

Robotic Technology Systems PLC

Interim Results

for the Six Months ended 30 June 2004

Interim Results for the
Six Months ended 30 June 2004

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Interim Results for the Six Months ended 30 June 2004

Chairman's Statement

Overview

The disposal of RTS Wright, completed in the period, has enabled us to concentrate on the long term growth of our UK-based activities and in the first half of 2004 we have continued to develop and strengthen our market position across all three business groups.

Nuclear Solutions, operating as one of three Multi-Disciplined Design Houses ("MDDH") to BNFL, has substantially expanded its activities at its Sellafield plant as well as winning further new orders, following our recent market entry, in the nuclear power station market.

As anticipated, our Life Science business in larger sample stores for drug discovery slowed in the first half as a consequence of the fundamental changes in the storage market. While we do not expect any upturn during the remainder of this year, we are confident in the medium and long term potential for this business. This month we have successfully launched our new 'SmaRTStore™' product for the mid-range drug discovery storage market to address these market changes.

Our recently established Flexible Systems division has performed well with a substantial increase in order input during the first half of the year.

The reporting of overall group performance is distorted by the loss on discontinued activities, particularly in relation to RTS Wright. However, Continuing Operations reported strong profitable growth with turnover, operating margins, cash flow and profits well ahead of the comparative period.

I am pleased to welcome Craig Slater to the board and to the company. Craig joined us on 9th August as Group Finance Director and I am sure that he will make a significant contribution to the Group.

Financial Review

Group turnover for the six months to 30 June 2004, including almost four months of trading from RTS Wright in the United States prior to its successful disposal on 23 April 2004, was £25.0m compared to £28.5m in the previous year.

Continuing Operations, however, performed very strongly in the first half with turnover up by nearly 40% from £13.1m to £18.3m. This reflected particularly good growth in the Nuclear Solutions and Flexible Systems businesses where, in each case, turnover doubled in comparison with the previous year. As expected, Life Science's turnover reduced from the unusually high level seen in 2003.

Gross margins for the Continuing Operations in the first half reduced to 25.5% reflecting the change in sales mix within the ongoing businesses. However the increased turnover resulted in a substantial improvement in operating margins from 2.3% to 6.3%.

Operating profit in the Continuing Operations amounted to £1.2m compared with £0.3m in 2003. All three businesses performed well with our relatively new Flexible Systems group moving into consistent profitability. Profit after tax on Continuing Operations for the first half of 2004 was £0.9m compared to £0.4m in 2003 producing an adjusted basic earnings per share of 1.60p against a prior year adjusted earnings per share of 0.72p.

The trade and certain assets and liabilities of RTS Wright were disposed of in the period. The loss on ordinary activities before interest and taxation from Discontinued Operations was £7.0m and included an estimated loss, after making provision for remaining costs of disposal, of £2.4m arising principally from the sale of RTS Wright. As a result the Group loss before tax for the first half of 2004 was £6.0m compared with a loss of £2.9m in 2003. This translated into a basic loss per share of 10.04p against a loss per share of 4.79p in the previous year. No interim dividend is proposed.

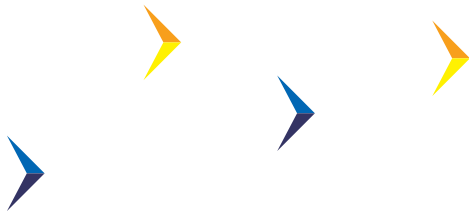


Chairman's Statement

Financial Review Continued

The Group's balance sheet remains strong with net debt virtually eliminated at just £0.1m compared to a net debt position of £7.1m as at 30 June 2003. This position is expected to improve further once the disposal of the retained US freehold properties is completed.

We have taken action to restore the Group's distributable reserves and the cancellation of the share premium account was approved at an Extraordinary General Meeting on 1 September 2004. This process, which requires court approval, is planned to be completed by the end of September and will give the Board an opportunity to consider the payment of future dividends.



