CITY OF LONDON

INVESTMENT GROUP PLC

LONDON PHILADELPHIA SINGAPORE DUBAI LONDON PHILADELPHIA SINGAPORE DUBAI

INTERIM REPORT

November 2008

City of London Investment Group PLC is a leading emerging market and natural resource asset management group, specialising in the provision of products and services predominantly to institutional clients who include some of the leading institutions and endowment funds in the United States. City of London operates its business from offices in London, the US, Dubai and Singapore.

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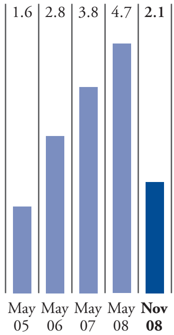
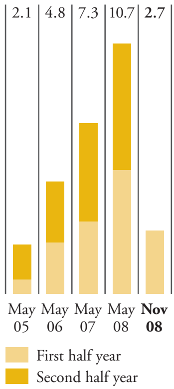
Interim highlights

- Funds under management (FUM) of US$2.12 billion at the half year end (US$4.59 billion at 30th November 2007 and US$4.71 billion at the last year end on 31st May 2008)
- Operating profit £3.3 million (2007: £4.8 million)
- Dividend strategy maintained, albeit at a temporarily reduced annual cover – interim dividend of 5p per share declared to be paid on 2nd March 2009 to shareholders on the register on 13th February 2009
- Net cash generated from operations of £2.3 million (2007: £3.2 million)
- Cash balances of £4.15 million at the period end (2007: £8.1 million) with no borrowings – reduction due to increased dividend payments and the £5.8 million purchase for cancellation of ordinary shares in City of London as part of the placing out of a founder shareholder's stake in February 2008.

Funds under management US$bn



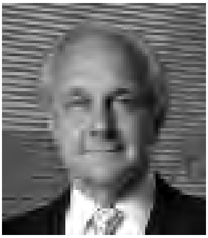
Pre-tax profit £m



"We take comfort from the tried and tested robustness of our business model and continue to believe that this will allow us to retain and attract clients through investment out-performance and to reward our shareholders with meaningful dividends."

Andrew Davison, Chairman

Chairman's statement



"The falls in value of emerging markets investments, together with our long-term record of benchmark out-performance, has recently led many of our clients to increase their weighting to our asset class – a process that is continuing. At the time of writing, funds under management were US$2.2 billion (£1.6 billion) with the increase from the half year end figure reflecting net inflows from new and existing clients.

Our principal investment markets, in common with developed equity markets globally, declined very substantially over the six months to end November 2008 with by far the larger part of the fall taking place in the second quarter of the period. As a result of these declines, we announced at the beginning of December that Group funds under management (FUM) had reduced by 55% during the first half, compared to a 56% fall in the MSCI Emerging Markets Index (MXEF) during the same period.

City of London's business model has always been based on the proposition that the volatility inherent in the markets in which the Group is active can best be mitigated and managed for shareholders by keeping the fixed cost base as low as possible. Our focus on costs has meant that, even during this challenging period for markets worldwide, profits have declined by significantly less than the falls in the MXEF and FUM, helped of course by sterling's weakness against the US dollar.

Results

Basic earnings per share, after a 33% tax charge of £0.9 million (2007: £1.8 million representing 33% of pre-tax profit), was 7.8p (2007: 14.5p). Diluted earnings per share was 7.1p (2007: 12.8p).

Funds under management as at 30th November 2008 were US$2.12 billion (£1.38 billion) compared to US$4.59 billion (£2.23 billion) at 30th November 2007 and US$4.71 billion (£2.38 billion) at 31st May 2008. The falls in value of emerging markets investments, together with our long term record of benchmark out-performance, has recently led many of our clients to increase their weighting to our asset class – a process that is continuing. These rebalancings, and a subscription of some US$300 million from what will become the Group's largest client to date, are described in more detail in the Chief Executive's Review which follows.

