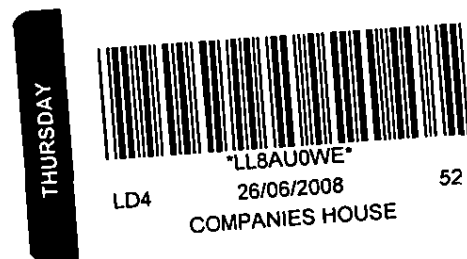


## CREATING VALUE ACROSS THE RESOURCES SECTOR



image

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## ABOUT US

AMBRIAN CAPITAL PROVIDES  
CORPORATE FINANCE,  
STOCKBROKING, COMMODITY  
BROKING AND INVESTMENT  
MANAGEMENT SERVICES TO  
INSTITUTIONAL AND CORPORATE  
CLIENTS ACTIVE IN THE NATURAL  
RESOURCES AND NEW  
TECHNOLOGY SECTORS

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## FINANCIAL HIGHLIGHTS

- » Investment Banking revenue up 26% to £10.6m (2006: £8.4m)
- » Investment Banking profit before tax up 28% to £4.2m (2006: £3.3m)
- » Shareholders' equity per share up 3% to 45.1p (2006: 43.8p)
- » Basic earnings per share down 10% to 4.32p (2006: 4.81p)
- » Final dividend of 1.00p per share making 1.75p for the full year (2006: 1.75p)



charts



charts

## CHAIRMAN'S STATEMENT

CONTINUED TRANSFORMATION FROM  
AN ASSET-BASED INVESTMENT  
COMPANY INTO A SECTOR-FOCUSED  
INVESTMENT BANK WITH A GROWING  
STREAM OF OPERATING EARNINGS

During 2007, the Investment Banking businesses made excellent progress as we continued the transformation of Ambrian Capital from an asset-based investment company into a sector-focused investment bank with a growing stream of operating earnings

As a result of the adoption of International Financial Reporting Standards (IFRS) in 2007, we are required to mark-to-market the value of our trading investments and Investment Portfolio. The figures for 2006 have been restated for comparative purposes. Changes in the value of the Investment Portfolio are now reported as revenues and this will result in short-term fluctuations in our reported profits

The Investment Portfolio achieved significant gains during the year despite a difficult second half. While good, they were not as large as the exceptional gains experienced in 2006. The effect has been a year-on-year reduction in consolidated net profits for Ambrian Capital. We took market opportunities to realise a substantial portion of our investments and have reduced the Investment Portfolio to less than half of Ambrian Capital's net asset value at the end of 2007. Our cash resources, net of client deposits, totalled £22.2 million at 31 December 2007, an increase of 30% over the corresponding figure as at 31 December 2006.

During the year there were a number of changes to the Board of Ambrian Capital. I was appointed Chairman of Ambrian Capital in succession to Malcolm Burne who stood down at the Annual General Meeting on 22 May 2007. Malcolm remains an advisor to Ambrian Capital and a director of Golden Prospect Precious Metals Limited and we thank Malcolm for his significant contribution to the Company whilst Chairman. We would also like to extend our thanks to Richard Lockwood, who stood down from the Board on 22 May, for his guidance and support.

72%

Investment Banking as a percentage  
of the Group's pre-tax profit

49%

Cash resources as a percentage  
of Net Asset Value

During the year Lee Seng Huang became a non-executive director of Ambrian Capital. Lee Seng Huang is Chairman of Sun Hung Kai Financial, the leading non-bank financial institution in Hong Kong, which purchased a 9.1% interest in Ambrian Capital in March 2007. Charles Crick joined us as a non-executive director in May. Charles trained as a solicitor with Allen & Overy and from 1996 to 2004 was head of corporate finance and a main board director of Numis Corporation plc.

John Coles, who is the Finance Director of our regulated subsidiaries, succeeded Nathan Steinberg as Group Finance Director on 6 January 2008. Nathan Steinberg continues as a non-executive director.

In a business such as Ambrian Capital – where our people are our principal asset – it is vital to align the long-term interests of shareholders and employees. We took steps during 2007 to increase significantly the number of shares held by the Ambrian Capital plc Employee Benefit Trust ("EBT"). At 31 December 2007, the shareholdings of the directors and employees of Ambrian Capital amounted in aggregate to approximately 19.5% of Ambrian Capital's share capital on a fully-diluted basis, including 9.96% held by the EBT.

19.5%

Directors and employees  
fully-diluted shareholding

Despite the continuing market volatility Ambrian Capital has a resilient business model based on a young, exceptionally talented team with a specialist focus on some of the fastest growing sectors of the global economy and a strong and liquid balance sheet.

I would like to thank our clients for their support and our staff and my fellow directors for their contribution to another successful year and we look forward to the challenges and opportunities that 2008 will present.

**W Lawrence Banks, CBE**

Chairman  
9 May 2008

## CHIEF EXECUTIVE'S STATEMENT

AMBRIAN CAPITAL IS COMMITTED  
TO CREATING VALUE FOR OUR  
INSTITUTIONAL AND CORPORATE  
CLIENTS, OUR EMPLOYEES AND  
OUR SHAREHOLDERS

The Investment Banking businesses delivered very good results in 2007. Our performance reflects the continued effectiveness of our strategy of providing a range of services that are focused on the resources and new technology sectors.

Investment Banking revenue grew 26% during 2007 to £10.6 million. Commodity dealing and equity Market Making more than compensated for the slowdown in equity new issue activity in the second half of 2007.

The Investment Portfolio showed gains of £5.2 million in 2007. While not as high as 2006, this still represented a 17.3% increase in value during the year including realisations.

Ambrian Capital's shareholders' equity stood at £45.0 million, or 45.1p per share, at 31 December 2007 and included £22.2 million of cash resources. Our strong balance sheet ensures the resilience of our business in difficult markets.

Ambrian Capital is committed to creating value for our institutional and corporate clients, our employees and our shareholders.

**Financial Review**

From 2007, Ambrian Capital is required to report its full year consolidated financial statements under IFRS as adopted by the European Union rather than under UK Generally Accepted Accounting Principles ("UK GAAP") as we have done in the past. Accordingly,

- (i) our Investment Portfolio at 31 December 2007 was valued on the Group's balance sheet at market prices rather than at the lower of cost or net realisable value and
- (ii) changes in the value of the Investment Portfolio are reported as revenue.

Operating revenue for 2007 was £15.8 million (2006: £17.8 million).

Investment Banking operating revenue for 2007 was £10.6 million (2006: £8.4 million). This represented a 26% increase over 2006 and accounted for 67% of Group revenue (2006: 47%).

Revenue from the Investment Portfolio was £5.2 million compared with £9.4 million for 2006.

Administrative expenses were £10.0 million (2006: £9.7 million), and included £2.5 million for discretionary director and employee incentive payments.

Profit before tax was £5.8 million (2006: £8.1 million). Investment Banking profit before tax for 2007 was £4.2 million (2006: £3.3 million). This represented a 28% increase over 2006 and accounted for 72% of Group profit before tax (2006: 40%). Profit before tax from the Investment Portfolio was £1.6 million compared with £4.8 million for 2006. All central costs are allocated to the Investment Portfolio.

Net profit for the year was £4.5 million (2006: £5.1 million) after a reduced tax charge reflecting Substantial Shareholder Relief on certain investments and pre-IFRS 2 exercise of share options.

Basic earnings per share decreased by 10.2% to 4.32p (2006: 4.81p).

+28%

Growth in Investment Banking  
pre-tax profit in 2007

+17.3%

Pre-tax return on Investment Portfolio

### Balance Sheet

The consolidated balance sheet remains strong, with a substantial excess over total regulatory capital requirements. Shareholders' equity was £45.0 million at 31 December 2007 (2006: £45.8 million) or 45.1p per share (2006: 43.8p), after accounting for £6.0 million in respect of EBT and Treasury shares.

Our Financial Assets include the Investment Portfolio which was valued at £20.5 million at 31 December 2007, of which 96% was in quoted investments.

The Group's cash resources, net of client deposits, totalled £22.2 million at 31 December 2007 compared with £17.0 million at 31 December 2006. Our cash is held largely in the form of call deposits with our bankers, The Royal Bank of Scotland plc and Barclays Bank plc.

In March 2008 we entered into an £8.5 million unsecured, multi-currency revolving credit facility with The Royal Bank of Scotland plc, which remains undrawn. The facility recognises our financial strength and provides a source of additional liquidity to take advantage of opportunities that may arise.

### Dividend

The Board recommends payment of a final dividend of 1.00p per share (2006: 1.00p), making a total of 1.75p for the full year (2006: 1.75p). The dividend will be payable on 6 June 2008 to all shareholders on the register as at 16 May 2008.

### Investment Banking

During 2007 each of our corporate finance and stockbroking, commodity dealing and asset management subsidiaries made further progress in strengthening their market positions. Our strategy of involvement in a range of different business activities in the natural resources sector has proved to be successful. In 2007 revenue from equity placings accounted for approximately 30% of Investment Banking revenue. We have been particularly successful in developing our M&A advisory activities. Mining clients remain key to our business and accounted for approximately 33% of Investment Banking revenue in 2007 compared with 59% in 2006. This demonstrates our success in building a client base that includes oil & gas clients, alternative energy and new technology clients.

*For details on the individual businesses please see pages 8–11*

1.75p

Dividend for 2007 (2006: 1.75p)

### Employee Benefit Trust and Treasury Shares

During 2007, in a series of market transactions, the EBT acquired a total of 7,798,710 Ambrian Capital plc ordinary shares for a total cash consideration of £4.1 million and now owns a total of 11,092,043 Ambrian Capital plc ordinary shares, representing 9.96% of Ambrian Capital's outstanding share capital. These purchases have been funded by the EBT with loans from Ambrian Capital plc.

### Going Forward

Our objective is to build an investment banking business — focused on growing sectors requiring high intellectual capital — that deserves to be valued at a substantial premium to net asset value.

Ambrian Capital's results will fluctuate in line with market conditions and, in particular, the revenues associated with the Investment Portfolio. Volatile market conditions at the start of this year have proved to be a challenge. Nevertheless, each of our businesses made a profit in the first two months of 2008 and, in fact, our commodities business profited from the volatility and had a record month in February.

In March 2008 we moved to new and much needed larger premises in the City of London on favourable terms. Our new offices provide scope for our future growth.

We have a talented team, a focus on the most dynamic sectors in the market and capital that we plan to invest in our businesses to support our objectives. We firmly believe that this combination of strengths will enable us to weather 2008 and grow our business for the future.

### Tom Gaffney

Chief Executive  
9 May 2008

## BUSINESS STRUCTURE

### AMBRIAN CAPITAL PLC

AMBRIAN PARTNERS LIMITED	AMBRIAN COMMODITIES LIMITED	AMBRIAN ASSET MANAGEMENT LIMITED	AMBRIAN PRINCIPAL INVESTING
<ul style="list-style-type: none"> <li>» FSA Authorised</li> <li>» Member of the London Stock Exchange</li> </ul>	<ul style="list-style-type: none"> <li>» FSA Authorised</li> <li>» Member of the London Metal Exchange</li> <li>» Member of ECX</li> </ul>	<ul style="list-style-type: none"> <li>» FSA Authorised</li> <li>» Investment Manager</li> </ul>	<ul style="list-style-type: none"> <li>» Listed Investments (£20.5m at market value at 31/12/07)</li> <li>» Unlisted Investments (£0.7m at book value at 31/12/07)</li> </ul>
<p>Nominated Advisor Corporate Finance Corporate Broker Equity New Issues Equity Sales &amp; Trading Research Market Making</p>	<p>Broker-Dealer of LME Futures &amp; Options Bullion Dealer Physical Metals Dealer Soft Commodities Dealer</p>	<p>Golden Prospect Precious Metals Limited is managed by Ambrian Asset Management</p> <p>It is a Guernsey Registered Closed End Fund (AIM GPM)</p>	<p>Principal investor in the natural resources and new technology sectors</p> <p>Pre-IPO investor in Ambrian Partners led transactions</p>

## OUR STRENGTHS

### PEOPLE

We have a talented team of high-quality individuals who combine investment banking and industry experience together with a high level of technical expertise

### CULTURE

Ambrian's culture encourages integrity, excellence, initiative, collegiality and fair financial reward. Our culture enables us to retain our best people and attract talented individuals who share our values.

