

## Unaudited Interim Results for the six months ended 30 June 2007

### Chairman's Statement

#### Results

As we noted in our Annual General Meeting statement made on 26 June 2007, trading in the first half has been satisfactory, albeit slower than for the comparable period last year. Due to a number of large contracts suffering delays in commencement in the first half of 2007 Group turnover, excluding Tolent's share of joint venture turnover, of £76.2 million was down on the comparable six months last year of £84.2 million.

Operating profit for the first half of 2007 of £1.173 million (2006: £1.857 million) was also down. This result is after making a £0.4 million provision, against the balance of amounts due under a contract for the construction of apartments in Huddersfield following the development company being placed into administration.

Interest receivable remained static at £358,000, but interest payable reduced from £44,000 to £2,000 following the repayment of the mortgages on investment properties during the course of 2006.

Profit before taxation of £1.529 million (2006: £2.171 million) was down and earnings per share at 8.2 pence reduced from 11.8p per share over the first half of 2006.

The financial statements are somewhat lengthier than in previous years due to the requirement for the Group to report under International Financial Reporting Standards ("IFRS") from 1 January 2007. The adjustments between UK GAAP and IFRS for the period relate mainly to deferred taxation on the properties owned by the Group and a full reconciliation is shown in the attached notes.

#### Dividend

The Directors intend to pay a dividend of 5 pence per share on 5 October 2007 to shareholders on the register on 31 August 2007.

The Group has previously operated a policy of making payments based on the results achieved for each half year with no recognition of the likely result for the full year. It is the intention to move to a more conventional dividend policy whereby the dividend attributable to the full year is broken down approximately as to one third payable at the interim stage and two thirds at the final.

#### Liquidity and Capital Resources

The Group had net funds in hand at 30 June 2007 of £13.206 million, slightly up on the £13.040 million at 30 June 2006, but down on the £18.6 million at 31 December 2006. This figure fluctuates according to circumstances but as reflected in the interest earned we have had significant credit balances for the whole of the first half of the year. Shareholders funds stand at £10.31 million.

#### Prospects

A number of the contracts noted above as having been delayed have now been secured and will make significant contributions to the level of activity in the second half of the year. The outlook for the rest of the year remains encouraging and the Board looks forward to reporting a satisfactory outcome for the year as a whole.

Mike Speakman

08-Aug-07

**Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007**

**Condensed consolidated interim income statement (unaudited)**

	<b>Six months to 30th June 2007 £000s</b>	<b>Six months to 30th June 2006 £000s</b>	<b>Twelve months to 31st December 2006 £000s</b>
<b>Group Revenue</b>	<u>76,167</u>	<u>84,191</u>	<u>168,265</u>
Raw materials and consumables	(5,253)	(5,578)	(10,394)
Other external charges	<u>(57,174)</u>	<u>(65,359)</u>	<u>(130,040)</u>
<b>Group Profit</b>	<b>13,740</b>	13,254	27,831
Staff costs	(10,428)	(9,611)	(19,997)
Depreciation	(149)	(136)	(296)
Other operating charges	<u>(1,989)</u>	<u>(1,636)</u>	<u>(3,198)</u>
	1,174	1,871	4,340
Share of post tax (loss)/profit in joint ventures and associates	<u>(1)</u>	<u>(14)</u>	<u>185</u>
<b>Operating Profit</b>	<b>1,173</b>	1,857	4,525
Finance income	358	358	735
Finance cost	<u>(2)</u>	<u>(44)</u>	<u>(40)</u>
<b>Profit before taxation</b>	<b>1,529</b>	2,171	5,220
Taxation	<u>(512)</u>	<u>(698)</u>	<u>(1,630)</u>
<b>Profit after taxation</b>	<u><u>1,017</u></u>	<u><u>1,473</u></u>	<u><u>3,590</u></u>
<b>Basic and diluted earnings per share</b>	<u><u>8.2 p</u></u>	<u><u>11.8 p</u></u>	<u><u>28.8 p</u></u>

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

Condensed consolidated interim balance sheet (unaudited)

