

WH Ireland Group Plc
(“WH Ireland” or “the Group”)

Preliminary Results for the year ended 30 November 2009

WH Ireland (AIM: WHI) is an established financial services group with two distinct segments, private wealth management and securities.

Key Points

- Group turnover on continuing operations decreased by 8.2% to £24.6m (2008: £26.8m), reflecting difficult trading conditions in the financial markets
- Operating loss of £1.8m on continuing operations includes £0.7m of non-recurring charges
- Restructuring programme implemented in 2009 is expected to yield an annualised cost reduction of £2.1m
- Loss before tax on continuing operations of £2.1m (2008: £2.5m)
- Total basic loss per share of 9.79p (2008: loss per share of 13.45p)
- Equity shareholders' funds before minority interests decreased by 15.0% to £14.1m (2008: £16.6m) representing approximately 66p per share on the increased share capital (2008: 85.8p)
- Part disposal of shareholding in loss-making Australian business realising £0.4m profit on disposal
- Total funds under management and control in the UK increased to £1.18bn (2008: £1.13bn)

Richard Ford, Chief Executive, said today:

“The year under review was a particularly difficult one for the stockbroking community but I am pleased to say that WH Ireland has come through it in good shape. Our restructuring programme has reduced our cost base in line with our business objectives, leaving us well placed to take advantage of any improvement in economic conditions.”

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Chairman's statement

Results and Dividend

The result for the full year is an operating loss from continuing operations of £1.8m stated after charges for non-recurring items of £0.7m. The overall loss from continuing operations before tax is £2.1m. This compares with a loss from continuing operations before tax of £2.5m for the last financial year and is a consequence of the ongoing very inclement conditions which prevail in both the real economy and in the financial markets. During the year, the Group disposed of a significant proportion of its holding in its Australian associate. Accounting rules state that we are no longer required to consolidate the performance of this associated holding. However, since the disposal did not take place until the end of the year under review, the associated holding did contribute to the Group's performance for 11 months of the period in question. The Consolidated Income Statement discloses the performance of the Group with the results of the discontinued operation shown separately. A more detailed analysis of these results is to be found in the Chief Executive's Report which follows my statement.

Due to the operating loss incurred in the year and the continuing challenging conditions, your Directors consider that the payment of a dividend is not justified this year.

Strategy

The overriding aim is to establish a leading financial services group with a strong shareholder base, which attracts both new customers and revenue generators through its market reputation and quality of service. It is the Board's strategy to focus on its two primary business areas: Private Wealth Management, incorporating stockbroking, portfolio management financial planning and asset management, and Securities, incorporating corporate finance, corporate broking, research and institutional sales. We will endeavour to grow these two primary business areas in parallel, to achieve a similar contribution to the Group's profitability from both areas.

This strategy will be implemented by continuing to grow the business organically, through acquisitions and via strategic partnerships.

Trading

Trading conditions remain varied and difficult but there are significant signs of improvement. There may still be further turbulence ahead and consequently, we continue to position your Company in a conservative manner from a cost perspective. Our management team has taken action both to realign our cost base to one that is more appropriate for a business of our size and to build an accountable and responsible management structure which will help to ensure that costs will remain under tight control. Trading continued to suffer through the period due to the unprecedented collapse of the world's banking system.

Australia

We maintain a keen interest in our Australian associate and I am very pleased that its management team has secured the business's future by acquiring the majority of the 39.3% sold by the Company during the year. We now own 37.3% of the business, keeping us closely involved but not running it from the other side of the world. The local management team is now fully aligned with us in seeking to achieve considerable success for the business and returning it to profitability as soon as possible. The part-disposal of our shareholding has resulted in the investment being reclassified as an associate and the Group results for the year reflect this change through the reporting of losses arising from discontinued operations.

Retirement of Director

The Board has been notified by John Padovan that, as he is approaching his 72nd birthday, he will not be seeking re-election at the forthcoming AGM. The Board reluctantly accepts John's decision to retire and would like to express its thanks and gratitude for his service to the Group.

