British & American Investment Trust PLC

Interim Report

30 June 2007

Contents

Directors

J. Anthony V. Townsend *(Chairman)*
Jonathan C. Woolf *(Managing Director)*
Dominic G. Dreyfus *(Non-executive)*
Ronald G. Paterson *(Non-executive)*

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Member of the Association of Investment Companies (AIC)

Group Financial Highlights

For the six months ended 30 June 2007

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year ended 31 December 2006 £'000
Revenue			
Return before tax	**1,050**	1,360	1,829
Earnings per £1 ordinary shares – basic (note 4)	**3.49p**	4.70p	5.85p
Earnings per £1 ordinary shares – diluted (note 4)	**2.99p**	3.86p	5.18p
Capital			
Total equity	**44,554**	43,170	47,647
Revenue reserve (note 7)	**2,073**	2,664	2,076
Capital reserve – realised (note 7)	**17,974**	15,343	17,154
Capital reserve – unrealised (note 7)	**(10,493)**	(9,837)	(6,583)
Net assets per ordinary share (note 5)			
– Basic	**£1.38**	£1.33	£1.51
– Diluted	**£1.27**	£1.23	£1.36
Diluted net assets per ordinary share at 25 September 2007	**£1.26**		
Dividends*			
Dividend per ordinary share (note 3)	**2.7p**	2.5p	6.0p
Special dividend per ordinary share (note 3)	**0.0p**	1.0p	1.0p
Dividend per preference share (note 3)	**1.75p**	1.75p	3.5p

* Dividends *declared* for the period. Dividends shown in the accounts are, by contrast, dividends *paid or approved* in the period.

Copies of this report are available for download at the company's website: www.baitgroup.co.uk.

Chairman's Statement

I report our results for the 6 months to 30 June 2007.

Revenue

The profit on revenue account before tax amounted to £1.0 million (30 June 2006: £1.4 million), a decrease of 23 percent. This decrease reflects the receipt of lower levels of special dividends compared to the same period in the previous year.

A deficit of £3.1 million (30 June 2006: £0.04 million profit) was registered on the capital account, including both realised profit of £0.1 million (30 June 2006: £0.24 million loss) and unrealised loss of £3.2 million (30 June 2006: £0.35 million profit). The net result, including both income and capital for the period, was therefore a deficit of £2.0 million (profit £1.4 million).

The earnings per ordinary share were 3.5 pence on an undiluted basis (4.7 pence) and 3.0 pence on a fully diluted basis (3.9 pence).

Net Assets

Group net assets were £44.6 million (£47.7 million, at 31 December 2006), a decrease of 6.7 percent. This compares to an increase over the same six month period of 6.2 percent in the FTSE 100 share and 5.7 percent in the All Share index. This underperformance was principally due to relative declines in the value of our principal US investment and weakness in the US dollar which resulted in declines in sterling terms of 22 percent in this investment, as reported earlier this year. Since the period end, however, as noted below, greater relative stability in the US dollar and a modest recovery in the stock price has begun to reverse this effect, allowing the portfolio to outperform its benchmarks since the period end, as discussed more fully in the Managing Director's statement below. On a total return basis, after adding back dividends paid out in the period, net assets declined by 3.8 percent. The net asset value per £1 ordinary share was 138 pence (prior charges deducted at par) and 127 pence on a fully diluted basis.

Dividends

We intend to pay an interim dividend of 2.7 pence per ordinary share on 15 November 2007 to shareholders on the register at 19 October 2007. This represents an increase of 8.0 percent from last year's interim dividend. A preference dividend of 1.75 pence will be paid to preference shareholders on the same date.

Discount and performance

Our discount remained relatively stable again over the period at between 4 and 8 percent which was in line with the market for smaller size income and growth investment trusts. However, during the period of severe market turbulence in the recent months since the period end, our discount and those of most other investment trusts widened considerably as higher levels of volatility and risk aversion were experienced in financial markets generally.

As at 25 September, group net assets were £44.0 million, a decrease of 1.2 percent since 30 June. This compares with a decrease of 3.2 percent in the FTSE 100 index and a decrease of 3.6 percent in the All Share index over the same period, and is equivalent to 136 pence per share (prior charges deducted at

Chairman's Statement (continued)

par) and 126 pence per share on a fully diluted basis.The market turbulence experienced in July and August arising out of severe instability in credit markets has stabilised somewhat as central banks have provided liquidity to markets and the US Federal Reserve also provided further monetary stimulus with a larger than expected cut in US dollar interest rates. Further periods of short term turbulence can be expected as the effects of the credit market illiquidity make themselves manifest.

