

Conister Financial Group PLC

Interim Report 2008



Welcome to CFG PLC

Integrity through innovation and independence

An independent offshore banking group since 1935, domiciled in one of the world's most innovative e-business locations — the Isle of Man.

Who we are



Conister Financial Group ("CFG") was formed as part of a "Scheme of Arrangement" in January 2008 to establish a non-regulated parent company of Conister Trust PLC and TransSend Holdings Limited. CFG is listed on AIM.



Conister Trust is an independent bank in the Isle of Man, licensed by the Isle of Man Financial Supervision Commission, and a full member of the Mastercard® network. Since its inception in 1935, the bank has assisted successive generations with a variety of products and services, including taking deposits and providing credit facilities for personal and business use. More recently, the bank has also diversified into the insurance premium finance market and Fiduciary Deposits for corporate and high net worth clients. The shares of Conister Trust were one of the first companies to be admitted to trading on the London Stock Exchange AIM in 1995 and as part of the "Scheme of Arrangement", the shares were replaced on AIM by those of Conister Financial Group PLC.



TransSend is the Group's newly created prepaid card division formed to take advantage of the worldwide explosion in the prepaid card market and is a MasterCard Member Service Provider in its own right. Whilst primarily a manager of prepaid card programmes, through its relationship with Conister Trust it can also support credit card programmes. TransSend provides business clients with payment solutions that easily integrate into their existing payment processes to produce highly controllable, cost-effective ways of moving funds and create new revenue opportunities. These range from payroll and workplace solutions that have applications in many different sectors, to products specifically developed for niche market applications.

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Tower of Refuge, Conister Rock, Douglas Bay, Isle of Man

Financial Highlights

- ⊙ Loss before tax £3.0 million (2007: £0.4 million) this was as expected and planned and reflects:
 - Further investment in TransSend £2.2 million (2007: £0.5 million) which is now bearing fruit;
 - Loss from Litigation Funding (in run-off) £0.2 million (2007: profit £0.2 million);
 - Increased Group central costs as CFG invests in management to transform the Group £0.7 million (2007: £0.3 million).
- ⊙ Conister Trust's ongoing Asset and Personal Finance business maintains its profitability at £0.15 million.
- ⊙ Interest income up 5.6% to £3.7 million driven by a 165% increase in Premium Finance income to £0.7 million (2007: £0.3 million).
- ⊙ TransSend generating income £0.3 million (2007: £nil).
- ⊙ Conister Trust is strongly capitalised with a Tier 1 capital ratio of 20.5% compared to the average of UK banks 5.5%.
- ⊙ Cash balances £15.3 million (2007: £10.6 million).
- ⊙ Customer deposits £57.6 million (2007: £48.9 million).
- ⊙ Fiduciary deposits £74.4 million (2007: £nil).

Operational Highlights

- ⊙ Strategic share stakes swapped with AIM listed Equity Special Situations Limited ("ESS") as CFG and ESS identify further synergistic benefits of working together.
- ⊙ Litigation funding net receivables reduced from £4.0 million last year to £2.0 million.
- ⊙ Premium finance receivables increase from £4.2 million to £15.5 million (+269%) on what are proving to be very low risk loans which finance the payment of motor insurance premiums.
- ⊙ Personal Asset and Finance loan book is stable with low bad debt experience.
- ⊙ No wholesale loans, no corresponding debt on the balance sheet.
- ⊙ No exposure to the sub-prime sector or mortgages.

Subsequent Events

- ⊙ Strategic sale of 51% of TransSend to ESS (41%) and Altair Financial Services International Plc (10%) (see separate announcement released today) to facilitate the growth of TransSend as a standalone business and maximise shareholder value. The sale is conditional upon certain operational milestones being reached within six months of the sale.



James Mellon
Chairman

Introduction

In my Interim Results' statement last year I wrote about the "well-publicised turmoil in the worlds banking system." Twelve months on it seems little has changed. The crisis hitting the UK, European and American banks has now reached epidemic proportions and not a day goes by when this does not feature in media headlines.

Conister Trust is not being affected by the market turmoil; we have absolutely no debt on the balance sheet and are not exposed to wholesale loans. Equally we are not involved in sub-prime loans or mortgage lending. Our customer deposits are up to £57.6 million from £48.9 million, a year ago, as customers identify that we are a safe haven with a well capitalised balance sheet with a Tier 1 capital ratio of 20.5% which compares very favourably against the average for UK banks of 5.5%.

