19 August 2005

PANMURE GORDON & CO. PLC ("PANMURE GORDON" OR THE "GROUP")

Interim Results for the Six Months ended 30 June 2005

Panmure Gordon & Co. plc today announces interim results for the six months ended 30 June 2005. During this period Durlacher Corporation Plc ("Durlacher") acquired Panmure Gordon & Co. and subsequently changed its name to Panmure Gordon & Co. plc ("Panmure Gordon"). The acquisition was completed on 26 April 2005 and these results therefore include the results of Durlacher for the period of 1 January 2005 to 26 April 2005 and for the combined business for the period 27 April 2005 to 30 June 2005.

Operational Highlights

- Acquisition of Panmure Gordon & Co. transforming the business through the creation of a leading UK corporate and institutional stockbroker.
- Successful combination of the businesses driving the underlying cost base down to that targeted for the end of the year.
- Business fully integrated and acting as a single firm under the Panmure Gordon name.

Business Highlights

- Business is now balanced between institutional equities and corporate finance.
- Continuing to invest in high quality staff.
- Corporate client list continuing to grow. Currently act for some 105 companies and investment trusts.
- Registered market maker in 490 stocks and providing liquidity in a further 430 stocks.
- Writing research on more than 560 companies and investment trusts.
- Voted the most improved small and mid cap broker in the Extel 2005 Survey.
- Participated in raising more than £340m on behalf of corporate clients since the combination of the business. As most of these transactions completed after the end of June the majority of the corporate finance fees relating to these fundraisings will not be recognised until the second half of the year.

Financial Highlights

- Revenue of £7.6m (6 months to 30 June 2004: £4.4m) of which more than £5m realised in the two month period from 26 April 2005, the date of the combination of the business. June showed strong growth over May.
- Small underlying operating profit (pre FRS 20 option charges) for first six months. Combined business generated encouraging underlying profits in the two months post completion. These profits were offset by the losses incurred by Durlacher in the prior four months.
- Second half of the year started strongly with encouraging corporate pipeline and the institutional equities business making good progress.

The financial performance reflects only two months of the combined business and four months of Durlacher for the period before the acquisition. All of the costs of combining the businesses have been taken in the first half numbers.

The numbers are complicated by the adoption of the provisions of FRS 20 which is explained more fully in the Chief Executive's Review. This is a notional charge and has no impact on reserves and represents no cash transfer or value diminution.

Because the numbers presented only cover two months of the combined business, include all the expenses of combining the business and the FRS 20 charge referred to above, the financial result presented is not indicative of the underlying performance which should be expected from the combined business going forward.

For further information, please contact

Timothy Linacre, Chief Executive
Panmure Gordon & Co. plc **0207 614 8300**

Charlotte Kirkham/Chris Hamilton
Bell Pottinger Corporate & Financial **0207 861 3232**

CHAIRMAN'S STATEMENT

This is the first set of results announced since the reverse by Panmure Gordon into Durlacher Corporation and reflects only two months of the combination of these businesses, the period of their integration and the costs associated therewith. I would like to thank all those involved in this speedy and efficient integration, which has produced a reduced cost base, with minimal business interruption, which is the basis for our sustainable profitability.

Panmure Gordon is a UK securities business balanced between secondary research, sales and trading, where we operate across the market capitalisation range and corporate issuance where we specialise more in small and mid cap business. Whilst this balance gives us a robust basic business it is, of course, influenced by the general health of the UK stock market. We view the economic background as broadly benign, aided by the recent easing of monetary policy, and believe that UK equity market valuations are not expensive. We therefore see the general conditions for the Institutional and Corporate business remaining favourable.

We are also seeing good secular trends for both sides of our business. Following a period of substantial investment in high quality research, sales and trading personnel, our institutional business is seeing higher client recognition and improving business flows; we were pleased to be awarded the most improved Small and Mid cap broker in the 2005 Extel Survey. Our corporate business has participated in more than £340m of fundraisings since the businesses were combined and our corporate pipeline is strong and growing. We now act for 105 companies and expect that number to increase in the second half.