CREST

On 17 July, our shares were admitted to trading through the CREST system. We hope that this will facilitate dealing in our shares and permit great numbers of retail and institutional investors to hold our shares.

Anthony Townsend

Managing Director’s Report

Performance

In the six months to 30 June 2007, UK and US equity markets advanced strongly by approximately 6 and 8 percent, respectively, although this growth was achieved in two approximately equal stages with a significant but short term reversal at the end of the first quarter, temporarily taking the indices below their year opening levels. As reported in our April statement, equities had continued their upward trend from the previous year reflecting the strength in global economies but experienced a sudden reversal in February precipitated by concerns over growth in China and the US housing market. These concerns proved short lived as fears centred on these specific areas did not seem to affect general economic performance or conditions in other financial markets which continued to grow strongly. Financial markets continued to be buoyed by high levels of international corporate activity based on firm levels of corporate profitablility and accommodating credit markets. Advances in the equity markets over the period were broadly based, with as before, particular strength in the commodities and energy sectors.

Our portfolio under-performed the market over the period by 12 percent, reflecting a sharp drop of 20 percent in the market value in our largest US investment, Geron Corporation, in the month of June together with the decline of the US dollar over the period as a whole of 2.5 percent. This price decline in our US investment has begun to be reversed, however, and, as noted below, our portfolio has outperformed in recent months since the period end. As noted previously, our portfolio is likely to be subject to higher degrees of volatlility given our current exposure to US investments and the US dollar together with the higher levels of volatility being seen in markets in general at this time.

Dividends/Total return

With the absence of special dividends from investee companies during the period, we have returned to our normal pattern of distributions. Our interim dividend has increased by 8 percent and, together with the previous year's final and special dividends, is equivalent to an income return of 5.9 percent over 12 months on a fully diluted basis.

Outlook

Since the period end, international equity and other financial markets have experienced a period of substantial turbulence arising out of instability in the credit markets. This instability was caused by growing levels of delinquency and value deterioration in the sub-prime mortgage market in the US, exposure to which had been transferred through derivative instruments to other lenders world-wide, including non-US banks and hedge funds. As the precise level of the delinquency was unknown as well as the ultimate location of the exposures, a rapid deterioration in sentiment and risk appetite occurred resulting in a sudden tightening of the credit markets over the summer months and prompting central banks to implement emergency credit provision procedures. This led to substantial volatility and falls in the equities markets in the US, UK and worldwide.

The central banks' prompt actions including the first US dollar interest rate reduction by the US Federal Reserve after 3 years of monetary tightening and the unprecedented provision by the Bank of England of longer maturity liquidity and retail bank depositor guarantees have served to restore a measure of calm to the markets. Equity valuations have stabilised after declining by 12 percent in the UK and 10 percent in the US. At this stage, it is unknown whether the turbulence of the summer months will continue through

Managing Director's Report (continued)

the autumn but concerted efforts by central banks in the monetary arena, and continuing firm levels of corporate profitability can be seen as offering a floor to valuations; however, much will depend on the extent to which disruption to markets, particularly credit provision tightening and housing in the US, effects the wider economy by precipitating a slow down in economic growth.

As a traditional fund with a balance of exposures to UK and US equities as well as fixed interest and property, we will continue with our current investment strategy to achieve a balance of income and growth against the short-term uncertainties currently presented by the global markets.

Jonathan C Woolf
28 September 2007

Group Investment Portfolio

As at 30 June 2007

Company	Nature of Business	Valuation £'000	Percentage of portfolio %
Geron Corporation	Biomedical – USA	7,151	16.38*
Prudential	Life Assurance	4,784	10.95
Liberty International	Property	4,122	9.44
RIT Capital Partners	Investment Trust	3,072	7.03
The Alliance Trust	Investment Trust	2,763	6.33
Dunedin Income Growth	Investment Trust	2,670	6.11
Electra Private Equity	Investment Trust	2,435	5.58
British Assets Trust	Investment Trust	2,160	4.95
St. James Place Capital – Unit Trust	Unit Trust	1,596	3.65
Lloyds TSB	Banks Retail	1,140	2.61
The Rank Group	Other services & businesses	1,031	2.36
The Scottish American Investment Company	Investment Trust	1,018	2.33
Matrix Chatham Maritime Trust	Enterprise Zone Trust	1,000	2.29
Invesco Income Growth Trust	Investment Trust	730	1.67
Shires Income	Investment Trust	620	1.42
Merchants Trust	Investment Trust	505	1.16
Royal & Sun Alliance Insurance Group – Cum. irred. preference shares	Insurance – Non – Life	497	1.14
Rothschilds Cont. Finance – Loan Notes	Financial	480	1.10
Georgica	Other services & businesses	408	0.93
Edinburgh Investment Trust	Investment Trust	364	0.83
20 Largest investments		38,546	88.26
Other investments (number of holdings : 58)		5,124	11.74
Total investments		43,670	100.00