	30th June 2007	30th June 2006	31st December 2006
	£000s	£000s	£000s
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3,435	3,455	3,537
Investment properties	6,388	6,388	6,388
Investments in associates and joint ventures	1,070	238	440
Available-for-sale investments	10	0	0
	<u>10,903</u>	<u>10,081</u>	<u>10,365</u>
<b>Current assets</b>			
Amounts recoverable on contracts	15,564	15,464	8,665
Trade and other receivables	23,840	25,550	20,823
Cash and cash equivalents	13,206	13,040	18,635
	<u>52,610</u>	<u>54,054</u>	<u>48,123</u>
<b>Total assets</b>	<u>63,513</u>	<u>64,135</u>	<u>58,488</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,634	1,634	1,634
	<u>1,634</u>	<u>1,634</u>	<u>1,634</u>
<b>Current liabilities</b>			
Trade and other payables	51,015	52,072	45,193
Current tax payable	554	335	909
	<u>51,569</u>	<u>52,407</u>	<u>46,102</u>
<b>Total liabilities</b>	<u>53,203</u>	<u>54,041</u>	<u>47,736</u>
<b>Net Assets</b>	<u>10,310</u>	<u>10,094</u>	<u>10,752</u>
<b>Equity</b>			
Share capital	1,283	1,283	1,283
Other reserve	(256)	(256)	(256)
Profit and loss account	9,283	9,067	9,725
<b>Total Equity</b>	<u>10,310</u>	<u>10,094</u>	<u>10,752</u>

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

Condensed consolidated interim statement of changes in equity (unaudited)

	Share Capital £000s	Other Reserve £000s	Profit and Loss Account £000s	Total Equity £000s
<b>Balance at 1 January 2006</b>	1,283	(256)	8,373	9,400
Profit after taxation for the period	0	0	1,473	1,473
Dividends	0	0	(779)	(779)
<b>Balance at 30 June 2006</b>	<u>1,283</u>	<u>(256)</u>	<u>9,067</u>	<u>10,094</u>
<b>Balance at 1 July 2006</b>	1,283	(256)	9,067	10,094
Profit after taxation for the period	0	0	2,117	2,117
Dividends	0	0	(1,459)	(1,459)
<b>Balance at 31 December 2006</b>	<u>1,283</u>	<u>(256)</u>	<u>9,725</u>	<u>10,752</u>
<b>Balance at 1 January 2007</b>	1,283	(256)	9,725	10,752
Profit after taxation for the period	0	0	1,017	1,017
Dividends	0	0	(1,459)	(1,459)
<b>Balance at 30 June 2007</b>	<u>1,283</u>	<u>(256)</u>	<u>9,283</u>	<u>10,310</u>

**Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007**

**Condensed consolidated interim cash flow statement (unaudited)**

	<b>Six months to 30th June 2007</b>	Six months to 30th June 2006	Twelve months to 31st December 2006
	£000s	£000s	£000s
<b>Cash flows from operating activities</b>			
Profit after taxation	1,017	1,473	3,590
Depreciation on property, plant and equipment	149	136	296
Taxation expense recognised in income statement	512	698	1,630
Interest expense	(356)	(314)	(695)
(Increase)/decrease in trade and other receivables	(3,017)	(3,471)	1,256
Increase in amounts recoverable on contracts	(6,899)	(7,461)	(627)
Increase in trade and other payables	4,363	12,861	6,795
Share of (loss)/profit after tax from joint ventures and associates	1	14	(185)
Increase in investment in joint venture and associates	<u>(631)</u>	<u>0</u>	<u>(3)</u>
Cash generated from operations	(4,861)	3,936	12,057
Interest paid	(2)	(44)	(40)
Tax paid	<u>(867)</u>	<u>(1,040)</u>	<u>(1,396)</u>
<b>Net cash from operating activities</b>	<u>(5,730)</u>	<u>2,852</u>	<u>10,621</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(47)	(907)	(1,149)
Purchase of ready for sale investments	(10)	0	0
Interest received	<u>358</u>	<u>358</u>	<u>735</u>
<b>Net cash used in investing activities</b>	<u>301</u>	<u>(549)</u>	<u>(414)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	0	0	(2,238)
Repayment of borrowings	<u>0</u>	<u>(1,269)</u>	<u>(1,340)</u>
<b>Net cash used in financing activities</b>	<u>0</u>	<u>(1,269)</u>	<u>(3,578)</u>
<b>Net increase in cash and cash equivalents</b>	(5,429)	1,034	6,629
<b>Cash and cash equivalents at beginning of period</b>	<u>18,635</u>	<u>12,006</u>	<u>12,006</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>13,206</u></u>	<u><u>13,040</u></u>	<u><u>18,635</u></u>

