Atlantic Coal plc / Index: AIM / Epic: ATC / Sector: Mining

**Atlantic Coal plc ("Atlantic" or the "Company")**

**Interim results**

Atlantic Coal, the AIM listed opencast anthracite coal production and processing company with primary activities in Pennsylvania, USA, announces its results for the six months ended 30 June 2015 together with an update on the development progress at its Stockton anthracite mine ("Stockton"), located near Hazleton, Pennsylvania.

**Highlights**

*Key financial summary*

| | **6 months ended 30 June 2015** | 6 months ended 30 June 2014 | Change |
|---|---|---|---|
| | **$** | $ | |
| Turnover | **10,362,897** | 9,447,100 | +9.7% |
| Cost of sales | **5,250,392** | 7,486,803 | -29.9% |
| Profit /(loss) from operations | **4,244,778** | (162,531) | +$4,407,309 |
| Total comprehensive income | **4,187,256** | (207,010) | +$4,394,266 |
| Total assets | **48,224,019** | 37,180,017 | +29.7% |
| Cash and cash equivalents | **571,393** | 295,787 | +93.2% |

*Key production/sales summary*

| | **6 months ended 30 June 2015** | 6 months ended 30 June 2014 | Change |
|---|---|---|---|
| Clean Coal Production (tons) | **91,877** | 84,567 | +8.6% |
| Run of Mine Production (tons) | **315,049** | 191,007 | +64.9% |
| Overburden Production (BCY) | **2,213,488** | 1,351,240 | +63.8% |
| Total Coal Sales (tons) | **105,971** | 75,761 | +39.9% |
| Wash Recovery Rate (%) | **53.1** | 42.5 | +24.9% |

**Commenting on the results, Atlantic Coal's Managing Director Steve Best said:**

"I am pleased to report an excellent performance in H1 in what have been challenging global market conditions. Set against this background the Company has performed extremely well, moving into a meaningful profit after a small loss in the comparable period last year and the overall loss for 2014. The performance is particularly noteworthy as the reporting period also includes Q1 when our Stockton

Mine again faced severe adverse weather and temperature conditions and Q2 when our wash plant was not operational for 16 days for refurbishment and improvements.

"The Company's decision to modernise the mining fleet with new haul trucks and excavators, upgrade both the capacity and performance of the wash plant and (immediately post-period end) to commission a new rail loading facility is now bearing fruit as we continue to mine the near solid 30 feet thick Mammoth seam along with the Diamond, Orchard and Primrose seams which are also producing in line with, or ahead, of our internal expectations.

We look forward to the usual seasonal increase in anthracite prices in the second half of 2015 and which must also be seen against the background of anthracite prices holding up well compared with prices for thermal bituminous coal. All of this gives me confidence to look forward positively to the second half of the year."

**Chairman's statement**

**Operations review**

This set of results for the six months to the 30 June 2015 with an operational profit of $4.2 million represents a remarkable turnaround for the Company and demonstrates the results of the Company's decision to modernise Stockton to exploit the high quality anthracite reserves, in particular those arising from the 30 feet thick Mammoth seam. We have not only reduced our operating costs and increased our production capability with new haul trucks and excavators, a refurbished and increased capacity wash plant and the advance of our mining operations into the near solid Mammoth seam, but we have also developed sales of Run of Mine coal to other anthracite processors thereby increasing both sales volumes and revenue.

Up until December of 2014 we were mining areas of Mammoth seam with between 35% and 44% of anthracite still remaining after historical underground mining. The advance of mining into near solid (up to 90%) anthracite remaining, together with improved recoveries in the Diamond, Orchard and Primrose seams has substantially reduced our mining ratio (cubic yards of overburden excavated per ton of anthracite produced) which is the main determinant of mining costs. This reduces our excavating costs, hauling costs and washing costs. This positive change in mining conditions was a prime determinant in our decision to modernise Stockton and this, together with lower diesel fuel prices, is also making a major contribution to our reduced mining costs and increased profit.

As announced on 14 August 2015, immediately post-period end we also commissioned our new rail loading facility on the Reading, Blue Mountain and Northern Railroad at the eastern end of our Stockton property. This not only facilitates our access to more distant markets in the Mid-west and

West of the USA, for instance the 2,400 miles haul to Idaho, but also makes us more competitive in these markets as we now avoid road haulage costs to, and loading costs at, third party operated railheads.

