

18 August 2009

LONDON CAPITAL GROUP HOLDINGS PLC
(“LCG”, the “Company” or the “Group”)
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

London Capital Group Holdings plc, a leading online financial spread betting and trading company, announces interim results for the six months ended 30 June 2009.

Financial Highlights:

- Revenue up 4% to £12.95 million (H1'08: £12.51 million)
- Trading revenue from continuing operations* up 7% to £12.34 million (H1'08: £11.53 million) reflecting strong underlying organic revenue growth
- Profit before tax (before share based payment expense) down 37% to £3.75 million (H1'08: £5.94 million), as a result of lower interest income, increased costs and adverse trading conditions in the second quarter
- Profit before tax down 39% to £3.33 million (H1'08 £5.43 million)
- No bad debt expense (H1'08: £8,000)
- Remain debt free with strong net cash position of £8.20 million (H1'08: £8.87 million)
- Maintain interim dividend at 2.50p per share (H1'08: 2.50p)

Operational Highlights:

- Robust UK spread betting performance
 - 71% increase in new account openings to 11,388 (H1'08: 6,662)
 - 59% increase in average trades per day to 26,208 (H1'08: 16,466)
 - UK spread betting client funds up 22% to £27.31 million (H1'08: £22.33 million)
- Strong Forex performance
 - 23% increase in trade volumes to \$187 billion (H1'08: \$152 billion)
 - 12% increase in divisional operating profit to £1.05 million (H1'08: £0.94 million)
 - 100 new institutional clients signed up
- Acquired the assets of software development business Chaucer Digital in May 2009 for consideration of £353,000

Commenting on the results, Frank Chapman, Chief Executive Officer, said: "We have made good operational progress in challenging market conditions. Through the acquisition of Chaucer Digital, and the other investments we are making in our platform, our people, and our infrastructure we are laying the foundations for future growth and are encouraged by recent shifts in market activity."

**Trading revenue from continuing operations represents total revenue excluding interest income on client funds and reverses the effect of acquisitions made in the current or prior year. The effect of acquisitions made during the current or prior financial year has been equalised by subtracting from the current year results a pro-rated contribution based on their revenue at the date of acquisition. Applied consistently hereafter.*

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Print resolution images are available for the media to view and download from www.vismedia.co.uk

Notes to Editors:

London Capital Group Holdings plc is a rapidly growing financial services company offering online trading services. Its core activity is the provision of spread betting products on the financial markets to retail clients under the trading names Capital Spreads and ProSpreads.com. Its other divisions provide online foreign exchange trading services to institutional and professional clients and institutional derivatives and equities execution.

Based in London, LCG is regulated and authorised by the Financial Services Authority, has a European passport and is a member of the London Stock Exchange. LCG also has access to other international and domestic markets through its global clearing relationships.

LCG floated on the London Stock Exchange's AIM market on 22nd December 2005. LCG is included in the General Financial sector (8770) and Speciality Finance sub sector (8775) and has a RIC code of LCG.L.

Chairman's Statement

It is with disappointment that we report our first decline in profitability since flotation in 2005. This has been due to a number of factors partly linked to the general economic circumstances as a result of which we have experienced range bound markets and lower interest income on deposits, and partly due to actions taken for the future benefit of the company, which have increased our cost base.

Investing in the future, in May we acquired the assets of Chaucer Digital, the software developers responsible for our new spread betting and CFD trading platform. Although this led to slowed software development in the period, we firmly believe that bringing this expertise in house will benefit the Group going forward.

Looking at the second half of the year, there are good reasons for optimism, specifically the expansion of our client base and client funds on deposit which have reached new highs and development and investment in a number of new products, all of which should assist in enhancing earnings over the medium term.

Results

Group revenue increased 4% to £12.95 million, underlying this, trading revenue from continuing operations increased by 7% to £12.34 million (H1'08: £11.53 million). Adjusted profit before tax fell by 37% to £3.75 million as a result of lower interest income, increased costs and adverse trading conditions in the second quarter. Adjusted profit before tax (applied consistently hereafter) is stated before recognising expenses relating to share based payments of £0.4 million (H1'08: £0.5 million).

Dividend

Based on the first half performance of the Group, its net cash resources, and confidence in the Group's prospects, the Board is recommending the interim dividend be maintained at 2.5p per share, representing a total cost of £974,731. This will be paid on 18 September 2009 to shareholders on the register at the close of business on 28 August 2009.

