Jarvis

Securities plc

Interim Financial Statements 30 June 2008

Corporate information

DIRECTORS:	A J Grant M J Edmett G McAusland	
SECRETARY:	M J Edmett	
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells Kent TN4 8BS	
REGISTERED NUMBER:	5107012	
AUDITORS:	Horwath Clark Whitehill LLP 10 Palace Avenue Maidstone Kent ME15 6NF	
REGISTRAR:	Capita IRG plc Bourne House 34 Beckenham Road Beckenham BR3 4TU	
BANKERS:	HSBC Bank plc 105 Mount Pleasant Tunbridge Wells Kent TN1 1QP	Anglo Irish Bank Corporation plc 10 Old Jewry London EC2R 8DN
SOLICITORS:	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells TN1 1NX	
NOMINATED ADVISER:	Daniel Stewart & Company 36 Old Jewry London EC2R 8DD	
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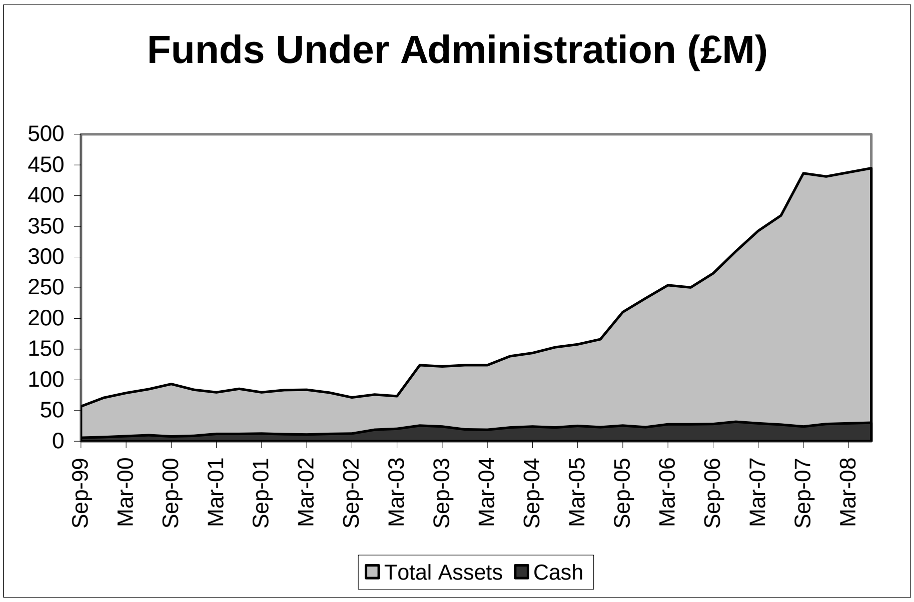
TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	

Financial highlights

Profit before tax +8.5%
£1.33M
(30/6/07 £1.23M)

Revenue +12.5%
£2.52M
(30/6/07 £2.24M)

Basic earnings per share +12.5%
8.72p
(30/6/07 7.75p)



Key performance indicators (KPI)

The Board introduced a number of key performance indicators (KPIs) in the 2006 Annual Report as part of its improved reporting regime for the Group. These are designed to give stakeholders in the business a more rounded view of the Group's performance. Further details on the KPIs and their measurement can be found in the last Annual Report. A selection of KPIs and the Group's results to the interim period for these are detailed below. These results have been annualised from the position at 30 June 2008 where measurement over a year is required.

KPI:	**30/6/08**	30/6/07	Target	
Profit before tax margin	**53%**	55%	20%	✓
ROCE - return on capital employed *(annualised)*	**231%**	155%	13%	✓
Revenue per employee *(annualised)*	**£203,049**	£203,818	to increase	X
Funds under administration	**£445M**	£368M	to increase	✓
Growth in client numbers *(annualised)*	**1.4%**	23.2%	10%	X
Complaints ratio *(annualised)*	**0.27**	0.61	< 2	✓
Telephone calls answered in three rings	**91%**	92%	90%	✓
Sickness days *(annualised)*	**1.75%**	0.56%	1% per year	X
Basic earnings per share *(annualised)*	**12.5%**	122%	25%	X

Chairman's statement

All investors will be aware of the recent turmoil in financial markets and the implications of the credit crisis. Market sentiment has clearly turned negative and this has impacted significantly on valuations in our sector and the reported profits of many of our competitors. Shareholders will probably recall my comments in the 2007 annual report too. I wrote briefly about the differentiation of our model and why I believe this makes us a stronger securities-based business than dedicated execution-only brokerages. I also touched upon the expected challenges for 2008.

