PRINCIPLE CAPITAL HOLDINGS S.A.

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD
FROM 1 JANUARY 2007 TO 30 JUNE 2007

PRINCIPLE CAPITAL HOLDINGS S.A.

DIRECTORS
Chief Executive Officer
Brian A Myerson

Non-executive Directors
David J Cooley
Brian S Padgett
Leonard O'Brien
Richard Bolton

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Chief Executive's Statement

1. Introduction

In total, as at 30 June 2007, Principle Capital had fee earning assets under management, allowing for cross holdings between the funds, of £204m ($409m). This represented an increase of funds under management of £66m or 48% over the course of the first six months of this year (31 December 2006: £138m). Adjusting for the interests of our joint venture partners in the Proteus and PME groups, they increased by 41% to £180 million ($361m). Further progress has been made, however, since the period end with fee earning assets under management as at 31 August 2007, on the same bases, up 119% year to date to £302 million ($615 million) and 71% to £217 million ($442 million) (adjusting for the interests of our joint venture partners in the PME group as well the Proteus group).

We have two major business activities: our Activist Investment Funds business and our Alternative Investment Funds business. The Activist Investment Funds include our flagship fund, Principle Capital Investment Trust plc ("PCIT") (Ticker: PCIT), our open-ended fund, Principle Capital, L.P. (formally launched May 2007) and our co-investment vehicle, Bulldog Financial Limited. Our Alternative Investment Funds business was launched in October 2006 with the raising of our AIM traded South African real estate fund, South African Property Opportunities plc and in July 2007 we launched PME African Infrastructure Opportunities plc, also on AIM.

At the half year, I am pleased to report continued strength in management/advisory fee turnover of £3.24 million (2006: £0.56 million), of which £2.02 million was performance related. At 31 August 2007, annualised management/advisory fees for the Group reached £2.94m (after allowing for our joint venture partners' share), excluding any performance related revenues. Particularly gratifying is that over £1m of these fees will be contributed by the Alternative Investment Funds division, which highlights the diversification benefits of our strategy.

2. Investment Management

As mentioned above, the core Group operations address two distinct activities: our Activist Investment Funds and our Alternative Investment Funds.

Activist Investment Funds

The period to 30 June 2007 saw us consolidate a number of positions through our flagship fund, PCIT. Thanks to the good performance in 2006, we were able to raise £23.4m of new money for the fund in May (with fund of funds investor EIM S.A.) and again we completed a small placing raising a further £13.2 million in July after the period end. We have now substantially fully invested Principle Capital, L.P., which invests alongside PCIT. Furthermore, Bulldog Financial Limited, our co-investment vehicle investing specifically in the shares of Nord Anglia Education plc continues to make excellent progress.

Net assets of PCIT stood at £114 million at 30 June 2007 (31 December 2006: £99 million) following both organic growth and further fund raisings. Open-ended fund Principle Capital, L.P. launched with first formal closing of £18 million in May 2007. Bulldog Financial Limited, which is invested solely in Nord Anglia Education plc, showed net assets of £17 million (30 June 2007) against a book cost of £8 million (launched in April 2005). As at 31 August 2007, these three funds had assets under management, allowing for cross holdings between the funds, of £154 million.

Investment Performance
Following a strong performance by PCIT in 2006 (up 20.5%), PCIT got off to a solid start and was up 7% by the half year. Recent turmoil in the markets has impacted some of the fund's stocks, in particular those that had already shown very positive returns. Some investors took profits where they could to cover margin calls and redemptions; but PCIT's net asset value (net income reinvested) remained up 16% year-on-year to 31 August 2007 and the companies in which we have invested should largely be immune to the problems in the credit market. On a composite basis the Activist Investment Funds returned an IRR of 14% in the year to 31 August 2007.

We have continued to generate alpha in the investments we have made, one stock excepting, being Photo-Me, which has performed badly. We have taken very strong steps to reverse Photo-Me's decline, requisitioning two EGMs and corralling the company's other shareholders to bring about a wholesale restructuring of the board. We are pleased that Photo-Me has conceded to our requisitions to bring about changes to the board, which should lead to stronger leadership and a revival of what is in our view a very strong business proposition.

Nord Anglia Education plc, in which Bulldog Financial Limited invests, has continued to make good progress. It has won a further school licence in Shanghai and sold its underperforming nurseries business and, accordingly, its share price has increased a further 17% in the first eight months of this year.

