

Renewable Energy Holdings plc

Interim Report  
2008

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**Chairman's Statement**

The half year to 30 June 2008 has been positive and encouraging in relation both to the Group and the environment in which we operate.

Taking the Group first, the €135,000,000 credit facility with Standard Chartered Bank has been increased to €183,000,000 to secure project financing sufficient for the whole of our immediate pipeline of wind projects: the further expansion of our assets in Germany to 45MW, our 30MW project in Poland and 69MW project in Wales have all made sound progress.

We upgraded the Power Purchase Agreement for our landfill gas plant in Wales from £52.10 per MWH to £104.60 per MWH with positive impact on cash flow.

The pre-commercial design of CETO, the Group's unique wave energy technology, has been undergoing tests and sea trials in Perth, Western Australia and the first milestone under the EDF EN agreement has been reached. Whilst the development of a new technology such as CETO cannot be without risk in terms of the need to modify the engineering or of possible delays, we have increasing confidence in the technology and its commercial viability. The costs to commercialise the CETO technology are now estimated to be some £4,750,000 and the Group has de-risked these costs through a Licence Agreement with the Carnegie Corporation Limited whereby Carnegie have agreed to pay £4,750,000 to purchase the rights to use the CETO technology in the Southern Hemisphere (with the exception of Ile de la Reunion) subject to the payment of licence fees and royalties on each project that they develop. Carnegie has paid approximately £2,750,000 in terms of its obligation under the Licence Agreement, and we expect the balance will largely be paid by 31 December 2008.

CETO Development Company Limited, our joint venture with EDF Energy Nouvelles SA to commercialise CETO in the Northern Hemisphere, has been active in the identification of suitable target sites for a development pipeline of projects. Memorandums of Understanding have been signed in respect of possible projects in Vancouver and the Bermuda, and we have also identified suitable sites in Ireland and the west coast of France.

The pace of development both in relation to possible wind projects and CETO has led us to strengthen our team. We have appointed a New Business Director, a Science and Intellectual Property Manager, and a Senior Project Engineer. Whilst we remain a small and highly motivated team, we believe we have the capacity to grow the Group towards its initial goal of 150MW of wind power by the end of 2010 together with significant roll out of CETO.

As regards the business environment in which we operate, and in contrast to the generally pessimistic business outlook in relation to the developed economies and financial markets, the headline news for the group has been very largely positive. Global warming, high gas and oil prices, and threats to the security of energy supplies, whilst challenging in themselves, all point to increasing opportunities for sound renewable energy technologies, and we are well placed to seize them.

J W Baker  
Chairman

**Interim condensed consolidated income statement for the six months ended 30 June 2008**

	Notes	Six months ended 30 June 2008 (Unaudited) £	Six months ended 30 June 2007 (Unaudited) (Restated) £	Year ended 31 December 2007 (Audited) £
<b>Revenue &amp; gross profit</b>	4	4,634,228	1,859,928	4,584,910
Other operating income		-	-	296,040
Administrative expenses		<u>(2,867,160)</u>	<u>(2,328,697)</u>	<u>(5,288,439)</u>
<b>Profit/(loss) from operations</b>		1,767,068	(468,769)	(407,489)
Finance cost		(911,419)	(762,989)	(1,148,699)
Finance income		<u>214,552</u>	<u>31,627</u>	<u>177,458</u>
<b>Profit/(loss) before tax</b>	4	1,070,201	(1,200,131)	(1,378,730)
Taxation		<u>87,858</u>	<u>(51,721)</u>	<u>(72,732)</u>
Profit/(loss) after tax attributable to the equity holders of the parent		<u>1,158,059</u>	<u>(1,251,852)</u>	<u>(1,451,462)</u>
<b>Basic earnings/(loss) per share</b>	5	1.7	(2.8)	(2.8)
<b>Diluted earnings/(loss) per share</b>	5	1.6	(2.8)	(2.8)

