



<b>1</b>	<b>Consolidated Financial Highlights</b>
<b>2</b>	<b>Chairman's Statement</b>
<b>4</b>	<b>Consolidated Income Statement</b>
<b>5</b>	<b>Consolidated Statement of Recognised Income and Expense</b>
<b>6</b>	<b>Consolidated Balance Sheet</b>
<b>8</b>	<b>Consolidated Cash Flow Statement</b>
<b>9</b>	<b>Notes to the Interim Financial Information</b>
<b>13</b>	<b>Independent Review Report</b>

## Consolidated Financial Highlights

For the six months ended 30 June 2006

	Six months to 30 June 2006	Six months to 30 June 2005	Increase
Revenue	£38.6m	£31.9m	21%
Profit before tax	£6.2m	£4.5m	38%
Profit after tax	£5.8m	£4.0m	47%
Earnings per share	14.85p	10.84p	37%
Dividend per share – interim	4.36p	3.96p	10%

The interim dividend of 4.36p is payable on 24 November 2006 to Shareholders registered on 13 October 2006. Under IFRS this dividend will be recognised in the period in which it is approved by the Board.

## Chairman's Statement

Group revenue grew by 21% to £38.6m (2005 – £31.9m), pre-tax profits by 38% to £6.2m (2005 – £4.5m) and earnings per share by 37% to 14.85p (2005 – 10.84p).

It is proposed that an interim dividend be paid of 4.36p, a 10% increase on the 3.96p paid at the equivalent stage in 2005.

### Group Overview

These are a very satisfactory set of results and reflect the fact that the demand for insurance services the group provides is strong. The expansion of our activities at the end of last year into the insurance company run-off business has brought new opportunities to the group and I believe that your company is now as well placed to grow as it has ever been.

### CTC Management

We are reaping the benefit from the investments made in the division to which I referred last year, whilst continuing to invest in areas where service levels to our clients can be enhanced. In particular, I can report that the Standard Clubs continue to do well after a renewal in which the risk profile of the business was further enhanced. Once again, I am delighted to be able to report record levels of business for Signal Mutual. The focus we initiated just over a year ago on the potential for mutual insurance associations within local government in the UK has resulted in us achieving a very encouraging start with around a third of London Boroughs having indicated their intention to join the London Authorities Mutual over the next 18 months. I expect to be able to report in due course on further encouraging developments in this area.

I have not reported to you for some time about our Risk Management advisory business, and this has obtained some noteworthy instructions during the year and we will be recruiting to enhance its capabilities and resources. As I write this, we have projects under way in Mexico, Canada and India.

### CTC Services

This division operates on a global basis and across a wide area of loss adjusting activities. The office network, together with the quality of our adjusters, have combined to further our extensive links with insurers. Our business does not depend on the occurrence of hurricanes or other weather related phenomena, but these obviously do result in periods, such as the one that has just passed, of intensive activity and it would be quite wrong not to thank those staff who went to the assistance of underwriters for their exceptional efforts in extremely difficult circumstances.

The business is becoming increasingly integrated and it remains your Board's intention to do all that is necessary to ensure that efficiencies are maximised and that every effort is made to ensure that our adjusters in the front line are supported by an appropriate structure. I expect this division to continue its strong contribution to group results.

### Energy – 41% of Services Revenue.

Our adjusters have been very busy, both in relation to hurricane-related work and elsewhere with particularly creditable results being produced in Perth, Western Australia and Mexico. In London, management resources have been increased. The acquisition of MGI, located in Toronto, was completed at the end of June and will enhance further our substantial operations in North America.

### Aviation – 26% of Services Revenue

I commented this time last year on the low level of activity within the Aviation business. Activity levels during the first half of 2006, by contrast, have been high and we expect these to continue into the second half. We are recruiting new surveyors to meet extra demand from an expanding client base. We have transferred additional resources to our Singapore office and are well placed to take advantage of the continuing growth in the Asian aviation business.

### Marine – 23% of Services Revenue

This business, which encompasses the global Hull Adjusting business, has benefited from a relatively high level of demand for its traditional services as well as hurricane related work from the Gulf of Mexico.

