



CHARLES TAYLOR CONSULTING plc

Interim Report 2005

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Consolidated Financial Highlights

For the six months ended 30 June 2005

	Six months to 30 June 2005	Six months to 30 June 2004	Increase
Revenue	£31.9m	£31.5m	1.3%
Profit before tax	£4.5m	£4.5m	–
Earnings per share	10.84p	10.20p	6.3%
Dividend per share – interim	3.96p	3.60p	10.0%

The group's results have been prepared, for the first time, using accounting policies consistent with International Financial Reporting Standards (IFRS). The group has restated its previously reported 2004 results and financial position accordingly.

The interim dividend of 3.96p is payable on 25 November 2005 to Shareholders registered on 14 October 2005. Under IFRS this dividend will be recognised in the period in which it is approved by the Board.

Chairman's Statement

Group Revenue grew by 1.3% to £31.9m (£31.5m), pre tax profits were unchanged at £4.5m and earnings per share increased 6.3% to 10.84p (10.2p) in the six months ended 30 June 2005.

I am also able to report that once again it is proposed that the interim dividend be increased by 10% to 3.96p.

Group overview

The company provides a wide variety of services to the insurance industry. It is split into two operating divisions, CTC Management and CTC Services with the former providing management and investment services to Mutual Insurance associations and captive insurance companies as well as providing generalised risk management advice to a wide variety of companies around the world. CTC Services provides adjusting services, principally to insurers, as well as providing technical advice in a variety of different areas.

Whilst the group's strategy to date has been to position itself to be able to achieve strong results irrespective as to the state of the insurance market, it is, due to the nature of its underlying customers and services, exposed to the vagaries of the insurance cycle.

The acquisition of Bateman Chapman in 2004 provided the group with a better balance between CTC Services and CTC Management and significantly increased the range and depth of services provided. The group now has a diversified penetration of the insurance services market, and the ability to take advantage of all opportunities that present themselves.

Going forward, the group will focus on leveraging its expertise as opportunities arise as well as seeking to increase both long-term earnings visibility and growth prospects.

International Financial Reporting Standards ("IFRS")

It is now obligatory that the accounts of Charles Taylor Consulting be prepared in accordance with IFRS. In order to provide you with comparable figures, it has therefore been necessary to re-state our figures for 2004 and an analysis of the changes is contained in this report. The principal impact of the new accounting rules on these results has been in relation to the treatment of the pension deficits previously disclosed under FRS17. Both our Management and

Services divisions have seen their profits reduced as a result, and we estimate that the additional full year effect is likely to be an extra charge in the region of £1m. The deficit previously disclosed under FRS17 has now been included in the balance sheet and as a consequence shareholders' funds have been reduced by £18.3m net of the related deferred tax asset at 30 June 2005.

Operational review Transfer of Average Adjusting from CTC Management to CTC Services

With a view to managing all those businesses which involve charging fees for services on an hourly basis within the same division, we have decided that with effect from 1 January 2005, our Average Adjusting activities would be reported within the Marine section of CTC Services. These interim results therefore reflect this change. As a result, CTC Management now includes earnings from our Mutual Management, Captive Management, Investment Management and Risk Management businesses and CTC Services the results from all our other fee earning businesses.

CTC Management

Revenue	£15.2m (2004: £15.2m)
Operating profit	£2.9m (2004: £2.8m)

A good performance was achieved overall in a period during which significant investment was made in the division and some costs rose more than anticipated, particularly within the Mutual Development Unit in which our smaller Mutuals are managed and new ones developed. Income was also affected as a result of a need to introduce more stringent underwriting in respect of the membership of one of our smaller Mutuals.

As mentioned previously, we have been reinforcing our capabilities, both through recruitment and re-positioning of our existing resources. We have done so for two reasons; firstly to ensure that we can meet the servicing requirements of existing clients and, secondly, in order to position ourselves to take advantage of new business opportunities. Our ability to retain our existing clients depends on providing the levels of service that they require and, as stated on many previous occasions, our continued success depends crucially on the success of the various insurance Mutuals that we manage. We are expanding

our operations in Australia and hope to add to the two Mutuals we already have under management. As far as our flagship Mutuals, Standard and Signal, are concerned, this has been a year in which investments in infrastructure and new people have been made and the benefits of this investment will be seen in the future.