### SECTOR FOCUS

Ambrian has a multi-faceted approach to the fastest growing sectors in the global economy

### CLIENTS

We act for a high-quality institutional and corporate client base who value our services and provide a source of recurring earnings

### DIVERSITY

Ambrian is unique in that it combines a corporate finance and stockbroking business with a commodities broker-dealer and an asset management business. This diversity of activities improves the quality of earnings, leads to synergies and provides alternative routes for future growth.

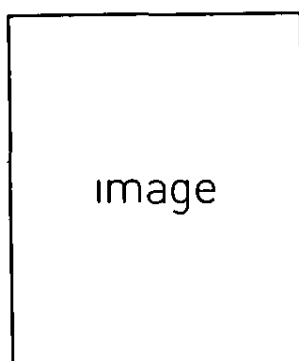
### CAPITAL

Ambrian has the capital resources necessary to ensure resilience and to support investment to meet our growth objectives



## SECTOR FOCUS

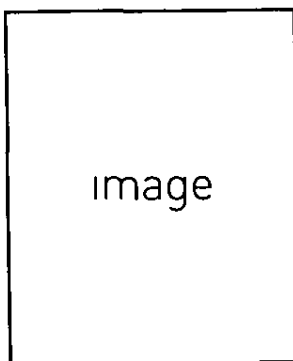
### EXTRACTING



The core of our business is focused on investing in and providing investment banking services to companies active in the extraction and processing of metals, minerals and oil & gas throughout the world

Non-Ferrous Metals  
Ferrous Metals  
Precious Metals  
Gemstones  
Industrial Minerals  
Oil  
Gas  
Coal

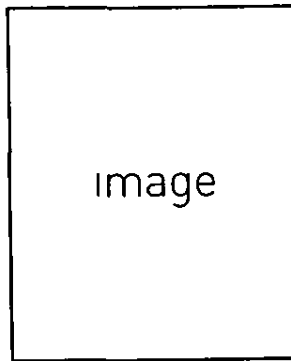
### HARVESTING



Soft commodities share the same demand drivers as hard commodities. We aim to become an active participant in this segment of the commodities market.

Cocoa  
Coffee  
Forestry  
Grains  
Livestock  
Palm Oil  
Rubber  
Soya  
Sugar

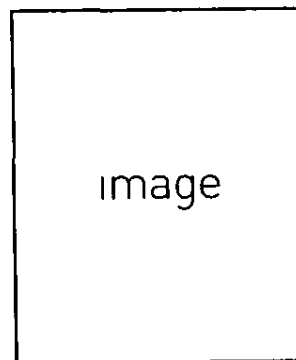
### HARNESSING



Alternative and renewable energies based on new technologies which use the earth's non-fossil fuel energy resources represent a substantial growth opportunity for us as we bring together companies seeking finance to develop their projects with the institutional providers of capital.

Bio-Mass  
Carbon Credits  
Energy Efficiency  
Fuel Cells  
Hydro Power  
Solar Power  
Wave Power  
Wind Power

### INNOVATING



Ambrian actively seeks to identify and provide its investment banking services to innovative, growing companies which are developing technologies that have the potential to make a significant impact on their chosen sector.

Alternative Energy  
Electronics  
Hardware/Software  
Life Sciences  
Telecoms

## LEADING INVESTMENT BANK TO THE AIM BASIC MATERIALS SECTOR WITH GROWING FRANCHISES IN THE ALTERNATIVE ENERGY AND TECHNOLOGY SECTORS

logos

### Services

- » Nominated Advisor
- » Corporate Finance
- » Corporate Broker
- » Equity New Issues
- » Equity Sales & Trading
- » Research
- » Market Making

Ambrian Partners Limited, our corporate finance and stockbroking subsidiary had 35 retained corporate clients at 31 December 2007 with an average market capitalisation of approximately £86 million. Ambrian Partners' strategy is to provide NOMAD, Corporate Broking and Financial Advisory services to a selected number of high quality, higher market capitalisation companies. Retained corporate clients include Centamin Egypt, Metorex, Avocet Mining and Zenergy Power.

Ambrian Partners has a particularly strong market position in the AIM Basic Materials Sector and was ranked, in a January 2008 survey by Hemscott, second by number of retained corporate clients and third by their aggregate market capitalisation.

During 2007 Ambrian Partners was involved in 13 capital raisings with a total value of approximately £148 million. Significant equity placements included:

- £18 million for Sylvania Resources Limited
- A\$35 million (£15 million) for Monto Minerals Limited
- £15 million for TMO Renewables Limited
- £16 million for Zenergy Power plc
- £4.5 million for IPSO Ventures plc

Ambrian Partners was also active in providing M&A advisory services during 2007. Notable transactions included:

- Co-advisor to the Zijin Consortium on its recommended £95 million cash offer for Monterrico Metals plc
- Advisor to Pan African Resources in connection with the £35.6 million acquisition of Barberton Mines (Pty) Limited and re-admission to AIM
- Advisor to Kalahari Minerals plc in connection with the £26.4 million merger of its uranium assets with Extract Resources Ltd

In July 2007 Ambrian Partners became a registered Market Maker and currently makes markets in the shares of 61 companies listed on AIM. Our focus is on making markets in the shares of our corporate clients and our research coverage list. Market Making has enabled Ambrian Partners to provide a superior level of service to its institutional clients and has further strengthened revenue from secondary market activities.

In February 2008 Ambrian Partners established Ambrian Asia and opened a representative office in Hong Kong. One of the senior members of the Ambrian Partners corporate finance team has been seconded to Hong Kong. We are excited by the prospects of developing business in Asia and, in particular, capitalising on our partnership with Sun Hung Kai Financial.

logo

- Ambrian Partners has a long-standing relationship with Monterrico Metals plc stemming from its engagement as financial advisor to the IPO in June 2002. Subsequent transactions included capital raisings, the acquisition of 100% of the Rio Blanco copper project in Peru (see photo) and, most recently, its takeover by a consortium of Chinese companies led by Zijin Mining in April 2007. Ambrian is currently NOMAD and Broker to the company.

- Zenergy Power plc is a global specialist manufacturer and developer of commercial applications for superconductive materials.

In April 2007 Ambrian Partners led the placing of 4,285,746 New Ordinary Shares for Zenergy Power raising £6 million. A further £10 million share placement was completed in December 2007.

image

## RAPIDLY BUILDING A STRONG MARKET POSITION IN LME PRODUCTS THROUGH QUALITY EXECUTION AND ADVICE

logos

### Services

- » Broker-Dealer of LME  
Futures & Options
- » Bullion Dealer
- » Physical Metals Dealer
- » Soft Commodities  
Dealer

chart

Source: LME

Ambrian Commodities London Metal Exchange (LME) metals business made good progress in 2007 and benefited from volatility in metals prices and high customer activity levels. Ambrian Commodities added to its sales team with the appointment of three highly experienced individuals who each brought with them his own client base to complement the existing one. These appointments have further strengthened Ambrian Commodities presence in the global metals market and, at the same time, have broadened the geographical client base. The number of active clients increased to 96 at 31 December 2007 from 53 at 30 June 2007. Approximately 20% of Ambrian Commodities clients are now located in Asia.

We are actively looking at a range of growth initiatives for Ambrian Commodities to build on our core expertise. For example, we have begun to explore the potential for participating in the market for Exchange Traded Funds (ETFs) which are equity instruments listed on the London Stock Exchange that track underlying commodity prices. Our primary focus is on ETFs for industrial metals traded on the LME.

We have decided to concentrate the activities of Ambrian Commodities on industrial metals and we provide soft commodity and carbon credit broker-dealer services as required by our clients.

# 97.6%

- In 2007 the LME was responsible for 97.6% (by tonnes) of all the aluminium traded in the world. It was also responsible for 99.8%, 97.7%, 95.6% and 79.3% of all the tin, nickel, lead and copper traded, respectively.

image

## SPECIALIST INVESTMENT MANAGEMENT BUSINESS

logo

At 31 12 07, the top 10 GPPM holdings were

Company	Value (£)	% Gross Assets
Coeur d'Alene Mines Corporation	2,298,865	13.57%
Lihir Gold Limited	1,061,577	6.27%
Resolute Mining Limited	1,037,331	6.12%
Jubilee Platinum PLC	985,500	5.82%
Mano River Resources Inc	978,535	5.78%
Great Panther Resources Limited	808,043	4.77%
Gold Resource Corporation	655,581	3.87%
Centamin Egypt Limited	585,000	3.45%
Pan African Resources PLC	540,000	3.19%
Mintails Limited	533,729	3.15%
<b>Total</b>	<b>9,484,161</b>	<b>55.99%</b>

Ambrian Asset Management is the manager of Golden Prospect Precious Metals Limited ( GPPM ) a Guernsey-registered, closed-ended investment fund listed on AIM dedicated to equity investments in the precious metals sector

GPPM was launched in November 2006 with an opening Net Asset Value ( NAV ) per share of 96 20p. GPPM had an NAV per share at 31 December 2007 of 111 22p, an increase of 15.6% since launch. GPPM's share price at 31 December 2007 was 96.5p and its market capitalisation was £12.5 million.

Ambrian Asset Management receives a monthly management fee for managing GPPM and is eligible to receive an annual performance-related fee equal to 20% of the increase in the NAV of GPPM after a hurdle of 8% has been attained.

Ambrian Asset Management continues to explore the possibility of launching new funds in sectors in which it has expertise.

At 31 December 2007, GPPM's portfolio by sector (allocating each investment entirely to the company's primary resource) was

chart

logo

image

- GPPM's objective is to generate above average financial returns for its shareholders through the capital appreciation of its investment holdings. The focus of the underlying portfolio is on the equities of metals and mining companies operating in the precious metals and diamond sectors.

## PRE-TAX RETURN OF 17.3% AND IS WEIGHTED TOWARDS PRECIOUS METALS (52%) AND ENERGY (30%) STOCKS

### Activities

- » Principal investor in the natural resources and new technology sectors
- » Pre-IPO investor in Ambrian Partners led transactions

Operating revenue from the Investment Portfolio for the year ended 31 December 2007 was £5.20 million. Gains of over £1 million were made in each of the investments in Nido Petroleum, Anglesey Mining and Jubilee Platinum.

The total value of Ambrian Capital's Investment Portfolio at 31 December 2007 was £20.52 million compared with £30.05 million at 31 December 2006. Approximately 96% of the Investment Portfolio is in the shares of quoted companies.

Our major realisations during 2007 included the sale of 4.5 million Jubilee Platinum plc shares, with total proceeds of approximately £4.00 million, and the sale of 2.85 million GPPM shares with total proceeds of approximately £3.16 million.

As at 31 December 2007 precious metals investments represented approximately 52% of the Investment Portfolio and energy investments represented a further 30%. The balance comprised a range of other resources and technology-orientated investments.

As at 29 February 2008 the Investment Portfolio was valued at £20.96 million, including profits realised since 31 December 2007.