**Interim condensed consolidated balance sheet at 30 June 2008**

	Notes	30 June 2008 (Unaudited) £	30 June 2007 (Unaudited) (Restated) £	31 December 2007 (Audited) £
<b>Non-current assets</b>				
Property, plant and equipment	4	36,876,423	26,502,841	35,321,316
Intangible assets	4	10,589,662	8,059,277	8,538,143
Investments in equity accounted associates	4	49	-	-
<b>Current assets</b>				
Cash and cash equivalents		9,566,277	2,885,944	7,115,053
Trade and other receivables		1,609,873	670,632	1,610,283
Income tax receivable		181,556	-	-
Total current assets	4	<u>11,357,706</u>	<u>3,556,576</u>	<u>8,725,336</u>
<b>Total assets</b>		<u>58,823,840</u>	<u>38,118,694</u>	<u>52,584,795</u>
<b>Current liabilities</b>				
Trade and other payables		1,633,021	958,501	1,257,958
Income tax liability		-	101,311	80,442
Other financial liabilities		<u>2,142,625</u>	<u>1,509,799</u>	<u>1,938,338</u>
Total current liabilities		3,775,646	2,569,611	3,276,738
<b>Non-current liabilities</b>				
Financial liabilities		24,957,893	19,370,297	24,623,478
Deferred tax liability		<u>214,113</u>	<u>93,497</u>	<u>104,344</u>
		25,172,006	19,463,794	24,727,822
<b>Total liabilities</b>	4	<u>28,947,652</u>	<u>22,033,405</u>	<u>28,004,560</u>
<b>TOTAL NET ASSETS</b>		<u>29,876,188</u>	<u>16,085,289</u>	<u>24,580,235</u>
<b>Capital and reserves attributable to equity holders</b>				
Share capital		655,586	452,666	619,586
Share premium reserve		26,025,411	16,583,898	24,261,411
Convertible loan notes	2	1,500,000	-	-
Foreign exchange reserve		1,595,370	(84,785)	769,678
Share based payment reserve		1,021,321	1,013,459	1,009,119
Merger reserve		4,410,000	4,410,000	4,410,000
Retained earnings		<u>(5,331,500)</u>	<u>(6,289,949)</u>	<u>(6,489,559)</u>
<b>TOTAL EQUITY</b>		<u>29,876,188</u>	<u>16,085,289</u>	<u>24,580,235</u>

The financial statements were approved by the Directors on

John W Baker, Chairman

Michael J Proffitt, Director

**Interim condensed consolidated cash flow statement for the six months to 30 June 2008**

	Six months ended 30 June 2008 (Unaudited) £	Six months ended 30 June 2007 (Unaudited) (Restated) £	Year end 31 December 2007 (Audited) £
<b>Operating activities</b>			
Profit/(loss) before tax	1,070,201	(1,200,131)	(1,378,730)
Adjustments for:			
Depreciation	1,042,510	722,598	1,721,008
Amortisation	52,440	52,679	105,358
Foreign exchange gains	213,726	(12,403)	(1,438,204)
Finance income	(214,552)	(31,627)	(177,458)
Finance expense	911,419	762,989	1,148,699
Equity-settled share based payments	12,202	28,744	24,404
<b>Operating Profit/(loss) before changes in working capital</b>	<b>3,087,946</b>	<b>322,849</b>	<b>5,077</b>
(Decrease)/increase in trade and other receivables	(181,146)	600,634	(339,017)
Increase/(decrease) in trade and other payables	404,390	(3,484,332)	(3,174,028)
<b>Cash generated from/(absorbed by) operations</b>	<b>3,311,190</b>	<b>(2,560,849)</b>	<b>(3,507,968)</b>
Taxation	(47,372)	(38,794)	(80,675)
<b>Cash flows from operating activities</b>	<b>3,263,818</b>	<b>(2,599,643)</b>	<b>(3,588,643)</b>
<b>Investing activities</b>			
Acquisition of property, plant & equipment	-	(537,723)	(8,074,344)
Acquisition of intangible assets	(2,069,853)	(515,151)	(1,046,695)
Investment in associate	(49)	-	-
Interest received	214,552	31,627	177,458
<b>Cash flows from investing activities</b>	<b>(1,855,350)</b>	<b>(1,021,247)</b>	<b>(8,943,581)</b>
<b>Financing activities</b>			
Issue of ordinary shares	1,800,000	-	8,346,000
Issue of convertible loan notes	1,500,000	-	(501,567)
Proceeds from bank borrowings	-	4,571,033	11,442,177
Issue costs for bank borrowing	-	-	(761,785)
Repayment of bank borrowing	(1,345,825)	-	(651,970)
Finance costs paid	(911,419)	(762,989)	(924,367)
<b>Cash flows from financing activities</b>	<b>1,042,756</b>	<b>3,808,044</b>	<b>16,948,488</b>
<b>Increase in cash and cash equivalents</b>	<b>2,451,224</b>	<b>187,154</b>	<b>4,416,264</b>