CTC Services

Revenue	£16.6m (2004: £16.3m)
Operating profit	£2.2m (2004: £2.1m)

The divisional result was significantly affected by the low level of activity within the aviation business, which has historically been the second largest component of our Services business. The division benefits for the first time from the inclusion of Average Adjusting within CTC Marine and the comparators for the division have been adjusted to reflect this. Average Adjusting during the period accounted for approximately 70% of Marine turnover.

Our target is that an average margin of 20% should be achieved by all our operating units across the insurance cycle. Where it becomes clear that there is no prospect of this being achieved, we will withdraw from the area in question.

Energy

The integration of Bateman Chapman and our pre-existing energy business has now been substantially completed and we have decided to trade globally under the Bateman Chapman name. Since 1 January, we have expanded operations further through the creation of an energy presence in our Paris office.

The energy operation provided approximately 45% of Services revenue during the period and produced satisfactory results. The prospects for this area are extremely good with high oil prices encouraging oil exploration and production in ever more inhospitable areas.

Marine

With the incorporation of Average Adjusting, this unit accounted for 22% of Services revenue in the period. Whilst profits were impacted by an IAS19 pension charge attributable to Average Adjusting, the overall performance, after allowing for this, was acceptable albeit that the overall desired margin was not achieved. Since the end of June I am pleased to say that there has been a notable increase in instructions.

Aviation

This accounted for approximately 20% of Services revenue and suffered the inevitable consequences of an exceptionally good aviation underwriting result in 2004. There has been a significant upturn in activity since 30 June.

Non-Marine

This accounted for 13% of Services revenue during the period and produced an acceptable return for the first six months continuing the progress which it had made following a very difficult first six months for 2004. The cost reductions imposed at the beginning of the year have obviously helped, but the improvement is largely due to reaping the rewards of efforts put in by management in marketing this unit's significant capabilities

Consortium Management

I am pleased to say that the Wavelength Consortium, through which a number of Lloyd's underwriters insure ports and terminals around the world, continues and is likely to be renewed for another year.

We have also established a new joint venture in Norway, which will manage a cover-holder facility for yachts and other pleasure craft on behalf of a number of Lloyd's underwriters. It will also provide an opportunity to market other group services in Scandinavia.

Management changes

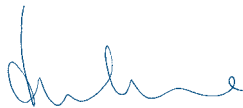
Earlier this year we announced the appointment of George Fitzsimons as the new Group Finance Director with Stephen Matthews, the incumbent since 1996, having agreed to take up the newly created role of Finance Director, Mutuels and Acquisitions. Damian Ely has been appointed to the board, subject to FSA approval and will take up the role of Chief Operating Officer of the group with effect from 1 October 2005.

Outlook and current trading

I advised you in March when reporting on the full year results for 2004, that 2005 would be a year during which we invested, particularly on the Management side, with a view to reinforcing service levels and growth prospects for the future. This investment, which so far has involved recruiting new staff and relocating personnel to new locations, will continue until the year-end and beyond.

On the Services side of the business we continue to recruit where we feel that to do so will enable us to exploit growth opportunities.

We are continually reviewing the range of services that your company provides and the opportunities to expand into areas where sustainable growth is achievable. The backdrop against which your company is now operating has changed significantly for the better both compared to the first six months of last year and, indeed, to the first six months of this year. This is unlikely to affect the results to 31 December 2005 but will flow through to 2006.



