Jarvis

Securities plc

Interim Financial Statements 30 June 2013

Corporate information

DIRECTORS:	A J Grant – Chairman and Chief Executive Officer N J Crabb – Business Development and Client Services Director J C Head – Finance Director G McAusland – Non Executive Director	
SECRETARY:	J C Head	
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	
REGISTERED NUMBER:	5107012	
AUDITORS:	Crowe Clark Whitehill LLP 10 Palace Avenue Maidstone ME15 6NF	
REGISTRAR:	Share Registrars Ltd Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL	
BANKERS:	NatWest Bank 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ	
SOLICITORS:	Thomson Snell & Passmore 3 Lonsdale Gardens Royal Tunbridge Wells TN1 1NX	K&L Gates LLP 1 New Change London EC4M 9AF
NOMINATED ADVISER AND BROKER:	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
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TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	

Highlights

- £510,592 (17%) increase in revenue versus six months to 30 June 2012
- £473,500 (45%) increase in profit before tax versus six months to 30 June 2012
- Cash under administration has increased £36,498,402 (51%) versus 30 June 2012
- Client numbers have increased 13% versus 30 June 2012

Chairman's statement

I am pleased to report our best ever set of half year results. Revenue has increased significantly while the cost base has remained consistent demonstrating the scalability of Jarvis' business model. Behind the financial numbers we continue to acquire both retail and institutional clients. In the first half of this year we have signed contracts to provide Model B and/or Custodian services to Panmure Gordon, Daniel Stewart, Dartmoor Investment Trust and two of Chelverton's Investment Trusts. We continue to receive many enquiries attracted by our competitively priced reputable service and have a good pipeline of new business scheduled for the coming year.

As always we are not complacent about the status quo and are continually looking for growth and improvements in efficiency. In the second half of this year we will be further upgrading our IT infrastructure. This is funded from profit not paid out as dividends in prior periods; therefore this investment will cause no impact on dividends in the current year. The upgrade will facilitate improvements to our internal procedures leading to cost savings, and the functionality we are able provide to our clients.

Finally I would like to comment on the recent appreciation in our share price. We have felt for some time that our shares were undervalued. Jarvis stock has many attractive characteristics – the business is highly cash generative and management are committed to returning cash to shareholders in a regular and transparent fashion. This is reflected by our policy of paying regular quarterly dividends at 2/3rds of profit after tax. We have a proven track record of continued growth, even in difficult economic conditions. We have demonstrated an ability to acquire and retain both retail and institutional clients; however our share of the retail stock market remains small leaving plenty of potential growth opportunities for the future. We operate in a highly regulated industry with significant costs on entry thereby restricting the number of new entrants into our market. Finally, due to the recently announced changes in the ISA rules Jarvis stock will shortly be ISA eligible, further increasing the breadth of potential demand.

These are certainly exciting times for Jarvis. As always I would like to thank every member of the Jarvis team for their continued commitment.

Andrew J Grant
Chairman

Key performance indicators (KPI)

The key performance indicators (KPIs) 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 2013 where measurement over a year is required.

KPI:	**30/6/13**	30/6/12	Target
Profit before tax margin	**44%**	35%	20%
Revenue per employee *(annualised)*	**£183,200**	£165,012	to increase
Growth in client numbers *(annualised)*	**13.1%**	5.2%	10%
Cash under administration	**108,661,071**	72,162,669	to increase

Company No.: 5107012

Consolidated income statement for the period ended 30 June 2013

	Notes	**Six months ended 30/6/13**	30/6/12
		£	£
Continuing operations			
Revenue		**3,480,808**	2,970,216
Administrative expenses		**(1,960,403)**	(1,910,114)
Finance costs		**-**	(13,197)
Profit before income tax		**1,520,405**	1,046,905
Income tax charge	*4*	**(349,693)**	(258,410)
Profit for the period		**1,170,712**	788,495
Attributable to equity holders of the parent		**1,170,712**	788,495
Earnings per share	*5*	**P**	p
Basic		**11.01**	7.45
Diluted		**10.77**	7.32

