

**Mattioli Woods plc**  
**Interim Report 2007**



# Securing your pension

Pension Consultants  
Retirement Wealth Management  
Trustees and Administrators

# Corporate Statement

Mattioli Woods plc (“Mattioli Woods” or “the Company”) was established by Ian Mattioli and Bob Woods in 1991. Mattioli Woods and its subsidiaries (“the Group”) provide pensions consultancy and administration services, primarily to owner-managers, senior executives and professionals. The Group’s focus is at the higher end of the market where clients require bespoke service and specialist advice.

Headquartered in Leicester and employing 123 staff, including 16 pension consultants, Mattioli Woods has a strong network of intermediary contacts throughout the UK. The practice has grown consistently year on year since inception and became a public company on joining the AIM market of the London Stock Exchange in November 2005.

Our objective is to continue to grow Mattioli Woods’ business to increase its market share and enhance its reputation in the pension consultancy market. Mattioli Woods’ core values provide our staff and our clients with an open, passionate and caring organisation of integrity.

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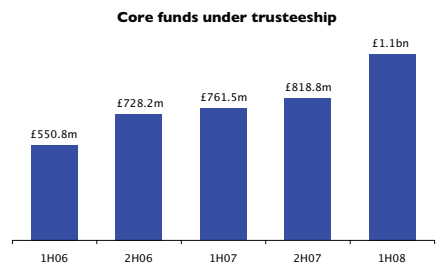
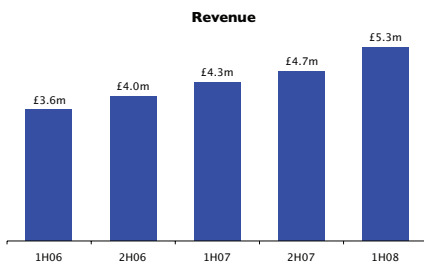
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## Financial highlights

- Turnover up 22.1% to £5.30m (1H07: £4.34m)
- PBT up 15.8% to £1.83m (1H07: £1.58m)
- EPS up 15.9% to 7.3p (1H07: 6.3p)
- Interim dividend up 17.6% to 1.00p (1H07: 0.85p)
- Core funds under trusteeship £1.1bn (1H07: £0.8bn)
- Cash at period end £2.23m (1H07: £1.59m)

## Operational highlights

- Number of core schemes increased to 2,032 (1H07: 1,492)
- Average scheme value of £0.53m (1H07: £0.51m)
- Organic growth of 8.6% in SIPP numbers (1H07: 6.4%)
- Investing in recruitment and technology to increase capacity
- PCL acquired in July 2007 and fully integrated
- Michael Kershaw appointed as second independent director



## Chairman's statement



I am pleased to report that we have continued to deliver strong growth over the six months ended 30 November 2007, with turnover up 22.1% and profit before tax up 15.8% compared to the same period last year. Organic growth in the number of self invested personal pension ("SIPP") schemes we act for has been a healthy 8.6% (1H07: 6.4%), illustrating that the appeal of SIPPs is spreading to a much wider audience. We believe this also reflects the growing market presence of Mattioli Woods and a greater awareness of the bespoke services we provide.

We now act for over 2,000 SIPP and small self-administered pension scheme ("SSAS") clients (1H07: 1,492) throughout the UK, with funds under trusteeship at 30 November 2007 totalling £1.1bn (1H07: £760m). We believe that our average scheme value of over £0.5m is well in excess of the industry average.

The acquisition of Pension Consulting Limited ("PCL") was completed in July 2007 and I am very satisfied with the successful integration of PCL's business into the Group. We have seen strong demand for our pension consultancy and investment advice from the PCL client base, with 100% retention of the acquired portfolio achieved to date.

The acquisition of the JB Group consolidates our market position by adding a further 235 SSASs and 55 SIPPs to our core portfolio of clients. Like PCL, the JB Group is an excellent cultural fit with Mattioli Woods and we are also able to offer its clients a

range of additional services, including our syndicated property initiative and guaranteed investment products.

### Market overview

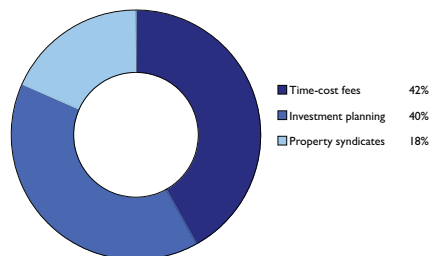
The recent difficulties in both credit and equity markets have made life more challenging for investment advisers generally. However, our experience is that demand for bespoke, high quality pension advice is increased during periods of uncertainty. We also anticipate the current volatility in global markets will lead to increased demand for our investment advice and capital-guaranteed structured products.

Despite general market conditions, the demand for SIPPs continues to grow, supporting our previously stated view that the appeal of SIPPs is extending due to the control, flexibility and cost-effectiveness the product offers.

However, not all SIPPs are the same. A Mattioli Woods SIPP is extremely flexible, allowing investment in all areas permitted by HM Revenue & Customs. This includes commercial property and structured products, as well as equities. As trustees of their SIPP, our clients have control of their investments and access to proactive and personalised investment advice. Our fee-based services are cost-effective and are supported by our robust administration systems.

My prediction that the vast Defined Benefit market will wither over the next few years has been evidenced by us receiving five new instructions to provide consultancy on the wind-up of final-salary

Segment revenues



schemes during the period. I anticipate the demise of the Defined Benefit market will gather momentum, bringing enormous change within the pensions arena and further consultancy opportunities for pensions advisers, including Mattioli Woods.

### Trading results

The first half's results reflect the robust nature of our fee-based business model, which has multiple revenue streams and a high proportion of recurring income. In the six months ended 30 November 2007 we achieved increased turnover of £5.30m (1H07: £4.34m).

Profit before tax was up 15.8% to £1.83m (1H07: £1.58m), with EBITDA of £1.86m (1H07: £1.69m). A reported operating margin of 32.1% was achieved (1H07: 35.1%) and earnings per share increased by 15.9% to 7.3 pence (2006: 6.3 pence).

