statements have been drawn up is headed by Ambrian Capital plc. Copies of the Group financial statements can be obtained from - 22 Melton Street, London, NW1 2BW.