**Interim consolidated statement of changes in equity (Unaudited)****Six months ended 30 June 2008 (Unaudited)**

	Share Capital	Share Premium Reserve	Convertible Loan Notes	Foreign Exchange Reserve	Share Based Payment Reserve	Merger Reserve	Retained Earnings	Total Equity
	£	£	£		£	£	£	£
<b>Balance at 1 Jan 2008</b>	<u>619,586</u>	<u>24,261,411</u>	<u>-</u>	<u>769,678</u>	<u>1,009,119</u>	<u>4,410,000</u>	<u>(6,489,559)</u>	<u>24,580,235</u>
Changes in equity 1 Jan 2008 - 30 Jun 2008								
Exchange difference arising on translation of foreign operations	-	-	-	825,692	-	-	-	825,692
Net income recognised directly in equity	-	-	-	825,692	-	-	-	825,692
Profit for the period	-	-	-	-	-	-	1,158,059	1,158,059
Total recognised income and expense for the period	-	-	-	825,692	-	-	1,158,059	1,983,751
Issue of share capital	36,000	1,764,000	-	-	-	-	-	1,800,000
Issue of convertible loan notes	-	-	1,500,000	-	-	-	-	1,500,000
Equity share options issued.	-	-	-	-	12,202	-	-	12,202
<b>Balance at 30 June 2008</b>	<u>655,586</u>	<u>26,025,411</u>	<u>1,500,000</u>	<u>1,595,370</u>	<u>1,021,321</u>	<u>4,410,000</u>	<u>(5,331,500)</u>	<u>29,876,188</u>

**Six months ended 30 June 2007 (Unaudited) (Restated)**

	Share Capital	Share Premium Reserve	Foreign Exchange Reserve	Share Based Payment Reserve	Merger Reserve	Retained Earnings	Total Equity
	£	£		£	£	£	£
<b>Balance at 1 Jan 2007</b>	<u>452,666</u>	<u>16,583,898</u>	<u>(82,169)</u>	<u>984,715</u>	<u>4,410,000</u>	<u>(5,038,097)</u>	<u>17,311,013</u>
Changes in equity 1 Jan 2007 - 30 Jun 2007							
Exchange difference arising on translation of foreign operations	-	-	(2,616)	-	-	-	(2,616)
Net income recognised directly in equity	-	-	(2,616)	-	-	-	(2,616)
Loss for the period	-	-	-	-	-	(1,251,852)	(1,251,852)
Total recognised income and expense for the period	-	-	(2,616)	-	-	(1,251,852)	(1,254,468)
Equity share options issued.	-	-	-	28,744	-	-	28,744
<b>Balance at 30 June 2007</b>	<u>452,666</u>	<u>16,583,898</u>	<u>(84,785)</u>	<u>1,013,459</u>	<u>4,410,000</u>	<u>(6,289,949)</u>	<u>16,085,289</u>

**Interim consolidated statement of changes in equity (Audited)**

<b>Year ended 31 December 2007 (Audited)</b>							
	<b>Share Capital</b>	<b>Share Premium Reserve</b>	<b>Foreign Exchange Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Merger Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2007</b>	<u>452,666</u>	<u>16,583,898</u>	<u>(82,169)</u>	<u>984,715</u>	<u>4,410,000</u>	<u>(5,038,097)</u>	<u>17,311,013</u>
Changes in equity for 2007							
Exchange difference arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>851,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851,847</u>
Net income recognised directly in equity	<u>-</u>	<u>-</u>	<u>851,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851,847</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,451,462)</u>	<u>(1,451,462)</u>
Total recognised income and expense for the year	<u>-</u>	<u>-</u>	<u>851,847</u>	<u>-</u>	<u>-</u>	<u>(1,451,462)</u>	<u>(599,615)</u>
Issue of Share Capital	<u>166,920</u>	<u>7,677,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,844,433</u>
Equity share options issued.	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,404</u>	<u>-</u>	<u>-</u>	<u>24,404</u>
<b>Balance at 31 December 2007</b>	<u>619,586</u>	<u>24,261,411</u>	<u>769,678</u>	<u>1,009,119</u>	<u>4,410,000</u>	<u>(6,489,559)</u>	<u>24,580,235</u>

**Notes to the unaudited interim condensed consolidated financial information for the six months ended 30 June 2008**

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**1. Basis of preparation**

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the group's financial statements for the year ended 31 December 2007. It is not expected that there will be any changes or additions to these in the 2008 annual financial statements

While the financial information included in this interim consolidated financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the EU (IFRSs), this interim consolidated financial information does not itself contain sufficient information to comply fully with IFRSs.