We have long stated that our ambition is to grow both our reserve base of anthracite and our production capacity and have been actively looking for further high quality and economically viable anthracite coal properties. We believe that our successful mining operations at Stockton give Atlantic a distinct advantage in being able to successfully operate mines where other operators may not have succeeded. There are clearly some good mining opportunities in the Pennsylvania anthracite fields but these do require careful due diligence of not only the anthracite reserves but also the funding arrangements to acquire and operate these mines. I continue to support our CEO, Steve Best, together with our entire technical team in not only finding the right properties for Atlantic to acquire, but also to make sure the Company secures a cost effective financing package so we can execute on this strategy once we have located a suitable target.

We are delighted that Atlantic has been able to manage our Stockton operations in such an effective manner against a challenging trading environment. Shareholders should remain confident that the Company is well positioned to benefit from both the seasonal H2 positive upturn in demand and pricing for its anthracite and also the medium to longer term prospects for our high quality specialist product.

**Outlook**

While we are experiencing some challenging market conditions with world commodity prices for minerals being adversely impacted, anthracite prices have held up relatively well compared with, for example the bituminous thermal coal market. This is a reflection of the range of high quality niche markets in which we operate with anthracite having a wide range of specialist uses which continue to diversify away from its historic use as a high quality clean burning fuel to its main attraction as a source of high quality carbon.

Our production and sales volumes are good and we are also benefiting from new ROM sales which have already exceeded 50,000 tons this year.

As we proceed through second half of 2015, while we still anticipate challenging market conditions, we have substantially reduced our cost base and with the support of our operational team, we believe that the Company is well positioned to exploit exciting and expanding new customer channels.

Finally, I would like to take this opportunity to thank our team, shareholders and associates for their support over recent months. We look forward to providing further updates at the appropriate time.

Adam Wilson
Chairman

For further information on the Company, visit www.atlanticcoal.com or contact:

| | | |
|---|---|---|
| Steve Best | Atlantic Coal plc | Tel: 0191 386 6392 |
| Nick Naylor | Allenby Capital Limited | Tel: 020 3328 5656 |
| Alex Price | Allenby Capital Limited | Tel: 020 3328 5656 |

| Condensed Consolidated Income Statement | Note | 6 months to 30 June 2015 Unaudited $ | 6 months to 30 June 2014 Unaudited $ |
|---|---|---|---|
| **Turnover** | | 10,362,897 | 9,447,100 |
| Cost of sales | | (5,250,392) | (7,486,803) |
| **Gross profit** | | 5,112,505 | 1,960,297 |
| Administration expenses | | (3,193,312) | (1,627,793) |
| Exceptional expenses | | - | (59,604) |
| Other income | | 1,943,853 | 151,134 |
| Other gains/(losses) – net | | 381,732 | (586,565) |
| **Profit/(Loss) from operations** | 4 | **4,244,778** | **(162,531)** |
| Finance costs | | (509,939) | (109,390) |
| **Profit/(Loss) from ordinary activities before tax** | | **3,734,839** | **(271,921)** |
| Income tax expense | | - | - |
| **Retained Profit/(Loss) for the period attributable to shareholders** | | **3,734,839** | **(271,921)** |
| **Profit/(Loss) per share - basic** | 6 | **0.080 cents** | **(0.01) cents** |

All activities are classified as continuing.

| Condensed Consolidated Statement of Comprehensive Income | 6 months to 30 June 2015 Unaudited $ | 6 months to 30 June 2014 Unaudited $ |
|---|---|---|
| Profit/(Loss) for the period | **3,734,839** | (271,921) |
| **Other comprehensive income:** | | |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Exchange differences on translating foreign operations | 452,417 | 64,911 |
| **Total comprehensive income for the period attributable to equity holders of the Company** | **4,187,256** | **(207,010)** |

