



Interim Report
For six month period ended 30 June 2008

Registered number 05897786

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Chairman's statement

In the name of Allah, the Most Gracious, the Most Merciful

The Board of the Bank of London and The Middle East plc is pleased to announce its results for the six month period to 30 June 2008.

To the shareholders of the Bank of London and The Middle East plc

I am pleased to report to our shareholders on the continued development and the encouraging financial performance of Bank of London and The Middle East plc ("BLME") in the six months to 30 June 2008. The pre-tax profit of £1,734,888 and strong balance sheet growth, both above budget, demonstrate the healthy business momentum that the Bank has achieved since its start up phase. This confirms that BLME continues to perform ahead of the financial targets and timetable set out in its original business plan.

I am encouraged by the ongoing business developments in Asset Management and Private Banking that compliment the core businesses, and I remain confident that the Bank will meet its overall targets for 2008. In the face of challenging financial markets, BLME is positioned to strengthen further its prominent position in an arena in which there is continued growth in Islamic Finance, a high oil price, and growth in oil economies.

I would like to thank both our shareholders for their continued support and our staff whose commitment and contribution is essential for the ongoing success of the Bank.



Yacob Al-Muzaini

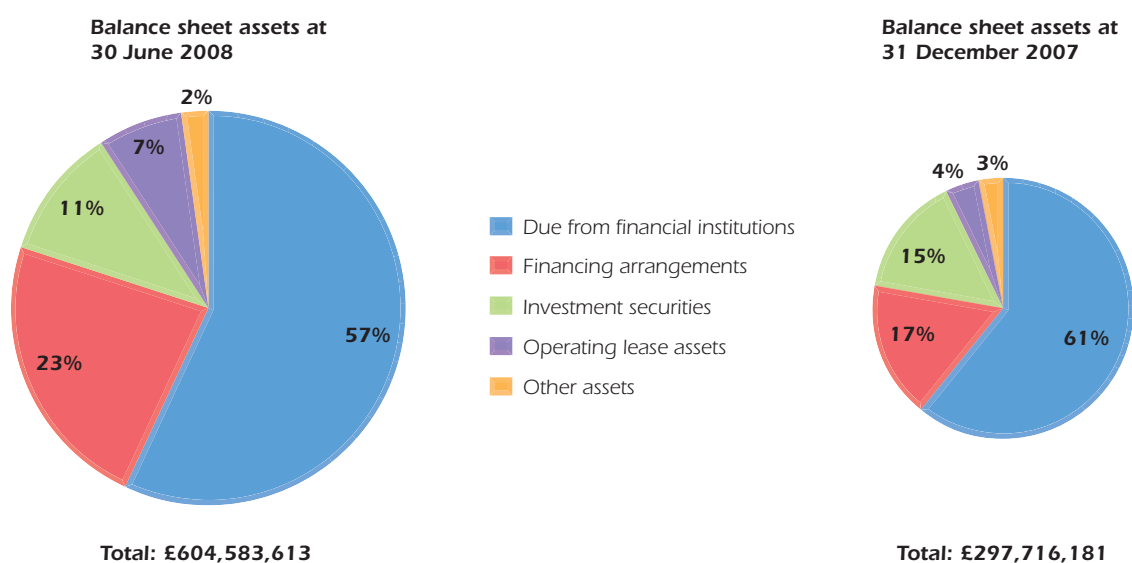
Chairman

21 August 2008

Chief Executive Officer's statement

The first half of 2008 has seen continued profitability, business diversification and balance sheet growth, all of which are ahead of budget and timetable. For this 6 month period, I am pleased to announce that BLME has earned a profit of £1,734,888 before tax from operating income of £10,479,688. This compares very favourably with the inaugural 17 month period in which BLME's pre-tax profit was £332,389 from total operating income of £9,274,163. For the purposes of comparison it is important to note that BLME started generating material revenues following the capital raising in February 2007. The Bank's operating expenses rose during the second quarter of 2007 to meet the operational requirements of the new bank, post Financial Services Authority ("FSA") authorisation in July 2007.

This result was spurred by the successful capital raising completed in February 2008 when a further £75,000,000 was raised from investors, thereby increasing BLME's paid up capital to £255,039,750. Along with the continued balance sheet growth, we can be confident that BLME is now the largest UK based Sharia'a compliant financial institution. In this regard, BLME assets had grown to £604,583,613 as at 30 June 2008, more than double the £297,716,181 reported on 31 December 2007. In challenging markets it is satisfying to report that this growth was underpinned by healthy increases in the size and diversification of customer and interbank deposits.