## 1 General information

The financial information set out in this condensed interim report for the six months ended 30th June 2007 and the comparative figures for the six months ended 30th June 2006 and the year ended 31 December 2006 are unaudited. This financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31st December 2006, prepared under UK GAAP, received an unqualified audit report, did not contain statements under section 237(2) of the Companies Act 1985 and have been filed with the Registrar of Companies.

## 2 Basis of preparation

These June 2007 interim consolidated financial statements of Tolent PLC are for the six months ended 30 June 2007. They have been prepared taking into account the requirements of IAS 34, Interim Financial Reporting, and the requirements of IFRS1, First-time Adoption of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 December 2007. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006. These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 December 2007 or are expected to be adopted and effective at 31 December 2007, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Tolent PLC's consolidated financial statements were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) until 31 December 2006. The date of transition was 1 January 2006. UK GAAP differs in some areas from IFRS. In preparing Tolent PLC's 2007 consolidated interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2006 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income and cash flows are provided in Note 7.

These consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, and financial assets and financial liabilities at fair value and by the revaluation at the transition date to IFRS of certain property, plant and equipment and investment properties. The revalued amount of property, plant and equipment is accounted for thereafter as deemed cost.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

## 3 Summary of significant accounting policies

### a Basis of Consolidation

The Group's consolidated interim financial statements incorporate the financial statements of the parent company and all of its subsidiaries. Subsidiaries are consolidated from the date on which control transfers to the Group and are included until the date on which the Group ceases to control them. Transactions between group companies are eliminated on consolidation.

Business combinations prior to 1 January 2006 have not been restated onto an IFRS basis due to the application of an exemption under IFRS1.

#### (i) Subsidiaries

Subsidiaries are entities over which the group has power to control the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary undertakings are accounted for using the purchase method of accounting. 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, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the 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 directly in the income statement.

#### ii) Associates

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Joint Ventures

Joint ventures are entities over which the group holds a contractual share of joint control.

The Group incorporates joint ventures under the equity method of accounting supplemented by additional disclosures for joint ventures. The condensed consolidated interim balance sheet shows the investment in joint ventures at cost less amounts written off for permanent diminution in value where necessary.

The Group's share of the profits less losses of joint ventures are included in the Group income statement. The Group balance sheet includes the investment in joint ventures as the Group's share of net assets.

**b Revenue recognition**

Revenue, in all cases excluding value added tax, represents:

- in the case of contracting, see note e below;
- in the case of property development sales revenue is recognised when title passes to a buyer, upon completion;
- in the case of rental income, revenue is recognised (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

**c Property, plant and equipment**

Property, plant and equipment are stated at cost, net of depreciation and any provisions for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale of held for sale assets is included in "other income" or "other expense" in the income statement.

Depreciation is calculated to write off the cost of the assets (other than investment properties) less estimated residual value in equal instalments over their expected useful lives. Depreciation is provided at the following rates:

Long leasehold properties	4%
Plant and equipment	25% - 50%

Material residual value estimates are updated as required, but at least annually.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that they may be impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

**d Investment Properties**

In accordance with IAS40, Investment Property, certain of the Group's properties are held for long term investment and are included in the balance sheet at their fair values. No depreciation is provided on these amounts. Gains and losses arising from changes in the asset's fair value are recognised in the income statement.

**e Construction contracts**

Contract revenue reflects the contract activity during the year and is measured at the fair value of consideration received or receivable. When the outcome can be assessed reliably, contract revenue and associated costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work remaining as a proportion of the total contract value.

Where the outcome of a long term contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Variations are only recognised as revenue when they have been agreed with the customer. Claims are not recognised until they have been fully settled.

