

4th September 2003

**Rathbone Brothers Plc
Interim results for the six months to 30th June 2003**

Rathbone Brothers Plc, the group that specialises in discretionary investment management for private clients, announces interim results for the six months to 30th June 2003.

Highlights:

- Funds under management rise by 11% to £5.9bn over the six months compared with an increase in the FTSE 100 Index of only 2.3%.
- The Unit Trust management company increases funds under management by 46% to £322 million in the same period.
- Pre-tax profits before exceptional items and before goodwill amortisation are £9.4m compared with £11.4m in the first half of 2002 and £7.0m in the second half. Pre-tax profits before exceptional items and after goodwill amortisation are £6.6m compared with £10.1m for the first half of 2002.
- Earnings per share, before goodwill amortisation, decline to 18.19p from 22.39p for the same period in 2002.
- Post goodwill earnings per share decline to 11.31p from 18.96p for the same period in 2002, but up from the 4.94p in the second half of 2002.
- The interim dividend of 10p per share is maintained.
- Markets in the period were very volatile – the FTSE 100 Index rose by 2.3% overall but at its worst it fell 16% and subsequently rose by 28% from its low point.

Commenting on the interim results, Mark Powell, Chairman of Rathbone Brothers Plc, said:

“This was, by any standards, an extremely difficult period in which to operate a business whose main focus is discretionary investment management for wealthy private investors. During the first half of 2003, the UK equity market as measured by the FTSE 100, was very volatile - it fell by 16%, subsequently rose by 28% from its low point, yet at the end of June finished only 2.3% above the end of December level. In spite of this unusual volatility, the Group was profitable in every month of the first half of the year.”

“Against these very demanding market conditions, it is pleasing to report that funds under management have risen by over 11% from £5.3bn at the end of 2002 to £5.9bn at the end of June. Our continued policy of acquisition has led to an increase in our goodwill charge and the resulting fall in post goodwill EPS”.

“Looking forward, our view is that, whilst equities still offer good value, further progress in markets is likely to be much less dramatic. The more settled market conditions that we anticipate should however, provide a favourable climate in which to continue growing our business organically and to attract experienced investment and trust professionals to join Rathbones.”

For further information, please contact:

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Jon Bennett
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Rathbone Brothers Plc
Interim results for the six months ended 30th June 2003

Chairman's Statement

My first statement as Chairman is for the six months to 30th June 2003. This was, by any standards, an extremely difficult period in which to operate a business whose main focus is discretionary investment management for wealthy private investors. There was nervousness in the run up to military action in Iraq and the consequent uncertainties when the invasion took place. This, combined with anxieties connected with somewhat conflicting economic indicators and the SARS epidemic, produced very volatile markets.

In the event, profits before tax (before exceptional items and goodwill amortisation) for the six months to 30th June 2003 were £9.4 million, compared with £11.4 million in the first half of 2002 and £7.0 million in the second half.

Earnings per share before goodwill amortisation were 18.19p compared to 22.39p for the same period in 2002. The interim dividend of 10p per share is maintained. Our continued policy of acquisition has led to an increase in our goodwill charge and the resulting fall in post goodwill EPS from 18.96p to 11.31p.

During the first half of 2003, the UK equity market as measured by the FTSE 100, was very volatile - it fell by 16%, subsequently rose by 28% from its low point, yet at the end of June finished only 2.3% above the end of December level. In spite of this unusual volatility, the Group was profitable in every month of the first half of the year.

Against these very demanding market conditions, it is pleasing to report that funds under management have risen by over 11% from £5.3bn at the end of 2002 to £5.9bn at the end of June, compared with the 2.3% increase in the FTSE 100 Index, as a result of both organic growth and new business. Our Unit Trust management company continues to perform very well and has increased its funds under management by 46% to £322 million. In particular, the Rathbone Income Fund has attracted considerable support reflecting its excellent long term record.

Our Trust division has suffered from the twin pressures of depressed markets and low levels of corporate activity. Action has been taken to reduce overheads in this area and these are anticipated to produce annual savings of approximately £1 million from 2004, although there has been a one-off cost in this first half of around £140,000. Despite the recent difficult trading environment, we believe that our investment management and trust services together continue to offer wealthy private investors a competitive level of service and expertise.

The sharp rally in the market since March reflects an increasing confidence in the outlook for corporate earnings. Looking forward, our view is that, whilst equities still offer good value, further progress in markets is likely to be much less dramatic. The more settled market conditions that we anticipate should however, provide a favourable climate in which to continue growing our business organically and to attract experienced investment and trust professionals to join Rathbones.