Our dividend policy remains to pay a sustainable flow of ordinary dividends out of recurring profits which reflect the earnings, cash flow and potential of the Group and also ensures retention of sufficient funds to meet trading and working capital requirements.

Prior Year Adjustment

As previously announced on 2 June 2009, the accounting error identified during the period does not affect the income statement for 2009, but has been adjusted against retained earnings. The error amounted to an accumulated after tax loss of £1.1m and affects the reported profits for 2006, 2007 and 2008. There is a corresponding reduction in net cash reported in the balance sheet. The comparative figures have been restated to reflect the adjustment.

Outlook

The Group remains committed to its strategy to expand its customer base across all product divisions, and to broaden the customer base beyond the UK through the development and promotion of an international trading platform.

We believe that the acquisition of Chaucer Digital will assist the Group by taking ownership of our intellectual property and control over the development of our trading platforms.

Richard Davey
Chairman
18 August 2009

Chief Executive Officer's Statement

Introduction

Like many businesses we have experienced difficult trading conditions in the first half. However I am pleased to report that all our major divisions are trading profitably and we are looking forward to a more successful second half of the year.

Financial Review

Whilst the Group has continued to grow revenue, the impact of range bound markets, an increase in costs and a reduction in interest income in the first half has eroded profitability.

In total, revenue increased by 4% to £12.95 million from £12.51 million on the comparative period. Trading revenue from continuing operations increased by 7% to £12.34 million (H1'08: £11.53 million) reflecting strong underlying organic revenue growth. Revenue from interest income declined by 81% to £0.19 million (H1'08: £0.98 million) reducing the overall growth in revenue.

Increased costs specifically White Label expenses, staff costs, depreciation and amortisation, and lower interest income have resulted in adjusted profit before tax falling 37% to £3.75 million, revealing a decline in adjusted profit margin from 47% to 29%. We expect this margin to increase when we return to a more normal interest rate environment and markets move out of range bound trading patterns.

During the period, the Group acquired the assets of Chaucer Digital for a total cash consideration of £353,000. The acquisition was funded out of existing financial resources and did not require any external debt or equity capital.

Cash and cash equivalents at the end of the first half were £61.82 million (H1'08: £54.45 million), an increase of £7.37 million. Client money held by the UK spread betting division increased by £4.98 million to £27.31 million (H1'08: £22.33 million); client money held by the Gibraltar spread betting division increased to £3.85 million (H1'08: £nil). Client money held by the Forex division fell by £0.8 million to £22.45 million (H1'08: £23.24 million).

Net cash resources fell slightly by £0.67 million to £8.2 million following a number of payments relating to 2008 including the final dividend of £3.29 million, and corporation tax payments of £1.93 million. The Group had no debt at the half year end.

Operating Review

Spread Betting (UK)

The spread betting division continues to perform well, with average trades per day increasing 59% to 26,208 (H1'08: 16,456). However the market flattening at the start of 2009 resulted in a limited 7% increase on H1'09 average trades per day compared to H2'08. In H1'09 we opened 11,388 new accounts, a 71% increase on H1'08 of 6,662. Of these new clients White Label partners account for 70% but direct Capital Spreads account openings also increased with 3,407 new accounts in H1'09 compared with H1'08 of 2,232.

Whilst account acquisition has been very successful market conditions have limited the usual correlation between account openings and profitability for two reasons.

Firstly, in periods of directional market activity or high volatility, revenue per client is considerably higher than when markets display extended periods of restrained range bound activity. During periods of high volatility, the natural hedge between client positions can vary significantly allowing us to increase revenue beyond the spread on each trade. This is evident in the revenue per customer which for H1'09 was £599 compared with £1,035 in H2'08 and £939 in H1'08.

While the markets have experienced occasional sharp movements this has not been enough to counteract the extended periods of range bound activity especially in our major Indices markets.

Specifically the period from the end of March to the end of June in the FTSE where, aside from a five day period at the end of April, the markets traded in 200 point ranges for prolonged periods. This type of market activity allows clients to 'range trade' continually with limited risk of loss.

Secondly, our White Label costs are incurred irrespective of the losses or profits made by their clients. In an environment where the White Label partners are signing up considerable client numbers and we are experiencing range bound markets the clients, though increasing their trade numbers, are contributing less to overall revenue. H1'09 has been just such a period and LCG will continue to pay White Label partners for client introductions but, still incur a higher proportion of overheads in serving this new client base. This trading environment is not usual and the Board fully expects more favourable market conditions for our business model to reassert itself.