Richard Wyatt
Chairman
18 August 2005

CHIEF EXECUTIVE'S REVIEW

FINANCIAL RESULTS AND OPERATIONAL REVIEW

Introduction

During the period under review Durlacher Corporation acquired Panmure Gordon & Co and subsequently changed its name to Panmure Gordon & Co. plc. The acquisition was completed on 26 April 2005 and these results therefore include the results of Durlacher for the period of 1 January 2005 to 26 April 2005 and for the combined business for the period 27 April 2005 to 30 June 2005.

The Group is now positioned as a corporate and institutional stockbroker, focused very clearly on the UK market. We are fortunate in having excellent clients, and have won several new clients since the combination of the businesses. We are also fortunate in having a very strong team of employees which has been strengthened significantly in recent months.

The businesses were integrated quickly and with limited business interruption. While, inevitably, both companies found it difficult to win new corporate finance mandates prior to the completion of the transaction, the combined firm has been very successful in winning new business since completion.

Revenue

Revenue of £7.6m was earned in the period of which more than £5m was earned since 27 April 2005, with June showing very strong growth over May. The second half of the year has also started strongly.

Costs and business integration

Following the swift integration of the businesses on 26 April 2005, the administrative expenses for the business, on a monthly basis, are now at the level originally targeted to be achieved before the end of 2005, being not more than £21m per annum before bonuses and exceptional items. Despite the need to reduce the combined headcount by some 20% to eliminate duplication and to create an efficient business, there was very little business disruption.

We intend to keep a firm control on costs and to build a business that can survive in difficult markets and prosper in better markets.

The combined business is now located in what were Durlacher's offices (where the institutional equities business and meeting rooms are based) and in a neighbouring property (where corporate finance is located). The lease on the property at Chiswell Street has been sub-let.

Appropriate Compliance procedures and quality controls were implemented immediately on completion of the transaction.

Corporate Finance

In the period from 27 April 2005 to 30 June 2005 Panmure Gordon led five IPOs, was involved in three secondary fundraisings and undertook a number of other corporate deals on behalf of clients. In total, the amount of money raised on behalf of corporate clients in the period since 27 April 2005 to the date of this Statement, in transactions in which Panmure Gordon was involved, exceeded £340m. As most of these transactions completed after the end of June the majority of the corporate finance fees relating to these fundraisings will not be recognised until the second half of the year.

The corporate client list currently stands at 105 companies and investment trusts. This has shown growth despite losing some clients, primarily as a result of resigning from a number of brokerships or retained clients where the economic relationship was unfavourable. We expect to see continued change, and some growth, in the client list over the second half of the year.

Institutional Equities and Research

Panmure Gordon now writes research on more than 240 companies and 320 investment trusts and is a registered market maker in 490 stocks and provides liquidity in a further 430 UK stocks. Our trading philosophy is one of client facilitation rather than proprietary trading.

In the Extel survey published in June 2005 Panmure Gordon was voted the most improved broker in the mid and small cap market. While this is due to a number of factors the principal one is the quality of our research. We have seen a significant increase in the number of institutional clients we deal with.

International Reach

Panmure Gordon is a corporate and institutional broker focused on the UK market. However, increasingly the companies that want to list in London, and the institutions that want to invest in London, are international. We have positioned the business to address these clients. We have members of the institutional equities team who service the needs of European and other overseas institutions. We led the first ever listing of a New Zealand company on AIM as well as completing a listing for an Israeli company.

We also announced in July a co-operation agreement with a New York based firm C. E. Unterberg, Towbin, which we believe will be a major enhancement to our business giving us increased exposure to US institutions and corporates.

Shareholders

Approximately one third of the equity of the company is held by an ESOP on behalf of the employees of the company, one third by an affiliate of Lazard (the previous owner of Panmure Gordon) and one-third by external shareholders. Your Board believes that the alignment of interest between employees and shareholders that this arrangement provides has been a major reason behind the performance of the business since the combination of Durlacher and Panmure Gordon. The relationship with Lazard continues to be strong, however we have also been successful in re-establishing productive relationships with other independent investment banks.