In customer financing BLME's lease, trade, property and project finance areas have all contributed to the afore-mentioned performance. It was particularly encouraging to see the development of the Bank's Corporate Banking activities into more varied and structured primary and secondary market financing solutions. Leveraging off its strong balance sheet and an encouragingly full deal pipeline, BLME looks to expand its ability to underwrite, syndicate and distribute a higher volume of deals on behalf of customers.

BLME's other core business, Markets, continued to contribute the majority of profits from the investment of capital and the management of liquidity, where the Bank continued to hold reserves well in excess of regulatory guidelines and more prudent internal requirements. During the first half of 2008 BLME's strong institutional relationships were further expanded to attract new customer and interbank deposits, and to develop the platform to offer customers other products. BLME's strong liquidity position has allowed Markets to add selectively to its portfolio of Sukuk and investment assets. In the face of continuing uncertainties in the global credit markets it is positive to report that there is no sign of rating migration or credit impairment to any of these highly rated assets.

Chief Executive Officer's statement

Elsewhere BLME has experienced considerable interest from shareholders and potential clients in Private Banking and Asset Management. We continue to develop our capacity in these areas as future pillars of BLME's broad product offering. I am pleased to announce that we have recently taken possession of a prestigious building in the West End of London which will be the base for our Wealth Management businesses, and have also received permission from the Financial Services Authority to offer residential home finance as a part of the development of Private Banking.

Looking ahead BLME is well positioned, with a strong balance sheet, experienced and professional management and staff to continue to benefit from the growth of the Islamic Finance market in the UK and internationally.



Humphrey Percy
Chief Executive Officer
21 August 2008

Consolidated income statement

For six month period ended 30 June 2008

| | Notes | 6 months to 30 Jun 2008 £ | For the period 7 Aug 2006 to 31 Dec 2007 £ |
|---|-------|---------------------------------|---|
| Income | | | |
| Income from financing and investing activities | | 10,746,851 | 10,387,347 |
| Returns to financial institutions and customers | | (3,845,012) | (1,953,520) |
| Net fair value gains on investment securities | | 238,341 | 519,266 |
| Other operating income | 3 | 2,369,130 | 321,070 |
| Fee and commission income | | 970,378 | – |
| Total operating income | | 10,479,688 | 9,274,163 |
| Expenses | | | |
| Personnel expenses | 4 | 4,488,942 | 5,344,685 |
| Depreciation and amortisation | | 2,253,668 | 473,403 |
| Other operating expenses | | 2,002,190 | 3,123,686 |
| Total operating expenses | | 8,744,800 | 8,941,774 |
| Operating profit before tax | | 1,734,888 | 332,389 |
| Tax | 5 | (610,920) | (161,152) |
| Profit for the period | | 1,123,968 | 171,237 |

The notes on pages 8 to 14 form an integral part of the financial statements

Consolidated balance sheet

As at 30 June 2008

| | Notes | 30 Jun 2008 £ | 31 Dec 2007 £ |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Cash and balances with banks | | 1,577,964 | 697,786 |
| Due from financial institutions | | 346,129,297 | 180,531,933 |
| Investment securities | 6 | 64,164,811 | 44,831,667 |
| Financing arrangements | 7 | 138,294,231 | 52,083,973 |
| Operating lease assets | 9 | 44,979,959 | 11,933,720 |
| Property and equipment | 8 | 904,545 | 963,045 |
| Intangible assets | 10 | 885,953 | 894,531 |
| Deferred tax asset | 5 | 34,104 | 178,128 |
| Other assets | | 7,612,749 | 5,601,398 |
| Total assets | | 604,583,613 | 297,716,181 |
| Liabilities | | | |
| Due to financial institutions | | 343,318,849 | 108,649,281 |
| Due to customers | | 553,516 | 5,601,432 |
| Current tax liability | 5 | 168,624 | 234,324 |
| Other liabilities | | 5,225,852 | 3,833,544 |
| Total liabilities | | 349,266,841 | 118,318,581 |
| Equity | | | |
| Share capital | | 48,913,807 | 37,291,730 |
| Share premium | | 206,125,943 | 142,204,520 |
| Fair value reserves | | (1,018,183) | (269,887) |
| Retained earnings | | 171,237 | 171,237 |
| Current period profit | | 1,123,968 | – |
| Total equity attributable to equity holders of the Bank | | 255,316,772 | 179,397,600 |
| Total liabilities and equity | | 604,583,613 | 297,716,181 |

