



15 April 2010

Westhouse Holdings plc

Preliminary Results

Westhouse Holdings plc (AIM:WHL) (with its subsidiaries “Westhouse” or the “Company”), the integrated corporate finance and broking house focusing on small and mid-cap companies, announces its Preliminary Results for the year ended 31 December 2009.

- Reverse acquisition of SovGEM successfully completed in June 2009
- Net assets increased to £6.85 million (2008: £1.98 million)
- Turnover improved by 6.7% to £4.78 million (2008: £4.48 million)
- Strong cash position of £1.75 million (2008: £0.61 million)
- Profit after tax and gain on acquisition of £1.12 million (2008: Loss of £0.61 million)
- Significantly increased revenues in the second half
- Market making desk expected to commence trading shortly
- Key hires made in broking, corporate finance and research

Commenting on the results, William Staple, Chief Executive, said: “2009 has been a year of considerable change for Westhouse, a reflection of our ambition to grow the business by expanding our established areas of expertise and also by developing new activities, while at the same time retaining a strong balance sheet.

“The improvement in sentiment we saw developing in the second half of last year has continued. We are beginning to see renewed interest in the IPO market with a number of potential transactions in prospect. We are also seeing more merger and acquisition advisory opportunities. Although it is still early to predict performance for the rest of this year, the outlook is encouraging, particularly taking into account the initiatives the Board has taken to strengthen and diversify the business.”

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Chairman's and Chief Executive's Statement

These are the Company's first Preliminary Results since the reverse acquisition of SovGEM which led to Westhouse becoming a publicly quoted company on 15 June 2009.

The main intention behind the reverse acquisition of SovGEM was to provide a strong capital base from which to grow the business. The Board believed that the first half of 2009 was the low point in the economic cycle, and the return of confidence, when it came to the equity markets, would present a unique opportunity for Westhouse to develop its business both in and beyond its original focus on the natural resources sector and emerging markets.

The Group's net assets at 31 December 2009 were £6.85 million (2008: £1.98 million), including £1.75 million in cash which provides the Group with a strong financial position for continued expansion. The Board has adopted a policy of gradual liquidation of the investment portfolio, taking advantage of the substantial appreciation in a number of the investments. As at 31 December 2009 £1.23 million had been realised in cash subsequent to the reverse acquisition and the remaining investment portfolio was valued at £4.36 million.

Turnover in 2009 improved by 6.7% to £4.78 million (2008: £4.48 million). However, the contrast between the first and second halves of the year was marked, as the Company began to see improved market conditions, with revenue in the second half of the year being more than twice that in the first half. In particular, Westhouse saw a significant increase in the number of its AIM-quoted clients undertaking secondary equity placements, including Nighthawk Energy, which raised £22 million in July 2009, and PureCircle, which raised £40 million in November 2009. Additionally a number of Takeover Code related assignments were undertaken, including acting as financial adviser and Rule 3 adviser to Origo Resource Partners and Hidefield Gold in relation to their respective takeovers, both transactions completing in December 2009.

Operating expenses in 2009 were held at £4.92 million, despite the costs associated with undertaking the reverse acquisition.

Including the £1.24 million gains made on the reverse acquisition of SovGEM, the profit after tax for 2009 amounted to £1.12 million, compared to a loss in 2008 of £0.61 million. Earnings per share amounted to 10p.

Westhouse has in the past focused on core areas, principally natural resources and emerging markets, and particularly on IPOs on AIM. Following the economic downturn and the changed

market conditions the Board believes that the Company has successfully begun to reposition itself, providing a more robust business model going forward, with significantly less dependence on historic revenue streams.

In late 2009 the Board began to implement plans for a market making capability, believing that this would open up a new revenue stream and also leverage the Company's service to its existing clients. In order to facilitate this, Simon Doyle, who has been appointed to oversee the development of our secondary market sales and trading activities, has brought in two of his former colleagues to form the nucleus of the market making operation. Simon has 30 years' experience and has twice before been instrumental in establishing successful trading desks. Initially Westhouse intends to make markets in stocks of its corporate clients as well as other companies that Westhouse covers through research. This range will subsequently be broadened as Westhouse establishes its position in the markets. The Company expects its application to the FSA for a principal trading licence to be approved shortly so that Westhouse can commence market making activities.

