13 May 2008

Unaudited Interim Results of Enterprise Inns plc for the six months ended 31 March 2008

Enterprise Inns plc, the leading specialist operator of leased and tenanted pubs in the UK, today announces its interim results for the six months ended 31 March 2008.

Interim results highlights

- EBITDA of £256 million, unchanged from prior period (2007: pro-forma EBITDA £256 million) *#.
- Profit before tax and exceptional items reduced by 11% to £132 million (2007: £149 million).
- Weighted average number of shares in issue reduced by 13% to 498 million (2007: 571 million) through the share buy back programme.
- Adjusted earnings per share increased by 5% to 19.3p (2007: 18.4p)^.
- Interim dividend up 12% to 5.8p (2007: 5.2p).
- Free cash flow up by 17% to £35 million (2007: £30 million).
- £37 million invested in the pub estate (2007: £35 million).
- Basic earnings per share 20.5p (2007: 25.7p) reflecting exceptional net credit of £6 million (2007: credit of £42 million).

* Earnings before interest, tax, depreciation and amortisation and exceptional items.
# 2007 figure has been adjusted for the effects of the disposal of the Scottish estate of 137 pubs in December 2006. See note 3.
^ excludes exceptional items

Commenting on the results, Ted Tuppen, Chief Executive said:

"These are solid results, reflecting the foundations of quality that the team has built over past years and the resilience of the leased and tenanted operating model. The trading environment is tough and consumer leisure spend is likely to remain under pressure for some time. Despite this, our licensees continue to tackle today's market with vigour and entrepreneurial flair, gaining market share and working with great purpose to make their businesses successful.

We remain confident that by demonstrating our commitment to quality, co-operation and determination throughout the business, we will continue to deliver performance ahead of the market and solid growth in shareholder value."

Enquiries:

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The Interim Results presentation will be available on the company website at www.enterpriseinns.com. A live video webcast of the presentation will be available on the investor zone section on the above website from 9.30am. Alternatively, a live conference call of the presentation can be accessed at 9.30am BST by dialling +44 (0) 20 8609 1270 or +1 866 928 6048 (USA callers). A replay of the conference call will be available for 7 days on +44 (0) 20 8609 0289, +1 866 676 5865 (USA) Replay Passcode:215388#.

CHAIRMAN'S INTERIM STATEMENT

I am pleased to report on our interim results for the six months to 31 March 2008 during which EBITDA was £256 million, the same as pro-forma EBITDA reported for the six months ended 31 March 2007. In a period of difficult trading conditions, including the impact of the smoking ban, low consumer confidence and increasing pressures on disposable income, this solid performance reflects the quality of our pub estate and the resilience of our licensees.

Adjusted earnings per share, which excludes the impact of exceptional items, rose 5% to 19.3 pence and the directors intend to pay an interim dividend of 5.8 pence per share, an increase of 12 % over the prior period. The dividend will be paid on 4 July 2008 to shareholders on the register of members on 6 June 2008.

Basic earnings per share fell in the period to 20.5 pence per share. This movement reflects the impact of exceptional items which comprised a credit of £6 million compared to a credit of £42 million in the prior period. This variation from the prior period largely arises from the profit on sale of pubs (including our Scottish estate of 137 pubs in December 2006) and movements in the fair value of interest rate swaps. Exceptional items are explained more fully in note 4.

We have continued to enhance the quality of the pub estate through investment, acquisitions and disposals. During the period we invested £37 million in the estate which, together with investment by our licensees, will improve the quality and profitability of the pubs involved. We have acquired 40 high quality pubs at a cost of £32 million and disposed of 18 underperforming pubs and surplus land for £12 million. At the end of the period the estate comprised 7,785 pubs.

Free cash flow after interest, tax, dividend and capital expenditure amounted to £35 million, an increase of £5 million over the prior period. Gross debt at 31 March 2008 was £3,825 million with interest costs 89% fixed at an average interest rate of 6.5% for an average life of 11 years. Underlying net debt was £3,734 million which includes £91 million of cash held within the business.