Financial Review

The loss for the six months ended 30 June 2008 was £3.0 million (2007: £0.4 million); this was as expected and planned and reflects the further investment in TransSend our prepaid card business at cost of £2.2 million (2007: £0.5 million) which is now bearing fruit.

In addition there was a loss of £0.2 million from Litigation Funding (2007: £0.2 million profit) following our decision to discontinue this business in the early part of 2007. We are in litigation with a number of personal injury solicitors who have chosen not to repay loans made to their clients to pursue personal injury claims. As previously reported we were successful in the Court hearing of the "Preliminary Issue" but this decision was recently overturned on appeal. This was however only one of many issues being defended by the personal injury solicitors and the case continues. We remain confident of our position and have a secondary case against our original legal advisors who were instructed to

develop appropriate credit agreements (which the personal injury solicitors are now challenging) in the event our primary case is unsuccessful.

Finally, we have further strengthened the management team with the appointment of a new Chief Executive, Arron Banks and Chris Johnstone as Interim Finance Director (a non Board appointment). Further we have recently appointed Simon Hull as Managing Director of Conister Trust who was previously Managing Director of Alliance and Leicester International on the Isle of Man. Such strengthening of the team and building of a central infrastructure is essential if we are to transform the business into a successful private banking Group. In the short-term this adds to costs and Group central overheads have increased as a result to £0.7 million (2007: £0.3 million). In the medium term the value that this team is expected to create will enhance profitability.

Conister Trust — Banking Division

In addition to my comments above it is pleasing to report that the Bank's ongoing Asset and Personal Finance operation made a profit of £145,000 (2007: £175,000). Whilst this is recognised as only small it is pleasing to be in such a position when so many banks are reporting huge losses and asset write-downs.

Our loan book has increased by 8% to £56.3 million (2007: £51.9 million) with low risk Premium Finance receivables increasing by 257% to £15.0 million (2007: £4.2 million). Our arrears are stable and we continue to enjoy a very low level of bad debts.

Cash balances are healthy, given the increased level of customer deposits and stand at £15.3 million at the end of June 2008 (2007: £10.6 million).

We continue to look for new profitable lending and banking opportunities and believe that with the influx of new management talent that these will be forthcoming in the near future.

TransSend — Prepaid Card Division

Investment in TransSend has continued to enable it to grasp the growth opportunities that exist in this market. At the time of writing 37,000 cards have been issued. Since the start of the year a number of valuable contracts have been signed with Intercash, Playtech and Income Access to provide prepaid payout cards to customers in the gaming sector and to affiliate marketers. These, together with additional contracts in the pipeline should see further increases in the numbers of cards issued in the remainder of the year.

We are already producing valuable revenues from TransSend with £288,000 of income arising on float balances (which stood at £4.6 million at the end of June 2008) and from card transactional income arising in the six months ended 30 June 2008.

We separately announced in detail today that we have agreed the strategic sale of 51% of TransSend — 41% to AIM listed Equity Special Situations Limited (“ESS”) and 10% to Altair Financial Services International Plc (“Altair”). Altair is a leading player in the global prepaid card market and is already certified for issue processing in Latin America and the Caribbean, Asia Pacific, Middle East and Africa, United States of America and throughout Europe. It has adopted innovative payment solutions and supports the paypass card at the City of Manchester Stadium, home of Manchester City Football Club and has recently teamed up with Tesco to launch a prepaid travel card. ESS already has an interest in the prepaid card sector through an investment in Altair.

The sale of the 51% stake is for an estimated consideration of £5.1 million and is to be satisfied by the issue of shares in ESS and Altair or cash at the discretion of the buyers. This strategic sale is designed to facilitate the development of TransSend as a standalone business, through the involvement of new Shareholders with significant expertise and

interests in the prepaid sector. Altair has its own processing capabilities but no e-Money licence whereas TransSend outsources its processing and has an e-Money licence application with the Financial Services Authority in the UK at an advanced stage. The sale is conditional upon certain operational milestones being reached within six months of the sale. We have already identified potentially significant synergies to provide potential for an improved market proposition and resultant profitability.

New Shareholder Partner

On 23 June 2008 we announced that we had acquired a 9.9% strategic stake in ESS and in return they had acquired 9.9% of Conister Financial Group. This alliance was strengthened further on 9 September 2008 when ESS increased its stake in Conister to 19.9% and Conister to 18.6% in ESS. This relationship has already resulted in the strengthening of TransSend's through the introduction of new Shareholders and strategic partners. Further significant synergies between Conister and ESS's existing investment portfolio have been identified that we expect to be of considerable benefit to both companies.