Revenue, our fees charged on funds under management, reduced to £10.4 million (2007: £12.1 million), a decline of 14%. Operating profit, after lower administrative expenses of £7.2 million (2007: £7.4 million), fell by 31% to £3.3 million (2007: £4.8 million). The staff cost element of administrative expenses was reduced by 17.7% to £3.4 million (2007: £4.1 million) as a result of lower payments and accruals for the profit-related compensation that forms a significant proportion of the Group's total staff remuneration.

Balance sheet totals have also declined substantially due to several factors: the lower cash balances; the reduced level of net current assets as FUM and revenue fell; the reduction in value of the Group's short term investments held to seed new funds; and the marked decrease in deferred tax recoverable as a result of the fall in the City of London share price. This last factor is because the assumed taxable gains from potential option exercise have shrunk significantly and these gains are a deduction from future taxable profits. The value of available-for-sale financial assets fell significantly over the period and is therefore reflected in the income statement as an impairment charge.

Dividends

City of London's dividend strategy remains largely unchanged with payments per share to be covered approximately one and a half times by earnings per share, paid as to one third/two thirds between the interim and the final. After the disturbing heavy falls in markets, the Board is now becoming more comfortable with the Group's recent – and current – performance albeit at the lower levels resulting from the drop in FUM and has decided to temporarily accept a reduced annual dividend cover. Consequently, the Board has declared an interim dividend of 5p per share (2007: 6p per share), payable on 2nd March 2009 to shareholders on the register on 13th February 2009.

Outlook

At the time of writing, FUM were US$2.2 billion (£1.6 billion) with the increase from the half year end figure reflecting net inflows from new and existing clients. Although this is a positive development for the near term, market uncertainty is such that any predictions have become extremely difficult. However, we have a strong balance sheet with good liquidity. We also take comfort from the tried and tested robustness of our business model and continue to believe that this will allow us to retain and attract clients through investment out-performance and to reward our shareholders with meaningful dividends.

Andrew Davison
Chairman

21st January 2009

Chief Executive Officer's review

"By now our shareholders will be well aware of our core values. We have these core values not just because we believe that we are entering a new world where fund managers (and banks) will be expected to be significantly more open and accountable than in the past. I would, however, make the additional point that these have been our core values for many years."

Without wishing to appear too upbeat, the current market environment seems very different from just a few months ago. VIX (the S&P Volatility Index) is significantly lower, the price of oil has recovered from recent lows, and the Emerging Markets as measured via MXEF are around 15% higher than the low of 450 established towards the end of October. Our FUM have also increased, from $1.95 billion at the low to $2.20 billion as of 20th January. Included within this figure is $50 million of the anticipated $300 million referenced in our recent Trading Update. We have in addition to the balance of $250 million still to be funded from this client, a pipeline of around $70 million additional funding, mainly from existing clients who are rebalancing their exposure to the Emerging Markets after the recent market falls. These additional amounts will be funded over the next few months.

Over the past few months we have continued to develop our business. We have obviously stopped the marketing of our products to potential clients where we anticipated an unproductive response. In this environment marketing for marketing's sake would clearly be a mistake. It costs money and time and anyway resources have been better used both educating and meeting with existing clients, but there are areas even in this environment where our plans have developed. In October 2009 our existing contract with North Bridge Capital (NBC) comes to an end and, with one exception in terms of the consultants they deal with, will not be renewed.

This is not a reflection of any dissatisfaction with NBC – on the contrary, that relationship has served us very well, and we hope and believe that it has served them well too. The point is simply that we have reached a stage in the development of our business whereby our interests going forward will be better met through an internalised marketing function, and we have made a senior appointment in the US to help us achieve that goal. We have also made a senior marketing appointment in London, and we believe that this will enable us to continue to develop our business in Europe as well. In both cases the individuals will be rewarded using the same established principles via which we incentivise the rest of our staff.

In this regard we would like to be seen as acting in a contrary manner from the majority of the rest of our industry. We are taking on staff at what we believe to be the bottom of the market with the intention of developing our business as business opportunities are identified. I would make the point that we have not made any member of staff redundant during this reporting period.