Operational Review

RTS Nuclear Solutions has exceeded expectations for the period. Together with the members of the Deltac Alliance, a consortium of four companies led by RTS, it successfully completed the Multi-Disciplined Design House (MDDH) trial for British Nuclear Fuels which we reported at this time last year. Our Nuclear business has continued to expand as BNFL responds to the need to accelerate the decommissioning of nuclear liabilities. During the period we also continued our penetration into the decommissioning of Nuclear Power Stations. We previously reported our first business win in 2003 from Berkeley Power Station and the period has seen our first order from Hinkley Point and follow-on business from both these stations. Nuclear Solutions now has a headcount of approaching 300 at Irlam in Manchester and our Sellafield office.

Flexible Systems is our smallest but most rapidly growing business group specialising in advanced robotic solutions based upon RTS technology. This group also performed well and turnover has doubled in comparison with the prior period. We have continued the development of our Vision Integration Platform™ software technology for robot vision and our Pixcell™ software for high speed flexible product picking and packaging which now give us clear technical advantages in the food industry, our primary target market. Flexible Systems has excellent prospects and the capability to perform ahead of expectations for the year.

RTS Life Science business group supplies automated sample storage and testing facilities to the pharmaceutical industry for drug discovery and other specialised applications. The markets both for automated compound storage and retrieval systems and for robot cells for high throughput sample testing are changing as anticipated. The emphasis in the market is turning towards sample storage at ultra low temperatures such as -80°C for long term and secure storage of biological samples, reducing the effect of freeze/thaw cycles on stored compounds, and from large centralised stores to smaller, flexible, distributed facilities. To meet these challenges RTS is developing product offerings and is working towards a more product oriented business supplying both our existing customers and a wider market place with lower cost, highly flexible stores. We are particularly excited about SmaRTStore™, our new modular store which has now been launched and has been well received at one of the industry's premier events in the United



Chairman's Statement

Operational *Review Continued*

States. SmaRTStore™ has a 'best of breed' specification and will act as either a distributed facility within an existing storage system or as a highly flexible automated sample storage facility for companies with smaller requirements. Multiple SmaRTStore™ units can be connected to increase capacity and can be close-coupled to a range of proprietary automated sample preparation and testing equipment.

Products of this specification and flexibility will enable RTS to sell to a wider market and to broaden our territorial reach. In this transitional period there are fewer opportunities for the larger stores we are currently supplying which will result in reduced sales volume in Life Science in the short term as the market develops and our new products are delivered. During the period, Life Science has encountered some increased project costs as a result of two technical issues which have now been resolved but which will have a non-recurring impact on profits this year.

Outlook

The Group's order book currently stands at approximately £22m, an increase from the year-end level of £20m, with particularly strong orders and good prospects for Nuclear Solutions and Flexible Systems. Further significant growth is anticipated from both of these business groups.

The Life Science group has significant opportunities as a result of the changes in the market targeted by the launch of SmaRTStore™ and these are expected to mature in the medium term. We have seen a slowdown in the placement of orders in the Life Science business in line with the changes in the market place and this, together with the project costs mentioned above, leads us to continue to take a relatively cautious view of the second half of 2004.


We continue to believe that our businesses are operating in markets with substantial medium and long term growth potential and we are well placed, given the Group's expertise and increased financial strength, to take advantage of these opportunities.