The Board believes that Westhouse's corporate broking activities need to be complemented by a strong secondary market sales capability and, accordingly, the Company is planning to strengthen its institutional sales team, as well as extending its research coverage with several new appointments. In parallel, Westhouse has also reinforced its corporate finance team with a number of recent appointments including Tom Price, who was a director at Evolution Securities with over 20 years' experience advising small and mid-cap companies. We are also expanding our emerging markets capability. Tim Metcalfe, together with Zhining Xu, is focussing on the continuing development of the Company's Chinese advisory business. We are also exploring a number of opportunities in the Indian market. Tim Feather continues to build our oil and gas sector specialisation. We are seeing the prospect of a number of new business opportunities in all these areas as well as in our other areas of expertise, in particular in the mining sector.

On behalf of the Board we thank all of our employees for their contributions to another year of significant achievement. Our employees play a critical role in the Company's success and the Board appreciates this particularly because corporate finance and broking is a people business that depends on the enthusiasm and performance of the team as a whole. The Board remains committed to recruiting, retaining and developing the best people.

2009 has been a year of considerable change for Westhouse, a reflection of our ambition to grow the business by expanding our established areas of expertise and also by developing new activities.

The improvement in sentiment that the Company saw developing in the second half of last year has continued. We are beginning to see renewed interest in the IPO market with a number of potential transactions in prospect. We are also seeing more merger and acquisition advisory opportunities. Although it is still early to predict performance for the rest of this year, the outlook is encouraging, particularly taking into account the initiatives the Board has taken to strengthen and diversify the business.

Garth Milne
Chairman

William Staple
Chief Executive

Consolidated income statement

For the year ended 31 December	Note	2009 £	2008 £
Revenue	4	4,779,849	4,478,460
Gains on sale of investments		142,121	4,028
Gains / (losses) in fair value of assets held at fair value through profit or loss	11	210,784	(237,110)
Gains / (losses) on available for sale assets - impairments	11	(288,834)	(98,494)
Finance revenue		3,036	68,933
Total income		4,846,956	4,215,817
Administration expenses		(4,917,128)	(4,921,597)
Finance costs		(297)	(3,446)
Gain on acquisition	12	1,241,269	-
Profit / (loss) before tax		1,170,800	(709,226)
Taxation		(48,923)	96,123
Net result for the period		1,121,877	(613,103)
Attributable to owners of the parent		1,121,877	(613,103)
Earnings per share – basic and diluted	7	0.10	(0.61)

Consolidated statement of financial position

As at 31 December	Note	2009 £	2008 £
Assets			
Non current assets			
Goodwill		306,750	306,750
Property plant and equipment		262,081	189,706
		<u>568,831</u>	<u>496,456</u>
Current assets			
Available for sale assets	11	3,564,816	515,465
Financial assets held at fair value	11	803,224	86,868
Trade and other receivables	8	368,653	246,523
Prepaid expenses	8	431,957	384,513
Taxation		-	96,123
Cash and cash equivalents		1,751,191	609,834
		<u>6,919,841</u>	<u>1,939,326</u>
Total assets		<u><u>7,488,672</u></u>	<u><u>2,435,782</u></u>
Equity			
Share capital		572	108,602
Share premium account		3,652,377	1,007,272
Merger reserve		2,025,707	-
Perpetual subordinated loan		375,000	500,000
Reserve in respect of share based payments		298,090	270,677
Reverse acquisition reserve		(1,686,801)	-
Revaluation reserve	11	1,118,727	148,725
Profit and loss account		1,064,354	(54,746)
Equity attributable to owners of the parent		<u>6,848,026</u>	<u>1,980,530</u>
Minority interest		-	-
Total equity		<u>6,848,026</u>	<u>1,980,530</u>
Current Liabilities			
Accounts payable and accrued liabilities		613,680	455,252
Corporation Tax		26,966	-
Total current liabilities	9	<u>640,646</u>	<u>455,252</u>
Total liabilities		<u>640,646</u>	<u>455,252</u>
Total equity and liabilities		<u><u>7,488,672</u></u>	<u><u>2,435,782</u></u>