Spread Betting (Gibraltar)

FuturesBetting, the DMA unit acquired last year, was re-branded in June of this year as ProSpreads. The unit has acquired customers at a steady rate and is slightly ahead of our internal budget. Client numbers have increased by 83% on H2'08 and client funds stood at £3.85 million at 30 June 2009.

Institutional Forex

The Forex division performed very well with trading revenue up 41% against a reported global reduction in FX activity of some 25%. Volumes increased to \$187 billion (H1'08 \$152 billion) and the unit continues to acquire new institutional clients on a steady basis with 100 institutional clients acquired in the first half of the year. The Board remains very positive for this unit for the rest of the year.

Derivatives

Our Derivatives team had a slower first half with revenues falling by 35%, driven by the low interest rate environment and reduced customer risk appetite. The division has, however, been successfully increasing the customer base, placing us in a strong position when market conditions improve.

Current Trading and Outlook

Although the first half of the year has been disappointing for us, we have recently seen signs of increased activity with less range bound trading which is favourable to the Group and accordingly we are more optimistic about the second half of the year. Nonetheless, as we have articulated previously, there is little transparency in our business with regard to future earnings.

The Group continues to deliver a high level of customer service, to develop and deliver new products, to increase the rate of client acquisition and funds on deposit whilst continuing to review potential investment opportunities.

We also continue to invest for growth and the future, the last 12 months in particular have involved a great deal of development and planning to ensure that we had the infrastructure in place to transform LCG from a small to medium sized business. To that end, we have taken on 18 new members of staff across a range of functions, including 9 from the acquisition of Chaucer Digital.

Our focus for the second half of this year and the beginning of 2010 will be on international growth and the delivery of a CFD platform will be instrumental to this. Meanwhile we have established a number of positive discussions with a variety of potential partners and look forward to reporting on our progress in due course.

Frank Chapman
Chief Executive Officer
18 August 2009

London Capital Group Holdings plc
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ending 30 June 2009

	Notes	Unaudited 6 Months to 30 June 2009 £'000	Unaudited 6 Months to 30 June 2008 £'000	Audited Year to 31 December 2008 (restated) £'000
Revenue	3	12,947	12,508	28,878
Cost of sales		4,013	2,605	6,677
GROSS PROFIT		8,934	9,903	22,201
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Administrative expenses (excluding depreciation, amortisation and share based payments)		4,253	3,720	9,596
Depreciation and amortisation		1,019	421	1,149
Share based payment expense		420	507	1,007
Total administrative expenses		5,692	4,648	11,752
OPERATING PROFIT		3,242	5,255	10,449
Finance income		85	178	401
PROFIT BEFORE TAXATION		3,327	5,433	10,850
Taxation	5	1,285	1,494	3,212
Profit for the financial period attributable to equity holders of the parent		2,041	3,939	7,638
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Earnings per share				
		Pence	Pence	Pence
Basic	6	5.27	10.25	19.86
Diluted	6	5.05	9.60	19.10
Adjusted basic	6	6.05	10.95	21.74

All activities of the group are classed as continuing.

London Capital Group Holdings plc
CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2009

		Unaudited 30 June 2009	Unaudited 30 June 2008 (restated)	Audited 31 December 2008 (restated)
	Notes	£'000	£'000	£'000
NON-CURRENT ASSETS				
Property, plant and equipment	8	799	801	907
Intangible assets		15,664	13,260	14,472
Deferred tax asset		150	80	515
		<u>16,613</u>	<u>14,141</u>	<u>15,894</u>
CURRENT ASSETS				
Trade and other receivables		1,469	2,010	2,782
Cash and cash equivalents	9	61,816	54,446	57,294
		<u>63,285</u>	<u>56,456</u>	<u>60,076</u>
TOTAL ASSETS		<u>79,898</u>	<u>70,597</u>	<u>75,970</u>
CURRENT LIABILITIES				
Trade and other payables		55,397	48,374	49,962
Current tax liabilities		723	1,369	1,495
		<u>56,120</u>	<u>49,743</u>	<u>51,457</u>
TOTAL LIABILITIES		<u>56,120</u>	<u>49,743</u>	<u>51,457</u>
NET ASSETS		<u>23,778</u>	<u>20,854</u>	<u>24,513</u>
EQUITY				
Share capital	10	3,899	3,842	3,864
Share premium account		12,153	11,697	11,855
Retained profits		10,586	8,975	12,074
Share option reserve		2,484	1,684	2,064
Other reserves		(5,344)	(5,344)	(5,344)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>23,778</u>	<u>20,854</u>	<u>24,513</u>