Our concerns about the market have been proved correct. However, my belief in the robustness of the Jarvis group earnings and our future prospects has also been justified. Given the current climate in our industry, it is pleasing to be able to report improved results for the first half of 2008. This puts us in an enviable, if not unique, position. We have never wanted to solely chase commission earnings but rather build an administration provider, including outsourcing and an execution-only brokerage, with stable foundations for good times and bad. This strategy is surely now revealing its worth. Sadly it is only when times are less certain that the value of this approach is clear. Only 25% of our revenue is now based on dealing commissions, which has minimised our reliance on market activity levels.

Having noted the quality of our income stream, I would also like to make clear that this is not the only reason why we continue to generate increased revenue and profits. It would be wrong to assume that our own transaction levels have fallen because I can also report that our bargain numbers are up on the prior year by 6%. Our commercial clients are also transacting increased bargain numbers when considered together, with levels increased 75% between December 2007 and June 2008. Indeed, in April this year Jarvis transacted its highest number of trades per month ever. We continue to get enquiries from other firms looking to take advantage of our efficient and cost-effective administration solutions and settlement services. Our offering is of benefit to many firms whatever the market conditions but perhaps the cost advantages of our outsourced solutions are even more evident at this time when cost cutting rather than increased turnover can make the difference. I expect further commercial clients to be added to our expanding list in the second half of this year.

A review of our Key Performance Indicator ("KPI") table shows that we have not met a number of our targets in the past six months. Conditions have undoubtedly been challenging and this has had an impact. Considered against the current backdrop I am not too disappointed. Revenue per employee is down only a fraction and we have maintained positive momentum in both client numbers and earnings per share despite the market.

I remain cautiously optimistic for the remainder of 2008. There are no guarantees with the current instability but we have a strong business and a great team of committed professionals. I truly believe that Jarvis will weather the storm better than most of our competitors and we are well placed to consider further acquisitions during this period. We have also been subject to an offer recently but we cannot consider any purchaser that does not value our particular strengths. Jarvis is a stable and growing business in a sector subject to cyclical swings. This should put our company at a premium to the sector and we will strive to achieve this for shareholders. We must maintain our long-term view as a conservatively run organisation aiming for growth in value for our shareholders and this will remain the focus of the Board and the whole team.

Andrew J Grant
Chairman

Consolidated income statement for the period ended 30 June 2008

	Notes	Six months ended 30/6/08	30/6/07
		£	£
Continuing operations			
Revenue		**2,521,187**	2,241,999
Administrative expenses		**(1,183,779)**	(1,014,389)
Finance costs		**(7,440)**	(1,834)
Profit before income tax		**1,329,968**	1,225,776
Income tax charge	4	**(393,076)**	(360,446)
Profit for the period		**936,892**	865,330
Attributable to equity holders of the parent		**936,892**	865,330
Earnings per share	5	p	p
Basic		**8.72**	7.75
Diluted		**8.06**	7.29

Consolidated balance sheet at 30 June 2008

	Notes	30/6/08	30/6/07
		£	£
Assets			
Non-current assets			
Property, plant and equipment		**398,861**	123,610
Intangible assets		**48,982**	21,823
Goodwill		**342,872**	342,872
Available-for-sale investments		**40,000**	20,000
Deferred income tax		**180,081**	-
		1,010,796	508,305
Current assets			
Trade and other receivables		**6,627,484**	7,507,490
Investments held for trading		**25,635**	24,121
Cash and cash equivalents		**11,821,534**	13,238,952
		18,474,653	20,770,563
Total assets		**19,485,449**	21,278,868
Equity and liabilities			
Capital and reserves			
Share capital	7	**105,000**	110,000
Share premium		**789,834**	789,834
Capital redemption reserve		**9,845**	4,845
Other reserves		**44,476**	23,544
Retained earnings		**364,571**	706,801
Own shares held in treasury		**(80,235)**	(52,071)
Total equity	8	**1,233,491**	1,582,953
Non-current liabilities			
Deferred tax liabilities		**-**	18,119
Current liabilities			
Trade and other payables		**17,385,791**	19,025,637
Income tax	4	**866,167**	652,159
Total liabilities		**18,251,958**	19,677,796
Total equity and liabilities		**19,485,449**	21,278,868

