Interim Report 2003

DEVELOPMENT SECURITIES PLC

DEVELOPING RISK AVERSE STRATEGIES FOR PROPERTY

Contents

Development Securities PLC is a property development and investment company. Its principal objective is to carry out substantial, complex developments in a risk-averse manner with a view to adding maximum value for its shareholders.

FINANCIAL HIGHLIGHTS

for the six months ended 30th June 2003

	30th June 2003 unaudited £ million	30th June 2002 unaudited £ million	31st Dec 2002 audited £ million
(Loss)/profit before tax	**(1.5)**	6.5	10.0
Net assets	**117.9**	124.5	121.5
Net (borrowings)/funds	**(33.4)**	(32.4)	0.3
(Loss)/earnings per share (pence)	**(3.9)**	15.9	26.9
Net assets per share (pence)	**420**	434	423
Dividends per share (pence)	**1.80**	1.65	5.00
Special dividend per share (pence)	**–**	–	28.50

Chairman's statement

The results for the six months to 30th June 2003 are slightly below our expectations at the commencement of the year. We recorded a loss before taxation of £1.5 million, compared to a profit of £6.5 million in the first six months of the previous year. Accordingly, after the purchase and cancellation of £2.0 million of shares in January, shareholders' funds declined by one per cent to £117.9 million, equivalent to 420 pence per share, from £121.5 million or 423 pence per share at 31st December 2002.

Market conditions are undoubtedly the worst in the commercial property development market for 10 years. However, we perceived clear signals of a downturn some time ago and the Board took early steps to reduce areas of remaining risk. Whilst this is the first loss recorded for nearly nine years, our balance sheet remains strong and our risk-averse business model has largely restricted the impact of the downturn to reduced profit potential rather than actual losses suffered on development projects. The loss for the six months arises from the low level of development profits currently generated by the business. The quantum of the reported loss is minimised, since the investment property rental stream and project management fees largely meet the outgoings of the business. This is one of the strengths of our business model.

We remain confident that our risk-averse strategy, robust balance sheet, low gearing and pipeline of high quality projects leave us well placed for the future. Accordingly, the Board is pleased to declare a nine per cent increase in the interim dividend to 1.80 pence per share, to be paid on 29th October 2003 to shareholders on the Register on 3rd October 2003. This is the eighth consecutive increase in interim distributions since the recommencement of dividend payments in 1994. Earlier this year, consistent with our long-stated policy of running an efficient balance sheet, we were pleased to return to shareholders surplus cash generated from our development programme and, in this respect, a special dividend of 28.50 pence per share was announced on 19th February 2003. In addition, in January of this year, we utilised £2.0 million to buy back 640,000 of our ordinary shares for cancellation at an average price of 314.7 pence per share.

Our balance sheet remains strong even after the special dividend and share buy back, with net gearing standing at a prudent 28 per cent at 30th June 2003.

Our resources include unpledged cash of £40 million together with £42 million of unutilised, committed facilities from our relationship bank lenders.

Conditions in the Central London development market today are as challenging as they were in the early part of the last decade. The significant weaknesses in the financial services, media and technology sectors are reflected in the high vacancy rates currently obtaining from the West End of London across to Canary Wharf in the east. Reflecting both lower levels of business activity and confidence, rental levels have continued the sharp decline of last year, with no recovery in sight for at least this year. Whilst the acuteness of the downturn is clearly to be regretted, it does serve to vindicate our risk-averse approach to the business of property development. We believe we are now close to the bottom of the cyclical downturn in Central London and await not only a recovery in demand, but also a more realistic pricing of potential redevelopment sites. The present low level of interest rates and the relative lack of distressed sellers of real estate are likely to make this market adjustment in pricing slower to achieve than in the early 1990s.

PaddingtonCentral

As shareholders are aware, a very satisfactory conclusion was reached at the first phase of our flagship PaddingtonCentral project, the 11-acre site immediately adjacent to Paddington Railway Station. This major, mixed use, regenerative development in the centre of London will ultimately provide 1.7 million sq. ft. of prime office, retail and leisure accommodation and 210,000 sq. ft. of residential apartments.