Outlook

We remain cautious in our outlook, particularly with an impending election and the possible change of Government. With this further uncertainty in mind, it is likely that markets will continue to be volatile and whilst wealth preservation remains key, it is increasingly difficult to achieve in a low interest environment. However, we have a well managed business on a solid footing with an appropriate cost base and are working hard to protect and enhance the interests of our clients, both private and corporate.

I would like to thank all my colleagues for supporting our Company and "staying the course" through what has been a difficult year. They have all shown immense dedication, commitment and loyalty and I thank them all.

Rupert Lowe
Chairman

Chief Executive's Report

Overview

Our loss from continuing operations before taxation of £2.1m (compared to a like-for-like loss in the prior year of £2.5m) reflects a reduction in turnover, the costs of restructuring (which are approximately £0.7m) and an impairment of our available for sale investments of £0.3m.

As has been noted in the Chairman's report, the disposal of a significant proportion of the Group's investment in our Australian associate has necessitated the reporting of the losses arising in Australia as a discontinued operation. On a combined basis, taking the results of the continuing operation with the 11 months of trading from the discontinued operation, the loss before tax is £2.4m compared to £4.0m in the corresponding period last year.

The year under review was a particularly difficult one for the stockbroking community. I am pleased to say however, that WH Ireland has come through it in good shape. This is due to a number of factors. We took an early decision to implement a prudent but wide ranging and effective cost management programme across the business. Secondly, we defined, communicated and focused on a clear and simple strategy. At the same time we have worked to ensure our balance sheet is clean and appropriate for the business. This has resulted in the realisation of some non-core assets to focus on cash. I am pleased to say that as a result of these measures, your Company is very well placed to take advantage of any improvement in economic conditions.

Our overall turnover on continuing operations is down 8.2% on last year. This compares with a reduction of 17.9% on continuing operations for the previous period. Our cost management programme was appropriate and implemented in a timely fashion and whilst much of the reduction in turnover is due to the ongoing drought of IPO opportunities on the AIM market, it also reflects a general lack of confidence in the market as a whole.

During the year, we reduced our holding in WH Ireland Australia Pty Ltd, our Australian associate, from 76.6% to 37.3%. The share disposal was almost entirely taken up by the local management team, satisfying our objective of ensuring we have an appropriately motivated local team to take this business forward successfully. We remain committed to maintaining a minority holding and still have ongoing and close relationships with our Australian colleagues. However, the need for UK based management input into a business on the other side of the world has reduced correspondingly.

We are focusing our efforts on rebuilding our turnover and profitability. To this end, we have set challenging but achievable objectives for the year ahead and have created a cost base commensurate with those objectives. We believe that we have established a structure and a culture to achieve success.

Restructuring

This has been a "turnaround" year for your Company. The restructuring programme had at its heart the need to create a cost base that was suitable for a business of our size. Having defined the strategy for the business, it was important to ensure the whole of our team understood the direction of travel, so that (sometimes painful) decisions could be viewed in perspective. As mentioned above, the restructuring programme has resulted in charges in the year under review of approximately £0.7m but it is anticipated that these actions will result in a total reduction of our cost base of approximately £2.1m per annum in the new financial year and beyond.

Our headcount through the year has reduced by 43 in total. We have parted company with some friends and colleagues who have been associated with the Company for many years. I wish them all well for the future and for those that remain, I would like to thank them all for their patience and tolerance through what has been a very challenging year. I hope and believe that the need for further headcount reduction is now behind us.

As part of our strategic review, one particular area that we examined in some detail was our back office and administration team. It is all too easy in the financial services world to assume that outsourcing is a panacea. Whereas on the surface it may appear attractive, a close understanding shows that this activity is an asset which both differentiates us from many of our competitors and which our clients especially appreciate. We are able to provide a close and efficient level of service. Whilst reducing the balance sheet cost of such a service might appear attractive superficially, a jewel in our crown would be lost. Our decision to keep our back office has led to a programme of development and investment, including the recruitment of a highly experienced leader in Alan Kershaw (the new Operations Director in our main subsidiary) to take this business unit forward. Our clear objective for this team is to build on its successes by acquiring further external administrative clients and to develop into a stand alone profit centre. I am delighted that Alan has joined our team and his appointment is already yielding benefits.

