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REGAL PETROLEUM PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

Regal Petroleum plc ("Regal", "the Company" or "the Group"), the oil and gas exploration and production company, today announces its results for the six months ended 30 June 2005.

Operational highlights include:

Greece

- A period of industrial unrest has led to changed operational management arrangements being put in place. No further Regal cash injections to Greece are envisaged in the immediate term.
- Independent reserves auditors McDaniel's confirms Greece proved and probable reserves for Prinos, Prinos North and Epsilon of 22MMbbls.
- Completion of drilling of Kallirachi 2 well – discovery of hydrocarbons, yet poor permeability made the well uncommercial.
- Average production of 2,294 bopd during the period.
- Increased economic interest in Kavala Oil to 95%.

Ukraine

- Average production was 501 barrels of condensate and 5,648 thousand cubic feet of gas per day (total equivalent of 1,507 boepd) with 4 wells in production: MEX102, MEX3, GOL1 and GOL2.
- Operations remain cashflow positive and profitable during the period.
- Conclusion of independent audit of reserves by Ryder Scott is imminent.
- Peak Resources – discussions with Peak Resources are still "open", however the Board believes any likely outcome of these negotiations would not be in the best interest of shareholders.
- There is an on-going appeal process in Ukraine surrounding the distribution of the rights to property which were developed in the Joint Venture between the Company and Chernihivnaftogasgeology (CNGG). A value has been determined for these property rights by the Court, but this is currently being appealed by CNGG and the hearing is scheduled for Wednesday 5 October 2005. This legal process is not connected in any way to the Company's licence rights in Ukraine, which are not in question.

Romania

- Suceava Block: successful completion of exploration well SE-1 in April 2005 which produced dry gas (99.4% methane) on a stable flow rate of 1.2 million standard cubic feet per day at a depth of approximately 550 metres.
- Barlad Block: 200km new infill seismic shot in second quarter and licence ratified in the first quarter.

Egypt

- Proposal for initial exploration well accepted by the Government and the Company is currently pursuing potential farm-out opportunities.

Board appointments

- Dr Rex Gaisford CBE appointed Chief Executive Officer on 9 June 2005.
- Richard Hardman CBE appointed Exploration Director on 15 June 2005.
- Sir Peter Heap appointed Non-Executive Chairman on 15 June 2005.
- Resignation of Frank Timis as Chairman, Bill Humphries as Non-Executive Director and Christopher Green as Director of Exploration.

Financial highlights

- Turnover increased to $16.7m (30-Jun-04: $13.4m).
- Loss for the period of $21.7m (30-Jun-04: loss of $2.5m), with loss per share of 19.0 cents (30-Jun-04: loss per share of 2.3 cents).
- The loss includes write downs of $9.5 million resulting principally from the King Alexander Rig and foreign exchange losses of $7.8 million.
- Average production of 3,800 boepd during the period (30-Jun-04: 4,800 boepd).
- Placing of shares which raised £42.6 ($80.6) million net of expenses during the period.
- Net cash of $54.0m (30-Jun-04: $65.7m) at period end and net assets of $181.0m (30-Jun-04: $131.5m). At the date of this announcement the Company had net cash of approximately $42.0 million.

TRADING STATEMENT

Earnings for Second Half of 2005

The Directors of Regal Petroleum plc advised on 2 September 2005 that, due to lower than expected production of oil from their Greek operations, earnings for the second half of 2005 will be substantially lower than previously forecast.

The lower than expected production in Greece has been caused by a period of industrial unrest at the Kavala Oil site and disappointing results from the well work-over programme. The industrial unrest has been resolved and production will continue at a level necessary to support on-going costs. However, as reported below the well workover program is suspended whilst its economic value is being re-assessed. Similarly, no exploration or development capital expenditure is currently contemplated on these licences in the near term.

Peak Resources

The Company advises that it is continuing discussions with Peak Resources Limited of Hong Kong ("Peak Resources") in connection with the possible sale of its subsidiary company which holds the Company's Ukraine assets. Whilst the discussion with Peak Resources could be described as "open" the Board believes these negotiations would not be in the best interest of the shareholders. The Company has never regarded a complete "sell out" of 100% of its assets in the Ukraine to be the right course of action and remains keen to pursue its original and preferred course of carrying out the full field development and production of this asset. The Company continues to receive legal advice and considers the option and any further extensions to be invalid and unenforceable.