### Non-Marine – 10% of Services Revenue

Operating in an extremely competitive environment, this business has continued to build on the strong performance achieved in the second half of 2005, and the decision to expand its Miami operations has been vindicated by an outstanding first half contribution.

### Run Off Services & Insurance Companies

The existing businesses within our Run-off Services division have performed as expected. They have integrated well with other CTC operations and have also begun to reveal the potential for synergies and business opportunities not originally envisaged, both within the UK and overseas. One acquisition of a closed life insurance company has been completed and our activities in the Isle of Man were supplemented by two transactions which leave us as the largest service provider on the island and well-placed to develop the business further.

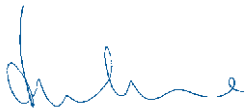
The results of closed Life and Non-Life insurance companies have not been material to the group's earnings in this reporting period. The disposal of a minority interest in Bestpark International Limited, a post balance sheet event, is designed to maximise the value which exists in the company's tax losses, but which was not expected to be realised fully by tax relief within the CTC group alone. Dividends paid by LCL International Life amounting to £4.8m have enabled repayment of bank borrowings ahead of schedule.

The insurance environment in which we are operating continues to be favourable to this division, with 2005 hurricanes having caused a number of weakly capitalised businesses to cease underwriting and other groups to dispose of certain insurance books, thereby releasing capital to be re-deployed in a still hard insurance market. The EU Reinsurance Directive 2005 raises issues which are expected to cause a number of reinsurers to re-examine their business plans, future profitability and solvency. The acquisition of further insurance companies in run-off remains a central objective and discussions with potential vendors are a routine part of business operations.

#### **Outlook and Current Trading**

Trading continues to be in line with our expectations, and, as stated above, the company is well placed to continue its growth through a combination of the identification and exploitation of new business opportunities and, through developing and enhancing its reputation for the provision of high-quality advice and management services. The group's activities throughout the world relate to insurance services in general and we see no decline in demand for these.

Whilst there is always room for improvement, it is the creativity, professionalism, and attention to the clients' needs which mark out our employees, and our thanks are due to them for their efforts.



**John Rowe**  
Chairman

22 September 2006

## Consolidated Income Statement

For the six months ended 30 June 2006

	Note	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
<b>Continuing operations</b>				
Revenue		35,867	31,874	67,330
Revenue from insurance contracts acquired		4,140	–	592
Outward reinsurance premiums		(1,402)	–	(242)
Net revenue from insurance contracts acquired		2,738	–	350
Total revenue		38,605	31,874	67,680
Claims from insurance contracts acquired		(21,776)	–	(1,603)
Reinsurance recoveries		11,515	–	1,628
Expenses of managing insurance companies		(3,608)	–	(314)
Investment and other income from insurance activities		10,936	–	564
Net expenses and other income from insurance contracts acquired		(2,933)	–	275
Administrative expenses		(28,708)	(27,078)	(56,812)
Share of results of associates		111	19	139
Share of results of joint ventures		132	28	97
(Loss)/profit from insurance contracts acquired		(195)	–	625
Profit from service businesses and other activities		7,402	4,843	10,754
<b>Total profit from operations</b>		7,207	4,843	11,379
Investment and other income from non-insurance activities		551	333	580
Finance costs		(1,562)	(686)	(1,534)
<b>Profit before tax</b>		6,196	4,490	10,425
Income tax expense	3	(374)	(529)	(398)
<b>Profit for the period from continuing operations</b>		5,822	3,961	10,027
Attributable to:				
Equity holders of the parent		5,755	3,894	9,915
Minority interest		67	67	112
Dividends paid	4	(2,356)	(1,948)	(3,371)
<b>Retained profit</b>		3,466	2,013	6,656
<b>Earnings per share from continuing operations</b>				
Basic (p)	5	14.85	10.84	27.45
Diluted (p)	5	14.75	10.82	27.27