The notes on pages 8 to 14 form an integral part of the financial statements

These financial statements were approved by the Board of Directors on 21 August 2008 and were signed on its behalf by:



Humphrey Percy
Chief Executive Officer



Richard Williams
Finance Director

Consolidated statement of changes in equity

For six month period ended 30 June 2008

| | Share capital | Share premium account | Fair value reserve* | Retained earnings | Total |
|---|--------------------------|--------------------------------------|------------------------------------|------------------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Balance at 7 August 2006 | – | – | – | – | – |
| Shares issued | 37,291,730 | 142,204,520 | – | – | 179,496,250 |
| Profit for the period | – | – | – | 171,237 | 171,237 |
| Mark to market loss on available for sale securities | – | – | (374,843) | – | (374,843) |
| Current tax on available for sale securities | – | – | 104,956 | – | 104,956 |
| Balance as at 31 December 2007 | 37,291,730 | 142,204,520 | (269,887) | 171,237 | 179,397,600 |
| Shares issued | 11,622,077 | 63,921,423 | – | – | 75,543,500 |
| Profit for the period | – | – | – | 1,123,968 | 1,123,968 |
| Mark to market loss on available for sale securities | – | – | (1,046,568) | – | (1,046,568) |
| Current tax on available for sale securities | – | – | 298,272 | – | 298,272 |
| Balance as at 30 June 2008 | 48,913,807 | 206,125,943 | (1,018,183) | 1,295,205 | 255,316,772 |

*Fair value reserve

The fair value reserve includes the cumulative net change in fair value of available for sale investments until the investment is either derecognised or becomes impaired. The mark to market ("MTM") loss on available for sale securities is shown gross of taxation.

The notes on pages 8 to 14 form an integral part of the financial statements

Consolidated statement of cash flows

For six month period ended 30 June 2008

| | 6 months to 30 Jun 2008 | For the period 7 Aug 2006 to 31 Dec 2007 |
|--|------------------------------------|---|
| | £ | £ |
| Cash flows from operating activities | | |
| Operating profit before tax | 1,734,888 | 332,389 |
| Adjusted for: | | |
| Depreciation and amortisation | 2,253,668 | 473,403 |
| Income from financing and investing activities | (10,746,851) | (10,387,347) |
| Returns to financial institutions and customers | 3,845,012 | 1,953,520 |
| | (2,913,283) | (7,628,035) |
| Net increase in operating assets and liabilities: | | |
| Due from financial institutions | (165,597,364) | (180,531,933) |
| Investment securities | (19,333,144) | (44,831,667) |
| MTM losses adjusted in equity | (748,296) | (269,887) |
| Current tax adjustment on AFS MTM losses | (298,272) | (104,956) |
| Financing arrangements | (86,210,258) | (52,083,973) |
| Operating lease assets | (34,961,245) | (12,106,216) |
| Other assets | (3,278,381) | (5,774,295) |
| Due to financial institutions | 234,669,568 | 108,649,281 |
| Due to customers | (5,047,916) | 5,601,432 |
| Other liabilities | 1,935,808 | 3,833,544 |
| | (81,782,783) | (185,246,705) |
| Income from financing and investing activities received | 9,058,789 | 8,932,127 |
| Returns to financial institutions and customers paid | (852,906) | (325,403) |
| Corporation tax paid | (275,000) | - |
| Net cash outflow from operating activities | (73,851,900) | (176,639,981) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (94,479) | (1,115,248) |
| Purchase of intangible assets | (173,443) | (1,043,235) |
| Net cash outflow from investing activities | (267,922) | (2,158,483) |
| Cash flows from financing activities | | |
| Net proceeds from issue of share capital | 75,000,000 | 179,496,250 |
| Net change in cash and cash equivalents | 880,178 | 697,786 |
| Cash and cash equivalents at 31 December 2007 | 697,786 | |
| Cash and cash equivalents at 30 June 2008 | 1,577,964 | 697,786 |

The notes on pages 8 to 14 form an integral part of the financial statements

Notes to the financial statements

1. Reporting entity

Bank of London and The Middle East plc (the "Bank" or "BLME") is a company domiciled in the UK. The address of the Bank's registered office is 165 Queen Victoria Street, London, EC4V 4DD. BLME is a wholly Sharia'a compliant wholesale bank involved in investment and corporate banking.