In the case of a fixed price contract, the outcome of a construction contract is deemed to be estimated reliably when all the following conditions are satisfied:

- total contract revenue can be measured reliably
- it is probable that economic benefits associated with the contract will flow to the group
- both the contract costs to complete the contract and the stage of completion at the balance sheet date can be measured reliably, and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits associated with the contract will flow to the group, and the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

The gross amount due from customers for contract work (amounts recoverable on contracts) is presented as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented as a liability for all contracts in progress for which billings exceed costs incurred plus recognised profits (less losses).

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

**f Taxation**

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxation is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

The interim tax charge on underlying business performance is calculated by reference to the estimated effective rate for the full year. Tax on disposals and other exceptional items is based on the expected tax impact of each item.

**g Employee Benefits**

The Group operates a defined contribution pension scheme.

Pension costs for the defined contribution scheme represents the amount of contributions payable in respect of the accounting period.

**h Leases**

(i) The group is the lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease costs are charged to the income statement on a straight line basis over the lease term.

(ii) The group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**i Financial Assets**

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

**j Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

**k Borrowing costs**

The group currently incurs borrowing costs within its joint venture companies only. These borrowing costs are directly attributable to development contracts undertaken by the joint ventures and as such are capitalised as part of the construction contract balances within the joint venture companies.

**l 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.

**m Employee Share Ownership Plan**

The Group's Employee Share Ownership Plan ("ESOP") is a separately administered trust. The assets of the ESOP comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOP have been included in the financial statements in accordance with SIC 12, Consolidation - Special purpose entities and IAS 32 - Financial Instruments: Disclosure and Presentation. The shares in the company are included at cost to the ESOP and deducted from shareholders' funds and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed. When calculating earnings per share these shares are treated as if they were cancelled.

**n Dividends**

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in a general meeting prior to the balance sheet date.

**o Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Other reserve" represents the purchase cost of shares held within the Employee Share Ownership Plan (ESOP)
- "Profit and loss reserve" represents retained profits.

#### 4 Segment analysis

The Group's primary reporting format is business segment and its secondary format is geographical segment by origin of revenue. Tolent operates two main business segments, building and construction activities and property investment. All revenue originates from the United Kingdom. The revenues and net result generated by each of the business segments are summarised as follows:

##### 6 months to 30 June 2007

	<b>Building Activities £'000</b>	<b>Property Investment £'000</b>	<b>Other £'000</b>	<b>Consolidation £'000</b>	<b>Group £'000</b>
Group Revenue	75,969	363	0	(165)	76,167
Operating result	1,006	189	(21)	0	1,174

##### 6 months to 30 June 2006

	<b>Building Activities £'000</b>	<b>Property Investment £'000</b>	<b>Other £'000</b>	<b>Consolidation £'000</b>	<b>Group £'000</b>
Group Revenue	84,836	370	0	(1,015)	84,191
Operating result	1,663	238	(30)	0	1,871

##### Year to 31 December 2006

	<b>Building Activities £'000</b>	<b>Property Investment £'000</b>	<b>Other £'000</b>	<b>Consolidation £'000</b>	<b>Group £'000</b>
Group Revenue	168,856	726	0	(1,317)	168,265
Operating result	3,984	425	(69)	0	4,340

#### 5 Earnings per share

Earnings per share, which is both basic and diluted, is calculated on the basis of profit for the period after tax, divided by 12,467,626 (June and December 2006 - 12,467,626) fully paid ordinary shares, being the weighted average number of ordinary shares in issue in the period, after adjusting for own shares held by the Employee Share Ownership Plan of 365,000 (June and December 2006 - 365,000). There are no options or potential ordinary shares in issue.

#### 6 Dividends

During the first six months of 2007 the proposed dividend of £1,459,000 (11.7p per ordinary share - 2006 £779,000 at 6.25p per ordinary share) was approved for payment at the Annual General Meeting on 26th June 2007.

#### 7 Transition to IFRS

As stated in the Basis of Preparation, 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 IFRS.

IFRS1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These condensed consolidated interim financial statements have been prepared on the basis of taking the following exemptions:

- i) Business combinations prior to 1 January 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations".
- ii) The Group has elected to measure certain items of property, plant and equipment as at 1 January 2006 that had previously been revalued and to take these as their deemed cost. The property, plant and equipment were revalued in December 2005 by Gavin Black & Partners, qualified chartered surveyors.

