

2008 INTERIM RESULTS

DELIVERING AS ADVERTISED ON SCHEDULE

Regal Petroleum plc ('Regal', 'the Company' or 'the Group'), the AIM-listed (RPT) London based oil and gas exploration and production group, today announces its unaudited results for the six months ended 30 June 2008.

Highlights

Financial:

- Turnover of \$6.7 million is up 3% over the equivalent period last year (2007: \$6.5 million) and was derived entirely from Ukraine gas and condensate sales.
- Realised prices for gas in Ukraine have increased by 38% from those prevailing in 2007.
- Loss before tax cut to \$2.9 million (2007: \$10.0 million).
- Cash held, just after period end, of \$173.9 million, comprising \$134.4 million as at 30 June 2008 plus \$39.5 million (net) raised from a placing on 3 July 2008.
- No debt – borrowings at 31 December 2007 repaid.
- Capital expenditure of \$13.9 million; majority invested in Ukraine field development, drilling and the acquisition of 3-D Seismic on the SV field, plus 2D seismic in Romania for appraisal of the 2007 gas discovery.

Operational:

Ukraine:

- Two brand-new, US built, 2,000 hp top-drive drilling rigs contracted for next five years from Saipem. The first rig arrived in Ukraine in September 2008 with the second expected in early October 2008. These rigs are scheduled to spud the first two new-generation deep wells, targeting the T-sands, before year end.
- 3D seismic acquisition over virtually the whole of MEX-GOL/SV fields now complete and reservoir modelling in advanced state.
- Well MEX 103 spudded in October 2007, reached target depth ahead of schedule in August 2008 and is due to be brought into production in Q4 2008.
- One work-over is already completed and a further two work-overs are on schedule to be completed and brought back into production in Q4 2008.
- On schedule to significantly increase daily production rates by year end.

Romania:

- Following the RBN-4 gas discovery on the Barlad licence (Regal 100%), which tested at a maximum rate of 3.74 MMscf/d, a further 122km of 2D seismic has been acquired and a sizeable trap has been delineated.
- The first of up to three appraisal wells is due to spud by end September 2008. If successful, these wells will be kept as producing wells in a field development plan for 2009. Wells are relatively, shallow, quick to drill and inexpensive.

Egypt:

- The ERB-A-1X oil discovery on the East Ras Budran concession (Regal 25% non-operated) was tied in as production test well in June 2008 and flowed at various rates with assistance of a down-hole pump.



David Greer, Chief Executive Officer, said:

“Regal has delivered what it set out to do in the first half of this year and more. With no debt, a significant cash balance, validated production licences, a completed seismic programme and new powerful top drive rigs in Ukraine plus an exciting appraisal programme in Romania, the Company is well placed to grow production and reserves on schedule in a climate of rising gas prices. We are firmly on track to fully realise Regal’s potential.”

Presentation

A presentation for financial analysts will be held today at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall EC2M 5SY at 12.00 noon.

Definitions

MMboe: million barrels of oil equivalent
MMscf/d: million standard cubic feet per day
bopd: barrels of oil per day
boepd: barrels of oil equivalent per day

In accordance with the guidelines of the AIM market of the London Stock Exchange, Ronan McElroy, PhD Geology, SPE, Chief Technologist of Regal Petroleum plc, is the qualified person that has reviewed the technical information contained in this press release.

For further information, please contact:

Regal Tel: 020 7408 9500
David J Greer, CEO

Strand Partners Tel: 020 7409 3494
Simon Raggett / Rory Murphy

Merrill Lynch International Tel: 020 7996 2629
Andrew Osborne

Mirabaud Securities Tel: 020 7878 3362
Peter Krens / Pav Sanghera

Citigate Dewe Rogerson Tel: 020 7638 9571
Media enquiries: Martin Jackson
Analyst enquiries: Emma Woollaston



CHIEF EXECUTIVE'S REVIEW

I am delighted to present Regal's Interim 2008 Report for the six months ended 30th June, 2008.