The financial result for the equivalent period last year was boosted by £0.1m of non-recurring revenue associated with the introduction of Pension Simplification. In addition, the accrual for consultants' bonuses at 30 November 2006 was £0.1m lower than that eventually paid following excellent results for the full year, meaning normalised operating margin has improved to 32.1% (1H07: 30.9%).

Our pension investment strategy is based around flexible asset management. We aim to balance our clients' exposure to equity market risk by giving access to other asset classes and have seen strong growth in demand for both commercial property investments and structured products.

Our clients are able to take a long-term view on investment. Many regard the current weakness in the commercial property market as a buying opportunity. During the first half we facilitated the creation of five new property syndicates (1H07: four), purchasing prime commercial property with a total value of £15.9m (1H07: £9.6m) on our clients' behalf. In the same period we saw clients' cash balances rise to £132m (2H07: £110m).

Due to the greater number and higher value property syndicates established in the period, revenues from this area of our business increased to 18.3% (1H07: 10.3%) of total revenues. This

included £0.65m (1H07: £0.26m) of one-off fees from the creation of new property syndicates and £0.32m (1H07: £0.19m) from a growing base of annual administration fees relating to existing syndicates.

The increase in property syndicate debtors at the period end to £0.6m (1H07: £0.1m) had the effect of reducing cash generated from operations to £0.9m or 47.7% of EBITDA (1H07: £1.8m or 108.9%). Net cash generated from operations was also impacted by a £0.5m increase in trade debtors and accrued income, together with a £0.2m increase in taxes paid during the period. Cash at the period end increased to £2.23m (1H07: £1.59m).

### Dividends

The Board is pleased to recommend the payment of an interim dividend for the half year ended 30 November 2007 of 1.00 pence (2006: 0.85 pence) per ordinary share, and I reiterate our intention to grow dividend distributions sensibly going forward. The interim dividend will be paid on 28 March 2008 to shareholders on the Register at the close of business on 29 February 2008.

### Capacity

Our people continue to demonstrate an enormous amount of enthusiasm and commitment in responding to the challenges faced by our fast-growing organisation. PCL's 13 staff moved into our Leicester office immediately following the acquisition and it is pleasing they have integrated into Mattioli Woods so quickly.

Maintaining capacity remains crucial in an environment of growing demand, and our graduate recruitment programme remains on target. Seven new graduates joined the Group (2006: seven), increasing our total headcount at the end of the period to 123 (2006: 96). Our increased business profile following the admission to AIM has enhanced our ability to recruit graduates and experienced pension administration and support staff.

The development of a scalable technology platform also remains a key objective for the Group. We introduced a new time accounting and invoicing system during the period and are continuing to invest in the next phase of development of our bespoke pension administration system "MWeb".

## Chairman's statement (continued)

### Staff

Since its admission to AIM, the Group has been committed to expanding the skills and range of experience represented on our Board of Directors. We are now pleased to announce the appointment of Michael Kershaw as a second independent non-executive director. Michael joins us following a highly successful career in investment banking with Dresdner Kleinwort Wasserstein and UBS. I am confident his experience will enhance our ability to deliver future profitability and growth.

I have highlighted previously that Mattioli Woods enjoys a strong team spirit and commitment from all of its staff and it remains our aim to build on that culture by continuing to facilitate wider equity participation within the organisation. The introduction of the Mattioli Woods Share Incentive Plan in March 2008 will be an important step towards this objective.

Principally, the share incentive plan will enable our employees to buy shares in the Company at an effective discount to the Stock Exchange price by having an amount deducted from pre-tax salary each month.

### Shareholders

Following the placing of a further 3,239,594 shares by Ian Mattioli and myself during the period we have expanded the excellent institutional shareholder base we have enjoyed since joining the AIM market. We are also pleased to be developing a wider private client shareholder base. It is your Board's intention to continue to communicate fully with all our shareholders, and the wider market, and in so doing build further awareness of Mattioli Woods over the coming years.

### Regulation

Currently, money built up from national insurance rebates when people contract out of the state second pension ("protected rights monies") can only be held in a restricted range of insured funds, bank deposits and mutual funds. In December 2007 the Government published plans to permit SIPPs to hold protected rights monies from October 2008. This is likely to be the catalyst for further growth in the SIPP market, with predictions that much of the £75bn to £100bn locked up in protected rights savings could move into SIPPs.

The Financial Services Authority ("FSA") published the discussion paper "A Review of Retail Distribution" in June 2007, seeking to improve the efficiency of the market for the distribution of retail investment products. I believe the increased regulatory and professional requirements proposed by the FSA's review may lead to further consolidation within our key markets.

The review also proposes wider adoption of a more transparent remuneration model (known as "Customer Agreed Remuneration") where the costs of intermediary services are separated from the costs of the product. Our fee-based revenue model means Mattioli Woods is well-placed to deal with any such regulatory change.

### Outlook

The demand for bespoke pensions advice is amplified during periods of uncertainty. To capitalise on this and other opportunities, we are developing a number of sales initiatives including direct marketing to individual businesses, internal seminars for accountancy practices and the use of telemarketing to support our various marketing initiatives.

In anticipation of difficult investment markets our clients have been advised to take profits and build liquidity within their schemes. Client cash balances have continued to grow to over £145m today, with an additional £17m invested in treasury accounts. We expect this to lead to increased investment planning work when more stable markets return.

We are seeking to provide a broader range of retirement wealth management services to more of our clients, and hence I expect us to increase assets under advice through a combination of attracting new clients and advising on a greater proportion of our existing clients' wealth.

Trading in the current period continues to be in line with expectations and I believe we are very well-placed to take advantage of new opportunities in our key markets as they continue to develop.

### Bob Woods

Chairman  
19 February 2008

# Independent review report to Mattioli Woods plc

## Introduction

We have been engaged by the Group to review the condensed set of financial statements in the interim financial report for the six months ended 30 November 2007 which comprises the income statement, balance sheet, statement of recognised income and expense and associated notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report, including the conclusion, has been prepared for and only for the Group for the purpose of meeting the requirements of the AIM Rules for Companies and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Directors' Responsibilities

The interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules for Companies.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", as adopted by the European Union.