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 January 2006, 30 June 2006 and 31 December 2006 followed by reconciliations of equity and net income.

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

7.1 Summary of Equity

	01/01/2006 £'000	30/06/2006 £'000	31/12/2006 £'000
<b>Total equity under UK GAAP</b>	10,432	11,117	11,766
Deferred tax adjustment - accelerated capital allowances discounted under UK GAAP	(138)	(129)	(120)
Deferred tax adjustment - revaluation of property and investment property	(894)	(894)	(894)
<b>Total equity under IFRS</b>	<u>9,400</u>	<u>10,094</u>	<u>10,752</u>

7.2 Reconciliation of equity at 1st January 2006

	UK GAAP £'000	Effect of transition to IFRS				IFRS £'000
		£'000 Note a	£'000 Note b	£'000 Note c	£'000 Note d	
<b>Assets</b>						
<b>Non - Current assets</b>						
Property, plant and equipment	3,928	0	0	0	0	3,928
Investment properties	5,144	0	0	0	0	5,144
Investments in joint ventures	252	0	0	0	0	252
	<u>9,324</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,324</u>
<b>Current assets</b>						
Amounts receivable on contracts	8,003	0	0	0	0	8,003
Trade and other receivables	22,105	0	0	0	(26)	22,079
Cash and cash equivalents	12,082	0	0	0	(76)	12,006
	<u>42,190</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(102)</u>	<u>42,088</u>
Total assets	<u>51,514</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(102)</u>	<u>51,412</u>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Borrowings	1,283	0	0	0	0	1,283
Deferred tax liabilities	602	0	894	138	0	1,634
	<u>1,885</u>	<u>0</u>	<u>894</u>	<u>138</u>	<u>0</u>	<u>2,917</u>
<b>Current liabilities</b>						
Trade and other payables	38,522	0	0	0	(102)	38,420
Current tax liabilities	675	0	0	0	0	675
	<u>39,197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(102)</u>	<u>39,095</u>
<b>Total Liabilities</b>	<u>41,082</u>	<u>0</u>	<u>894</u>	<u>138</u>	<u>(102)</u>	<u>42,012</u>
<b>Net Assets</b>	<u>10,432</u>	<u>0</u>	<u>(894)</u>	<u>(138)</u>	<u>0</u>	<u>9,400</u>
<b>Equity</b>						
<b>Capital and reserves attributable to equity holders</b>						
Share capital	1,283	0	0	0	0	1,283
Property revaluation reserve	2,980	(2,980)	0	0	0	0
Other reserve	(256)	0	0	0	0	(256)
Retained earnings	6,425	2,980	(894)	(138)	0	8,373
<b>Total Equity</b>	<u>10,432</u>	<u>0</u>	<u>(894)</u>	<u>(138)</u>	<u>0</u>	<u>9,400</u>

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

7.3 Reconciliation of equity 30th June 2006

	UK GAAP	Effect of transition to IFRS				IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
		Note a	Note b	Note c	Note d	
<b>Assets</b>						
<b>Non - Current assets</b>						
Property, plant and equipment	3,455	0	0	0	0	3,455
Investment properties	6,388	0	0	0	0	6,388
Investments in joint ventures	238	0	0	0	0	238
	10,081	0	0	0	0	10,081
<b>Current assets</b>						
Amounts receivable on contracts	15,464	0	0	0	0	15,464
Trade and other receivables	25,554	0	0	0	(4)	25,550
Cash and cash equivalents	13,101	0	0	0	(61)	13,040
	54,119	0	0	0	(65)	54,054
Total assets	64,200	0	0	0	(65)	64,135
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Deferred tax liabilities	611	0	894	129	0	1,634
<b>Current liabilities</b>						
Trade and other payables	52,137	0	0	0	(65)	52,072
Current tax liabilities	335	0	0	0	0	335
	52,472	0	0	0	(65)	52,407
<b>Total Liabilities</b>	<b>53,083</b>	<b>0</b>	<b>894</b>	<b>129</b>	<b>(65)</b>	<b>54,041</b>
<b>Net Assets</b>	<b>11,117</b>	<b>0</b>	<b>(894)</b>	<b>(129)</b>	<b>0</b>	<b>10,094</b>
<b>Equity</b>						
<b>Capital and reserves attributable to equity holders</b>						
Share capital	1,283	0	0	0	0	1,283
Property revaluation reserve	2,980	(2,980)	0	0	0	0
Other reserve	(256)	0	0	0	0	(256)
Retained earnings	7,110	2,980	(894)	(129)	0	9,067
<b>Total Equity</b>	<b>11,117</b>	<b>0</b>	<b>(894)</b>	<b>(129)</b>	<b>0</b>	<b>10,094</b>