John Rowe
Chairman
23 September 2005

Consolidated Income Statement

Six months ended 30 June 2005

	Note	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000	Year ended 31 December 2004 £000
Continuing operations				
Revenue	3	<u>31,874</u>	<u>31,462</u>	<u>62,809</u>
Administrative expenses		<u>(27,078)</u>	<u>(26,466)</u>	<u>(52,392)</u>
Share of results of associates		<u>19</u>	<u>(35)</u>	<u>(18)</u>
Share of results of joint ventures		<u>28</u>	<u>23</u>	<u>32</u>
Profit from operations		4,843	4,984	10,431
Investment income		<u>333</u>	<u>97</u>	<u>273</u>
Finance costs		<u>(686)</u>	<u>(571)</u>	<u>(1,184)</u>
Profit before tax		4,490	4,510	9,520
Tax	4	<u>(529)</u>	<u>(836)</u>	<u>(1,460)</u>
Profit for the period from continuing operations		<u>3,961</u>	<u>3,674</u>	<u>8,060</u>
Attributable to:				
Equity holders of the parent		<u>3,894</u>	<u>3,640</u>	<u>8,029</u>
Minority interest		<u>67</u>	<u>34</u>	<u>31</u>
		<u>3,961</u>	<u>3,674</u>	<u>8,060</u>
Dividends paid	5	<u>(1,948)</u>	<u>(1,767)</u>	<u>(3,061)</u>
Retained profit for the period		<u>2,013</u>	<u>1,907</u>	<u>4,999</u>
Earnings per share from continuing operations				
Basic	6	<u>10.84</u>	<u>10.20</u>	<u>22.43</u>
Diluted	6	<u>10.82</u>	<u>10.18</u>	<u>22.42</u>

Consolidated Balance Sheet

30 June 2005

	Note	30 June 2005 £000	30 June 2004 £000	31 December 2004 £000
Non-current assets				
Goodwill		18,077	17,976	18,077
Property, plant and equipment		3,235	3,460	3,096
Interests in associates		746	656	696
Interests in joint ventures		471	477	511
Investments		31	42	45
Deferred tax assets		8,061	5,796	7,848
		<u>30,621</u>	<u>28,407</u>	<u>30,273</u>
Current assets				
Trade and other receivables		42,083	39,062	38,512
Cash and cash equivalents		21,403	14,985	24,222
		<u>63,486</u>	<u>54,047</u>	<u>62,734</u>
Total assets		<u>94,107</u>	<u>82,454</u>	<u>93,007</u>
Current liabilities				
Trade and other payables		12,460	14,400	14,868
Tax liabilities		626	1,389	292
Obligations under finance leases		109	98	112
Bank overdrafts and loans	7	15,372	13,371	14,603
Client monies		17,443	10,852	18,156
		<u>46,010</u>	<u>40,110</u>	<u>48,031</u>
Net current assets		<u>17,476</u>	<u>13,937</u>	<u>14,703</u>
Non-current liabilities				
Bank loans	7	9,777	11,230	8,811
Retirement benefit obligation	8	26,227	18,902	25,693
Deferred tax liabilities		44	47	–
Long-term provisions		220	171	194
Obligations under finance leases		227	244	211
		<u>36,495</u>	<u>30,594</u>	<u>34,909</u>
Total liabilities		<u>82,505</u>	<u>70,704</u>	<u>82,940</u>
Net assets		<u>11,602</u>	<u>11,750</u>	<u>10,067</u>
Equity				
Share capital	9	364	364	364
Share premium account		19,593	19,505	19,505
Merger reserve		6,872	6,872	6,872
Capital reserve		662	662	662
Own shares		(1,515)	(1,561)	(1,516)
Retained earnings		(14,491)	(14,165)	(15,870)
Equity attributable to equity holders of the parent		<u>11,485</u>	<u>11,677</u>	<u>10,017</u>
Minority interest		<u>117</u>	<u>73</u>	<u>50</u>
Total equity		<u>11,602</u>	<u>11,750</u>	<u>10,067</u>