In the 2007 Annual Report, I stated that we had entered, arguably, the most significant period in Regal's evolution to date. I am now very pleased to report that during the first half of 2008, the Company has successfully completed and implemented the first phase of its corporate transformation plan. In doing so, Regal has secured a fresh but highly experienced management team and highly credible new additions to the Board of Directors. Also, the Company was able to secure approximately \$206 million of fresh funding against the background of very difficult market conditions. These initiatives and resources have made significant contributions towards strengthening the level of governance within the Company, restoring the Company's pride and the re-branded Regal Petroleum is now well placed to move towards realising its true potential by delivering appraisal and development results in Ukraine, Romania and Egypt.

Operations Review

Ukraine

A comprehensive 3-D seismic survey was successfully completed over the Svyrydivske (SV) field thereby providing essentially complete 3-D seismic coverage over both of Regal's Ukrainian licence areas. These data have since been processed by Regal's specialist consultants and are currently being interpreted and tied into existing well production data sets to create a detailed, high fidelity, sub-surface 3-D model of the entire Ukrainian asset base. The model will enable the Company to target two specific levels of interest in Carboniferous sands viz. the upper "B" sands from where the Company currently produces gas and condensate and the deeper "T" sands that have already tested gas and now need to be fully appraised. The "B" sands are deltaic in origin and together with their intercalated shales, occupy a 450 metre stratigraphic interval at increasing depths from west to east across the fields. All of Regal's current 169 MMboe of 2P Reserves, as calculated and audited independently by Ryder Scott in 2005, reside within this upper section of sands. Regal's objective is to use the newly created sub-surface model and a fleet of new state of the art drilling rigs to increase its reserves base by improving recovery from the "B" sands and by proving, developing and producing the deeper "T" sands. These latter sands have previously been penetrated and cored and all sections perforated produced gas.

The most significant commercial commitment made by the Company during this period was the signing of two contracts with Saipem for the provision of two brand-new, 2,000 hp, top-drive drilling rigs dedicated to Regal for the next five years. These rigs have now been manufactured in the United States and the first rig has arrived and is being imported in Mariupol, Ukraine, while the second is currently being shipped with expected arrival in early October 2008. Preparations to receive these rigs in country and in the field are well advanced with all necessary site approvals and site preparations already completed for the first of the two new rigs. It is expected that both rigs will be ready as planned to spud the first two new generation deep wells before the end of 2008. These rigs (the first of their kind in Ukraine) have the capacity to drill deeper and significantly faster than conventional Ukrainian rigs.



Final stage negotiations for an identical third rig on similar commercial terms and conditions are continuing and this third rig is expected to be ready to spud in mid-2009 thereby adding to the significant anticipated ramp up of drilling capacity and associated production increase during 2009 and beyond.

In the field, a new drilling base and storage yard have been developed and a new larger diameter high pressure gas pipeline, designed to transport the planned increase in gas production, is nearing completion. Long lead items for the first six new generation wells and the high pressure gas pipeline are either secured, or are well advanced in terms of obtaining all required approvals. Considerable progress was also achieved in executing Regal's development drilling and workover campaign. The new development well, Mex-103, was successfully drilled to a target depth of 5258 metres by the end of August 2008 as planned and the first of three work-overs was completed on well Gol-2. The second work-over on the Mex-102 well is currently being executed and all three planned work-overs should be completed before the end of the year. The incremental production expected from all three work-overs plus the new production from the new Mex-103 well, that is due to be flow-tested and brought into production in the fourth quarter 2008, should see a step-change in production rates before the end of the year.

Romania

Following the discovery of a gas accumulation in December 2007, which flowed at 3.74 MMscf/d under test in the 100% owned Barlad license, a further 122 km of 2-D seismic was acquired and processed during the period and a sizeable trap, named Vladnicele, delineated. Up to three appraisal/development wells are planned with the aim of proving up new gas reserves in Romania. The first of these appraisal/development wells is to be spudded before the end of September 2008. Should this well be successful, the first of the remaining two wells will be spudded shortly thereafter. At an approximate depth of only 800 metres, the targets are shallow and therefore drilling costs are relatively inexpensive and drilling times are short. Regal's objective is to prove up the size of the identified Vladnicele gas discovery and to assess the commerciality of early development by exporting any gas produced via the Roman gas field infrastructure that is located only some 18 km to the west of this discovery.