For many years I have attempted to measure or gauge the emotions of the stock market. I would not suggest for a minute that this approach has consistently been successful. I would also make the point that as with any analysis of behaviour, this approach has to be conducted with relevant risk controls in place. Additionally it is well worth pointing out that geo political issues can also come to the fore within our asset class in a manner that is unlikely to occur in the developed markets. But having said that, a few observations:

- At its low of around 450 it was estimated that MXEF was trading at around 6.5X 2008 estimated earnings

- From its high of 1340 (end October 2007) therefore MXEF had fallen 70%

- At its high it was trading at 13.5X 2008 estimated earnings

- At its high it was trading at the approximately the same P/E as Europe, Australasia and Far East (EAFE)

- At 450 it was trading at a discount of around 30% to EAFE

My point is that there have been two extreme (behavioural) events that have recently occurred. The first was when MXEF appreciated 40% between the middle of August and the end of October 2007. There was no reason for this. Earnings were not growing at a rate that could be justified by these market movements. Effectively markets were being moved by investors who had little idea of the risks associated with paying the prices reflected in this index level. As referenced in a previous report to shareholders, MXEF was trading, looked at our way, at around four standard deviations expensive. These were emotional times and it was inevitable that the market levels demonstrated at this time were unsustainable.

I would now suggest, as with the situation just over a year ago, falls of the order of magnitude that have recently occurred are, in my opinion, unless there is a significant amount of *new* bad news, equally unsustainable. In my opinion at or around 450, MXEF is into deeply oversold territory and it would not be surprising to see the index trade at significantly higher levels over the next few months. In my opinion it is taken as read that there will be a significant supply of ongoing bad news over the next few months, but what MXEF now needs to make new lows is *new* bad news.

In my opinion, without additional *new* bad news, if this market follows its predecessors, MXEF in 2009 will have appreciated between 50% and 75% before there is the first sign of good news. This is what occurred in 1999 and 2003 after similar falls under similar emotional circumstances in our asset class.

As a result of recent falls in the markets, we have decided at the half year stage to revalue all of the seed capital that we hold in our business development funds. At present this exposure is via eight funds in areas such as Natural Resources, Developed Closed End Funds and Emerging Closed End Funds. The estimated current value of these investments is $1.5 million which compares to the original investments of $2.5 million. Shareholders may recall that on more than one occasion last year we reduced our seed capital, which had significantly increased in value as a result of market growth. The profit of £459,338 which we took last year has therefore now been offset by a writedown of £683,769 in the first six months of this year.

With regard to business development, in my opinion ongoing risk aversion is going to mean that we will in the present environment get a significantly bigger bang for our buck by sticking to areas of the marketplace that we know well and where we have brand recognition. We will therefore focus on our Natural Resource Funds in the US and in Dublin, and our Developed Closed End fund in the US, along with Frontier and the existing country exposure in Brazil, Mexico, Chile and Korea. Additionally we are in the process of establishing

Chief Executive Officer's review

Continued

an Emerging Markets Plus Fund. This fund will invest in the Emerging Markets via Closed End Funds but will opportunistically be able to invest in Developed Markets when we consider that the Emerging Markets are too high or when Developed Markets (which will also be accessed via Closed End Funds) are attractively priced. This is to be funded initially by an existing client with $13 million.

By now you will be well aware of some of our core values:

- **We don't use leverage**
- **We are very aware of counterparty risk issues**
- **We don't undertake stock lending**
- **We don't allow employees to trade in the securities that we research and trade on behalf of clients**
- **We don't manage Hedge Funds, not because we don't like the structure but because we do not believe that as the industry is presently constructed, clients get a fair deal**
- **We attempt via a formulaic approach to clearly define the relationship between staff bonuses and shareholder earnings and dividends**

I have written before that we have these core values not just because we are conservative but because we believe that we are entering a new world where fund managers (and banks) will be expected to be significantly more open and accountable than in the past. I would however make the additional point that these have also been our core values for many years.