## Our Responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the interim financial 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.

# Independent review report to Mattioli Woods plc

## (continued)

### 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 interim financial report for the six months ended 30 November 2007 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and the AIM Rules for Companies.

### **Baker Tilly UK Audit LLP**

Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

18 February 2008



## Interim condensed consolidated income statement for the six months ended 30 November 2007

	Notes	Unaudited Six months ended 30 November 2007 £	Unaudited Six months ended 30 November 2006 £	Audited Year ended 31 May 2007 £
<b>Revenue</b>	4	<b>5,295,879</b>	4,342,664	8,997,191
Employee benefits expense		(2,666,122)	(1,878,673)	(4,219,130)
Other administrative expenses		(762,612)	(770,282)	(1,605,889)
Depreciation and amortisation		(163,731)	(166,047)	(213,359)
Loss on disposal of property, plant and equipment		(5,392)	(3,876)	(7,407)
<b>Operating profit before financing</b>	4	<b>1,698,022</b>	1,523,786	2,951,406
Financial income		144,793	53,187	194,734
Financial expenses		(13,139)	(51)	(1,012)
<b>Net financing income/(costs)</b>		<b>131,654</b>	53,136	193,722
<b>Profit before tax</b>		<b>1,829,676</b>	1,576,922	3,145,128
Income tax expense	7	(567,426)	(495,759)	(952,274)
<b>Profit for the period</b>		<b>1,262,250</b>	1,081,163	2,192,854
<b>Attributable to:</b>				
Equity holders of the parent		1,262,250	1,081,163	2,192,854
Earnings per ordinary share:				
Basic (pence)	5	7.3	6.3	12.8
Diluted (pence)	5	7.3	6.3	12.8
Dividend per share (pence)	6	1.00	0.85	2.55

The operating profit for each period arises from the Group's continuing operations.

# Interim condensed consolidated statement of recognised income and expense

for the six months ended 30 November 2007

		<b>Unaudited Six months ended 30 November 2007 £</b>	Unaudited Six months ended 30 November 2006 £	Audited Year ended 31 May 2007 £
	<b>Notes</b>			
Deferred tax on share-based payments	7	<b>31,862</b>	18,211	102,031
Income and expense recognised directly in equity		<b>31,862</b>	18,211	102,031
Profit for the period		<b>1,262,250</b>	1,081,163	2,192,854
Total recognised income and expense for the period		<b>1,294,112</b>	1,099,374	2,294,885

# Interim condensed consolidated balance sheet

as at 30 November 2007

	Notes	Unaudited 30 November 2007 £	Unaudited 30 November 2006 £	Audited 31 May 2007 £
<b>Assets</b>				
Property, plant and equipment	10	465,910	374,404	429,312
Intangible assets		7,695,576	5,744,065	5,804,209
Investments	9	15	–	–
Deferred income tax assets	7	191,081	41,738	143,936
<b>Total non-current assets</b>		<b>8,352,582</b>	6,160,207	6,377,457
Trade and other receivables		4,396,144	2,870,761	3,179,978
Financial assets		964,378	1,817,442	1,954,315
Cash and cash equivalents	12	2,357,758	1,593,425	2,799,569
<b>Total current assets</b>		<b>7,718,280</b>	6,281,628	7,933,862
<b>Total assets</b>		<b>16,070,862</b>	12,441,835	14,311,319
<b>Equity</b>				
Issued capital		172,159	172,159	172,159
Share premium	13	5,601,458	5,601,458	5,601,458
Other reserves	13	2,286,660	2,086,545	2,202,469
Retained earnings	13	4,850,394	2,915,459	3,880,814
<b>Total equity attributable to equity holders of the parent</b>		<b>12,910,671</b>	10,775,621	11,856,900
<b>Non-current liabilities</b>				
Deferred income tax liabilities	7	304,666	–	–
Provisions and other liabilities		316,167	130,607	127,446
		<b>620,833</b>	130,607	127,446
<b>Current liabilities</b>				
Trade and other payables		1,601,610	888,669	1,627,889
Current income tax liabilities	7	558,546	515,841	477,234
Bank overdraft	12	115,565	–	72,818
Provision and other liabilities		263,637	131,097	149,032
		<b>2,539,358</b>	1,535,607	2,326,973
<b>Total liabilities</b>		<b>3,160,191</b>	1,666,214	2,454,419
<b>Total equities and liabilities</b>		<b>16,070,862</b>	12,441,835	14,311,319

# Interim condensed consolidated statement of cash flows

for the six months ended 30 November 2007

	Notes	Unaudited Six months ended 30 November 2007 £	Unaudited Six months ended 30 November 2006 £	Audited Year ended 31 May 2007 £
<b>Cash flows from operating activities</b>				
Cash receipts from customers		4,331,327	4,661,087	9,006,546
Cash paid to suppliers and employees		(3,473,143)	(2,869,943)	(5,290,352)
Cash generated from operations		858,184	1,791,144	3,716,194
Interest paid		(13,139)	(51)	(1,012)
Income taxes paid	7	(594,727)	(360,607)	(874,107)
<b>Net cash from operating activities</b>		<b>250,318</b>	<b>1,430,486</b>	<b>2,841,075</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	10	4,000	474	15,225
Interest received		144,793	53,187	194,734
Acquisition of subsidiaries	8	(1,627,485)	–	(231,892)
Cash received on acquisition of subsidiaries	8	183,805	–	234,443
Acquisition of other investments	9	(15)	–	–
Acquisition of property, plant and equipment	10	(89,581)	(62,400)	(164,853)
Acquisition of software		(35,646)	–	(78,193)
New loans advanced to property syndicates		(964,378)	(1,817,442)	(1,954,315)
Loan repayments from property syndicates		1,954,315	1,915,994	1,915,994
<b>Net cash from investing activities</b>		<b>(430,192)</b>	<b>89,813</b>	<b>(68,857)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		–	225,000	225,000
Repayment of Directors' loans		(12,014)	(6,693)	21,050
Dividends paid	6	(292,670)	(238,636)	(384,972)
<b>Net cash from financing activities</b>		<b>(304,684)</b>	<b>(20,329)</b>	<b>(138,922)</b>
Net (decrease)/increase in cash and cash equivalents		(484,558)	1,499,970	2,633,296
Cash and cash equivalents at start period	12	2,726,751	93,455	93,455
<b>Cash and cash equivalents at end period</b>		<b>2,242,193</b>	<b>1,593,425</b>	<b>2,726,751</b>