### Quoted Investments

At 31 December 2007 the market value of the portfolio of our quoted investments was £19.8 million. Our top 10 holdings had a total market value of £19.2 million and were as follows:

Rank	Company	Market value at 31.12.07
1	Golden Prospect Precious Metals	£6.1 million
2	Nido Petroleum	£2.7 million
3	Jubilee Platinum	£2.3 million
4	Anglesey Mining	£2.1 million
5	Minerva Resources	£2.0 million
6	Kairiki Energy	£1.4 million
7	Samson Oil & Gas	£1.2 million
8	Commodity Watch	£0.7 million
9	Uranium One	£0.4 million
10	European Gas	£0.3 million
<b>Total</b>		<b>£19.2 million</b>

In 2007 we concluded the capitalisation of our exploration assets by the sale of our exploration subsidiary Golden Prospect Mining Company Limited in exchange for a 39.84% interest in the share capital of Minerva Resources plc, an AIM-listed exploration company.

Also of note during 2007 Commodity Watch plc (previously known as Minesite) was listed on Plus Markets. Ambrian Capital has a 25% holding in the company.

Our Investment Portfolio will continue to be realised as fair value is achieved and liquidity opportunities arise.

### Unlisted Investments

At 31 December 2007 the book value of Ambrian Capital's unquoted investments was £0.72 million. The reduction from £4.83 million at 31 December 2006 was attributable primarily to the sale of the exploration assets in return for listed shares of Minerva and the listing of Commodity Watch. Our unquoted investments include a £450,000 investment in TMO Renewables Limited.

## DIRECTORS' REPORT 2007

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

### Principal activities, review of the business and future prospects

During the year under review the Group was engaged in corporate finance, stockbroking, commodity broking, investment management services and equity investment

A full review of the activities of the business and of future prospects is contained in the Chairman's Statement and the Chief Executive's Statement which accompany these financial statements

### Review of developments

The results of the Group for the year are disclosed in the consolidated income statement on page 16

The financial positions of the Group and the Company are disclosed in the balance sheets on pages 17 and 36

The directors recommend the payment of a final dividend of 1p per share (2006: 1p per share)

### Policy for payment of creditors

It is the Company's policy to settle all agreed transactions within the terms established with suppliers. Trade creditors relate to market counterparties and client balances in the course of settlement on an agreed settlement date

### Corporate governance

The Board meets four times a year and at other times as necessary to discuss the formal schedule of matters specifically reserved for its decision. These include the strategy and policy of the Group and the allocation of its financial resources. The Board also reviews trading performance and investment and divestment opportunities along with other matters of significance to the Group

The Company has four non-executive directors being Messrs W L Banks, C A Crick, Seng Huang Lee and N A Steinberg who serve on the Remuneration Committee and, with the exception of Mr Steinberg, on the Audit Committee

### Risk management

The key business risks to which the Group is exposed are as follows

#### Reputational risk

The Board believes that the greatest risk to the Group 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 a rigorous appraisal process supervised by the New Business Committee. This discriminates strongly in favour of high quality, high potential businesses and management teams

#### Loss of staff

Retaining key staff, including in particular significant current and future revenue generators is essential to the long-term health and growth of the business. Substantial improvements to the Company's existing Employee Benefit Trust have been made by providing significant funding for the Trust's share purchases

#### Quality of executives

Further continued improvement in quality of service to all our clients is central to the Board's strategy of long-term reputation building. The Company therefore places great emphasis on employing and adding highly experienced senior staff who are very closely engaged with clients. To aid the application of best practice, regulatory compliance and consistency, management makes ever increasing use of standardised operating procedures. Finally the Board demands a culture of best practice conduct and rigorous compliance

#### Loss of performance control

The Board's policy is to encourage an intense focus by top management on long-term business building and revenue generation, and a culture among staff of seeking to build the long-term value of the business through personal initiative and entrepreneurship and great client service. The Board therefore encourages an "ownership culture" with growing employee share ownership (through participation in the Employee Benefit Trust), aspirational revenue targets, tight cost budgets and structured performance-based staff evaluations

#### Financial risks

The major financial risks to which the Group is exposed and the controls in place to minimise those risks are set out in note 23

#### Internal control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and Group assets

The directors monitor the operation of internal controls. The objective of the system is to safeguard Group assets and to ensure that proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material mis-statement or loss

Internal financial control procedures undertaken by the Board include

- Review of quarterly financial reports and monitoring performance
- Prior approval of all significant expenditure including all major investment decisions
- Review and debate of treasury policy

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements

#### Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

#### Directors and their interests

The present membership of the Board together with other directors who served during the year, is set out below. Their interests in the ordinary shares of the Company were

Beneficial holdings	Ordinary shares		Share options	
	At 31 December 2007	At 1 January 2007 or on appointment if later	At 31 December 2007	At 1 January 2007 or on appointment if later
W L Banks	419,915	419,915	225,000	225,000
M A Burne (resigned 22 May 2007)	-	2,105,000	-	1,300,000
C A Crick (appointed 22 May 2007)	200,000	50,000	100,000	-
T B Gaffney	3,170,053	4,420,083	5,500,000	5,500,000
Seng Huang Lee (appointed 22 May 2007)	-	-	-	-
R A Lockwood (resigned 22 May 2007)	-	1,200,000	-	1,500,000
N A Steinberg	400,000	400,000	-	-

Mr J M Coles was appointed as Finance Director on 8 January 2008

Mr Seng Huang Lee has a significant indirect interest in Sun Hung Kai & Co Limited which is a substantial shareholder in the Company as detailed below

Further details in respect of the share options are disclosed in note 18 to the accounts

#### Substantial shareholders

The directors have been notified of the following institutional shareholders as at 1 April 2008

	Number	Percentage
Resource Capital Group	20,840,314	13.18%
Sun Hung Kai & Co Limited	9,806,250	8.83%
Artemis Investment Management	7,177,217	6.46%

#### Disclosure of information to auditors

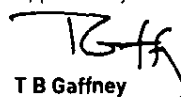
In so far as the directors are aware

- 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

#### Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of directors and signed on behalf of the Board on 9 May 2008

  
T B Gaffney  
Chief Executive

## DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

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 which give a true and fair view of the state of affairs of the Group and the parent Company at the end of the financial year and of the profit or loss of the Group for the financial year

Under company law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs)

The directors have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP)

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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AMBRIAN CAPITAL PLC

We have audited the Group and parent Company financial statements (the financial statements) of Ambrian Capital Plc for the year ended 31 December 2007 which comprise the principal accounting policies, the consolidated income statement, the consolidated and parent Company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and notes 1 to 26 of the Group financial statements on pages 20 to 35 and notes 1 to 12 of the Company financial statements on pages 37 to 43. These Group and Company financial statements have been prepared under the accounting policies set out therein on pages 20 to 35 and on pages 37 to 43.

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 and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent Company 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 whether the financial statements have been 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 Chairman's Statement and Chief Executive's Statement that is cross referred from the Principal Activities Review of the Business and Future Prospects 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Chief Executive's Statement. We consider the implications for our report if we become aware of any apparent mis-statements 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 mis-statement, 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 European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985,
- the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent Company's affairs as at 31 December 2007,
- the parent Company 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.

**Grant Thornton UK LLP**  
Registered Auditors  
Chartered Accountants  
London  
9 May 2008

*Grant Thornton UK LLP*

## CONSOLIDATED INCOME STATEMENT YEAR ENDED 31 DECEMBER 2007


	Note	2007 £	2006 £
<b>Total income</b>	4	<b>15,834,720</b>	17,841,224
Administrative expenses		<b>(10,014,900)</b>	(9,735,426)
Finance costs		<b>(32,628)</b>	(36,615)
Profit on ordinary activities before taxation	5	<b>5,787,192</b>	8,069,183
Tax on profit on ordinary activities	7	<b>(1,273,636)</b>	(2,995,305)
<b>Profit for the year from continuing activities</b>		<b>4,513,556</b>	5,073,878
<b>Profit for the year</b>		<b>4,513,556</b>	5,073,878
<b>Attributable to:</b>			
Equity holders of the parent		<b>4,513,556</b>	5,073,878
Earnings per ordinary share			
– basic	9	<b>4.32p</b>	4.81p
– diluted		<b>4.18p</b>	4.57p

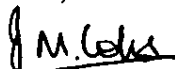
The accounting policies and notes set out on pages 20 to 35 form an integral part of these consolidated financial statements

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
<b>Assets</b>			
Non-current assets			
Property plant and equipment	10	126,852	199,766
Intangible assets	11	1,836,828	1,836,828
		<b>1,963,680</b>	2,036,594
<b>Current assets</b>			
Financial assets	12	23,888,023	34,739,291
Trade and other receivables	13	5,989,445	3,856,631
Cash at bank and in hand		27,080,761	30,408,289
		<b>56,958,229</b>	69,004,211
<b>Non-current assets classified as assets for resale</b>	14	-	1,557,500
		<b>56,958,229</b>	70,561,711
<b>Total assets</b>		<b>58,921,909</b>	72,598,305
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(5,433,599)	(4,198,794)
Amounts due to clients		(4,877,995)	(13,371,613)
Current tax payable		(1,482,563)	(3,091,685)
		<b>(11,794,157)</b>	(20,662,092)
<b>Non-current liabilities</b>			
Deferred tax liabilities	16	(2,090,110)	(2,706,549)
<b>Total liabilities</b>		<b>(13,884,267)</b>	(23,368,641)
<b>Net assets</b>		<b>45,037,642</b>	49,229,664
<b>Capital and reserves</b>			
Called up share capital	17	11,136,121	10,806,121
Share premium account		11,105,383	10,849,383
Merger reserve		1,245,256	1,245,256
Treasury shares		(163,217)	(163,217)
Retained earnings		26,957,576	24,278,739
Reserve for share-based payments		636,342	543,262
Employee benefit trust		(5,879,819)	(1,813,557)
<b>Total equity attributable to equity holders of the parent</b>		<b>45,037,642</b>	45,745,987
Minority interest		-	3,483,677
		<b>45,037,642</b>	49,229,664

These financial statements were approved by the Board of directors on 9 May 2008

  
T B Gaffney  
Chief Executive

  
J M Coles  
Finance Director

The accounting policies and notes set out on pages 20 to 35 form an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Merger reserve £	Treasury shares £	Share based payment reserve £	Employee benefit trust £	Retained earnings £	Total attributable to equity shareholders £	Minority interest £	Total equity £
<b>Balance at</b>										
<b>1 January 2006</b>	10,726,121	10,803,383	1,245,256	-	280,593	(111,636)	20,791,092	43,734,809	-	43,734,809
Profit for the period	-	-	-	-	-	-	5,073,878	5,073,878	-	5,073,878
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	-	5,073,878	5,073,878	-	5,073,878
<b>Changes in equity for 2006</b>										
Minority interest arising on acquisition	-	-	-	-	-	-	-	-	3,483,677	3,483,677
Purchase of shares	-	-	-	(163,217)	-	(1,701,921)	-	(1,865,138)	-	(1,865,138)
Share option charge	-	-	-	-	262,669	-	-	262,669	-	262,669
Dividends	-	-	-	-	-	-	(1,586,231)	(1,586,231)	-	(1,586,231)
Issue of share capital	80,000	46,000	-	-	-	-	-	126,000	-	126,000
<b>Balance at 31 December 2006</b>	10,806,121	10,849,383	1,245,256	(163,217)	543,262	(1,813,557)	24,278,739	45,745,987	3,483,677	49,229,664
Profit for the period	-	-	-	-	-	-	4,513,556	4,513,556	-	4,513,556
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	-	4,513,556	4,513,556	-	4,513,556
<b>Changes in equity for 2007</b>										
Elimination of minority interest	-	-	-	-	-	-	-	-	(3,483,677)	(3,483,677)
Purchase of shares	-	-	-	-	-	(4,066,262)	-	(4,066,262)	-	(4,066,262)
Share option charge	-	-	-	-	93,080	-	-	93,080	-	93,080
Dividends	-	-	-	-	-	-	(1,834,719)	(1,834,719)	-	(1,834,719)
Issue of share capital	330,000	256,000	-	-	-	-	-	586,000	-	586,000
<b>Balance at 31 December 2007</b>	11,136,121	11,105,383	1,245,256	(163,217)	636,342	(5,879,819)	26,957,576	45,037,642	-	45,037,642