In a previous reference I wrote that we would be flexible with regard to our dividend cover policy, which we have stated as one and a half times. We do not see a specific need for earnings retention this year, believing that the cash would be of greater benefit to our shareholders, thus we have based our present estimates on a total dividend one times covered. As usual, and whilst making no forecast for the final dividend, we are intending to pay one third of what we at present believe will be out total dividend at the interim stage. Accordingly, the interim dividend has been fixed at 5p per share.

Over the next few months I will be looking to exercise an option over 189,000 shares, prior to its expiry in May 2009. The exercise price is 29p. Subject to market conditions, my current intention would be to simultaneously sell around half of the resulting shares, such that the overall transaction, net of my personal taxes, is approximately cash neutral.

Barry Olliff
Chief Executive Officer

21st January 2009

Consolidated income statement

For the six months ended 30th November 2008

	Note	Six months ended 30th Nov 2008 (unaudited) £	Six months ended 30th Nov 2007 (unaudited) £	Year ended 31st May 2008 (audited) £
Revenue	2	**10,445,011**	12,131,322	24,878,839
Administrative expenses				
Staff costs		**3,375,673**	4,104,808	7,925,916
Other administrative expenses		**3,674,925**	3,201,153	6,968,479
Depreciation		**129,367**	67,628	158,474
		(7,179,965)	(7,373,589)	(15,052,869)
Operating profit		**3,265,046**	4,757,733	9,825,970
Impairment of seed investments	3	**(683,769)**	–	–
Interest receivable and similar income		**145,183**	568,849	868,870
Profit before tax		**2,726,460**	5,326,582	10,694,840
Income tax expense		**(886,204)**	(1,765,999)	(3,559,124)
Profit for the period		**1,840,256**	3,560,583	7,135,716
Basic earnings per share	4	**7.8p**	14.5p	29.3p
Diluted earnings per share	4	**7.1p**	12.8p	26.0p

Group balance sheet

30th November 2008

	Note	30th Nov 2008 (unaudited) £	30th Nov 2007 (as restated) (unaudited) £	31st May 2008 (audited) £
Non-current assets				
Property and equipment		835,201	222,083	296,740
Other financial assets		56,796	49,327	52,048
Deferred tax asset		1,083,904	3,205,865	3,208,323
		1,975,901	3,477,275	3,557,111
Current assets				
Trade and other receivables		2,317,177	4,324,836	3,573,214
Available-for-sale financial assets		893,123	2,221,397	1,861,375
Other financial assets		–	163,677	30,335
Cash and cash equivalents		4,152,574	8,103,454	5,498,910
		7,362,874	14,813,364	10,963,834
Current liabilities				
Trade and other payables		(2,865,281)	(3,397,988)	(3,068,821)
Current tax payable		(621,024)	(1,320,525)	(1,487,571)
		(3,486,305)	(4,718,513)	(4,556,392)
Net current assets		3,876,569	10,094,851	6,407,442
Total assets less current liabilities		5,852,470	13,572,126	9,964,553
Non-current liabilities				
Deferred tax		–	(206,218)	(193,177)
Net assets		5,852,470	13,365,908	9,771,376
Capital and reserves				
Called up share capital		255,155	267,777	253,605
Share premium account		1,396,033	1,357,283	1,357,283
Investment in own shares	5	(2,633,932)	(1,682,667)	(2,811,878)
Revaluation reserve		1,028	481,175	450,747
Share option reserve		1,092,597	3,398,906	3,468,673
Capital redemption reserve		14,172	–	14,172
Retained earnings		5,727,417	9,543,434	7,038,774
Total equity		5,852,470	13,365,908	9,771,376