Mark Powell
Chairman
3rd September 2003

**Consolidated profit and loss account
for the six months ended 30th June 2003**

	Six months ended 30 th June 2003 Unaudited £'000	Six months ended 30 th June 2002 Unaudited £'000	Year ended 31 st December 2002 Audited £'000
Gross operating income (Note 6)	49,280	50,694	95,969
Operating income – continuing operations	40,047	42,071	79,825
Operating costs	(33,415)	(31,921)	(65,277)
Operating profit	6,632	10,150	14,548
- operating profit before goodwill amortisation	9,383	11,420	18,364
- goodwill amortisation	(2,751)	(1,270)	(3,816)
Gain on sale of investment securities - continuing operations	702	-	777
Profit on ordinary activities before tax – continuing operations	7,334	10,150	15,325
Tax on profit on ordinary activities	(2,874)	(3,126)	(6,211)
Profit on ordinary activities after tax	4,460	7,024	9,114
Dividends	(3,974)	(4,149)	(10,451)
Transferred to reserves	486	2,875	(1,337)
Earnings per ordinary share			
Basic after goodwill amortisation	11.31p	18.96p	23.90p
Basic before goodwill amortisation	18.19p	22.39p	33.91p
Diluted after goodwill amortisation	11.16p	18.89p	23.83p
Diluted before goodwill amortisation	17.96p	22.31p	33.81p

**Consolidated balance sheet
as at 30th June 2003**

	30th June 2003 Unaudited £'000	30th June 2002 Unaudited £'000	31st December 2002 Audited £'000
Assets			
Cash and balances at central banks	6,126	3,831	19,019
Settlement balances	19,151	16,802	6,837
Loans and advances to banks	34,266	32,289	33,025
Loans and advances to customers	34,677	35,112	36,828
Debt securities	390,000	402,693	363,426
Equity shares	35	70	70
Intangible fixed assets	57,469	39,239	56,232
Tangible fixed assets	6,819	8,013	7,454
Other assets	3,941	5,466	3,651
Prepayments and accrued income	15,377	14,880	16,132
Total assets	567,861	558,395	542,674
Liabilities			
Deposits by banks	6,318	981	62
Settlement balances	14,710	15,895	5,865
Customer accounts	421,501	426,199	408,039
Debt securities in issue	1,169	1,034	5,768
Other liabilities	8,360	9,243	10,899
Accruals and deferred income	7,588	6,630	7,671
Provision for liabilities and charges	5,179	5,192	3,940
Called up share capital	1,982	1,896	1,969
Shares to be issued including premium	2,823	-	1,927
Share premium account	10,307	8,243	9,639
Other reserves	46,367	37,387	45,674
Profit and loss account	41,557	45,695	41,221
Equity shareholders' funds	103,036	93,221	100,430
Total liabilities	567,861	558,395	542,674
Memorandum items			
Undrawn commitments to lend	5,528	7,088	4,503
Guarantees and pledged assets	808	996	779
	6,336	8,084	5,282

Approved by the Board on 3rd September 2003.

**Consolidated cash flow statement
for the six months ended 30th June 2003**

	Six months ended 30 th June 2003 Unaudited £'000	Six months ended 30 th June 2002 Unaudited £'000	Year ended 31 st December 2002 Audited £'000
Net cash inflow from operating activities	30,790	20,969	14,837
Taxation			
- UK corporation tax	(1,779)	(1,836)	(5,279)
- Overseas tax	(782)	(792)	(1,425)
Net cash outflow for taxation	(2,561)	(2,628)	(6,704)
Capital expenditure and financial investments			
- Purchase of investment securities	(1,122,067)	(922,277)	(1,733,062)
- Proceeds from sale and maturities of investment securities	1,096,229	901,107	1,751,939
- Purchase of tangible fixed assets	(877)	(871)	(1,866)
- Sale of tangible fixed assets	8	119	179
Net cash (outflow)/inflow for capital expenditure and financial investments	(26,707)	(21,922)	17,190
Acquisitions and disposals			
- Acquisitions of subsidiaries/businesses	(1,523)	(238)	(4,754)
- Net cash acquired with subsidiary undertakings	44	141	1,186
Net cash outflow for acquisitions and disposals	(1,479)	(97)	(3,568)
Equity dividends paid	(6,311)	(6,042)	(9,953)
Net cash (outflow)/inflow before financing	(6,268)	(9,720)	11,802
Financing			
- Issue of shares	383	659	260
- Repayment of debt securities	(4,599)	-	-
- Issue expenses of debt securities	-	-	(29)
Net cash (outflow)/inflow from financing	(4,216)	659	231
(Decrease)/increase in cash in the period	(10,484)	(9,061)	12,033