Consolidated statement of recognised income and expense for the period

	Six months ended 30/6/08	30/6/07
	£	£
Purchase of own shares	(798,629)	(722,658)
Sale of shares from treasury	-	174,965
Deferred tax asset on options	100,674	-
Net income recognised directly in equity	(697,955)	(547,693)
Profit for the period	936,892	865,330
Total recognised income and expense for the period	238,937	317,637
Attributable to equity holders of the parent	238,937	317,637

Consolidated statement of changes in equity for the period

	Share capital	Share premium	Capital redemption reserve	Other reserves	Retained earnings	Own shares held	Attributable to equity holders of the company
	£	£	£	£	£	£	£
Balance at 31/12/06	113,500	789,834	1,345	17,696	688,886	(69,793)	1,541,468
Purchase of own shares	-	-	-	-	-	(722,658)	(722,658)
Sale of shares from treasury	-	-	-	-	-	174,965	174,965
Net income recognised directly in equity	-	-	-	-	-	*(547,693)*	*(547,693)*
Cancellation of own shares	(3,500)	-	3,500	-	(565,415)	565,415	-
Expense of employee options	-	-	-	5,848	-	-	5,848
Profit for the period	-	-	-	-	865,330	-	865,330
Dividends	-	-	-	-	(282,000)	-	(282,000)
Balance at 30/6/07	110,000	789,834	4,845	23,544	706,801	(52,071)	1,582,953
Purchase of own shares	-	-	-	-	-	(402,355)	(402,355)
Sale of shares from treasury	-	-	-	-	-	77,282	77,282
Deferred tax asset on options	-	-	-	-	29,305	-	29,305
Net income recognised directly in equity	-	-	-	-	*29,305*	*(325,073)*	*(295,768)*
Cancellation of own shares	(2,000)	-	2,000	-	(375,214)	375,214	-
Expense of employee options	-	-	-	10,466	-	-	10,466
Profit for the period	-	-	-	-	782,437	-	782,437
Dividends	-	-	-	-	(448,000)	-	(448,000)
Balance at 31/12/07	108,000	789,834	6,845	34,010	695,329	(1,930)	1,632,088
Purchase of own shares	-	-	-	-	-	(798,629)	(798,629)
Sale of shares from treasury	-	-	-	-	-	-	-
Deferred tax asset on options	-	-	-	-	100,674	-	100,674
Net income recognised directly in equity	-	-	-	-	*100,674*	*(798,629)*	*(697,955)*
Cancellation of own shares	(3,000)	-	3,000	-	(720,324)	720,324	-
Expense of employee options	-	-	-	10,466	-	-	10,466
Profit for the period	-	-	-	-	936,892	-	936,892
Dividends	-	-	-	-	(648,000)	-	(648,000)
Balance at 30/6/08	105,000	789,834	9,845	44,476	364,571	(80,235)	1,233,491

Condensed consolidated cash flow statement for the period ended 30 June 2008

	Six months ended	
	30/6/08	30/6/07
	£	£
Net cash from operating activities	2,214,002	1,344,177
Additions to property, plant and equipment	(393,285)	(13,431)
Proceeds from the sale of property, plant and equipment	469	-
Other investing cash flows (net)	(20,000)	(20,000)
Net cash used in investing activities	(412,816)	(33,431)
Other financing cash flows (net)	(1,446,629)	(829,692)
Net cash from (used in) financing activities	(1,446,629)	(829,692)
Net increase in cash and cash equivalents	354,557	481,054
Cash and cash equivalents at 1 January	880,591	471,499
Cash and cash equivalents at 30 June	1,235,148	952,553
Bank balances and cash	1,235,148	952,553
Net cash held to settle DVP bargains	10,586,386	12,286,399
Cash and cash equivalents per Balance Sheet	11,821,534	13,238,952

Notes forming part of the interim financial statements

1. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and with the accounting policies set out below which have been consistently applied to all the periods presented. These accounting policies comply with applicable IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2008).

The following IFRS standards, amendments and interpretations are effective for the company from 1 January 2009 and hence have not been adopted within these financial statements. The adoptions of these standards, amendments and interpretations is not expected to have a material impact on the company's profit for the year or equity:

IAS1 Presentation of Financial Statements (revised September 2007)
IAS 23 Borrowing Costs (revised March 2007)
IAS 27 Consolidated and Separate Financial Statements (January 2008)
IAS 32 Financial Instruments - Presentation (Amendments)
IFRS 2 Share Based Payment Vesting Conditions and Cancellations (revised January 2008)
IFRS 8 Operating Segments (revised November 2006)
IFRS 3 Business Combinations (revised January 2008)
IFRIC 13 Customer Loyalty Programmes
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated interim financial statements, are disclosed in Note 9.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. The auditors' report for the 2007 accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

