NORTHACRE PLC
(the "Company" or "Group")

Interim results for the six months ended 30th June 2016

15th September 2016

Northacre PLC is pleased to announce its interim financial results for the six months ended 30th June 2016. The Interim Report and Accounts will be available shortly on the Company's website www.northacre.com.

Extracts from the Company's Interim Report and Accounts are shown below.

<u>Enquiries</u>:

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finnCap Limited (Nominated Adviser and Broker)
Stuart Andrews
Emily Watts
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Chairman's Statement

The referendum vote to leave the EU is expected to result in added caution in the prime residential market, in addition to the current headwinds that are facing this sector.

Chief amongst these is stamp duty, and it is difficult to see how the new government can continue to ignore the decline in taxation income as a result of falling sales. There has been no positive impact at the lower end of the market, and we believe the current stamp duty levy will have to be reviewed before long.

Clearly there remains political and economic uncertainty in particular with regard to our future relationship with the EU. It is too early to make any predictions about the precise impact of the vote to leave EU, and the outlook for the prime residential sector is therefore that it will remain flat at least for the next few months. In the meantime, committed investors will use the opportunity to acquire financial assets cheaply against the backdrop of the fall in the value of sterling, though this is less likely to be so beneficial to the prime residential sector.

Northacre, however, has good reason to be optimistic as it constructs two significant projects, 1 Palace Street and The Broadway, in a rather more benign construction climate, with the potential for delivery to the market at a time of more economic certainty.

Klas Nilsson
Non-Executive Chairman

Chief Executive's Statement

In the last few months we have had the Brexit vote which has brought some further uncertainty to the high-end housing market. In this uncertain market Northacre is fully committed to delivering the most desirable and beautifully crafted homes. We strongly believe that the flight to quality will become even more apparent in the short to medium term and that quality will be rewarded with premium exit values. Having talked about a more cautionary outlook it is also important to note that the strength of the Dollar towards the Pound makes London a much more attractive market for Dollar denominated (or pegged) buyers. We have already started seeing this in our viewings.

Current Developments

The Broadway

Since we achieved planning consent in late February 2016 we have been working on submitting an S73 Planning Application which would see the number of units increase and hence the average size decrease. This is in response to end users looking for smaller apartments.

During this period we have also selected the demolition contractor who is due to start on-site in November 2016, the week after we gain vacant possession of the building.

1 Palace Street

Balfour Beatty has been selected as the general contractor and took possession of the site in June 2016. Careys has been awarded the contract for the basement and frame. They are on-site and in the process of breaking the existing concrete pile caps.

As of August 2016 we have exchanged on thirty nine units out of seventy two. This is eleven more since our last update in April 2016.

Vicarage Gate House

This development achieved practical completion in April 2016. In May 2016 we resumed the sales push and to date we have sold four out of the thirteen units. We had two further units which had exchanged but unfortunately did not complete. We have received two further offers which we turned down as they were too low.

13&14 Vicarage Gate

We achieved practical completion on the last unit in May 2016. At present we have sold the first floor unit and the second floor is under offer and should exchange in early October 2016. Moreover, we have had other offers at prices substantially below asking price which have been rejected.

Chester Square

The development is moving along swiftly, the contractor is on-site and is undertaking the structural works and refitting the roof. All the interior design has been agreed and signed off by the client. Practical completion is expected in July 2017.

22 Prince Edward Mansions

The high-end market in the area has seen very little activity since we put the property on the market in February 2016. We have taken the property off the market for the summer months and will be relisting it in mid-September at the reduced price of £6.55 million. We are hoping that this will create a stronger interest for the property.

Outlook

In my last update I discussed how construction inflation had reached unsustainable levels and the effect this would have on supply and pricing. It is interesting to note that construction inflation has already slowed down considerably and we now believe that it will be minimal for the foreseeable future.