**Consolidated statement of total recognised gains and losses
for the six months ended 30th June 2003**

	Six months ended 30 th June 2003 Unaudited £'000	Six months ended 30 th June 2002 Unaudited £'000	Year ended 31 st December 2002 Audited £'000
Profit for the period attributable to shareholders	4,460	7,024	9,114
Currency adjustments	(59)	3	(107)
Total recognised gains and losses for the period	4,401	7,027	9,007
Prior year adjustment	-	2,018	2,018
Total gains and losses recognised since the last report	4,401	9,045	11,025

**Reconciliation of movements in shareholders' funds
for the six months ended 30th June 2003**

	Six months ended 30 th June 2003 Unaudited £'000	Six months ended 30 th June 2002 Unaudited £'000	Year ended 31 st December 2002 Audited £'000
Profit for the period attributable to shareholders	4,460	7,024	9,114
Dividends	(3,974)	(4,149)	(10,451)
Result for the period	486	2,875	(1,337)
Currency adjustments	(59)	3	(107)
Shares issued or to be issued	13	82	155
Premium on shares issued or to be issued	2,257	13,011	24,621
Movement in relation to the Share Incentive Plan	(91)	(197)	(349)
Net addition to shareholders' funds	2,606	15,774	22,983
Opening shareholders' funds	100,430	77,447	77,447
Closing shareholders' funds	103,036	93,221	100,430

**Notes to the accounts
for the six months ended 30th June 2003**

1 Basis of preparation

The unaudited interim financial information, which has been approved by the Board of Directors, has been prepared on the basis of accounting policies set out in the Group's accounts for the year ended 31st December 2002.

The Group's accounts for the year ended 31st December 2002 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary and quasi-subsiary undertakings made up to 30th June 2003.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

3 Goodwill

Purchased goodwill (representing the difference between the fair value of the consideration given and any associated costs and the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions before 1st January 1998, when Financial Reporting Standard 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal. Purchased goodwill arising on consolidation in respect of acquisitions since 1st January 1998 is capitalised.

Goodwill is amortised to nil by equal instalments over its estimated useful life as follows:

- | | |
|------------------------------------|------------|
| - investment management businesses | 8-10 years |
| - trust businesses | 20 years |

On the subsequent disposal or termination of a business acquired since 1st January 1998, the unamortised amount of any related goodwill is taken into account in calculating the profit or loss on disposal or termination.

4 Investments

The Group has a holding of 1,600,000 shares in London Stock Exchange plc which is included in the balance sheet at a cost of £2. The market value of the holding at 30th June 2003 was £5,440,000.

**Notes to the accounts
for the six months ended 30th June 2003 (continued)**

5 Acquisitions

	Galsworthy & Stones (a) £'000	Others (b) £'000	Others (c) £'000	Total £'000
Consideration paid:				
Acquisition costs	-	58	2	60
Issue of new ordinary shares of 5p in Rathbone Brothers Plc	-	-	699	699
Cash	-	1,462	-	1,462
Deferred contingent consideration	896	913	-	1,809
Total consideration	896	2,433	701	4,030
Net assets acquired:				
Loans and advances to banks	-	-	44	44
Loans and advances to customers	-	-	26	26
Total assets	-	-	70	70
Liabilities	-	-	(28)	(28)
Net assets on acquisition date	-	-	42	42
Total fair value adjustments	-	-	-	-
Adjusted net assets acquired	-	-	42	42
Goodwill arising on acquisition	896	2,433	659	3,988

(a) The deferred contingent consideration payable in respect of last year's acquisition of Galsworthy & Stones, estimated at £1,777,000 as at 31st December 2002, has been revised to £2,673,000 which has resulted in an increase to goodwill on consolidation and shares to be issued of £896,000.

(b) In January 2003, Rathbone Investment Management Limited signed agreements to transfer investment management clients from two organisations. For both transactions, the consideration payable is contingent on the number of clients who agree to transfer on the basis of the standard terms and conditions of Rathbone Investment Management Limited.

In total, there were initial consideration payments of cash of £1,462,000 and acquisition costs of £58,000 incurred. Deferred contingent consideration is payable in cash in the second half of the year to both vendors and an estimate of the value of the cash consideration has been included in goodwill and provisions for liabilities and charges. On 1st July 2003, a deferred consideration payment of £340,000 was made to one of the vendors.

(c) In June 2003, the Group acquired a number of UK based companies engaged in the introduction of discretionary investment management clients. The total consideration of £701,000 (including acquisition costs) was satisfied by the issue of 114,848 new ordinary shares of 5p each at 608.7p.