In June of this year, we obtained detailed planning approval for the 400,000 sq. ft. office building to be built on the northern sector of the site. Designed by Kohn Pederson Fox, this landmark building will benefit from large, flexible floor plates of up to 38,000 sq. ft. net with full height glazing to all elevations, a product rarely available in the West End. As I indicated in my previous report to you, commencement of construction of this building is subject to the approval of our joint forward-funding partners, Morley Fund Management and The Equitable Life Assurance Society. Similar approval is awaited with regard to the extensive work that is required for the piling and decking of the remainder of the site as a precursor to the Crossrail project.

333 Oxford Street

This strategically located 78,000 sq. ft. development, at the junction of Oxford Street and New Bond Street in London's West End, achieved practical completion in January this year. Whilst the 35,000 sq. ft. retail unit was successfully pre-let last year to Zara UK Limited, the marketing of the 43,000 sq. ft. of prime office accommodation has coincided with the weakest occupier market in the West End since the previous downturn, some 10 years ago. The decline in rental levels has been dramatic in the last year and a half and, whilst there are tentative tenant enquiries, there is no longer any realistic prospect of this scheme generating profits for your Company. Nevertheless, we continue to market the remaining space vigorously, together with our funding partner, DEKA Immobilien GmbH.

Cambourne Business Park

At our 750,000 sq. ft. business park scheme at Cambourne, near Cambridge, construction activity has proceeded on plan with regard to the new headquarters and civic centre for South Cambridgeshire District Council. This facility, which will further enhance the profile of the location, is being acquired by the local authority on a turnkey freehold basis. Practical completion of the project is scheduled for the second quarter of next year. That aside, soft leasing conditions have continued in the office market, reflecting the challenges that still remain for us to let the balance of the completed 82,000 sq. ft. of the second phase of this business park. Similar market conditions extend to the biotechnology property market, where, before construction begins, we are continuing to seek a pre-let for the park's 125,000 sq. ft. research and development phase.

Royals Business Park

Following an agreement in late 2002 with our joint development partners, Standard Life Investments and the London Development Agency, construction is on schedule for completion of the first office phase of 237,000 sq. ft. in mid-2004. The planned £500 million, 50-acre Royals Business Park is the second of our major regeneration projects in London and will eventually comprise 1.6 million sq. ft. of office accommodation and 100,000 sq. ft. of ancillary and leisure accommodation. Upon completion, served by a fully-integrated network of road, rail and air routes, it will be East London's premier business park. The Thames Gateway, of which the Royals is but one part, is expected to benefit from a number of significant initiatives, including London's bid for the 2012 Olympic Games.

Other Business Parks

Whilst we were successful in letting 13,300 sq. ft. at Birmingham International Square to a major international consultancy firm at £19 per sq. ft., the final 6,925 sq. ft. of this office phase at Birmingham International Park remains on offer to the market. Elsewhere on the same park, the final 45,000 sq. ft. unit of the industrial phase is under offer. The successful letting of these two units would complete our development activity at Birmingham International Park.

At Globeside Business Park, Marlow, only one unit of 38,500 sq. ft. remains to be let, whilst at Frimley Square Business Park, Frimley, the soft letting conditions in the occupier market around London are generating only tentative interest from prospective tenants. Both of these business parks were acquired in forward-funded partnership with The Equitable Life Assurance Society.

10 St Bride Street, London EC4

Earlier this year we completed terms for an option to acquire 10 St Bride Street in the City of London at any time in the next five years. Whilst the building is presently vacant, planning consent exists for a new development to include 53,000 sq. ft. of office space and 3,000 sq. ft. of restaurant space. The option arrangement provides us with the flexibility to purchase the site when we feel that market conditions are appropriate.

Broughton Park

We are now approaching an important phase in our strategy for the development of a significant extension to the 298,000 sq. ft. shopping centre developed by ourselves a few years ago at Broughton Park, near Chester. We are continuing our dialogue with the Local Authority for the outline planning application submitted last year for a 126,500 sq. ft. extension, together with an outline planning application for a 350,000 sq. ft. business park and an extensive highways improvement programme.