Greece (working interest 95%)

Following recent industrial unrest the Company has agreed that the operational management of Kavala Oil SA, including the economics of operations, shall be undertaken by Greek local management, with the assistance of the unionised workforce with the aim of making the operation economic and successful. Regal's participation will continue as the majority shareholder of Kavala Oil SA.

The Kavala Oil SA Board has asserted that it will continue its production operations on the Prinos field as previously and without incurring operational losses. Regal is not intending to fund any well work-over programme at present, and will consider the economic viability of further investment in Kavala Oil SA including development of currently undeveloped but discovered oil, and pursuing exploration potential, once the economics of the operation under Greek local management have been assessed.

A positive relationship has been maintained with the Greek Government throughout this difficult period.

Average production in Greece for the first six months was 2,294 bopd and current production is approximately 1,900 bopd.

Reserves Report - Greece

Updated from 1 July 2005, auditors McDaniel & Associates Consultants Ltd ("McDaniel's") have now completed the scope of their audit for the Greece licence areas, which consist of the three fields: Prinos, Prinos North and Epsilon and the Directors are able to provide the following results:

Details of the McDaniel's report are summarised as follows:

Prinos Prinos North and Epsilon		Proven	Probable	Proven + Probable
Oil	MMbbls	7	15	22
Total	**MMbbls**	**7**	**15**	**22**

The Company believes that this report compares with the previously produced reserves estimate prepared by Troy Ikoda and published in June 2003. The results of the audit by Troy Ikoda were used in the 2004 Annual Report and Accounts reserves table and are summarised below. Between June 2003 and the issue of the McDaniel's report approximately 2MMbbl of production has occurred.

Prinos Prinos North and Epsilon		Proven	Probable	Proven + Probable
Oil	MMbbls	11	13	24
Total	**MMbbls**	**11**	**13**	**24**

Ukraine (working interest 100%)
The Ukraine "pilot production" operations continue to be profitable and generate positive cashflow for the Group.

The Company holds a 100% interest in two concession areas in Ukraine. These are 20 year production and development licences for the concessions which were awarded to Regal in June 2004. The liquidation of the Company's previous Joint Venture, with its partner ChernigivNaftoGazGeologiya (CNGG) is being determined by a court process in Ukraine. This court process was initiated by the Company and the Court has initially found in Regal's favour. This ruling has been appealed by CNGG and the hearing has been adjourned to Wednesday 5 October 2005.

Average production in Ukraine for the first six months was 5,648 thousand cubic feet of gas per day and 501 barrels per day of condensate, the current production in Ukraine is 5,500 thousand cubic feet of gas per day and 550 barrels per day of condensate from four wells on production: MEX102, MEX3, GOL1 and GOL2. Regal will continue to increase production by exploiting western oil technology and by performing well simulations on the MEX/GOL field.

Regal engaged the independent reserve auditors Ryder Scott Company, L.C. ("Ryder Scott") to estimate the remaining reserves in its Ukraine licence. On 1 July 2005 the Company announced that the 'B' reservoir had proved and probable reserves of 174 MMboe. Ryder Scott is completing the work on the 'T' reservoirs, as well as more accurately modelling the development plan around the currently producing wells. The Company has been advised that the work will be finalised in a few days as the progress of the report has been disrupted by the effect of Hurricane Rita on the operations of Ryder Scott.

Romania (working interest 100%)
Suceava Block
A full seismic interpretation of the Suceava Block has been carried out on 800km of 2D seismic shot in 2004 identifying a number of lead and prospect areas. The first commitment well (SE-1) was completed in the north-west of the Suceava block in April 2005 as a shallow biogenic gas discovery in

the Sarmatian interval. This well resulted in the discovery of dry gas (99.4% methane) on a stable flow rate of 1.2 million standard cubic feet per day at a depth of approximately 550 metres.