**Notes to the accounts
for the six months ended 30th June 2003 (continued)**

6 Operating income

	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
Gross operating income			
- Interest receivable	9,359	10,288	20,784
- Dividend income	9	11	90
- Fees and commissions receivable	39,265	39,777	73,880
- Other operating income	647	618	1,215
	49,280	50,694	95,969
Interest payable	(4,235)	(4,382)	(9,081)
Fees and commissions payable	(4,998)	(4,241)	(7,063)
Operating income	40,047	42,071	79,825

All amounts derive from continuing operations.

7 Gain on sale of investment securities

In April 2003, 35,000 shares in Consort Security Systems Limited were sold by Neilson Cobbold Holdings plc. The shares were acquired for £35,000 and the profit on sale amounted to £157,000. The amount of tax attributable to the profit on sale included in the overall tax charge is £47,000.

In June 2003, 150,000 shares in London Stock Exchange plc were sold by Rathbone Neilson Cobbold Limited. The shares were acquired at no cost and the sale proceeds and profit on sale amounted to £545,000. The amount of tax attributable to the profit on sale included in the overall tax charge is £164,000.

8 Taxation

The tax charge for the period is higher than the standard rate of corporation tax in the UK of 30% principally due to disallowable amortisation of goodwill on consolidation partially offset by lower rates of tax on unremitted overseas earnings.

9 Earnings per share

The calculation of basic earnings per share is based on profit after taxation before dividends for each period and the weighted average number of ordinary shares in issue during the relevant period.

The directors believe that the additional EPS figures provided, which exclude goodwill amortisation, assist the users of these interim accounts in understanding the performance of the Group.

Diluted earnings per share is the basic earnings per share, adjusted for employee share options remaining capable of exercise, shares issuable under the Share Incentive Plan and contingently issuable shares related to deferred consideration payments, weighted for the relevant periods as set out below.

Notes to the accounts
for the six months ended 30th June 2003 (continued)

9 Earnings per share (continued)

	Six months ended 30 th June 2003	Six months ended 30 th June 2002	Year ended 31 st December 2002
Weighted average number of ordinary shares in issue during the period - basic	39,432,386	37,050,531	38,139,407
Effect of ordinary share options	-	108,034	-
Effect of dilutive ordinary shares issuable under the Share Incentive Plan	26,240	21,435	16,183
Effect of contingently issuable ordinary shares	493,363	-	90,225
Weighted average number of ordinary shares in issue during the period - diluted	39,951,989	37,180,000	38,245,815

10 Dividends per share

	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
Interim dividend of 10p per share on 39,649,942 shares (2002: 10p per share on 39,119,091 shares)	3,965	3,912	3,912
Final dividend of 16p per share on 39,388,073 shares	-	-	6,302
Adjustment in respect of previous periods	9	237	237
	3,974	4,149	10,451

The interim dividend declared of 10p per share is payable on 15th October 2003 to shareholders on the register at the close of business on 19th September 2003.

Notes to the accounts

for the six months ended 30th June 2003 (continued)

11 Cash flow statement

(i) Reconciliation of operating profit to net cash inflow from operating activities

	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
Operating profit	6,632	10,150	14,548
Loss/(profit) on disposal of tangible fixed assets	2	(48)	11
Depreciation and amortisation	4,251	3,018	7,220
UITF Abstract 17 Share Incentive Plan charge	201	118	283
Provision for bad and doubtful debts	260	384	341
Decrease/(increase) in accrued income and prepayments	771	357	(801)
Increase/(decrease) in provision for liabilities and charges	323	(831)	(1,067)
(Decrease)/increase in accruals and deferred income	(117)	860	1,841
Net cash inflow from trading activities	12,323	14,008	22,376
Net decrease/(increase) in loans and advances to banks and customers	4,022	(3,512)	1,057
Net (increase)/decrease in settlement debtor balances	(12,313)	(8,173)	1,790
Net increase/(decrease) in settlement creditor balances	8,845	8,508	(1,522)
Net increase/(decrease) in deposits by banks and customer accounts	18,716	9,822	(9,266)
Net (decrease)/increase in other liabilities	(202)	1,975	(41)
Net (increase)/decrease in other assets	(601)	(1,659)	443
Net cash inflow from operating activities	30,790	20,969	14,837

(ii) Analysis of the balances of cash as shown in the balance sheet

	At 1 st January 2003 £'000	Cash flow £'000	Non-cash changes £'000	Exchange movements £'000	At 30 th June 2003 £'000
Cash and balances at central banks	19,019	(12,885)	-	(8)	6,126
Loans and advances to other banks repayable on demand	28,276	2,401	-	(26)	30,651
Total	47,295	(10,484)	-	(34)	36,777

**Notes to the accounts
for the six months ended 30th June 2003 (continued)**

11 Cash flow statement (continued)

(iii) Analysis of changes in financing

	Share capital £'000	Share premium £'000	Shares to be issued £'000
Balance at 1st January 2003	1,969	9,639	1,927
Cash inflow	7	668	-
Other movement	6	-	896
Balance at 30th June 2003	1,982	10,307	2,823

(iv) Acquisition of subsidiary undertakings and businesses

The effect of the acquisitions made during the period is set out in Note 5.