FRS 20

After discussion with our auditors, we have adopted in advance the provisions of FRS 20 (which derive from International Financial Reporting Standards), as regards the expensing of share options. The effect of this is to increase costs by a total of £2.8m in the current period. We have also restated comparatives as set out in note 3.

The majority of this charge, £2.4m, which we have treated as exceptional, derives from the options granted to employees on shares issued to the ESOP at the time of the acquisition. The establishment of the ESOP was an integral part of the transaction as set out in the Circular dated 30 March 2005. In that Circular the background to the creation of the ESOP was explained; in particular it was explained that in 2004 Lazard reached an understanding with Richard Wyatt and myself to create a scheme whereby one half of the equity of Panmure Gordon would be transferred from Lazard to existing and future employees.

The establishment of the ESOP and the issuance of 18.5m shares to it reflects this understanding. It is important, therefore, to recognise that although we have taken a notional charge of £2.4m under FRS 20 (other than in respect of employers national insurance which would only be payable if the Group achieved equivalent tax saving), <u>no cash transfer or value diminution arises for past, existing or future public shareholders as a result</u>.

Shareholders should also be aware that the notional charge has no impact on net assets, since the charge in the profit and loss account is balanced by a positive movement on reserves.

We have also taken a charge of £370,000 which we have shown on the face of the profit and loss account which derives from the current period charge under FRS 20 for options granted in prior periods under the Durlacher option scheme.

Based on the assumptions made, we expect to take an additional charge under FRS 20 in the second half of 2005 of £7.1m. The adoption of FRS 20 will impact on the next three years reporting as more fully explained in note 3.

Outlook

We are grateful to everyone at Panmure Gordon for their efforts during a period of such change. The business is now well balanced between institutional equities and corporate finance.

We entered the second half of the year with a number of transactions launched but not invoiced and with a significant pipeline which continues to strengthen. The institutional equities business has also continued to make progress.

Our market remains very competitive and we are dependent on the general health of the UK stock market, however the period since the completion of the acquisition has been one of increasing momentum across the business and we believe that market conditions are currently favourable for both our Corporate and Institutional Equities activities. The principal challenges we face in the second half of the year are to execute the corporate finance pipeline and to continue the momentum in institutional equities. We view the second half of the year with confidence.

Timothy Linacre
Chief Executive
18 August 2005

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the six months ended 30 June 2005

	Notes	**6 months 30 June 2005 Unaudited £'000**	Restated 6 months 30 June 2004 Unaudited £'000	Restated 18 months 31 December 2004 Audited £'000
Turnover	2	**7,606**	4,403	15,574
Costs of sales		**(496)**	(541)	(2,037)
Gross profit		**7,110**	3,862	13,537
Administrative expenses		**(6,953)**	(4,617)	(17,529)
Operating profit/(loss) before FRS 20 option charges and exceptional items		**157**	(755)	(3,992)
FRS 20 option charges deemed not exceptional	3	**(370)**	(226)	(713)
Operating loss before exceptional items		**(213)**	(981)	(4,705)
Exceptional costs	4	**(5,144)**	(1,516)	(2,704)
Total administrative expenses		**(12,467)**	(6,359)	(20,946)
Operating loss after exceptional items		**(5,357)**	(2,497)	(7,409)
Profit on disposal of fixed asset investments		**-**	17	111
Net (costs)/income on termination of discontinued activities		**(162)**	383	726
Net interest receivable and similar items		**194**	176	442
Loss on ordinary activities before taxation		**(5,325)**	(1,921)	(6,130)
Taxation on profit/loss on ordinary activities		**-**	-	(77)
Loss on ordinary activities after taxation		**(5,325)**	(1,921)	(6,207)
Basic loss per ordinary share	5	**(16.39)p**	(11.41)p	(39.70)p
Profit per ordinary share on continuing activities before exceptional items and FRS 20 option charges (see note 5)				

The Group has no recognised gains or losses other than the results for the period.