Together with Pillar Property PLC, with whom we forward-funded the existing shopping centre, we are currently giving consideration to the possibility of increasing the proposed size of the extension to reflect the significant tenant demand that has been created by the success of the initial phase. Furthermore, we are reconsidering our strategy regarding our outline planning application for the new business park following the designation by the Local Authority, in their recently published draft Urban Development Plan, of the relevant 28 acres as land suitable for residential use.

Unsurprisingly, the increased retail extension scheme currently under consideration will necessitate revised retail and environmental impact studies which largely had been completed in support of the original planning application submitted last year. An additional five acres of land under our ownership have also been designated in the draft Urban Development Plan as land suitable for non-retail use.

Slough Town Centre

Together with our partner, Berkeley Homes, we continue to work to finalise the framework agreement with Slough Borough Council for the 1.4 million sq. ft. long-term regeneration scheme at the centre of Slough. The development, split almost equally between office and residential accommodation, will also comprise 200,000 sq. ft. of accommodation for the Council. As soon as joint venture terms are approved by the Council, we will proceed with an outline planning application. It is unlikely that the commercial element of this development will commence until there has been a significant improvement in the office market in the Western Corridor.

Investment property portfolio

Shareholders will recall that we had approached the present position in the investment cycle with some degree of caution. Our concerns about the potential over-supply in Central London were reflected in our decision to eliminate any investment exposure to the City of London and to retain only a modest participation in the West End market. Consequently, the recent additions to our portfolio have reflected an increased weighting to the retail sector, particularly where asset value is led by a food retail offer. The Kingsland Shopping Centre, Thatcham, a district shopping scheme anchored by a Waitrose supermarket, was acquired last year and was followed, in the first half of this year, by a further shopping centre asset with similar characteristics, at a cost of £9 million. Gradual reinvestment, at attractive net initial yields, has continued, following the acquisition in December 2002 of a £3.2 million retail warehouse in Formby, with a £10.8 million acquisition in June this year of eight retail warehouses leased to Carpetworld.

Chairman's statement continued

We are cautiously optimistic that the retail warehouse sector will out-perform other investment sub-markets in 2003.

Our investment strategy continues to be guided by our three key principles of sector rotation, stock selection and proactive management. We prefer assets with active management potential and tend to avoid dry, well-let properties, whose price currently is largely determined by medium-term interest rates. Consequently, we are partially hedging our position against any re-rating of investment values that may be triggered by a possible upward shift in medium-term rates.

Currently, our investment portfolio sector allocation comprises 42 per cent retail, 45 per cent office and 13 per cent industrial. Overall, 47 per cent of the portfolio has unexpired lease terms in excess of 10 years. The current void rate of the portfolio is 6.5 per cent, down from 10 per cent at the end of the previous financial year.

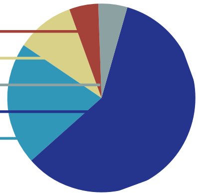
Conclusion
I am very pleased to welcome Roy Dantzic as a Non-executive Director. Roy, a member of the Institute of Chartered Accountants of Scotland, has extensive experience of the property sector both in an executive and advisory capacity. He is currently a Non-executive Director of SecondSite Property Holdings Limited (formerly British Gas Properties Limited) and Airplanes Limited and is on the Council of the Architectural Heritage Fund. Roy will become Chairman of your Company upon my stepping down from the Board today and I have no doubt that, with the benefit of his wide experience, Development Securities will continue to advance and prosper. For me, it has been both a pleasure and a privilege to serve the Company and the Board over four successful years and I look forward to watching further progress, albeit from the sidelines, in the years ahead.