Chris Brown

Chairman


22 September 2004



 Interim Results for the
Six Months ended 30 June 2004

Group Profit and Loss Account


	Notes	6 months ended 30/06/04			6 months ended	12 months ended
		Continuing operations	Discontinued operations	Total	30/06/03	31/12/03
		(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Unaudited) £'000	(Audited) £'000
Turnover	2, 3	18,310	6,690	25,000	28,478	61,139
Cost of sales		(13,646)	(7,464)	(21,110)	(20,681)	(44,594)
Gross profit		<u>4,664</u>	<u>(774)</u>	<u>3,890</u>	<u>7,797</u>	<u>16,545</u>
Distribution costs and administrative expenses		(3,628)	(3,873)	(7,501)	(10,546)	(45,862)
Operating profit/(loss) before exceptional charges and other operating income		1,036	(4,647)	(3,611)	(2,459)	(4,417)
Exceptional administrative expenses included in administrative expenses above:	3	-	-	-	(290)	(24,900)
Operating profit/(loss) before other operating income		1,036	(4,647)	(3,611)	(2,749)	(29,317)
Other operating income		122	-	122	70	347
Operating profit/(loss)	3	<u>1,158</u>	<u>(4,647)</u>	<u>(3,489)</u>	<u>(2,679)</u>	<u>(28,970)</u>
Profit/(loss) on disposal of properties		-	57	57	-	(334)
(Loss)/profit on termination of business segments		-	(2,428)	(2,428)	-	192
Profit/(loss) on ordinary activities before interest and taxation		<u>1,158</u>	<u>(7,018)</u>	<u>(5,860)</u>	<u>(2,679)</u>	<u>(29,112)</u>
Interest receivable				145	3	17
Interest payable				(286)	(251)	(493)
				<u>(141)</u>	<u>(248)</u>	<u>(476)</u>
Loss on ordinary activities before taxation				<u>(6,001)</u>	<u>(2,927)</u>	<u>(29,588)</u>
Taxation on loss on ordinary activities				(171)	-	(16)
Loss on ordinary activities after taxation				<u>(6,172)</u>	<u>(2,927)</u>	<u>(29,604)</u>
Equity minority interests				30	(3)	(5)
Loss on ordinary activities after taxation transferred to reserves	5			<u>(6,142)</u>	<u>(2,930)</u>	<u>(29,609)</u>
Loss per share						
Basic loss per share	4			<u>(10.04)p</u>	<u>(4.79)p</u>	<u>(48.44)p</u>
Fully diluted loss per share	4			<u>(10.04)p</u>	<u>(4.79)p</u>	<u>(48.44)p</u>
Adjusted basic loss per share before amortisation of acquisition goodwill and before exceptional items	4			<u>1.60p</u>	<u>0.72p</u>	<u>3.65p</u>

 Interim Results for the
Six Months ended 30 June 2004

Group Balance Sheet at 30 June 2004

	Notes	At 30/06/04 (Unaudited) £'000	At 30/06/03 (Unaudited) £'000	At 31/12/03 (Audited) £'000
Fixed Assets				
Intangibles		4,052	20,535	3,782
Tangibles		9,164	26,594	13,609
Investments		-	35	30
		<u>13,216</u>	<u>47,164</u>	<u>17,421</u>
Current assets				
Stocks and work in progress		4,378	13,605	11,458
Debtors: amounts falling due within one year		9,619	10,567	13,277
Debtors: amounts falling due in more than one year		4,286	-	-
Investments		-	2,214	-
Cash at bank and in hand		3,501	876	2,651
		<u>21,784</u>	<u>27,262</u>	<u>27,386</u>
Creditors: amounts falling due within one year		(13,998)	(14,968)	(17,213)
Net current assets		<u>7,786</u>	<u>12,294</u>	<u>10,173</u>
Total assets less current liabilities		<u>21,002</u>	<u>59,458</u>	<u>27,594</u>
Creditors: amounts falling due after more than one year		(1,776)	(5,443)	(2,171)
Provisions for liabilities and charges		-	(748)	-
Net assets		<u>19,226</u>	<u>53,267</u>	<u>25,423</u>
Capital and reserves				
Called up share capital	5	612	611	612
Share premium account	5	74,513	74,497	74,500
Other reserves	5	777	757	762
Profit and loss account	5	(56,692)	(22,637)	(50,496)
Equity shareholders' funds		<u>19,210</u>	<u>53,228</u>	<u>25,378</u>
Equity minority interest		16	39	45
		<u>19,226</u>	<u>53,267</u>	<u>25,423</u>
Net Debt At 30 June 2004		<u>(95)</u>	<u>(7,074)</u>	<u>(330)</u>




