BLOOMSBURY PUBLISHING PLC
Interim Results for the six months to 30 June 2007

- Six months Revenue up 36.5% to £51.41m (2006, £37.66m)
- Profit before investment income increased 7.6% to £3.25m (2006, £3.02m)
- Interim dividend up 6.1% to 0.70p (2006, 0.66p)
- Four electronic rights deals signed this year which includedBloomsbury's most important reference rights partnership to date for *Finance: The Ultimate Resource* with Qatar Financial Centre Authority
- Strong publishing lists for second half and into 2008
- Well positioned for further growth

Commenting on the results and prospects for Bloomsbury, Nigel Newton, Chairman, said:

"This is a good set of results which puts us back on track following last year's profit warning. Between April and June, Bloomsbury enjoyed one of the most sustained periods of publishing bestsellers in its history. Four major reference rights deals which had been in the pipeline have now been completed and will provide very important revenue streams going forward.

We are also starting to see the benefits of the strategic approach which we outlined in my previous Chairman's statement and our publishing programme for the second half of the year is very strong."

For further information, please contact:

Ben Woodford/Dan de Belder, Bell Pottinger	020 7861 3232
Sandy Karon, PA to the Chairman, Bloomsbury Publishing Plc	020 7494 6015

CHAIRMAN'S STATEMENT

Overview

In my last Chairman's statement I set out six key elements of our strategy which will drive our future growth by building on existing strengths and developing new opportunities. These are to:

- Generate content, particularly in new digital areas and from television and film;
- Build new author relationships and content;
- Exploit our geographic reach;
- Develop greater revenues from our current stable of authors;
- Pioneer web-based initiatives; and
- Undertake acquisitions.

As many of the examples in this report will show, we are already starting to see real benefits from this strategic approach. Bloomsbury has rebounded strongly from our profit warning in December of last year with many long-term plans and publications have come to fruition since then. In addition, four major reference rights deals, which had been in the pipeline, have all now been completed. These represent very important deals for the Company's future.

The Company's excellent 21 year hit rate for publishing bestsellers resumed in January with the publication of the paperback edition of *Restless* by William Boyd which won the Costa Prize in January and was featured on the Richard and Judy Book Club on Valentine's Day driving considerable extra sales. At the same time, Ben MacIntyre's *Agent Zigzag* also achieved considerable success.

Bloomsbury enjoyed one of the most sustained periods of publishing bestsellers in its history in a remarkable six-week period from 15 May to 30 June. This included David Kynaston's remarkable 600 page scholarly history *Austerity Britain*: *1945-1951* which is one of the best reviewed books ever published by the Company; David Dimbleby's British social and architectural history, *How We Built Britain*, which tied in with his BBC 1 television series; *A Thousand Splendid Suns,* Khaled Hosseini's next book following *The Kite Runner*, which had huge retailer support and went straight to number one in the bestseller list; and *Imperial Life in the Emerald City*, Rajiv Chandrasekaran's remarkable book about life in the Green Zone in Iraq, which won the Samuel Johnson prize for Non-Fiction and enjoyed significantly increased sales.

The period under review also had the benefit of the export orders of *Harry Potter and the Deathly Hallows* which were considerably up on the previous book in the series published in 2005. The exceptional UK pre-orders and re-orders fall into the second half of the year and therefore do not comprise part of this interim financial reporting period.

Revenue for the first six months increased 36.5% to £51.41m (2006, £37.66m) on the back of a number of bestselling titles and the release of *Harry Potter and the Deathly Hallows* into the export markets. Gross profit increased 16.5% to £21.80m (2006, £18.71m), with the gross margin down at 42.4% (2006, 49.7%) due to a combination of royalty costs on *Harry Potter and the Deathly Hallows*, the high level of returns experienced in the UK, US and Germany for other titles and increased provisions for stock and advances on books published in previous financial years. We have increased the provisions at the half year to account for the likely irrecoverability of some of these investments. We do not expect the US to make a profit for the full year 2007, although we expect the position to improve in 2008 when the revenues from the books published under our new imprint, Bloomsbury Press, come fully on stream. The paperbacks of books published in the UK in hardback in 2006 will be published this year and we will be reviewing the level of provisioning, as we always do, in the light of their performance at the end of this year.