Following this discovery a second prospect was identified in the D lead area, along trend from the SE-1 well at a distance of 45km. A further 200km of 2D seismic was shot in second quarter of 2005 over the lead D area to further delineate this prospect. Regal's second commitment well is due to spud fourth quarter of 2005 to test this D prospect. This is planned to be a shallow well targeting Sarmatian plays and investigating Eocene and Cretaceous prospectivity. Surface geochemical analysis is being undertaken over the lead E area (SE-1 well locality) to aid investigation of further prospectivity in this area.

Barlad Block

Since ratification of the Barlad Block in January 2005 Regal has reprocessed a 1,000km grid of 1980's and 1990's vintage seismic and shot 200km new infill seismic in second quarter of 2005. The interpretation of this data to identify lead areas is currently underway and should be completed in the fourth quarter of 2005. Surface geochemical analysis is underway in the north of the block where no seismic data exists. The results of the seismic interpretation and surface geochemical analysis will aid positioning of 800km seismic to be acquired in 2006 as part of Regal's commitment on the block.

Egypt (working interest 100%)

The Company's preferred well location has been approved by the Egyptian General Petroleum Corporation, drilling materials have been purchased and the Company is currently co-operating with other operators to secure long-term use of a drilling rig. It is anticipated that drilling will commence toward the end of the first quarter of 2006. The dry hole cost of the well is expected to be less than $4 million.

In accordance with the Company's asset rationalisation policy, the Company is considering whether to reduce its working interest in its present acreage, and expand into further concessions.

Liberia (working interest 25%)

The Production Sharing Contracts for Blocks 8 and 9 were finalised and signed by the National Oil Company of Liberia in June 2005. The Production Sharing Contracts are now awaiting ratification by the Liberian Government.

Definitions:

MMcf	Millions of cubic feet
MMbbls	Millions of barrels
MMboe	Millions of barrels oil equivalent
Bopd	Barrels of oil per day
Boepd	Barrels of oil equivalent per day

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Attached Chairman's Statement

Consolidated Profit and Loss Account
Consolidated Balance Sheet
Consolidated Cash Flow Statement
Notes to the Accounts

CHAIRMAN'S STATEMENT

Dear Shareholder

The first half of 2005 saw a significant turning point in the affairs and management of Regal Petroleum plc. In the first months of the year considerable resources and management effort were focused on the drilling of the Kallirachi 2 well in the Company's licence area in Greece. During this period a successful share placing, in April, significantly increased the capital available to the Company. When in May the Kallirachi 2 well proved unsuccessful (a common enough experience in the oil industry, but in this case expectations had been raised to a high level) the Company's share price plummeted. It was clear that radical changes were urgently required for the Company to retain its equilibrium. Mr Frank Timis, the then CEO and Chairman of the Company, stepped down, as did other executive and Non-Executive directors. Mr Timis was replaced by Dr Rex Gaisford as CEO and by myself as Non-Executive Chairman, and other new directors and senior management were brought in, all experienced oil industry professionals. The new management team at once began the process of re-evaluating and planning the development of the Company's assets in Greece, the Ukraine, Romania, Egypt and Liberia. Progress and developments in these areas in the following months are summarised in the attached Trading Statement.

Notwithstanding the remaining commercial and industrial uncertainties associated with our operations in Greece and Ukraine which have absorbed an enormous and disproportionate amount of management time, the Company now looks ahead to a period of consolidation. Whereas production results in Greece have so far been disappointing, other areas continue to look promising, with drilling starting or continuing in the Ukraine, Romania and, next year, in Egypt. In all these areas the Company will explore the possibility of bringing in new partners to share risks and costs, as is normal practise in the oil industry. We will also be looking for new opportunities in other areas. The consolidation period is likely to last into 2006, after which we confidently expect to move forward with enhanced oil and gas production and greater profitability in our existing and possibly also new concession areas. The purported option of Peak Resources over our Ukraine assets remains unresolved, but the Board still believes these negotiations not to be in the best interests of shareholders.

Review of Results

The financial results for the six months ended 30 June 2005 are lower than our earlier expectations and reflect largely the problems encountered in Greece as described in the accompanying Trading Statement.

In April 2005 Regal successfully placed 11.5 million new ordinary shares and raised £42.6 ($80.6) million (net of expenses) to develop assets in Greece, Romania and Egypt.