Board Changes and People

Finally it would be amiss of me not to thank all of our staff for their considerable endeavours during these changing times at Conister. Particular thanks go to two Directors, Dr. Chris Fay, who left the Board recently for personal reasons, and also to Jerry Linehan who left the Group on 19 September 2008.

Outlook

With a strong balance sheet, new Shareholders and strategic partners, and a talented executive team I look forward to reporting further good progress as the Group continues to develop.

James Mellon

Chairman

30 September 2008

Conister Financial Group PLC

Condensed Consolidated Income Statement

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		6 months to 30 June 2008 £000 (unaudited)	6 months to 30 June 2007 £000 (unaudited)	12 months to 31 December 2007 £000 (audited)
Interest income		3,725	3,529	6,851
Interest expense		(1,733)	(1,213)	(2,631)
Net interest income	2	1,992	2,316	4,220
Fee and commission expense		(322)	(394)	(898)
Net trading income		1,670	1,922	3,322
Net (loss)/profit from financial assets carried at fair value	5	(77)	106	(148)
Dividend income from financial assets carried at fair value		—	—	340
Other operating income		298	64	362
Operating income	2	1,891	2,092	3,876
Personnel expenses		(2,414)	(1,429)	(3,167)
Depreciation		(42)	(27)	(60)
Other expenses		(2,126)	(1,243)	(3,353)
Impairment (loss)/profit	2	(292)	230	(464)
Shareholder litigation costs		—	—	(318)
Scheme of arrangement costs	2, 3	(45)	(64)	(481)
Loss before income tax	2	(3,028)	(441)	(3,967)
Income tax expense		—	(25)	(174)
Loss for the period/year		(3,028)	(466)	(4,141)
Basic and diluted loss per share (pence)	4	(5.92)	(1.11)	(9.48)

The Directors consider that all results derive from continuing activities.

Conister Financial Group PLC
Consolidated Balance Sheet

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		30 June 2008 £000 (unaudited)	30 June 2007 £000 (unaudited)	31 December 2007 £000 (audited)
	Notes			
Assets				
Cash and cash equivalents		15,303	10,630	22,905
Financial assets at fair value through profit or loss	5	221	552	298
Available-for-sale financial instruments	6	5,305	—	—
Loans and advances to customers		56,333	51,913	56,737
Property, plant and equipment		338	102	277
Deferred tax		—	160	—
Trade and other receivables		676	476	1,072
Total assets		78,176	63,833	81,289
Liabilities				
Customer accounts		57,600	48,888	61,973
Creditors and accrued charges		1,075	728	1,538
Pension liability		335	209	305
Total liabilities		59,010	49,825	63,816
Equity				
Called up share capital		14,079	10,515	12,680
Share premium account		2,732	3,312	8,337
Merger reserve	1	8,337	—	—
Share option reserve		605	162	238
Retained earnings		(6,587)	19	(3,782)
Total equity		19,166	14,008	17,473
Total liabilities and equity		78,176	63,833	81,289

Conister Financial Group PLC

Consolidated Cash Flow Statement

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	30 June 2008 £000 (unaudited)	30 June 2007 £000 (unaudited)	31 December 2007 £000 (audited)
Reconciliation of loss before taxation to operating cash flow			
Loss before taxation	(3,028)	(441)	(3,967)
Movement in financial assets held at fair value through profit and loss	77	(106)	148
Dividend income from financial assets carried at fair value	—	—	(340)
Loss on disposal of property, plant and equipment	17	—	25
Depreciation charge	42	27	60
Share-based payment expense	367	47	123
Pension scheme	(30)	(43)	(61)
Decrease/(increase) in trade debtors	394	24	(232)
(Decrease)/increase in trade creditors	(463)	44	858
Net cash outflow from trading activities	(2,624)	(448)	(3,386)
Decrease/(increase) in loans and advances to customers	404	1,878	(2,946)
(Decrease)/increase in deposit accounts	(4,373)	(3,510)	9,575
Cash (outflow)/inflow from operating activities	(6,593)	(2,080)	3,243
CASH FLOW STATEMENT			
Cash flows from operating activities			
Cash (outflow)/inflow from operating activities	(6,593)	(2,080)	3,243
Taxation paid	—	—	(5)
Net cash (outflow)/inflow from operating activities	(6,593)	(2,080)	3,238
Cash flows from investing activities			
Purchase of tangible fixed assets	(106)	(11)	(244)
Purchase of available-for-sale financial instruments	(908)	—	—
Net cash outflow from investing activities	(1,014)	(11)	(244)
Cash flows from financing activities			
Issue of ordinary share capital	5	37	7,227
Net cash inflow from financing activities	5	37	7,227
(Decrease)/increase in cash and cash equivalents	(7,602)	(2,054)	10,221
Cash and cash equivalents at beginning of period	22,905	12,684	12,684
Cash and cash equivalents at end of period	15,303	10,630	22,905