Performance Fees
At the half year, performance fees due from PCIT to Principle Capital Fund Managers were approximately £1.34 million. In respect of Bulldog Financial Limited, Principle Capital Partners has also been able to accrue a further £677,026 on top of the £1.66 million accrued at 31 December 2006. These performance fees, however, should only be regarded as indicative as the calculation date for any fees payable on PCIT is 31 December and, for Bulldog, the date the investments are sold.

Alternative Investment Funds

South African Real Estate
South African Property Opportunities plc ("SAPRO") (Ticker: SAPO), of which our 60% owned subsidiary Proteus Property Managers Limited ("Proteus") is the investment manager, continues to make very good progress in investing the capital it raised in October 2006 and May of this year. SAPRO is a closed-end fund admitted to trading on AIM and listed on the Channel Islands Stock Exchange. It is focused on funding and managing real estate development projects in South Africa. It has made investments in ten development projects to date in a wide range of sectors, including industrial, residential and retail, and has committed £33.7 million to these projects, representing over half of the company's £63 million of net assets. Once fully invested and geared, SAPRO should have a portfolio of over £200 million (Rand 3 billion), making it a significant player in its local market.

As with our Activist Investment Funds, Proteus is entitled to management and performance fees from SAPRO. As SAPRO is also a closed-end permanent capital vehicle, this fee structure will give long term visibility on revenues for the Group. The fund raising in May combined with SAPRO's attractive return profile means that Proteus is expected to make a significant contribution to Group profit in the future.

African Infrastructure
In July we were pleased to announce the launch of our second closed-end permanent capital Alternative Investment Fund on AIM. PME African Infrastructure Opportunities plc ("PMEAIO") (Ticker: PMEA), raised gross placing proceeds of $180 million and, like SAPRO, trades on the AIM market. PMEAIO's strategy is to invest in infrastructure opportunities across sub-Saharan Africa, covering a wide range of sectors such as transportation, telecommunications, energy, water and sanitation and infrastructure-related real estate sectors as well as participating in public-private partnerships investing in these sectors.

Historical under-investment in Africa's infrastructure base has been a limiting factor in unlocking the continent's resource potential. We believe that investment in infrastructure projects will present significant opportunities for capital growth and revenue generation - we have estimated that in excess of US$120 billion of infrastructure investment opportunities will be created in the next 10 years as a result of infrastructure demands in Africa.

Principle Capital owns 32% of PME Infrastructure Managers Limited ("PMEIM"), the investment manager of PMEAIO, alongside Unicos Partners LLP, the Masazane Capital group (Principle Capital's partner in Proteus, the investment manager of South African Property Opportunities plc) and the interests of Richard Bouma, ex head of investment banking sub-Saharan Africa for HSBC and Chief Executive of PMEIM. PMEIM will receive annual management fees and performance fees on a project-by-project basis from PMEAIO and, given the capacity for infrastructure investment, may develop into a very significant business in its own right.

New opportunities

As we have been developing the Principle Capital offering, new opportunities are increasingly being referred to us from management teams and fund managers. In this regard, we are working with a very experienced fund manager regarding the potential launch of a new listed fund with a socially responsible investment theme, subject to market conditions.

In the Alternative Investment Funds division, we are focusing our efforts for the rest of this year on offering a third product alongside SAPRO and PMEAIO. However, looking forward to 2008, the pipeline of opportunity, particularly in the African market where we are building a strong reputation, remains encouraging.

3. Company Investments

In July the Company disposed of its investment in Liberty plc for a marked-to-market consideration of £4.06 million (realising a profit of £1.33 million on its book value) and, as a result, its sole investments are now in the shares of its fund products, in line with the strategy outlined in our 2006 annual report and accounts. Investing in our products demonstrates to potential investors our confidence in those strategies and also helps to avoid any conflicts of interest arising. At 30 June 2007, the Company's investment in the shares of PCIT was valued at £5.24 million and the Company's investment in SAPRO was valued at £555,000.

4. Staffing

We have continued to invest heavily in attracting new staff as well as retaining our existing team. Following the launch of PMEAIO and assuming the acquisition of the Silex group is approved by shareholders (see below) we will now have over 32 investment professionals and a support staff of 9 based in London, Geneva, Johannesburg and Cape Town, as well as a number of consultants and retained advisers in relation to our continued fund raising efforts.