During the period, we purchased 5.5 million of our own shares for cancellation at a cost of £29 million. Future share buy-backs will continue to take into account the cash flow needs of the business.

Current facilities are sufficient to meet all ongoing cash requirements, with appropriate headroom in place. The next refinancing requirement is the £1 billion syndicated debt facility which expires in May 2011. We are not currently progressing the previously announced £750 million refinancing of the Unique securitisation due to the volatile and uncertain conditions in the debt markets.

We reported in our pre-close statement on 28 March 2008 that we had been involved in ongoing discussions with HMRC regarding a potential conversion to REIT status and that a response was awaited to a Code of Practice 10 (CoP 10) submission requesting confirmation of the Group's eligibility to join the REIT regime.

We announced on 7 May 2008 that HMRC's response to the CoP 10 submission had now been received, confirming that the Group is eligible to convert to REIT status if an internal restructuring of the Group is undertaken. Accordingly, in conjunction with our tax, legal and financial advisers, we are progressing the detailed analysis required to decide whether the Board will recommend to shareholders at an EGM that the Group should elect into the REIT regime. We expect this work to take several months to complete and a further announcement will be made in due course.

These are solid results, reflecting the foundations of quality that the team has built over past years and the resilience of the leased and tenanted operating model. As we approach the first anniversary of the smoking ban in pubs, the trading environment remains tough, with many costs rising and consumer leisure spending likely to remain under pressure for some time. Despite this, our licensees continue to tackle today's market with vigour and entrepreneurial flair, gaining market share and working with great purpose to make their businesses successful.

It would be unwise to predict trading conditions through the second half of the year but, whilst cautious, we remain confident in our strategy. We believe that by demonstrating our commitment to quality, co-operation and determination throughout the business, we will continue to deliver performance ahead of the market and growth in shareholder value.

We intend to issue an Interim Management Statement on 22 July 2008.

H V Reid
Chairman

Group Income Statement

	Notes	Unaudited Six months ended 31 March 2008 Pre-exceptional items £m	Unaudited Six months ended 31 March 2008 Exceptional items £m	Unaudited Six months ended 31 March 2008 Total £m	Unaudited Six months ended 31 March 2007 Pre-exceptional items £m	Unaudited Six months ended 31 March 2007 Exceptional items £m	Unaudited Six months ended 31 March 2007 Total £m	Audited Year ended 30 September 2007 Pre-exceptional items £m	Audited Year ended 30 September 2007 Exceptional items £m	Audited Year ended 30 September 2007 Total £m
Revenue		**438**	**-**	**438**	453	-	453	921	-	921
Cost of sales		**(166)**	**-**	**(166)**	(177)	-	(177)	(359)	-	(359)
Gross profit		**272**	**-**	**272**	276	-	276	562	-	562
Administrative expenses		**(16)**	**-**	**(16)**	(18)	-	(18)	(34)	-	(34)
EBITDA *		**256**	**-**	**256**	258	-	258	528	-	528
Depreciation and amortisation		**(4)**	**-**	**(4)**	(4)	-	(4)	(7)	-	(7)
Group operating profit		**252**	**-**	**252**	254	-	254	521	-	521
Net profit on sale of property, plant and equipment		**-**	**1**	**1**	-	17	17	-	22	22
Movements from revaluation of pub estate		**-**	**(2)**	**(2)**	-	-	-	-	(2)	(2)
Interest receivable		**4**	**-**	**4**	4	-	4	8	-	8
Interest payable		**(124)**	**-**	**(124)**	(109)	-	(109)	(228)	-	(228)
Movement in fair value of financial instruments		**-**	**(9)**	**(9)**	-	17	17	-	16	16
Total finance costs		**(124)**	**(9)**	**(133)**	(109)	17	(92)	(228)	16	(212)
Profit before tax		**132**	**(10)**	**122**	149	34	183	301	36	337
Taxation	5	**(36)**	**16**	**(20)**	(44)	8	(36)	(85)	39	(46)
Profit after tax and attributable to members of the parent company		**96**	**6**	**102**	105	42	147	216	75	291
Earnings per Share										
Basic	6			**20.5p**			25.7p			53.4p
Diluted	6			**20.4p**			25.5p			53.0p
Adjusted^	6	**19.3p**			18.4p			39.6p		
Adjusted diluted^	6	**19.2p**			18.2p			39.3p		
Dividends										
Dividends paid and/or proposed per share in respect of the period	7			**5.8p**			5.2p			15.6p