HR Jenkins CBE
17th September 2003

Property portfolio analysis
31st August 2003

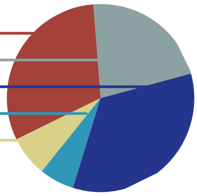
Tenant profile

Government	5%
Local Businesses	10%
FTSE 100	5%
PLC/Nationals	59%
Regional Multiples	21%



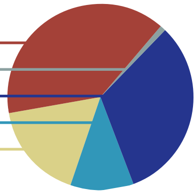
Lease profile

0-5 years	31%
5-10 years	22%
10-15 years	34%
15-20 years	6%
20 years +	7%



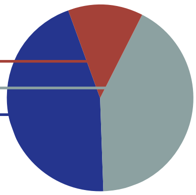
Location profile

North	39%
Midlands	1%
South East	32%
West End	11%
London	17%



Analysis by sector

Industrial	13%
Retail	42%
Office	45%



Principal properties

Retail
Kingsland Shopping Centre, Thatcham, Berkshire
131 The Broadway, Bexleyheath, Kent
The Furlong Centre, Ringwood, Hampshire

Offices
Hammersley House, 5-8 Warwick Street, London W1
Allan House, 10 John Princes Street, London W1
The Genesis Centre, Birchwood, Warrington, Cheshire
Milton House, Charter Row, Sheffield, Yorkshire

Industrial
Great West Trading Estate, Great West Road, Brentford, Middlesex

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

	Notes	**Six months to 30th June 2003 unaudited £ million**	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
Turnover: continuing operations		**8.4**	16.4	33.4
Direct costs		**(4.5)**	(4.2)	(12.6)
Gross profit	2	**3.9**	12.2	20.8
Net operating expenses		**(3.1)**	(3.6)	(7.8)
Operating profit: continuing operations		**0.8**	8.6	13.0
(Loss)/profit on disposal of fixed assets		**(0.1)**	0.3	1.8
Profit on ordinary activities before interest		**0.7**	8.9	14.8
Net interest payable		**(2.2)**	(2.4)	(4.8)
(Loss)/profit on ordinary activities before taxation		**(1.5)**	6.5	10.0
Tax on (loss)/profit on ordinary activities	3	**0.4**	(2.0)	(2.3)
(Loss)/profit on ordinary activities after taxation		**(1.1)**	4.5	7.7
Dividends on equity shares	4	**(0.5)**	(0.5)	(9.4)
Retained (loss)/profit for the period		**(1.6)**	4.0	(1.7)
(Loss)/earnings per share	5	**(3.9)p**	15.9p	26.9p
Diluted (loss)/earnings per share	5	**(3.9)p**	15.7p	26.7p
Dividends per share	4	**1.80p**	1.65p	5.00p
Special dividend per share	4	**–**	–	28.50p

Consolidated balance sheet
unaudited as at 30th June 2003

	Notes	**30th June 2003 unaudited £ million**	30th June 2002 unaudited £ million	31st Dec 2002 audited £ million
Fixed assets				
Investment properties	6a	**119.8**	117.5	104.8
Operating properties	6b	**7.2**	7.5	7.2
Other tangible assets		**4.0**	4.5	4.2
Investments		**0.9**	1.0	0.9
		131.9	130.5	117.1
Current assets				
Land, developments and trading properties		**12.6**	9.8	10.3
Debtors		**22.0**	32.5	22.4
Cash at bank and in hand		**44.4**	44.4	85.1
		79.0	86.7	117.8
Creditors: amounts falling due within one year		**(16.5)**	(19.2)	(29.8)
Net current assets		**62.5**	67.5	88.0
Total assets less current liabilities		**194.4**	198.0	205.1
Creditors: amounts falling due after more than one year				
Borrowings		**(76.5)**	(73.5)	(83.6)
Net assets		**117.9**	124.5	121.5
Financed by:				
Capital and reserves				
Called up share capital		**14.0**	14.3	14.3
Reserves		**109.6**	108.9	110.5
Profit and loss account		**(5.7)**	1.3	(3.3)
Total equity shareholders' funds	8	**117.9**	124.5	121.5
Net assets per share		**420p**	434p	423p
Diluted net assets per share		**416p**	431p	419p

CONSOLIDATED CASH FLOW STATEMENT

unaudited for the six months ended 30th June 2003

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
Cash (outflow)/inflow from operating activities	**(4.9)**	1.2	22.2
Returns on investment and servicing of finance	**(2.9)**	(4.2)	(4.9)
Taxation	**(0.5)**	(2.2)	(4.8)
Capital expenditure and financial investment	**(15.2)**	0.1	16.7
Equity dividends paid	**(8.0)**	–	(1.3)
Cash (outflow)/inflow before financing	**(31.5)**	(5.1)	27.9
Financing	**13.2**	0.1	6.8
(Decrease)/increase in cash in the period	**(18.3)**	(5.0)	34.7