London Capital Group Holdings plc
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ending 30 June 2009 (unaudited)

	Issued share capital £'000	Share premium account £'000	Retained profits £'000	Share based payment reserve £'000	Other reserves £'000	Total equity £'000
At 1 January 2008 (as previously reported)	3,829	11,607	7,639	1,204	(5,344)	18,935
Prior year adjustment (Note 12)	-	-	(611)	-	-	(611)
At 1 January 2008 (restated)	3,829	11,607	7,028	1,204	(5,344)	18,324
Profit for the period	-	-	3,939	-	-	3,939
Equity dividends	-	-	(2,010)	-	-	(2,010)
Share based payment transactions including current and deferred taxation	-	-	-	507	-	507
Issue of Share Capital	13	90	-	-	-	103
Exercise/forfeiture of share options	-	-	18	(27)	-	(9)
At 30 June 2008 (restated)	3,842	11,697	8,975	1,684	(5,344)	20,854
Profit for the period (restated)	-	-	3,699	-	-	3,699
Equity dividends	-	-	(966)	-	-	(966)
Share based payment transaction including current and deferred taxation	-	-	246	500	-	746
Issue of share capital	22	158	-	-	-	180
Exercise/forfeiture of share options	-	-	120	(120)	-	-
At 1 January, 2009 (restated)	3,864	11,855	12,074	2,064	(5,344)	24,513
Profit for the period	-	-	2,041	-	-	2,041
Equity dividends	-	-	(3,291)	-	-	(3,291)
Share based payment transactions including current and deferred taxation	-	-	(238)	420	-	182
Issue of share capital	35	298	-	-	-	333
At 30 June, 2009	3,899	12,153	10,586	2,484	(5,344)	23,778

London Capital Group Holdings plc
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the period ending 30 June 2009

	Unaudited 6 Months to 30 June 2009	Unaudited 6 Months to 30 June 2008	Audited 12 Months to 31 December 2008 (restated) £'000
Notes	£'000	£'000	£'000
Profit for the financial period	2,041	3,939	7,638
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	173	150	338
Amortisation of intangible assets	846	271	811
Equity settled share based payment	420	507	1,007
Loss on disposal of property, plant and equipment	-	41	41
Finance income	(85)	(178)	(403)
Finance expense	-	-	2
Current tax charge	1,159	1,632	3,688
Deferred tax asset	126	(138)	(290)
Operating cash flows before movements in working capital	4,680	6,224	12,832
(Increase)/decrease in receivables	1,451	(684)	(1,456)
Increase in payables	5,435	7,026	8,428
Cash generated by operations	11,566	12,566	19,804
Taxation paid	(1,931)	(1,469)	(3,213)
Net cash from operations	9,635	11,097	16,591
Investing activities			
Interest received	85	178	403
Interest payable	-	-	(2)
Acquisitions of property, plant and equipment	(37)	(93)	(387)
Acquisitions of intangible assets	(1,714)	(696)	(2,474)
Acquisition of investments	(353)	(308)	(319)
Cash acquired on acquisition of investments	-	43	43
Net cash used in investing activities	(2,019)	(876)	(2,736)
Financing activities			
Dividends paid	(3,291)	(2,010)	(2,976)
Proceeds on issue of shares	197	103	283
Net cash flow used in financing activities	(3,094)	(1,907)	(2,693)
Net increase in cash and cash equivalents	4,522	8,314	11,162
Cash and cash equivalents at beginning of period	57,294	46,132	46,132
Cash and cash equivalents at end of period	61,816	54,446	57,294

London Capital Group Holdings plc
Notes to the condensed consolidated financial statements
For the period ending 30 June 2009 (unaudited)

1. General information

The condensed consolidated financial statements of London Capital Group Holdings plc and its subsidiaries for the six months ended 30 June 2009 were authorised for issue by the board of directors on 18 August 2009. The information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 435 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 and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2009 have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the EU (IFRS) and in accordance with IAS 34 *Interim Financial Reporting*.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