* Earnings before interest, tax, depreciation and amortisation

^ Excludes exceptional items

Group Statement of Recognised Income and Expense

	Unaudited Six months ended 31 March 2008 £m	Unaudited Six months ended 31 March 2007 £m	Audited Year ended 30 September 2007 £m
Unrealised surplus on revaluation of licensed estate	**-**	-	312
Movement in deferred tax liability related to revalued licensed estate	**8**	4	(75)
Movement in cash flow hedges	**(7)**	7	6
Deferred tax relating to movement in cash flow hedges	**2**	(2)	(2)
Actuarial gain on defined benefit pension scheme	**-**	-	2
Deferred tax relating to gain on defined benefit pension scheme	**-**	-	(1)
Tax relating to share schemes recognised directly in equity	**(2)**	4	3
Restatement of deferred tax balance for change in UK tax rate	**-**	-	24
Net income recognised directly in equity	**1**	13	269
Profit for the period	**102**	147	291
Total recognised income and expense for the period attributable to members of the parent company	**103**	160	560

Statement of Changes in Equity

	Unaudited Six months ended 31 March 2008 £m	**Unaudited Six months ended 31 March 2007** £m	Audited Year ended 30 September 2007 £m
Total equity at start of period	**1,483**	1,602	1,602
Total recognised income and expense for the period	**103**	160	560
Equity dividends paid	**(52)**	(52)	(79)
Cancellation of ordinary shares	**(29)**	(449)	(661)
Change in provision for share buybacks	**22**	21	53
Employee share option entitlements exercised in the period	**(1)**	3	5
Share-based expense recognised in operating profit	**2**	2	3
Total equity at end of period	**1,528**	1,287	1,483

Group Balance Sheet

	Unaudited 31 March 2008 £m	Unaudited 31 March 2007 £m	Audited 30 September 2007 £m
Non-current assets			
Goodwill	**417**	417	417
Investments	**-**	2	-
Intangible assets: operating lease premiums	**19**	20	19
Property, plant and equipment	**5,746**	5,304	5,710
Pension scheme	**2**	-	2
Financial assets	**-**	9	4
	6,184	5,752	6,152
Current assets			
Assets held for sale	**9**	5	8
Trade and other receivables	**92**	92	91
Cash	**91**	85	90
Financial assets	**1**	1	4
	193	183	193
Non-current assets held for sale	**24**	8	11
Total assets	**6,401**	5,943	6,356
Current liabilities			
Trade and other payables	**(227)**	(193)	(200)
Current tax payable	**(48)**	(47)	(59)
Financial liabilities	**(34)**	(77)	(77)
Provisions	**-**	(1)	-
	(309)	(318)	(336)
Non-current liabilities			
Financial liabilities	**(3,867)**	(3,639)	(3,819)
Accruals and deferred income	**(4)**	(4)	(4)
Provisions	**(3)**	(4)	(3)
Deferred tax	**(690)**	(691)	(711)
	(4,564)	(4,338)	(4,537)
Total liabilities	**(4,873)**	(4,656)	(4,873)
Net Assets	**1,528**	1,287	1,483
Equity			
Called up share capital	**14**	15	14
Share premium account	**486**	486	486
Revaluation reserve	**1,103**	841	1,096
Capital redemption reserve	**11**	10	11
Merger reserve	**77**	77	77
Treasury share reserve	**(227)**	(227)	(227)
Other reserve	**(30)**	(36)	(31)
Cash flow hedge reserve	**(1)**	5	4
Profit and loss account	**95**	116	53
Enterprise Inns shareholders' equity	**1,528**	1,287	1,483