Consolidated Cash Flow Statement

Six months ended 30 June 2005

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000	Year ended 31 December 2004 £000
Net cash from operating activities	10 2,271	4,378	16,380
Investing activities			
Interest received	113	97	273
Proceeds on disposal of property, plant and equipment	73	150	179
Purchases of property, plant and equipment	(418)	(422)	(633)
Proceeds from sale of investments	232	–	35
Acquisition of subsidiary	(4,400)	(15,147)	(15,248)
Net cash used in investing activities	<u>(4,400)</u>	<u>(15,322)</u>	<u>(15,394)</u>
Financing activities			
Proceeds from issue of shares	88	4,176	4,176
Dividends paid	(1,948)	(1,767)	(3,061)
Repayments of borrowings	(2,263)	(1,418)	(3,835)
Repayments of obligations under finance leases	(58)	(68)	(127)
New bank loans raised	3,400	10,400	10,400
Increase/(decrease) in bank overdrafts	388	(1,863)	(526)
Net cash (used in)/from financing activities	<u>(393)</u>	<u>9,460</u>	<u>7,027</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,522)</u>	<u>(1,484)</u>	<u>8,013</u>
Cash and cash equivalents at beginning of period	24,222	16,369	16,369
Effect of foreign exchange rate changes	(297)	100	(160)
Cash and cash equivalents at end of period	<u>21,403</u>	<u>14,985</u>	<u>24,222</u>

Consolidated Statement of Recognised Income and Expense

Six months ended 30 June 2005

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000	Year ended 31 December 2004 £000
Exchange differences on translation of foreign operations	170	(464)	(856)
Actuarial losses on defined benefit pension schemes	(305)	–	(4,633)
Write-down of shares held by QUEST	–	(61)	(85)
Net expense recognised directly in equity	(135)	(525)	(5,574)
Profit for the period	2,013	1,907	4,999
Total recognised income and expense for the period	1,878	1,382	(575)
Attributable to:			
Equity holders of the parent	1,811	1,348	(606)
Minority interests	67	34	31
	1,878	1,382	(575)

Notes to the Interim Financial Information

Six months ended 30 June 2005

1. General information

The information for the year ended 31 December 2004 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified.

2. Accounting policies

Basis of accounting

In common with other European listed companies, the group is required to prepare its consolidated financial statements for the year ending 31 December 2005 in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union. This Interim Financial Report has been prepared in accordance with the accounting policies that are anticipated to be used in preparation of the annual financial statements. These policies have been set out below. There is a possibility that the directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with the accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 31 December 2005 are not known with certainty at the time of preparing this interim financial information.

The group has restated its previously reported 2004 consolidated results and financial position accordingly. The restated comparative information has not been audited. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 13. The financial statements and interim financial information have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements and interim financial information incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December and 30 June respectively each period. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments in associates and joint ventures

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint venture is a contractual arrangement whereby the group, with one or more parties, undertakes an economic activity that is subject to joint control.

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting. Investments in associates and joint ventures are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate or joint venture, less any impairment in the value of individual investments. Losses of the associates or joint ventures in excess of the group's interest in those associates or joint ventures are not recognised.

Where a group company transacts with an associate or joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate or joint venture. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

2. Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts (see below for details of the group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

Profit from operations

Profit from operations is stated after the share of results of associates and joint ventures but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Interim Financial Information (continued)

Six months ended 30 June 2005

2. Accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profits.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2.5%
Fixtures and equipment	20%-25%
Aircraft	10%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's information technology development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

2. Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables do not carry any interest. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value. They are not interest bearing.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts to hedge these exposures. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at contract date and are remeasured at fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. There were no derivatives that qualified for hedge accounting during the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Notes to the Interim Financial Information (continued)

Six months ended 30 June 2005

2. Accounting policies (continued)

Share-based payments

On 1 January 2005 the group applied the requirements of IFRS 2 Share-based Payments. In accordance with transitional provisions, IFRS 2 has been applied to all grants after 7 November 2002 which were unvested at 1 January 2005.

The group issues equity-settled share-based payments to certain employees. There is an Executive scheme for senior employees and a Sharesave scheme open to all qualifying employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. An amount equivalent to the profit and loss account charge is credited to the profit and loss account reserve at date of grant.

Fair value is measured by use of the Black-Scholes-Merton pricing model. The expected option life used in the model is based on management's best estimate, taking behavioural considerations into account.

3. Segmental information

For management purposes, the group is currently organised into two operating divisions – CTC Management and CTC Services. These are the basis on which the group reports its primary segment information. The Services division comprises four separate business units: Energy, Aviation, Marine and Non-Marine.