| Condensed Consolidated Balance Sheet | Note | 30 June 2015 Unaudited $ | 31 December 2014 audited $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant & equipment | 10 | 28,778,218 | 16,744,999 |
| Land, coal rights and restoration | 7 | 11,482,032 | 11,796,159 |
| Other assets | | 206,339 | 199,644 |
| | | 40,466,589 | 28,740,802 |
| **Current assets** | | | |
| Inventories | | 5,176,753 | 1,614,485 |
| Trade and other receivables | | 1,951,238 | 2,679,438 |
| Other assets | | 58,046 | 58,046 |
| Cash and cash equivalents | | 571,393 | 725,517 |
| | | 7,757,430 | 5,077,486 |
| **Total assets** | | **48,224,019** | **33,818,288** |
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 8 | 5,510,300 | 5,510,300 |
| Share premium | 8 | 40,359,710 | 40,359,710 |
| Merger reserve | | 13,898,706 | 13,898,706 |
| Reverse acquisition reserve | | (12,999,288) | (12,999,288) |
| Other reserves | | 44,117 | 101,077 |
| Translation reserve | | (3,401,173) | (3,853,590) |
| Retained losses | | (31,597,641) | (35,389,440) |
| | | 11,814,731 | 7,627,475 |
| **Non-current liabilities** | | | |
| Borrowings | 9 | 19,529,574 | 10,211,809 |
| Accrued restoration costs | | 4,075,909 | 3,916,696 |
| | | 23,605,483 | 14,128,505 |
| **Current liabilities** | | | |
| Trade and other payables | | 8,298,955 | 8,070,911 |
| Borrowings | 9 | 4,454,430 | 3,833,297 |
| Accrued restoration costs | | 50,420 | 158,100 |
| | | 12,803,805 | 12,062,308 |
| **Total equity and liabilities** | | **48,224,019** | **33,818,288** |

# Condensed Consolidated Statement of Changes in Equity

| | Attributable to the owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share Premium** | **Merger reserve** | **Other reserves** | **Reverse acquisition reserve** | **Translation reserve** | **Retained losses** | **Total equity** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **As at 1 January 2015** | 5,510,300 | 40,359,710 | 13,898,706 | 101,077 | (12,999,288) | (3,853,590) | (35,389,440) | 7,627,475 |
| Loss for the period | - | - | - | - | - | - | 3,734,839 | 3,734,839 |
| **Other comprehensive income** | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | - | 452,417 | - | 452,417 |
| **Total comprehensive income** | - | - | - | - | - | 452,417 | 3,734,839 | 4,187,256 |
| Expiration of options | - | - | - | (56,960) | - | - | 56,960 | - |
| **Total transactions with owners** | - | - | - | (56,960) | - | - | 56,960 | - |
| **As at 30 June 2015** | 5,510,300 | 40,359,710 | 13,898,706 | 44,117 | (12,999,288) | (3,401,173) | (31,597,641) | 11,814,731 |

| | Attributable to the owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share Premium** | **Merger reserve** | **Other reserves** | **Reverse acquisition reserve** | **Translation reserve** | **Retained losses** | **Total equity** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **As at 1 January 2014** | 5,510,300 | 40,359,710 | 13,898,706 | 94,666 | (12,999,288) | (2,364,293) | (31,857,428) | 12,642,373 |
| Profit & Loss for the period | - | - | - | - | - | - | (271,921) | (271,921) |
| **Other comprehensive income** | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | - | 64,911 | - | 64,911 |
| **Total comprehensive income** | - | - | - | - | - | 64,911 | (271,921) | (207,010) |
| **Total transactions with owners** | - | - | - | - | - | - | - | - |
| **As at 30 June 2014** | 5,510,300 | 40,359,710 | 13,898,706 | 94,666 | (12,999,288) | (2,299,382) | (32,129,349) | 12,435,363 |

| Condensed Consolidated Cash Flow Statement | 6 months to 30 June 15 Unaudited $ | 6 months to 30 June 14 Unaudited $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(loss) before taxation | 3,734,839 | (271,921) |
| Adjustments for: | | |
| Finance costs | 509,939 | 109,390 |
| Depreciation | 1,777,358 | 1,071,133 |
| Mine depletion and mineral depreciation | 314,127 | 299,241 |
| Accretion, accrued restoration costs | 153,333 | 183,344 |
| Reclamation costs incurred | (101,800) | (16,900) |
| Profit on disposal of property, plant & equipment | (1,943,853) | (151,134) |
| Foreign exchange loss | 493,450 | 38,783 |
| Loss on derivative financial instruments | - | 171,132 |
| Changes in working capital: | | |
| Decrease/(increase) in trade and other receivables | 945,873 | (600,939) |
| Increase in inventories | (3,562,268) | (177,310) |
| Increase in trade and other payables | 364,237 | 214,568 |
| **Net cash generated from operating activities** | **2,685,235** | **869,387** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (50,582) | (269,103) |
| Proceeds from sale of property, plant and equipment | - | 151,134 |
| (Increase)/decrease in deposits & escrow | (6,695) | (11,847) |
| Proceeds received from derivative financial instruments | - | 217,086 |
| **Net cash generated from/(used in) investing activities** | **(57,277)** | **87,270** |
| **Cash flows from financing activities** | | |
| Repayments of borrowings | (698,463) | (433,891) |
| Interest paid | (509,939) | (109,390) |
| Finance lease payments | (1,565,235) | (999,673) |
| **Net cash used in financing activities** | **(2,773,637)** | **(1,542,954)** |
| **Net (decrease) in cash and cash equivalents** | (145,679) | (586,297) |
| **Effect of foreign exchange rate changes** | (8,445) | 5,081 |
| **Cash and cash equivalents at the beginning of the period** | 725,517 | 877,003 |
| **Cash and cash equivalents at the end of the period** | **571,393** | **295,787** |