* 12.52% held by the company and 3.86% held by subsidiaries.

Consolidated Income Statement

Six months ended 30 June 2007

		Unaudited 6 months to 30 June 2007		
	Note	Revenue return £'000	Capital return £'000	Total £'000
Investment income	2	**1,200**	**–**	**1,200**
(Losses)/gains on investments at fair value through profit or loss - unrealised		**–**	**(3,164)**	**(3,164)**
Realised gains/(losses) on sales		**–**	**147**	**147**
Other expenses		**(150)**	**(73)**	**(223)**
(Loss)/profit before tax		**1,050**	**(3,090)**	**(2,040)**
Taxation		**(3)**	**–**	**(3)**
(Loss)/profit for the period		**1,047**	**(3,090)**	**(2,043)**
Earnings per ordinary share	4			
Basic		**3.49p**	**(12.36)p**	**(8.87)p**
Diluted		**2.99p**	**(8.83)p**	**(5.84)p**

The total column of this statement is the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidelines published by the Association of Investment Companies.
All items in the above statement derive from continuing operations.
All income is attributable to the equity holders of the parent company. There are no minority interests.

Unaudited 6 months to 30 June 2006			Audited Year ended 31 December 2006		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
1,510	–	1,510	2,105	–	2,105
–	358	358	–	5,159	5,159
–	(242)	(242)	–	97	97
(150)	(75)	(225)	(276)	(150)	(426)
1,360	41	1,401	1,829	5,106	6,935
(9)	–	(9)	(15)	–	(15)
1,351	41	1,392	1,814	5,106	6,920
4.70p	0.16p	4.86p	5.85p	20.42p	26.27p
3.86p	0.12p	3.98p	5.18p	14.59p	19.77p

Consolidated Statement of Changes in Equity

Six months ended 30 June 2007

Unaudited
Six months ended 30 June 2007

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2006	35,000	17,154	(6,583)	2,076	47,647
Loss for the period	–	820	(3,910)	1,047	(2,043)
Ordinary dividend paid	–	–	–	(875)	(875)
Preference dividend paid	–	–	–	(175)	(175)
Balance at 30 June 2007	35,000	17,974	(10,493)	2,073	44,554

Unaudited
Six months ended 30 June 2006

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2005	35,000	15,141	(9,676)	2,300	42,765
Profit for the period	–	202	(161)	1,351	1,392
Ordinary dividend paid	–	–	–	(812)	(812)
Preference dividend paid	–	–	–	(175)	(175)
Balance at 30 June 2006	35,000	15,343	(9,837)	2,664	43,170

Audited
Year ended 31 December 2006

	Share capital £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2005	35,000	15,141	(9,676)	2,300	42,765
Profit for the period	–	2,013	3,093	1,814	6,920
Ordinary dividend paid	–	–	–	(1,688)	(1,688)
Preference dividend paid	–	–	–	(350)	(350)
Balance at 31 December 2006	35,000	17,154	(6,583)	2,076	47,647

Consolidated Balance Sheet

As at 30 June 2007

	Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
Non current assets			
Investments - fair value through profit or loss (note 1)	**43,670**	41,801	45,876
Current assets			
Receivables	**626**	389	553
Cash and cash equivalents	**2,200**	1,376	1,554
	2,826	1,765	2,107
Total assets	**46,496**	43,566	47,983
Current liabilities	**(1,942)**	(396)	(336)
Total assets less current liabilities	**44,554**	43,170	47,647
Net assets	**44,554**	43,170	47,647
Equity attributable to equity holders			
Ordinary share capital	**25,000**	25,000	25,000
Convertible preference share capital	**10,000**	10,000	10,000
Capital reserve - realised	**17,974**	15,343	17,154
Capital reserve - unrealised	**(10,493)**	(9,837)	(6,583)
Retained earnings	**2,073**	2,664	2,076
Total equity	**44,554**	43,170	47,647
Net assets per ordinary share - basic	**£1.38**	£1.33	£1.51
Net assets per ordinary share - diluted	**£1.27**	£1.23	£1.36