# Notes to the condensed consolidated interim financial statements

## 1. Corporate information

Mattioli Woods plc ("the Company") is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The interim condensed consolidated financial statements of the Company for the six months ended 30 November 2007 comprise the Company and its subsidiaries (together referred to as the "Group"). The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 18 February 2008.

The principal activities of the Group are described in Note 4.

## 2. Basis of preparation and accounting policies

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 November 2007 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 May 2007.

The information relating to the six months ended 30 November 2007 and the six months ended 30 November 2006 is unaudited and does not constitute statutory accounts. The comparative figures for the year ended 31 May 2007 are not the Company's statutory accounts for that financial year. The statutory accounts for the year ended 31 May 2007, prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards ("IFRS")), have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The interim financial statements are unaudited but have been reviewed by the auditors and their report to the Board of Mattioli Woods plc is included within these financial statements.

### 2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 May 2007 except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- IFRS 7 *Financial Investments: Disclosures*

The Group adopted IFRS 7 as of 1 June 2007, which requires that an entity must disclose additional information about financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically, the Company and Group will need to disclose the fair value of financial instruments and their risk exposure in greater detail. There will be no effect on reported income or net assets.

## Notes to the condensed consolidated interim financial statements (continued)

- Amendment to IAS 1 *Presentation of financial statements – capital disclosures*

The Group adopted IAS 1 as of 1 June 2007, which requires that an entity must disclose additional information about management of its capital, including quantitative information on what it manages as capital.

- IFRIC 9 *Reassessment of Embedded Derivatives*

The Group adopted IFRIC Interpretation 9 as of 1 June 2007, which states that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10 *Interim Financial Reporting and Impairment*

The Group adopted IFRIC Interpretation 10 as of 1 June 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

- IFRIC 11 *IFRS 2 Group and Treasury Share Transactions*

The Group adopted IFRIC Interpretation 11 as of 1 June 2007, which requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed.

The Group has also elected to early adopt IFRS 8 *Operating Segments* as of 1 June 2007. IFRS 8 introduces the "management approach" to segment reporting, which requires the disclosure of segment information based on the internal reports regularly reviewed by the Board of Directors (the Chief Operating Decision Maker) in order to assess each segment's performance. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14. Additional disclosures about each of these segments is shown in Note 4, including revised comparative information.

The accounting policies have been applied consistently throughout the Group for the purposes of these interim condensed consolidated financial statements.

### *New standards and interpretations not yet effective*

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC") have issued Standards and Interpretations with an effective date for periods starting on or after the date on which these financial statements start. The directors do not anticipate that the adoption of these Standards and Interpretations, wherever relevant to Mattioli Woods, will have a material impact on the Company's or the Group's financial statements in the period of initial application.

Standards and Interpretations that are not yet effective and have not been early adopted by the Company or Group are explained as follows:

- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of

## Notes to the condensed consolidated interim financial statements (continued)

a qualifying asset as part of the cost of that asset. The revised IAS 23 applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

- IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which would first apply to the accounting period beginning on 1 June 2008, is not expected to have any effect on the consolidated financial statements.
- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which would first apply to the accounting period beginning on 1 June 2009, is not expected to have any impact on the consolidated financial statements.
- IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (“MFR”) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14, which would first apply to the accounting period on 1 June 2008, is not expected to have an effect on the consolidated financial statements.

IFRIC 12, IFRIC 13 and IFRIC 14 have not yet been endorsed by the European Union.

### 2.3 Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn as at 30 November each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. All inter-group balances, transactions, income and expenses and profits and losses resulting from inter-group transactions that are recognised in assets are eliminated in full.

### 2.4 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

## Notes to the condensed consolidated interim financial statements (continued)

### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less cost to sell of the cash-generating unit to which the goodwill is allocated. Estimating a fair value less cost to sell amount requires management to make an estimate of the realisable value of the cash generating unit. The carrying amount of goodwill at 30 November 2007 was £3,327,937 (2006: £2,347,130). Further details on the calculation of goodwill arising on acquisitions during the period are given in Note 8.

### *Deferred tax assets*

Deferred tax assets include temporary differences related to employee benefits settled via the issue of share options. Recognition of the deferred tax assets assumes share options will have a positive value at the date of vesting, which is greater than the share option cost recognised in the income statement.

### *Recoverability of accrued time costs*

The Group recognises accrued income in respect of time costs incurred on clients' affairs during the accounting period, which have not been invoiced at the balance sheet date. This requires an estimation of the recoverability of the time costs incurred but not invoiced to clients. The carrying amount of accrued time costs at 30 November 2007 was £1,496,452 (2006: £1,069,355).

### *Accrued commission income*

Accrued commission income is recognised in respect of commissions due to the Group on investments and bank deposits placed during the accounting period which have not been received at the balance sheet date. This requires an estimation of the amount of commission income that will be received subsequent to the balance sheet date in respect of the accounting period. The carrying amount of accrued commission income at 30 November 2007 was £603,849 (2006: £451,630).

### *Deferred consideration*

The Group has entered into certain acquisition agreements that provide for deferred consideration to be paid via an earn-out. A provision is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to make an estimate of the expected future cash flows from the acquired client portfolio and also to choose a suitable discount rate for the calculation of the present value of those cash flows. The deferred consideration provision at 30 November 2007 was £401,630 (2006: £103,030). Further details of the deferred consideration payable on acquisitions during the period are given in Note 8.