The accounting policies and notes set out on pages 20 to 35 form an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
<b>Cash flows from operating activities</b>		
<b>Profit after taxation</b>	<b>4,513,556</b>	5,073,878
Adjustments for		
Depreciation	104,954	79,118
Foreign exchange (gains)/losses	(357,915)	548,737
Taxation expense recognised in income statement	1,273,636	2,995,305
(Increase) in trade and other receivables	(2,132,815)	(2,226,795)
Unrealised losses/(gains) on financial assets designated at fair value	4,009,590	(3,103,396)
Realised gains on financial assets designated at fair value	(9,209,084)	(6,308,489)
Net proceeds on disposals of financial assets designated at fair value	17,608,262	18,052,949
Increase in trade and other payables	1,234,805	2,797,618
(Decrease)/increase in amounts owed to clients	(8,493,618)	13,371,613
Employee share benefit trust	(4,066,262)	(1,701,921)
Share-based payment reserve	93,080	262,669
Cash generated from operations	(4,578,189)	29,841,286
Taxation	(3,499,196)	(4,302,766)
<b>Net cash from operating activities</b>	<b>1,078,993</b>	25,538,520
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(32,040)	(140,085)
Purchase of intangible assets	-	(558,805)
Disposal/acquisition of subsidiary	(3,483,677)	3,483,677
<b>Net cash (used in)/from investing activities</b>	<b>(3,515,717)</b>	2,784,787
<b>Cash flows from financing activities</b>		
Proceeds of issue of share capital	586,000	126,000
Treasury shares acquired	-	(163,217)
Bank loan repayment	-	(1,500,000)
Dividends paid	(1,834,719)	(1,586,231)
<b>Net cash used in investing activities</b>	<b>(1,248,719)</b>	(3,123,448)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,685,443)</b>	25,199,859
Cash and cash equivalents at the beginning of the year	30,408,289	5,757,167
Foreign exchange gains/(losses)	357,915	(548,737)
<b>Cash and cash equivalents at the end of the year</b>	<b>27,080,761</b>	30,408,289

The accounting policies and notes set out on pages 20 to 35 form an integral part of these consolidated financial statements

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

### 1 Nature of operations

The Group is engaged in investment banking, including corporate finance, stockbroking, commodity broking, investment management services and equity investment. A full review of the Group's activities is contained in the Chairman's Statement and Chief Executive's Statement on pages 2 to 5.

### 2 General information

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

The financial statements, together with comparative figures for the year ended 31 December 2006, are presented in sterling. In preparing these consolidated financial statements, the Group has elected to take advantage of certain transitional provisions within IFRS 1.

First-time adoption of International Financial Reporting Standards, which offer exemptions from presenting comparative information in accordance with IFRS. The most significant optional exemptions available and taken advantage of by the Group are as follows:

- IFRS 2 Share Based Payments: In accordance with IFRS 1, the new standard has been applied only to share options and equity instruments granted after 7 November 2002 that have not vested by 1 October 2005.
- IAS 21 The Effects of Changes in Foreign Currency Exchange Rates: In accordance with IFRS 1, cumulative translation differences arising on the Group's net investment in foreign operations are assumed to be zero at the date of transition.
- IFRS 3 Business Combinations: has not been applied to business combinations prior to the Group's transition date on 1 January 2006 and, therefore, pre-transition date combinations have not been restated.

The transition to IFRS reporting has resulted in a number of changes in the reported financial statements, notes thereto and accounting principles compare to previous annual reports. Note 25 provides further details on the transition from UK GAAP to IFRS. The financial statements for the year ended 31 December 2006 (including comparative figures for the year ended 31 December 2005) were approved by the Board of directors on 27 April 2007.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements and in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of the transition to IFRS.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating Segments
IAS 23	Borrowing Costs (Amendments)
IAS 1	Presentation of Financial Statements (Revised)
IFRS 2	Share Based Payment: Vesting Conditions and Cancellations (Amendments)
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group except for additional disclosures.

### 3 Accounting policies

The accounting policies that have been used in the preparation of these consolidated financial statements are described below.

#### 3.1 Accounting convention

The financial statements are prepared under the historical cost convention, except for the revaluation of certain investments and financial assets and liabilities.

#### 3.2 Basis of consolidation

The Group financial statements incorporate those of the Company and of its subsidiary undertakings by full consolidation. The results of subsidiaries acquired are included from the date on which the Company obtains control of the subsidiaries operating and financial policies.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary at the acquisition date, regardless of whether they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the basis for subsequent measurement in accordance with Group accounting policies. Goodwill arising on consolidation represents the excess of the acquisition cost over the fair value of the Group's share of identifiable net assets of the acquired subsidiary at the date of acquisition.

Companies in which the Group holds a shareholding between 20% and 50% but cannot exercise significant influence are accounted for as financial assets held at fair value through profit and loss.

All intra-Group balances and transactions are eliminated on consolidation.

### 3 Accounting policies (continued)

#### 3.3 Financial assets

Financial assets can be divided into the following categories

- loans and receivables
- financial assets at fair value through profit and loss

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. All income and expenses in respect of financial assets held by the Group in the year under review are recognised in the income statement.

Generally the Group recognises all financial assets using trade date accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income relating to financial assets is recognised in the income statement under the heading 'Total income' and interest payable is recognised under the heading 'Finance costs'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's trade and other receivables fall into this category of financial asset and are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method. Discounting is omitted where its effect is immaterial. 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 financial assets that are classified as held for trading or are designated by the Group to be carried at fair value through profit or loss upon initial recognition. The Group's financial assets, largely comprising listed securities, fall into this category. Fair values of securities listed in active markets are determined by the current bid prices. Where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This may include, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

#### 3.4 Total income

The Group follows the principles of IAS 18 'Revenue Recognition' in determining appropriate revenue recognition policies. In principle, therefore, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Total income comprises institutional brokerage commission, net trading profit or loss on trading positions, corporate broking retainers, commodity commissions, deal fees and placing commissions.

Institutional commissions are recognised on trade dates. Net trading gains or losses are the realised and unrealised profits and losses from market making for long and short positions on a trade date basis.

Investment income is the realised and unrealised profits and losses from securities held outside the market making portfolio on a trade date basis.

Corporate retainers are recognised on an accruals basis. Deal fees and placement commissions are only recognised once there is a contractual entitlement for the Group to receive them.

#### 3.5 Foreign currencies

The financial statements are presented in sterling, which is the Group's functional currency. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the income statement.

#### 3.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. 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 in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax 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 substantially enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

### 3 Accounting policies (continued)

#### 3.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of all property plant and equipment by the reducing balance method over their estimated useful economic lives. The rates generally applicable are

Office equipment 25%

Residual value estimates are updated as required, but at least annually

#### 3.8 Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Group's management compares a historical consensus price-earnings ratio based on a group of 10 comparable investment banks and applies it to the current earnings of its subsidiaries.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### 3.9 Pensions

The Company contributes to the private pension schemes of certain directors. The assets of the scheme are held separately from that of the Company. Contributions are charged in the accounts as incurred.

#### 3.10 Share-based payment

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments, are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserve for share-based payments.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different from that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

#### 3.11 Equity

Called up share capital is determined using the nominal value of shares that have been issued.

Share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium account, net of any related income tax benefits.

Merger reserve arises from merger relief taken under section 131 of the Companies Act 1985 in respect of the premium paid on the issue of shares to finance the acquisition of a subsidiary undertaking prior to the Group's IFRS transition date.

Equity-settled share-based employee remuneration is credited to the reserve for share-based payments until related stock options are exercised.

Retained earnings include all current and prior period results as disclosed in the income statement.



### 3 Accounting policies (continued)

#### 3.12 Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised on the Group balance sheet when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group income statement.

#### 3.13 Treasury shares

The costs of purchasing Treasury shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group income statement.

#### 3.14 Operating leases

In accordance with IAS 17 'Leases', a lease is defined as a finance lease if the economic ownership of a leased asset is transferred to the lessee and the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. All other leases are accounted for as operating leases. Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

#### 3.15 Segment reporting

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and rewards that are different from those of other business segments. The Group operates entirely within the United Kingdom and accordingly there are no distinguishable geographical segments.

#### 3.16 Disposal of assets, non-current assets classified as held for sale

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale of non-current assets is included in administrative expenses in the income statement.

If the Group intends to sell non-current assets or groups of assets, and if the sale is highly probable to be carried out within 12 months, the asset or group of assets is classified as 'held for sale' and presented as such on the balance sheet.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale and their fair value less costs to sell. They are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or revaluation of 'held for sale' assets is included in 'other income' or 'administrative expenses', respectively, in the income statement.

### 4 Segmental analysis

The Group's revenue and profit before tax is derived from the following activities:

	2007 £	2006 £
<b>Total income</b>		
Investment banking revenue	10,635,226	8,429,339
Investment portfolio revenue	5,199,494	9,411,885
	<b>15,834,720</b>	17,841,224
Investment banking revenue represents:		
Trading gains	2,785,373	1,900,108
Non-trading gains	344,288	118,750
Fees and commissions	6,729,746	5,969,786
Interest received	775,819	440,695
	<b>10,635,226</b>	8,429,339
Investment portfolio revenue represents:		
Unrealised gains/(losses) on financial assets designated at fair value	(4,009,590)	3,103,396
Realised gains on financial assets designated at fair value	9,209,084	6,308,489
	<b>5,199,494</b>	9,411,885
<b>Profit before tax</b>		
Investment banking	4,156,037	3,257,494
Investment portfolio	1,631,155	4,811,689
	<b>5,787,192</b>	8,069,183

The profit from the Investment Portfolio for the year ended 31 December 2006 is stated after the deduction within administrative expenses of £1,732,261 in respect of the loss arising on the reclassification of assets to 'non-current assets classified for sale' (see note 14).