Consolidated Cashflow Statement

Six months ended 30 June 2007

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year ended 31 December 2006 £'000
Cash flow from operating activities			
(Loss)/profit before tax	**(2,040)**	1,401	6,935
Adjustment for:			
Losses/(gains) on investments	**3,017**	(116)	(5,256)
Scrip dividends	**(2)**	(2)	(27)
Film income tax deducted at source	**(2)**	(4)	(4)
Proceeds on disposal of investments at fair value through profit or loss	**5,129**	14,778	20,510
Purchases of investments at fair value through profit or loss	**(5,157)**	(14,527)	(19,452)
Operating cash flows before movements in working capital	**945**	1,530	2,706
(Increase)/decrease in receivables	**(18)**	108	13
Increase/(decrease) in payables	**761**	(2,523)	(2,305)
Net cash from operating activities before income tax	**1,688**	(885)	414
Income taxes received/(paid)	**8**	(15)	(85)
Net cash from operating activities	**1,696**	(900)	329
Cash flow from financing activities			
Dividends paid on ordinary shares	**(875)**	(812)	(1,688)
Dividends paid on preference shares	**(175)**	(175)	(350)
Net cash used in financing activities	**(1,050)**	(987)	(2,038)
Net increase/(decrease) in cash and cash equivalents	**646**	(1,887)	(1,709)
Cash and cash equivalents at beginning of period	**1,554**	3,263	3,263
Cash and cash equivalents at end of period	**2,200**	1,376	1,554

Notes to the Group Results
Six months ended 30 June 2007

1. Accounting policies

Basis of preparation

This interim report is prepared in accordance with IAS 34 and on the basis of the accounting policies set out in the group and company's annual Report and Accounts at 31 December 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 31 December each year. 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. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Significant accounting policies

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In accordance with the company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend.

Investments held at fair value through profit or loss are initially recognised at fair value. Investments are classified as either fair value through profit or loss or available-for-sale. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the group is provided internally on this basis to the entity's key management personnel.

After initial recognition, investments, which are designated as at fair value through profit or loss, are measured at fair value. Gains or losses on investments designated as at fair value through profit or loss are included in net profit or loss as a capital item, and material transaction costs on acquisition and disposal of investments are expensed and included in the capital column of the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices or last traded prices, depending upon the convention of the exchange on which the investment is quoted at the close of business on the balance sheet date. Investments in units of unit trusts or shares in OEICs are valued at the closing price released by the relevant investment manager.

Notes to the Group Results (continued)

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using an appropriate valuation technique. Where no reliable fair value can be estimated for such unquoted equity instruments, they are carried at cost, subject to any provision for impairment.

Investments in subsidiary companies are held at directors' valuation.

All purchases and sales of investments are recognised on the trade date i.e. the date that the group commits to purchase or sell an asset.

Realised gains on sales of investments in the group financial statements are based on historical cost to the group and on brought forward market value.

Dividend income from investments is recognised as income when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income on fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate of the security.

Property unit trust income is recognised on the date the distribution is receivable. Film royalty income is recognised on receipt of royalty statements covering periods ending in the financial year.

When special dividends are received, the underlying circumstances are reviewed on a case by case basis in determining whether the amount is capital or income in nature. Amounts recognised as income will form part of the company's distribution. Any tax thereon will follow the accounting treatment of the principal amount.

All expenses are accounted for on an accruals basis. Expenses are charged as revenue items in the income statement except as follows:

- material transaction costs which are incurred on the purchase or sale of an investment designated as fair value through profit or loss are expensed and included in the capital column of the income statement;

- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly investment management and related costs have been allocated 50% (2006 - 50%) to revenue and 50% (2006 - 50%) to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the company.

The 3.5% cumulative convertible non-redeemable preference shares issued by the company are classified as equity instruments in accordance with IAS 32 'Financial Instruments - Disclosure and Presentation' and FRS 25 as the company has no contractual obligation to redeem the preference shares for cash or pay preference dividends unless similar dividends are declared to ordinary shareholders.

Segmental reporting

The directors are of the opinion that the Group is engaged in a single segment of business, that is investment business, and therefore no segmental reporting is provided.