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

unaudited for the six months ended 30th June 2003

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
(Decrease)/increase in cash in the period	**(18.3)**	(5.0)	34.7
Cash outflow from reduction in debt	**13.9**	0.5	1.0
Cash inflow from new borrowings	**(6.0)**	(2.0)	(12.7)
Cash (inflow)/outflow from movement in pledged cash	**(23.3)**	2.7	5.9
Movement in net (debt)/funds in the period	**(33.7)**	(3.8)	28.9
Net funds/(debt) at 1st January	**0.3**	(28.6)	(28.6)
Net (debt)/funds at 30th June/31st December	**(33.4)**	(32.4)	0.3

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

unaudited for the six months ended 30th June 2003

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
Operating profit	**0.8**	8.6	13.0
Loss on disposal of tangible fixed assets	**–**	0.3	–
Increase in development and trading properties	**(2.3)**	(0.3)	(0.8)
Decrease in debtors	**0.8**	3.8	14.2
Decrease in creditors	**(4.6)**	(11.6)	(5.2)
Depreciation	**0.4**	0.4	0.9
Other items – non cash	–	–	0.1
Cash (outflow)/inflow from operating activities	**(4.9)**	1.2	22.2

ANALYSIS OF NET DEBT

unaudited for the six months ended 30th June 2003

	Balance at 1st January 2003 audited £ million	Cash flow £ million	**Balance at 30th June 2003 unaudited £ million**
Cash at bank and in hand	57.5	(17.3)	**40.2**
Bank overdraft	(0.1)	(1.0)	**(1.1)**
		(18.3)	
Debt falling due within one year	(1.0)	0.8	**(0.2)**
Debt falling due after more than one year	(83.6)	7.1	**(76.5)**
Pledged cash	27.5	(23.3)	**4.2**
		(15.4)	
	0.3	(33.7)	**(33.4)**

Notes to the interim financial information
unaudited for the six months ended 30th June 2003

1. The results for the year ended 31st December 2002 are an abridged version of the full financial statements for that year which received an unqualified audit report from the auditors and which have been filed with the Registrar of Companies. The results for the six months to 30th June 2003 and 2002 are unaudited and do not constitute the Group's statutory accounts.

The results have been prepared using accounting policies consistent with those adopted for the financial statements for the year ended 31st December 2002.

2. Analysis of gross profit:

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
Net rental income	**3.3**	3.8	7.3
Net operating property income	**–**	(0.2)	0.3
Project management fee income	**0.4**	0.6	1.0
	3.7	4.2	8.6
Land, development and trading properties	**0.2**	8.0	12.2
	3.9	12.2	20.8

3. The tax credit for the period of £0.4 million represents a deferred tax asset arising on the loss before tax of £1.5 million.

4. The Board has declared an interim dividend of 1.80 pence (30th June 2002: 1.65 pence, 31st December 2002: 3.35 pence ordinary dividend, 28.50 pence special dividend) per Ordinary share, payable on 29th October 2003 to Ordinary shareholders on the Register at the close of business on 3rd October 2003.

5. Earnings per share and diluted earnings per share have been calculated based on the (loss)/profit on ordinary activities after taxation divided by the weighted average number of shares:

	Six months to 30th June 2003 unaudited	Six months to 30th June 2002 unaudited	Year ended 31st Dec 2002 audited
(Loss)/earnings (£ million, basic and diluted)	**(1.1)**	4.5	7.7
Weighted average number of shares (million, basic)	**28.1**	28.4	28.5
Basic (loss)/earnings per share (pence)	**(3.9)**	15.9	26.9
Weighted average number of shares (million, diluted)	**28.2**	28.6	28.7
Diluted (loss)/earnings per share (pence)	**(3.9)**	15.7	26.7

6. a) Investment properties

Investment properties at 30th June 2003 are stated at the valuations incorporated within the financial statements for the year ended 31st December 2002 or at cost where acquired subsequently. The movement in investment properties for the six month period ended 30th June 2003 was:

	Freehold £ million	Long leasehold £ million	Total £ million
At 1st January 2003	88.7	16.1	104.8
Additions	18.9	–	18.9
Disposals	(0.3)	(3.6)	(3.9)
At 30th June 2003	**107.3**	**12.5**	**119.8**

Interest of £0.3 million has been capitalised in the six months ended 30th June 2003 (30th June 2002: £0.2 million).