Investment in selective marketing initiatives is increasingly important not only in helping to build the Bloomsbury brand but also in responding to changes in the industry. As books become more promotion-led we are increasing the number of titles supported by major marketing campaigns. This will enable greater focus on our bigger books which is where any significant marketing spend will be focused going forward.

Marketing and distribution costs were 27.5% higher at £8.68m (2006, £6.81m), but as a percentage of turnover they decreased to 16.9% (2006, 18.1%). The increase in marketing and distribution spend was primarily as a result of the release of *Harry Potter and the Deathly Hallows* into the export markets. The release carries a relatively lower distribution cost due to the favourable bulk rates attached to it. However we decided to support the export release, with strong marketing spend and this seems to have paid off. Administrative expenses increased 11.1% to £9.87m (2006, £8.88m), which is mainly due to an increased share-based payment charge costs associated with the publication of *Harry Potter and the Deathly Hallows*, the full period cost of the additional commissioning editors hired in 2006 and additional back office support in the US, and general inflationary increases on employment costs. As a percentage of turnover, administrative expenses decreased to 19.2% (2006, 23.6%).

Profit before investment income increased 7.6% to £3.25m (2006, £3.02m).

Interest income decreased by 49.6% to £0.62m (2006, £1.23m) primarily as a result of lower average cash balances held during the six month period.

Profit before tax decreased 8.5% to £3.86m (2006, £4.22m) as a result of lower interest receivable in the period. The effective rate of corporation tax for the six months was 33% (2006, 29.4%).

The Group’s effective tax for the year ending 31 December 2007 is expected to rise to 33%, up from 29.4% for the year ended 31 December 2006. The reason for the expected increase is primarily the performance of the Group’s US operations, which are expected to generate a loss that cannot be relieved against the Group’s UK taxable profits. At present, the Group cannot be sufficiently certain that this loss will be relieved against future taxable profits in the US to recognise it as a deferred tax asset, resulting in an estimated 3% increase in the Group’s effective tax rate.

The Group tax charge has also been adversely impacted by the current low share price, which has restricted the Group’s ability to recognise a deferred tax asset in respect of the expected future tax relief on the exercise of the share options it has granted. This has resulted in an estimated further 3% increase in the Group’s effective tax rate.

Another factor which has contributed to the increase is the 10% reduction in the future tax rate announced by Germany. The immediate impact of this is that the Group has to write off a proportion of the deferred tax asset recognised in respect of past tax losses in Germany, as these will in future now be relieved at a lower rate. However, this German rate reduction, together with the 2% reduction in the UK corporation tax rate announced earlier this year, should correspondingly reduce the Group’s overall effective tax rate from 2008 onwards.

Basic earnings per share decreased 13.7% to 3.52 pence (2006, 4.08 pence).

Net cash outflow for the Group for the first six months of the year was £10.97m (30 June 2006, outflow £22.36m). The cash outflow related primarily to funding the high level of returns across the Group, royalties paid to authors in March and continued investment in author advances The increase in working capital was due to continued investment in the Group's forward publishing programme and in the lead to the publication of *Harry Potter and the Deathly Hallow's.* In the first six months of 2007, the Group also paid the 2006 final dividend of £2.20m (2006, £2.19m). Net cash balances at 30 June decreased 45.2% to £13.32m (31 December 2006, £24.30m).

INTERIM DIVIDEND

The Directors have declared a 6.1% increase in the interim dividend to 0.70 pence per share (2006, 0.66 pence per share), which will be paid on 16 November 2007 to shareholders on the register at close of business on 2 November 2007. The dividend takes account of the profit growth whilst at the same time recognising the need to retain funds to respond to opportunities for future expansion and acquisition growth.

OPERATIONAL REVIEW

Children's

The high point for the Children's division this year was the release of the final volume of Harry Potter with *Harry Potter and the Deathly Hallows*. Orders have been strong with first day sales in the UK according to Nielsen BookScan, the independent book trade monitoring service, up 32% on the previous book to 2,652,656 copies. These orders are not recorded in the first half of the year. Overseas first-day sales were equally impressive with 398,271 copies sold in Germany, 573,845 in Australia which is 64% up on last time, and 930,711 in Canada through our joint venture with Raincoast based in Vancouver.