5. Proposed Acquisitions

In a separate circular posted to shareholders, the Company today set out the background to two proposed acquisitions by the Company: (i) of the 30% of Principle Capital Partners Limited ("PCP"), its main operating subsidiary, that it does not already own from the original founding partners of the Group, including four directors of the Company; and (ii) the proposed acquisition of Silex Holdings Limited ("Silex"), the holding company of a successful fund and trust administration business owned by two of the same founding partners who are also directors of the Company.The proposed consideration for the acquisitions is £20.1 million for the PCP minority shareholding (the "PCP Transaction") and £4,187,500 for Silex (the "Silex Transaction"). In the case of the PCP Transaction, the founding partners will receive £20.1 million in cash in turn to be used fully in turn by them immediately to subscribe for 6,000,000 new ordinary shares in the Company at £3.35 each (being the last practicable mid-market price of the Company's ordinary shares before announcement of the transactions). In the case of the Silex Transaction, the consideration will be satisfied entirely by an issue of 1,250,000 new ordinary shares in the Company. Accordingly, following the transactions, a further 7,250,000 new ordinary shares in the Company will have been issued to complete the transactions.

six founding partners. Assuming the Silex acquisition referred to above proceeds, we will have a staff of over forty people in four offices and expect to have a market capitalisation, based on the current share price, three times the size when we launched. We are fast approaching the target that we originally set ourselves of $1 billion of assets under management and this now covers two distinct fund divisions both with a strong pipeline of new funds. We are very close to our goal of covering our overheads with our regular income sources and have the opportunity to generate significant annual performance based fees in all our fund operations. Further, as we grow as a business, we are attracting and able to develop a strong pipeline of new fund ideas as well as enjoying the many cost synergies that come with a larger organisation.

As indicated previously, as the business continues to grow, we have chosen to invest heavily in staff and new projects so that, whilst we expect to continue to grow funds under management significantly, shareholders should expect some short-term reduction in profits. We invested significantly in the period in new projects, new staff and new and improved office space and equipment but still made a profit after taxation of £527,820 (2006: £225,738 loss). However, the returns on the money invested should far outweigh any short-term reduction in profitability and the decision to diversify our fund offering gives us a much stronger platform from which to raise further funds than we had ever envisaged three years ago. It is also pleasing to note that, despite these investments, the balance sheet remains strong. In fact it remains close to the level at which the company was launched in November 2004 and that in spite of our having since established a substantial business operation. As at 30 June 2007, the consolidated net assets of the Group were £15.04 million (equivalent to 167p per share) (31 December 2006: £14.81 million)).

The credit markets (and consequently the equity markets) have clearly been very difficult of late, but I have great confidence in our activist portfolio which has historically shown little market correlation and the returns from which will be driven by improving the business performance of the specific companies in the portfolio. Nonetheless, it is also pleasing to have begun the development of a significant diversified fund offering and particularly to be at the forefront of investment in Africa, one of the world's fastest growing continents. I remain optimistic about the prospects for the Group.

Brian Myerson
Chief Executive Officer

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To the Shareholders of
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AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed consolidated interim balance sheet of PRINCIPLE CAPITAL HOLDINGS S.A. as of 30 June 2007 and the related condensed consolidated interim income statement, condensed consolidated statement of changes in equity and condensed consolidated interim cash flow statement for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial information ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 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 accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Luxembourg, 24 September 2007

KPMG Audit S.à r.l.
Réviseurs d'Entreprises

David Wallace

PRINCIPLE CAPITAL HOLDINGS S.A.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

	Group June 2007 (6 months) £	Group June 2006 (6 months) £
REVENUE		
Management and advisory fees	1,222,222	255,192
Performance fees	2,021,980	305,094
	3,244,202	560,286
OTHER INCOME		
Unrealised gain / (loss) on investments	595,894	(45,007)
Realised gain / (loss) on investments	-	240,049
Other operating income	28,006	-
	623,900	195,042
OPERATING EXPENSES		
Staff costs	463,206	113,080
Directors' remuneration and bonuses	1,464,250	253,605
Retrocession of performance fees	177,719	-
Introduction fees	184,632	-
Administrative expenses	1,062,573	639,423
	3,352,380	1,006,108
OPERATING PROFIT/(LOSS)	515,722	(250,780)
Interest income	38,356	33,023
PROFT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	554,078	(217,757)
Taxation on ordinary activities	(26,258)	(7,981)
PROFIT/(LOSS) FOR FINANCIAL PERIOD	527,820	(225,738)
Attributable to shareholders	451,302	(175,292)
Attributable to minority interests	76,518	(50,446)
Basic earnings /(loss) per share	5.0 p	(1.9) p
Diluted earnings /(loss) per share	4.7 p	(1.8) p

The accompanying notes form an integral part of the condensed consolidated interim financial information.