Principal activities are as follows:

CTC Management – Mutual management, captive management, investment management and risk management.

CTC Services – Energy, Aviation, Non-Marine and Marine (including Average) adjusting.

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Revenue		
Management	15,231	15,179
Services	16,643	16,283
Consolidated	<u>31,874</u>	<u>31,462</u>
	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Result		
Management	2,913	2,804
Services	2,246	2,118
Consolidated	<u>5,159</u>	<u>4,922</u>
Unallocated foreign exchange	(363)	74
Share of results of associates and joint ventures	47	(12)
Profit from operations	<u>4,843</u>	<u>4,984</u>
Investment income	333	97
Finance costs	(686)	(571)
Profit before tax	<u>4,490</u>	<u>4,510</u>
Tax	(529)	(836)
Profit after tax	<u>3,961</u>	<u>3,674</u>

3. Segmental information (continued)

Segmental information on a geographical basis is as follows:

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Revenue		
United Kingdom	10,626	10,890
Other Europe	891	629
North America	4,254	4,412
Asia Pacific	3,741	3,071
Bermuda	12,362	12,460
Consolidated	<u>31,874</u>	<u>31,462</u>

4. Tax

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Current tax:		
UK corporation tax	368	801
Foreign tax	218	200
	<u>586</u>	<u>1,001</u>
Deferred tax:		
Current year	(57)	(165)
	<u>529</u>	<u>836</u>

Corporation tax for the interim period is charged at 11.8% (2004: 18.5%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year. Excluding prior year over-provisions, the expected effective tax rate for the full financial year is 15.2%.

5. Dividends

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2004 of 5.42p (2003: 4.93p) per share	1,948	1,767
Proposed interim dividend for the six months ended 30 June 2005 of 3.96p (2004: 3.60p) per share	<u>1,421</u>	<u>1,294</u>

The proposed interim dividend was approved by the Board on 23 September 2005 and, in accordance with IFRS, has not been included as a liability as at 30 June 2005.

6. Earnings per share from continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	3,894	3,640
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,912,234	35,681,128
Effect of dilutive potential ordinary shares:		
Share options	74,494	80,254
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>35,986,728</u>	<u>35,761,382</u>

Notes to the Interim Financial Information (continued)

Six months ended 30 June 2005

7. Bank overdrafts and loans

Loans raised during the period amounted to £3,400,000 (2004: £10,400,000) and repayments on loans amounted to £2,263,000 (2004: £1,418,000).

8. Retirement benefit obligations

Defined benefit schemes

On implementation of IAS 19 the group reviewed the basis for determining the balance sheet and income statement figures for each of its four defined benefit schemes, which had been previously disclosed under FRS 17 after taking professional actuarial advice. On reviewing these calculations it has been identified that certain mortality rates were not adjusted in the previously reported FRS 17 disclosures until 31 December 2004 although changes in mortality had clearly taken place earlier than that date and could have been reflected in actuarial calculations of the benefit obligation at 31 December 2003. In addition, certain general assumptions had been made where individual factors relevant to each particular scheme would have been more appropriate. Under IAS 19, we have been advised that the appropriate treatment is to reflect these changes in the Statement of Recognised Income and Expense rather than to restate reported figures. If the calculations had been revised at the time, the balance sheet figures presented would have been £21,761,000 at 1 January 2004, £22,266,000 at 30 June 2004 and £21,414,000 at 31 December 2004. The movement from the figure which would have been reported at 31 December 2004 on this basis and the actual balance sheet figure at 30 June 2005 is principally explained by a reduction in the discount rate from 5.3% at 31 December 2004 to 4.9% at 30 June 2005. The figures for the period to 30 June 2005 have been prepared reflecting the revised scheme bases, updated where appropriate for changes in actuarial assumptions since 31 December 2004.

The present value of the benefit obligation and the pension scheme assets as at 30 June 2004 were projected assuming experience to be in line with the assumptions used for determining the obligation at 31 December 2003.

Other retirement benefit obligations

A liability of £61,000 (2004: £64,000) has been recognised in respect of fixed benefits payable to former employees until 2030.