Alan is the latest in a series of senior management appointments that have seen the entire team renewed since my appointment in September 2008. I believe we now have a unified, professional and focused team capable of taking advantage of the enhanced platform that has been developed. Our culture of transparency, trust and openness is being further encouraged.

Securities

Our securities business incorporates Corporate Finance, Corporate Broking, Research and Institutional Sales.

At the year end, we acted for 64 companies; 58 of which are on AIM, 3 PLUS market companies, 2 ASX companies and 1 fully listed.

We acted on a total of 15 transactions through the period and have in the past six months developed a significant pipeline of new business. The principal difference in total fees earned during the year is more or less entirely attributable to the dearth of capital raising transactions. During 2007/8 we acted on 20 transactions.

Like all stockbrokers, we have been exposed to the vagaries of the stock market cycle and have, in the past, enjoyed a strong performance when we successfully raised large amounts of capital for our client companies. This year we have therefore been developing other income streams that are not so dependent on those stock market cycles. In particular, we have developed our mergers and acquisitions (M&A) capability, our access to debt financing for client companies and are pursuing a sectoral approach, led by our strong research team, to develop a reputation for excellence in key areas. This is a slow and careful process, but we are already starting to see the benefits from this diversification, as prospective clients appreciate that we can offer a broad ranging service. These additional strings to our bow will be of value in any event but will aid our continuing and increasingly successful attempts to increase revenue into the business. As the economy starts to recover, we are looking to add to our institutional sales and distribution capabilities to further enhance our competitive position.

Private Wealth Management

Our Private Wealth Management business incorporates Private Client Stockbroking, discretionary and advisory Portfolio Management, Fund Management and Financial Planning. Lindsey Hamilton was appointed as Head of Wealth Management in September 2009 to implement the strategy outlined in last year's annual report and accounts. She brought with her a team of Financial Planners who have already made a positive impact to the business, as well as a structured approach to enhancing the connection between our private clients and our broad range of services and expertise. Having successfully restructured the Group, we are about to embark on a marketing campaign to raise the profile of this part of the business and to take advantage of the current and anticipated demographic and regulatory changes. In this respect, where others may struggle, I believe we are well positioned to benefit from the Retail Distribution Review. Stockbroking remains at the heart of everything we do and we are setting ourselves challenging objectives to broaden our Wealth Management business to appeal to the mass affluent marketplace as well as our existing client base.

Our assets under management within the UK have risen since last year and now stand at £1,178m, an increase of 4.5% on last year end and testament to the loyalty of our client base through a difficult year. We are also experiencing positive inflows from our third party administration clients and our nascent fund management business.

Going concern

The Directors believe that the Group has adequate resources to continue to trade for the foreseeable future and thus they continue to adopt the going concern basis in preparing the financial information.

Investment book

Our investment in Ultimate Finance plc, an invoice discounting business, continues to perform comparatively well in an economic environment that is beneficial for its business plan.

Available-for-sale Investments

It is disappointing to note that, whilst making a significant contribution to Group profitability in previous years, the value of our investments book continues to be under pressure and has again not made a significant contribution this year (contributing a loss of £0.3m).

The future

I stated at this point last year that "the general economic outlook is not rosy and stockbroking businesses will continue to be affected in the near to medium term." I believe this statement is as relevant now as it was twelve months ago but with some important differences. Your Company is now managed on a sound cost basis to ensure its continuing stability; our balance sheet remains clean and appropriate for our business; there are genuine signs of improvement in the corporate pipeline within our Securities business; the Wealth Management proposition is defined, clear and is about to be rolled out to our existing and new clients; we have a committed, loyal and stable Board, management team and workforce; and there are signs of some general improvement in the wider economic environment.

A business like ours relies on its people. This may appear to be a trite phrase but it has never been more true than now, when our corporate and private clients rightly deserve and expect an ever closer relationship with your Company and its team. We thrive when our clients thrive and we suffer when they do. I would like to take this opportunity to thank all of my colleagues for their immense contribution over the past twelve months. I am proud

to be associated with each and every one of the WH Ireland team. I thank them all and I look forward to working with them to continue to secure a successful future for the Company.