PRINCIPLE CAPITAL HOLDINGS S.A.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2007

	Group June 2007 £	Group December 2006 £
NON CURRENT ASSETS		
Tangible assets	109,358	34,645
Investments	9,260,889	8,118,536
	9,370,247	8,153,181
CURRENT ASSETS		
Debtors	4,398,761	5,002,238
Transferable securities	920,168	900,000
Cash and cash equivalents	1,206,421	2,148,710
	6,525,350	8,050,948
CURRENT LIABILITIES		
Creditors	(858,444)	(1,394,375)
NET CURRENT ASSETS	5,666,906	6,656,573
NET ASSETS	15,037,153	14,809,754
EQUITY		
Share capital	8,999,806	8,999,806
Share premium	6,250,000	6,250,000
Share based payments	363,113	363,113
Currency translation reserve	(662)	(242)
Retained earnings	(762,963)	(1,214,265)
Equity attributable to shareholders	14,849,294	14,398,412
Equity attributable to minority interest	187,859	411,342
EQUITY	15,037,153	14,809,754

LEONARD O'BRIEN

BRIAN PADGETT

The accompanying notes form an integral part of the condensed consolidated interim financial information.

PRINCIPLE CAPITAL HOLDINGS S.A.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007

	Group June 2007 (6 months) £	Group June 2006 (6 months) £
Cash flows from operating activities		
Operating profit / (loss)	515,722	(250,780)
Adjustments for:		
- Depreciation	13,304	8,481
- Unrealised (gains)/losses on investments	(595,894)	45,007
- Realised (gains)/losses on investments	-	(240,049)
- Equity settled share-based payments expenses	-	84,846
Working capital changes	76,529	(322,666)
Tax paid during the period	-	(13,483)
Net cash from/(used in) operating activities	9,661	(688,644)
Cash flows from investing activities		
Payments to acquire tangible assets	(88,016)	(546)
Payments to acquire investments	(600,240)	(525,000)
Receipt from sale of investments	-	3,129,806
Interests received	38,356	-
Net cash from/(used in) investing activities	(649,900)	2,604,260
Cash flows from financing activities		
Subsidiaries' share capital payments received from minority shareholders	136	-
Dividends paid to minority shareholders	(300,000)	-
Loan to third party	(1,665)	-
Foreign exchange	(521)	-
Net cash used in financing activities	(302,050)	-
Increase/(decrease) in cash in the period	(942,289)	1,915,616
Cash and cash equivalents at the beginning of the period	2,148,710	1,017,139
Increase/(decrease) in cash in the period	(942,289)	1,915,616
Cash and cash equivalents at the end of the period	1,206,421	2,932,755

The accompanying notes form an integral part of the condensed consolidated interim financial information.

PRINCIPLE CAPITAL HOLDINGS S.A.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payments	Currency translation reserve	Retained earnings	Equity attributable to shareholders	Minority interests	Equity
Balance as at 1 January 2006	8,999,806	6,250,000	225,310	-	(3,026,401)	12,448,715	(425,652)	12,023,063
Net profit for the period	-	-	-	-	(175,292)	(175,292)	(50,446)	(225,738)
Share based payments	-	-	84,846	-	-	84,846	-	84,846
Movements in minority interests	-	-	-	-	-	-	-	-
Balance as at 30 June 2006	8,999,806	6,250,000	310,156	-	(3,201,693)	12,358,269	(476,098)	11,882,171

	Share capital	Share premium	Share based payments	Currency translation reserve	Retained earnings	Equity attributable to shareholders	Minority interests	Equity
Balance as at 1 January 2007	8,999,806	6,250,000	363,113	(242)	(1,214,265)	14,398,412	411,342	14,809,754
Net profit for the period	-	-	-	-	451,302	451,302	76,518	527,820
Foreign exchange	-	-	-	(420)	-	(420)	(1)	(421)
Dividends paid to minority shareholders	-	-	-	-	-	-	(300,000)	(300,000)
Balance as at 30 June 2007	8,999,806	6,250,000	363,113	(662)	(762,963)	14,849,294	187,859	15,037,153

The accompanying notes form an integral part of the condensed consolidated interim financial information.