Consolidated statement of changes in shareholders' equity

For the six months ended 30th November 2008

	Share capital £	Share premium account £	Investment in own shares £	Revaluation reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2008	253,605	1,357,283	(2,811,878)	450,747	3,468,673	14,172	7,038,774	9,771,376
Share option exercise	1,550	38,750	177,946	–	–	–	–	218,346
Decrease in fair value	–	–	–	(1,133,488)	–	–	–	(1,133,488)
Impairment	–	–	–	683,769	–	–	–	683,769
Share –based payment	–	–	–	–	(9,386)	–	49,999	40,613
Deferred tax	–	–	–	–	(2,366,690)	–	18,975	(2,347,715)
Profit for the period	–	–	–	–	–	–	1,840,256	1,840,256
Dividends paid	–	–	–	–	–	–	(3,220,587)	(3,220,587)
As at 30th November 2008	**255,155**	**1,396,033**	**(2,633,932)**	**1,028**	**1,092,597**	**14,172**	**5,727,417**	**5,852,470**

	Share capital £	Share premium account £	Investment in own shares £	Revaluation reserve £	Share option reserve £	Capital redemption reserve £	Retained earnings £	Total £
At 1st June 2007	267,777	1,357,283	(1,573,525)	457,471	2,519,442	–	7,685,181	10,713,629
Purchase of own shares	–	–	(301,681)	–	–	–	–	(301,681)
Share option exercise	–	–	192,539	–	–	–	–	192,539
Increase in fair value*	–	–	–	23,704	–	–	–	23,704
Share-based payment	–	–	–	–	81,325	–	–	81,325
Deferred tax	–	–	–	–	798,139	–	–	798,139
Profit for the period	–	–	–	–	–	–	3,586,061	3,586,061
Dividends paid	–	–	–	–	–	–	(1,727,808)	(1,727,808)
As at 30th November 2007	267,777	1,357,283	(1,682,667)	481,175	3,398,906	–	9,543,434	13,365,908

*Net of deferred tax.

Cash flow statement

For the six months ended 30th November 2008

	Note	Six months ended 30th Nov 2008 (unaudited) £	Six months ended 30th Nov 2007 (unaudited) £	Year ended 31st May 2008 (audited) £
Cash flow from operating activities				
Operating profit		3,265,046	4,757,733	9,825,970
Adjustments for:				
(Profit)/loss on disposal of assets		5,417	–	–
Depreciation charges		129,367	67,628	158,474
Share based payment charge		40,614	81,325	141,083
Translation adjustments on investments		(363,102)	72,903	50,223
Cash generated from operations before changes in working capital		3,077,342	4,979,589	10,175,750
(Increase)/decrease in trade and other receivables		1,256,037	(1,711,624)	(960,002)
Increase/(decrease) in trade and other payables		(203,540)	1,235,820	906,653
Cash generated from operations		4,129,839	4,503,785	10,122,401
Interest received		123,929	250,971	438,109
Interest paid		–	–	(1,691)
Taxation paid		(1,976,047)	(1,517,777)	(3,161,783)
Net cash generated from operating activities		2,277,721	3,236,979	7,397,036
Cash flow from investing activities				
Purchase of property and equipment		(673,245)	(96,349)	(261,852)
Proceeds from sale of non-current financial assets		–	14,424	14,424
Purchase of current financial assets		–	(1,115,762)	(1,208,121)
Proceeds from sale of current financial assets		51,529	1,284,288	1,961,075
Net cash generated/(used) in investing activities		(621,716)	86,601	505,526
Cash flow generated/from financing activities				
Proceeds from issue of ordinary share capital		40,300	–	–
Ordinary dividends paid		(3,220,587)	(1,727,808)	(3,237,691)
Purchase and cancellation of own shares		–	–	(4,544,432)
Purchase of own shares by employee share option trust		–	(301,681)	(1,590,642)
Proceeds from sale of own shares by employee share option trust		177,946	192,539	352,289
Net cash used in financing activities		(3,002,341)	(1,836,950)	(9,020,476)
Net increase/(decrease) in cash and cash equivalents		(1,346,336)	1,486,630	(1,117,914)
Cash and cash equivalents at start of period		5,498,910	6,616,824	6,616,824
Cash and cash equivalents at end of period		4,152,574	8,103,454	5,498,910

Notes

1 Basis of accounting

The financial information contained herein is unaudited and does not comprise statutory financial information within the meaning of section 240 of the Companies Act 1985. The information for the year ended 31st May 2008 has been extracted from the latest published audited accounts. The report of the independent auditor on those financial statements contained no qualification or statement under s237(2) or (3) of the Companies Act 1985.