Group Cash Flow Statement

	Unaudited Six months ended 31 March 2008 £m	Unaudited Six months ended 31 March 2007 £m	Audited Year ended 30 September 2007 £m
Cash flow from operating activities			
Operating profit	**252**	254	521
Depreciation and amortisation	**4**	4	7
Share-based expense recognised in profit	**2**	2	3
(Increase)/decrease in receivables	**(7)**	2	6
Increase/(decrease) in payables	**20**	(11)	(10)
Decrease in provisions	**-**	-	(2)
(Increase)/decrease in current assets held for sale	**(1)**	1	(2)
	270	252	523
Tax paid	**(43)**	(35)	(71)
Net cash flows from operating activities	**227**	217	452
Cash flows from investing activities			
Payments to acquire public houses	**(32)**	(38)	(91)
Payments made on improvements to public houses	**(37)**	(35)	(75)
Payments to acquire other property, plant and equipment	**(1)**	(2)	(3)
Receipts from sale of property, plant and equipment	**12**	121	128
Receipts from sale of investments	**-**	-	1
Net cash flows from investing activities	**(58)**	46	(40)
Cash flows from financing activities			
Interest paid	**(105)**	(102)	(228)
Interest received	**3**	4	8
Issue costs of long-term loans	**(1)**	-	-
Equity dividends paid	**(52)**	(52)	(79)
Payments to acquire own shares	**(33)**	(454)	(667)
Receipts from exercise of share options	**1**	4	5
Restructuring of interest rate swaps	**-**	(1)	(1)
Debt due in less than one year			
– new short term loans	**157**	-	75
– repayment of short term loans	**(188)**	-	(40)
Debt due beyond one year			
– new long term loans	**100**	482	685
– repayment of long term loans	**(50)**	(170)	(191)
Net cash flows from financing activities	**(168)**	(289)	(433)
Net increase/(decrease) in cash	**1**	(26)	(21)
Cash at start of period	**90**	111	111
Cash at end of period	**91**	85	90

Reconciliation of net cash flow to movement in net debt

	Unaudited Six months ended 31 March 2008 £m	Unaudited Six months ended 31 March 2007 £m	Audited Year ended 30 September 2007 £m
Increase/(decrease) in cash in the period	**1**	(26)	(21)
Cash inflow from change in debt	**(19)**	(311)	(529)
Issue costs of new long term loans	**1**	-	-
Change in net debt resulting from cash flows	**(17)**	(337)	(550)
Amortisation of issue costs and discounts/premiums on long-term loans	**(1)**	(1)	(2)
Amortisation of securitised bonds	**2**	2	5
Change in fair value of interest rate swaps	**(16)**	24	26
Change in provision for share buybacks	**21**	21	53
Change in finance lease payables	**-**	1	1
Movement in net debt in the period	**(11)**	(290)	(467)
Net debt at start of period	**(3,798)**	(3,331)	(3,331)
Net debt at end of period	**(3,809)**	(3,621)	(3,798)