## Notes to the condensed consolidated interim financial statements (continued)

### 3. Seasonality of operations

The Group's operations are not subject to any recurrent seasonal fluctuations as a result of external factors. Historically, revenues in the second-half year typically have been higher than in the first half, primarily due to SSAS scheme year-ends being linked to the sponsoring company's year-end, which is often in December or March. However, with the growth in the number of SIPP schemes under administration and further diversification of the Group's revenue streams in recent periods, the Board of Directors believes the seasonal impact of SSAS scheme year-ends will no longer be material.

### 4. Segment information

The Group is comprised of the following operating segments:

- Time-based fees – income earned for setting up and administering pension schemes. Additional fees are generated from consultancy services provided for special one-off activities;
- Investment planning – income generated from the placing of investments on clients' behalf with banks and other financial institutions; and
- Property syndicates – income generated where the Group facilitates commercial property transactions on behalf of its clients.

Each segment represents a revenue stream subject to risks and returns that are different to other operating segments, although each operating segment's products and services are offered to the same market. The Group operates exclusively within the United Kingdom.

There are no transfers between operating segments and hence there are no differences between total segment revenue and consolidated revenue.

Each operating segment utilises the same intangible and tangible assets, and the segments have been financed as a whole, rather than individually. The reportable operating segments are managed together, as one business operating from one location. Accordingly, only employee benefit expenses and other direct costs have been allocated across the reportable operating segments.

Segment profit or loss reflects the measure of segment performance reviewed by the Board of Directors (the Chief Operating Decision Maker). This measure differs from the numbers used in the financial statements prepared in accordance with IFRS as follows:

- *Finance revenue* – Interest revenue from loans receivable and cash at bank is not included in the measure of segment profit or loss as it is not considered part of the core operations of any segment.
- *Finance costs* – Finance costs are not included in the measure of segment profit or loss.
- *Indirect overheads* – Indirect overheads including property costs, amortisation and impairment of intangible assets, depreciation of property, plant and equipment, sales and marketing costs, legal and professional fees and insurance are not included in the measure of segment profit or loss as it is not possible to allocate these overheads to individual segments without making arbitrary allocations.

Segment assets exclude property, plant and equipment, intangible assets, investments, current and deferred tax balances, cash and cash equivalents, as these assets are considered corporate in nature and are not allocated to a specific operating segment.

# Notes to the condensed consolidated interim financial statements (continued)

## Operating segments

The following table presents revenue and profit information regarding the Group's operating segments:

	Time-based fees			Investment planning			Property syndicates			Total		
	Six months ended	Year ended	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended	
	30 Nov 2007	31 May 2007	30 Nov 2007	30 Nov 2007	31 May 2007	30 Nov 2007	30 Nov 2007	31 May 2007	30 Nov 2007	30 Nov 2006	31 May 2007	
<b>Operating segments</b>	£	£	£	£	£	£	£	£	£	£	£	
Total revenue	2,228,321	2,010,838	3,986,367	2,095,818	1,883,547	4,077,908	971,740	448,279	932,916	5,295,879	4,342,664	8,997,191
<b>Results</b>												
Employee benefits expense	1,945,562	1,403,397	3,036,168	363,044	185,062	503,138	357,516	290,214	679,824	2,666,122	1,878,673	4,219,130
Other administrative expense	72,278	141,240	269,909	93,352	43,475	256,655	9,195	-	-	174,825	184,715	526,564
Segment results	210,481	466,201	680,290	1,639,422	1,655,010	3,318,115	605,029	158,065	253,092	2,454,932	2,279,276	4,251,497
Unallocated indirect overheads										756,910	755,490	1,300,091
Operating profit before financing										1,698,022	1,523,786	2,951,406
Net finance income										131,654	53,136	193,722
Profit before income tax										1,829,676	1,576,922	3,145,128
Income tax expense										(567,426)	(495,759)	(952,274)
<b>Net profit for the period</b>										1,262,250	1,081,163	2,192,854

## Notes to the condensed consolidated interim financial statements (continued)

### 4. Segment information (continued)

#### Total segment assets

The following table compares total segment assets as at 30 November 2007, 30 November 2006 and 31 May 2007 (the date of the last annual financial statements).

	<b>Unaudited 30 November 2007 £</b>	Unaudited 30 November 2006 £	Audited 31 May 2007 £
Time-based fees	<b>2,796,969</b>	2,123,468	2,136,427
Investment planning	<b>603,849</b>	485,956	588,923
Property syndicates	<b>1,760,904</b>	1,988,468	2,095,868
<b>Total segment assets</b>	<b>5,161,722</b>	4,597,892	4,821,218
Property plant and equipment	<b>465,910</b>	374,404	429,312
Intangible assets	<b>7,695,576</b>	5,744,065	5,804,209
Investments	<b>15</b>	–	–
Deferred tax	<b>191,081</b>	41,738	143,936
Prepayments	<b>72,508</b>	47,637	97,649
Other receivables	<b>126,292</b>	42,674	215,426
Cash and cash equivalents	<b>2,357,758</b>	1,593,425	2,799,569
<b>Total consolidated assets</b>	<b>16,070,862</b>	12,441,835	14,311,319

### 5. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

## Notes to the condensed consolidated interim financial statements (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>Unaudited Six months ended 30 November 2007 £</b>	Unaudited Six months ended 30 November 2006 £	Audited Year ended 31 May 2007 £
Net profit and diluted net profit attributable to equity holders of the Company	<b>1,262,250</b>	1,074,582	2,192,854
Weighted average number of ordinary shares:	<b>Thousands</b>	Thousands	Thousands
Issued ordinary shares at start period	<b>17,216</b>	17,045	17,045
Effect of shares issued in October 2006	–	42	107
Basic weighted average number of shares	<b>17,216</b>	17,087	17,152
Dilutive potential ordinary shares:			
– non-employee share options	–	48	27
Diluted weighted average number of shares	<b>17,216</b>	17,135	17,179

The Company has granted options under the Share Option Plan and Consultants' Share Option Plan to certain of its senior managers and directors to acquire (in aggregate) up to 8.05% of its issued share capital (see Note 11).