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

## 4 Segmental analysis (continued)

	2007 £	2006 £
<b>Capital expenditure</b>		
Investment banking	32,040	140,805
Investment portfolio	-	-
	<b>32,040</b>	<b>140,805</b>
<b>Depreciation</b>		
Investment banking	102,038	75,230
Investment portfolio	2,916	3,888
	<b>104,954</b>	<b>79,118</b>
<b>Total assets</b>		
Investment banking	38,222,720	34,365,619
Investment portfolio	20,699,189	38,232,686
	<b>58,921,909</b>	<b>72,598,305</b>
<b>Total liabilities</b>		
Investment banking	9,263,403	16,520,215
Investment portfolio	1,048,191	1,050,192
Unclassified taxation	3,572,673	5,798,234
	<b>13,884,267</b>	<b>23,368,641</b>

## 5 Profit before tax

	2007 £	2006 £
Profit before tax, all of which arises from the Group's principal activities, is stated after charging		
Auditors remuneration audit services	56,985	20,000
Non-audit services – IFRS advice	15,000	-
– taxation services	-	5,500
Depreciation	104,954	79,118
Operating lease rentals – land and buildings	136,547	104,885
Share option charge	93,080	262,669
Finance costs – bank interest	32,628	36,615
Write-down of investment in exploration assets	-	1,732,261
Exchange (gains)/losses	(357,915)	548,737

## 6 Information regarding directors and employees

## Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
	<b>57</b>	<b>41</b>

## Employment costs

	2007 £	2006 £
Wages and salaries	3,647,233	4,259,516
Social security costs	510,198	518,157
Other pension costs	428,451	337,107
Ex-gratia payment to former director	30,000	-
	<b>4,615,882</b>	<b>5,114,780</b>

## 6 Information regarding directors and employees (continued)

Key management and directors emoluments	2007 £	2006 £
Directors' emoluments	422,648	779,913
Gains on exercise of share options	–	382,000
Pension contributions	337,102	260,500
	<b>759,750</b>	<b>1,422,413</b>

The directors are the Group's sole key management personnel

Emoluments disclosed above include the following amounts paid to the highest paid director

	2007 £	2006 £
Emoluments	220,148	450,000
Pension contributions	317,102	10,500
	<b>537,250</b>	<b>460,500</b>

Nathan Steinberg, non-executive director, is a partner in Munsloes, a firm of Chartered Certified Accountants. That firm charged fees of £155,000 (2006: £120,000) excluding VAT to the Group in respect of professional services in the period on an arms-length basis.

Retirement benefits are accruing to two of the directors under money purchase arrangements.

## 7 Taxation

The tax provision for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained as follows:

	2007 £	2006 £
Profit before tax	5,787,192	8,069,183
UK corporation tax on profits for the year at 30%	1,736,158	2,420,755
Expenses not deductible for tax purposes	34,399	85,044
Other adjustments	(538,635)	477,964
Adjustments in respect of prior years	41,714	11,542
	<b>1,273,636</b>	<b>2,995,305</b>
Comprising:		
Current tax expense	1,848,361	5,447,919
Prior year tax expense	41,714	11,542
Deferred tax resulting from the origination and reversal of temporary differences:		
– On unrealised gains on financial assets	588,515	2,385,355
– On reserve for share-based payments	(27,924)	(78,801)
	<b>1,273,636</b>	<b>2,995,305</b>

Other adjustments include £(519,678) (2006: 519,678) in respect of the disposal of exploration assets (see note 14).

## 8 Dividends

	2007 £	2006 £
Final dividend for the year ended 31 December 2005 (0.75p)	–	802,959
Interim dividend for the year ended 31 December 2006 (0.75p)	–	783,727
Final dividend for the year ended 31 December 2006 (1.00p)	1,044,385	–
Interim dividend for the year ended 31 December 2007 (0.75p)	790,334	–
	<b>1,834,719</b>	<b>1,586,231</b>

On 9 May 2008 the Board proposed a final dividend of 1.00p per share for the year ended 31 December 2007. Based on the number of shares in issue at the year end, the total amount payable would be £999,442. Dividends are not paid on Treasury and EBT shares.

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

**9 Earnings per ordinary share**

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust and Treasury Shares

The calculations of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options

Reconciliation of the earnings and weighted average number of shares in the calculations are set out below

**Continuing operations**

	2007			2006		
	Earnings £	Weighted average number of shares	Per share amount (pence)	Earnings £	Weighted average number of shares	Per share amount (pence)
Basic earnings per share	4,513,556	104,406,818	4.32p	5,073,878	105,748,058	4.81p
Dilutive effect of share options		3,612,831			5,390,248	
Diluted earnings per share	4,513,556	108,019,649	4.18p	5,073,878	111,138,306	4.57p

**10 Property, plant and equipment****Office equipment**

	2007 £	2006 £
<b>Cost</b>		
At 1 January	321,652	181,567
Additions	32,040	140,085
Balance at 31 December	353,692	321,652
<b>Depreciation</b>		
At 1 January	121,886	42,768
Charge for the year	104,954	79,118
Balance at 31 December	226,840	121,886
<b>Net book value</b>		
At 31 December	126,852	199,766
At 1 January	199,766	138,799

**11 Intangible assets****Goodwill on consolidation**

	2007 £	2006 £
<b>Cost</b>		
At 1 January and 31 December	1,959,283	1,959,283
<b>Amortisation</b>		
At 1 January and 31 December	122,455	122,455
<b>Net book value</b>		
At 1 January and 31 December	1,836,828	1,836,828

Goodwill arising on consolidation represents the excess of the acquisition cost over the fair value of the Group's share of identifiable net assets of subsidiaries acquired at the date of acquisition. Under UK GAAP this was amortised over a period of 20 years. Under IFRS, goodwill is not amortised but is included at its net book value at 1 January 2006 and tested annually for impairment.

The only cash-generating unit carrying goodwill is the Group's investment bank subsidiary. The directors have used a historical consensus price-earnings ratio of 8.8 based on a group of ten investment banks and applied it to the 2007 earnings of its subsidiaries and have concluded that no provision for impairment is required.

## 12 Financial assets

	2007 £	2006 £
Financial assets designated at fair value through profit and loss	<b>23,888,023</b>	34,739,291
Listed	<b>21,828,530</b>	31,936,025
Unlisted	<b>2,059,493</b>	2,813,266
	<b>23,888,023</b>	34,739,291

All amounts presented in respect of listed securities have been determined directly by reference to published price quotations on the London, Australian, US and Canadian Stock Exchanges

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Group evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

Included in the above are a 49% interest in Golden Prospect Precious Metals Limited, a company registered in Guernsey, a 40% interest in Minerva Resources plc, a company registered in England and Wales, and a 24% interest in Commodity Watch PLC, a company registered in England and Wales. These investments have not been accounted for as associates as the Group cannot exercise significant influence over the operating and financial policies of the investee companies due to lack of Board representation and regulatory restrictions.

As at 31 December 2006, the Group held a 72% interest in Golden Prospect Precious Metals Limited. Accordingly, this company was included as a subsidiary in the consolidated financial statements for the year ended 31 December 2006. As no income was derived from this company between the date of acquisition of the interest and the reduction in the Group's interest to 49%, there was no change in the value of the minority interest during this period. The net cash movement of £3,483,677 disclosed in the cash flow statement represents the net cash impact of no longer consolidating Golden Prospect Precious Metals Limited. There was no net movement in the Company's net cash holdings between 2006 and 2007.

## 13 Trade and other receivables

	2007 £	2006 £
<b>Amounts falling due within one year</b>		
Trade receivables	<b>1,066,835</b>	907,806
Other receivables	<b>4,632,437</b>	2,778,482
Prepayments and accrued income	<b>290,173</b>	170,343
	<b>5,989,445</b>	3,856,631

The carrying value of trade receivables which is considered a reasonable approximation of fair value, includes amounts past due of £206,319 (2006: £181,618) which were outstanding for over three months at the balance sheet date. All amounts past due included in the carrying value are considered recoverable.

## 14 Non-current assets classified as assets for resale

	2007 £	2006 £
Exploration assets	-	1,557,500

In November 2006, the Group commenced negotiations for the sale of its exploration assets to Palladex plc (since renamed Minerva Resources plc) in exchange for Palladex shares which completed in July 2007. Accordingly, these assets were re-classified as non-current assets classified as held for sale at their fair value, being the value of Palladex shares. The resulting impairment charge was £1,732,261 which has been included in Administrative Expenses.

## 15 Trade and other payables

	2007 £	2006 £
Trade payables	<b>1,161,923</b>	378,549
Other payables	<b>2,131,511</b>	1,313,567
Other taxation and social security	<b>137,880</b>	130,659
Accruals and deferred income	<b>2,002,285</b>	2,376,019
	<b>5,433,599</b>	4,198,794

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

## 16 Deferred taxation

	2007 £	2006 £
Deferred tax liabilities represents temporary differences on		
Unrealised gains on financial assets	2,281,013	2,869,528
Reserve for share-based payments	(190,903)	(162,979)
	<b>2,090,110</b>	<b>2,706,549</b>
Movement in the year		
Balance at 1 January	2,706,549	5,170,705
Origination and reversal of temporary differences		
- On unrealised gains on financial assets	(588,515)	(2,385,355)
- On reserve for share-based payments	(27,924)	(78,801)
Balance at 31 December	<b>2,090,110</b>	<b>2,706,549</b>

On 1 April 2008, the standard rate of UK corporation tax reduced from 30% to 28%. The effect of this change in tax rate is to reduce the deferred tax liability at 31 December 2007 by £122,000

## 17 Called up share capital

	2007 Number of shares	2006 Number of shares	2007 £	2006 £
<b>Authorised</b>				
Ordinary shares of 10p each	250,000,000	250,000,000	25,000,000	25,000,000
<b>Called up, allotted and fully paid</b>				
Ordinary shares of 10p each	111,361,208	108,061,208	11,136,121	10,806,121

500,000 ordinary shares of 10p each were allotted under the terms of share option agreements on 9 May 2007. 2,800,000 ordinary shares of 10p each were allotted under the terms of share option agreements on 27 September 2007.

## 18 Share options

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to the directors and other persons. The share options currently in existence were granted and are exercisable as follows:

Date granted	Exercise price	Number of shares	Period exercisable
20 September 2005	30p	4,059,950	Between 20 September 2006 and 19 September 2011
1 December 2005	40p	250,000	Between 1 December 2006 and 30 November 2011
10 March 2006	35p	2,660,050	Between 10 March 2006 and 9 March 2012
1 December 2005	50p	967,500	Between 9 December 2006 and 8 December 2012
27 September 2007	60p	100,000	Between 27 September 2007 and 27 September 2014
		<b>8,037,500</b>	

At the year-end the market value of the Company's shares was 44.75p per share. The highest price during the year was 85.25p and the lowest price was 42.5p.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price in pence 2007	Number of options 2007	Weighted average exercise price in pence 2006	Number of options 2006
Outstanding at 1 January	28.1	11,237,500	28.1	12,262,500
Exercised during the year	15.8	(3,300,000)	15.8	(800,000)
Forfeited during the year	15.0	-	15.0	(225,000)
Granted during the year	60.0	100,000	-	-
Outstanding at 31 December	28.9	8,037,500	28.9	11,237,500
Exercisable at 31 December	28.9	8,037,500	28.9	11,237,500

The options outstanding at 31 December 2007 have an exercise price in the range of 15p to 60p and a weighted average contractual life of 4.4 years.

### 18 Share options (continued)

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Binomial model to calculate those fair values, are as follows

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Vesting period (yrs)	Risk free rate	Expected dividends
20-Sep-04	£0.0870	£0.29	£0.30	39.8112%	3	2	4.8683%	2.75%
20-Sep-04	£0.0846	£0.29	£0.30	39.8112%	3	3	4.8683%	2.75%
01-Dec-04	£0.0991	£0.37	£0.40	38.3310%	3	2	4.5182%	2.75%
01-Dec-04	£0.0972	£0.37	£0.40	38.3310%	3	3	4.5182%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	1	4.9117%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	2	4.9117%	2.75%
10-Mar-05	£0.1285	£0.39	£0.35	36.8654%	3	3	4.9117%	2.75%
01-Dec-05	£0.1376	£0.51	£0.50	35.7816%	3	1	4.3041%	2.75%
01-Dec-05	£0.1371	£0.51	£0.50	35.7816%	3	2	4.3041%	2.75%
01-Dec-05	£0.1343	£0.51	£0.50	35.7816%	3	3	4.3041%	2.75%

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of the Company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value of the 100,000 options granted at 60p on 27 September 2007 is considered immaterial and no formal computation of fair value has been made.