Richard Ford
Chief Executive

Financial information

Consolidated income statement For the year ended 30 November 2009

	Note	Discontinued Operations 2009 £'000	Continuing Operations 2009 £'000	Discontinued Operations 2008 £'000	Continuing Operations 2008 £'000
Revenue	2	5,077	24,618	5,776	26,816
Administrative expenses		(5,825)	(26,449)	(6,427)	(27,423)
Operating loss		(748)	(1,831)	(651)	(607)
(Loss)/Profit on disposal of available-for-sale investments		—	—	(13)	706
Profit on disposal of other investments		68	3	—	—
Fair value gains/(losses) on investments		—	37	(890)	(2,278)
Impairment losses on available-for-sale investments	6	—	(303)	—	(406)
Income from investments		—	29	—	46
Profit on sale of discontinued operations		382	—	—	—
Finance income		25	84	76	360
Finance expense		(7)	(192)	(59)	(319)
Share of profit of associates		—	93	—	16
Loss before taxation		(280)	(2,080)	(1,537)	(2,482)
Taxation	3	64	183	505	796
Loss after taxation		(216)	(1,897)	(1,032)	(1,686)
Loss relating to discontinued operations			(216)		(1,032)
Total loss for the period			(2,113)		(2,718)
Attributable to:					
<i>Minority interest:</i>					
Discontinued operations			(38)		(117)
<i>Equity shareholders of the parent:</i>					
Discontinued operations			(178)		(915)
Continuing operations			(1,897)		(1,686)
			(2,113)		(2,718)
Basic earnings per share					
	5				
Continuing operations			(8.95)p		(8.72)p
Discontinued operations			(0.84)p		(4.73)p
			(9.79)p		(13.45)p
Diluted earnings per share					
	5				
Continuing operations			(8.95)p		(8.72)p
Discontinued operations			(0.84)p		(4.73)p
			(9.79)p		(13.45)p

Consolidated statement of recognised income and expense
For year ended 30 November 2009

	Note	Group	
		Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Foreign exchange translation differences relating to the translation of foreign operations	8	608	(133)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		40	(443)
Net income/(expenses) recognised directly in equity		648	(576)
Loss for the year		(2,113)	(2,718)
Total recognised income and expense for the year		(1,465)	(3,294)
Attributable to:			
Minority interest		42	(110)
Equity shareholders of the parent		(1,507)	(3,184)
		(1,465)	(3,294)

Consolidated balance sheet
As at 30 November 2009

	Note	Group	
		30 November	30 November
		2009	2008
		£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment		6,813	7,323
Goodwill		2,909	3,430
Intangible assets		321	587
Associates		1,963	880
Investments	6	1,514	1,847
Loan notes receivable		310	310
Deferred tax asset		643	762
		14,473	15,139
Current assets			
Trade and other receivables		42,673	261,284
Other investments		855	98
Corporation tax recoverable		42	—
Cash and cash equivalents	7	4,258	5,759
		47,828	267,141
Total assets		62,301	282,280
LIABILITIES			
Current liabilities			
Trade and other payables		(44,628)	(246,881)
Bank overdraft	7	—	(11,600)
Borrowings		(419)	(872)
Provisions		—	(199)
Corporation tax provision		—	(366)
		(45,047)	(259,918)
Non-current liabilities			
Borrowings		(2,426)	(2,747)
Deferred tax liability		(273)	(250)
Accruals and deferred income		(297)	(2,215)
Liability for put and call options		—	(183)
Provisions		(147)	(160)
		(3,143)	(5,555)
Total liabilities		(48,190)	(265,473)
Total net assets		14,111	16,807
EQUITY			
Share capital	8	1,064	1,054
Share premium	8	5,724	5,633
Available-for-sale reserve	8	210	170
Revaluation reserve	8	667	667
Foreign exchange reserve	8	—	31
Other reserves	8	1,472	1,472
Retained earnings	8	5,261	7,847
Treasury shares	8	(287)	(287)
Total equity attributable to equity holders of the parent		14,111	16,587
Minority interest		—	220
Total equity		14,111	16,807