6. b) Operating properties

Operating properties at 30th June 2003 are stated at the valuations incorporated within the financial statements for the year ended 31st December 2002, or at cost where acquired subsequently, less depreciation where material. The movement in operating properties for the six month period ended 30th June 2003 was:

	Freehold £ million	Long leasehold £ million	Short leasehold £ million	Total £ million
At 1st January 2003	4.2	1.5	1.5	7.2
Additions	0.1	–	–	0.1
Depreciation charge for the period	(0.1)	–	–	(0.1)
At 30th June 2003	**4.2**	**1.5**	**1.5**	**7.2**

7. At 30th June 2003, an external valuation, undertaken by J C Rathbone Associates Limited, appraised the market value of the Group's fixed rate debt on a replacement basis, taking into account the difference between fixed interest rates for the Group's borrowings and the market value and prevailing interest rates of appropriate debt instruments, resulting in a negative fair value adjustment before tax of £16.2 million (30th June 2002: £12.4 million, 31st December 2002: £15.9 million) at that date. The valuation, which is subject to daily fluctuations in line with money market movements, is only an indication of the notional effect on the net asset value of the Group at 30th June 2003 and is not recognised in the balance sheet.

8. The reconciliation of movement in total equity shareholders' funds is set out below:

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
(Loss)/profit on ordinary activities after taxation	**(1.1)**	4.5	7.7
Dividends on equity shares	**(0.5)**	(0.5)	(9.4)
Retained (loss)/profit for the period	**(1.6)**	4.0	(1.7)
Surplus on revaluation of property portfolio	**–**	–	2.6
Purchase of own shares	**(2.0)**	–	–
Issue of new shares	**–**	1.2	1.3
Net movement in total equity shareholders' funds	**(3.6)**	5.2	2.2
Opening total equity shareholders' funds	**121.5**	119.3	119.3
Closing total equity shareholders' funds	**117.9**	124.5	121.5

9. Statement of total recognised gains and losses:

	Six months to 30th June 2003 unaudited £ million	Six months to 30th June 2002 unaudited £ million	Year ended 31st Dec 2002 audited £ million
(Loss)/profit on ordinary activities after taxation	**(1.1)**	4.5	7.7
Unrealised surplus on revaluation of the property portfolio	**–**	–	2.6
Total recognised gains and losses for the period	**(1.1)**	4.5	10.3

10. The interim report will be sent to all holders of the Company's listed securities and will be available to members of the public at the Company's registered office.

Independent review report
to Development Securities PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30th June 2003, which comprises the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement, reconciliation of movement in total equity shareholders' funds, statement of total recognised gains and losses and associated notes 1 to 10. We 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 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 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 United Kingdom 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.

DELOITTE & TOUCHE LLP
Chartered Accountants
London
17th September 2003

Officers, committees and advisors

DIRECTORS
H R Jenkins, Chairman* (retired 17th September 2003)
M H Marx, Joint Managing Director and Finance Director
C J Barwick, Joint Managing Director
W Grant*
P V F Manduca*
V M Mitchell*
M S Soames*
R M Dantzic* (appointed 21st May 2003)

SECRETARY
S A Lanes

REMUNERATION COMMITTEE
W Grant, Chairman*
P V F Manduca*
V M Mitchell*
M S Soames*

AUDIT COMMITTEE
H R Jenkins, Chairman*
W Grant*
V M Mitchell*
M S Soames*

NOMINATION COMMITTEE
H R Jenkins, Chairman*
M H Marx, Joint Managing Director and Finance Director
W Grant*

* Non-executive

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