Niccolò Barattieri di San Pietro
Chief Executive Officer

Financial Review

<u>Consolidated Interim Statement of Comprehensive Income (Unaudited)</u>

The Group's revenue for the six month period decreased by £0.2m to £1.8m (2015: £2.0m) as a result of lower development management fees received from the Vicarage Gate House, 13/14 Vicarage Gate and Chester Square developments. Vicarage Gate House achieved practical completion in April 2016 and 13/14 Vicarage Gate achieved practical completion in May 2016. There are no further development management fees expected from these two projects. Practical completion of the Chester Square development is now expected in July 2017 with some delays at planning and design stages which resulted in fees being spread over a longer project life, with further expected fees of £40,000 in the next 12 months. 77% of the reported development fee income is from 1 Palace Street (£1.0m) and The Broadway (£0.4m) projects. N Studio's revenue remained consistent with the previous period at £0.3m (2015: £0.3m) and other revenue of £0.1m is from Vicarage Gate House and Chester Square development.

Administrative expenses have increased to £2.2m (2015: £2.1m). The Group reported a loss before taxation of £0.5m (2015: £0.4m).

<u>Consolidated Interim Statement of Financial Position (Unaudited)</u>

The Group's cash position has remained stable in comparison to the 31st December 2015 position and as at 30 June 2016 had cash and cash equivalents of £1.1m (31st December 2015: £1.2m).

Available for sale financial assets of £10.0m in the Consolidated Interim Statement of Financial Position (Unaudited) represent the fair value of the investment in the 1 Palace Street development. The £5.5m (2015: £4.6m) inventories balance primarily relates to the 22 Prince Edward Mansions development which achieved practical completion in December 2015. The development has been funded by reserves and a loan from the Royal Bank of Scotland which is due to be repaid in full on the earlier of the sale of the property which is expected by the end of the financial year or by 2nd December 2016.

<u>Capital and Reserves</u>

The Directors do not recommend the payment of an interim dividend as the funds of the Company are fully employed.

Kasia Maciborska-Singh
Group Financial Controller

Northacre PLC
Consolidated Interim Statement of Comprehensive Income (Unaudited)

	Note	6 Months ended 30.6.2016 Unaudited £'000	6 Months ended 30.6.2015 Unaudited £'000	Year ended 31.12.2015 Audited £'000
Continuing operations				
Group revenue	2	1,823	1,991	4,171
Cost of sales		(80)	(239)	(632)
Gross profit		1,743	1,752	3,539
Administrative expenses		(2,210)	(2,104)	(4,697)
Group loss from operations		(467)	(352)	(1,158)
Investment revenue		-	1	2
Loss before taxation		(467)	(351)	(1,156)
Taxation		-	-	(9)
Loss for the period attributable to equity holders of the Company		(467)	(351)	(1,165)
Loss per ordinary share	3			
Basic		(1.10)p	(0.83)p	(2.75)p
Diluted		(1.10)p	(0.83)p	(2.75)p

Northacre PLC
Consolidated Interim Statement of Financial Position (Unaudited)

	Note	30.6.2016 Unaudited £'000	30.6.2015 Unaudited £'000	31.12.2015 Audited £'000
Non-current assets				
Goodwill		8,007	8,007	8,007
Property, plant and equipment		535	664	596
Available for sale financial assets	5	10,000	10,000	10,000
		18,542	18,671	18,603
Current assets				
Inventories		5,546	4,661	5,242
Trade and other receivables	6	1,960	1,892	2,116
Cash and cash equivalents		1,077	2,021	1,205
		8,583	8,574	8,563
Total assets		**27,125**	**27,245**	**27,166**
Current liabilities				
Trade and other payables	7	1,918	1,554	1,602
Borrowings, including lease finance	8	2,460	1,662	2,350
		4,378	3,216	3,952
Non-current liabilities				
Borrowings, including lease finance		-	-	-
Total liabilities		**4,378**	**3,216**	**3,952**
Equity				
Share capital		1,058	1,058	1,058
Share premium account		22,565	22,565	22,565
Retained earnings		(876)	406	(409)
Total equity		**22,747**	**24,029**	**23,214**
Total equity and liabilities		**27,125**	**27,245**	**27,166**

Northacre PLC
Consolidated Interim Statement of Cash Flows (Unaudited)

