

# **THE EVOLUTION GROUP PLC REVISED INTERIM FINANCIAL INFORMATION (UNAUDITED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2006

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## INTRODUCTION

**THE REVISED UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS TO 30 JUNE 2006 IS SHOWN ON PAGES 2 TO 4. THIS HAS BEEN PREPARED IN ACCORDANCE WITH IFRS AND INCLUDES THE POSITION OF THE ACQUIRED ENTITIES (AS DEFINED BELOW) AS AT 30 JUNE 2006 AND ITS RESULTS FOR THE PERIOD FROM ACQUISITION ON 3 JUNE 2006 TO 30 JUNE 2006.**

This revised financial information is for The Evolution Group (“Evolution”, the “Company” or the “Group”) and consists of the Consolidated Income Statement for the six-month period to 30 June 2006, Consolidated Balance Sheet as at 30 June 2006, Consolidated Cash Flow Statement and a Consolidated Statement of Recognised Income and Expense each for the six month period to 30 June 2006. The Group is defined as the Evolution Group Plc and its subsidiaries, as disclosed in the recent annual report.

As reported previously, on 3 June 2006 the Group acquired 100% of the equity of Williams de Broë Plc and its wholly-owned subsidiaries together with its sister company Williams de Broë Administration Limited (together “the Acquired Entities”) from ING Belgium SA and Williams de Broë Holdings Limited respectively (collectively “ING”) (referred to as “the Acquisition”).

# CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

	Six months to 30 June 2006		2005	
	Revised £'000	As previously reported £'000	Six months to 30 June £'000	Twelve months to 31 December £'000
Fee and commission income	39,001	35,753	33,705	63,205
Fee and commission expenses	(1,735)	(1,422)	(720)	(1,500)
Net fee and commission income	37,266	34,331	32,985	61,705
Net trading income	7,940	7,979	3,794	9,206
Other income	822	521	114	1,064
<b>TOTAL INCOME</b>	<b>46,028</b>	<b>42,831</b>	<b>36,893</b>	<b>71,975</b>
Profit on disposal of available-for-sale investments	96	96	39,436	40,048
Profit on part sale of subsidiary	610	610	2	-
Share of results of associate	13	13	-	-
Goodwill arising on acquisition	9,490	-	-	-
Operating expenses	(33,724)	(31,186)	(27,331)	(53,440)
Exceptional operating expenses	(3,436)	-	-	-
Total operating expenses	(37,160)	(31,186)	(27,331)	(53,440)
<b>OPERATING PROFIT</b>	<b>19,077</b>	<b>12,364</b>	<b>49,000</b>	<b>58,583</b>
Interest receivable and similar income	2,361	2,338	2,559	5,044
Interest payable and similar charges	(150)	(50)	(4)	(37)
<b>PROFIT BEFORE TAX</b>	<b>21,288</b>	<b>14,652</b>	<b>51,555</b>	<b>63,590</b>
Tax expense	(4,980)	(4,822)	(3,875)	(4,524)
<b>PROFIT FOR THE PERIOD</b>	<b>16,308</b>	<b>9,830</b>	<b>47,680</b>	<b>59,066</b>
<b>PROFIT ATTRIBUTABLE TO MINORITY INTEREST</b>	<b>129</b>	<b>129</b>	<b>(17)</b>	<b>25</b>
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE EVOLUTION GROUP PLC</b>	<b>16,179</b>	<b>9,701</b>	<b>47,697</b>	<b>59,041</b>
	<b>16,308</b>	<b>9,830</b>	<b>47,680</b>	<b>59,066</b>

		(Restated)	(Restated)	(Restated)
<b>BASIC EARNINGS PER ORDINARY SHARE</b>	7.30p	4.44p	20.25p	26.18p
<b>DILUTED EARNINGS PER SHARE</b>	6.81p	4.08p	18.77p	24.36p
<b>PROPOSED DIVIDEND PER SHARE – INTERIM</b>	0.5p	0.5p	0.4p	0.4p
– FINAL	-	-	-	0.8p
<b>DIVIDEND DECLARED (£'000) – INTERIM</b>	1,109	1,109	859	859
– FINAL	-	-	-	1,781