3. Segment information

Unaudited 6 Months to 30 June 2009	Spread betting £'000	Forex £'000	Brokerage £'000	Pro Spreads £'000	Total £'000
Revenue					
Gross external revenue	9,728	2,333	545	737	13,343
Spread Betting brokerage and hedging costs	(209)	-	-	(115)	(324)
Net segmental revenue	9,519	2,333	545	622	13,019
Foreign exchange loss on trading					(72)
Net group revenue					12,947
Segmental operating profit	5,995	1,047	154	385	7,581
Unallocated corporate expenses					(4,339)
Operating profit					3,242
Net financing income					85
Profit before taxation					3,327
Taxation expense					(1,043)
					2,284
Segmental assets	36,882	20,360	736	6,729	64,707
Unallocated corporate assets					15,191
Consolidated total assets					79,898

3. Segment information (continued)

Unaudited 6 Months to 30 June 2008	Spread betting £'000	Forex £'000	Brokerage £'000	Pro Spreads £'000	Total £'000
Revenue					
Gross external revenue	11,294	2,150	836	-	14,280
Spread Betting brokerage and hedging costs	(1,732)	-	-	-	(1,732)
Net segmental revenue	9,562	2,150	836	-	12,548
Foreign exchange loss on trading					(40)
Net group revenue					12,508
Segmental operating profit	6,948	938	309	(99)	8,096
Unallocated corporate expenses					(2,841)
Operating profit					5,255
Net financing income					178
Profit before taxation					5,433
Taxation expense					(1,494)
					3,939
Segmental assets	28,665	22,631	1,355	1,149	53,800
Unallocated corporate assets					16,797
Consolidated total assets					70,597
Audited 12 Months to 31 December 2008 (restated)					
	Spread betting £'000	Forex £'000	Brokerage £'000	Pro Spreads £'000	Total £'000
Revenue					
Gross external revenue	24,363	5,203	1,296	375	31,237
Spread Betting brokerage and hedging costs	(2,695)	-	-	-	(2,695)
Net segmental revenue	21,668	5,203	1,296	375	28,542
Foreign exchange loss on trading					336
Net group revenue					28,878
Segmental operating profit	15,768	2,358	367	(626)	17,867
Unallocated corporate expenses					(7,418)
Operating profit					10,449
Net financing income					401
Profit before taxation					10,850
Taxation expense					(3,212)
					7,638
Segmental assets	31,994	21,315	1,222	6,031	60,562
Unallocated corporate assets					15,408
Consolidated total assets					75,970

The segments identified in accordance with IFRS 8 *Operating Segments* do not materially change those previously disclosed under IAS 14 *Segmental Reporting*.

Included within revenue is interest income earned on client money held.

All of the segment revenue reported above is from external customers.

4. Operations in the interim period

The revenues of the Group are not subject to seasonal or cyclical factors.

5. Taxation

Income tax for the six month period is charged at 28% (six months ended 30 June 2008: 28.5%; year ended 31 December 2008: 28.5%), representing the best estimate of the average annual effective income tax rate expected at the full year, applied to the pre-tax income of the six month period.

6. Earnings per share

	Unaudited 6 Months to 30 June 2009 £'000	Unaudited 6 Months to 30 June 2008 £'000	Audited Year to 31 December 2008 (restated) £'000
<i>Basic EPS</i>			
Profit after tax	2,041	3,939	7,638
Weighted average no of shares	38,739,861	38,417,683	38,465,000
Weighted average basic EPS	5.27p	10.25p	19.86p
<i>Diluted EPS</i>			
Profit after tax	2,041	3,939	7,638
Weighted average no of shares	40,466,196	41,046,598	39,983,935
Weighted average fully diluted EPS	5.05p	9.60p	19.10p

Diluted earnings per share is the basic earnings per share after allowing for the dilutive effect of the conversion into Ordinary shares of the weighted average number of options outstanding during the period.