Egypt

The oil discovery made last year was tied-in as a production test well in June 2008. This test well has performed at various flow rates with the assistance of a down-hole pump. The well was stimulated in August 2008 to enhance production and preparations are currently being undertaken to bring the well back on production.

Board Changes

As previously announced, Mr Keith Henry joined the Board as non-executive Chairman on 15th April 2008 and Mr Robert Wilde as Finance Director on 1st May 2008. Corporate governance was further strengthened by the appointment of Mr Adrian Coates as a non-executive Director on 18th July 2008. Mr Coates will chair the Audit Committee.



Outlook

Regal is well positioned and resourced to continue delivering results in accordance with the transformation plan set out at the start of the year. As a result of the recent drilling and work-over activity in Ukraine, production is expected to rise significantly. With plans well advanced to receive and deploy the new state of the art Saipem rigs, production should continue to rise significantly during 2009. This production growth coupled with the continuing rising trend in Ukrainian gas prices presents the Company with an excellent opportunity to finally realise the true potential and value of its Ukrainian asset base. Appraisal and development efforts in Romania will also continue and, if successful, could lead to a material addition to the Company's reserves base in 2009. Regardless of the outcome of the Romanian appraisal efforts, the Company plans to prepare a revised independent assessment of its entire corporate reserves base in mid 2009.

David J. Greer OBE
Chief Executive Officer
25th September 2008



FINANCE REVIEW

Revenue for the period, at \$6.7 million, is up 3% over the same period last year and the operating loss has reduced from \$10.3 million to \$4.9 million. Regal recorded a loss before tax for the period of \$2.9 million, which contrasts with the loss of \$10.0 million for the same period last year.

Although production, as expected, reached its lowest point this year prior to the new wells and workovers being completed, the effect of reduced volumes is more than offset by the increase in realised prices. Average gas and condensate prices achieved in the period were \$193 per thousand cubic metres and \$95 per barrel, respectively, compared to \$142 and \$55 in 2007. With the drilling of the Mex-103 well during the period, production volumes are expected to increase when this well is completed and tied-in by the fourth quarter 2008. Production is expected to increase further still as each of the three work-over wells is brought on stream in the second half of the year. Consequently, average daily production is anticipated to rise significantly in the coming months and expectations are that the gas price will see a further material rise from the beginning of 2009.

The operating loss of \$4.9 million is after providing \$4.0 million under IFRS 2 for share-based payments for the period and crediting \$4.6 million in foreign exchange gains. Exploration costs of \$1.0 million written off during the period, in accordance with our successful efforts accounting policy, relate to the ERB-B-2X well in Egypt and the RBN- 3 well in Romania.

Capital expenditure for the period totalled \$13.9 million. The majority relates to investment in Ukrainian field development, drilling and the acquisition of 3-D seismic over the SV field. In addition this expenditure includes the acquisition of 100 km of 2-D seismic in Romania aimed towards the appraisal of the 2007 gas discovery.

The Company raised \$165 million (gross) following the placement in February 2008 of 56,440,000 ordinary shares at 150 pence per share. \$10.5 million was used to discharge the loan outstanding at 31st December 2007. The Company currently has no outstanding loans. Cash held at 30 June 2008 was \$134.4 million. A further \$40.9 million (gross) was raised just after the end of the period, on 3rd July 2008, by the placing of a further 8,376,840 ordinary shares at 245 pence per share. These additional funds increased the cash balance, after deducting placing costs, to \$173.9 million on this date.

Principal Risks and Uncertainties

For the remainder of the year and beyond, Regal faces a number of risks and uncertainties. Specific challenges comprise:

Risks relating to the Ukraine, Romania and Egypt

Emerging markets such as the Ukraine and Romania are subject to greater risks than more developed markets including, legal, economic and political risks. Such economies may also be subject to rapid change and the Group needs to continue to adapt and adjust, as needed, relatively quickly.