## Consolidated Statement of Recognised Income and Expense

Six months to 30 June 2006

		Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
Unrealised (losses)/gains on available for sale investments	Note	(1,036)	–	372
Exchange differences on translation of foreign operations		(300)	170	766
Actuarial gains/(losses) on defined benefit pension schemes	10	7,337	(435)	1,437
Tax on items taken directly to equity		<u>(2,201)</u>	130	<u>(431)</u>
Net income/(expense) recognised directly in equity		<u>3,800</u>	<u>(135)</u>	<u>2,144</u>
Profit for the period		<u>3,466</u>	<u>2,013</u>	<u>6,656</u>
<b>Total recognised income and expense for the period</b>		<u>7,266</u>	<u>1,878</u>	<u>8,800</u>
Attributable to:				
Equity holders of the parent		7,199	1,811	8,688
Minority interests		67	67	112
		<u>7,266</u>	<u>1,878</u>	<u>8,800</u>

## Consolidated Balance Sheet

At 30 June 2006

	Note	30 June 2006 £000	30 June 2005 £000	31 December 2005 £000
<b>Non-current assets</b>				
Goodwill	13	41,120	18,077	39,047
Intangible assets		11,723	–	13,567
Property, plant and equipment		4,166	3,235	4,392
Interests in associates		951	746	883
Interests in joint ventures		599	471	517
Investments		31	31	31
Deferred tax assets		5,396	8,061	7,652
		<u>63,986</u>	<u>30,621</u>	<u>66,089</u>
<b>Current assets</b>				
Investments at fair value through income				
– Life insurance contracts		35,837	–	39,061
– Investment contracts assets held to back unit-linked liabilities		202,538	–	230,136
Investments available for sale				
– Non-life insurance contracts		52,508	–	63,626
Amounts receivable under reinsurance contracts		25,415	–	32,997
Cash and cash equivalents in insurance businesses		23,879	–	30,571
Other assets in insurance businesses		8,879	–	9,401
Total assets in insurance businesses		<u>349,056</u>	<u>–</u>	<u>405,792</u>
Trade and other receivables		49,714	42,083	46,764
Cash and cash equivalents		24,417	21,403	31,828
		<u>74,131</u>	<u>63,486</u>	<u>78,592</u>
<b>Total assets</b>		<u>487,173</u>	<u>94,107</u>	<u>550,473</u>
<b>Current liabilities</b>				
Insurance technical balances				
– Life insurance contracts		35,837	–	39,061
– Non-life insurance contracts		88,949	–	105,996
Investment contracts unit-linked liabilities		202,538	–	230,136
Other liabilities in insurance businesses		10,383	–	15,890
Total liabilities in insurance businesses		<u>337,707</u>	<u>–</u>	<u>391,083</u>
Trade and other payables		21,210	12,460	23,263
Tax liabilities		186	626	888
Obligations under finance leases		115	109	115
Bank overdrafts and loans	6	19,201	15,372	17,718
Client funds		17,473	17,443	25,100
		<u>58,185</u>	<u>46,010</u>	<u>67,084</u>
Net assets in insurance businesses		<u>11,349</u>	<u>–</u>	<u>14,709</u>
<b>Net current assets – other</b>		<u>15,946</u>	<u>17,476</u>	<u>11,508</u>
<b>Non-current liabilities</b>				
Bank loans	6	29,550	9,777	33,385
Retirement benefit obligation	10	16,592	26,227	24,159
Provisions		4,812	264	4,229
Obligations under finance leases		176	227	206
Deferred consideration – LCL acquisition		5,234	–	7,369
		<u>56,364</u>	<u>36,495</u>	<u>69,348</u>
<b>Total liabilities</b>		<u>452,256</u>	<u>82,505</u>	<u>527,515</u>
<b>Net assets</b>		<u>34,917</u>	<u>11,602</u>	<u>22,958</u>

## Consolidated Balance Sheet (continued)

At 30 June 2006

		30 June 2006 £000	30 June 2005 £000	31 December 2005 £000
<b>Equity</b>				
Share capital	7	397	364	384
Share premium account		28,701	19,593	24,979
Merger reserve		6,872	6,872	6,872
Capital reserve		662	662	662
Own shares		(238)	(1,515)	(1,501)
Retained earnings		<u>(1,692)</u>	<u>(14,491)</u>	<u>(8,731)</u>
Equity attributable to equity holders of the parent		34,702	11,485	22,665
Minority interest		215	117	293
<b>Total equity</b>		<u>34,917</u>	<u>11,602</u>	<u>22,958</u>

## Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	Note	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
<b>Net cash from operating activities</b>	8	(8,879)	2,271	14,628
<b>Investing activities</b>				
Interest received		325	113	317
Dividends from insurance companies		4,810	–	–
Proceeds on disposal of property, plant and equipment		92	73	115
Purchases of property, plant and equipment		(521)	(418)	(976)
Purchases of investments		(77)	–	(9)
Proceeds from sale of investments		1,339	232	232
Acquisition of subsidiaries		(345)	(4,400)	(27,887)
Net cash acquired with subsidiary		–	–	2,032
<b>Net cash from/(used in) investing activities</b>		<u>5,623</u>	<u>(4,400)</u>	<u>(26,176)</u>
<b>Financing activities</b>				
Proceeds from issue of shares		258	88	494
Dividends paid		(2,356)	(1,948)	(3,371)
Repayments of borrowings		(6,945)	(2,263)	(4,093)
Repayments of obligations under finance leases		(66)	(58)	(140)
New bank loans raised		–	3,400	30,706
Increase/(decrease) in bank overdrafts		4,948	388	(4,065)
<b>Net cash (used in)/from financing activities</b>		<u>(4,161)</u>	<u>(393)</u>	<u>19,531</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(7,417)</u>	<u>(2,522)</u>	<u>7,983</u>
<b>Cash and cash equivalents at beginning of period</b>		<u>31,828</u>	<u>24,222</u>	<u>24,222</u>
Effect of foreign exchange rate changes		6	(297)	(377)
<b>Cash and cash equivalents at end of period</b>		<u>24,417</u>	<u>21,403</u>	<u>31,828</u>

## Notes to the Interim Financial Information

For the six months ended 30 June 2006

### 1. Basis of preparation

The interim financial information on pages 1-12 was approved by the board on 22 September 2006. The group results for the six month periods to 30 June 2006 and 30 June 2005 are unaudited, but have been reviewed by Deloitte & Touche LLP whose report is presented on page 13. The interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies applied are consistent with those used in the statutory accounts for the year ended 31 December 2005.

The financial information for the year ended 31 December 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on these accounts was not qualified and did not contain statements under s237(2) or (3) of the companies Act 1985.

The interim financial information has been prepared in accordance with applicable International Financial Reporting Standards (IFRS). The same accounting policies have been followed as set out in the statutory accounts for the year ended 31 December 2005.

The company has acquired a number of insurance companies. The assets of the insurance companies are held for the benefit of the policyholders in the first instance and the group's interest is restricted to income from managing these businesses and a share in any surplus after deferred consideration payments to the former owners. Consequently, although fully consolidated, the assets and liabilities relating to insurance companies are separately identified in these accounts.

Similarly, the income and expense items relating to insurance contracts are grouped together in the consolidated income statement because most are related, for example claims and related insurance recoveries and to distinguish them from the group's main activities.

### 2. Segmental information

For management purposes, the group is currently organised into three operating divisions – CTC Management, CTC Services and CTC Run-off Services.

Principal activities are as follows:

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

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

CTC Run-off Services – insurance company acquisition and run-off services. The results of the insurance companies have been shown separately in the segmental information. Segmental information about these businesses is presented below:

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
<b>Revenue</b>			
Management	16,703	15,231	32,981
Services	17,851	16,643	34,196
Run-off Services	3,368	–	647
Insurance companies – life and non-life	2,738	–	350
Eliminations	(2,055)	–	(494)
Consolidated	<u>38,605</u>	<u>31,874</u>	<u>67,680</u>
	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
<b>Result</b>			
Management	3,337	2,913	6,285
Services	3,206	2,246	4,644
Run-off services	514	–	106
Insurance companies – life and non-life	(195)	–	625
Consolidated	<u>6,862</u>	<u>5,159</u>	<u>11,660</u>
Unallocated foreign exchange	102	(363)	(517)
Share of results of associates and joint ventures	243	47	236
Profit from operations	<u>7,207</u>	<u>4,843</u>	<u>11,379</u>
Investment income	551	333	580
Finance costs	(1,562)	(686)	(1,534)
Profit before tax	<u>6,196</u>	<u>4,490</u>	<u>10,425</u>
Tax	(374)	(529)	(398)
Profit after tax	<u>5,822</u>	<u>3,961</u>	<u>10,027</u>

Associates and joint ventures would be included in the Services segment but for the requirement to show their result separately where the equity method of accounting has been adopted which is the case in these accounts.

## Notes to the Interim Financial Information (continued)

For the six months ended 30 June 2006

### 2. Segmental information (continued)

Segmental information on a geographical basis is shown below:

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000	Year to 31 December 2005 £000
<b>Revenue</b>			
United Kingdom	12,401	10,626	21,971
Other Europe	3,163	891	2,413
North America	5,592	4,254	8,990
Asia Pacific	4,012	3,741	8,286
Bermuda	13,437	12,362	26,020
Consolidated	<u>38,605</u>	<u>31,874</u>	<u>67,680</u>

### 3. Income tax expense

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000
Current tax:		
UK corporation tax	–	368
Foreign tax	312	218
	<u>312</u>	<u>586</u>
Deferred tax:		
Current year	62	(57)
	<u>374</u>	<u>529</u>

Corporation tax for the interim period is charged at 6.0% (2005: 11.8%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

UK corporation tax for the period is shown as nil given the tax losses acquired with the LCL group of companies and pending completion of the initial accounting for the LCL acquisition and finalisation of the fair values of the assets and liabilities acquired.

### 4. Dividends paid

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2005 of 6.04p (2004: 5.42p) per share	2,356	1,948
Proposed interim dividend for the six months ended 30 June 2006 of 4.36p (2005: 3.96p) per share	<u>1,726</u>	<u>1,421</u>

The proposed interim dividend was approved by the Board on 22 September 2006 and, in accordance with IFRS, has not been included as a liability as at 30 June 2006.

### 5. Earnings per share from continuing operations

Earnings per share have been calculated by dividing the profit from continuing operations after taxation and minority interests for each period by the weighted average number of shares in issue. The shares held in the ESOP have been excluded from the calculation because the trustees have waived the right to dividends on these shares.

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

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	5,755	3,894
	<u>Number</u>	<u>Number</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	38,768,261	35,912,234
Effect of dilutive potential ordinary shares:		
Share options	256,750	74,494
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>39,025,011</u>	<u>35,986,728</u>

## 6. Bank overdrafts and loans

Loans raised during the period amounted to £nil (To 30 June 2005: £3,400,000, Full year 2005 £30,706,000) and repayments on loans amounted to £6,925,000 (To 30 June 2005: £2,263,000, Full year 2005 £4,093,000).

## 7. Share capital

1,222,591 ordinary 1p shares were issued during the period (To 30 June 2005: 41,329, Full year 2005 2,085,983). The consideration above 1p per share is reflected in the share premium account and amounts to £3,723,000 (To 30 June 2005: £88,000, Full year 2005 £5,474,000). 1,119,385 shares were issued in exchange for shares in subsidiaries acquired during the period for consideration of £3,468,000. 103,206 shares were issued during the year for cash amounting to £267,000.

## 8. Notes to the cash flow statement

	Six months to 30 June 2006 £000	Six months to 30 June 2005 £000
Profit from service businesses and other activities	7,402	4,843
Adjustments for:		
Depreciation of property, plant and equipment	686	394
Increase in provisions	344	94
Share of results of associates and joint ventures	(243)	(47)
Operating cash flows before movements in working capital	8,189	5,284
Increase in receivables	(2,751)	(2,514)
(Decrease)/increase in payables	(4,118)	1,822
Decrease in client funds	(7,627)	(713)
Cash (used in)/generated by operations	(6,307)	3,879
Income taxes paid	(1,020)	(929)
Interest paid	(1,552)	(679)
Net cash (used in)/from operating activities	(8,879)	2,271

Additions to motor vehicles during the period amounting to £40,000 (To 30 June 2005: £104,000, Full year 2005 £148,000) were financed by new finance leases.