Notes to the Group Results (continued)

2. Investment income

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year ended 31 December 2006 £'000
Income from investments	**1,185**	1,455	2,020
Other income	**15**	55	85
	1,200	1,510	2,105

3. Proposed dividends

	Unaudited 6 months to 30 June 2007		Unaudited 6 months to 30 June 2006	
	Pence per share	**£**	Pence per share	£
Ordinary shares – interim	**2.7**	**675,000**	2.5	625,000
Ordinary shares – special	–	–	1.0	250,000
Preference shares – fixed	**1.75**	**175,000**	1.75	175,000
		850,000		1,050,000

The directors have declared an interim dividend of 2.7p (2006 - 2.5p) per ordinary share, payable on 15 November 2007 to shareholders registered on 19 October 2007. The shares will be quoted ex-dividend on 17 October 2007.

The dividends on ordinary shares are based on 25,000,000 ordinary £1 shares. Dividends on preference shares are based on 10,000,000 non-voting 3.5% convertible preference shares of £1.

The holders of the 3.5% convertible preference shares will be paid a dividend of £175,000 being 1.75p per share. The payment will be made on the same date as the dividend to the ordinary shareholders.

Amounts recognised as distributions to ordinary shareholders in the period:

	Unaudited 6 months to 30 June 2007		Unaudited 6 months to 30 June 2006	
	Pence per share	**£**	Pence per share	£
Ordinary shares – final	**3.5**	**875,000**	3.25	812,500
Preference shares – fixed	**1.75**	**175,000**	1.75	175,000
		1,050,000		987,500

Notes to the Group Results (continued)

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year ended 31 December 2006 £'000
Basic earnings per share			
Calculated on the basis of:			
Net revenue profit after preference dividends	**872**	1,176	1,464
Net capital (loss)/profit	**(3,090)**	41	5,106
Net total earnings after preference dividends	**(2,218)**	1,217	6,570
Ordinary shares in issue	**25,000**	25,000	25,000
Diluted earnings per share			
Calculated on the basis of:			
Net revenue profit	**1,047**	1,351	1,814
Net capital (loss)/profit	**(3,090)**	41	5,106
(Loss)/profit after taxation	**(2,043)**	1,392	6,920
Ordinary and preference shares in issue	**35,000**	35,000	35,000

Diluted earnings per share is calculated taking into account the preference shares which are convertible to ordinary shares on a one for one basis, under certain conditions, at any time during the period 1 January 2006 to 31 December 2025 (both dates inclusive).

Notes to the Group Results (continued)

5. Net asset value attributable to each share

Basic net asset value attributable to each share has been calculated by reference to 25,000,000 ordinary shares, and group net assets attributable to shareholders as follows:

	Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
Total net assets	**44,554**	43,170	47,647
Less convertible preference shares	**(10,000)**	(10,000)	(10,000)
Net assets attributable to ordinary shareholders	**34,554**	33,170	37,647

Diluted net asset value is calculated on the total net assets in the table above and on 35,000,000 shares, taking into account the preference shares which are convertible to ordinary shares on a one for one basis, under certain conditions, at any time during the period 1 January 2006 to 31 December 2025 (both dates inclusive).

6. Financial information

This interim statement is not the company's statutory accounts. The statutory accounts for the year 31 December 2006 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) and (3) of the Companies Act 1985.

Notes to the Group Results (continued)

7. Retained earnings

The table below shows the movement in the retained earnings analysed between revenue and capital items.

	Unaudited Capital reserve - realised £'000	Unaudited Capital reserve - unrealised £'000	Unaudited Revenue £'000	Unaudited Total £'000
At 1 January 2007	17,154	(6,583)	2,076	12,647
Movement during the period:				
Net loss for the period	74	(3,164)	1,047	(2,043)
Transfer on disposal between reserves	746	(746)	–	–
Dividends paid on ordinary shares	–	–	(875)	(875)
Dividends paid on preference shares	–	–	(175)	(175)
At 30 June 2007	17,974	(10,493)	2,073	9,554

Independent Review Report to British & American Investment Trust 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 Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and the related notes 1 to 7. We have read the other information contained in the interim report which comprises the Group Financial Highlights, Group Investment Portfolio, the Chairman's Statement and the Managing Directors Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the company in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a 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 conclusion 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 Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with 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 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 of Auditing (UK & Ireland) 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 2007.

Grant Thornton UK LLP
Chartered Accountants
London
28 September 2007