The financial information for the six months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute the group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2007 has, however, been derived from the statutory financial statement for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under chapter 2 section 15.4 of the Isle of Man Companies Act 1982.

**2. Issue of Shares**

On the 14 January 2008 EDF Energies Nouvelles subscribed £1,500,000 for 3,000,000 new ordinary shares of 1 pence each and £1,500,000 of convertible loan notes convertible into 3,000,000 new ordinary shares at a price of 50 pence per new ordinary shares. At the period end the cash was held in an Escrow account. The draw down of the cash and the conversion of the convertible loan notes into equity are contingent on certain CETO development milestones being met. The directors firmly believe that the milestones will be achieved within 12 months, therefore the convertible loan notes have been included within equity.

On the 4 March 2008 warrants were exercised for 600,000 new ordinary shares of 1 pence each in the capital of the Company at a price of 50 pence each. There were no outstanding warrants at the end of the period.

**3. Related party transactions**

Group

Mr Alan Burns, a Director of Renewable Energy Holdings Plc and Seapower Pacific Pty Limited is Chairman of Carnegie Corporation Limited. During the prior year Carnegie Corporation Limited agreed to purchase the rights to use the CETO technology in the Southern Hemisphere for £4,750,000 plus a licence fee of 2% of total investment for each project and an annual royalty of 2.5% of net earnings. £2,000,000 (31 December 2007: £750,000) has been recognised in revenue during the current reporting period. At the period end £2,151,370 (31 December 2007: £529,011) had been received in cash. During the period £753 (31 December 2007: nil) was paid to Carnegie Corporation Limited in respect of administration services received.

An amount of £260 (31 December 2007: £2,441) has been invoiced and received from BPC Ltd in respect of office costs. No amounts were outstanding at the period end (31 December 2007: £34,305). Mr Alan Burns and Mr Michael Proffitt are Directors of both Renewable Energy Holdings plc and BPC Ltd.

**Notes to the unaudited interim condensed consolidated financial information for the six month period ended 30 June 2008 (continued)**

**4. Segment information**

The group's primary reporting format for reporting segment information is business segments, and the segments are defined as Head Office, CETO development, Windfarms and Landfill gas. This split coincides with a geographical origin split of activities; Head Office being in the Isle of Man, CETO development taking place in Australia, Windfarms in Germany and Landfill gas in Wales.

	<b>Head Office</b> Isle of Man £	<b>CETO</b> Development Australia £	<b>Windfarms</b> Germany £	<b>Landfill Gas</b> Wales £	<b>Total</b> £
<b>Six months ended 30 June 2008 (Unaudited)</b>					
Revenue & gross profit	2,007,824	2,985	2,335,333	288,086	4,634,228
Finance income	156,776	14,069	43,635	72	214,552
	<u>2,164,600</u>	<u>17,054</u>	<u>2,378,968</u>	<u>288,158</u>	<u>4,848,780</u>
Total profit/(loss) before taxation	<u>964,828</u>	<u>17,054</u>	<u>(8,554)</u>	<u>96,873</u>	<u>1,070,201</u>
Property, plant & equipment	-	-	36,709,366	167,057	36,876,423
Intangible assets	-	8,710,532	-	1,879,130	10,589,662
Equity accounted associates	49	-	-	-	49
Current assets	7,148,700	160,674	3,825,009	41,766	11,176,150
Liabilities	<u>(289,298)</u>	<u>(168,445)</u>	<u>(28,230,150)</u>	<u>(259,758)</u>	<u>(28,947,652)</u>
Net assets	<u>6,859,451</u>	<u>8,702,761</u>	<u>12,304,224</u>	<u>1,828,195</u>	<u>29,694,632</u>
<b>Six months ended 30 June 2007 (Unaudited) (Restated)</b>					
Revenue & gross profit	-	-	1,734,460	125,468	1,859,928
Finance income	8,773	6,209	16,645	-	31,627
	<u>8,773</u>	<u>6,209</u>	<u>1,751,105</u>	<u>125,468</u>	<u>1,891,555</u>
Total profit/(loss) before taxation	<u>(896,734)</u>	<u>(508,942)</u>	<u>(244,889)</u>	<u>(64,717)</u>	<u>(1,200,131)</u>
Property, plant & equipment	-	-	26,267,278	235,563	26,502,841
Intangible assets	-	6,075,029	-	1,984,248	8,059,277
Equity accounted associates	-	-	-	-	-
Current assets	992,698	113,387	2,339,076	111,415	3,556,576
Liabilities	<u>(175,655)</u>	<u>(317,888)</u>	<u>(21,345,599)</u>	<u>(194,263)</u>	<u>(22,033,405)</u>
Net assets	<u>817,043</u>	<u>5,870,528</u>	<u>7,260,755</u>	<u>2,136,963</u>	<u>16,085,289</u>