Although both of these economies endured difficult times during the 1990s - largely because of the transition to a market economy and the close, former ties to the Russian economy - many recent changes have been encouragingly positive. Romania is already a member of the European Union, whilst Ukraine continues to hold positive aspirations in this regard.

In Ukraine, with domestic production of gas in decline, other sources of gas are needed. Ukraine imports the majority of its gas needs from Russia and Turkmenistan. The price of the gas and condensate that the Company realises broadly, and indirectly, correlates over time to the price of oil. The Ukrainian Government periodically sets the maximum price that can be charged. This price has risen sharply in recent years to its current level approaching \$200 per thousand cubic metres and is a function of the price sold into Ukraine from Russia (the majority of Ukraine's consumption is derived from Russia). The Russian price is effectively at a discount to the net-backed (for transport) European border price. The widely held view is that (i) the European border price will rise significantly in the near term and (ii) that the discount for Ukraine will be reduced. Both of these suggest that the price realised for Regal's gas will, correspondingly, rise in the coming year. Such a rise would enhance the Ukrainian project's economic value. There is a risk, however, that a significant fall in world oil prices would have the converse effect. However, the current price achieved for Regal's gas sales in Ukraine implies an oil price that is somewhat below current world prices even before the Ukrainian discount is applied. As is common practise worldwide, the Ukrainian Government may periodically review royalty rates charged on hydrocarbons produced.

Egypt has a long and established track record of foreign investment into the country's oil sector. Whilst the current Government remains in power, the political risks posed in this country are not currently considered to be significant.

Risks relating to further development and operation of the gas field in Ukraine

One of the more tangible risks to successful and timely delivery of the Ukrainian project relates to the Company's ability to execute its aggressive field development plan whilst maintaining control over cost. This is the first time that drilling will have been performed in the Ukraine using such high-specification rigs and with the proposed degree of western style support services. In the short term, the challenge is to ensure the arrival, in-country and on time, of the two new rigs from Saipem and their mobilisation to the first well locations ready for spudding before the year end. These rigs have already been manufactured and one has arrived in Mariupol, Ukraine while the other is currently in transit from the United States to Ukraine. Regal has, for internal planning purposes, developed its field economics on the basis of long term average well costs, but has, prudently, assumed that the first few wells will be more expensive than this long term average as the new rig teams strive to achieve learning curve savings.

Exchange rate risk

The exchange rate volatility between US Dollars, Euros and Sterling has, over recent months, presented a number of uncertainties. Cash is held on deposit across all three currencies with a weighting towards the most likely funds required.



Outlook

Regal has, so far this year, delivered what it set out to do. With no debt and a significant cash balance, the Company is well placed to increase production and reserves in the near term, on schedule, in a climate of rising gas sales prices thus realising its true potential.

Robert Wilde
Finance Director
25th September 2008



Regal Petroleum plc

Condensed Consolidated Income Statement for the period ended 30 June 2008

		6 months 30-Jun-08 (unaudited) \$'000	6 months 30-Jun-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
	<i>Notes</i>			
Revenue	2	6,656	6,473	14,264
Cost of sales		(2,806)	(2,704)	(5,372)
Gross profit		3,850	3,769	8,892
Exploration costs written off		(997)	-	(2,266)
Share based charge		(3,954)	(7,337)	(7,489)
Other administrative expenses		(3,806)	(7,440)	(21,051)
Total administrative expenses		(8,757)	(14,777)	(30,806)
Other operating income		-	697	830
Operating loss		(4,907)	(10,311)	(21,084)
Sale of investment		-	-	1,475
Finance revenue		2,536	267	424
Finance costs		(503)	-	(427)
Loss on ordinary activities before taxation		(2,874)	(10,044)	(19,612)
Income tax expense		(455)	(394)	(2,423)
Loss for the financial period		(3,329)	(10,438)	(22,035)
Loss per ordinary share (cents)				
Basic and diluted	3	(1.8)	(8.1)	(16.2)

All amounts for the six months ended 30 June 2008 and 2007 and twelve months ended 31 December 2008 relate to continuing activities.

The notes on pages 13 to 15 form part of these interim accounts.