2. Accounting policies and basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting'. Under IAS 34 the Bank has to disclose accounting policies applicable to new items appearing in the interim financial statements. Other than the following, the Bank is adopting the same accounting policies as applied in the preparation of the Bank's published financial statements for the 17 month period ended 31 December 2007.

a. Fee and commission income

Fees and commissions which are not recognised on an effective yield basis over the life of the financial instruments to which they relate, such as fees for negotiating transactions for third parties, underwriting fees and commission, and non-discretionary asset management fees are recognised in revenue when it is probable that the economic benefit will flow to the Bank. This will normally be from the point at which the act to which the fees and commission relate has been completed.

b. Financing arrangements

When the Bank is the lessor in a lease arrangement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within 'financing arrangements'.

3. Other operating income

| | 6 months to 30 Jun 2008 | For the period 7 Aug 2006 to 31 Dec 2007 |
|--|------------------------------------|---|
| | £ | £ |
| (Loss)/gain on foreign exchange transactions | (81,612) | 92,312 |
| Operating lease income | 2,450,742 | 228,758 |
| | 2,369,130 | 321,070 |

Included within the £81,612 foreign exchange loss for the Group is a foreign exchange revaluation loss of £91,103 arising from the business activities of the Special Purpose Vehicles ("SPVs") which are consolidated in the interim report (see note 12).

4. Personnel Expenses

| | 6 months to 30 Jun 2008 | For the period 7 Aug 2006 to 31 Dec 2007 |
|---|------------------------------------|---|
| | £ | £ |
| Wages and salaries | 3,442,340 | 3,884,196 |
| Social security costs | 441,827 | 447,112 |
| Defined contribution pension scheme costs | 192,161 | 232,565 |
| Sharia'a Supervisory Board fees | 30,331 | 47,341 |
| Recruitment costs | 123,482 | 166,666 |
| Other staff costs | 258,801 | 566,805 |
| | 4,488,942 | 5,344,685 |
| | Number | Number |
| Number of employees at period end | 38 | 34 |
| Average number of employees during the period | 36 | 19 |

Notes to the financial statements

5. Taxation

| | 6 months to 30 Jun 2008 | For the period 7 Aug 2006 to 31 Dec 2007 |
|---|----------------------------|--|
| | £ | £ |
| Current tax expense | | |
| Current year | 466,896 | 234,324 |
| Deferred tax charge | 144,024 | (73,172) |
| Total income tax expense | 610,920 | 161,152 |
| Reconciliation of effective tax rate | | |
| Profit before tax | 1,734,888 | 332,389 |
| Income tax at UK Corporation Tax rate of 28.5% (2007:30%) | 494,443 | 99,717 |
| Non deductible expenses | 28,617 | 24,747 |
| Depreciation in excess of capital allowance on which deferred tax is not recognised | 5,163 | 6,126 |
| Irrecoverable VAT on fixed assets | 8,078 | 28,010 |
| Other taxable income | 77,190 | 1,881 |
| Other | (2,571) | 671 |
| Tax charge in income statement | 610,920 | 161,152 |
| Current year's tax | 466,896 | 234,324 |
| Current tax credit related to items charged to equity | (298,272) | – |
| Current tax payable in the balance sheet | 168,624 | 234,324 |

Recognised deferred tax assets and liabilities at 30 June 2008

| | Assets £ | Liabilities £ | Net £ |
|-------------------------------------|----------------|------------------|---------------|
| Property and equipment and software | – | (74,860) | (74,860) |
| Deferred bonus settled in shares | 108,964 | – | 108,964 |
| Net tax assets/(liabilities) | 108,964 | (74,860) | 34,104 |

Recognised deferred tax assets and liabilities at 31 December 2007

| | Assets £ | Liabilities £ | Net £ |
|-------------------------------------|----------------|------------------|----------------|
| Property and equipment and software | – | (118,141) | (118,141) |
| Tax loss carry forwards | 187,305 | – | 187,305 |
| Deferred bonus settled in shares | 108,964 | – | 108,964 |
| Net tax assets/(liabilities) | 296,269 | (118,141) | 178,128 |