Consolidated statement of financial position at 30 June 2013

	Notes	**30/6/13**	*31/12/12*	30/6/12
		£	*£*	£
Assets				
Non-current assets				
Property, plant and equipment		259,543	*268,268*	257,860
Intangible assets		227,160	*131,055*	140,098
Goodwill		342,872	*342,872*	342,872
Investments held to maturity		270,932	*278,916*	286,900
Deferred income tax		6,832	*6,832*	12,571
Available-for-sale investments		4,445	*46,055*	260,323
		1,111,784	*1,073,998*	1,300,624
Current assets				
Trade and other receivables		6,583,475	*4,252,336*	4,982,176
Investments held for trading		2,108	*761*	6,720
Cash and cash equivalents		8,758,698	*3,606,577*	3,001,663
		15,344,281	*7,859,674*	7,990,559
Total assets		16,456,065	*8,933,672*	9,291,183
Equity and liabilities				
Capital and reserves				
Share capital	*7*	107,245	*106,015*	105,910
Share premium		1,007,302	*862,657*	854,099
Merger reserve		9,900	*9,900*	9,900
Capital redemption reserve		9,845	*9,845*	9,845
Share option reserve		122,121	*114,481*	105,807
Retained earnings		1,945,150	*1,469,605*	1,131,988
Total equity		3,201,563	*2,572,503*	2,217,549
Current liabilities				
Trade and other payables		12,941,743	*6,048,103*	6,767,254
Income tax	*4*	312,759	*313,066*	306,380
		13,254,502	*6,361,169*	7,073,634
Total equity and liabilities		16,456,065	*8,933,672*	9,291,183

Consolidated statement of comprehensive income

	Six months ended	
	30/6/13	30/6/12
Profit for the period	**1,170,712**	788,495
Deferred tax (charge) / asset on share options	**-**	-
Net income recognised directly in equity	**-**	-
Total comprehensive income for the period	**1,170,712**	788,495
Attributable to equity holders of the parent	**1,170,712**	788,495

Consolidated statement of changes in equity for the period

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Share option reserve	Retained earnings	Attributable to equity holders of the company
	£	£	£	£	£	£	£
Balance at 31/12/11	105,720	838,614	9,900	9,845	97,034	899,394	1,960,507
Issue of shares	190	15,485	-	-	-	-	15,675
Expense of employee options	-	-	-	-	8,773	-	8,773
Profit for the period	-	-	-	-	-	788,495	788,495
Dividends	-	-	-	-	-	(555,901)	(555,901)
Balance at 30/6/12	105,910	854,099	9,900	9,845	105,807	1,131,988	2,217,549
Issue of shares	105	8,558	-	-	-	-	8,663
Expense of employee options	-	-	-	-	8,674	-	8,674
Profit for the period	-	-	-	-	-	973,556	973,556
Dividends	-	-	-	-	-	(635,939)	(635,939)
Balance at 31/12/12	106,015	862,657	9,900	9,845	114,481	1,469,605	2,572,503
Issue of shares	1,230	144,645	-	-	-	-	145,875
Expense of employee options	-	-	-	-	7,640	-	7,640
Profit for the period	-	-	-	-	-	1,170,712	1,170,712
Dividends	-	-	-	-	-	(695,167)	(695,167)
Balance at 30/6/13	107,245	1,007,302	9,900	9,845	122,121	1,945,150	3,201,563