Consolidated cash flow statement
For year ended 30 November 2009

	Group	
	Year ended	Year ended
	30 November	30 November
	2009	2008
	£'000	£'000
Note		
Operating activities		
Loss for the year	(2,113)	(2,718)
Adjustments for:		
Depreciation, amortisation and impairment	1,151	1,099
Finance income	(109)	(436)
Finance expense	199	378
Taxation	3 (247)	(1,301)
Share of profit of associates	(93)	(16)
Changes in investments	507	2,881
Gain on sale of discontinued operations	(382)	—
Gain on sale of property, plant and equipment	(171)	(21)
Non-cash adjustment for share option charge	97	65
Decrease/(Increase) in trade and other receivables	211,533	(161,765)
(Decrease)/Increase in trade and other payables	(198,237)	145,858
Increase in current asset investments	(757)	(98)
Exchange adjustments	548	—
Tax paid	(728)	(319)
Net cash generated from/(used in) operating activities	11,198	(16,393)
Investing activities		
Proceeds from sale of property, plant and equipment	250	210
Proceeds from sale of investments	—	1,993
Interest received	109	436
Disposal of subsidiary, net of cash acquired	(218)	—
Purchase of associates	(32)	(40)
Acquisition of property, plant and equipment	(203)	(227)
Acquisition of investments	6 (133)	(480)
Income from investments	—	46
Purchase of loan notes	—	(310)
Net cash (used in)/generated from investing activities	(227)	1,628
Financing activities		
Proceeds from issue of share capital	8 101	3,059
Dividends paid	—	(573)
Decrease in borrowings	(774)	(230)
Interest paid	(199)	(347)
Net cash (used in)/generated from financing activities	(872)	1,909
Net increase/(decrease) in cash and cash equivalents	10,099	(12,856)
Cash and cash equivalents at beginning of year	(5,841)	7,018
Effect of foreign exchange movements	—	(3)
Cash and cash equivalents at end of year	7 4,258	(5,841)
Clients' settlement cash	1,969	(8,055)
Group cash	2,289	2,214
Cash and cash equivalents at end of year	7 4,258	(5,841)

1. Principal accounting policies

The financial information set out in this announcement has been prepared in accordance with the recognition and measurement principles of IFRS as endorsed for use in the European Union.

The financial information set out in this announcement does not constitute the group's statutory accounts for the year ended 30 November 2009 or the year ended 30 November 2008 under the meaning of s434 Companies Act 2006, but is derived from the 2009 annual report and accounts.

Statutory accounts for the years ended 30 November 2008 and 30 November 2009 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for year ended 30 November 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The Independent Auditors' Report on the accounts for the year ended 30 November 2008 referred to a matter concerning the company's ability to continue as a going concern to which the auditors' drew attention by way of emphasis without qualifying their opinion.

Statutory accounts for the year ended 30 November 2008 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 November 2009 will be delivered to the Registrar in due course.

2. Segment information

The primary segment reporting format is determined to be business segments. For management purposes, the Group is organised into two business streams which reflect the nature of the Group's services, client base and risk profile. Secondary information is reported geographically.

a. Business segments

For management purposes, the Group is currently organised into the two business streams, presented below, which are the primary basis of segment reporting. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Private Wealth Management comprises the activities of private client stockbroking, investment management and independent financial advice. Securities consists of corporate finance services, research and institutional stockbroking.

The following tables present revenue and profit and certain assets and liabilities information regarding the Group's business segments.

Year ended 30 November 2009

	Private Wealth		Group £'000
	Management £'000	Securities £'000	
Revenue	26,801	2,894	29,695
Segment result	5,336	(1,164)	4,172
Profit on disposal of other investments	—	—	71
Fair value gains on investments	—	—	37
Impairment losses on available-for-sale investments	—	—	(303)
Income from investments	—	—	29
Profit on disposal of discontinued operations	—	—	382
Finance income	—	—	109
Finance expense	—	—	(199)
Share of profit of associates	—	—	93
Unallocated net corporate expenses	—	—	(6,751)
Loss before taxation	—	—	(2,360)
Taxation	—	—	247
Loss on continuing operations after taxation	—	—	(2,113)
Segment assets	44,773	1,846	46,619
Unallocated corporate assets	—	—	15,682
Total Group assets	—	—	62,301
Segment liabilities	38,346	308	38,654