Turnover for the six months was $16.7 million (30-Jun-04: $13.4 million) which is mainly attributable to oil sales in Greece and gas and condensate sales in Ukraine. During the first six months of 2005 the Group achieved an average daily production of 3,800 boepd at an average sales price of $28/boe.

The operating loss after minority interests for the six months was $21.7 million (30-Jun-04: $2.5 million). Included in this operating loss:

- In cost of sales is the write down of the King Alexander Rig of $7.8 million, as its value is not certain. Also included in cost of sales is increased depreciation in relation to Greece and Ukraine of $3.0 million; due to the write down of reserves in Greece earlier in the year and revised future capital expenditure plans for the Ukraine at year end.

- Included in Administration expenses are write offs, due to their uncertainty, of unrecoverable VAT in the Ukraine of $0.9 million, feasibility studies and consultancy fees connected with energy projects of $0.8 million and unrealised foreign exchange losses of $7.8 million.

As at 30 June 2005 the Group had no external borrowings. Total interest receivable for the six months was $0.5 million (30-Jun-04: $0.8 million) reflecting successful cash management for the period.

The net capital expenditure and financial investment outflow of $36.4 million (30-Jun-04: $22.8 million) represented the aggressive investment toward development and exploration, particularly in Greece.

Board appointments
On 1 May 2005 Dr Rex Gaisford CBE was appointed to the Regal Board of Directors as a Non-Executive Director and on 9 June 2005 Dr Gaisford was appointed Chief Executive Officer. Dr Gaisford is a qualified mechanical engineer with over 30 years experience in the oil and gas industry, where he specialised in large scale project development, operations and business development, including 12 years at Amerada Hess Corporation, where he was Executive Vice-President and Director before retiring in 2000, 3 years as Managing Director of Beatrice Resources Limited and 7 years as General Manager of Britoil PLC.

On 15 June 2005 I was appointed Non-Executive Chairman and Richard Hardman was appointed Exploration Director. I have worked as an adviser to numerous companies including HSBC Investment Bank, Amerada Hess plc and the BOC Group after a career in the Foreign Office. Richard Hardman is an renowned explorationist and one of the industry's foremost geologists with over 40 years industry experience with oil majors including 10 years at BP, 11 years at AMOCO, 3 years at Superior Oil and 18 years at Amerada Hess.

Outlook
During the second half of 2005 Regal will concentrate its exploration and development efforts in Romania and the Ukraine, and will be monitoring closely the performance of its subsidiary, Kavala Oil SA, in Greece. Exploration and development in the Ukraine will be subject to the resolution one way or the other of the approach from Peak Resources described in the attached Trading Statement; the Company recognises that the uncertainty that this approach has caused is delaying the proper development of its assets in the Ukraine, and is determined to see this matter resolved as rapidly as possible. The drilling of an exploratory well in Egypt, earlier forecast for later this year, is now likely to be delayed until 2006, because of the difficulty of obtaining a drilling rig.

With strong and experienced new management, a healthy cash balance, and good quality in-the-ground assets, the Company believes that it can look forward to the future with confidence.

Sir Peter Heap
Chairman

Regal Petroleum plc

Consolidated profit and loss account for the six months ended 30 June 2005

	Note	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) $000	Year ended 31-Dec-04 (audited) $000
Turnover	**2**	**16,743**	13,433	42,459
Cost of sales		**(21,044)**	(7,518)	(48,371)
Gross profit		**(4,301)**	5,915	(5,912)
Other income		**995**	41	3,386
Administrative expenses		**(18,117)**	(9,378)	(15,517)
Operating Loss		**(21,423)**	(3,422)	(18,043)
Interest receivable		**517**	840	1,244
Loss on sale of fixed assets – continuing operations		**(106)**	-	(36)
Interest payable and similar charges		**(144)**	(33)	(325)
Loss on ordinary activities before taxation		**(21,156)**	(2,615)	(17,160)
Tax on profit on ordinary activities		**(567)**	-	(884)
Minority interest		**-**	117	4,363
Loss for the financial period		**(21,723)**	(2,498)	(13,681)
Loss per ordinary share (cents)				
Basic	**3**	**(19.0¢)**	(2.3¢)	(12.4¢)
Diluted		**(19.0¢)**	(2.3¢)	(12.4¢)

All amounts for the six months ended 30 June 2005 and 2004 relate to continuing activities.