**Significant non-cash transactions**

During the period ended 30 June 2015, the Group purchased various items of plant and equipment with an aggregate value of $14,810,074 (30 June 2014: $9,878,956) through finance leases.

**Notes to the unaudited interim results**

**1. General information**

The principal activity of Atlantic Coal plc ('the Company') and its subsidiary (together 'the Group') is the development and operation of the Stockton Colliery which comprises the Stockton Mine and an anthracite

washing plant in Pennsylvania. There is no significant seasonality or cyclicality of the Group's operations between interim periods.

The Company's shares are listed on the AIM Market of the London Stock Exchange (AIM). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 200 Strand, London WC2R 1DJ.

## 2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2014 were approved by the Board of Directors on 5 June 2015 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The 2015 interim financial report of the Company has not been audited but has been reviewed by the Company's auditor, PKF Littlejohn LLP, whose independent review report is included in this Interim Report.

*Going concern*

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2015.

*Risks and uncertainties*

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2014 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.atlanticcoal.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

*Critical accounting estimates*

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 2 of the Group's 2014 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

**Accounting policies**

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2014.

**Changes in accounting policy and disclosures**

New and amended standards adopted by the Group:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year commencing 1 January 2015 that would be expected to have a material impact on the Group.

## 4. Profit for the period

Profit for the period includes the following items which are unusual because of their nature, size or incidence:

| | 6 months to 30 June 15 Unaudited $ | 6 months to 30 June 14 Unaudited $ |
|---|---|---|
| **Foreign exchange gains/(losses)** | 381,732 | (402,417) |
| **Depreciation** | 1,772,986 | 1,037,931 |

## 5. Dividends

No dividend is proposed for the period.

## 6. Profit per share

The calculation of profit per share of 0.08 cents (30 June 2014: profit per share of 0.01 cents) is based on a retained profit of $3,734,839 for the period ended 30 June 2015 (30 June 2014: retained loss of $271,921) and the weighted average number of shares in issue in the period ended 30 June 2015 of 4,662,538,502 (30 June 2014: 4,662,538,502). The diluted earnings per share was 0.038 cents based on a retained profit of $3,734,839.

Details of share options that could potentially dilute earnings per share in future periods are disclosed in note 8 to these condensed interim financial statements.

## 7. Land, Coal Rights and Restoration Costs

| | Stockton mine costs | Railway relocation costs | Land, surface and mineral costs | Exploration licence costs | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Cost** | | | | | |
| As at 1 January 2014 | 6,309,145 | 3,198,727 | 3,550,000 | 6,000,000 | 19,057,872 |
| Decrease in retirement obligation estimate | (640,246) | - | - | - | (640,246) |
| As at 31 December 2014 | 5,668,899 | 3,198,727 | 3,550,000 | 6,000,000 | 18,417,626 |
| | | | | | |
| As at 30 June 2015 | 5,668,899 | 3,198,727 | 3,550,000 | 6,000,000 | 18,417,626 |
| **Mine depletion and mineral depreciation** | | | | | |
| As at 1 January 2014 | 3,794,843 | 524,805 | 1,932,911 | - | 6,252,559 |
| Charge for the year | 117,718 | 167,961 | 83,229 | - | 368,908 |
| As at 31 December 2014 | 3,912,561 | 692,766 | 2,016,140 | - | 6,621,467 |
| Charge for the period | 89,463 | 155,107 | 69,557 | - | 314,127 |
| As at 30 June 2015 | 4,002,024 | 847,873 | 2,085,697 | - | 6,935,594 |
| **Net book value** | | | | | |
| As at 1 January 2014 | 2,514,302 | 2,673,922 | 1,617,089 | 6,000,000 | 12,805,313 |
| As at 31 December 2014 | 1,756,338 | 2,505,961 | 1,533,860 | 6,000,000 | 11,796,159 |
| **As at 30 June 2015** | 1,666,875 | 2,350,854 | 1,464,303 | 6,000,000 | 11,482,032 |