Unallocated corporate liabilities	—	—	9,536
Total Group liabilities	—	—	48,190

Revenue includes the following for discontinued operations:

Private Wealth Management	- £4.64m (2008: £4.85m)
Securities	- £0.26m (2008: £.067m)

Other segment items:

	Unallocated	Private Wealth	Securities	Group
	corporate items	Management		
	£'000	£'000	£'000	£'000
Capital expenditure	212	—	—	212
Depreciation and amortisation	637	—	—	637
Other non-cash expenses	—	—	—	—

Year ended 30 November 2008

	Private Wealth		Group
	Management	Securities	
	£'000	£'000	£'000
Revenue	27,247	5,345	32,592
Segment result	3,375	992	4,367
Profit on disposal of available-for-sale investments	—	—	693
Fair value losses on investments	—	—	(3,168)
Impairment losses on financial assets	—	—	(470)
Impairment losses on available-for-sale investments	—	—	(406)
Income from investments	—	—	46
Finance income	—	—	436
Share of profit of associates	—	—	16
Finance expense	—	—	(378)
Unallocated net corporate expenses	—	—	(5,155)
Loss before taxation	—	—	(4,019)
Taxation	—	—	1,301
Loss for the year	—	—	(2,718)
Segment assets	265,097	1,698	266,795
Unallocated corporate assets	—	—	15,485
Total Group assets	—	—	282,280
Segment liabilities	252,051	310	252,361
Unallocated corporate liabilities	—	—	13,112
Total Group liabilities	—	—	265,473

Other segment items:

	Unallocated	Private Wealth	Securities	Group
	corporate items	Management		
	£'000	£'000	£'000	£'000
Capital expenditure	227	—	—	227
Depreciation and amortisation	629	—	—	629
Other non-cash expenses	—	—	—	—

b. Geographical segments

The Group's operations were located in the United Kingdom and Australia until 6 November 2009, at which time the Group's holding in its Australian investment was substantially reduced, resulting in it then being classified as an associate and no longer being consolidated into the results of the Group. The following tables present revenue and certain assets and liability information by geographical area in which the assets are located.

Group revenue

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
United Kingdom (continuing operations)	24,618	26,816
Australia (discontinued operations)	5,077	5,776
	29,695	32,592

Group segment net assets

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
United Kingdom	13,150	14,396
Australia	961	2,411
	14,111	16,807

Group capital expenditure

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
United Kingdom	106	201
Australia	106	26
	212	227

3. Taxation expense

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Current tax expense/(credit)		
United Kingdom corporation tax at 28% (2008: 28%)	—	77
Adjustments in respect of prior years	269	(264)
	269	(187)
Deferred tax credit		
Origination and reversal of temporary differences	(515)	(549)
Effect of change in tax rate	—	(13)
Adjustments in respect of prior years	(1)	(44)
Adjustments in respect of prior periods taken to reserves	—	(508)
	(516)	(1,114)
Total tax credit in the income statement	(247)	(1,301)

The tax credit for the year and the amount calculated by applying the standard United Kingdom corporation tax rate of 27.97% (2008: 28.67%) to profit before taxation can be reconciled as follows:

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Loss before taxation	(2,360)	(4,019)
Tax expense using the United Kingdom corporation tax rate of 27.97% (2008: 28.67%)	(660)	(1,152)
Share-based payments	—	(161)
Other expenses not tax deductible	593	580

Income not chargeable to tax	(433)	(240)
Difference in overseas tax rates	(8)	—
Adjustments to current tax in respect of prior years	269	(264)
Tax effect of chargeable gains	(7)	5
Adjustments to deferred tax in respect of prior years	(1)	(58)
Effect of change in tax rate	—	(11)
Total tax credit in the income statement	(247)	(1,301)

The United Kingdom corporation tax rate reduced from 30% to 28% for the tax year commencing 1 April 2008.

4. Dividends

No final dividend is proposed in respect of the year ended 30 November 2009. Dividends have been recognised as set out below:

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Final dividend paid in respect of the year ended 30 November 2008 at nil p per share (2007: 3p)	—	516
Interim dividend paid in respect of the year ended 30 November 2009 at nil p per share (2008: 1p)	—	210
	—	726

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares (note 32).