Regal Petroleum plc

Condensed Consolidated Balance Sheet as at 30 June 2008

		6 months 30-Jun-08 (unaudited) \$'000	6 months 30-Jun-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
	<i>Notes</i>			
Assets				
Non-current assets				
Intangible assets	4	29,532	23,711	25,992
Property, plant and equipment	5	47,882	32,168	33,561
		77,414	55,879	59,553
Current assets				
Inventories		252	63	297
Trade and other receivables	6	9,576	1,759	2,159
Cash and cash equivalents		134,370	9,440	5,565
		144,198	11,262	8,021
Total assets		221,612	67,141	67,574
Liabilities				
Current liabilities				
Trade and other payables		(4,623)	(2,601)	(10,737)
Borrowings		-	-	(8,625)
		(4,623)	(2,601)	(19,362)
Net current assets/(liabilities)		139,575	8,661	(11,341)
Non-current liabilities				
Creditors		(38)	(33)	(41)
Provisions		(1,200)	(1,736)	(1,283)
Deferred tax		(1,662)	-	(1,233)
		(2,900)	(1,769)	(2,557)
Total liabilities		(7,523)	(4,370)	(21,919)
Net assets		214,089	62,771	45,655
Equity				
Called up share capital		18,205	12,379	12,378
Share premium account		423,404	265,899	265,899
Other reserves		18,795	18,199	12,681
Profit and loss account		(246,315)	(233,706)	(245,303)
Total equity	7	214,089	62,771	45,655

The notes on pages 13 to 15 form part of these interim accounts.



Regal Petroleum plc

Condensed Consolidated Cash Flow Statement for the period to 30 June 2008

		6 months 30-Jun-08 (unaudited) \$'000	6 months 30-Jun-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
	<i>Notes</i>			
Cash generated from operations	8	(8,202)	(844)	(7,389)
Interest received		2,515	263	366
Interest paid		(160)	-	(59)
Taxation paid		(315)	(274)	(962)
Net cash from operating activities		(6,162)	(855)	(8,044)
Investing activities				
Proceeds from sale of investment		-	-	1,475
Proceeds from sale of intangible fixed assets		-	-	40
Proceeds from sale of property, plant and equipment		-	-	2
Purchase of intangible assets		(5,119)	(2,112)	(4,535)
Purchase of property, plant and equipment		(16,688)	(1,256)	(5,709)
Net cash from investing activities		(21,807)	(3,368)	(8,727)
Financing activities				
Proceeds from borrowings		1,500	-	9,000
Repayments of borrowings		(10,500)	-	-
Proceeds from issue of equity		169,751	655	655
Payment for share issue costs		(7,896)	-	-
Payment for debt issue costs		(52)	-	(671)
Net cash from financing activities		152,803	655	8,984
Net increase/(decrease) in cash and cash equivalents		124,834	(3,568)	(7,787)
Cash and cash equivalents at beginning of period		5,565	13,048	13,048
Effect of foreign exchange rate changes		3,971	(40)	304
Cash and cash equivalents at end of period		134,370	9,440	5,565



Regal Petroleum plc

Condensed Consolidated Statement of Recognised Income and Expense for the six months ended 30 June 2008

	6 months 30-Jun-08 (unaudited) \$'000	6 months 30-June-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
Loss for the financial period	(3,329)	(10,438)	(22,035)
Equity – foreign currency translation	4,477	1,593	(269)
Total recognised income and expense for the period	1,148	(8,845)	(22,304)



Regal Petroleum plc

Notes to the condensed consolidated financial statements

1 Basis of preparation

The interim financial report has been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting policies and methods of computation used in the interim report are consistent with those used in the Group 2007 annual report.

The interim financial information for the six months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and section 434 of the Companies Act 2006. The auditors have carried out a review of the interim financial information for the period ended 30 June 2008 and their report is shown on page 16.

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified.

2 Segment information

Geographical segments

The Group's operations are located in Ukraine, Romania and Egypt, with its head office in the United Kingdom and form the basis on which the Group reports its primary segment information.