The companies/businesses acquired did not make a material contribution to the Group's net operating cash flows or capital expenditure in the period.

(v) Major non-cash transactions

The consideration for the companies/businesses acquired included shares – see Note 5.

(vi) Disposal of investment securities

Net sale proceeds of £702,000 were received in relation to the sale of investment securities – see Note 7.

**Notes to the accounts
for the six months ended 30th June 2003 (continued)**

12 Segmental information

(a) Segmental information as required by Statement of Standard Accounting Practice 25 'Segmental reporting':

	Gross operating income			Profit before taxation after goodwill amortisation		
	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
By class of business:						
Investment management and banking	38,617	40,511	75,238	6,810	9,010	13,193
Trust services	10,663	10,183	20,731	524	1,140	2,132
	49,280	50,694	95,969	7,334	10,150	15,325
By geographical segment:						
United Kingdom	40,386	43,398	79,737	6,105	8,874	12,141
Jersey, Switzerland and other European countries	8,055	6,448	14,208	902	897	2,031
The Americas	839	848	2,024	327	379	1,153
	49,280	50,694	95,969	7,334	10,150	15,325
Total assets						
	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
By class of business:						
Investment management and banking	507,010	502,105	480,112	62,686	64,420	58,255
Trust services	60,851	56,290	62,562	40,350	28,801	42,175
	567,861	558,395	542,674	103,036	93,221	100,430
By geographical segment:						
United Kingdom	509,953	508,072	484,005	67,077	61,795	63,961
Jersey, Switzerland and other European countries	53,206	44,784	53,814	33,440	28,469	34,217
The Americas	4,702	5,539	4,855	2,519	2,957	2,252
	567,861	558,395	542,674	103,036	93,221	100,430

Notes to the accounts
for the six months ended 30th June 2003 (continued)

12 (a) Segmental information (continued)

	Interest receivable			Dividend income		
	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
By geographical segment:						
United Kingdom	8,881	9,812	19,796	9	11	90
Jersey, Switzerland and other European countries	442	447	921	-	-	-
The Americas	36	29	67	-	-	-
	9,359	10,288	20,784	9	11	90

	Fees and commissions receivable			Other operating income		
	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
By geographical segment:						
United Kingdom	30,874	32,954	58,641	623	610	1,210
Jersey, Switzerland and other European countries	7,589	5,993	13,282	24	8	5
The Americas	802	830	1,957	-	-	-
	39,265	39,777	73,880	647	618	1,215

Notes to the accounts
for the six months ended 30th June 2003 (continued)

12 Segmental information (continued)

(b) Additional segmental analysis:

	Gross operating income			Profit before taxation before goodwill amortisation		
	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000	Six months ended 30 th June 2003 £'000	Six months ended 30 th June 2002 £'000	Year ended 31 st December 2002 £'000
By class of business:						
Investment management and banking	38,617	40,511	75,238	8,516	9,484	15,225
Trust services	10,663	10,183	20,731	1,569	1,936	3,916
	49,280	50,694	95,969	10,085	11,420	19,141
By geographical segment:						
United Kingdom	40,386	43,398	79,737	7,993	9,527	14,560
Jersey, Switzerland and other European countries	8,055	6,448	14,208	1,765	1,514	3,428
The Americas	839	848	2,024	327	379	1,153
	49,280	50,694	95,969	10,085	11,420	19,141

13 Interim report

The interim report will be sent to registered shareholders. Further copies will be available to the public from the Company's registered office at 159 New Bond Street, London W1S 2UD.

Independent review report by KPMG Audit Plc to Rathbone Brothers Plc

Introduction

We have been engaged by the Company to review the financial information which comprises the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement, consolidated statement of total recognised gains and losses, reconciliation of movements in shareholders' funds and notes 1 to 13 and we have read the other information, which comprises only the Chairman's Statement, contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions reached.

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 should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be 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. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th June 2003.

KPMG Audit Plc
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3rd September 2003