**Notes to the unaudited interim condensed consolidated financial information for the six month period ended 30 June 2008 (continued)**

**Year ended 31 December**

**2007 (Audited)**

Revenue & gross profit	756,027	333,341	3,513,491	278,091	4,880,950
Finance income	97,315	7,539	72,604	-	177,458
	<u>853,342</u>	<u>340,880</u>	<u>3,586,095</u>	<u>278,091</u>	<u>5,058,408</u>
Total profit/(loss) before taxation	<u>(1,446,428)</u>	<u>340,739</u>	<u>(163,282)</u>	<u>(109,759)</u>	<u>(1,378,730)</u>
Property, plant & equipment	-	-	35,115,121	206,195	35,321,316
Intangible assets	-	6,606,574	-	1,931,569	8,538,143
Current assets	6,193,103	429,346	1,967,534	135,353	8,725,336
Liabilities	<u>(101,510)</u>	<u>(185,903)</u>	<u>(27,597,758)</u>	<u>(119,389)</u>	<u>(28,004,560)</u>
Net assets	<u>6,091,593</u>	<u>6,850,017</u>	<u>9,484,897</u>	<u>2,153,728</u>	<u>24,580,235</u>

The basis of segmentation is consistent with that applied in the financial statements for the year ended 31 December 2007.

**5. Earnings per share**

The calculation of basic earnings/ (loss) per share is based on the weighted average number of shares in issue throughout the period. For the purpose of the calculation the convertible loan notes have been treated as equity. The diluted loss per share has been calculated in accordance with the provisions of IAS 33.

	<b>Six months ended 30 June 2008 (Unaudited)</b>	<b>Six months ended 30 June 2007 (Unaudited)</b>	<b>Year ended 31 December 2007 (Audited)</b>
Weighted average number of ordinary shares - basic	65,116,911	45,266,669	51,540,532
Dilutive effect of share options & convertible loan notes	<u>8,130,384</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares - diluted	<u>73,247,295</u>	<u>45,266,669</u>	<u>51,540,532</u>

Share options of 548,394 (30 June 2007: 5,349,167, 31 December 2007: 5,939,167) were not included in the calculation of the diluted EPS for the period because their effect was anti dilutive.

**Notes to the unaudited interim condensed consolidated financial information for the six month period ended 30 June 2008 (continued)**

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**6. CETO development expenditure**

In accordance with group accounting policies, CETO development expenditure has been capitalised from 1 January 2007 being the date from which commercial success became probable in the view of the board. Accordingly expenditure of £515,151 in the six months to June 2007 has now been capitalised and the Balance Sheet, Income Statement, Cash Flow Statement and related notes have been restated accordingly.

	<b>Effect on Six Months ended 30 June 2007 £</b>
Decrease in CETO development expenditure	515,151
Decrease in loss for the year	<u>515,151</u>
Increase intangible assets	515,151
Increase in net assets	<u>515,151</u>

**7. Events after the balance sheet date**

After the period end the company has entered into a Memorandum of Understanding with Triton Renewable Energy Limited, based in Bermuda.

Under the terms of the Memorandum of Understanding, REH and Triton will negotiate and agree the terms of a joint venture to build and operate wave farms in Bermuda, pending regulatory approvals, using REH's proprietary CETO wave power technology, with an initial test site of 2MW to be developed and subsequently a grid connected 20MW installation. It is intended that Triton provides services to facilitate the development of the wave farms and REH grants the rights to use its CETO technology and provides engineering support during the construction and on-going operation of the wave farms. Negotiations are expected to be concluded by the end of 2008.

## **Independent review report to Renewable Energy Holdings plc**

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Balance Sheet, the Interim Condensed Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO Stoy Hayward LLP  
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