	6 Months ended 30.6.2016 Unaudited £'000	6 Months ended 30.6.2015 Unaudited £'000	Year ended 31.12.2015 Audited £'000
Cash flows from operating activities			
Loss for the period before tax	(467)	(351)	(1,156)
Adjustments for:			
Investment revenue	-	(1)	(2)
Finance costs	8	2	-
Depreciation and amortisation	70	73	144
Increase in inventories	(304)	(469)	(1,050)
Decrease/(increase) in trade and other receivables	156	(1,115)	(1,339)
Increase in trade and other payables	426	726	764
Cash used in operations	(111)	(1,135)	(2,639)
Interest paid	(8)	(2)	-
Corporation tax	-	-	-
Net cash used in operating activities	(119)	(1,137)	(2,639)
Cash flows from investing activities			
Purchase of property, plant and equipment	(9)	(15)	(18)
Interest received	-	1	2
Net cash used in investing activities	(9)	(14)	(16)
Cash flows from financing activities			
Proceeds from borrowings	-	662	1,350
Net cash generated from financing activities	-	662	1,350
Decrease in cash and cash equivalents	(128)	(489)	(1,305)
Cash and cash equivalents at beginning of period	1,205	2,510	2,510
Cash and cash equivalents at end of the period	1,077	2,021	1,205

Cash and cash equivalents at 30th June 2016 and 30th June 2015 represent bank deposits held by the Group.

Northacre PLC
Consolidated Interim Statement of Changes in Equity (Unaudited)

	Called Up Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
As at 1st January 2015	1,058	22,565	757	24,380
Total comprehensive loss for the period	-	-	(351)	(351)
Transactions with owners of the Company:				
Dividends	-	-	-	-
As at 30th June 2015	1,058	22,565	406	24,029
Total comprehensive loss for the period	-	-	(815)	(815)
Transactions with owners of the Company:				
Dividends	-	-	-	-
As at 31st December 2015	1,058	22,565	(409)	23,214
Total comprehensive loss for the period	-	-	(467)	(467)
Transactions with owners of the Company:				
Dividends	-	-	-	-
As at 30th June 2016	1,058	22,565	(876)	22,747

Northacre PLC
Notes to the Unaudited Interim Financial Statements
For the Six Months ended 30th June 2016

1. Basis of Preparation and Accounting Policies

Basis of Preparation

The interim financial information for the six months ended 30th June 2016 and 30th June 2015 is unaudited. The interim financial information was approved by the Board of Directors on 14th September 2016.

The statutory financial statements for the year ended 31st December 2015, prepared under International Financial Reporting Standards (IFRS), have been reported on by the Group auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 of the Companies Act 2006.

These accounts have been prepared in accordance with International Accounting (IAS) 34 'Interim Financial Reporting'.

The interim financial information does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006.

Accounting Policies

The accounting policies adopted are consistent with those applied as at 31st December 2015 and those that the Directors expect to be adopted as at 31st December 2016. They are set out in full in the financial statements for the year ended 31st December 2015.

Going Concern

The Company and Group currently meet their day-to-day working capital requirements through fees receivable from its projects: Chester Square, Vicarage Gate House, 1 Palace Street and The Broadway.

The Directors have prepared detailed cash flow projections for the period ending 31st December 2020 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the Group can meet its on-going working capital requirements. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Significant Judgements and Estimates of Areas of Uncertainty

In preparing these financial statements the Directors are required to make judgements and best estimates of the outcome of and in particular, the timing of revenues, expenses, assets and liabilities based on assumptions. These assumptions are based on historical experience and various other factors that are considered reasonable under the various circumstances. The estimates and assumptions are reviewed on a regular basis with any revisions being applied in the relevant period. The material areas where estimates and assumptions are made are:

- The valuation of goodwill;
- The valuation of available for sale financial assets; and
- The status and progress of the developments and projects.

Basis of Consolidation

The Group financial statements include the financial statements of the Company and its subsidiary undertakings. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

1. Basis of Preparation and Accounting Policies (Continued)

Revenue

Revenue represents amounts earned by the Group in respect of services rendered during the period net of value added tax. Shares in development profits and performance fees are recognised when the amounts involved have been finally determined and agreed criteria for recognition have been fulfilled. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

Revenue also includes sales commission fees receivable where the Group acts as sales agent on developments. The sales commission is recognised 50% on exchange of contracts, which is not-refundable and 50% on completion.

Investments

Investments in subsidiaries, associates and joint ventures, and other investments are presented in the Group and Parent financial statements at cost, less any necessary provision or impairment.