 Interim Results for the
Six Months ended 30 June 2004

Consolidated Cash Flow Statement

	Notes	6 months ended 30/06/04 (Unaudited) £'000	6 months ended 30/06/03 (Unaudited) £'000	12 months ended 31/12/03 (Audited) £'000
Net cash (outflow)/inflow from operating activities	6	(195)	(399)	2,335
Returns on investments and servicing of finance	7	(107)	(221)	(476)
Taxation		25	(246)	(131)
Capital expenditure and financial investment	7	(454)	(325)	3,816
Acquisitions and disposals	7	953	-	5
Cash inflow/(outflow) before management of liquid resources		222	(1,191)	5,549
Financing	7	1,616	(1,564)	(7,492)
Increase/(decrease) in cash in the period		1,838	(2,755)	(1,943)
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash in the period		1,838	(2,755)	(1,943)
Cash (inflow)/outflow from movement in debt		(1,603)	1,571	7,503
Movement in net funds resulting from cashflows in the period		235	(1,184)	5,560
Net debt at 1 January 2004		(330)	(5,890)	(5,890)
Net debt at 30 June 2004		(95)	(7,074)	(330)



 Interim Results for the
Six Months ended 30 June 2004

Group Statement of Total Recognised Gains and Losses

	6 month ended 30/06/04 (Unaudited) £'000	6 month Ended 30/06/03 (Unaudited) £'000	12 month Ended 31/12/03 (Audited) £'000
Loss for the financial period/year	(6,142)	(2,930)	(29,609)
Currency translation differences on foreign currency net investments	(54)	(552)	(1,732)
Total recognised losses for the period/year	<u>(6,196)</u>	<u>(3,482)</u>	<u>(31,341)</u>



Interim Results for the Six Months ended 30 June 2004

Notes to the Financial Information


1. Basis of Preparation

The interim results have been prepared using the accounting policies set out in the Group's Annual Report and Financial Statements for the year ended 31 December 2003. The figures for the year ended 31 December 2003 are abridged and have been extracted from the Annual Report and Financial Statements which have been filed with the Registrar of Companies. The auditors' report on those Financial Statements was unqualified and did not contain any statements under Section 237(2) or (3) of the Companies Act 1985. The financial information set out in this document does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985.

2. Turnover

Geographical destination:	6 months ended 30/06/04			6 months ended	12 months ended
	Continuing operations (Unaudited) £'000	Discontinuing operations (Unaudited) £'000	Total (Unaudited) £'000	30/06/03 (Audited) £'000	31/12/03 (Audited) £'000
United Kingdom	14,673	277	14,950	8,722	17,288
Other European Countries	1,652	60	1,712	1,337	4,612
North America	1,985	5,517	7,502	18,354	38,761
Rest of the World	-	836	836	65	478
Total turnover	18,310	6,690	25,000	28,478	61,139


Class of business:	6 months ended	6 months ended	12 months ended
	30/06/04 (Unaudited) £'000	30/06/03 (Unaudited) £'000	31/12/03 (Audited) £'000
Continuing operations			
Flexible Systems	1,527	719	2,092
Life Science	6,430	7,437	16,678
Nuclear Solutions	10,353	4,974	10,320
	18,310	13,130	29,090
Discontinued operations			
Assembly Systems	3,064	7,893	16,310
Build-to-Print	1,799	1,546	4,765
Flexible Systems	-	-	(638)
Life Science	66	728	1,263
Nuclear Solutions	623	1,833	2,949
Process Systems	307	584	1,748
Support Services	188	787	1,321
Tooling Systems	643	1,977	4,331
	6,690	15,348	32,049
Total turnover	25,000	28,478	61,139

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3. Continuing and Discontinued Activities

Prior period results for those activities shown as continuing and discontinued operations in 2004 were as follows:

	6 months ended 30/06/03 (Unaudited)			12 months ended 31/12/03 (Audited)		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	13,130	15,348	28,478	29,090	32,049	61,139
Cost of sales	(9,450)	(11,231)	(20,681)	(20,425)	(24,169)	(44,594)
Gross profit	<u>3,680</u>	<u>4,117</u>	<u>7,797</u>	<u>8,665</u>	<u>7,880</u>	<u>16,545</u>
Distribution costs and administrative expenses	(3,454)	(7,092)	(10,546)	(7,072)	(38,790)	(45,862)
Operating profit/(loss) before exceptional charges and other operating income	226	(2,685)	(2,459)	2,336	(6,753)	(4,417)
Exceptional administrative expenses included in administrative expenses above:						
Acquisition goodwill impairment	-	-	-	-	(15,612)	(15,612)
Impairment of intangible fixed assets	-	-	-	-	(734)	(734)
Impairment of tangible fixed assets	-	-	-	-	(7,521)	(7,521)
Loss on termination of lease	-	-	-	(306)	-	(306)
Restructuring costs	-	(290)	(290)	-	(290)	(290)
Provisions against current asset investments	-	-	-	(437)	-	(437)
Operating profit/(loss) before other operating income	226	(2,975)	(2,749)	1,593	(30,910)	(29,317)
Other operating income	70	-	70	183	164	347
Operating profit/(loss)	<u>296</u>	<u>(2,975)</u>	<u>(2,679)</u>	<u>1,776</u>	<u>(30,746)</u>	<u>(28,970)</u>
Loss on disposal of properties	-	-	-	(100)	(234)	(334)
Profit/(loss) on termination of business segments	-	-	-	-	192	192
Profit/(loss) on ordinary activities before interest and taxation	<u><u>296</u></u>	<u><u>(2,975)</u></u>	<u><u>(2,679)</u></u>	<u><u>1,676</u></u>	<u><u>(30,788)</u></u>	<u><u>(29,112)</u></u>



Interim Results for the Six Months ended 30 June 2004

4. Earnings Per Share


Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant period. The calculation of both basic and diluted earnings per share for the six months ended 30 June 2004 are based upon a loss after tax of £6,142,000 (30 June 2003: £2,930,000 loss after tax, 31 December 2003: £29,609,000 loss after tax). The weighted average number of shares used in the basic calculation is 61,204,541 (30 June 2003: 61,100,204; 31 December 2003: 61,120,791).

The calculation of diluted loss per ordinary share is identical to that used for the basic loss per ordinary share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of FRS 14.

Adjusted basic earnings per share has been calculated on adjusted basic earnings after tax below.

	6 months ended 30/06/04 (Unaudited) £'000	6 months ended 30/06/03 (Unaudited) £'000	12 months ended 31/12/03 (Audited) £'000
Loss after tax	(6,142)	(2,930)	(29,609)
Loss on discontinued activities before interest and taxation	7,018	2,975	30,788
Acquisition goodwill amortisation on continuing operations	103	104	208
Exceptional administrative expenses	-	290	743
Loss on disposal of properties	-	-	100
Adjusted basic earnings	<u>979</u>	<u>439</u>	<u>2,230</u>



 Interim Results for the
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5. Shareholders' Funds

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2004	612	74,500	762	(50,496)	25,378
Share scheme options exercised	-	13	-	-	13
UITF 17 share option charges	-	-	15	-	15
Exchange differences	-	-	-	(54)	(54)
Loss for the period	-	-	-	(6,142)	(6,142)
At 30 June 2004	<u>612</u>	<u>74,513</u>	<u>777</u>	<u>(56,692)</u>	<u>19,210</u>

6. Reconciliation of Operating Loss to Net Cashflow from Operating Activities

	6 months ended 30/06/04 (Unaudited) £'000	6 months ended 30/06/03 (Unaudited) £'000	12 months ended 31/12/03 (Audited) £'000
Operating loss	(3,489)	(2,679)	(28,970)
Depreciation and amortisation	904	1,938	28,614
Movement in provisions	-	(579)	(1,357)
Provision against investments and related receivables	30	-	437
Decrease in stocks and work in progress	2,615	1,901	3,649
Loss on disposal of investment	-	-	5
Loss on disposal of tangible fixed assets	31	16	25
Profit on disposal of current asset investments	-	(37)	(229)
(Increase)/decrease in debtors	(760)	2,071	(867)
Increase/(decrease) in creditors	459	(3,046)	957
Provisions in respect of share scheme	15	16	71
Net cash (outflow)/inflow from operating activities	<u>(195)</u>	<u>(399)</u>	<u>2,335</u>



