

Albany Capital plc
("Albany Capital" or "the Company")

Interim results for the six months ended 31 March 2008

Albany Capital plc (ticker: ALB.L) is pleased to announce unaudited interim results for the six months ended 31 March 2008 which are based on the recognition and measurement principles of IFRS.

Summary of results:

- Investment strategy delivers growth from core portfolio
- Core investment portfolio gain of 41%
- Profit before tax for the six months ended 31 March 2008 of £727,316 (31 March 2007: £226,046)
- Consolidated net assets per share at 31 March 2008 of 55.9p (31 March 2007: 58.8p)
- Consolidated cash reserves at 31 March 2008 of £8.96 million (31 March 2007: £12.66 million)

Chairman's Statement

I am pleased to report Albany Capital's interim results for the six months ended 31 March 2008. These interim financial statements have been prepared for the first time in accordance with the International Financial Reporting Standards requirements ("IFRS") as they are part of the period covered by the Company's first IFRS financial statement for the year ending 30 September 2008. Comparative figures have been restated to reflect the changes in accounting policy as a result of adopting IFRS.

In the six months to 31 March 2008, the Company made a profit before tax of £727,316 (31 March 2007: £226,046) and reported net assets per share of 55.9 pence.

The Company's core investment portfolio, which is invested in accordance with the strategy outlined in the Company's annual report and accounts for the period ended 30 September 2007, has performed well and in-line with our expectations.

The Company's core portfolio is structured around the creation of listed cash shell companies. The first of these, Vestpa Plc, came to AIM in June 2007 and later successfully completed the reverse takeover of Full Fortune Holdings PTE in December 2007. The business was subsequently renamed China Food Company Plc and has recently reported its full year results for 2007 announcing profit before tax of £7.5 million, up by 23 per cent on the prior year. The China Food Company also reported excellent operational progress and its new state-of-the-art food production facility in Shou Guang City, Weifang, Shandong province in the People's Republic of China, remains on track for completion and commissioning in late 2008. The new facility will significantly increase production capacity for China Food Company.

In line with our Chinese strategy, Albany Capital has opened a representative office in Qingdao to focus on further investments in Shandong province, North Eastern China. Shandong province is ranked second in terms of gross domestic product in China.

Albany Capital's second cash shell, Ninety Plc, was listed on AIM in October 2007 and is expected to complete a reverse takeover in 2008. Albany Capital has a holding of 72% in Ninety Plc.

To date Albany has invested £6.3m in its core portfolio. The net book value of this portfolio at the 31 March 2008 was £8.9m a gain of 41%.

The Company's non-core portfolio had a net book value of £3.4m relative to a cost of £4.0m at 31 March 2008 and consists of investments held in Blue Oar Plc, Densitron Technologies Plc, Watermark Plc and ZTC Plc. It is our intention to eventually dispose of our non-core holdings.

Management expenses of £653,400 included consolidated expenses relating to Vestpa Plc and Ninety Plc of £157,494. Non consolidated management expenses relating to Albany Capital plc are running at an annualised rate of approximately £550,000 per annum.

The Company's consolidated cash reserves at the 31 March 2008 were £8.96m.

We remain confident that our investment strategy which focuses on investments into growing companies with high quality local management teams based in Peoples Republic of China will continue to gain momentum. By investing in emerging market companies, with solid fundamentals, we believe that we can provide shareholders with a diversified exposure to one of the fastest growing asset classes in the world.

John McLean
Chairman
16 June 2008

Consolidated interim income statement

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited and restated)	Year to 30 September 2007 £ (unaudited and restated)
Gains on investments at fair value through profit or loss	1,035,866	99,068	164,729
Loss on disposal of loan notes	-	-	(314,999)
Investment income	13,200	-	18,150
Fee income	194,482	-	20,000
Total Revenue	1,243,548	99,068	(112,120)
Management expenses	(653,400)	(193,825)	(418,881)
(Loss)/gain on disposal of operations	(38,134)	-	74,666
Share based payments	(203,723)	(36,387)	(258,349)
Operating expenses	(895,257)	(230,212)	(602,564)
Operating profit/(loss)	348,291	(131,144)	(714,684)
Finance income	379,025	357,190	756,776
Profit before tax	727,316	226,046	42,092
Taxation	(278,667)	(96,581)	(152,885)
Profit/(loss) for the period	448,649	129,465	(110,793)
Attributable to:			
Equity holders of the parent	470,500	129,465	(103,438)
Minority interest	(21,850)	-	(7,355)
	448,649	129,465	(110,793)
Earnings per share:			
Basic and diluted (note 4)	1.491	0.478	(0.354)