Diluted earnings per share is the basic earnings per share, adjusted for the effect of the conversion into fully paid shares of the weighted average number of all employee share options outstanding during the year. Options over 813,963 (2008: 1,037,791) shares are excluded from the EPS calculation as they are antidilutive. Antidilutive options represent options issued where the exercise price is greater than the average market price for the period.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Year ended 30 November 2009	Year ended 30 November 2008
Weighted average number of shares in issue during the period	21,186	19,338
Effect of share options	93	1,417
	21,279	20,755
Earnings attributable to ordinary shareholders		
Continuing operations	(1,897)	(1,686)
Discontinued operations	(178)	(915)
	(2,075)	(2,601)
Basic earnings per share		
Continuing operations	(8.95)p	(8.72)p
Discontinued operations	(0.84)p	(4.73)p
	(9.79)p	(13.45)p
Diluted earnings per share		
Continuing operations	(8.95)p	(8.72)p
Discontinued operations	(0.84)p	(4.73)p
	(9.79)p	(13.45)p

6. Investments

Available-for-sale investments	Quoted £'000	Unquoted £'000	Total £'000
At 1 December 2007	838	1,199	2,037
Fair value loss	(230)	(390)	(620)
Impairment	(406)	—	(406)
At 30 November 2008	202	809	1,011
Additions	1	—	1
Fair value gain/(loss)	63	(8)	55
Impairment	(74)	(229)	(303)
At 30 November 2009	192	572	764
Other investments	Quoted £'000	Warrants £'000	Total £'000
At 1 December 2007	1,233	2,420	3,653
Exchange rate adjustments	(5)	—	(5)
Additions	480	190	670
Fair value loss	(845)	(1,246)	(2,091)
Disposals	(324)	(1,067)	(1,391)
At 30 November 2008	539	297	836
Exchange rate adjustments	29	—	29
Additions	79	53	132
Fair value loss	(25)	10	(15)
Disposal of subsidiary	(28)	—	(28)
Disposals	(203)	(1)	(204)
At 30 November 2009	391	359	750
Total investments 30 November 2009	1,514	1,847	1,847
Total investments 30 November 2008			1,847

Available-for-sale investments for the Group include equity investments, other than those equity investments which form part of the 'carried interest bonus scheme' and investments in subsidiaries. Available-for-sale investments are measured at fair value with fair value gains and losses recognised directly in equity in the 'available-for-sale' reserve.

Other investments, in the main, comprise financial assets designated as 'fair value through profit or loss' for the Group and include equity investments which form part of the 'carried interest bonus scheme'. Financial assets designated as 'fair value through profit or loss' are measured at fair value with fair value gains and losses recognised directly in the income statement.

Warrants are acquired as part of the 'carried interest bonus scheme' and designated as 'fair value through profit or loss'. There is no cash consideration associated with the acquisition.

Fair value, in the case of quoted investments, represents the bid price at the balance sheet date. In the case of unquoted investments, the fair value is estimated by reference to recent arm's length transactions. The fair value of warrants is estimated using established valuation models and the fair value of put and call options is formula driven.

7. Cash, cash equivalents and bank overdraft

	30 November 2009 £'000	30 November 2008 £'000
Cash and cash equivalents	4,258	5,759
Bank overdraft	—	(11,600)
	4,258	(5,841)

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and financial institutions with a maturity of up to three months and bank overdrafts repayable on demand. Cash and cash equivalents represent the Group's money and money held for settlement of outstanding transactions.

Free money held in trust on behalf of clients is not included in the balance sheet. Free money at 30 November 2009 for the Group was £93,457,011 (2008: £81,089,000).