The retirement and depreciation provision for the Stockton mine property is calculated using current cost estimates provided by an independent third party consultant. The current cost estimates are applied to the required reclamation activities up to the date of closure of the mine.

## 8. Share capital

There has been no movement in the authorised share capital during the period. The movements in issued share capital are as follows:

| **Issued** | Number of shares | Ordinary shares | Share premium | Total |
|---|---|---|---|---|
| | | $ | $ | $ |
| At 1 January 2015 | 4,662,538,502 | 5,510,300 | 40,359,710 | 45,870,010 |
| **At 30 June 2015** | **4,662,538,502** | **5,510,300** | **40,359,710** | **45,870,010** |

**Share options and warrants**

A reconciliation of the movements in the number of options and warrants outstanding and exercisable during the period is as follows:

| | Number |
|---|---|
| Outstanding as at 1 January 2015 | 519,150,988 |
| Expired | (29,716,927) |
| Outstanding as at 30 June 2015 | **489,434,061** |
| | |
| Outstanding as at 1 January 2014 | 499,679,243 |
| Exercisable at 30 June 2014 | 499,679,243 |

## 9. Borrowings

| | Group | |
|---|---|---|
| | **As at 30 June 2015 $** | As at 31 December 2014 $ |
| **Non-current** | | |
| Debentures and other loans | 1,263,528 | 2,689,766 |
| Finance lease liabilities | 18,266,046 | 7,522,043 |
| | 19,529,574 | 10,211,809 |
| **Current** | | |
| Debentures and other loans | 1,046,153 | 2,182,059 |
| Finance lease liabilities | 3,408,277 | 1,651,238 |
| | 4,454,430 | 3,833,297 |

### Finance Lease Liabilities

Finance lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

The present value of finance lease liabilities is as follows:

| | Group | |
|---|---|---|
| | **As at 30 June 2015 $** | As at 31 December 2014 $ |
| **Finance lease liabilities** | | |
| - no later than one year | 3,408,427 | 1,651,238 |
| - later than one year and no later than five years | 18,266,046 | 7,522,043 |
| | 21,674,473 | 9,173,281 |

## 10. Property Plant and Equipment

During the period the Group acquired various items of mining equipment with an aggregate value of $14,923,384 (30 June 2014: $9,878,956). Assets with a net book value of $1,051,059 (30 June 2014: $nil) were disposed of during the period. The proceeds of sale were $nil.

| Cost and Net Book Value | Total £ |
|---|---|
| Balance as at 1 January 2014 | 9,123,661 |
| Additions | 10,367,367 |
| Depreciation | (1,685,850) |
| Disposals | (1,039,115) |
| Exchange differences | (21,064) |
| Balance at 31 December 2014 | 16,744,999 |
| Balance as at 1 January 2015 | **16,744,999** |
| Additions | **14,923,384** |
| Depreciation | **(1,777,358)** |
| Disposals | **(1,112,807)** |
| As at period end | **28,778,218** |

**11. Approval of interim financial statements**

The Condensed interim financial statements were approved by the Board of Directors on 26 August 2015

**12. Copies of report:**

Copies of these Interim results will be sent to shareholders upon request. Otherwise, shareholders will be able to download a copy of the interim results from the Company's website www.atlanticcoal.com. Further copies will be available from the Company Secretary, at Atlantic Coal Plc, 200 Strand, London WC2R 1DJ.

**Independent Review Report to Atlantic Coal Plc**

*Introduction*

We have been engaged by Atlantic Coal Plc to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2015 which comprise the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, consolidated statement of changes in equity, condensed consolidated cash flow statement and 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.

*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 for Companies.

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 the requirements of the AIM Rules for Companies.

*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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*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" 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 2015 is not prepared, in all material respects, in accordance with the AIM Rules for Companies.

**PKF Littlejohn LLP**
Chartered Accountants and Registered Auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

26 August 2015