Associates

Associates are entities over which the Group exercise significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

Financial Assets

Available for sale financial assets consist of equity investments in other entities where the Group does not exercise either control or significant influence. The investments reflect capital contributions made in respect of projects undertaken with other partners in which the Group will be entitled to an eventual profit share.

Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment are reviewed annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

1. Basis of Preparation and Accounting Policies (Continued)

Business Combinations and Goodwill

Goodwill relating to acquisitions prior to 1st March 2006 is carried at the net book value on that date and is no longer amortised but is subject to annual impairment review. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition. Goodwill is tested annually for impairment.

Capital and Financial Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of its debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, share premium account and retained profits.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital.

The Board regularly reviews the capital structure, with an objective to minimise net debt whilst investing in the development opportunities.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risks is core to the property business and the operational risks are an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks by means of a reliable up-to-date information system. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. Directors are responsible for the identification of the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency, interest rate and other price risks.

2. Segmental Information

Segmental information is presented in respect of the Group's business segments. The business segments are based on the Group's corporate and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis. The segmental analysis of the Group's business as reported internally to management is as follows:

Northacre PLC
Notes to the Unaudited Interim Financial Statements
For the Six Months ended 30th June 2016 (Continued)

2. Segmental Information (Continued)

Revenue	**6 Months ended 30.6.2016 Unaudited £'000**	**6 Months ended 30.6.2015 Unaudited £'000**	**Year ended 31.12.2015 Audited £'000**
Development management	1,555	1,732	3,414
Interior design	268	259	509
Sales agency commission	-	-	248
	1,823	**1,991**	**4,171**

Loss before taxation	**6 Months ended 30.6.2016 Unaudited £'000**	**6 Months ended 30.6.2015 Unaudited £'000**	**Year ended 31.12.2015 Audited £'000**
Development management	(312)	(193)	(580)
Interior design	(154)	(156)	(572)
Architectural design	(1)	(2)	(4)
	(467)	**(351)**	**(1,156)**

Assets	**30.6.2016 Unaudited £'000**	**30.6.2015 Unaudited £'000**	**31.12.2015 Audited £'000**
Development management	26,729	27,011	26,988
Interior design	378	214	159
Architectural design	18	20	19
	27,125	**27,245**	**27,166**

Liabilities	**30.6.2016 Unaudited £'000**	**30.6.2015 Unaudited £'000**	**31.12.2015 Audited £'000**
Development management	1,979	1,553	1,886
Interior design	1,787	1,053	1,454
Architectural design	612	610	612
	4,378	**3,216**	**3,952**

Northacre PLC
Notes to the Unaudited Interim Financial Statements
For the Six Months ended 30th June 2016 (Continued)

3. Loss per share	**6 Months ended 30.6.2016 Unaudited**	**6 Months ended 30.6.2015 Unaudited**	**Year ended 31.12.2015 Audited**
Weighted average number of shares in issue	42,335,538	42,335,538	42,335,538
Loss for the period attributable to equity holders of the Company (£'000)	(467)	(351)	(1,165)
Basic loss per share (pence)	(1.10)	(0.83)	(2.75)
Diluted loss per share (pence)	(1.10)	(0.83)	(2.75)

There were no potentially dilutive instruments in issue during the current or preceding periods. All amounts shown relate to continuing and total operations.

4. Dividends

No interim dividends were paid during the period.

5. Available for sale financial assets

	Unaudited £'000
At 1st January 2015	10,000
Changes in the period	-
At 30th June 2015	10,000
Changes in the period	-
At 31st December 2015	10,000
Changes in the period	-
At 30th June 2016	**10,000**

The £10m represents the Company's investment in the partnership that controls the 1 Palace Street development.

Northacre PLC
Notes to the Unaudited Interim Financial Statements
For the Six Months ended 30th June 2016 (Continued)

6. Trade and other receivables

	30.6.2016 Unaudited £'000	30.6.2015 Unaudited £'000	31.12.2015 Audited £'000
Trade receivables	270	188	845
Other receivables	201	220	200
Prepayments and accrued income	1,489	1,484	1,071
	1,960	**1,892**	**2,116**

7. Trade and Other Payables

	30.6.2016 Unaudited £'000	30.6.2015 Unaudited £'000	31.12.2015 Audited £'000
Trade payables	1,479	213	171
Social security and other taxes	209	56	146
Other payables	-	2	3
Accruals and deferred income	230	1,283	1,282
	1,918	**1,554**	**1,602**