2. Accounting policies

(a) Revenue

Revenue represents net sales of services, commissions and interest excluding value added tax. Management fees charged in arrears are accrued pro-rata for the expired period of each charging interval. Interest is accrued on cash deposits pro-rata for the expired period of the deposit. Commission income is recognised as earned

(b) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. The group financial statements consolidate the financial statements of Jarvis Securities plc, Jarvis Investment Management plc, Sharegain Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 30 June 2008

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. No profit and loss account is presented for Jarvis Securities plc as provided by S230(3) of the Companies Act 1985.

(c) Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on cost in equal annual instalments over the lives of the assets at the following rates:

Leasehold improvements	-	33% on cost
Motor vehicles	-	15% on cost
Office equipment	-	20% on cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(d) Intangible assets

Intangible assets are capitalised at their fair value on acquisition and carried at cost less accumulated amortisation. Amortisation is provided on cost in equal annual instalments over the lives of the assets at the following rates:

Databases	-	4% on cost
Software developments	-	33% on cost
Website	-	33% on cost

(e) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the net identifiable assets of the acquired trade and assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(f) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the timing difference is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

(g) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The directors regard the operations of the Group as a single segment.

(h) Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

(i) Stockbroking balances

The gross assets and liabilities of the group relating to stockbroking transactions on behalf of clients are included in trade receivables, trade payables and cash and cash equivalents.

(j) Operating leases and finance leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the profit before income tax. Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than right to legal title.

(k) Finance lease interest

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Investments
The Group classifies its investments in the following categories: investments held for trading and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment held for trading
Investments held for trading are stated at fair value. An investment is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current.

Available-for-sale investments
Available-for-sale investments are stated at fair value. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership. Realised and unrealised gains and losses arising from changes in fair value of investments held for trading are included in the income statement in the period in which they arise. Unrealised gains and losses arising in changes in the fair value of available-for-sale investments are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for an investment is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that an investment is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered in determining whether the security is impaired.

(m) Cashflow statement
Cash movements relating to stockbroking balances derived from client trading are excluded from the cashflow statement on the basis that these amounts do not form part of the cashflow position of the group. DVP cash is client funds held in trust for delivery versus payment transactions in order to pay market counterparties for the purchase of equities and other instruments settled via CREST, the electronic mechanism for the simultaneous and irrevocable transfer of cash and securities operated by CRESTCo Limited. Hence such cash and cash equivalents are not readily available for use by the company as they relate to client transactions.

(n) Foreign Exchange
The company offers settlement of trades in sterling, US dollars, euros, Canadian dollars, Australian dollars, South African rand and Swiss francs. The company does not hold any assets or liabilities other than in sterling and converts client currency on matching terms to settlement of trades realising any currency gain or loss immediately in the income statement. Consequently the company has no foreign exchange risk.

(o) Share Capital
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of income tax.

Where the company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

3. Segmental information
All of the reported revenue and operational results for the period derive from the Group's continuing financial services operations.

4. Income tax (charge) credit
Interim period income tax is accrued based on the estimated average annual effective income tax rate of 28%.

5. Earnings per share

	Six months ended 30/6/08			Six months ended 30/6/07		
	Earnings	**Weighted average no. of shares**	**Per share amount**	Earnings	Weighted average no. of shares	Per share amount
	£	**£**	**p**	£	£	p
Earnings attributable to ordinary shareholders	**936,892**	**10,744,248**	**8.72**	865,330	11,167,347	7.75
Dilutive effect of options		**880,000**			704,640	
Diluted earnings per share		**11,624,248**	**8.06**		11,871,987	7.29

Treasury shares have been deducted from the number of shares in issue for the purpose of calculating the weighted average number of shares at the period end.

6. Dividends
During the interim period a dividend of 7p per ordinary share was declared. This dividend was paid to shareholders on 25 July 2008.

7. Share capital
The movements in the share capital of the company during the interim period are detailed in the consolidated statement of changes in equity and in note 5.

8. Interim measurement
Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

9. Critical accounting estimates and judgements
The Group makes estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets with the next financial year relate to goodwill.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (e). These calculations require the use of estimates.

Horwath Clark Whitehill

INDEPENDENT REVIEW REPORT TO JARVIS SECURITIES 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, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated cashflow statement 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.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

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.

Horwath Clark Whitehill LLP
Chartered Accountants

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28 July 2008