### 19 Lease commitments

At 31 December 2007 the Group had commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007 £	2006 £
Within one year	125,000	125,000
Between one and five years	342,014	467,014
	467,014	592,014

### 20 Capital commitments

There were no capital commitments as at 31 December 2007 or at 31 December 2006.

### 21 Contingent liabilities

There were no contingent liabilities as at 31 December 2007 or at 31 December 2006.

### 22 Transactions with related parties

Details of transactions with directors and key management emoluments are given in note 6. Intra-Group transactions and balances are eliminated on consolidation. There are no other related party transactions.

### 23 Financial instruments

The Group's financial instruments comprise trading investments, cash and cash equivalent balances, derivative financial instruments, and various items such as trade receivables, trade payables and other items that arise directly from the normal course of business.

Trading investments and financial liabilities are long and short positions held as a result of market making activities in listed investments and holdings in unlisted investments. These investments are equity securities. Trading investments are held at fair value, in accordance with the accounting policy set out in note 3.3.

Derivative financial instruments are equity options and warrants over listed and unlisted securities. Derivative financial instruments are held at fair value, in accordance with the accounting policy set out in note 3.3.

Sterling and foreign currency cash balances are invested with the Group's approved banks. Foreign currency balances arise from trading in foreign currency denominated securities.

The Group had no undrawn committed borrowing facilities as at 31 December 2007 (2006: £2,500,000). Since the balance sheet date, the Group has subsequently agreed borrowing facilities of £8,500,000.

There is no material difference between the book values and the fair values of the Group's financial assets and liabilities.

### Risk management

The main risks arising from the Group's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

**23 Financial instruments (continued)****Market risk exposures**

The Group is affected by conditions in the financial markets and the wider economy through its holdings in the equity investments, which arise through the market making and trading activities, and other longer term investments

The Group manages the potential for changes in the market value of trading investment positions through individual stock limits and trading book limits which are approved and monitored daily by the finance department

If the quoted stock price of the listed securities, including derivatives had increased or decreased by 5%, the net result for the year would have increased or decreased by £763,999 (2006 £1,051,835) Equity would have increased or decreased by £763,999 (2006 £1,051,835)

In view of the significant judgement used in determining the fair value of unlisted investments, which amount to less than 10% of the total investment portfolio, no sensitivity analysis has been carried out in respect of unlisted securities

**Currency risk**

Currency risk arises from the exposure to volatilities of currency rates. The Group does not hedge its investments quoted on overseas stock exchanges or foreign currency bank balances. The Group therefore has an exposure to translation and transaction foreign exchange risk and takes profits or losses on these as they arise

The currency risk principally relates to investments held in foreign currencies. As the investee companies are in the resources sector, there is a natural hedge to currency risk which is offset by the market risk referred to above. Accordingly, the sensitivity to this is reflected in the market risk

The Group's net assets by currency at 31 December 2007 was as follows

	2007 £	2006 £
Sterling	38,125,361	25,030,998
Australian Dollars	6,493,298	14,642,203
Canadian Dollars	257,024	5,921,188
US Dollars	(103,388)	3,081,656
South African Rand	312,181	-
Euro	(46,834)	553,619
	<b>45,037,642</b>	<b>49,229,664</b>

**Liquidity risk**

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs by realising investments as appropriate and to invest cash resources safely with good quality banks and, if appropriate, in high quality liquid funds and financial investments

The Group's liabilities have contractual maturities as follows

At 31 December 2007	Within 6 months £	6 to 12 months £
Trade payables	1,161,923	-
Other payables	2,131,511	-
Amounts due to clients	4,877,995	-
	<b>8,171,429</b>	<b>-</b>
At 31 December 2006	Within 6 months £	6 to 12 months £
Trade payables	378,549	-
Other payables	1,313,567	-
Amounts due to clients	13,371,613	-
	<b>15,063,729</b>	<b>-</b>



## 23 Financial instruments (continued)

### Interest rate risk

Due to the Group's liquidity requirements, cash is held on short-term floating rate terms with banks or placed on overnight deposits at relatively low rates of interest. Accordingly, management believe interest rate risk to be immaterial. Interest income in the year was £775,819 (2006: £440,695). Where interest rate risk arises, this is as a result of changes to the yield curve and the volatilities of interest rates. The Group's interest bearing assets are held as cash or cash equivalents at floating interest rates as follows:

	2007 £	2006 £
Sterling	22,678,319	12,770,531
Australian Dollars	220,171	2,896,596
Canadian Dollars	12,826	1,493,661
US Dollars	3,382,837	10,047,835
Euros	786,608	3,199,666
Cash and cash equivalents	27,080,761	30,408,289

Equity investments are not interest bearing but have an indirect sensitivity to changes in and volatility in interest rates and are therefore set out below:

	2007 £	2006 £
Sterling	16,742,058	16,500,850
Australian Dollars	6,238,699	11,745,607
Canadian Dollars	399,253	4,427,527
US Dollars	446,077	2,065,307
Euros	61,936	-
Equity investments	23,888,023	34,739,291

### Credit risk

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

Management reviews new and existing counterparties and sets credit limits on each one. Intraday reports are generated which monitor the credit risk exposures and are reviewed by management. Credit limit exposures are investigated and reported to senior management and appropriate action is taken.

Where possible, the Group seeks to enter into netting agreements with counterparties that permit the offset of receivables and payables with those counterparties. The Group has concentrations of risk in relation only to monies placed on deposit with banks and as a result of trading through the London Clearing House.

The Group is exposed to credit risk from its counterparty to a security transaction during the period between the trade and settlement dates. This period is generally three business days but can be longer in some markets. The majority of these security transactions are with other financial institutions, primarily located in the UK. The Group seeks to control its credit risk through a variety of reporting control procedures, including establishing credit limits and enforcing credit standards based upon a review of the counterparty's financial condition.

Settlement risk is substantially mitigated as a result of the delivery versus payment mechanism operated by Crest. Residual settlement risk is further reduced by using the services of major clearing banks for non-Crest settlements and by actively monitoring outstanding trades as part of the Group's management of working capital.

Risk exposures in relation to the failure of banks or deposit funds are reduced by credit quality limits and diversification of deposits across banks and funds.

### Valuation techniques

The valuation of financial assets other than listed securities has been determined using valuation techniques as described in note 12. The combined fair value of such investments is set out in note 12 and the movement in fair value recognised in the income statement during the year amounted to £(521,790).

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

**23 Financial instruments (continued)**

The Group's financial assets are classified as follows

	At fair value through profit or loss					Total for balance sheet heading
	Loans and receivables 2007 £	Held for trading 2007 £	Designated at fair value through profit or loss 2007 £	Available for sale financial assets 2007 £	Non financial assets 2007 £	2007 £
Cash at bank	27,080,761	-	-	-	-	27,080,761
Trade receivables - current	1,066,835	-	-	-	-	1,066,835
Other receivables - current	4,632,437	-	-	-	-	4,632,437
Investments designated at fair value through profit or loss	-	-	-	-	290,173	290,173
- equities	-	22,552,029	-	-	-	22,552,029
- derivatives	-	-	377,417	-	-	377,417
- other	-	-	958,577	-	-	958,577
<b>Total</b>	<b>32,780,033</b>	<b>22,552,029</b>	<b>1,335,994</b>	<b>-</b>	<b>290,173</b>	<b>56,958,229</b>
	2006 £	2006 £	2006 £	2006 £	2006 £	2006 £
Cash at bank	30,408,289	-	-	-	-	30,408,289
Trade receivables - current	2,694,360	-	-	-	-	2,694,360
Other receivables - current	991,928	-	-	-	-	991,928
Investments designated at fair value through profit or loss	-	-	-	-	170,343	170,343
- equities	-	33,901,585	-	-	-	33,901,585
- derivatives	-	-	363,584	-	-	363,584
- other	-	-	474,122	-	-	474,122
Non-current assets classified as assets for resale	-	-	-	1,557,500	-	1,557,500
<b>Total</b>	<b>34,094,577</b>	<b>33,901,585</b>	<b>837,706</b>	<b>1,557,500</b>	<b>170,343</b>	<b>70,561,711</b>

The Group's financial liabilities comprising trade and other payables and amounts due to clients are all classified as other financial liabilities

**24 Accounting estimates and judgements**

Certain critical accounting judgements in applying the Group's accounting policies are set out below

As disclosed in note 12, material interests in companies upon which the Group cannot exert significant influence are not accounted for as associates

As disclosed in note 12, all amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Group evaluates, among other factors, changes in the business outlook affecting a particular investment performance of the underlying business against original projections and valuations of similar quoted companies

## 25 Transition to International Financial Reporting Standards

The transition from UK GAAP to IFRS has been made in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards

The following reconciliations and explanatory notes thereto describe the effects of the transition on the IFRS opening balance sheet as at 1 January 2006 and the comparative figures prepared for the year ended 31 December 2006. All explanations should be read in conjunction with the Group's IFRS accounting policies as set out in note 3.

### Reconciliation of equity at 1 January 2006

Note	UK GAAP £	a £	b £	c £	d £	e £	IFRS £
<b>Non-current assets</b>							
Property, plant and equipment	138,799	-	-	-	-	-	138,799
Goodwill	1,836,828	-	-	-	-	-	1,836,828
Other intangible assets	2,596,870	-	-	-	-	-	2,596,870
Deferred tax assets	84,178	-	-	-	(84,178)	-	-
<b>Current assets</b>							
Financial assets	24,131,817	-	17,516,277	-	-	-	41,648,094
Trade and other receivables	1,629,836	-	-	-	-	-	1,629,836
Cash and cash equivalents	5,757,167	-	-	-	-	-	5,757,167
<b>Current liabilities</b>							
Trade and other payables	(1,149,443)	-	-	-	-	-	(1,149,443)
Short-term borrowings	(1,500,000)	-	-	-	-	-	(1,500,000)
Current tax payable	(1,916,627)	-	-	-	-	-	(1,916,627)
Other taxes and social security	(136,010)	-	-	-	-	-	(136,010)
<b>Non-current liabilities</b>							
Deferred tax	-	-	-	(5,254,883)	84,178	-	(5,170,705)
<b>Net assets</b>	<b>31,473,415</b>	<b>-</b>	<b>17,516,277</b>	<b>(5,254,883)</b>	<b>-</b>	<b>-</b>	<b>43,734,809</b>

Note	UK GAAP £	a £	b £	c £	d £	e £	IFRS £
<b>Equity</b>							
Share capital	10,726,121	-	-	-	-	-	10,726,121
Share premium account	10,803,383	-	-	-	-	-	10,803,383
Merger reserve	1,245,256	-	-	-	-	-	1,245,256
Profit and loss account	8,529,698	-	17,516,277	(5,254,883)	-	-	20,791,092
Reserve for share based payments	280,593	-	-	-	-	-	280,593
Employee benefit trust	(111,636)	-	-	-	-	-	(111,636)
<b>Total equity</b>	<b>31,473,415</b>	<b>-</b>	<b>17,516,277</b>	<b>(5,254,883)</b>	<b>-</b>	<b>-</b>	<b>43,734,809</b>

### Reconciliation of profit for the year to 31 December 2006

	UK GAAP £	a £	b £	c £	d £	e £	IFRS £
<b>Continuing operations</b>							
<b>Revenue</b>	<b>20,578,890</b>	<b>-</b>	<b>(2,737,666)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,841,224</b>
Administrative costs	(8,101,128)	97,964	-	-	-	(1,732,261)	(9,735,426)
Finance costs	(36,616)	-	-	-	-	-	(36,616)
<b>Profit before tax</b>	<b>12,441,146</b>	<b>97,964</b>	<b>(2,737,666)</b>	<b>-</b>	<b>-</b>	<b>(1,732,261)</b>	<b>8,069,183</b>
Taxation	(3,816,605)	-	-	821,300	-	-	(2,995,305)
<b>Profit before tax</b>	<b>8,621,541</b>	<b>97,964</b>	<b>(2,737,666)</b>	<b>821,300</b>	<b>-</b>	<b>(1,732,261)</b>	<b>5,073,878</b>