8. Reconciliation of changes in equity attributable to equity holders of the parent

	Share capital £'000	Share premium £'000	Available-for- sale reserve £'000	Revaluation reserve £'000	Exchange reserve £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Balance at 1 December 2007	860	2,614	613	667	164	1,472	10,553	(287)	16,656
Loss arising on available-for-sale investments	—	—	(615)	—	—	—	—	—	(615)
Deferred taxation	—	—	172	—	—	—	—	—	172
Exchange rate adjustments	—	—	—	—	(133)	—	—	—	(133)
Net income recognised directly in equity	—	—	(443)	—	(133)	—	—	—	(576)
Loss after taxation	—	—	—	—	—	—	(2,718)	—	(2,718)
Total recognised income and expense for the year	—	—	(443)	—	(133)	—	(2,718)	—	(3,294)
Shares issued	186*	2,646*	—	—	—	—	65	—	2,897
Share premium on exercise of options	—	227*	—	—	—	—	—	—	227
Shares issued on scrip dividends	8	—	—	—	—	—	—	—	8
Share premium on scrip dividends	—	146	—	—	—	—	—	—	146
Prior year dividends paid	—	—	—	—	—	—	(516)	—	(516)
Current year dividends paid	—	—	—	—	—	—	(210)	—	(210)
Amounts owed from shareholders	—	—	—	—	—	—	608	—	608
Employee share option scheme	—	—	—	—	—	—	65	—	65
Balance at 30 November 2008	1,054	5,633	170	667	31	1,472	7,847	(287)	16,587
Gain arising on available-for-sale investments	—	—	55	—	—	—	—	—	55
Exchange rate adjustments	—	—	—	—	479	—	—	—	479
Deferred taxation	—	—	(15)	—	129	—	—	—	114
Net income recognised directly in equity	—	—	40	—	608	—	—	—	648
Loss after taxation	—	—	—	—	—	—	(2,075)	—	(2,075)
Total recognised income and expense for the year	—	—	40	—	608	—	(2,075)	—	(1,427)
Shares issued	10	—	—	—	—	—	—	—	10
Share premium on exercise of options	—	91	—	—	—	—	—	—	91
Amounts owed from shareholders	—	—	—	—	—	—	(608)	—	(608)
Employee share option scheme	—	—	—	—	—	—	97	—	97
Disposal of subsidiary	—	—	—	—	(639)	—	—	—	(639)
Balance at 30 November 2009	1,064	5,724	210	667	—	1,472	5,261	(287)	14,111

* The cash proceeds from the issue of share capital total in 2008: £3,059,000.

The total number of authorised ordinary shares is 34.5 million shares of 5p each (2008: 34.5 million shares of 5p each). The total number of issued ordinary shares is 21.3 million shares of 5p each (2008: 21.1 million shares of 5p each).

Shares issued in satisfaction of share options

On 21 May 2009, 103,478 new ordinary shares of 5p each were issued at a price of 50p per share to WL Beevers in satisfaction of share options.

On 21 May 2009, 99,130 new ordinary shares of 5p each were issued at a price of 50p per share to DW Youngman in satisfaction of share options.

The nature and purpose of each reserve is summarised below:

Share premium

The share premium is the amount raised on the issue of shares that is in excess of the nominal value of those shares and is recorded less any direct costs of issue.

Available-for-sale reserve

The available-for-sale reserve reflects gains or losses arising from the change in fair value of available-for-sale financial assets except for impairment losses which are recognised in the income statement. When an available-for-sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available-for-sale reserve is transferred to the income statement.

Revaluation reserve

The revaluation reserve reflects changes in the fair value of property, plant and equipment until such time as the assets are disposed of. A revaluation surplus is recognised in the revaluation reserve unless it reverses a previous deficit when it is credited to the income statement up to the amount of the previous deficit. A revaluation deficit is charged to the income statement unless it reverses a previous surplus when it is charged to the revaluation reserve up to the amount of the previous surplus.

Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves comprise a merger reserve of £491,511 (2008: £491,511), a capital redemption reserve of £228,083 (2008: £228,083) and other reserves of £753,704 (2008: £753,704).

Retained earnings

Retained earnings reflect accumulated income, expenses, gains and losses recognised in the income statement and the statement of recognised income and expense and is net of dividends paid to shareholders. The cumulative effect of changes in accounting policy is also reflected as an adjustment in retained earnings.

Treasury shares

Purchases of the company's own shares in the market are presented as a deduction from equity, at the amount paid, including transaction costs. That is, treasury shares are shown as a separate class of shareholders' equity with a debit balance.