The comparative figures have been extracted from the unaudited 31 March 2007 interim financial statements and the audited 30 September 2007 financial statements, and adjusted to be presented under IFRS. The adjustments are explained in note 5.

Consolidated interim balance sheet

	31 March 2008	31 March 2007	30 September 2007
	£ (unaudited)	£ (unaudited and restated)	£ (unaudited and restated)
ASSETS			
Non-current assets			
Property, plant and equipment	11,332	4,867	4,592
Deferred tax	109,598	100,809	77,505
	<u>120,930</u>	<u>105,676</u>	<u>82,097</u>
Current assets			
Financial assets at fair value through profit or loss	9,001,288	3,464,340	3,625,826
Trade and other receivables	117,573	203,157	281,380
Cash and cash equivalents	8,958,358	12,660,655	13,606,926
	<u>18,077,219</u>	<u>16,328,152</u>	<u>17,596,229</u>
Non-current asset held for sale	-	114,902	-
	<u>18,198,149</u>	<u>16,548,730</u>	<u>17,596,229</u>
LIABILITIES			
Current liabilities			
Trade and other payables	159,959	593,353	136,462
Current tax liabilities	375,760	44,234	65,000
	<u>535,719</u>	<u>637,587</u>	<u>201,462</u>
Total liabilities	<u>535,719</u>	<u>637,587</u>	<u>201,462</u>
Net assets	<u>17,662,430</u>	<u>15,911,143</u>	<u>17,394,767</u>
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	7,890,090	7,790,090	7,890,090
Share premium account	7,939,812	7,789,812	7,939,812
Shares to be issued	462,072	36,387	258,349
Retained earnings	532,451	294,854	61,952
	<u>16,824,425</u>	<u>15,911,143</u>	<u>16,150,203</u>
Equity attributable to owners of the parent	<u>16,824,425</u>	<u>15,911,143</u>	<u>16,150,203</u>
Minority interest	838,005	-	1,244,564
	<u>17,662,430</u>	<u>15,911,143</u>	<u>17,394,767</u>
Total equity	<u>17,662,430</u>	<u>15,911,143</u>	<u>17,394,767</u>

Consolidated interim statement of recognised income and expense

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited and restated)	Year to 30 September 2007 £ (unaudited and restated)
Profit / (loss) for the period	448,649	129,465	(110,793)
Total recognised income and expense for the period	<u>448,649</u>	<u>129,465</u>	<u>(110,793)</u>
Attributable to:			
Equity holders of the parent	470,500	129,465	(110,793)
Minority interest	(21,850)	-	(7,355)
	<u>448,649</u>	<u>129,465</u>	<u>(110,793)</u>

Consolidated interim cash flow statement

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited and restated)	Year to 30 September 2007 £ (unaudited and restated)
Cash flows from operating activities			
Cash used in operations	(528,770)	(117,234)	(328,534)
Purchase of investments held at fair value through profit and loss	(2,536,195)	(3,006,822)	(4,409,628)
Proceeds on sale of investments held at fair value through profit and loss	-	1,288,193	1,935,056
Interest received	483,587	177,432	509,253
Dividends received	13,200	-	18,150
Corporation taxes paid	-	-	(12,234)
Net cash used in operating activities	(2,568,178)	(1,658,431)	(2,287,937)
Cash flows from investing activities			
Purchase of subsidiary undertaking	(2,223,379)	-	(1,739,000)
Cash acquired with subsidiary undertaking	3,065,370	-	3,065,585
Deemed disposal of subsidiary net of cash	(2,914,029)	-	-
Proceeds on sale of non-current available for sale investments	-	53,249	53,249
Purchase of property, plant and equipment	(8,352)	(5,843)	(6,652)
Net cash (used in) / from investing activities	(2,080,390)	47,406	1,373,182
Cash flows from financing activities			
Proceeds from issue of share capital	-	12,021,666	12,271,667
Expense on share issues	-	(206,856)	(206,856)
Net cash from financing activities	-	11,814,810	12,064,811
Net (decrease) / increase in cash and cash equivalents	(4,648,568)	10,203,785	11,150,056
Cash and cash equivalents at beginning of period	13,606,926	2,456,870	2,456,870
Cash and cash equivalents at end of period	8,958,358	12,660,655	13,606,926