Consolidated statement of cashflows for the period ended 30 June 2013

	Six months ended	
	30/6/13	30/6/12
	£	£
Cash flow from operating activities		
Profit before tax	**1,520,405**	1,046,905
Finance cost	**-**	13,197
Depreciation charges	**11,143**	12,380
Amortisation charges	**17,859**	23,309
Impairment charges	**41,610**	20,226
Share options	**7,640**	8,773
Loss/(Profit) on disposal of fixed assets	**-**	-
	1,598,657	1,124,790
(Increase)/Decrease in receivables	**(2,491,139)**	(1,723,308)
Increase/(Decrease) in payables	**6,828,640**	2,437,759
(Increase)/Decrease in investments held for trading	**(1,347)**	13,255
Cash generated from operations	**5,934,811**	1,852,496
Interest paid	**-**	(13,197)
Income tax (paid)/received	**(350,000)**	(250,000)
Net cash from operating activities	**5,584,811**	1,589,299
Cash flows from investing activities		
(Increase)/Decrease in investments held to maturity	**-**	(99,999)
Sale of investments	**160,000**	-
Purchase of intangible assets	**(40,979)**	-
Purchase of tangible fixed assets	**(2,419)**	(57,372)
	116,602	(157,371)
Cash flows from financing activities		
Issue of ordinary share capital	**145,875**	15,675
Dividends to equity shareholders	**(695,167)**	(555,901)
Net cash used in financing activities	**(549,292)**	(540,226)
Net (decrease)/increase in cash & cash equivalents	**5,152,121**	891,702
Cash and cash equivalents at 1 January	**3,606,577**	2,109,961
Cash and cash equivalents at 30 June	**8,758,698**	3,001,663

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. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2013).

These consolidated interim financial statements have been prepared in accordance 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 at the time of preparing these statements.

At the date of authorisation of these interim financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 7 and IAS 32	(Amendment) -"Financial Instrument presentation"- effective January 2014
IAS 36	(Amendment) –"Impairment of assets"- effective January 2014
IFRIC 21	"Levies" – effective January 2014
IFRS 9	"Financial Instruments" – effective January 2015

Adoption of these Standards and Interpretations is not expected to have a material impact on the financial statements of the Company or Group.

The preparation of these interim financial statements in accordance with IFRS 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 434 of the Companies Act 2006. The auditors' report for the 2012 accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

(a) Revenue

Income is recognised as earned in the following way:

Commission – we charge commission on a transaction basis. Commission rates are fixed according to account type. When a client instructs us to act as an agent on their behalf (for the purchase or sale of securities) our commission is recognised as income. Our commission is deducted from the cash given to us by the client in order to settle the transaction on the client's behalf or from the proceeds of the sale in instance where a client sells securities.

Management fees – these are charged quarterly or bi-annually depending on account type. Fees are either fixed or are a percentage of the assets under administration. Fees are accrued up to the time they are charged using a day count and most recent asset level basis as appropriate.

Interest income - this is accrued on a day count basis up until deposits mature and the interest income is received. The deposits pay a fixed rate of interest. In accordance with FSA requirements, deposits are only placed with banks that have been approved by our compliance department.

(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 Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 30 June 2013.

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. 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 S408 of the Companies Act 2006.

(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, or over the lease period if less than 3 years
Motor vehicles	-	15% on cost
Office equipment	-	20% on cost
Land & Buildings	-	Buildings are depreciated at 2% on cost. Land is not depreciated.

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. Impairment reviews of property, plant and equipment are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

(d) Intangible assets
Intangible assets are carried at cost less accumulated amortisation. If acquired as part of a business combination the initial cost of the intangible asset is the fair value at the acquisition date. Amortisation is charged to administrative expenses within the income statement and provided on cost in equal annual instalments over the lives of the assets at the following rates:

Databases	-	4% on cost
Customer relationships	-	7% on cost
Software developments	-	33% on cost
Website	-	33% on cost

Impairment reviews of intangible assets are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

(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. Any negative goodwill arising is credited to the income statement in full immediately.

(f) Deferred income tax
Deferred income tax is provided in full, using the liability method, on 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) Trading balances
Trading balances incurred in the course of executing client transactions are measured at initial recognition at fair value. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as trade receivables and payables. The net balance is disclosed where there is a legal right of set off.

(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) Investments
The Group classifies its investments in the following categories: investments held to maturity, 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.

Investments held to maturity
Investments held to maturity are stated at cost. Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are classified as non-current.

Investments 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.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less provision for any impairment in value.

(l) Foreign exchange
The group offers settlement of trades in sterling, US dollars, euros, Canadian dollars, Australian dollars, South African rand and Swiss francs. The group 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 group has no foreign exchange risk.

(m) 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.

(n) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Current income tax
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year.