 Interim Results for the
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7. Notes to the Cashflow Statement

	6 months ended 30/06/04 (Unaudited) £'000	6 months ended 30/06/03 (Unaudited) £'000	12 months ended 31/12/03 (Audited) £'000
Return on investments and servicing of finance			
Interest received	40	3	17
Interest paid	(147)	(224)	(493)
	<u>(107)</u>	<u>(221)</u>	<u>(476)</u>
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	(466)	-	(1,254)
Payments to acquire tangible fixed assets	(221)	(238)	(1,011)
Receipts from sale of intangible fixed assets	-	-	4,105
Receipts from sale of tangible fixed assets	233	-	-
Payments/(receipts) from current asset investments	-	(87)	1,976
	<u>(454)</u>	<u>(325)</u>	<u>3,816</u>
Acquisitions and disposals			
Sale of subsidiary undertakings	2,289	-	-
Costs on sale of subsidiary undertakings	(1,377)	-	-
Net debt disposed with subsidiary undertakings	41	-	5
	<u>953</u>	<u>-</u>	<u>5</u>
Financing			
Issue of share capital	13	7	11
Loan advances	2,208	(1,555)	1,463
Repayments	(605)	-	(8,951)
Capital element of finance leases	-	(16)	(15)
	<u>1,616</u>	<u>(1,564)</u>	<u>(7,492)</u>

Interim Results for the Six Months ended 30 June 2004

8. Disposal of Subsidiaries

On 8 January 2004 the Company disposed of the trade and assets of the Telecation business, a division of RTS Enabling Technology, LLC for £30,000.

On 23 March 2004 the Company disposed of the remaining trade and assets of RTS Enabling Technology, LLC for £17,000, of which £13,000 has been received after the period end.

On 31 March 2004 the Company disposed of its 90% shareholding in Advantage Personnel Services Limited for an initial consideration of £155,000. A further £135,000 was received in July 2004 on agreement of completion accounts.

On 23 April 2004 the Company disposed of the trade and certain assets and liabilities of RTS Wright Industries, LLC for initial proceeds of £2,100,000. In addition loan notes were received and accounted for at a discounted value of £4,300,000. Following agreement of completion accounts in September 2004, the total consideration received will be £5,700,000 assuming the earliest possible repayment of the loan notes.

Net assets disposed of:	RTS Enabling Technology, LLC (including Telecation) £'000	Advantage Personnel Services Limited £'000	RTS Wright Industries, LLC £'000	Total £'000
Tangible fixed assets	72	19	3,692	3,783
Stock	-	-	4,355	4,355
Debtors	-	412	4,133	4,545
Creditors	-	(166)	(5,358)	(5,524)
Net assets	72	265	6,822	7,159
Proceeds	47	290	5,706	6,043
	(25)	25	(1,116)	(1,116)
Provisions and costs related to disposal	(18)	(17)	(1,277)	(1,312)
	(43)	8	(2,393)	(2,428)

9. Contingent Liabilities

The Group is involved in an ongoing contract dispute with Tyden Seal Company, Inc. The matter is currently in litigation.

The Group has guaranteed certain receivables as part of the sale of the trade and assets of RTS Wright Industries, Inc.

The Group is involved in an ongoing contract dispute with Columbia Analytical Services, a privately owned company operating in the United States.

The directors believe that adequate provision has been made to cover any liabilities arising under each of these items.



Independent Review Report by KPMG Audit Plc to Robotic Technology Systems PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 8 to 17 and 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 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 we have 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 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 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 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 30 June 2004.

**KPMG Audit Plc, Chartered Accountants
St James' Square, Manchester M2 6DS**

Contact Information

Directors

C J Brown
P B Johnson
R C A Slater
J H G Heller
J C Mowinckel

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D J Webb FCIS

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