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

7.4 Reconciliation of equity 31 December 2006

	UK GAAP	Effect of transition to IFRS				IFRS
	£'000	£'000	£'000	£'000	£'000	£'000
		Note a	Note b	Note c	Note d	
<b>Assets</b>						
<b>Non - Current assets</b>						
Property, plant and equipment	3,537	0	0	0	0	3,537
Investment properties	6,388	0	0	0	0	6,388
Investments in joint ventures	440	0	0	0	0	440
	10,365	0	0	0	0	10,365
<b>Current assets</b>						
Amounts receivable on contracts	8,665	0	0	0	0	8,665
Trade and other receivables	20,828	0	0	0	(5)	20,823
Cash and cash equivalents	18,697	0	0	0	(62)	18,635
	48,190	0	0	0	(67)	48,123
Total assets	58,555	0	0	0	(67)	58,488
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Deferred tax liabilities	620	0	894	120	0	1,634
<b>Current liabilities</b>						
Trade and other payables	45,260	0	0	0	(67)	45,193
Current tax liabilities	909	0	0	0	0	909
	46,169	0	0	0	(67)	46,102
<b>Total Liabilities</b>	46,789	0	894	120	(67)	47,736
<b>Net Assets</b>	11,766	0	(894)	(120)	0	10,752
<b>Equity</b>						
<b>Capital and reserves attributable to equity holders</b>						
Share capital	1,283	0	0	0	0	1,283
Property revaluation reserve	2,980	(2,980)	0	0	0	0
Other reserve	(256)	0	0	0	0	(256)
Retained earnings	7,759	2,980	(894)	(120)	0	9,725
<b>Total Equity</b>	11,766	0	(894)	(120)	0	10,752

Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007

7.5 Reconciliation of net income

Six months to June 2006	UK GAAP	Effect of transition to IFRS				IFRS
	£'000	£'000 Note a	£'000 Note b	£'000 Note c	£'000 Note d	£'000
Group Revenue	84,191	0	0	0	0	84,191
Group operating profit	1,856	0	0	0	1	1,857
Finance income	359	0	0	0	(1)	358
Finance cost	(44)	0	0	0	0	(44)
	2,171	0	0	0	0	2,171
Taxation on ordinary activities	(707)	0	0	9	0	(698)
	1,464	0	0	9	0	1,473

Year to December 2006

Year to December 2006	UK GAAP	Effect of transition to IFRS				IFRS
	£'000	£'000 Note a	£'000 Note b	£'000 Note c	£'000 Note d	£'000
Group Revenue	168,265	0	0	0	0	168,265
Group operating profit	4,519	0	0	0	6	4,525
Finance income	741	0	0	0	(6)	735
Finance cost	(40)	0	0	0	0	(40)
	5,220	0	0	0	0	5,220
Taxation on ordinary activities	(1,648)	0	0	18	0	(1,630)
	3,572	0	0	18	0	3,590

## **7.6 Notes to the reconciliation**

### **Note a**

Under UK GAAP movements in the fair value of investment properties were recognised through the statement of total recognised gains and losses and the revaluation reserve. Under IFRS changes in the open market value of investment property are recorded in the income statement. This has had the effect of increasing the retained earnings by £2,043,000 and reducing the revaluation reserve by a corresponding £2,043,000 at 1 January 2006.

As at 1 January 2006 the group has elected to measure certain items of property, plant and equipment that had previously been revalued as their deemed cost. This related revaluation reserve of £937,000 has been transferred to retained earnings.