The rest of the list has performed well in what is essentially a very flat market for children's publishing.

A new government initiative was launched this year. The Education Secretary published a list of the top 160 books for teenage boys and Bloomsbury had 14 titles on the list, including *101 Things To Do Before You're Old and Boring* by Richard Horne, *Coralin*e by Neil Gaiman, and *Larklight* by Philip Reeve. The list is intended to encourage secondary school boys to continue to read for pleasure.

Tanglewreck will be televised by the BBC for a two-part drama at Christmas, and the film to *Magyk* by Angie Sage will go into production this year.

Adult

Richard and Judy Book Club choices continue to dominate the market. We began the year publishing the paperback of William Boyd's *Restless* which in January won the Costa Prize and in February was a Richard & Judy choice. This was followed by *A Thousand Splendid Suns*, the new novel by Khaled Hosseini, the author of *The Kite Runner*. The book went straight to No 1 in the Hardback Fiction bestseller list and has remained on that list since publication. *The Kite Runner* was voted the Penguin Orange Broadband Reader's Group Favourite Book, and the film of *The Kite*

Runner will be released early next year which should provide huge support for the continued sales of the book.

In the Autumn we look forward to *Divisadero*, the new novel by Booker prize winner Michael Ondaatje, author of *The English Patient*, a first novel from Sophie Dahl, and new books from Douglas Coupland and Nobel prize winner Nadine Gordimer.

Reference

A&C Black performed well in the first half of 2007. We celebrated our 200th anniversary by republishing two small books from our archive, *Don'ts for Husbands* and *Don'ts for Wives*. Other publishing successes include the launch of a new series, *Business on a Shoestring,* which gives advice to small businesses and, from our nautical imprint, *Left for Dead* by Nick Ward, the gripping story of his survival against all odds after he was abandoned for dead by his crewmates in the infamous Fastnet race of 1979.

Our new list, Methuen Drama, acquired in 2006 has seen a significant uplift in turnover and profits in its first full year. This has been as a result of more extensive sales and marketing activity to increase the sales of existing books and of successful new launches, including an innovative new series of Shakespeare plays in combined print and audio editions.

Electronic Media – Long-term revenue generation

Electronic Media will be a critical ingredient in the future portfolio of the business with its long-term revenue generating benefits. We are making excellent progress in this area.

This spring we agreed significant new rights contracts with Oxford University Press, Microsoft and ProQuest.

The agreement with OUP is for a ten-year collaboration between the two best known biographical reference works: A&C Black's *Who's Who* and OUP *Oxford Dictionary of National Biography*. Starting in December 2007, the 2008 edition of *Who's Who* and *Who Was Who*, the historical archive of *Who's Who*, will be published online on a dedicated website alongside the *Oxford Dictionary of National Biography*. The information provided by in the annual editions of *Who's Who* about 32,000 current entrants will complement the coverage of the *Oxford Dictionary of National Biography*, which does not include living people.

The 100,000 autobiographical entries in *Who Was Who* are also a perfect companion to the *Oxford Dictionary of National Biography*'s 55,000 biographies, and many more in Oxford's other online services. For the first time, readers will be able to move seamlessly between these national resources with unrivalled search functionality.

A second long-term agreement with Microsoft is for the licence of electronic rights to a reference database and extends Bloomsbury's relationship with Microsoft dating from the publication online and in print of the *Encarta World English Dictionary* in 1999.

We have also negotiated renewal of an agreement with ProQuest for *Whitaker's Almanack* in KnowUK. This new agreement allows *Whitaker's* content to be offered by them until 2011.

In August we announced the signing of Bloomsbury's largest database in partnership with a major international financial organisation, the Qatar Financial Centre Authority for the database, *Finance – The Ultimate Resource*. The contract value is £7m and the operating profit attributable to this will arise in the years between 2008 and 2014, thus providing long-term profit potential for the Company.

This is a very exciting time for Bloomsbury as it demonstrates significant demand for the type of content which we have unparalleled expertise in creating.

International

Bloomsbury USA and Walker Publishing Company, Inc.