	Unaudited 6 Months to 30 June 2009 £'000	Unaudited 6 Months to 30 June 2008 £'000	Audited Year to 31 December 2008 (restated) £'000
<i>Adjusted basic EPS</i>			
Profit after tax	2,041	3,939	7,638
Share based payment	420	507	1,007
Tax effect	(118)	(239)	(282)
Adjusted profit after tax	2,343	4,207	8,363
Weighted average no of shares	38,739,861	38,417,683	38,465,000
Weighted average adjusted basic EPS	6.05p	10.95p	21.74p

7. Dividends

	Unaudited 6 months to 30 June 2009	Unaudited 6 months to 30 June 2008	Audited Year to 31 December 2008
	pence	pence	pence
<i>Amounts recognised as distributions to shareholders in the period:</i>			
Final dividend for the year to 31 December 2008 (31 December 2007)	8.5	5.25	5.25
Interim dividend for the year to 31 December 2008	-	-	2.5
	<u>8.5</u>	<u>5.25</u>	<u>7.75</u>

Dividends declared in respect of the period:

Interim dividend for the year to 31 December 2009 (31 December 2008)	2.5	2.5	2.5
Final dividend for the year to 31 December 2008	-	-	8.5
	<u>2.5</u>	<u>2.5</u>	<u>11.0</u>

8. Property, plant and equipment

The Group continues to invest in property, plant and equipment to develop its capacity to generate future economic benefits.

9. Cash and cash equivalents

	Unaudited 6 Months to 30 June 2009 £'000	Unaudited 6 Months to 30 June 2008 (restated) £'000	Audited Year to 31 December 2008 (restated) £'000
Cash at bank and in hand	3,196	1,103	2,659
Short-term deposits	5,004	7,764	8,408
<i>Client money held:</i>			
Spread Betting Clients	31,167	22,334	24,217
Forex Clients	22,449	23,245	22,010
	<u>61,816</u>	<u>54,446</u>	<u>57,294</u>

10. Share capital

Share capital as at 30 June 2009 amounted to £3,898,922. During the period, the Group issued 351,911 shares for consideration of £333,267, which resulted in an increase in the issued share capital of £35,191, and an increase in the share premium account of £298,076.

11. Acquisition of subsidiary

On 27 May 2009, the Group acquired the assets of Chaucer Digital ("Chaucer") for cash consideration of £353,000.

	Book value £'000	Provisional fair value £'000
Property, plant and equipment	29	29
Intangible assets (a)	-	324
	<u>29</u>	<u>353</u>
Goodwill		-
Total consideration		<u>353</u>
Satisfied by:		
Cash		334
Directly attributable costs		19
		<u>353</u>
Net cash outflow arising on acquisition		
Cash consideration		<u>353</u>

(a) The fair value adjustment to intangible assets is the value attributable to the identified "know how" and intellectual property acquired

Chaucer contributed £nil revenue and a loss of £19,700 to the Group's profit before tax for the period between the date of acquisition and 30 June 2009.

12. Prior year restatement

Following the identification of an error in foreign exchange hedging transactions which arose as a result of intra-company transactions not being correctly consolidated, the income statement and balance sheet for the years ended 31 December 2006, 2007 and 2008 have been restated.

The impact of this adjustment on the reported comparative figures was as follows:

	As previously stated 31 December 2008 £'000	Adjustment £'000	As restated 31 December 2008 £'000
Consolidated income statement			
Revenue	29,574	(696)	28,878
Tax expense	(3,398)	186	(3,212)
Profit for the financial year	8,148	(510)	7,638
Consolidated balance sheet			
Trade and other payables	(48,394)	(1,568)	(49,962)
Current tax liabilities	(1,942)	447	(1,495)
Net assets	25,634	(1,121)	24,513
	As previously stated 30 June 2008 £'000	Adjustment £'000	As restated 30 June 2008 £'000
Consolidated income statement			
Revenue	12,508	-	12,508
Tax expense	(1,494)	-	(1,494)
Profit for the financial year	3,939	-	3,939
Consolidated balance sheet			
Trade and other payables	(47,502)	(872)	(48,374)
Current tax liabilities	(1,630)	261	(1,369)
Net assets	21,465	(611)	20,854

13. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no transactions between the company and other related parties, except for the key management personnel compensation.

14. Capital commitments

There were no contractual commitments for future capital expenditure as at 30 June 2009 (2008: £nil).

15. Contingent liabilities

There were no contingent liabilities as at 30 June 2009 (2008: £nil).

16. Events after balance sheet date

There were no adjusting events or non-adjusting events after the balance sheet date.

INDEPENDENT REVIEW REPORT TO LONDON CAPITAL GROUP HOLDINGS PLC

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 2009 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 16. 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 in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent 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 review 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. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange. As disclosed in note 2, 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 inquiries, 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 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditors

Reading, United Kingdom

18 August 2009