Under IAS 33 *Earnings Per Share*, contingently issuable ordinary shares are treated as outstanding and included in the calculation of diluted earnings per share if the conditions (the events triggering the vesting of the option) are satisfied. At 30 November 2007 the conditions are not satisfied. If the conditions had been satisfied, diluted earnings per share would have been 6.8 pence per share (2006: 6.0 pence).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

## Notes to the condensed consolidated interim financial statements (continued)

### 6. Dividends paid and proposed

	<b>Unaudited Six months ended 30 November 2007 £</b>	Unaudited Six months ended 30 November 2006 £	Audited Year ended 31 May 2007 £
<i>Paid during the year period:</i>			
Equity dividends on ordinary shares:			
- Final dividend for 2007: 1.70p (2006: 1.40p)	<b>292,670</b>	238,636	238,636
- Interim dividend for 2007: 0.85p (2006: nil)	-	-	146,336
<b>Dividends paid</b>	<b>292,670</b>	238,636	384,972
<i>Proposed for approval:</i>			
Equity dividends on ordinary shares:			
- Interim dividend for 2008: 1.00p (2007: 0.85p)	<b>172,159</b>	146,335	-
- Final dividend for 2007: 1.70p (2006: 1.40p)	-	-	292,670
<b>Dividends proposed</b>	<b>172,159</b>	146,335	292,670

The proposed dividend was approved on 21 January 2008.

### 7. Income taxes

#### *Current tax*

Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

#### *Deferred tax*

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 the estimated average annual effective income tax rate for the interim periods presented. The primary components of the entity's recognised deferred taxed assets include temporary differences related to employee benefits, provisions and other items.

The primary components of the entity's deferred tax liabilities include temporary differences related to property, plant and equipment and intangible assets (see Note 8).

## Notes to the condensed consolidated interim financial statements (continued)

The recognition of deferred tax in the income statement arises from the origination and the reversal of temporary differences and the effects of changes in tax rates. The primary component of the deferred tax credit for the six months ended 30 November 2007 of £15,283 (2006: £6,581) is related to temporary differences arising on share-based payments to employees.

The total deferred tax asset recognised directly in equity was £31,862 for the six months ended 30 November 2007 (2006: £18,211).

### *Reconciliation of effective tax rates*

The current tax expense for the six months ended 30 November 2007 was calculated based on the estimated average annual effective income tax rate of 31.0% (2006: 31.4%), as compared to the tax rates expected to be enacted or substantively enacted at the balance sheet date of 30% (2006: 30%). Differences between the estimated average annual effective income tax rate and statutory rate include, but are not limited to the effect of non-deductible expenses, tax incentives not recognised in profit or loss and under/(over) provisions in previous periods.

## **8. Business combination**

### *Acquisition of Pension Consulting Limited*

On 9 July 2007, the Group acquired 100% of the voting shares of Pension Consulting Limited ("PCL"), an unlisted company registered in England and Wales, which administered pension schemes on behalf of 145 small self-administered pension schemes ("SSAS") and 213 self-invested personal pension ("SIPP") clients. As part of the transaction the Group also acquired PCL's 100% subsidiary company, PC Trustees Limited, which acts as trustee to the pension schemes. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the results of PCL for the period from the acquisition date.

## Notes to the condensed consolidated interim financial statements (continued)

The fair value of the identifiable assets and liabilities of PCL as at the date of acquisition were:

	<b>Unaudited Fair value recognised on acquisition value £</b>	<b>Previous carrying £</b>
Property, plant and equipment	16,511	17,545
Intangible asset – client portfolio	1,015,554	–
Investment	100	100
Prepayments and accrued income	165,220	165,220
Trade receivables	42,340	42,340
Other receivables	44,055	44,055
Cash and cash equivalents	183,805	183,805
	<b>1,467,585</b>	<b>453,065</b>
Deferred income tax liability	(304,666)	–
Short-term subordinated loan	(29,883)	(29,883)
Trade payables	(19,421)	(19,421)
Current income tax liability	(61,468)	(61,468)
Other payables	(25,388)	(25,388)
Accruals and deferred income	(37,081)	(37,081)
	<b>(477,907)</b>	<b>(173,241)</b>
Fair value of net assets	<b>989,678</b>	<b>279,824</b>
Goodwill arising on acquisition	<b>980,807</b>	
Total acquisition cost	<b>1,970,485</b>	

The total acquisition cost of £1,970,485 comprises an initial cash payment of £1,525,000, deferred consideration of up to £400,000 and costs of £45,485 directly attributable to the acquisition. £240,000 of the deferred consideration will be paid in the two years following completion, with the remaining payment of up to £160,000 being determined by reference to an earn-out mechanism based on growth in scheme numbers during the two years following completion.

In accordance with IFRS3 *Business Combinations*, a value has been applied to the PCL client portfolio at the date of acquisition to recognise the value of this asset to the Group. In accordance with IAS12 *Income Taxes*, an associated deferred tax liability has also been recognised on the value of the client portfolio.

## Notes to the condensed consolidated interim financial statements (continued)

Cash outflow on acquisition:

	<b>Unaudited £</b>
Net cash acquired with the subsidiary	183,805
Cash paid	(1,525,000)
Acquisition costs	(45,485)
Net cash outflow	(1,386,680)

From the date of acquisition, PCL has contributed £106,389 to the profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been £1,231,981 and revenue from continuing operations would have been £5,308,351.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of PCL with those of the Group. On 30 November 2007 the trade and assets of PCL were transferred to Mattioli Woods for a consideration of £386,212 equivalent to the net asset value of PCL at that date.

### 9. Investments

On 1 October 2007, Mattioli Woods subscribed £15 for 15% of the issued share capital of Mainsforth Developments Limited ("Mainsforth"), a company incorporated in England and Wales with its principal activity being the development and selling of real estate. On the same date, Mainsforth entered into two conditional sales agreements ("CSAs") to acquire freehold land.