### **Note b**

Under FRS 19 no provision for deferred tax was made on the gains recognised on revaluing the long leasehold and investment properties to their market value. Under IFRS this deferred tax is recognised. This had the effect of increasing the deferred tax liability at 1 January 2006 by £894,000 relating as to £281,000 on leasehold properties and £613,000 on investment properties both adjusted against retained earnings.

### **Note c**

Under UK GAAP deferred tax was provided on accelerated capital allowances claimed on properties held for investment. These properties are not expected to be sold in the foreseeable future and are expected to be held until after the time when any such liability could arise. FRS 19 allowed this liability to be discounted. IFRS does not allow discounting which had the effect of increasing the liability at 1 January 2006 by £138,000, at 30 June 2006 by £129,000 and at 31 December 2006 by £120,000. The movements in the liability during the periods have the effect of reducing the tax charge in the income statement by £9,000 in the period to 30 June 2006 and £18,000 in the period to 31 December 2006.

### **Note d**

IAS 31 identifies three types of joint ventures, namely jointly controlled 'entities', jointly controlled operations and jointly controlled assets. Under FRS 9 jointly controlled operations fell within joint arrangements that are not entities (JANE's) and as such were consolidated using proportionate consolidation. By reclassifying the JANE's as joint ventures and equity accounting for them a number of adjustments are required in the income statement and the balance sheet.

## **7.7 Explanation of material adjustments to the cash flow statement**

The definition of cash is narrower under UK GAAP than under IAS 7 "Cash Flow Statements". Under IFRS highly liquid investments, readily convertible to a known amount of cash and with an insignificant risk of changes in value, are regarded as cash equivalents. The cash flow statement in the last UK GAAP financial statements reported movements in cash. The cash flow statement in these IFRS condensed consolidated interim financial statements reports movements in cash and cash equivalents.

Cash and cash equivalents under IFRS include some investments that were recorded as liquid investments under UK GAAP. Cash and cash equivalents includes amounts of £10,162,000 at 31 December 2006 which were accounted for as liquid resources under UK GAAP.

Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

(i) under UK GAAP, payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment'. Under IFRS, payments to acquire property, plant and equipment have been classified as part of 'Investing activities'.

(ii) income taxes paid during 2006 are classified as operating cash flows under IFRS, but were included in a separate category of 'Taxation' cash flows under UK GAAP.

(iii) dividends paid during 2006 are classified as cash flows from financing activities under IFRS, but were included in a separate category of 'Equity dividends paid' in cash flows under UK GAAP.

**Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007**

(iv) interest paid and interest received during 2006 are classified as cash flows from operating activities and cash flows from investing activities respectively under IFRS, but were included in the 'Returns on investments and servicing of finance' category in cash flows under UK GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

**Tolent plc Condensed Consolidated Interim Financial Statements for the period ended 30th June 2007**

**Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.**

**Directors and Company Secretary**

M.R. Speakman - Non Executive Chairman  
J.G. Wood - Chief Executive  
T. Phillipson - Operations Director

A. D. Clark - Financial Director and Company Secretary  
P. K. Hems - Non Executive Director

**Registered Office**

Until 2nd September 2007  
Amco House, Cedar Court Office Park  
Denby Dale Road, Wakefield, WF4 3QZ  
e-mail: [info@tolent.plc.uk](mailto:info@tolent.plc.uk), web: [www.tolent.co.uk](http://www.tolent.co.uk)

From 3rd September 2007  
Ravensworth House, 5th Avenue Business Park,  
Team Valley Trading Estate, Gateshead,  
Tyne & Wear, NE11 0HF

**Registrar and Main Transfer Office**

Capita Registrars  
Northern House  
Woodsome Park, Fenay Bridge  
Huddersfield, HD8 0LA

**Nominated Advisor and Nominated Broker**

Brewin Dolphin Securities Limited  
34 Lisbon Street  
Leeds, LS1 4LX

**Solicitors to the Company**

Dickinson Dees - Newcastle

**Banker**

National Westminster Bank Plc, Sheffield

**Auditors**

Grant Thornton UK LLP, Leicester

Interim results will be circulated to shareholders and copies of the announcement will be available from the Company's registered office. Registered in England and Wales, Company number 3819314.