CONSOLIDATED BALANCE SHEET
As at 30 June 2005

	Notes	**30 June 2005 Unaudited £'000**	30 June 2004 Unaudited £'000	31 December 2004 Audited £'000
Fixed assets				
Intangible assets		**13,201**	-	-
Tangible assets		**1,958**	1,333	1,423
Total fixed assets		**15,159**	1,333	1,423
Current assets				
Investments		**7,190**	3,522	2,712
Debtors		**130,290**	6,185	8,055
Cash at bank and in hand		**5,531**	8,305	8,557
		143,011	18,012	19,324
Creditors – amounts falling due within one year		**(124,955)**	(7,167)	(8,674)
Net current assets		**18,056**	10,845	10,650
Total assets less current liabilities		**33,215**	12,178	12,073
Creditors – amounts falling due after one year		**-**	-	(69)
Subordinated loan		**(3,000)**	-	-
Provision for liabilities and charges		**(1,446)**	(1,960)	(1,544)
Net assets		**28,769**	10,218	10,460
Share capital & reserves				
Ordinary shares	6	**2,257**	776	776
Deferred shares		**28,330**	28,330	28,330
Called up share capital		**30,587**	29,106	29,106
Share premium account		**27,473**	27,473	27,473
Merger reserve		**21,809**	1,714	1,715
Other reserve		**(741)**	-	-
Profit and loss account		**(50,359)**	(48,075)	(47,834)
Equity Shareholders' funds	7	**28,769**	10,218	10,460

Approved for and on behalf of the Board on 18 August 2005 by

Timothy Linacre
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2005

	Notes	**6 months 30 June 2005 £'000**	6 months 30 June 2004 £'000	18 months 31 Dec 2004 £'000
Net cash flow from operating activities	8	**(2,029)**	(2,357)	(4,506)
Returns on investments and servicing of finance	9	**198**	198	477
Capital expenditure and financial investment	9	**(751)**	(1,136)	(1,329)
Acquisitions and disposals	9	**(444)**	(769)	58
Cash outflow before financing		**(3,026)**	(4,064)	(5,300)
Financing				
Proceeds from issue of ordinary share capital	9	**-**	9,751	11,566
Decrease in short term loans		**-**	(375)	(750)
Net cash inflow from financing activities		**-**	9,376	10,816
(Decrease)/increase in cash in the period		**(3,026)**	5,312	5,516
Reconciliation of cash outflow to movement in net debt				
(Decrease)/increase in cash for the period		**(3,026)**	5,312	5,516
Subordinated debt acquired with subsidiary		**(3,000)**	-	-
Decrease in short term loans		**-**	375	750
Change in net debt resulting from cash flows		**(6,026)**	5,687	6,266
Net funds brought forward		**8,557**	2,618	2,291
Net funds	10	**2,531**	8,305	8,557

NOTES TO THE INTERIM REPORT

1. Basis of preparation

Turnover represents the amount invoiced, excluding value added tax, in respect of brokerage commissions, fees and charges and corporate finance fees, together with profits and losses on market making and dealing.

The interim results have been prepared on a basis consistent with the accounting policies set out on pages 23 to 25 of the Annual Report for the 18 months ended 31 December 2004, other than in respect of the adoption of FRS 20.

2. Segmental and analysis

The Directors consider that the Group operates in one segment, being stock broking.

The following provides an analysis of turnover by major activity:

	6 months 30 June 2005	6 months 30 June 2004	18 months 31 December 2004
	£'000	£'000	£'000
Institutional Equities and other commission	**3,115**	179	4,408
Corporate Finance and other fees	**4,491**	4,224	11,166
Total	**7,606**	4,403	15,574

All activities are performed in the UK. The 18 months period ended 31 December 2004 includes commissions of £1,422,000 in respect of discontinued activities.

Prior period continuing and discontinued analysis:

			Restated
	18 months to 31 December 2004		
	Continuing	Discontinued	Total
	£'000	£'000	£'000
Turnover	14,152	1,422	15,574
Cost of sales	(782)	(1,255)	(2,037)
Gross Profit	13,370	167	13,537
Administrative expenses	(19,003)	(1,943)	(20,946)
Operating loss	**(5,633)**	**(1,776)**	**(7,409)**

Prior periods discontinued operations include the results of the private client business and nothingventured.com.