Non-cash transactions

During the period shares were issued for the acquisition of an investment — see Note 6.

Conister Financial Group PLC
Consolidated Statement of Recognised Income and Expenses and
Consolidated Statement of Changes in Equity

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Consolidated Statement of Recognised Income and Expenses

	30 June 2008 £000 (unaudited)	30 June 2007 £000 (unaudited)	31 December 2007 £000 (audited)
(Loss)/gain on pension scheme	(48)	186	48
Deferred tax associated with gain on pension scheme	—	(21)	(11)
Fair value gain from available-for-sale financial instruments	271	—	—
Other	—	—	2
Income recognised directly in equity	223	165	39
Loss for the period/year	(3,028)	(466)	(4,141)
Total recognised expense for the period/year	(2,805)	(301)	(4,102)

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained earnings £000	Total 30 June 2008 £000	Total 30 June 2007 £000	Total 31 Dec 2007 £000
Balance at 1 January	12,680	8,337	—	238	(3,782)	17,473	14,225	14,225
Loss for the period/year	—	—	—	—	(3,028)	(3,028)	(466)	(4,141)
Arising on shares issued	1,399	2,732	—	—	—	4,131	37	7,227
Movement on share option reserve	—	—	—	367	—	367	47	123
Other recognised income attributable to equity holders	—	—	—	—	223	223	165	39
Transfer to merger reserve (Note 1)	—	(8,337)	8,337	—	—	—	—	—
Balance at 30 June 2008	14,079	2,732	8,337	605	(6,587)	19,166	14,008	17,473

Conister Financial Group PLC

Notes to the Consolidated Financial Statements

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1. Preparation of the interim statements

The interim financial statements are unaudited but have been reviewed by the company's Independent Auditors and their report is set out on page 16.

The comparative figures for the twelve months to 31 December 2007 have been extracted from the financial statements of Conister Trust Limited (formerly PLC), on which the Independent Auditors gave an unqualified opinion. The comparative figures for the six months to 30 June 2007 have been extracted from the Interim Financial Statement which was the subject of a review opinion by the Independent Auditors.

Conister Trust Limited (formerly PLC), following an Isle of Man Court sanctioned Scheme of Arrangement, became a wholly owned subsidiary of Conister Financial Group PLC with effect from 31 January 2008. As of this date all Shareholders of Conister Trust Limited (formerly PLC) became the Shareholders of Conister Financial Group PLC.

The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies (unless stated otherwise) have been applied consistently with those presented in the Annual Report for the twelve months to 31 December 2007 and comply with IFRSs and IFRIC interpretations applicable to companies reporting under IFRS.

For the purpose of the consolidated financial statements the scheme of arrangement, whereby Shareholders in Conister Trust Limited (formerly PLC) received shares in Conister Financial Group PLC, has been treated as a Group reconstruction. Merger accounting principles have been used for the Group reconstruction, such that the consolidated results of Conister Financial Group PLC have been prepared on the basis that the current Group always existed.

2. Segmental analysis

Segment information is presented in respect of the Group's business segments. The Directors consider that the Group currently operates in one geographic segment, the Isle of Man and UK. The primary format, business segments, is based on the Group's management and internal reporting structure. The Directors consider that the Group operates in three product orientated segments: Asset and Personal Finance (including provision of HP contracts, leases, personal loans and premium finance); Litigation Finance; and a prepaid card division, TransSend. The Group ceased to provide new Litigation Finance lending in June 2007.