Notes to the financial statements

6. Investment securities

| | Listed | Unlisted | 30 Jun 2008 |
|---|-------------------|-------------------|--------------------|
| | £ | £ | Total |
| | | | £ |
| Fair value through profit and loss | | | |
| Sukuk | 11,861,841 | – | 11,861,841 |
| Designated as fair value through profit and loss | | | |
| Money market fund | – | 12,193,897 | 12,193,897 |
| Available for sale | | | |
| Sukuk | 39,925,758 | – | 39,925,758 |
| Equity | – | 183,315 | 183,315 |
| | 51,787,599 | 12,377,212 | 64,164,811 |

Equity investment consists of 2,500 category B shares in LME Holdings Ltd (£163,315) and £20,000 equity investment in Pets' Kitchen Limited. Management considers the purchase cost and carrying value to reflect market value.

| | Listed | Unlisted | 31 Dec 2007 |
|---|-------------------|-------------------|--------------------|
| | £ | £ | Total |
| | | | £ |
| Fair value through profit and loss | | | |
| Sukuk | 12,150,190 | – | 12,150,190 |
| Designated as fair value through profit and loss | | | |
| Money market fund | – | 10,523,204 | 10,523,204 |
| Available for sale | | | |
| Sukuk | 21,994,958 | – | 21,994,958 |
| Equity | – | 163,315 | 163,315 |
| | 34,145,148 | 10,686,519 | 44,831,667 |

7. Financing arrangements

Financing arrangements of £138,294,231, as at 30 June 2008, include the following finance lease receivables:

| | 30 June 2008 |
|--|---------------------|
| | £ |
| Gross investment in finance leases, receivable: | |
| Less than one year | 4,698,164 |
| Between one and five years | 8,777,963 |
| More than five years | – |
| | 13,476,127 |
| Unearned future income on finance leases | (1,878,502) |
| Net investment in finance leases | 11,597,625 |
| The net investment in finance leases comprises: | |
| Less than one year | 3,769,532 |
| Between one and five years | 7,828,093 |
| More than five years | – |
| | 11,597,625 |

There were no finance lease receivables as at 31 December 2007.

Notes to the financial statements

8. Property and equipment

| | Computer equipment £ | Office equipment £ | Fixtures and fittings £ | Total £ |
|---|----------------------------|--------------------------|-------------------------------|------------------|
| Cost | | | | |
| As at 31 December 2007 | 212,430 | 24,461 | 878,357 | 1,115,248 |
| Acquisitions | 17,482 | – | 76,997 | 94,479 |
| As at 30 June 2008 | 229,912 | 24,461 | 955,354 | 1,209,727 |
| Depreciation and impairment losses | | | | |
| As at 31 December 2007 | 41,277 | 4,889 | 106,037 | 152,203 |
| Charge for the period | 37,367 | 4,072 | 111,540 | 152,979 |
| As at 30 June 2008 | 78,644 | 8,961 | 217,577 | 305,182 |
| Net book value | | | | |
| As at 30 June 2008 | 151,268 | 15,500 | 737,777 | 904,545 |
| As at 31 December 2007 | 171,153 | 19,572 | 772,320 | 963,045 |

9. Operating lease assets

| | Operating Lease Assets £ |
|---|--------------------------------|
| Cost | |
| As at 31 December 2007 | 12,106,216 |
| Acquisitions | 34,961,245 |
| As at 30 June 2008 | 47,067,461 |
| Depreciation and impairment | |
| As at 31 December 2007 | 172,496 |
| Depreciation charge for the period | 1,915,006 |
| As at 30 June 2008 | 2,087,502 |
| Net book value | |
| As at 30 June 2008 | 44,979,959 |
| As at 31 December 2007 | 11,933,720 |
| | 30 June 2008 |
| | £ |
| Rental receipts under operating leases | |
| Future rentals are as follows: | |
| Less than one year | 8,201,423 |
| Between one and five years | 27,265,736 |
| More than five years | 6,630,733 |
| | 42,097,892 |

Notes to the financial statements

10. Intangible assets

| | Computer licence and software £ |
|---|--|
| Cost | |
| As at 31 December 2007 | 1,043,235 |
| Acquisitions | 173,443 |
| As at 30 June 2008 | 1,216,678 |
| Amortisation and impairment losses | |
| As at 31 December 2007 | 148,704 |
| Amortisation charge for the period | 182,021 |
| As at 30 June 2008 | 330,725 |
| Net book value | |
| As at 30 June 2008 | 885,953 |
| As at 31 December 2007 | 894,531 |