1 SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLE CAPITAL HOLDINGS S.A. (the “Company”) is a company domiciled in Luxembourg. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2007 comprise the Company and its subsidiaries.

The condensed consolidated interim financial statements were authorised for issuance on O/S.

1.1 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the E.U. for interim financial statements. These are the Group’s first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition from United Kingdom GAAP (Previous GAAP) to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 2.

1.2 BASIS OF PREPARATION

The financial statements are presented in pound sterling (“£”). They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale and those designated at fair value through profit or loss.

The preparation of interim statements in conformity with IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, more specifically in relation to the recognition of performance fees (see note 1.9).

These condensed consolidated interim financial statements have been prepared on the basis of IFRSs as adopted by the E.U. that are effective at the Group’s first IFRS annual reporting date, 31 December 2007. Based on these IFRSs, the Board of Directors have made assumptions about accounting policies expected to be adopted (accounting policies) when the first IFRS annual financial statements are prepared for the year-ended 31 December 2007.

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of the transition to IFRSs, as required by IFRS 1. The impact of the transition from previous GAAP to IFRSs is explained in note 2.

The accounting policies have been applied consistently throughout the Group for purposes of these condensed consolidated interim financial statements.

1.3 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated in £ at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities for foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to £ at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to £ at rates approximating the foreign exchange rate ruling at the dates of the transactions.

1.5 PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Fixture and fittings	6-7 years	15% average depreciation rate
Computer equipments	3 years	33% average depreciation rate

The residual value is reassessed annually.

1.6 INTANGIBLE ASSETS

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill is recognised in acquisitions of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

1.7 INVESTMENTS

Investments in debt and equity

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The Group has designated all other financial instrument assets as measured at fair value through profit or loss.

The fair value of financial instruments classified as held for trading and designated at fair value through profit or loss is their quoted bid price at the balance sheet date.

Financial instruments classified as held for trading or designated at fair value through profit or loss are recognised (derecognised) by the Group on the date it commits to purchase (sell) the investments (trade date accounting).

Derivatives

Derivative financial instruments are initially recognised and subsequently measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

1.10 IMPAIRMENT

The carrying of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 SHARE-BASED PAYMENT TRANSACTIONS

The share option programme allows Group employees, Senior Managers and Directors, to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

1.12 TRADE AND OTHER PAYABLES

Trade and other payables are stated cost.

1.13 REVENUE

Revenue relates to investment management services provided by the Company and is recognised in the income statement on an accrual basis.

Performance fees are also recognised in the income statement on an accrual basis. They are based on the evolution of the net asset value of the funds under management.

Certain performance fees which are recorded on an accrual basis only are recovered upon the partial or full liquidation of the underlying investment. In the event of a decrease in the net asset value of the fund before the liquidation, performance fees could be significantly reduced or eliminated.

Income tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2 EXPLANATION OF TRANSITION TO IFRS

As stated in note 1, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRSs.

The accounting policies in note 1 have been applied in preparing the condensed consolidated interim financial information for the six months ended 30 June 2007, the comparative information for the six months ended 30 June 2006, the consolidated balance sheet as at 31 December 2006 and the preparation of the opening IFRS balance sheet at 1 January 2006 (the Group's date of transition).

In preparing its opening IFRS balance sheet, comparative information for the six months ended 30 June 2006 and consolidated balance sheet as at 31 December 2006, the Group has reclassified certain items reported previously in financial statements prepared in accordance with previous GAAP.

The transition from previous GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows only in terms of presentation and disclosures.

The transition from previous GAAP to IFRS had no impact on the equity or on the operating profit/(loss) of the Group.

3 EARNINGS/(LOSS) PER ORDINARY SHARE

Basic

The calculation of basic earnings per ordinary share is based on earnings of £451,302 (30 June 2006: loss of £175,292), being the profit/(loss) for the period attributable to the parent, divided by the weighted average number of ordinary shares in issue during the period of 8,999,806 (30 June 2006: 8,999,806).

Diluted

The calculation of diluted earnings per ordinary share is based on earnings of £451,302 (30 June 2006: loss of £175,292), divided by the weighted average number of ordinary shares in issue during the period of 9,489,397 (30 June 2006: 9,485,796) after taking account of the diluted potential effect of share options issued under the Company's share option plans (see note 4.2).