Consolidated cash flow statement

For the year ended 31 December	Note	2009 £	2008 £
Cash flows from operating activities			
Profit / (loss) before tax		1,170,800	(709,226)
Adjustments for:			
Revenue relating to financial assets held at fair value		-	(86,865)
(Gains) / losses on investments		(142,121)	(4,028)
(Gains) / losses in fair value assets held at fair value		(210,784)	237,110
(Gains) / losses on investments		288,834	98,494
Gain on acquisition		(1,241,269)	-
Finance revenue		(3,036)	(68,933)
Finance costs		297	3,446
Depreciation		78,568	57,187
Dividends received in kind		(15,674)	-
Share based expense		27,413	118,613
Non-cash expenses		-	15,470
Decrease / (increase) in receivables		(198,420)	64,797
(Decrease) / increase in payables		(285,980)	(809,503)
Tax refund / (paid) in period		92,691	(242,417)
Net cash flows from operating activities		(438,681)	(1,325,855)
Cash flows from investing activities			
Purchase of equipment		(150,946)	(26,087)
Proceeds from sale of investments		1,232,003	187,127
Purchase of investments		(186,800)	(45,020)
Interest received		2,917	68,933
Net cash flows used in investing activities		897,174	184,953
Cash flows from financing activities			
Issue of ordinary share capital		850,000	236,000
Issue of shares		22,000	-
Transaction costs in connection with share issue		(65,724)	-
Net repayment of perpetual subordinated loan		(125,000)	-
Cash acquired from acquisitions		1,885	-
Interest paid		(297)	(3,446)
Interest on perpetual subordinated loan		-	(43,612)
Net cash flows from financing activities		682,864	188,942
Net increase / (decrease) in cash and cash equivalents		1,141,357	(951,960)
Cash and cash equivalents at beginning of period		609,834	1,561,794
Cash and cash equivalents at end of period		1,751,191	609,834

1. General information

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The accounting policies set out in the consolidated financial statements of the Group for the year ended 31 December 2009 have been followed in all respects. Westhouse Holdings plc, a public limited company, is the Group's Ultimate Parent Company. It is incorporated in Jersey. The address of Westhouse Holdings plc is One Angel Court, London, EC2R 7HJ.

The financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 14 April 2010.

The financial information contained in this announcement does not constitute statutory accounts. The figures for the years ended 31 December 2008 and 2009 have been extracted from the audited financial statements. The financial statements for 2009 will be delivered to the Registrar of Companies following the Annual General Meeting.

The financial statements for the years ended 31 December 2008 and 2009 received a qualified auditors' report arising from a limitation in audit scope. The limitation was in respect of the available audit evidence to support the valuation of one of the investments, Russian Timber Group, currently recorded in the balance sheet at £233,333 (2008 - £466,666) and the auditors are unable to conclude whether the valuation is accurate.

2. Consolidation

This consolidated financial information includes the accounts of the Company and its subsidiaries, after the elimination of inter-company transactions and balances.

On 15 June 2009 the Company (then called SovGEM Ltd) became the legal parent company of Westhouse Group Ltd (then called Hanson Westhouse Holdings Limited) in a share for share transaction. Due to the relative sizes of the companies, Westhouse Group Limited shareholders became the majority shareholders of the enlarged share capital. Furthermore, the Company's continuing operations and executive management became those of Westhouse Group Limited. Under IFRS 3 this combination has been accounted for as a reverse acquisition. On the same day SovGEM Ltd changed its name to Hanson Westhouse Holdings plc and then on 25 November 2009 to Westhouse Holdings plc.

In accordance with IFRS 3, the directors have treated the consolidated financial statements as being a continuation of Hanson Westhouse Holdings Limited. Accordingly the figures presented are those of the company previously known as Hanson Westhouse Holdings Limited (legal subsidiary) for the year ended 31 December 2008.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments to the owners of the legal parent (i.e. the acquiree for accounting purposes). Because such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary, the assets and liabilities of the company previously known as Hanson Westhouse Holdings Limited have been recognised and measured in the consolidated financial statements at their pre-combination carrying amounts. The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the company previously known as Hanson Westhouse Holdings Limited (legal subsidiary) immediately before the business combination. The amount recognised as issued equity instruments in the consolidated financial statements reflects the equity structure of Westhouse Holdings plc which includes the equity instruments issued to effect the combination.

3 (Loss) / profit before taxation

	2009	2008
	£	£
(Loss) / profit for the year has been arrived at after charging:		
Staff costs	2,473,272	2,891,481
Depreciation of property plant and equipment	78,568	57,186
Operating lease payments – land and buildings	224,451	210,178
Impact of exchange differences	1,101	445
Audit of the parent company	27,196	25,000
Audit of subsidiary	17,000	-
Fees payable to the Company's auditor and its associates for other services:		
1. Other services relating to taxation	-	1,000
2. All other services	16,226	-

4 Segmental reporting

Revenue is wholly attributable to the principal activity of Westhouse and arises solely within the UK. The business is currently regarded as one operating segment due to the nature of services provided, the methods used to provide those services and the clients to which they are provided, the nature of management and decision making and the way that financial information is analysed and reported to management.