**CONSOLIDATED BALANCE SHEET**

(UNAUDITED)

	30 June 2006		2005	
	Revised £'000	As previously reported £'000	31 December £'000	30 June £'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	9,877	9,877	9,085	8,990
Investment in associate	121	121	-	-
Investment in Williams de Broë	-	15,000	-	-
Other intangible assets	3,391	849	232	224
Property, plant and equipment	3,444	3,444	3,695	2,934
Deferred tax assets	13,030	5,708	7,693	6,720
<b>TOTAL NON-CURRENT ASSETS</b>	<b>29,863</b>	<b>34,999</b>	<b>20,705</b>	<b>18,868</b>
<b>CURRENT ASSETS</b>				
Trade and other receivables	290,691	102,346	42,069	70,031
Available-for-sale investments	2,030	1,966	2,027	2,082
Trading portfolio assets	49,777	47,014	13,446	35,677
Temporary working capital provided to Williams de Broë	-	26,029	-	-
Cash and cash equivalents	68,972	63,883	137,973	103,044
<b>TOTAL CURRENT ASSETS</b>	<b>411,470</b>	<b>241,238</b>	<b>195,515</b>	<b>210,834</b>
<b>TOTAL ASSETS</b>	<b>441,333</b>	<b>276,237</b>	<b>216,220</b>	<b>229,702</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	256,525	98,599	51,196	76,291
Trading portfolio liabilities	10,119	10,012	6,200	5,720
Current tax liabilities	3,069	2,482	1,947	4,611
<b>TOTAL CURRENT LIABILITIES</b>	<b>269,713</b>	<b>111,093</b>	<b>59,343</b>	<b>86,622</b>
<b>NON-CURRENT LIABILITIES</b>				
Provisions for liabilities	276	276	184	130
<b>TOTAL LIABILITIES</b>	<b>269,989</b>	<b>111,369</b>	<b>59,527</b>	<b>86,752</b>
<b>EQUITY</b>				
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>				
Share capital	2,307	2,307	2,255	2,221
Share premium	28,364	28,364	27,942	26,298
Capital redemption reserve	274	274	274	275
Merger reserve	51,230	51,230	51,230	51,230
Fair value and other reserves	(1,767)	(1,767)	(1,652)	(38)
Retained earnings	90,493	84,017	76,592	63,048
<b>PARENT COMPANY'S SHAREHOLDERS' EQUITY EXCLUDING MINORITY INTEREST</b>	<b>170,901</b>	<b>164,425</b>	<b>156,641</b>	<b>143,034</b>
<b>MINORITY INTEREST IN EQUITY</b>	<b>443</b>	<b>443</b>	<b>52</b>	<b>(84)</b>
<b>TOTAL EQUITY</b>	<b>171,344</b>	<b>164,868</b>	<b>156,693</b>	<b>142,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>441,333</b>	<b>276,237</b>	<b>216,220</b>	<b>229,702</b>

## CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

	Six months to 30 June 2006				Six months to 30 June 2005
	£'000	Revised £'000	£'000	As previously reported £'000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash used in operations	(40,882)		(53,240)		(12,088)
Interest received	2,278		2,255		2,559
Interest paid	(150)		(50)		(4)
Income tax paid	(1,976)		(1,969)		(2,420)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		(40,730)		(53,004)	(11,953)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of subsidiaries	(27,030)		(16,001)		-
Fees on acquisition of subsidiaries	(1,057)		(111)		-
Cash acquired with subsidiary	5,570		931		-
Proceeds from part sale of subsidiary	-		-		10
Purchase of property plant and equipment	(326)		(326)		(2,119)
Purchase of intangible assets	(103)		(103)		(50)
Purchase of available-for-sale investments	(138)		(289)		(518)
Proceeds from sale of available-for-sale investments	230		230		51,294
Dividends received					15
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		(22,854)		(15,669)	48,632
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Issues of ordinary share capital	405		405		10
Dividends paid to the Company's shareholders	(1,781)		(1,781)		(1,307)
Purchase of shares held by the Trust	(3,906)		(3,906)		(5,969)
Purchase of treasury shares	-		-		(42,514)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(5,282)		(5,282)	(49,780)
<b>NET (DECREASE) / INCREASE IN CASH AND BANK OVERDRAFTS</b>					
		(68,866)		(73,955)	(13,101)
Cash and bank overdrafts at beginning of period		137,973		137,973	115,170
Exchange (losses) / gains on cash and bank overdrafts		(135)		(135)	12
<b>CASH AND BANK OVERDRAFTS AT END OF PERIOD</b>		68,972		63,883	102,081