The notes to this table are on page 34

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 DECEMBER 2007

## 25 Transition to International Financial Reporting Standards (continued)

## Reconciliation of equity at 31 December 2006

Note	UK GAAP £	a £	b £	c £	d £	e £	IFRS £
<b>Non-current assets</b>							
Property, plant and equipment	199,766	-	-	-	-	-	199,766
Goodwill	1,738,864	97,964	-	-	-	-	1,836,828
Other intangible assets	3,155,675	-	-	-	-	(3,155,675)	-
Deferred tax assets	1,727,034	-	-	-	(1,727,034)	-	-
<b>Current assets</b>							
Financial assets	19,960,680	-	14,778,611	-	-	-	34,739,291
Trade and other receivables	3,856,631	-	-	-	-	-	3,856,631
Cash and cash equivalents	30,408,289	-	-	-	-	-	30,408,289
Non-current assets classified as held for sale	-	-	-	-	-	1,557,500	1,557,500
<b>Current liabilities</b>							
Trade and other payables	(17,436,322)	-	-	-	-	(134,085)	(17,570,407)
Current tax payable	(3,091,685)	-	-	-	-	-	(3,091,685)
<b>Non-current liabilities</b>							
Deferred tax	-	-	-	(4,433,583)	1,727,034	-	(2,706,549)
<b>Net assets</b>	<b>40,518,932</b>	<b>97,964</b>	<b>14,778,611</b>	<b>(4,433,583)</b>	<b>-</b>	<b>(1,732,260)</b>	<b>49,229,664</b>
<b>Equity</b>							
Share capital	10,806,121	-	-	-	-	-	10,806,121
Share premium account	10,849,383	-	-	-	-	-	10,849,383
Merger reserve	1,245,256	-	-	-	-	-	1,245,256
Treasury shares	(163,217)	-	-	-	-	-	(163,217)
Profit and loss account	15,568,007	97,964	14,778,611	(4,433,583)	-	(1,732,260)	24,278,739
Reserve for share-based payments	543,262	-	-	-	-	-	543,262
Employee benefit trust	(1,813,557)	-	-	-	-	-	(1,813,557)
Minority interest	3,483,677	-	-	-	-	-	3,483,677
<b>Total equity</b>	<b>38,786,672</b>	<b>97,964</b>	<b>14,778,611</b>	<b>(4,433,583)</b>	<b>-</b>	<b>-</b>	<b>49,229,664</b>

- a) Goodwill recognised by the Group on acquisition of its subsidiaries under UK GAAP was amortised over a period of 20 years. Under IFRS goodwill is not amortised, but tested annually for impairment. The goodwill amortisation charge recognised in accordance with UK GAAP in 2006 was written back. However, intangible assets identified on this business combination in accordance with IFRS as described above are included at their net book value as at 1 January 2006.
- b) Under UK GAAP the Group included listed and unlisted investments at cost. However, under IFRS these are included at market value. Accordingly, an unrealised gain of £17,516,277 at 1 January 2006 has been credited to the income statement. Operating income has been decreased by £2,737,666 for the year ended 31 December 2006.
- c) Under FRS 19 deferred tax was only recognised on timing differences, in contrast, IAS 12 "Income Taxes" requires the recognition of all temporary differences. Under UK GAAP, investments are carried on the balance sheet at cost, and no deferred tax arises whereas under IFRS investments are carried on the balance sheet at market value and deferred tax liabilities are recognised. The effect of this adjustment is to create deferred tax liabilities of £5,254,883 at 1 January 2006 and £4,433,583 at 31 December 2006 and decrease the tax charge for the year ended 31 December 2006 by £821,300.
- d) The UK GAAP financial statements include a deferred tax asset of £84,178 at 1 January 2006 and £162,979 at 31 December 2006 in respect of the taxation relief on the charge to profits for share-based payments. This deferred tax asset has been offset against the deferred tax liabilities set out in (c) above. The UK GAAP accounts at 31 December 2006 include a further deferred tax asset of £1,564,055 in respect of taxation charged on the profits on the sale of investments between Group companies. As the profit has been recognised under IFRS with the appropriate taxation charge, the deferred asset has been debited to deferred tax for the year ended 31 December 2006.
- e) In November 2006, the Group announced Heads of Terms for the sale of its exploration assets to Palladex plc to be satisfied by the issue of shares in Palladex at 6 pence per share. In the UK GAAP accounts these exploration assets were included in intangible fixed assets at a cost, net of provisions for diminution in value, of £3,155,675. Under UK GAAP, the directors considered that no further provision for diminution in value was appropriate on the basis that the Palladex shares were suspended under AIM rules on announcement of the transaction, and on completion of the transaction the shares were expected to recommence trading at a price in excess of the carrying value in the UK GAAP accounts.

## **25 Transition to International Financial Reporting Standards (continued)**

Under IFRS these assets should be disclosed as non-current assets classified as held for sale at fair value. The Directors have estimated the fair value of the assets by reference to the market value of the Palladex shares when the sale was agreed of 3.5 pence per share. Accordingly, the IFRS accounts for the year ended 31 December 2006 include a fair value loss of £1,732,261 within administrative expenses.

### **Explanation of material adjustments to the cash flow statement**

Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

- (i) under UK GAAP, payments to acquire property, plant and equipment were classified as part of "Capital expenditure and financial investment". Under IFRS, payments to acquire property, plant and equipment have been classified as part of "Investing activities".
- (ii) income taxes of £4,302,766 paid during 2006 are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under UK GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

## **26 Post balance sheet events**

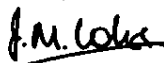
On 4 April 2008, the Group acquired the entire issued share capital of Nabarro Wells & Co. Limited, an independent corporate finance company, for a total cash consideration of £996,304. The financial statements of Nabarro Wells & Co. Limited for the year ended 31 March 2008 have not been completed and accordingly the fair value of the net assets acquired and the resultant goodwill have yet to be determined.

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2007

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	2		8,748		11,664
Investments	3		15,545,175		12,611,939
			<b>15,553,923</b>		<b>12,623,603</b>
<b>Current assets</b>					
Investments	3	13,983,923		20,677,560	
Debtors amounts due after more than one year	4	1,000,000		1,564,313	
Debtors amounts due within one year	4	2,591,577		95,023	
Deferred tax	5	190,903		162,979	
Cash at bank and in hand		6,635,873		7,617,363	
		<b>24,402,276</b>		<b>30,117,238</b>	
<b>Current liabilities</b>					
Creditors amounts due within one year	6	(3,024,318)		(3,781,321)	
<b>Net current assets</b>			<b>21,459,858</b>		<b>26,335,917</b>
<b>Total assets less current liabilities</b>			<b>36,931,881</b>		<b>38,959,520</b>
<b>Capital and reserves</b>					
Called up share capital	7		11,136,121		10,806,121
Share premium account	8		11,105,383		10,849,383
Merger reserve	8		1,245,256		1,245,256
Treasury shares	8		(163,217)		(163,217)
Retained earnings	8		18,851,815		17,492,272
Reserve for share-based payments	8		636,342		543,262
Employee benefit trust	8		(5,879,819)		(1,813,557)
<b>Total equity attributable to equity holders of the parent</b>			<b>36,931,881</b>		<b>38,959,520</b>

These financial statements were approved by the Board of Directors on 9 May 2008

  
T B Gaffney  
Chief Executive Officer

  
J M Coles  
Finance Director

The accounting policies and notes set out on pages 37 to 43 form an integral part of these parent Company financial statements

## NOTES TO THE COMPANY ACCOUNTS YEAR ENDED 31 DECEMBER 2007

### 1 Accounting policies

The parent Company financial statements of Ambrian Capital Plc have been prepared in accordance with applicable UK accounting standards (UK GAAP). The Company has taken advantage of the exemption under Section 230 of the Companies Act 1985 not to present its individual profit and loss account and related notes. The accounting policies that have been used in the preparation of these financial statements are described below.

The Company has elected not to adopt the provisions of Financial Reporting Standard 26 Financial Instruments: Recognition and Measurement.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

#### 1.3 Deferred tax

Deferred tax is recognised on all timing differences when the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

#### 1.4 Tangible fixed assets

Tangible Fixed Assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the reducing balance method over its estimated useful economic lives. The rates generally applicable are:

Office equipment 25%

#### 1.5 Pensions

The Company contributes to the private pension schemes of certain directors. The assets of the scheme are held separately from that of the Company. Contributions are charged in the accounts as incurred.

#### 1.6 Share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments, are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "Reserve for share-based payments".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium.

## NOTES TO THE COMPANY ACCOUNTS YEAR ENDED 31 DECEMBER 2007

**1 Accounting policies (continued)****1.7 Employee benefit trust**

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Company's accounts. Any assets held by the EBT cease to be recognised on the balance sheet when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

**1.8 Treasury shares**

The costs of purchasing Treasury shares are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

**1.9 Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

**2 Tangible fixed assets**Office  
Equipment  
£

<b>Cost</b>	
At 1 January and 31 December 2007	<b>29,354</b>
<b>Depreciation</b>	
At 1 January 2007	17,690
Charge for the year	2,916
Balance at 31 December 2007	<b>20,606</b>
<b>Net book value</b>	
At 31 December 2007	<b>8,748</b>
At 31 December 2006	11,664



### 3 Investments

#### a) Investments held as fixed assets

	Shares in subsidiary undertakings £	Shares in participating interests £	Total £
<b>Cost</b>			
At 1 January 2007	12,146,379	465,560	12,611,939
Additions	6,698,400	-	6,698,400
Reclassification to current asset investments	(3,299,604)	(465,560)	(3,765,164)
At 31 December 2007	<b>15,545,175</b>	-	<b>15,545,175</b>
<b>Net book value</b>			
At 31 December 2007	<b>15,545,175</b>	-	<b>15,545,175</b>
At 31 December 2006	12,146,379	465,560	12,611,939

Additions represent share capital subscribed to subsidiaries during the year

Details of the investments in subsidiary undertakings held by the Company are as follows

Name of Company	Countries of operation	Country of incorporation	Holding	Proportion of shares and voting rights held	Nature of business
Ambrian Partners Limited	UK	UK	Ordinary Shares	100%	Investment banking
Ambrian Commodities Limited	UK	UK	Ordinary Shares	100%	Commodities
Ambrian Asset Management Limited	UK	UK	Ordinary Shares	100%	Investment management
Ambrian Nominees Limited	UK	UK	Ordinary Shares	100%	Nominee
Far East Resources Limited	UK	UK	Ordinary Shares	100%	Dormant
Golden Prospect Limited	UK	UK	Ordinary Shares	100%	Dormant

#### b) Investments held as current assets

	2007 £	2006 £
Managed	<b>13,983,923</b>	20,677,560
Listed	<b>13,260,424</b>	19,977,542
Unlisted	<b>723,499</b>	700,018
	<b>13,983,923</b>	20,677,560

The market value of the listed investments, which are listed on the London, Australian, US and Canadian Stock Exchanges, was £20,894,094 at 31 December 2007 (£30,052,422 at 31 December 2006)

Included in the above are a 49% interest in Golden Prospect Precious Metals Limited, a company registered in Guernsey, a 40% interest in Minerva Resources plc, a company registered in England and Wales, and a 24% interest in Commodity Watch PLC, a company registered in England and Wales. These investments have not been accounted for as associates as the Group cannot exercise significant influence over the operating and financial policies of the investee companies due to lack of Board representation and regulatory restrictions. At Group and Company levels these have been accounted for as current assets.