Notes to the consolidated interim financial statements

1 General information

Albany Capital plc ('Albany Capital') is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The registered address of Albany Capital is 17 Hanover Square, London, W1S 1HU. Its shares are listed on the AIM of the London Stock Exchange.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 13 June 2008.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 September 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statements under Section 237(2) of the Companies Act 1985.

2 Basis of preparation

These consolidated interim financial statements have been prepared in accordance with the accounting policies which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 September 2008 or are expected to be adopted and effective at 30 September 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments.

These consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

Albany Capital's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 September 2007. The date of transition to IFRS was 1 October 2006. The comparative figures have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 6. The consolidated interim financial statements have not been prepared in accordance with IAS 34.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements. The Group's revised accounting policies under IFRS will be published in full in the financial statements for the year ending 30 September 2008.

Financial Assets

Financial assets are divided into the following categories:

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

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 any resulting income and expense is recognised in profit or loss or directly in equity.

Generally, Albany Capital recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expense relating to financial assets are recognised in the income statement line item "finance income" or finance costs" respectively. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment. Any change in their value is recognised in profit or loss. Albany Capital's trade and most other receivables fall into this category of financial instruments. Discounting, however, is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics, if any. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. For listed investments fair value is considered to be market bid price at the date of valuation.

An associate is an entity over which the group is in a position to exercise significant influence, but not control or jointly control, through the financial and operating policy decisions of the investee entity. In accordance with IAS 39, investments are measured at fair value, with changes in fair value recognised in profit and loss in the period which they occur.

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. Albany Capital's available-for sale financial assets include non-quoted investments. Non-quoted investments are stated at fair value, based on appropriate valuation techniques as described in IAS 32.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in equity. Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement but charged to equity. Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all temporary difference and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised.

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.

Fee Income

Revenue for transaction and management services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total service to be provided.

Equity

Share capital is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Equity-settled share-based employee remuneration is credited to the shares to be issued reserve until related stock options are exercised.

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

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in General Meeting prior to the balance sheet date.

The cumulative losses of £829,054 on the retained earning account at 1 October 2006 were eliminated by offsetting them against the share premium account. This was approved by shareholders in General Meeting on 14 December 2006 and subsequently approved by the Courts on 21st February 2007.

3 Earnings per share and net asset value per share

Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year. On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at close of business on 27 February 2008. The weighted average number of shares for the 6 months to 31 March 2007 and year to 30 September 2007 have been adjusted for the share consolidation. There were no dilutive instruments in issue for all periods.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited)	Year to 30 September 2007 £ (Audited and restated)
Profit/(loss) after tax	470,500	129,465	(103,438)
Weighted average number of shares	31,560,359	27,072,172	29,257,756
Basic and diluted earnings / (loss) per share (pence)	1.491	0.478	(0.354)

Net asset value per share

The group's undiluted basic net asset value per ordinary share is based on the net assets of the company at period end and on the weighted average number of shares for the period. There were no dilutive instruments in issue for all periods. Reconciliations of the net asset value and weighted average number of shares used in the calculations are set out below.

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited)	Year to 30 September 2007 £ (Audited and restated)
Net asset value	17,662,430	15,911,143	17,394,767
Weighted average number of shares	31,560,359	27,072,172	29,257,756
Basic and diluted net asset value per share	55.9	58.8	59.5

4 Dividends

The directors do not propose the payment of a dividend for the period.