All exceptional expenses are for restructuring, redundancy and reorganisation.

3. FRS 20

The provisions of FRS 20 have been applied to share options granted to members of the Board and to staff in this and prior periods. The Circular to shareholders dated 30 March 2005 contained details of options granted up to that time. Since then further options have been granted to staff over shares issued to the ESOP.

The charges taken to the profit and loss account represent a notional charge, being the estimated value of the options on their date of grant written off over the expected vesting periods of those options. The charge for those options which were granted in association with the acquisition of Panmure Gordon (including all options over shares issued to the ESOP) has been treated as exceptional; the balance of the charge has been shown as a separate line in the profit and loss account.

Management have used a Black Scholes model to estimate the value of options granted in the current and prior periods. The key input to the model was the assumed share price volatility which management estimated to be in the range 34% to 49%, based on a basket of comparable companies.

The expected vesting period of the options varies between two months and three years from the date of grant.

Based on the assumptions made there will be further charges in respect of FRS 20 of approximately £8m, £3.2m and £700,000 in 2006, 2007 and 2008 respectively. These FRS 20 charges are management's best estimate using the Black Scholes model, but a formal assessment will be made by a competent qualified external valuer in conjunction with the 2005 year end audit.

Comparative figures for the six months ended 30 June 2004 and the 18 months ended 31 December 2004 have been restated to apply the provisions of FRS 20, increasing expenses and, consequently, the loss for the period by £226,000 and £713,000 respectively.

4. Exceptionals

	6 months 30 June 2005 Unaudited £'000	Restated 6 months 30 June 2004 Unaudited £'000	Restated 18 months 31 Dec 2004 Audited £'000
Redundancy and reorganisation	**2,714**	274	1,362
Compensation costs in lieu of commission on share issue	**-**	392	392
Property costs	**-**	850	950
Expensing of share options under FRS 20	**2,430**	-	-
Total	**5,144**	1,516	2,704

5. Earnings per share

Earnings per share (EPS) are calculated on a net basis using the profit on ordinary activities after taxation divided by the weighted average number of shares detailed below.

FRS 22 requires presentation of diluted EPS when a company would be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss-making company with outstanding options, net loss per share would only be decreased by the exercise of these share options therefore no adjustment has been made to the weighted average number of shares in issue.

	6 months 30 June 2005 Unaudited £'000	Restated 6 months 30 June 2004 Unaudited £'000	Restated 18 months 31 Dec 2004 Audited £'000
Loss on ordinary activities after taxation	**(5,325)**	(1,921)	(6,207)
Add back exceptional items on continuing activities	**5,144**	1,516	2,704
Other FRS 20 charges	**370**	226	713
Add back loss on discontinued activities	**-**	477	1,776
Add/less costs/(income) on termination of discontinued activities	**162**	(383)	(726)
Profit/(Loss) on continuing activities before exceptional items and FRS 20 charges	**351**	(85)	(1,740)
Weighted average number of shares in issue	**32,491,958**	16,830,373	15,636,079
Adjusted weighted average number of shares in issue	**36,687,741**	n/a	n/a
Earnings/(loss) per share on continuing activities before exceptional items and FRS 20 charges	**1.08p**	(0.51)p	(11.13)p
Diluted Earnings per share on continuing activities before exceptional items and FRS 20 charges	**0.96p**	n/a	n/a

6. Share capital

On 26 April 2005, Durlacher Corporation Plc issued shares to acquire the entire share capital of Panmure Gordon (UK) Limited, previously Panmure Gordon & Co. Limited. The number of shares issued to the Lazard Group in respect of this acquisition was 18,521,295. The market price of the shares on the day of completion was £1.125 and, therefore, the transaction has resulted in an increase in the Merger Reserve of approximately £20.1m, being the market value of the shares issued, less their nominal value (see note 11). At the same time the Company issued a further 18,521,295 shares to the Panmure Gordon & Co. plc No.2 Employee Benefit Trust at the par value of 4p. Further details of these transactions are set out in the Circular dated 30 March 2005.