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies are consistent with those set out and applied in the statutory accounts of the Group for the period ended 31st May 2008.

2 Analysis of revenue, operating profit and net assets

The directors consider that the group only undertakes one class of business, and hence only analysis by geographical location is given.

	Six months ended 30th Nov 2008 (unaudited) £	Six months ended 30th Nov 2007 (as restated) (unaudited) £	Year ended 31st May 2008 (audited) £
Revenue			
Europe	1,359,253	1,200,495	2,811,774
North America	8,822,179	10,681,834	21,541,398
Other	263,579	248,993	525,667
	10,445,011	12,131,322	24,878,839
Operating profit			
Europe	662,670	559,013	1,354,136
North America	2,487,275	4,082,231	8,216,889
Other	115,101	116,489	254,945
	3,265,046	4,757,733	9,825,970
Total assets			
Europe	5,381,474	9,996,652	7,082,194
North America	3,847,794	8,164,830	7,320,819
Other	109,507	129,157	117,932
	9,338,775	18,290,639	14,520,945
Total liabilities			
Europe	(453,687)	(474,645)	(526,660)
North America	(2,944,641)	(4,353,239)	(4,126,637)
Other	(87,977)	(96,847)	(96,272)
	(3,486,305)	(4,924,731)	(4,749,569)
Net assets			
Europe	4,927,787	9,522,007	6,555,534
North America	903,153	3,811,591	3,194,182
Other	21,530	32,310	21,660
	5,852,470	13,365,908	9,771,376

3 Impairment of seed investments

Due to the deterioration in market conditions, the Group has recognised an impairment charge of £683,769 against the fair value of its seed investments in new funds in-line with IAS 39.

4 Earnings per share

The calculation of earnings per share is based on the profit for the period of £1,840,256 (31st May 2008 – £7,135,716; 30th November 2007 – £3,560,583) divided by the weighted average of ordinary shares in issue for the six months ended 30th November 2008 of 23,659,415 (31st May 2008 – 24,338,540; 30th November 2007 – 24,553,437).

As set out in note 5 the Employee Benefit Trust held 1,617,650 ordinary shares in the company as at 30th November 2008. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS33 "Earnings per share", the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period of £1,840,256 (31st May 2008 – £7,135,716; 30th November 2007 – £3,560,583) divided by the diluted weighted average of ordinary shares in issue for the six months ended 30th November 2008 of 25,948,467 (31st May 2008 – 27,404,870; 30th November 2007 – 27,853,801).

5 Investment in own shares

Investment in own shares relates to City of London Investment Group Plc shares held by an Employee Benefit Trust on behalf of City of London Investment Group Plc.

At 30th November 2008 the Trust held 1,617,650 ordinary 1p shares (31st May 2008 – 2,013,085; 30th November 2007 – 1,968,085), of which 1,302,625 ordinary 1p shares (31st May 2008 – 1,458,310; 30th November 2007 – 1,857,310) were subject to options in issue.

Notes
Continued

6 Dividends

The final dividend of 13.5p per share in respect of the year ended 31st May 2008 was paid on 21st November 2008.

The interim dividend of 5p per share (2008 – 6p) will be paid on 2nd March to members registered at the close of business on 13th February 2009.

7 General

The interim financial statements for the six months to 30th November 2008 were approved by the Board on 21st January 2009. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to the bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board.

Copies of this statement are available on our website, **www.citlon.co.uk**

Independent review report to City of London Investment Group plc

Introduction

We have been instructed by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th November 2008 set out on pages 7 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The AIM Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This half-yearly financial report has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting".

The maintenance and integrity of the company's website is the responsibility of the directors; the work we have carried out does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the condensed set of financial statements presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Our responsibility

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

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 principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th November 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Moore Stephens LLP
Registered Auditors and Chartered Accountants
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21st January 2009

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