9. Share capital

41,329 ordinary 1p shares were issued during the period for cash (2004: 1,763,354). The consideration above 1p per share is reflected in the share premium account and amounts to £88,000 (2004: £4,158,000).

10. Notes to the cash flow statement

	Six months ended 30 June 2005 £000	Six months ended 30 June 2004 £000
Profit from operations	4,843	4,984
Adjustments for:		
Depreciation of property, plant and equipment	394	486
Gain on disposal of property, plant and equipment	–	(27)
Increase in provisions	94	343
Share of results of associates and joint ventures	(47)	12
Operating cash flows before movements in working capital	5,284	5,798
(Increase)/decrease in receivables	(2,514)	202
Increase/(decrease) in payables	1,109	(252)
Cash generated by operations	3,879	5,748
Income taxes paid	(929)	(791)
Interest paid	(679)	(579)
Net cash from operating activities	2,271	4,378

Additions to motor vehicles during the period amounting to £72,000 (2004 – £104,000) were financed by new finance leases.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Cash includes client monies of £17,443,000 (2004 – £10,852,000).

11. Net interest bearing liabilities

	At 30 June 2005 £000	At 30 June 2004 £000
Cash and cash equivalents	21,403	14,985
Bank overdrafts and current loans	(15,372)	(13,371)
Non-current bank loans	(9,777)	(11,230)
Loan stock	(104)	(195)
Finance leases	(336)	(342)
	<u>(4,186)</u>	<u>(10,153)</u>
Client monies	(17,443)	(10,852)
	<u>(21,629)</u>	<u>(21,005)</u>

12. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates and its joint ventures are not material and so have not been disclosed.

13. Explanation of transition to IFRS

The group has applied IFRS 1, First Time Adoption of International Financial Reporting Standards, in preparing these consolidated interim condensed financial statements. The group's transition date is 1 January 2004 and as such an opening IFRS balance sheet has been prepared at that date. Consequently, 2004 comparative information has been restated under these new accounting standards.

In order to make the transition to IFRS easier, IFRS 1 allows some exemptions from full retrospective application of certain standards. In preparing these consolidated interim financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions and certain of the optional exceptions from full retrospective application of IFRS.

The group has elected to apply the following optional exemptions, and mandatory exceptions, from full retrospective application:

Business combinations exemption

The group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

Cumulative translation differences exemption

The group has elected to set the previously accumulated translation differences to zero at 1 January 2004. This exemption has been applied to all subsidiaries in accordance with IFRS 1.

Estimates exception

Estimates under IFRS at 1 January 2004 are consistent with estimates made for the same date under UK GAAP.

IFRS reconciliations

The reconciliations of equity at 1 January 2004 (date of transition to IFRS) and at 31 December 2004 (date of last UK GAAP financial statements) and the reconciliation of profit for 2004 are required by IFRS 1 First-time Adoption of International Financial Reporting Standards in the year of transition.

In addition to the above reconciliations, the reconciliation of equity at 30 June 2004 and the reconciliation of profit for the six months ended 30 June 2004 have been included below to enable a comparison of the 2005 interim figures with the corresponding period of the previous financial year.

Notes to the Interim Financial Information (continued)

Six months ended 30 June 2005

13. Explanation of transition to IFRS (continued)

Reconciliation of equity at 1 January 2004 (date of transition to IFRS)

	Note	UK GAAP	Effect of transition to IFRS	IFRS
Goodwill		6,247	–	6,247
Intangible assets		–	–	–
Property, plant and equipment		3,319	–	3,319
Investments		1,296	–	1,296
Deferred tax assets	c	–	5,632	5,632
Total non-current assets		<u>10,862</u>	<u>5,632</u>	<u>16,494</u>
Trade and other receivables	a	30,107	(329)	29,778
Cash and cash equivalents		16,369	–	16,369
Total current assets		<u>46,476</u>	<u>(329)</u>	<u>46,147</u>
Total assets		<u>57,338</u>	<u>5,303</u>	<u>62,641</u>
Interest-bearing loans		18,038	–	18,038
Trade and other payables		19,677	–	19,677
Employee benefits	b	67	18,333	18,400
Dividend to shareholders	d	1,767	(1,767)	–
Current tax liability		603	–	603
Deferred tax liability		47	–	47
Total liabilities		<u>40,199</u>	<u>16,566</u>	<u>56,765</u>
Total assets less total liabilities		<u>17,139</u>	<u>(11,263)</u>	<u>5,876</u>
Issued capital		15,693	–	15,693
Revaluation reserve		–	–	–
Other reserves		7,534	–	7,534
Own shares		(1,563)	–	(1,563)
Retained earnings	a, b, c, d, e	(4,528)	(11,263)	(15,791)
Minority interest		3	–	3
Total equity		<u>17,139</u>	<u>(11,263)</u>	<u>5,876</u>