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(UNAUDITED)

	2006		2005	
	Revised £'000	As previously reported (Restated) £'000	Six months to 30 June (Restated) £'000	Twelve months to 31 December (Restated) £'000
Profit for the financial period	16,308	9,830	47,680	59,066
Available-for-sale investments:				
Fair value changes taken to equity at 1 January 2005	-	-	-	37,629
Fair value changes taken to equity during the period	(123)	(123)	41,339	(2,059)
Fair value changes transferred to income statement on disposal	8	8	(41,377)	(37,222)
Deferred tax on share options taken to equity	360	360	126	133
<b>NET PROFIT / (LOSS) NOT RECOGNISED IN INCOME STATEMENT</b>	245	245	88	(1,519)
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD</b>	16,553	10,075	47,768	57,547
<b>ATTRIBUTABLE TO:</b>				
Minority interest	129	129	(17)	25
Equity shareholders of the Parent	16,424	9,946	47,785	57,522
	16,553	10,075	47,768	57,547

## NOTES TO THE REVISED INTERIM FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The revised unaudited consolidated financial information for the six months to 30 June 2006 are shown on pages 2 to 4. These have been prepared in accordance with IFRS and include the position of the Acquired Entities as at 30 June 2006 and its results for the period from acquisition on 3 June 2006 to 30 June 2006.

This revised financial information does not represent a complete set of consolidated statutory accounts prepared under IFRS since it does not fully comply with the requirements of IAS 34, 'Interim Financial Reports', nor does it contain those items required under the Listing Rules of the Financial Services Authority (revised June 2005), in accordance with which companies listed on the London Stock Exchange are required to prepare their half-yearly reports.

The revised financial information in this document does not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act").

This revised financial information has been prepared in accordance the 'Principal Accounting Policies' set out in the 2006 Annual Report and Accounts. The statutory accounts for the year ended 31 December 2005, which contained an unqualified audit report under Section 235 of the Act and which did not make any statements under Section 237 of the Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

The 2006 Annual Report and Accounts distributed to shareholders with this Revised Interim Financial Information sets out the details of the acquisition of Williams de Broe Plc, its subsidiaries and its sister Company Williams de Broe Administration Limited. This financial information now shows the consolidated results for the Acquired Entities from 3 June 2006 to 30 June 2006 and of its balance sheet as at 30 June 2006.

The previously reported diluted earnings per share ("EPS") figures have been amended to reflect the adjustment to diluted shares for option costs not yet charged to the income statement in line with IAS 33, 'Earnings per share'. This adjustment has resulted in the prior period diluted EPS at 30 June 2005 increasing by 0.68p from 18.09p to 18.77p, the prior year figure at 31 December 2005 increasing by 1.01p from 23.35p to 24.36p and the previously reported figure at 30 June 2006 increasing by 0.09p from 3.99p to 4.08p. In addition, the previously reported figure for basic earnings per share as at 30 June 2006 has been amended to reflect the correct profit figure of £9,701,000 rather than £9,830,000 and this has decreased the reported basic EPS figure by 0.06p from 4.44p to 4.38p.

The previously reported Consolidated Statement of Recognised Income and Expense figures have been adjusted and now include within the prior year and prior period comparatives, deferred tax on share options which had been taken to equity but excluded in error from this statement. This adjustment has resulted in an increase in total recognised income and opening reserves of £133,000 for the prior year, an increase of £126,000 for the prior period to 30 June 2005 and an increase of £360,000 for the previously reported 30 June 2006 figure.

The Evolution Group Plc is a UK listed holding company for UK based financial services companies.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is: 100 Wood Street, London, EC2V 7AN.

# THE EVOLUTION GROUP PLC

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