The first half of 2007 has shown growth on gross revenues from 2006 but we experienced a higher than expected level of book returns from previous years' publications which has resulted in higher levels of advance and stock provisioning this year. Net revenues for the six-month period declined 14.9% to £5.78m (2006, £6.79m). We have carried out a review of our cost base. Staff reductions are being made through staff turnover although we will review this process should trading not improve. We are hopeful that we can make up for some of shortfall that occurred in the first half. There is improvement in the second half of the year, though the US is expected to make a loss for the year as a whole. The publishing lists from the two commissioning editors recruited in 2006 will come fully on stream in 2008 and this should strengthen the business.

Market conditions still remain difficult this year with retailers and book chains becoming more conservative in their buying patterns, seeking lower stock holdings on titles and being more aggressive on returning books. Nonetheless we have had a number of strong sellers in the first half, including *The Nasty Bits* by Anthony Bourdain, *The Princess Academy* by Shannon Hale and *The Highest Tide* by Jim Lynch.

The second half publishing programme is good and does provide the potential to exceed current trading prospects. We have *No Reservations*, the new book from Anthony Bourdain, Jacques Cousteau's *The Human, the Orchid and the Octopus* and, from our Children's list, *The Declaration* by Gemma Malley, a title shared across the Group with Bloomsbury UK and Berlin.

Berlin Verlag

Berlin is performing strongly with revenues up 36.3% to £3.42m (2006, £2.51m) in the first half. These results underline the benefits of better forward planning, additional focus on lead titles across the lists, our extended release date schedule, excellent and innovative publicity and marketing initiatives, continued cost-control disciplines and a strong list of books, many from repeat authors. This performance is particularly creditable in an increasingly consolidating retail market. The increasing power of bookshop chains (for example the Hugendubel Group has increased its outlets from 100 to 450 in the last year) is making noticeable inroads into the traditionally dominant independent bookselling sector.

The year started well with William Boyd's *Ruhelos* (*Restless*), a title shared with Bloomsbury UK and USA, being featured positively on Elke Heidenreich's popular TV programme *Lesen!*, the German equivalent of Richard and Judy, and immediately entering the *Spiegel* bestseller list. Berlin benefited from the sales commission earned on selling *Harry Potter and the Deathly Hallows* into the German market in June. The German operation has a good list in the second half of the year which could pave the way for one of its strongest performances to date.

Board and employees

On 5 September we announced that Jeremy Wilson has been appointed Non-Executive Chairman with effect from 27 September. This is a positive move for the Company which will help it achieve its ambitions for the next stage of its development. Jeremy Wilson, who was appointed a Non-Executive Director of Bloomsbury in 2005, has worked at Barclays Bank PLC since 1972, where he has held a number of senior management positions. He is currently Vice Chairman, Business Banking at Barclays Bank PLC, a position he will retain. He brings with him valuable experience in business and finance within a FTSE 100 company and his skills and background make him well suited to be the Company's Non-Executive Chairman.

The progress we have achieved is a reflection of the skill and enthusiasm of our team members. I would like to take this opportunity to thank all of my colleagues throughout the Company for their commitment over the period.

Outlook

The publishing programme for the second half of the year is very strong. We are carrying out a detailed review of the Group's overheads to determine our requirements to continue the organic growth strategy of the business and also to improve the profits on the revenues currently being generated. We have a strong stable of authors across all three of our major territories. There is also increasing demand for electronic licences to our intellectual property from blue chip clients and Bloomsbury can look forward to high quality long-term repeat revenues from these licences for many years to come.

Nigel Newton
Chairman
18 September 2007

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2007

	Notes	6 months ended 30 June 2007 (unaudited) *£'000*	6 months ended 30 June 2006 (unaudited) *£'000*	Year ended 31 December 2006 (audited) *£'000*
Revenue	2	51,410	37,659	74,773
Cost of sales		(29,609)	(18,949)	(38,602)
Gross profit		21,801	18,710	36,171
Marketing and distribution costs		(8,677)	(6,812)	(14,354)
Administrative expenses		(9,873)	(8,883)	(18,308)
Profit before investment income	2	3,251	3,015	3,509
Investment income		621	1,232	1,734
Finance costs		(15)	(28)	(47)
Profit before taxation		3,857	4,219	5,196
Income tax expense		(1,274)	(1,241)	(1,544)
Profit for the period		2,583	2,978	3,652
Basic earnings per share	3	3.52p	4.08p	4.99p
Diluted earnings per share	3	3.42p	4.01p	4.90p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the six months ended 30 June 2007