5 Reconciliation of operation profits to cash flows from operations activities

	6 months to 31 March 2008 £ (unaudited)	6 months to 31 March 2007 £ (unaudited and restated)	Year to 30 September 2007 £ (unaudited and restated)
Cash flows from operating activities			
Profit / (loss) after taxation	448,649	129,465	(110,793)
Adjustments for:			
Depreciation, amortisation and impairment	1,612	974	2,060
Taxation recognised in the income statement	278,667	96,581	152,885
Interest income	(379,025)	(357,190)	(756,776)
Dividend income	(13,200)	-	(18,150)
Investment revaluation in the income statement	(1,035,866)	136,536	177,334
Profit on sale of investment in the income statement	-	(235,603)	(27,063)
Loss/(profit) on disposal of subsidiary	38,134	-	(74,666)
Stock based compensation	203,723	36,387	258,349
(Increase)/decrease in trade receivables	(701,117)	14,809	(3,982)
Increase in trade payables	629,653	60,807	72,268
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Cash used in operations	(528,770)	(117,234)	(328,534)

6 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements which will be prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position and financial performance is set out below. Under IFRS, only three categories of cashflow activity are required to be reported; operating, investing and financing. There are no material differences between the cashflow statement presented under IFRS and the cashflow statement prepared under UK GAAP.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemption:

- business combinations prior to 1 October 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". There is no goodwill arising from these business combinations after 1 October 2006.

Reconciliation of equity at 1 October 2006

	UK GAAP £	a £	IFRS £
Non-current assets			
Available for sale financial assets	25,000	-	25,000
Deferred tax	-	165,390	165,390
Current assets			
Financial assets at fair value through profit or loss	1,326,773	-	1,326,773
Trade and other receivables	38,208	-	38,208
Cash and cash equivalents	2,456,870	-	2,456,870
Current liabilities			
Trade and other payables	69,526	-	69,526
Current tax	12,234	-	12,234
Net assets	<u>3,765,091</u>	<u>165,390</u>	<u>3,930,481</u>
Equity			
Share capital	1,779,256	-	1,779,256
Share premium account	2,814,889	-	2,814,889
Retained earnings	(829,054)	165,390	(663,664)
Shareholders equity	<u>3,765,091</u>	<u>165,390</u>	<u>3,930,481</u>
Minority interests	-	-	-
Total equity	<u><u>3,765,091</u></u>	<u><u>165,390</u></u>	<u><u>3,930,481</u></u>

Reconciliation of equity at 31 March 2007

	UK GAAP	Restate- ment	UK GAAP (restated)	a	b	IFRS
	£	£	£	£	£	£
Non-current assets						
Property, plant and equipment	4,867	-	4,867	-	-	4,867
Deferred tax	-	-	-	100,809	-	100,809
Current assets						
Financial assets at fair value through profit or loss	3,390,778	188,464	3,579,242	- (114,902)		3,464,340
Trade and other receivables	203,157	-	203,157	-	-	203,157
Cash and cash equivalents	12,660,655	-	12,660,655	-	-	12,660,655
Current liabilities						
Trade and other payables	593,353	-	593,353	-	-	593,353
Current tax	44,234	-	44,234	-	-	44,234
Non current assets held for sale						
	-	-	-	-	114,902	114,902
Net assets	<u>15,621,870</u>	<u>188,464</u>	<u>15,810,334</u>	<u>100,809</u>	<u>-</u>	<u>15,911,143</u>
Equity						
Share capital	7,790,090	-	7,790,090	-	-	7,790,090
Share premium account	7,789,812	-	7,789,812	-	-	7,789,812
Shares to be issued	36,387	-	36,387	-	-	36,387
Retained earnings	5,581	188,464	194,045	100,809	-	294,854
Shareholders equity	<u>15,621,870</u>	<u>188,464</u>	<u>15,810,334</u>	<u>100,809</u>	<u>-</u>	<u>15,911,143</u>
Minority interests	-	-	-	-	-	-
Total equity	<u>15,621,870</u>	<u>188,464</u>	<u>15,810,334</u>	<u>100,809</u>	<u>-</u>	<u>15,911,143</u>