	Asset and Personal Finance £000	Litigation Finance £000	TransSend Division £000	Total 2008 £000
for the six months to 30 June 2008				
Net interest income	1,884	33	75	1,992
Operating income	1,570	33	288	1,891
Impairment loss	(228)	(64)	—	(292)
Profit/(loss) before unallocated items	145	(184)	(2,248)	(2,287)
Group central costs				(696)
Scheme of arrangement costs				(45)
Loss before income tax				(3,028)
Capital expenditure	129	—	62	191
Total assets	74,213	1,956	2,007	78,176
Total liabilities	55,695	1,956	1,359	59,010

Conister Financial Group PLC

Notes to the Consolidated Financial Statements

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2. Segmental analysis continued

	Asset and Personal Finance £000	Litigation Finance £000	TransSend Division £000	Total 2007 £000
for the six months to 30 June 2007				
Net interest income	2,187	120	9	2,316
Operating income	1,963	120	9	2,092
Impairment (loss)/profit	(267)	497	—	230
Profit/(loss) before unallocated items	175	196	(499)	(128)
Group central costs				(249)
Scheme of arrangement				(64)
Loss before income tax				(441)
Capital expenditure	13	—	12	25
Total assets	59,018	3,985	830	63,833
Total liabilities	45,010	3,985	830	49,825

	Asset and Personal Finance £000	Litigation Finance £000	TransSend Division £000	Total 2007 £000
for the twelve months to 31 December 2007				
Net interest income	4,080	140	—	4,220
Operating income	3,542	140	194	3,876
Impairment (loss)/profit	(478)	14	—	(464)
Profit/(loss) before unallocated items	517	(688)	(2,469)	(2,640)
Group central costs				(528)
Shareholder litigation costs				(318)
Scheme of arrangement costs				(481)
Loss before income tax				(3,967)
Capital expenditure	111	—	133	244
Total assets	78,596	2,496	197	81,289
Total liabilities	61,320	2,496	—	63,816

3. Scheme of arrangement costs

Conister Trust Limited (formerly PLC), following an Isle of Man Court sanctioned Scheme of Arrangement, became a wholly owned subsidiary of Conister Financial Group PLC with effect from 31 January 2008. The legal and professional expenses attributable to this corporate restructure are presented on the face of the Income Statement.

4. Loss per share

	30 June 2008 £000 (unaudited)	30 June 2007 £000 (unaudited)	31 December 2007 £000 (audited)
Loss for the period/year	(3,028)	(466)	(4,141)

	Number	Number	Number
Weighted average number of ordinary shares in issue	51,150,345	41,976,212	43,689,141
Basic and diluted loss per share	(5.92)p	(1.11)p	(9.48)p

The basic loss per share calculation is based upon loss for the period/year after taxation and the weighted average of the number of shares in issue throughout the period/year.

There is no difference between basic and fully diluted loss per share due to a loss being made in the period.

5. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss represent shares in a UK quoted company, designated at fair value through profit or loss on initial recognition. The investment is stated at market value with the difference between cost and market value included within the income statement.

6. Available-for-sale financial instruments

On 23 June 2008, the Group acquired 2,042,705 ordinary shares (equivalent to a 9.9% interest) in Equity Special Situations Limited (ESS), an AIM listed strategic investment company incorporated in Guernsey, for a consideration of £4,453,096. The consideration was settled by issuing 5,575,150 ordinary shares in CFG at a price of 74p and the payment of £327,486.

The Group has also acquired two other investments during the period which are categorised as available-for-sale.

Available-for-sale financial assets are stated at fair value and changes in fair value are reflected in equity.

7. Share option reserve

On 1 February 2008, options to subscribe for 1,275,000 Ordinary 25p shares, which are exercisable from the date of grant up to 1 February 2018, were granted under the terms of the Conister Financial Group PLC Employee Share Option Scheme at an exercise price of 81p. These options will vest if the share price reaches 175p within three years from the date of grant. The Scheme balance as at 30 June 2008 was 925,000.

On 30 May 2008, options to subscribe for 1,000,000 Ordinary 25p shares, which are exercisable from the date of grant up to 30 May 2018, were granted under the terms of the Conister Financial Group PLC Employee Share Option Scheme at an exercise price of 70p. These options will vest if the share price reaches 100p within ten years from the date of grant. The Scheme balance as at 30 June 2008 was 1,000,000.

A share-settled bonus, conditional on the share price reaching 100p within three years from the grant date, of 500,000 Ordinary 25p shares each was granted to Mr A F A Banks (Conister Financial Group PLC, Chief Executive) and Mr C Johnstone (Conister Financial Group PLC, Interim Finance Director) at an exercise price of nil.

8. Regulatory

The company's wholly owned subsidiary Conister Trust Limited is licensed to undertake banking business by the Isle of Man Government Financial Supervision Commission.