8. Borrowings, including lease finance

	30.6.2016 Unaudited £'000	30.6.2015 Unaudited £'000	31.12.2015 Audited £'000
Bank loan	2,460	1,662	2,350
	2,460	**1,662**	**2,350**

A loan facility of £3,150,000 was made available by the Royal Bank of Scotland from the 19th September 2014 to Northacre Capital (7) Limited in respect of the property at 22 Prince Edward Mansions. The loan is available on a drawdown basis and as at 30th June 2016 £2,460,000 was drawn including fees and interest. The loan incurs interest at 3.25% above the LIBOR rate and is charged quarterly and as at 30th June 2016 further interest and bank charges of £46,424 were included in accruals and deferred income. The loan was revised in January 2016 with repayment terms being changed due to delayed completion of the project. The loan is due to be repaid the earlier of the latest expiry date of the current interest period outstanding as at the date of completion of sale of the property or 2nd of December 2016. The loan is secured via a first legal charge over the property included within inventories, a guarantee for £120,000 given by Northacre PLC and a charge over certain cash balances. In accordance with the loan agreement further drawdowns are not permitted post 2nd December 2016.

9. Related Party Transactions

	Nature of Relationship	30.6.2016 Unaudited £'000	30.6.2015 Unaudited £'000	31.12.2015 Audited £'000	Nature of Transactions
E.B. Harris	1	(70)	(40)	(55)	Non-executive Directors' fees representing a balance at the end of the period
E.B. Harris	1	(15)	(15)	(30)	Non-executive Directors' fees representing amounts accrued during the period
A. de Rothschild	2	(18)	(18)	(18)	Non-executive Directors' fees representing a balance at the end of the period
Abu Dhabi Capital Management Limited	3	(600)	(600)	(1,200)	Consultancy fees charged during the period; £600,000 was paid in July 2016
Abu Dhabi Capital Management Limited	3	24	(5)	52	Expenses charged during the period as per the consultancy agreement
Palace Revive Development Limited	4	-	(1,015)	(507)	Deferred balance of development management fees at the end of the period
Palace Revive Development Limited	4	1,014	1,014	2,028	Development management fees receivable during the period as per the development management agreement
Palace Revive Development Limited	4	5	120	159	Recharge of expenses paid on behalf of Palace Revive Development Limited during the period
Palace Revive Development Limited	4	-	-	248	Sales agency fees charged in the year ended 31st December 2015 as per multiple selling agents agreements
Palace Real Estate Partners LP	5	10,000	10,000	10,000	Amount invested by Northacre PLC into Palace Real Estate Partners LP representing a balance at the end of the period
BL Development Limited	6	400	400	800	Development management fees charged during the period as per the development management agreement
J. Alseddiqi	7	429	-	-	Value of an interior design contract signed in the period between J. Alsediqqi and N Studio Limited

Nature of Relationship

1. E.B. Harris is a Director of the Company, and a member of E.C. Harris LLP.
2. A. de Rothschild was a Director of the Company (resigned 11th February 2014).
3. Abu Dhabi Capital Management Limited (ADCM) is a fully owned subsidiary of Abu Dhabi Financial Group LLC (ADFG), the Group's ultimate parent company.
4. Palace Revive Development Limited is a company set up to develop the 1 Palace Street development and is controlled by ADCM Limited.
5. Palace Real Estate Partners LP is a partnership that owns Palace Revive Development Limited. Northacre PLC is a limited partner of Palace Real Estate Partners LP.
6. BL Development Limited is a company set up to develop The Broadway (New Scotland Yard) development and is controlled by ADCM Limited.
7. J. Alseddiqi is a Director of ADFG.

10. Other Information

The interim statement was approved by the Directors on 14th September 2016.

A copy of the announcement will be made available on our website:

www.northacre.com

Independent Review Report to
Northacre 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 30th June 2016 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. We have read other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information contained in the condensed set of financial statements.

This report is made solely to the Company 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. Our work is undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Rules of the Alternative Investment Market.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

Our Responsibility

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

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 to 30th June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Rules of the Alternative Investment Market.

Kingston Smith LLP
Chartered Accountants

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14th September 2016