7. Reconciliation of movements in equity shareholders' funds

	As at 30 June 2005 Unaudited £'000	Restated As at 30 June 2004 Unaudited £'000	Restated At at 31 Dec 2004 Audited £'000
Loss for the period after taxation	**(5,325)**	(1,921)	(6,207)
Shares issued re Web-Angel PLC	**-**	-	1,715
Shares issued in share placing	**-**	9,851	9,851
Shares issued re Panmure Gordon (UK) Limited	**20,834**	-	-
FRS 20 Share Option Charges	**2,800**	226	713
Opening shareholders' funds	**10,460**	2,062	4,388
Closing shareholders' funds	**28,769**	10,218	10,460

8. Reconciliation of operating loss to net cash outflow from operating activities

	6 Months 30 June 2005 Unaudited £'000	Restated 6 Months 30 June 2004 Unaudited £'000	Restated 18 months 31 Dec 2004 Audited £'000
Operating loss	**(5,357)**	(2,497)	(7,409)
Depreciation and amortisation	**215**	207	687
Movement in current asset investments	**1,961**	(1,510)	471
Increase in debtors	**(12,319)**	(1,830)	(4,325)
Increase in creditors and provisions	**10,671**	3,047	5,357
FRS 20 share option charge	**2,800**	226	713
Net cash outflow from operating activities	**(2,029)**	(2,357)	(4,506)

9. Analysis of cash flow for headings netted in the cash flow statement

	6 Months 30 June 2005 Unaudited £'000	6 Months 30 June 2004 Unaudited £'000	18 months 31 Dec 2004 Audited £'000
Returns on investment and servicing of finance			
Interest received	**246**	198	525
Interest paid	**(48)**	-	(48)
Net cash inflow for returns on investment and servicing of finance	**198**	198	477
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(751)**	(1,147)	(1,446)
Proceeds from sale of investments	**-**	11	117
Net cash outflow from capital expenditure and financial investment	**(751)**	(1,136)	(1,329)
Acquisitions and disposal			
(Costs)/proceeds in respect of termination of discontinued activities	**(393)**	(769)	58
Acquisition costs	**(1,569)**	-	-
Cash acquired	**1,518**	-	-
Net cash (outflow)/inflow from acquisitions	**(444)**	(769)	58
Proceeds from the issue of ordinary share capital			
Proceeds from share issue	**-**	10,031	12,053
Acquisition and share issue costs	**-**	(280)	(487)
Net cash inflow from the issue of ordinary share capital	**-**	9,751	11,566

10. Analysis of changes in net funds

	At 31 Dec 2004 £'000	Cash flow £'000	Acquisition of Subsidiary £'000	At 30 June 2005 £'000
Cash in hand and at bank	8,557	(3,026)	-	**5,531**
Subordinated loans	-	-	(3,000)	**(3,000)**
Net funds	8,557	(3,026)	(3,000)	**2,531**

11. Purchase of Subsidiary Undertakings

On 26 April 2005 the Group completed the acquisition of Panmure Gordon (UK) Limited (previously Panmure Gordon & Co. Limited). The net assets acquired were as follows:

	£'000
Net Long Positions	1,125
Debtors	109,842
Cash	1,518
Creditors	(100,281)
Subordinated loan	(3,000)
Net assets	9,204
Direct costs of acquisition	(1,569)
Add goodwill on consolidation	13,201
	20,836
Satisfied by	
Issue of 18,521,294 shares (market price of £1.125)	20,836

This acquisition, which has been accounted for under acquisition accounting, has resulted in an increase in the merger reserve created on consolidation of £20,095,000 being the difference between the market value of the shares issued and their nominal value of £741,000 (4p per share).

12. General

The interim report was approved by the Board of Directors on 18 August 2005.

This report has been sent to shareholders and will be made available to the public, upon request, at the registered office of Panmure Gordon & Co. plc, Moorgate Hall, 155 Moorgate, London EC2M 6XB or from the company's website www.panmure.com.

INDEPENDENT REVIEW REPORT BY KPMG AUDIT PLC TO PANMURE GORDON & CO. PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 7 to 14 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review having regard to guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

KPMG Audit Plc
Chartered Accountants
London
18 August 2005