The first CSA gives Mainsforth the right to acquire certain freehold land ("Land A") with vacant possession for a purchase consideration of £1.0m.

The second CSA gives Mainsforth the right to acquire other freehold land adjacent to Land A ("Land B") with vacant possession for a purchase consideration of £2.8m, subject to an upwards and downwards adjustment if the consideration (the "Development Consideration") payable to Mainsforth on the sale of Land A and Land B (together "the Development Land") is greater or less than £10.0m, subject to the condition that the consideration payable for Land B shall not be reduced below £2.2m.

Both CSAs are conditional upon Mainsforth submitting an application for planning approval prior to 1 June 2008 and the effective date of the agreements will be the date on which planning approval is granted for the development of the Development Land as a mixed use scheme where residential property comprises at least 50% of the built area. Any consideration payable by Mainsforth under the CSAs only becomes payable on completion of its sale of the Development Land. If planning approval has not been obtained by 1 December 2010 the agreements will lapse, although the termination dates may be extended to 1 December 2011 if certain conditions are fulfilled.



## Notes to the condensed consolidated interim financial statements (continued)

### 10. Property, plant and equipment

#### *Acquisitions and disposals*

During the six months ended 30 November 2007, the Group acquired assets with a cost of £125,227 (2006: £62,400). Assets with a net book value of £9,392 were disposed of during the six months ended 30 November 2007 (2006: £4,350), resulting in a loss on disposal of £5,392 (2006: £3,876).

#### *Capital commitments*

During the six months ended 30 November 2006, the Group entered into a contract to purchase and install new accounting software. At 30 November 2007 the Group was committed to purchasing products and services costing £55,891 (2006: £123,075) under this contract.

### 11. Share-based payment

#### *Share Option Plan*

The Company operates the Share Option Plan by which certain of the executive directors and other senior executives are able to subscribe for 875,000 ordinary shares in the Company. The exercise price of the options is £1.32, equal to the placing price of the shares issued on 15 November 2005. The options vest if and when profit-based performance conditions between 1 June 2005 and 31 May 2011 are fulfilled. A failure to meet these performance conditions causes the options to lapse. The contractual life of each option once granted expires on 31 May 2015.

#### *Consultants' Share Option Plan*

On 4 September 2007, options to subscribe for up to 255,684 ordinary shares in the Company were granted to senior executives under the Consultants' Share Option plan. Options granted under the Consultants' Share Option Plan are summarised as follows:

<b>Date of grant</b>	<b>Exercise price £</b>	<b>At 1 June 2007 No.</b>	<b>Granted during the period No.</b>	<b>Exercised during the period No.</b>	<b>Lapsed during the period No.</b>	<b>At 30 November 2007 No.</b>
5 September 2006	2.21	255,684	–	–	–	255,684
4 September 2007	2.79	–	255,684	–	–	255,684
		255,684	255,684	–	–	511,368

The exercise price of the options is equal to the market price of the shares at the close of business on the day immediately preceding the date of grant. The options vest if and when the option holder achieves certain individual performance hurdles. If these performance hurdles, which are linked to individual sales revenues, are not met over the five financial years commencing on 1 June before the date of grant, the options lapse.

## Notes to the condensed consolidated interim financial statements (continued)

The expense for share-based payments made in respect of employee services under the Share Option Plan and the Consultants' Share Option Plan are recognised over their expected vesting periods. The expense recognised during the six months ended 30 November 2007 is £52,329 (2006: £30,658), which arises entirely from equity-settled share-based payment transactions.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to estimate the fair value of options granted during the six months ended 30 November 2007:

	<b>Consultants' Share Option Plan</b>
Share price at date of grant	£2.82
Option exercise price	£2.79
Expected life of option (years)	7
Expected share price volatility (%)	30.0
Dividend yield (%)	1.11
Risk-free interest rate (%)	4.63

The share price at date of grant for options issued under the Share Option Plan and Consultants' Share Option Plan is based on the market value of the shares on that date as agreed by HM Revenue & Customs. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options grant were incorporated into the measurement of fair value.

### 12. Cash and cash equivalents

For the purpose of the interim condensed consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	<b>Unaudited 30 November 2007 £</b>	Unaudited 30 November 2006 £	Audited 31 May 2007 £
Cash at banks and on hand	<b>2,257,758</b>	1,593,425	2,799,569
Short-term deposits	<b>100,000</b>	-	-
	<b>2,357,758</b>	1,593,425	2,799,569
Bank overdrafts	<b>(115,565)</b>	-	(72,818)
	<b>2,242,193</b>	1,593,425	2,726,751

## Notes to the condensed consolidated interim financial statements (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and 12 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits at 30 November 2007 is £2,242,193 (2006: £1,593,425).

At 30 November 2007, the Group had available £3,134,435 (2006: £600,000) of undrawn committed borrowing facilities.

### 13. Reserves

	Share premium account £	Equity – share-based payments £	Capital redemption reserve £	Retained earnings £
At 1 June 2006 – audited	5,321,151	94,687	2,000,000	2,072,932
Arising on share issue	223,296	–	–	–
Share-based payments	–	30,658	–	–
Exercise of share options	57,011	(57,011)	–	–
Deferred tax asset recognised in equity	–	18,211	–	–
Profit for the financial period	–	–	–	1,081,163
Dividends	–	–	–	(238,636)
At 30 November 2006 – unaudited	5,601,458	86,545	2,000,000	2,915,459
Share-based payments	–	32,104	–	–
Deferred tax asset recognised in equity	–	83,820	–	–
Profit for the financial period	–	–	–	1,111,691
Dividends	–	–	–	(146,336)
At 31 May 2007 – audited	5,601,458	202,469	2,000,000	3,880,814
Share-based payments	–	52,329	–	–
Deferred tax asset recognised in equity	–	31,862	–	–
Profit for the financial period	–	–	–	1,262,250
Dividends	–	–	–	(292,670)
At 30 November 2007 – unaudited	5,601,458	286,660	2,000,000	4,850,394

## Notes to the condensed consolidated interim financial statements (continued)

### 14. Related party transactions

#### *Transactions with key management personnel*

The private pension schemes of Ian Mattioli, Robert Woods, Nathan Imlach and Murray Smith, together with the private pension schemes of other key management personnel of the Group, have a beneficial interest in MW Properties (No 16) Limited. The Group leases its premises at Grove Park, Enderby from MW Properties (No 16) Limited, and paid rentals of £84,000 during the six months ended 30 November 2007 (2006: £84,000). At 30 November 2007 the Group had prepaid future rentals of £11,047 (2006: £11,047).