(p) Dividend distribution
Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which interim dividends are notified to shareholders and final dividends are approved by the company's shareholders.

(q) Share based payments
The Group applies the requirements of IFRS 2 Share-based Payment and IFRIC 11.

The Group issues equity-settled share-based payments to certain employees and other personnel. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effects of non market-based vesting conditions.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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
Interim period income tax is accrued based on an estimated average annual effective income tax rate of 23%.

5. Earnings per share

	Six months ended 30/6/13			Six months ended 30/6/12		
	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	**1,170,712**	**10,636,158**	**11.01**	788,495	10,581,500	7.45
Dilutive effect of options		**232,142**			187,778	
Diluted earnings per share	**1,170,712**	**10,868,300**	**10.77**	788,495	10,769,278	7.32

6. Dividends
During the interim period dividends totalling 6.5p per ordinary share were declared and paid.

7. Share capital
During the interim period 123,000 new Ordinary 1p shares in the company were issued to satisfy the exercise of options by employees of the Group.

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 within the next financial year relate to goodwill, intangible assets and the expense of employee options.

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.

The Group considers at least annually whether there are indications that the carrying values of intangible assets may not be recoverable, or that the recoverable amounts may be less than the asset's carrying value, in which case an impairment review is performed. These calculations require the use of estimates.

Employee options are expensed equally in each year from issue to the date of first exercise. The total cost is calculated on issue based on the Black Scholes method with a volatility rate of 30% and a risk free interest rate of 3.75%. It is assumed that all current employees with options will still qualify for the options at the exercise date.

10. Related party transactions

The company has a lease with Sion Holdings Limited, a company controlled by A J Grant by virtue of his majority shareholding, for the rental of 78 Mount Ephraim, a self-contained office building. The lease has an annual rental of £63,500, being the market rate on an arm's length basis, and expires on 26 September 2017.

Jarvis Securities plc owed Jarvis Investment Management Limited £133,343 at the period end.

As at 30 June 2013 Sion Securities, the company's immediate and ultimate parent undertaking, had £84,393 (2012: £32,673) deposited with Jarvis Investment Management Limited. Sion Holdings Limited, a company controlled by A J Grant by virtue of his majority shareholding, had £959 (2012: £6,279) deposited with Jarvis Investment Management Limited at 30 June 2013. Sion Property Developments Limited, a company controlled by A J Grant by virtue of his majority shareholding, had no cash (2012: 4,303) deposited with Jarvis Investment Management Limited at 30 June 2013. Sion Properties Limited, a company controlled by A J Grant by virtue of his majority shareholding, had no cash (2012: £167,157) deposited with Jarvis Investment Management Limited at 30 June 2013.

11. Capital commitments

During the period the directors signed contracts committing to approximately £113,000 of capital expenditure exclusive of VAT. This relates to an upgrade of the IT infrastructure of the company.

12. Event after the statement of financial position date

The Board propose the payment of a third interim dividend for the year to 31 December 2013 of 3.5p per Ordinary share to holders on the register at 21st August 2013 and payable on 12th September 2013.

13. Assets impairment review

During the interim period an impairment review of intangible assets was undertaken. No impairment charge resulted from the review (2012: nil). In reviewing the value of intangible assets for impairment, the directors have assumed attrition rates based on the actual attrition rates of the previous 12 months. These are calculated individually for each group of acquired clients. A discount rate of 2.0% has also been assumed. The discounted cashflow is calculated over a period of 5 years. A 1% decrease in the attrition rates applied to each group of clients results in a £74 reduction in the value of the intangible assets. A 1% increase in the assumed discount rate results in a £5,790 decrease in the value of the intangible assets. For impairment to occur a discount rate of 6.4% would need to be assumed.

Available for sale assets have been marked to market where a market price is readily available. Where the market price has fallen below the purchase price the loss has been charged to the income statement.

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 2013 which comprises the consolidated income statement, consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cashflows 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 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Crowe Clark Whitehill LLP
Statutory Auditor

10 Palace Avenue
Maidstone
Kent
ME15 6NF

Date: 23 July 2013