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less. Cash and cash equivalents held within insurance companies is shown separately on the balance sheet as part of assets in insurance businesses and is not generally available for use by the group. The cashflow statement excludes the cashflows within the group's insurance companies.

Cash includes client funds of £17,473,000 (30 June 2005: £17,443,000, 31 December 2005 £25,100,000).

## 9. Net interest bearing liabilities

	30 June 2006 £000	30 June 2005 £000	31 December 2005 £000
Cash and cash equivalents	24,417	21,403	31,828
Bank overdrafts and current loans	(19,201)	(15,372)	(17,718)
Non-current bank loans	(29,550)	(9,777)	(33,385)
Loan stock	(78)	(104)	(98)
Finance leases	(291)	(336)	(321)
	(24,703)	(4,186)	(19,694)
Client monies	(17,473)	(17,443)	(25,100)
	(42,176)	(21,629)	(44,794)

## Notes to the Interim Financial Information (continued)

For the six months ended 30 June 2006

### 10. Pensions

The group contributes to a number of defined benefit pension schemes on behalf of employees. The present value of the retirement benefit obligation at the 30 June interim reporting date has been arrived at by recalculating the 31 December 2005 liabilities using the financial assumptions at 30 June 2006 and rolling forward the liability to 30 June 2006 allowing for interest and benefit accrual. The value of plan assets represents the bid value of invested assets at 30 June 2006 plus cash balances held.

The reduction in the retirement benefit obligation during the period from £24,159,000 to £16,592,000 is principally the result of an increase in the discount rate used to calculate scheme liabilities from 4.9% at 31 December 2005 to 5.4% at 30 June 2006 and a decrease in the salary growth assumption from 4.3% at 31 December 2005 to 3.0% at 30 June 2006.

The effect of these changes in assumptions is reflected in the Consolidated Statement of Recognised Income and Expense. Other movements in the retirement benefit obligation arise from the difference between amounts recognised in the Consolidated Income Statement and contributions made to and benefits paid by the schemes.

### 11. Related party transactions

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

### 12. Post balance sheet event

After the interim balance sheet date the group disposed of 49.99% of the ordinary shares held in Bestpark International Limited ("Bestpark"). The group retains ownership of the remaining 50.01% of Bestpark's ordinary shares. Bestpark will receive a payment from the purchasing group where the purchasing group is able to utilise Bestpark's accumulated tax losses and Bestpark is able to surrender these losses over the period to 31 December 2007. Since the amounts payable by the purchasing group depend on its profits chargeable to corporation tax and these are outside the group's control, it is not possible to assess their value with any certainty.

### 13. Acquisition of subsidiaries

The group acquired MGI Loss Adjusters Inc during the period for a total consideration of up to £2,195,000 satisfied by the issue of 405,603 shares in Charles Taylor Consulting plc and up to £644,000 in cash. Goodwill arising on the transaction has provisionally been determined at £2,025,000.

A number of other small acquisitions were made during the period, details of which are not given here as they are not material to the group.

The group is continuing to review the fair value of the net assets acquired with the LCL group of companies on 1 December 2005. Any adjustments deemed necessary will be made by 1 December 2006 with a corresponding adjustment to goodwill.

The group tests goodwill for impairment annually and for new acquisitions in the year of acquisition, or more frequently if there are indications that goodwill might be impaired. There are no accumulated impairment losses.

The reduction in deferred consideration payable to the former owners of the LCL group of companies is a result of payments made during the period amounting to £1,935,000 and other movements of £200,000.

This Interim Report contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; the actions of competitors and other factors.

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprise the Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Balance Sheet, the Consolidated Cash Flow Statement and related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

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

## Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) 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 2006.



Deloitte & Touche LLP  
Chartered Accountants  
London  
22 September 2006

## Notes

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