13. Explanation of transition to IFRS (continued)

Reconciliation of equity at 30 June 2004

	Note	UK GAAP	Effect of transition to IFRS	IFRS
Goodwill		17,976	–	17,976
Intangible assets		–	–	–
Property, plant and equipment		3,460	–	3,460
Investments		1,175	–	1,175
Deferred tax assets	c	–	5,796	5,796
Total non-current assets		<u>22,611</u>	<u>5,796</u>	<u>28,407</u>
Trade and other receivables	a	39,324	(262)	39,062
Cash and cash equivalents		14,985	–	14,985
Total current assets		<u>54,309</u>	<u>(262)</u>	<u>54,047</u>
Total assets		<u>76,920</u>	<u>5,534</u>	<u>82,454</u>
Interest-bearing loans		25,137	–	25,137
Trade and other payables		25,229	–	25,229
Employee benefits	b	64	18,838	18,902
Dividend to shareholders	d	1,294	(1,294)	–
Current tax liability		1,389	–	1,389
Deferred tax liability		47	–	47
Total liabilities		<u>53,160</u>	<u>17,544</u>	<u>70,704</u>
Total assets less total liabilities		<u>23,760</u>	<u>(12,010)</u>	<u>11,750</u>
Issued capital		19,869	–	19,869
Revaluation reserve		–	–	–
Other reserves		7,534	–	7,534
Own shares		(1,561)	–	(1,561)
Retained earnings	a, b, c, d, e	(2,155)	(12,010)	(14,165)
Minority interest		73	–	73
Total equity		<u>23,760</u>	<u>(12,010)</u>	<u>11,750</u>

Notes to the Interim Financial Information (continued)

Six months ended 30 June 2005

13. Explanation of transition to IFRS (continued)

Reconciliation of equity at 31 December 2004 (date of last UK GAAP financial statements)

	Note	UK GAAP	Effect of transition to IFRS	IFRS
Goodwill		18,077	–	18,077
Intangible assets		–	–	–
Property, plant and equipment		3,096	–	3,096
Investments		1,252	–	1,252
Deferred tax assets	c	–	7,848	7,848
Total non-current assets		<u>22,425</u>	<u>7,848</u>	<u>30,273</u>
Trade and other receivables	a, b	39,045	(533)	38,512
Cash and cash equivalents		24,222	–	24,222
Total current assets		<u>63,267</u>	<u>(533)</u>	<u>62,734</u>
Total assets		<u>85,692</u>	<u>7,315</u>	<u>93,007</u>
Interest-bearing loans		23,922	–	23,922
Trade and other payables		33,033	–	33,033
Employee benefits	b	64	25,629	25,693
Dividend to shareholders	d	1,946	(1,946)	–
Current tax liability		292	–	292
Deferred tax liability		–	–	–
Total liabilities		<u>59,257</u>	<u>23,683</u>	<u>82,940</u>
Total assets less total liabilities		<u>26,435</u>	<u>(16,368)</u>	<u>10,067</u>
Issued capital		19,869	–	19,869
Revaluation reserve		–	–	–
Other reserves		7,534	–	7,534
Own shares		(1,516)	–	(1,516)
Retained earnings	a, b, c, d, e	498	(16,368)	(15,870)
Minority interest		50	–	50
Total equity		<u>26,435</u>	<u>(16,368)</u>	<u>10,067</u>