Reconciliation of equity at 30 September 2007

	UK GAAP £	a £	IFRS £
Non-current assets			
Property, plant and equipment	4,592	-	4,592
Deferred tax	-	77,505	77,505
Current assets			
Financial assets at fair value through profit or loss	3,625,826	-	3,625,826
Trade and other receivables	358,885	(77,505)	281,380
Cash and cash equivalents	13,606,926	-	13,606,926
Current liabilities			
Trade and other payables	136,462	-	136,462
Current tax	65,000	-	65,000
Net assets	<u>17,394,767</u>	<u>-</u>	<u>17,394,767</u>
Equity			
Share capital	7,890,090	-	7,890,090
Share premium account	7,939,812	-	7,939,812
Shares to be issued	258,349	-	258,349
Retained earnings	61,952	-	61,952
Shareholders equity	<u>16,150,203</u>	<u>-</u>	<u>16,150,203</u>
Minority interests	1,244,564	-	1,244,564
Total equity	<u><u>17,394,767</u></u>	<u><u>-</u></u>	<u><u>17,394,767</u></u>

Reconciliation of profit for the 6 months ended 31 March 2007

	UK GAAP £	Restatement £	UK GAAP (restated) £	a £	IFRS £
Gains on investments at fair value through profit or loss	(89,396)	188,464	99,068	-	99,068
Total Revenue	(89,396)	188,464	99,068	-	99,068
Management expenses	(193,825)	-	(193,825)	-	(193,825)
Share based payments	(36,387)	-	(36,387)	-	(36,387)
Operating loss	(319,608)	188,464	(131,144)	-	(131,144)
Finance income	357,190	-	357,190	-	357,190
Profit before tax	37,582	188,464	226,046	-	226,046
Taxation	(32,000)	-	(32,000)	(64,581)	(96,581)
Profit for the period	5,582	188,464	194,046	(64,581)	129,465
Attributable to:					
Equity holders of the parent	5,582	188,464	194,046	(64,581)	129,465
Minority interest	-	-	-	-	-
	5,582	188,464	194,046	(64,581)	129,465

Reconciliation of profit for the year to 30 September 2007

	UK GAAP £	a £	IFRS £
Gains on investments at fair value through profit or loss	164,729	-	164,729
Loss on disposal of loan notes	(314,999)	-	(314,999)
Investment income	18,150	-	18,150
Other income	20,000	-	20,000
Total Revenue	(112,120)	-	(112,120)
Management expenses	(418,881)	-	(418,881)
Gain on disposal of operations	74,666	-	74,666
Share based payments	(258,349)	-	(258,349)
Operating loss	(714,684)	-	(714,684)
Finance income	756,776	-	756,776
Profit before tax	42,092	-	42,092
Taxation credit (expense)	12,505	(165,390)	(152,885)
Profit/(loss) for the period	54,597	(165,39)	(110,79)
Attributable to:			
Equity holders of the parent	61,952	(165,390)	(103,438)
Minority interest	(7,355)	-	(7,355)
	54,597	(165,390)	(110,793)

Notes to the reconciliations

31 March 2007 was restated due to the early adoption of FRS 26 'Financial Instruments: Recognition and Measurement' for the year ended 30 September 2007. FRS 26 was not applied retrospectively to the un-audited interim accounts at and for the six-month period ended 31 March 2007. The net impact on revenue and profit was £188,464, on net assets it was £188,464.

- a) The deferred tax has been recalculated in accordance with IAS 12 'Income Taxes' and relates to temporary differences arising from share based payments and fair movements on financial assets. In line with the treatment of fair value movements, deferred tax movements arising from fair value movements on available for sale financial instruments are taken to the income statement. Deferred tax in relation to share based payments is taken to the income statement, unless the intrinsic value of options on a pro-rate basis is greater than the IFRS2 accounting charge. In that instance the deferred tax on any surplus is taken directly to equity.
- b) IFRS 5 'Non-current Assets Held for sale and Discontinued Operations' requires that any assets or disposal groups held for sale should be separately classified on the balance sheet where they meet the held for sale criteria contained within IFRS 5, measured at the lower of

cost and market value less costs to sell. At 31 March 2007 the Group's holding in Bourne Street Capital LLP met the criteria to be classified as held for sale. The holding was sold on 3 April 2007. The impact on the consolidated 31 March 2007 balance sheet is to reclassify £114,902 of assets to this category with no adjustment required to carrying value.