Analysis of net debt

	Unaudited Six months ended 31 March 2008 £m	Unaudited Six months ended 31 March 2007 £m	Audited Year ended 30 September 2007 £m
Corporate bonds	**(1,185)**	(1,185)	(1,185)
Syndicated and other bank borrowings	**(1,054)**	(818)	(1,035)
Securitised bonds	**(1,586)**	(1,586)	(1,586)
Gross debt	**(3,825)**	(3,589)	(3,806)
Cash	**91**	85	90
Underlying net debt	**(3,734)**	(3,504)	(3,716)
Capitalised debt issue costs	**18**	19	18
Fair value adjustments on acquisition of bonds	**(60)**	(65)	(62)
Fair value of interest rate swaps	**(29)**	(14)	(13)
Provision for share buybacks in close period	**-**	(53)	(21)
Finance lease payables	**(4)**	(4)	(4)
Net debt	**(3,809)**	(3,621)	(3,798)
Balance sheet:			
Current financial assets	**1**	1	4
Non-current financial assets	**-**	9	4
Current financial liabilities	**(34)**	(77)	(77)
Non-current financial liabilities	**(3,867)**	(3,639)	(3,819)
Cash	**91**	85	90
Net debt	**(3,809)**	(3,621)	(3,798)

Underlying net debt represents amounts repayable to banks and other lenders net of cash retained in the business.

Notes

1. Publication of non-statutory accounts

The financial information contained in this interim statement, which is unaudited, does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 30 September 2007 are based on the statutory accounts for that year. These accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Accounting policies and basis of preparation of interim financial information

These interim results have been prepared in accordance with the International Financial Reporting Standards (IFRS) expected to apply at 30 September 2008 and which applied at 30 September 2007.

This interim report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting'.

3. Pro-forma EBITDA

The Group disposed of its Scottish estate of 137 pubs to Retail & Licensed Properties Limited on 5 December 2006. The pubs disposed of generated a total of £2 million of EBITDA before exceptional items during the six months ended 31 March 2007. EBITDA for the six months ended 31 March 2007 and the year ended 30 September 2007 has been revised for the effects of this disposal to allow a like-for-like comparison of the results of the Group.

Pro-forma EBITDA	**As reported Six months ended 31 March 2008 £m**	Pro-forma Six months ended 31 March 2007 £m	Pro-forma Year ended 30 September 2007 £m
Revenue	**438**	450	918
Cost of sales	**(166)**	(176)	(358)
Gross profit	**272**	274	560
Administrative expenses	**(16)**	(18)	(34)
EBITDA before exceptional items	**256**	256	526

Six months ended 31 March 2007	As reported £m	Disposals £m	**Pro-forma £m**
Revenue	453	(3)	**450**
Cost of sales	(177)	1	**(176)**
Gross profit	276	(2)	**274**
Administrative expenses	(18)	-	**(18)**
EBITDA before exceptional items	258	(2)	**256**

Year ended 30 September 2007	As reported £m	Disposals £m	**Pro-forma £m**
Revenue	921	(3)	**918**
Cost of sales	(359)	1	**(358)**
Gross profit	562	(2)	**560**
Administrative expenses	(34)	-	**(34)**
EBITDA before exceptional items	528	(2)	**526**

4. Exceptional items

The Group has elected to classify certain items as exceptional and present them separately on the face of the Income Statement. Exceptional items are classified as those which are separately identified by virtue of their size or nature to allow a full understanding of the underlying performance of the Group and include the following:

Net profit on sale of property

Net profit arising from the sale of property, plant and equipment is £1 million.

Movements from revaluation of pub estate

Where pubs are identified for disposal, they are valued at the lower of book value and 'fair value less costs to sell'. They are subsequently reclassified on the Balance Sheet as 'non-current assets held for sale'. At 31 March 2008 the Balance Sheet includes 71 pubs held for sale valued at £24 million. Write downs of £2 million have been recognised in the Income Statement in respect of pubs transferred to this category during the period.

Movement in fair value of financial instruments

Under IFRS interest rate swaps are re-valued to fair value at each Balance Sheet date and the movement is recognised in the Income Statement unless hedge accounting is adopted. The movement in the fair value of swaps where hedge accounting is not applied is shown as an exceptional item.