The notes on pages 13 to 15 form part of these interim accounts

Regal Petroleum plc

Consolidated balance sheet at 30 June 2005

	Note	30-Jun-05 (unaudited) $000	30-Jun-04 (unaudited) $000	31-Dec-04 (audited) $000
Fixed assets				
Intangible assets		**11,178**	2,754	6,183
Tangible assets		**108,877**	56,081	97,877
Investments		**431**	576	-
		120,486	59,411	104,060
Current assets				
Stocks		**20,669**	14,241	10,166
Debtors		**17,895**	10,171	14,919
Investments		**359**	3,000	3,342
Cash at bank and in hand		**54,016**	65,739	25,643
		92,939	93,151	54,070
Creditors: amounts falling due within one year		**(29,605)**	(15,912)	(30,777)
Net current assets		**63,334**	77,239	23,293
Total assets less current liabilities		**183,820**	136,650	127,353
Creditors: amounts falling due after more than one year		**(605)**	-	(682)
Provisions for liabilities and charges		**(2,170)**	(1,302)	(1,854)
Minority interest		**-**	(3,831)	-
Net assets		**181,045**	131,517	124,817
Capital and reserves				
Called up share capital		**10,827**	9,568	9,678
Share premium		**216,125**	131,417	134,254
Other Reserves		**630**	4,273	5,036
Profit and loss account deficit		**(46,537)**	(13,741)	(24,151)
Shareholders' funds – equity		**181,045**	131,517	124,817

The notes on pages 13 to 15 form part of these interim accounts

Regal Petroleum plc

Consolidated cash flow statement for the six months ended 30 June 2005

	Note	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) $000	Year ended 31-Dec-04 (audited) $000
Net cash outflow from operating activities	4	**(15,482)**	(10,325)	(5,901)
Returns on investments and servicing of finance				
Interest received		**510**	840	1,241
Interest paid		**(50)**	(100)	(324)
Net cash inflow from returns on investments and servicing of finance		**460**	740	917
Taxation		**(567)**	-	(771)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(36,440)**	(22,825)	(71,586)
Net cash inflow from expenditure and financial investment		**(36,440)**	(22,825)	(71,586)
Acquisition and disposals		**(1,186)**	(58)	-
Cash outflow before use of liquid resources and financing		**(53,215)**	(32,468)	(77,341)
Management of liquid resources and financing				
Purchase of current asset investments		**(179)**	-	(119)
Sale of current asset investments		**3,000**	-	-
		2,821	-	(119)
Financing				
Proceeds from borrowings		**-**	21	1,080
Repayment of borrowings		**(1,080)**	(724)	-
Issues of ordinary share capital		**83,020**	70,404	73,350
		81,940	69,701	74,430
Increase/(decrease) in cash		**31,546**	37,233	(3,030)

Consolidated statement of total recognised gains and losses
for the six months ended 30 June 2005

	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) restated $000	Year ended 31-Dec-04 (audited) $000
Loss for the financial year	**(21,723)**	(2,498)	(13,681)
Gross exchange differences on the retranslation of net investments	**(5,069)**	(389)	1,147
Total recognised gains and losses relating to the financial year	**(26,792)**	(2,887)	(12,534)

Reconciliation of movements in shareholders' funds
for the six months ended 30 June 2005

	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) restated $000	Year ended 31-Dec-04 (audited) $000
Retained loss for the financial period	**(21,723)**	(2,498)	(13,681)
Other recognised gains and losses relating to the year	**(5,069)**	(389)	1,147
New share capital subscribed (net of issue costs)	**83,020**	70,404	73,351
Net addition to shareholders' funds	**56,228**	67,517	60,817
Opening shareholders' funds – previously reported	**124,817**	64,203	64,203
Prior year adjustment	**-**	(203)	(203)
Opening shareholders' funds – restated	**124,817**	64,000	64,000
Closing shareholders' funds	**181,045**	131,517	124,817

Regal Petroleum plc

Notes forming part of the financial statements for the six months ended 30 June 2005

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1 Basis of preparation

The interim financial information set out on pages 9 to 15 has been prepared on the same basis and using the same accounting policies as were applied in preparing the Group's statutory financial statements for the year ended 31 December 2004.