	2009	2008
	£	£
Revenue		
Equity based commissions	3,132,080	2,547,538
Corporate finance	1,609,831	1,930,922
Investment income	37,938	-
Total revenue	<u>4,779,849</u>	<u>4,478,460</u>

5 Employees' compensation and benefits

	2009	2008
	£	£
Wages and salaries	2,131,830	2,284,143
Social security costs	241,763	261,050
Equity settled share-based payments	27,413	118,613
Other pension costs	72,266	227,675
	<u>2,473,272</u>	<u>2,891,481</u>

The average number of employees (including executive directors) was as follows:

	2009	2008
	No	No
Management and administration	32	30

6 Directors' remuneration

The remuneration of the directors for the period 15 June 2009 to 31 December 2009, who are key management personnel of Westhouse, is analysed below.

Director	Salary £	Benefits in kind £	Total £
Garth Milne, Chairman	16,269	-	16,269
Andrew Beeson	13,558	-	13,558
Sir Hayden Philips	14,070	-	14,070
William Staple	83,958	623	84,581
Jonathan Azis	66,991	-	66,991

The executive directors participate in a discretionary bonus scheme payments from which are of such amounts and at such times as the Company may in its absolute discretion determine. No payments were made during or in respect of the period to 31 December 2009.

Westhouse operates a defined contribution scheme for its employees and executive directors. The contributions are paid to a life assurance company or SIPP provider to secure the benefits accruing to members. Contributions are charged against profits as they fall due. The funds of the scheme are held separately to those of Westhouse.

Westhouse operates a discretionary bonus scheme, membership of which includes most employees, which provides that the timing or amount of any bonus payments is entirely within the discretion of the board of the Company.

7 Earnings per share

	2009 £	2008 £
Net result for the period	1,121,877	(613,103)
Weighted average number of ordinary shares		
Basic weighted average number of shares	10,811,629	1,004,657
Effect of options	114,592	-
Diluted weighted average number of shares	10,926,221	1,004,657
Basic earnings per share	0.10	(0.61)
Diluted earnings per share	0.10	(0.61)

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shares by the weighted average number of ordinary shares during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares.

Westhouse has only one category of dilutive potential ordinary shares, share options granted to employees under the EMI Share Option Scheme and the Unapproved Share Option Scheme, where the exercise price is less than the average price of the Company's ordinary shares during the year.

When a loss was incurred, since the conversion of potential ordinary shares to ordinary shares would have decreased net loss per share, options were not dilutive and therefore diluted and basic losses per share are the same.

8 Trade and other receivables

	2009 £	2008 £	2007 £
Trade receivables	368,653	246,523	312,023
Amounts owing by shareholders	-	22,000	
Prepayments	204,398	123,514	114,450
Other receivables	227,559	220,475	228,838
	<u>800,610</u>	<u>612,512</u>	<u>655,311</u>

Due to the short term maturity of trade receivables, the directors consider the carrying amounts to approximate their fair value. All receivables are non-interest bearing and unsecured. No impairment provision is considered necessary by reference to past default experience.

9 Trade and other payables

	2009 £	2008 £
Trade payables	115,636	93,891
Amounts owing to related parties	15,681	12,906
Accruals	354,349	210,832
Taxation and social security	154,980	137,623
	<u>640,646</u>	<u>455,252</u>

Due to the short term maturity of trade payables, the directors consider the carrying amounts to approximate their fair value. All payables are non-interest bearing and unsecured. Trade payables are normally settled on 30 day terms.

10 Operating lease commitments

Westhouse has entered into two leases for its office premises at Angel Court, London and a lease for its premises in Leeds:

Future payments due	2009 £	2008 £
Within 1 year	228,893	-
2 – 5 years	877,603	275,717

The Group's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

11 Investments

11.1 Available for sale financial assets

	2009 £	2008 £
Listed equity securities	3,075,499	343,445
Unlisted financial assets	489,317	172,020
	<u>3,564,816</u>	<u>515,465</u>

The listed financial assets have been stated at fair value. Fair value is determined by valuing the financial assets at the appropriate closing bid price on 31 December 2009.

The unlisted financial assets have been stated at fair value. Fair value is determined by using recent arm's length transactions and valuation models where a recent arm's length transaction does not exist. Where this is not possible Westhouse uses the directors' valuation.

All the listed equity securities have been issued by publicly traded companies.

11.2 Financial assets at fair value through profit or loss

	2009 £	2008 £	2007 £
Convertible debt	413,547	-	-
Stock warrants and options	389,677	86,868	237,113
	<u>803,224</u>	<u>86,868</u>	<u>237,113</u>

Convertible debt has been designated at fair value through profit or loss where it has not been possible to separately value the embedded derivative.

Stock warrants and options are held for trade and have been valued using an appropriate option pricing model at the time of acquisition and as at 31 December 2009.