4 RELATED PARTIES

4.1 REMUNERATION OF DIRECTORS

	Group June 2007 6 months £	Group June 2006 6 months £
Directors' remuneration	1,464,250	253,605

There were no pension contributions paid to directors during the period.

Share options to acquire PRINCIPLE CAPITAL HOLDINGS S.A. shares have been granted to Directors of Group companies as follows:

	Group June 2007 £	Group June 2006 £
Company of beneficiaries		
PRINCIPLE CAPITAL HOLDINGS S.A.	179,996	179,996
PRINCIPLE CAPITAL ADVISORS LIMITED	179,996	179,996
Total options granted at the period end	359,992	359,992

Share options became exercisable at £2 on 3 November 2006 and will lapse to the extent not exercised on 2 November 2014.

4.2 SHARE INCENTIVES AND BONUS PLAN

The Company has established the PRINCIPLE CAPITAL HOLDINGS S.A. Discretionary Share Option Plan ("DSOP") and the PRINCIPLE CAPITAL HOLDINGS S.A. Discretionary Bonus Plan.

Under the DSOP, the Company may grant options to eligible employees, Directors and Senior Management of the Group to acquire PRINCIPLE CAPITAL HOLDINGS S.A. shares. The maximum number of the Company shares which may be put under option under the DSOP is 3 per cent of the issued share capital of the Company from time to time. The exercise price of the Company share under each option granted after admission will be the market value of the Company share determined by the Board of Directors.

Under separate agreement, the Company may grant options to non-employee Directors up to 2 per cent of the issued share capital. The exercise price for each Company share under these options will be the placing price and the other terms of these options will be as similar as practicable to the terms of the options granted under the DSOP. In addition, an option was granted on 18 October 2004 to a former adviser to the Company over 1% of the then issued share capital.

As at 30 June 2007, stock options outstanding amounted to 539,998 (30 June 2006: 485,990), with the following exercise prices and maturity dates:

- 89,998 became exercisable on 18 October 2004 and will lapse to extent not exercised on 1 November 2009. The exercise price on these options is £2.

- 359,992 became exercisable on 3 November 2006 and will lapse to the extent not exercised on 2 November 2014. The exercise price on these options is £2.

- 36,000 became exercisable on 8 April 2007 and will lapse to the extent not exercised on 7 April 2015. The exercise price on these options £2.225.

- 53,998 become exercisable on 18 June 2009 and will lapse to the extent not exercised on 17 June 2017. The exercise price on these options is £3.25

Under the Bonus Plan and under separate arrangements in the case of Directors and Senior Management who are employees of the Group, 5 per cent of the profit (if any) of the Company before tax, depreciation, amortisation, exceptional items and bonuses will be allocated at the end of each financial year to a bonus pool.

4.3 FEES PAID TO SILEX MANAGEMENT LIMITED

During the financial period, the Group paid £184,632 to SILEX MANAGEMENT LIMITED, a company external to the Group but having common directors with PRINCIPLE CAPITAL HOLDINGS S.A., as remuneration of the introduction of investors to one of the funds managed by the Group.

Management fees paid to the Silex Group to 30 June 2007 totaled £112,500 (30 June 2006: £50,000).

5 POST BALANCE SHEET EVENTS

On 27 September 2007, the Company posted a circular to Shareholders setting out the background to two proposed acquisitions by the Company: (i) of the 30% of Principle Capital Partners Limited, its main operating subsidiary, that it does not already own from the original founding partners of the group (including the interests of Brian Myerson, David Cooley, Brian Padgett and Leonard O’Brien, all directors of the Company) and (ii) the proposed acquisition of Silex Holdings Limited, the holding company of a fund and trust administration business owned also by the interests of Brian Padgett and Leonard O’Brien.

The proposed consideration for the acquisitions is £20.1 million for the PCP minority shareholding (the “PCP Transaction”) and £4,187,500 for Silex (the “Silex Transaction”). In the case of the PCP Transaction, the founding partners will receive £20.1 million in cash, following which they have agreed to subscribe in turn for 6,000,000 new ordinary shares in the Company at £3.35 each. In the case of the Silex Transaction, the consideration will be satisfied entirely by an issue of 1,250,000 new ordinary shares in the Company. Accordingly, following the transactions, a further 7,250,000 new ordinary shares in the Company will have been issued to complete the transactions.

The founding partners have agreed to certain lock-in arrangements in respect of dealings in the new shares and new service agreement arrangements binding them to the Group for significantly longer periods than under their current obligations.