The Group has five swaps which each expire between 2011 and 2013. The fair value of these swaps was a liability of £29 million at 31 March 2008 and £13 million at 30 September 2007. Of the movement of £16 million in the period, £9 million has been accounted for in the Income Statement and £7 million has been accounted for in the cash flow hedge reserve. The movement has occurred because of falling forecast interest rates that are used to value the swaps. The average forecast interest rates that are used to value the swaps were 5% at 31 March 2008 and 5.5% at 30 September 2007. The movement in the fair value of interest rate swaps has no cash effect.

Tax

Under IFRS, a deferred tax liability has been recognised on the Balance Sheet relating to the pub estate. On transition to IFRS, the Group elected to apply IFRS 3 retrospectively to acquisitions from 1 January 1999. This led to an increase in goodwill in respect of this deferred tax. As this pre-acquisition liability reduces due to capital gains indexation relief, a credit is recognised in the Income Statement. This credit of £13 million has been classified as an exceptional item. All other movements in respect of this deferred tax liability are accounted for in equity and recognised in the Statement of Recognised Income and Expense.

A deferred tax credit of £3 million has been recognised in relation to the movement in fair value of interest rate swaps and profit on sale of property. The total exceptional tax credit is therefore £16 million.

5. Taxation

The pre-exceptional tax charge of £36 million for the six months equates to an effective tax rate of 27.3% which is estimated to be the tax rate for the year ended 30 September 2008. The effective tax rate does not include the effect of exceptional items. The effective tax rate is lower than the standard rate of corporation tax in the UK because of the settlement of prior year enquiries.

6. Earnings per Ordinary Share

Basic earnings per ordinary share is based on earnings of £102 million (2007 six months £147 million, full year £291 million) and on 497.8 million (2007 six months 571.1 million, full year 545.0 million) ordinary shares being the weighted average number of equity shares in issue during the period excluding shares held by trusts relating to employee share options.

Adjusted earnings per share, which the directors believe reflects the underlying performance of the Group, is based on earnings adjusted for the effects of exceptional items, net of tax, of £96 million (2007 six months £105 million, full year £216 million) and on 497.8m (2007 six months 571.1 million, full year 545.0 million) shares being the weighted average number of equity shares in issue during the period excluding shares held by trusts relating to employee share options.

Diluted earnings per share is based on basic earnings of £102 million (2007 six months £147 million, full year £291 million) and adjusted earnings of £96 million (2007 six months £105 million, full year £216 million) and on 501.2 million (2007 six months 576.2 million, full year 549.1 million) shares being the weighted average number of equity shares in issue during the period adjusted for the dilutive ordinary shares relating to employee share options.

7. Dividends

An interim dividend of 5.8 pence per Ordinary Share is proposed (2007: interim 5.2 pence; final 10.4 pence) which amounts to £29 million (2007: interim £27 million; final £52 million). This will be payable on 4 July 2008 to shareholders on the register of members on 6 June 2008.

8. Related party transactions

There have been no related party transactions during the period that have materially affected the financial position or performance of the Group.

There have been no changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group during the period.

9. Commitments for the purchase of property, plant and equipment

At 31 March 2008, the Group had entered into contractual commitments to purchase £32 million (31 March 2007: £31 million) of property, plant and equipment.

10. Seasonality of operations

The business is subject to minor seasonal fluctuations dependant on public holidays and the weather.

Statement of directors' responsibilities

The directors confirm to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34, as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

By order of the board

Ted Tuppen
Chief Executive
13 May 2008

David George
Chief Financial Officer
13 May 2008

Independent Review Report to Enterprise Inns plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008 which comprises Group Income Statement, Group Statement of Recognised Income and Expense, Statement of Changes in Equity, Group Balance Sheet, Group Cash Flow Statement, Reconciliation of Net Cash Flow to Movement in Net Debt, Analysis of Net Debt, and the related notes 1 to 10. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Birmingham