Reconciliation of profit for the six months ended 30 June 2004

	Note	UK GAAP	Effect of transition to IFRS	IFRS
Revenue		31,462	–	31,462
Administrative expenses	a, b, e	(25,914)	(552)	(26,466)
Other income		85	–	85
Finance costs		(571)	–	(571)
		<u>(26,400)</u>	<u>(552)</u>	<u>(26,952)</u>
Profit before tax		5,062	(552)	4,510
Tax expense		(836)	–	(836)
Net profit/(loss)		<u>4,226</u>	<u>(552)</u>	<u>3,674</u>

Reconciliation of profit for the year ended 31 December 2004

	Note	UK GAAP	Effect of transition to IFRS	IFRS
Revenue		62,809	–	62,809
Administrative expenses	a, b, e	(51,214)	(1,178)	(52,392)
Other income		287	–	287
Finance costs		(1,184)	–	(1,184)
		<u>(52,111)</u>	<u>(1,178)</u>	<u>(53,289)</u>
Profit before tax		10,698	(1,178)	9,520
Tax expense		(1,460)	–	(1,460)
Net profit/(loss)		<u>9,238</u>	<u>(1,178)</u>	<u>8,060</u>

13. Explanation of transition to IFRS (continued)

Notes to the reconciliations of equity and profit

The transition to IFRS resulted in the following changes in accounting policies:

- a) Under previous Generally Accepted Accounting Principles (GAAP) start-up costs relating to new mutuals were capitalised from the point at which agreement for establishing the mutuals was reached, up until the point at which the mutuals became operational. The costs were then amortised over the period when revenue was expected to be earned under the management agreements. Under IFRS these costs do not qualify for recognition as assets. The effect of the change is a decrease in equity at 31 December 2004 of £203,000 (£262,000 as of 30 June 2004 and £329,000 as of 1 January 2004) and an increase of profit before tax of £114,000 for the year to 31 December 2004 (£40,000 for the six months to 30 June 2004).
- b) Obligations arising from defined benefit pension schemes which are in excess of the value of plan assets are shown as a liability. Under previous GAAP obligations arising from defined benefit pension schemes were not recognised as a liability but disclosed separately in the notes. The effect of the change is a decrease in equity at 31 December 2004 of £25,959,000 (£18,838,000 as of 30 June 2004 and £18,333,000 as of 1 January 2004) and a decrease of profit before tax of £1,199,000 for the year to 31 December 2004 (£545,000 for the six months to 30 June 2004). The pension scheme liability previously disclosed under FRS 17 at 31 December 2004 was £25,629,000. The total decrease in equity arising from the change to IFRS was £25,959,000 as a result of a deficit funding prepayment of £330,000 recognised in the 31 December 2004 balance sheet as previously stated.
- c) The change in accounting for obligations arising from defined benefit schemes increased the deferred tax asset by £7,689,000 at 31 December 2004 (£5,651,000 as of 30 June 2004 and £5,500,000 as of 1 January 2004). A deferred tax asset relating to fixed asset timing differences has also been recognised amounting to £159,000 at 31 December 2004 (£145,000 as of 30 June 2004 and £132,000 as of 1 January 2004).
- d) Dividends to shareholders declared after the balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at the balance sheet date but disclosed separately in the notes. Under previous GAAP dividends for the accounting period were recognised as a liability. The effect of the change is an increase in equity at 31 December 2004 of £1,946,000 (£1,294,000 as of 30 June 2004 and £1,767,000 as of 1 January 2004). The change does not affect profit or loss before tax.
- e) Share options granted to employees are recognised as an expense over the vesting period based on the value of the option at the date of grant. Under previous GAAP the cost of share options was not recognised in profit or loss. The effect of the change is a decrease of profit before tax of £93,000 for the year to 31 December 2004 (£47,000 for the six months to 30 June 2004). The change does not affect equity.

Independent Review Report to Charles Taylor Consulting plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2005 which comprises the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement and related notes 1 to 13. 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 Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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 formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in note 2, the next annual financial statements of the group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS as adopted for use in the EU.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 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 excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) 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.



Deloitte & Touche LLP
Chartered Accountants
London
23 September 2005