## NOTES TO THE COMPANY ACCOUNTS YEAR ENDED 31 DECEMBER 2007

**4 Debtors**

	2007 £	2006 £
<b>a) Amounts falling due after more than one year</b>		
Amounts owed by subsidiary undertakings	<b>1,000,000</b>	1,564,313

Amounts owed by subsidiary undertakings represents an interest free loan. This loan has no fixed repayment terms but the Company has undertaken not to seek repayment within the next twelve months

**b) Amounts falling due within one year**

Trade debtors	<b>2,211,756</b>	–
Other debtors	<b>341,710</b>	55,686
Prepayments and accrued income	<b>38,111</b>	39,337
	<b>2,591,577</b>	95,023

Trade debtors include a brokerage balance of £2,211,756 receivable from a subsidiary undertaking. Other debtors include £334,480 receivable from a participating interest undertaking.

**5 Deferred taxation**

	2007 £	2006 £
FRS 20 share option charge	<b>190,903</b>	162,979

**6 Creditors: amounts due within one year**

	2007 £	2006 £
Other creditors	<b>8,095</b>	404,437
Other taxation and social security creditors	<b>156</b>	12,537
Accruals and deferred income	<b>1,039,940</b>	633,218
Corporation tax	<b>1,045,777</b>	2,714,464
Amounts owed to subsidiary undertaking	<b>930,350</b>	16,665
	<b>3,024,318</b>	3,781,321

## 7 Called up share capital

	2007 Number of shares	2006 Number of shares	2007 £	2006 £
<b>Authorised</b>				
Ordinary shares of 10p each	<b>250,000,000</b>	250,000,000	<b>25,000,000</b>	25,000,000
<b>Called up, allotted and fully paid</b>				
Ordinary shares of 10p each	<b>111,361,208</b>	108,061,208	<b>11,136,121</b>	10,806,121

500,000 ordinary shares of 10p each were allotted under the terms of share option agreements on 9 May 2007. 2,800,000 ordinary shares of 10p each were allotted under the terms of share option agreements on 27 September 2007.

## 8 Statement of movement on reserves

	Share premium account £	Merger reserve £	Profit and loss account £	Other reserves £
Balance at 1 January 2007	10,849,383	1,245,256	17,492,272	(1,433,512)
Options exercised	256,000	-	-	-
Profit for the financial year	-	-	3,194,262	-
Dividends	-	-	(1,834,719)	-
FRS 20 share option charge	-	-	-	93,080
Purchase of shares	-	-	-	(4,066,262)
<b>Balance at 31 December 2007</b>	<b>11,105,383</b>	<b>1,245,256</b>	<b>18,851,815</b>	<b>(5,406,694)</b>
	FRS 20 Share based payment reserve £	Employee benefit trust £	Treasury shares £	Total £
Balance at 1 January 2007	543,262	(1,813,557)	(163,217)	(1,433,512)
FRS 20 share option charge	93,080	-	-	93,080
Purchase of shares	-	(4,066,262)	-	(4,066,262)
<b>Balance at 31 December 2007</b>	<b>636,342</b>	<b>(5,879,819)</b>	<b>(163,217)</b>	<b>(5,406,694)</b>

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's profit for the financial year amounted to £3,194,262 (2006: £9,075,710).

During the year the Company loaned £4,066,262 (2006: £1,701,921) to an Employee Benefit Trust set up by the subsidiary company Ambrian Partners Limited. The Employee Benefit Trust used the loan to purchase 7,798,710 shares (2006: 3,100,000) shares in the company. These shares had not vested in the employees at the year-end and in accordance with the provisions of UITF 38 the loan to the Employee Benefit Trust is deducted from the shareholders' funds as a separate reserve.

## 9 Share options

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to the directors and other persons. The share options currently in existence were granted and are exercisable as follows:

Date granted	Exercise price	Number of shares	Period exercisable
20 September 2005	30p	4,059,950	Between 20 September 2006 and 19 September 2011
1 December 2005	40p	250,000	Between 1 December 2006 and 30 November 2011
10 March 2006	35p	2,660,050	Between 10 March 2006 and 9 March 2012
1 December 2005	50p	967,500	Between 9 December 2006 and 8 December 2012
27 September 2007	60p	100,000	Between 27 September 2007 and 27 September 2014
		<b>8,037,500</b>	

At the year-end the market value of the Company's shares was 44.75p per share. The highest price during the year was 85.25p and the lowest price was 42.5p.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price in pence 2007	Number of options 2007	Weighted average exercise price in pence 2006	Number of options 2006
Outstanding at 1 January	<b>28.1</b>	<b>11,237,500</b>	28.1	12,262,500
Exercised during the year	<b>15.8</b>	<b>(3,300,000)</b>	15.8	(800,000)
Forfeited during the year	<b>15.0</b>	<b>-</b>	15.0	(225,000)
Granted during the year	<b>60.0</b>	<b>100,000</b>	-	-
Outstanding at 31 December	<b>28.9</b>	<b>8,037,500</b>	28.9	11,237,500
Exercisable at 31 December	<b>28.9</b>	<b>8,037,500</b>	28.9	11,237,500

The options outstanding at 31 December 2007 have an exercise price in the range of 15p to 60p and a weighted average contractual life of 4.4 years.

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Binomial model to calculate those fair values, are as follows:

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Vesting period (yrs)	Risk free rate	Expected dividends
20-Sep-04	£0.0870	£0.29	£0.30	39.8112%	3	2	4.8683%	2.75%
20-Sep-04	£0.0846	£0.29	£0.30	39.8112%	3	3	4.8683%	2.75%
01-Dec-04	£0.0991	£0.37	£0.40	38.3310%	3	2	4.5182%	2.75%
01-Dec-04	£0.0972	£0.37	£0.40	38.3310%	3	3	4.5182%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	1	4.9117%	2.75%
10-Mar-05	£0.1299	£0.39	£0.35	36.8654%	3	2	4.9117%	2.75%
10-Mar-05	£0.1285	£0.39	£0.35	36.8654%	3	3	4.9117%	2.75%
01-Dec-05	£0.1376	£0.51	£0.50	35.7816%	3	1	4.3041%	2.75%
01-Dec-05	£0.1371	£0.51	£0.50	35.7816%	3	2	4.3041%	2.75%
01-Dec-05	£0.1343	£0.51	£0.50	35.7816%	3	3	4.3041%	2.75%

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of the Company's share price calculated back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value of the 100,000 options granted at 60p on 27 September 2007 is considered immaterial and no formal computation of fair value has been made.

**10 Capital commitments**

There were no capital commitments as at 31 December 2007 or at 31 December 2006

**11 Contingent liabilities**

There were no contingent liabilities as at 31 December 2007 or at 31 December 2006

**12 Post balance sheet events**

On 4 April 2008, the group acquired the entire issued share capital of Nabarro Wells & Co Limited, an independent corporate finance company, for a total cash consideration of £996 304

## DIRECTORS AND SENIOR PERSONNEL

### AMBRIAN CAPITAL PLC

#### W Lawrence Banks CBE

##### Non-executive Chairman

Prior to joining Ambrian, Lawrence was Deputy Chairman of Robert Fleming Holdings Limited, the private London-based investment bank acquired by JP Morgan Chase & Co in 2000. He has spent his career in corporate finance after an initial period as a mining equity research analyst.

#### Tom Gaffney

##### Chief Executive

Until founding Ambrian Partners in 2001, Tom was director of JP Morgan's Metals and Mining Team and from 1995 was a director and member of the Management Committee in the Corporate Finance Department of Robert Fleming. He has worked in investment banking for over 20 years and has specialised in the natural resource sector. He has advised many of the major natural resource companies on acquisitions, divestitures and capital market transactions, including BHP Billiton, Glencore, Norsk Hydro, Stora Enso, Total and Rio Tinto. Tom previously worked in senior executive positions at Nesbitt Burns (the investment bank of the Bank of Montreal) and Lehman Brothers in London, New York and Toronto.

#### John Coles

##### Finance Director

John has over 20 years' experience in investment banking and asset management. After qualifying as a chartered accountant, he worked with Robert Fleming in private equity, investment banking and stockbroking. Prior to joining Ambrian, John was Deputy Managing Director of JP Morgan Fleming Asset Management in France. John holds an Honours degree in business and economics from Trinity College, Dublin, and is a member of the Institute of Chartered Accountants in England and Wales.

#### Charles Crick

##### Non-executive Director

Charles is a solicitor, having trained and spent the early part of his career at Allen & Overy. After a number of years in private practice specialising in corporate finance and banking law, he joined Numis Securities in 1996. From 1997 until his retirement at the end of 2004 he was head of Corporate Finance and a main board director of Numis Corporation plc. Charles is also a partner of Longbow Capital LLP, a venture capital partnership. Charles became a Non-executive Director of Ambrian Partners in August 2006 and joined the main Board in May 2007.

#### Lee Seng Huang

##### Non-executive Director

Lee Seng Huang is the Executive Chairman of Sun Hung Kai & Co Limited, the leading non-bank financial institution in Hong Kong, listed on the Hong Kong Stock Exchange (HKEX). He is the Chairman of Mulpha International Berhad, a Malaysian-listed conglomerate with operations in Southeast Asia, Australia and China, and a director of FKP Property Group, a leading property developer, listed on the Australian Securities Exchange. Mr Lee is a trustee of the Lee and Lee Trust, a discretionary trust that owns a controlling interest in the issued share capital of Allied Group Limited (AGL), the ultimate holding company, through its interest in Allied Properties (HK) Limited (APL). Both AGL and APL are companies listed on The Stock Exchange of Hong Kong Limited.

#### Nathan Steinberg FCA FCCA TEP

##### Non-executive Director

Nathan is a partner in Munslow's, a firm of Certified Chartered Accountants. He is an experienced tax advisor and has considerable corporate experience of public companies and currently serves as a non-executive director of Longships plc. He is also a Member of Council of the Institute of Chartered Accountants in England and Wales.

### Ambrian Partners Limited

#### Directors

W Lawrence Banks CBE – Non-executive Chairman  
Tom Gaffney – Chief Executive  
Richard Chase – Chief Operating Officer  
John Coles  
Charles Crick – Non-executive  
David Nabarro (Appointed 4 April 2008)

### Ambrian Commodities Limited

#### Directors

Tom Gaffney – Chairman  
Malcolm Freeman – Managing Director  
Roger Clegg  
John Coles

### Ambrian Asset Management Limited

#### Directors

Tom Gaffney – Chairman  
Robert Rasbach  
Roger Clegg  
John Coles  
Nathan Steinberg

## SHAREHOLDER INFORMATION

### **Company Secretary and Registered Office**

Cargil Management Services Limited  
22 Melton Street  
London  
NW1 2EP

### **Company Registration Number**

3172986

### **Nominated advisor**

Collins Stewart Europe Limited  
9th Floor  
88 Wood Street  
London  
EC2V 7QR  
UK

### **Joint Corporate Brokers**

Ambrian Partners Limited  
Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ  
UK

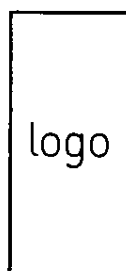
Collins Stewart Europe Limited  
9th Floor  
88 Wood Street  
London  
EC2V 7QR  
UK

### **Registrars**

Capita Registrars Limited  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0LA

### **Auditors**

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



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