The financial information for the six months ended 30 June 2005 and 30 June 2004 is unaudited. In the opinion of the directors the financial information for these periods present fairly the financial position, results of operations and cash flows for the periods in conformity with generally accepted accounting principles consistently applied.

These interim financial statements do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative for the financial year ended 31 December 2004 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

There have been no changes to the Group's accounting policies during the period. The accounting polices are set out in the Annual Report and Accounts for the year ended 31 December 2004, a copy of which has been filed with the Registrar of Companies at Companies House in the United Kingdom.

2 Turnover

	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) $000	Year ended 31-Dec-04 (audited) $000
Analysis of turnover by activity:			
Oil sales	**9,342**	9,527	33,420
Gas sales	**3,721**	1,616	2,968
Condensate sales	**3,215**	1,596	4,665
Other	**465**	694	1,406
	16,743	13,433	42,459
Analysis of turnover by geographical origin:			
Greece	**9,807**	10,221	34,826
Ukraine	**6,936**	3,212	7,633
	16,743	13,433	42,459

3 Loss per ordinary share

The calculation of basic and diluted loss per ordinary share has been based on the loss for the period and 114,129,877 ordinary shares, being the average number of shares in issue for the period to 30 June 2005.

4 Reconciliation of operating loss to operating cash flow

	Six months ended 30-Jun-05 (unaudited) $000	**Six months ended 30-Jun-04 (unaudited) $000**	**Year ended 31-Dec-04 (audited) $000**
Operating loss	**(21,423)**	(3,422)	(18,043)
Depreciation and amortisation	**5,343**	902	7,696
Exchange differences	**6,641**	2,017	(349)
Movement in provisions	**316**	49	601
(Increase)/decrease in stocks	**(10,503)**	(10,615)	(6,541)
(Increase)/decrease in debtors	**(2,976)**	(2)	(4,750)
Decrease/(increase) in creditors	**(93)**	471	14,256
Loss on gift of shares to minority interest			682
Impairment of fixed assets	**7,213**	-	-
Current asset investment – expiration of oil hedge put options	**-**	275	547
Net cash outflow from operating activities	**(15,482)**	(10,325)	(5,901)

5 Reconciliation of net cash flow to movement in net funds

	Six months ended 30-Jun-05 (unaudited) $000	Six months ended 30-Jun-04 (unaudited) $000	Year ended 31-Dec-04 (audited) $000
Increase / (Decrease) in cash in the period	**31,546**	(37,233)	(3,030)
Cash inflow/(outflow) from increase/(decrease) in funds and lease financing	**1,080**	703	(1,080)
Cash outflow from increase in liquid resources	**(2,821)**	-	119
Change in net funds resulting from cash flows	**29,805**	37,936	(3,991)
Translation differences	**(3,173)**	(6)	134
Other non-cash movements	**(85)**	(268)	(1,229)
Movements in net funds in the period	**26,547**	37,662	(5,086)
Net funds at the start of the period	**27,223**	32,309	32,309
Net funds at the end of the period	**53,770**	69,971	27,223

6 Analysis of net funds

	At beginning of period $000	Cash flow $000	Other non cash movements $000	Exchange movements $000	At end of period $000
Cash in hand and at bank	25,643	31,546	-	(3,173)	54,016
Overdrafts	(1,080)	1,080	-	-	-
Current asset investments	3,342	(2,821)	(162)	-	359
Debt due after one year	(682)	-	77	-	(605)
Total	**27,223**	**29,805**	**(85)**	**(3,173)**	**53,770**

Independent review report by KPMG Audit Plc to Regal Petroleum plc.

Introduction

We have been engaged by the Company to review the financial information set out on pages 9 to 15 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. 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 AIM Rules which require that the interim report must be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review having regard to the 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 and 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 2005.

KPMG Audit Plc
Chartered Accountants
London