TransSend Payments Limited has submitted an application for an e-money licence under which, if successful, it will become regulated by the Financial Services Authority in the UK.

9. Contingent liabilities

The company's wholly owned subsidiary Conister Trust Limited is required to be a member of the Isle of Man Government Depositors' Compensation Scheme which was introduced by the Isle of Man Government under the Banking Business (Compensation of Depositors) Regulations 1991. Conister Trust Limited has not been notified of any potential claims under the Scheme as at the date of signing these financial statements.

10. Related party transactions

'Loans and advances to customers' includes a loan due to Conister Trust Limited from NewLaw, a UK firm of solicitors. The loan carries interest at 7.3 per cent per annum and is repayable after 36 months. As at 30 June 2008 the balance on the loan was £389,435. NewLaw is a related party of Mr A F A Banks (Conister Financial Group PLC, Chief Executive). The loan is secured by a personal guarantee from Mr A F A Banks.

NewLaw also provide legal services to the Group. Fees charged for these services in the period totalled £337,791.

Conister Trust Limited (formerly PLC) has an agreement with Group Direct Limited, a UK insurance broker, to provide premium financing of insurance policies brokered by Group Direct of at least £5 million annually over four years. The majority of these policies are issued by Southern Rock Insurance Company Limited. In the period the Group provided financing of £13.6 million, earning interest income of £686,000. Group Direct Limited and Southern Rock Insurance Company Limited are related parties of Mr A F A Banks.

During the period Conister Trust Limited held cash on deposit on behalf of Mr J Mellon (Conister Financial Group PLC, Chairman), and a company related to him, Mr A F A Banks and Mr D Eke (Conister Financial Group PLC, Non-Executive Director), and a company related to him. Normal commercial interest rates are paid on these deposits.

Key management personnel and Executive Director compensation for the year comprises:

	30 June 2008 £000	30 June 2007 £000	31 December 2007 £000
Short-term employee benefits	611	390	838
Share-based payments	244	54	79
Total	855	444	917

11. Post-balance sheet events

On 12 September 2008 the company increased its holding in Equity Special Situations Limited ('ESS') by acquiring a further 2,206,090 of ESS ordinary shares at a price of 235p per share. This transaction increased the holding to 18.6 per cent of the AIM traded strategic investment company.

In consideration, the Company issued to ESS 7,101,798 new ordinary shares at 73p per share, which amounts to nominal share capital of £1,775,450 and share premium of £3,408,863. ESS now holds 19.99 per cent of the ordinary share capital of Conister Financial Group PLC.

On 13 August 2008 Jerry Linehan resigned as a Director of Conister Financial Group PLC. The date of cessation of his employment is 19 September 2008.

On 5 September 2008 Dr Chris Faye resigned as a Director of Conister Financial Group PLC.

12. Litigation

Conister Trust Limited entered into litigation with a firm of solicitors following their refusal to repay loans made by Conister Trust Limited to a number of their clients. As at 30 June 2008 the amount owed by the firm of solicitors was £369,000.

On 11 April 2008 judgment on a preliminary issue in this case was handed down in favour of Conister Trust Limited. On 21 July 2008 the Court of Appeal reversed the earlier decision and ruled against Conister Trust Limited.

13. Approval of interim statements

The interim statements were approved by the Board on 29 September 2008. The interim report is expected to be posted to Shareholders on 2 October 2008 and will be available from that date at the Group's Registered Office: Conister House, Isle of Man Business Park, Cooil Road, Braddan, Isle of Man, IM2 2QZ.

The Group's nominated adviser is Beaumont Cornish Limited, 5th Floor, 10-12 Copthall Avenue, London, EC2R 7DE. The Group's broker is Fairfax I.S. PLC, 46 Berkeley Square, London, W1J 5AT.

The Interim and Annual reports along with other supplementary information of interest to Shareholders, are included on our website. The address of the website is www.cfgplc.com which includes investor relations information and contact details.

Review report by KPMG Audit LLC to Conister Financial Group PLC

Introduction

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly report for the six months ended 30 June 2008, which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly 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 in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As Disclosed in Note 1, the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34: Interim Financial Reporting.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the Directors currently intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly 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 UK Auditing Practices Board. 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.

Conister Financial Group PLC

Review Report by the Independent Auditors

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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 report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' and the AIM Rules.

KPMG Audit LLC

Chartered Accountants
29 September 2008

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A decorative graphic consisting of several overlapping, curved, wavy bands in various shades of green, extending from the bottom left towards the top right of the page.