	6 months ended 30 June 2007 (unaudited) *£'000*	6 months ended 30 June 2006 (unaudited) *£'000*	Year ended 31 December 2006 (audited) *£'000*
Profit for the period	2,583	2,978	3,652
Exchange rate adjustments	(255)	(1,076)	(1,878)
Total recognised income for the period	2,328	1,902	1,774

CONSOLIDATED BALANCE SHEET
at 30 June 2007

	30 June 2007 (unaudited) *£'000*	30 June 2006 (unaudited) *£'000*	31 December 2006 (audited) *£'000*
ASSETS			
Non-current assets			
Property, plant and equipment	2,118	2,613	2,332
Intangible assets	17,581	17,528	17,672
Deferred tax assets	1,917	1,746	1,700
Total non-current assets	21,616	21,887	21,704
Current assets			
Inventories	22,749	15,876	15,818
Trade and other receivables	70,646	40,742	49,217
Cash and cash equivalents	13,323	31,117	24,304
Total current assets	106,718	87,735	89,339
TOTAL ASSETS	128,334	109,622	111,043
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	920	913	918
Share premium	39,191	38,392	38,915
Capital redemption reserve	20	20	20
Share-based payment reserve	1,648	743	1,104
Translation reserve	(1,491)	(434)	(1,236)
Retained earnings	49,897	49,423	49,612
Total equity	90,185	89,057	89,333
Liabilities			
Non-current liabilities			
Deferred tax	176	-	36
Retirement benefit obligations	63	141	144
Other payables	477	225	223
Total non-current liabilities	716	366	403
Current liabilities			
Trade and other payables	37,308	18,350	20,786
Current tax payable	125	1,849	521
Total current liabilities	37,433	20,199	21,307

Total liabilities	38,149	20,565	21,710
TOTAL EQUITY AND LIABILITIES	128,334	109,622	111,043

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances at 1 January 2006	911	38,123	20	453	642	48,634	88,783
Exchange differences on translating foreign operations	-	-	-	-	(1,076)	-	(1,076)
Profit for the period	-	-	-		-	2,978	2,978
Share-based payments	-	-	-	290	-	-	290
Dividends	-	-	-	-	-	(2,189)	(2,189)
Share issues	2	269	-	-	-	-	271
Balances at 30 June 2006	913	38,392	20	743	(434)	49,423	89,057
Exchange differences on translating foreign operations	-	-	-	-	(802)	-	(802)
Profit for the period	-	-	-		-	674	674
Share-based payments	-	-	-	361	-	-	361
Dividends	-	-	-	-	-	(485)	(485)
Share issues	5	523	-	-	-	-	528
Balances at 31 December 2006	918	38,915	20	1,104	(1,236)	49,612	89,333
Exchange differences on translating foreign operations	-	-	-	-	(255)	-	(255)
Profit for the period	-	-	-		-	2,583	2,583
Share-based payments	-	-	-	544	-	-	544
Deferred tax on share-based payments	-	-	-	-	-	(95)	(95)
Dividends	-	-	-	-	-	(2,203)	(2,203)
Share issues	2	276	-	-	-	-	278