11.3 Financial assets

	Listed £	Unlisted £	Held at fair value £	Total £
Opening fair value 1 January 2009	343,445	172,020	86,868	602,333
Purchases at cost or as acquired as part of reverse acquisition	2,885,245	572,817	505,575	3,963,637
	(1,093,734)			
Disposals in period at cost)	(30,520)	(3)	(1,124,257)
	<u>2,134,956</u>	<u>714,317</u>	<u>592,440</u>	<u>3,441,713</u>
Fair value movements recognised in equity (Impairment) / gain recognised in income statement	996,044	8,333	-	1,004,377
	(55,501)	(233,333)	210,784	(78,050)
Closing fair value 31 December 2009	<u>3,075,499</u>	<u>489,317</u>	<u>803,224</u>	<u>4,368,040</u>
Closing cost 31 December 2009	2,134,956	714,317	592,440	3,441,713
(Loss) / gain in period	940,543	(225,000)	210,784	926,327
Closing fair value 31 December 2009	<u>3,075,499</u>	<u>489,317</u>	<u>803,224</u>	<u>4,368,040</u>

	Listed £	Unlisted £	Held at fair value £	Total £
Opening fair value 1 January 2008	646,511	45,000	237,113	928,624
Purchases at cost	14,500	30,520	-	45,020
Disposals in period at cost	(242,291)	-	-	(242,291)
	<u>418,720</u>	<u>75,520</u>	<u>237,113</u>	<u>731,353</u>
Fair value movements recognised in equity	39,975	108,750	-	148,725
(Impairment) recognised in income statement	(115,250)	(12,250)	(150,245)	(277,745)
Closing fair value 31 December 2008	<u>343,445</u>	<u>172,020</u>	<u>86,868</u>	<u>602,333</u>
Closing cost 31 December 2008	418,720	75,520	237,113	731,353
(Loss) / gain in period	(75,275)	96,500	(150,245)	(129,020)
Closing fair value 31 December 2008	<u>343,445</u>	<u>172,020</u>	<u>86,868</u>	<u>602,333</u>

11.4 Revaluation reserve

	Listed £	Unlisted £	Total £
Opening reserve 1 January 2008	69,350	18,750	88,100
Movements on disposals	-	-	-
Fair value movements recognised in equity	(29,375)	90,000	60,625
Closing reserve 31 December 2008	<u>39,975</u>	<u>108,750</u>	<u>148,725</u>
Opening reserve 1 January 2009	39,975	108,750	148,725
Movements on disposals	(34,375)	-	(34,375)
Fair value movements recognised in equity	996,044	8,333	1,004,377
Closing reserve 31 December 2009	<u>1,001,644</u>	<u>117,083</u>	<u>1,118,727</u>

A movement of 20% in the value of the listed and unlisted investments would result in a movement of £712,963 (2008: £103,093) in equity.

12 Business combinations

On 15 June 2009 the Company (previously SovGEM Ltd) became the legal parent company of Westhouse Group Ltd (then called Hanson Westhouse Holdings Limited) in a share for share transaction. Due to the relative sizes of the companies, Westhouse Group Limited shareholders became the majority shareholders of the enlarged group. Furthermore, the Company's continuing operations and executive management became those of Westhouse Group Limited. Therefore, under IFRS 3 this combination has been accounted for as a reverse acquisition.

As a result a gain on acquisition is created. The value of the consideration was 4,555,000 shares acquired at £0.45 per share (based on the average quoted share price of the acquired company). The fair value of the net assets of the company acquired, Westhouse Holdings plc (legal parent), was:

	Book and fair value
Available for sale financial assets	3,666,408
Financial assets held at fair value through profit	94,755
Trade and other receivables	11,559
Cash and cash equivalents	1,885
Accounts payable and accrued liabilities	<u>(507,356)</u>
Fair value of net assets acquired	3,267,251
Gain on acquisition	<u>(1,241,269)</u>
Fair value of consideration issued	<u>2,025,982</u>
Satisfied by fair value of shares acquired	<u>2,025,982</u>

The gain on acquisition of £1,241,269 has been recognised in full in the income statement immediately.

The profit of the Company for the period from acquisition to 31 December 2009 was £947,000 with net revenues of nil. If the acquisition had occurred on 1 January 2009, the acquisition would have contributed the following to Group revenues and profits: nil and £467,000.

13. Availability of statutory financial statements

Copies of the full statutory financial statements will be mailed to shareholders no later than 30 April 2010 from which date they will also be available from the Company's offices at One Angel Court London EC2R 7HJ and on its website at www.westhousesecurities.com

- Ends -