Key management personnel receive compensation in the form of short-term employee benefits and equity compensation benefits (see Note 11). Key management personnel, representing the executive directors and four senior executives, received total compensation of £789,776 for the six months ended 30 November 2007 (2006: £666,273). Total remuneration is included in "employee benefits expense".

### 15. Events after the balance sheet date

#### *Acquisition of the JB Group*

On 18 February 2008 the Group acquired the trade and assets of John Bradley Financial Services ("JBFS") and North Star SIPP LLP ("North Star") (together "the JB Group") for a total consideration of up to £2.59m, subject to certain revenue and client retention targets being met during the three years following completion.

On 18 February 2008 the Company also entered into separate agreements to acquire the entire issued share capital of JB Trustees Limited and Bank Street Trustees Limited (together "the Trustee Companies") and John Bradley Financial Services Limited (together with the Trustee Companies "the Dormant Companies") for a nominal consideration.

JBFS provides pensions consultancy and administration services to a core active portfolio of 235 small self-administered pension scheme ("SSAS") and 55 self-invested personal pension ("SIPP") clients. In addition, the JB Group provides third party administration services to more than 300 additional SSAS and SIPP clients.

North Star was established in October 2006 and subsequently authorised by the Financial Services Authority ("FSA") to establish and operate personal pension schemes, including SIPPs, under the new regulatory regime introduced on 6 April 2007. The Dormant Companies have never traded.

The JB Group has total funds under trusteeship of over £400 million and the Trustee Companies act as trustees to the pension schemes.

The total consideration includes an initial payment of £1.25m funded from the Group's existing cash resources and deferred consideration of up to £1.34m, of which £0.64m will be paid in the three years following completion, with the remaining payment of up to £0.70m being determined with reference to an earn-out mechanism based on revenues generated during the three years following completion.

## Notes to the condensed consolidated interim financial statements (continued)

In the year ended 31 March 2007 the JB Group generated a net profit for the year of £0.40m before partners' salaries and drawings, on revenues of £1.37m. The JB Group's net assets at 31 March 2007 were £0.51m.

### *New bank facilities*

In January 2008 the Group renegotiated its borrowing facilities with Royal Bank of Scotland plc ("RBS"). At 30 November 2007 the RBS facilities consisted of one overdraft facility of £2.25m with interest payable at 1.375% over the bank's base rate (currently 5.25%) and another £0.75m overdraft facility at 1.5% over the bank's base rate. These facilities have been replaced by one overdraft facility of £5.0m with interest payable at the bank's base rate plus 1.0% on the first £1.5m, plus 1.25% on the next £1.5m and plus 1.375% on borrowings in excess of £3m.

The RBS facility is repayable upon demand and is subject to review on at least an annual basis. The next review date is 11 January 2009.

The Group also has an overdraft facility of £0.25m provided by Lloyds TSB plc ("Lloyds TSB") with interest payable at 1.5% over the bank's base rate (currently 5.25%). The Lloyds TSB facility is renewable on 31 March 2008.

### *New property lease*

The private pension schemes of Ian Mattioli, Robert Woods, Nathan Imlach and Murray Smith, together with the private pension schemes of other key management personnel of the Group, have a beneficial interest in MW Properties (No 60) Limited.

In February 2008 the Group entered into an agreement to lease additional premises at The Gateway, Grove Park, Enderby from MW Properties (No 60) Limited at an initial rent of £75,600 per annum. The lease term expires on 1 February 2018.

## **16. Copies of interim report**

Copies of the interim report will be posted to shareholders in due course and are available from the Group head office at: MW House, 1 Penman Way, Grove Park, Enderby, Leicester LE19 1SY.

## Company information

<b>Directors:</b>	Robert Woods – Executive Chairman Ian Mattioli – Chief Executive Nathan Imlach – Finance Director Murray Smith – Marketing and Sales Director John Redpath – Non-Executive Director Michael Kershaw – Non-Executive Director
<b>Company secretary:</b>	Nathan Imlach
<b>Registered office:</b>	MW House 1 Penman Way Grove Park Enderby Leicester LE19 1SY
<b>Registered number:</b>	3140521
<b>Nominated adviser and broker:</b>	<b>Evolution Securities Limited</b> Kings House 1 King Street Leeds LS1 2HH
<b>Auditors:</b>	<b>Baker Tilly UK Audit LLP</b> 2 Whitehall Quay Leeds LS1 4HG
<b>Solicitors:</b>	<b>Cobbetts LLP</b> 1 Whitehall Riverside Leeds LS1 4BN
<b>Principal bankers:</b>	<b>Royal Bank of Scotland plc</b> 98-102 Belgrave Gate Leicester LE1 3GR  <b>Lloyds TSB plc</b> Charnwood House Harcourt Way Meridien Business Park Leicester LE19 1WF
<b>Registrars:</b>	<b>Capita Registrars</b> Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

# Financial calendar

19 February	Announcement of interim results for the six months ended 30 November 2007
27 February	Ex-interim dividend date for ordinary shares
29 February	Record date for interim dividend
28 March	Payment of interim dividend on ordinary shares



**Mattioli Woods plc**

MW House  
1 Penman Way  
Grove Park  
Enderby  
Leicester  
LE19 1SY

Tel: 0116 240 8700  
Fax: 0116 240 8701  
Email: [pensions@mattioli-woods.com](mailto:pensions@mattioli-woods.com)  
Web: [www.mattioli-woods.com](http://www.mattioli-woods.com)