Balances at 30 June 2007	920	39,191	20	1,648	(1,491)	49,897	90,185

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2007

	6 months ended 30 June 2007 (unaudited) £'000	6 months ended 30 June 2006 (unaudited) £'000	Year ended 31 December 2006 (audited) £'000
Cash flows from operating activities			
Net profit before tax	3,857	4,219	5,196
Adjustments for:			
Depreciation of property, plant and equipment	334	228	661
Amortisation of publishing relationships	18	18	36
Profit on sale of property, plant and equipment	(2)	(1)	(1)
Share-based payment charges	544	290	651
Investment income	(621)	(1,232)	(1,734)
Finance costs	15	28	47
	4,145	3,550	4,856
Increase in inventories	(7,006)	(779)	(971)
(Increase) / decrease in trade and other receivables	(23,234)	6,782	(1,126)
Increase / (decrease) in trade and other payables	16,722	(25,343)	(22,682)
Cash used in operations	(9,373)	(15,790)	(19,923)
Income taxes paid	(155)	(2,278)	(5,195)
Net outflow from operating activities	(9,528)	(18,068)	(25,118)
Cash flows from investing activities			
Purchase of property, plant and equipment	(118)	(1,226)	(1,379)
Purchase of businesses	-	(2,350)	(2,419)
Interest received	621	1,232	1,734
Net cash generated from / (used in) investing activities	503	(2,344)	(2,064)
Cash flows from financing activities			
Share options exercised	278	271	799
Equity dividends paid	(2,203)	(2,189)	(2,674)
Interest paid	(15)	(28)	(47)
Net cash used in financing activities	(1,940)	(1,946)	(1,922)
Net decrease in cash and cash equivalents	(10,965)	(22,358)	(29,104)
Cash and cash equivalents at beginning of period	24,304	53,511	53,511
Unrealised exchange loss on cash and cash equivalents	(16)	(36)	(103)
Cash and cash equivalents at end of period	13,323	31,117	24,304

ACCOUNTING POLICIES

The accounting policies used in the preparation of the accounts for the six months ended 30 June 2007 are consistent with those that the Directors intend to use in the statutory accounts for the year ended 31 December 2007.

NOTES TO THE ACCOUNTS

1. Interim accounts

The figures for the six months ended 30 June 2007 do not comprise full accounts. The financial information included in this document has been approved by the Directors and prepared on a consistent basis with the accounts for the year ended 31 December 2006. The comparative figures for the year ended 31 December 2006 were derived from the statutory accounts for the year ended 31 December 2006, which received an unqualified audit report and have been lodged with the Registrar of Companies.

2. Segmental analysis

The Group considers that as the main thrust of its growth is to develop its international publishing strategy, the primary segmental reporting should be based on geographical segments. The analysis by geographical segment is shown below.

External revenue (by source)	**6 months ended 30 June 2007 (unaudited) £'000**	**6 months ended 30 June 2006 (unaudited) £'000**	**Year ended 31 December 2006 (audited) £'000**
United Kingdom	42,212	28,355	53,880
North America	5,777	6,793	15,011
Continental Europe	3,421	2,511	5,882
	51,410	37,659	74,773

Segment result (by source)	**6 months ended 30 June 2007 (unaudited) £'000**	**6 months ended 30 June 2006 (unaudited) £'000**	**Year ended 31 December 2006 (audited) £'000**
United Kingdom	3,617	3,503	3,724
North America	(892)	(430)	(260)
Continental Europe	605	18	199
	3,330	3,091	3,663
Unallocated central costs	(79)	(76)	(154)
Profit before investment income	3,251	3,015	3,509

3. Earnings per share

The earnings per share for the six months to 30 June 2007 is based on the earnings of £2,583,000 (2006, £2,978,000) and on a weighted average number of Ordinary Shares in issue of 73,473,564 (2006, 72,918,862). The earnings per share for the twelve months to 31 December 2006 is based on the earnings of £3,652,000 and a weighted average number of Ordinary Shares in issue of 73,115,031. The diluted earnings per share for the six months to 30 June 2007 has been calculated by reference to a weighted average number of Ordinary Shares of 75,552,061 (2006, 74,280,812, year ended 31 December 2006, 74,469,114) which takes account of share options.

4. Post balance sheet events

The Directors have proposed an interim dividend of 0.70 pence per share (2006, 0.66 pence per share), which will be paid on 16 November 2007 to shareholders on the register at close of business on 2 November 2007. Based on the number of shares in issue at 30 June 2007, the interim dividend will be £515,000 (2006, £485,000).

INDEPENDENT REVIEW REPORT TO BLOOMSBURY PUBLISHING PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the income statement, statement of recognised income and expense, balance sheet, statement of changes in equity, cash flow statement, accounting policies and related notes set out on pages 8 to 16. 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, including the conclusion, has been prepared for and only for the Company for the purpose of meeting the requirements of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Review work performed

We conducted our review in accordance with 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 disclosed accounting policies 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 and therefore provides a lower level of assurance. 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 2007.

Baker Tilly UK Audit LLP
Registered Auditor and Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

18 September 2007