Six months ended 30 June 2008 (unaudited)	Ukraine \$'000	Other \$'000	Group \$'000
Gas and condensate sales	6,656	-	6,656
Operating profit/(loss)	3,560	(8,467)	(4,907)
Six months ended 30 June 2007 (unaudited)	Ukraine \$'000	Other \$'000	Group \$'000
Gas and condensate sales	6,473	-	6,473
Operating profit/(loss)	1,736	(12,047)	(10,311)
Year ended 31 December 2007	Ukraine \$'000	Other \$'000	Group \$'000
Gas and condensate sales	14,264	-	14,264
Operating profit/(loss)	4,578	(25,662)	(21,084)



Regal Petroleum plc

Notes to the condensed consolidated financial statements

Business segment

The Group has one principal business activity being oil and gas exploration and production. There are no inter-segment sales within the Group and all products are sold in the geographical region they are produced in.

3 Loss per ordinary share

The calculation of basic loss per ordinary share has been based on the loss for the period and 184,877,567 ordinary shares, being the average number of shares in issue for the period to 30 June 2008. As the exercise of options would be anti-dilutive they have been excluded from the computation of diluted loss per share.

4 Intangible assets

Exploration and evaluation assets

During the six months ended 30 June 2008, the Group incurred expenditure of \$3,222,000 (2007: \$1,249,000).

Foreign exchange movements

During the six months ended 30 June 2008, the intangible assets balance increased by \$1,309,000 (2007: \$1,810,000) due to movements in foreign exchange.

Unsuccessful exploration and evaluation

During the six months ended 30 June 2008, exploration costs of \$997,000 (2007: \$nil) were expensed as a result of unsuccessful well results.

5 Property, plant and equipment

Development and production assets

During the six months ended 30 June 2008, the Group incurred expenditure of \$10,666,000 (2007: \$3,397,000).

Foreign exchange movements

During the six months ended 30 June 2008, the plant and equipment balance increased by \$3,652,000 (2007: \$531,000 decrease) due to movements in foreign exchange.

6 Trade and other receivables

Included within trade and other receivables is an advance payment of \$5,405,000 for casing and tubulars required for future drilling activities.

Regal Petroleum plc

Notes to the condensed consolidated financial statements



7 Reconciliation of movements in Group total equity

	6 months 30-Jun-08 (unaudited) \$'000	6 months 30-June-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
Opening Group total equity	45,655	63,624	63,624
Loss for the period	(3,329)	(10,438)	(22,035)
Issued shares	163,332	655	654
Share based charge	3,954	7,337	3,143
Exchange differences	4,477	1,593	269
Closing Group total equity	<u>214,089</u>	<u>62,771</u>	<u>45,655</u>

8 Reconciliation of operating loss to operating cash flow

	6 months 30-Jun-08 (unaudited) \$'000	6 months 30-June-07 (unaudited) \$'000	12 months 31-Dec-07 (audited) \$'000
Operating loss	(4,907)	(10,311)	(21,084)
Depreciation, amortisation and impairment charges	460	549	1,162
Exchange differences	(4,210)	54	189
Movement in provisions	(430)	786	333
Decrease/(increase) in inventories	45	(26)	(260)
Decrease in trade and other receivables	312	468	1,189
(Decrease)/increase in trade and other payables	(4,423)	299	5,673
Share option charge	3,954	7,337	3,143
Exploration costs written off	997	-	2,266
Net cash generated from operations	<u>(8,202)</u>	<u>(844)</u>	<u>(7,389)</u>

9 Capital commitments

Whilst the Company has amounts contracted over the next five years in relation to the Ukraine field development totalling approximately \$197 million, a significant proportion relates to drilling rig contracts. Under these agreements the Company has the ability to sub-contract these rigs at any time, thereby mitigating any exposure. Management is confident that, should the need arise, such a course of action will be readily available, given the market demand. It also has the right to terminate these contracts after a shorter period (subject to termination provisions).



INDEPENDENT REVIEW REPORT TO REGAL PETROLEUM PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the consolidated Income Statement, the consolidated Balance Sheet, the consolidated Cashflow Statement, the consolidated Statement of Recognised Income and Expense and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

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

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

Our Responsibility

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

Conclusion

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

UHY Hacker Young LLP

Chartered Accountants
London
25th September 2008