11. Related parties

During the reporting period the Bank entered into transactions on arms length bases with the related counterparties as detailed below.

| | 6 months to 30 Jun 2008 £ | For the period 7 Aug 2006 to 31 Dec 2007 £ |
|--|--|---|
| Boubyan Bank | | |
| Wakala borrowing | 35,317,294 | 4,575,351 |
| Commodity Murabaha | – | 12,000,000 |
| Wakala placement | 48,913,699 | 185,470,819 |
| Reverse Murabaha | 14,067,681 | – |
| Foreign exchange transactions | 9,900,000 | 100,857 |
| Placed under Exchange of Deposit | 16,942,000 | 30,652,651 |
| Received under Exchange of Deposit | 26,267,349 | 30,020,494 |
| Money market fund investment | – | 16,048,743 |
| Money market fund sale | – | 6,210,431 |
| Off balance sheet | | |
| Restricted Investment Asset Management | 161,328,637 | – |
| SGM-FX | | |
| Foreign exchange transactions | 179,962 | 3,300,000 |
| | 312,916,622 | 288,379,346 |

In addition, SGM-FX provided temporary office space between August 2006 and July 2007 at no charge.

Notes to the financial statements

11. Related parties (continued)

The amounts outstanding with Boubyan Bank as at 30 June 2008:

| | 30 June 2008 £ | 31 December 2007 £ |
|---------------------------------|-------------------------------|-----------------------------------|
| Included within: | | |
| Cash and balances with banks | | |
| Nostros | 257,607 | 11,637 |
| Due from financial Institutions | | |
| Wakala placement | 29,000,000 | 28,146,225 |
| Due to financial institutions | | |
| Exchange of Deposit | – | (2,763,833) |
| Reverse Murabaha | (12,553,982) | – |
| Wakala borrowing | (1,900,000) | – |

The maximum outstanding amounts with Boubyan Bank during the six month period ended 30 June 2008 were:

On balance sheet £51,033,291

Off balance sheet £132,783,275

(prior period £174,675,479 all of which were on balance sheet)

There were no outstanding amounts with SGM-FX as at 30 June 2008.

Boubyan Bank held 14.97% and Boubyan Capital held 0.50% of the Banks' shares as at 30 June 2008 and one Boubyan Bank executive held a non-executive position in the Bank as at that date, subsequently resigning from his position at Boubyan Bank in July 2008.

The Bank's Chief Executive Officer holds a majority interest in SGM-FX.

Key management of the Bank are the three Executive Directors. The compensation of key management personnel is as follows:

| | 6 months to 30 Jun 2008 £ | For the period 7 Aug 2006 to 31 Dec 2007 £ |
|---|--|---|
| Key management emoluments including social security costs | 651,420 | 2,288,005 |
| Bank contributions to pension plans | 37,500 | 76,500 |
| | 688,920 | 2,364,505 |

12. Other entities

There are three entities that do not qualify as subsidiaries under UK law which are consolidated under IAS27 (SIC-12) as the substance of the relationship is that the entities are controlled by the Bank. These entities are deemed to be controlled by the Bank as the relationship give rise to benefits that are in substance no different from those that would arise were the entities subsidiaries of the Bank. These three SPVs are as follows:

- Kalakane Transatlantic Investors II, Inc. (USA)
- BLX 13 Inc (USA)
- DMJI, LLC (USA)

Lease assets owned by the SPVs are reported as Group operating lease assets (£44,979,959) and Group financing arrangements, finance lease receivables (£9,093,474)

Notes to the financial statements

13. Interim report and statutory accounts

The information in this interim report is unaudited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 ("the Act"). This interim report was approved by the Board of Directors on 21 August 2008. The statutory accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies House in England and Wales in accordance with section 242 of the Act. The auditor has reported on those accounts. Its report was unqualified and did not contain a statement under section 237 (2) or (3) of the Act.

Independent review report to Bank of London and The Middle East plc

Introduction

We have been engaged by Bank of London and The Middle East plc ("Bank") to review the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises of condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the Bank in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Bank 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 Bank for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with IFRSs as adopted by the EU. As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of consolidated financial statements included in this half-yearly report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

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

Scope of review

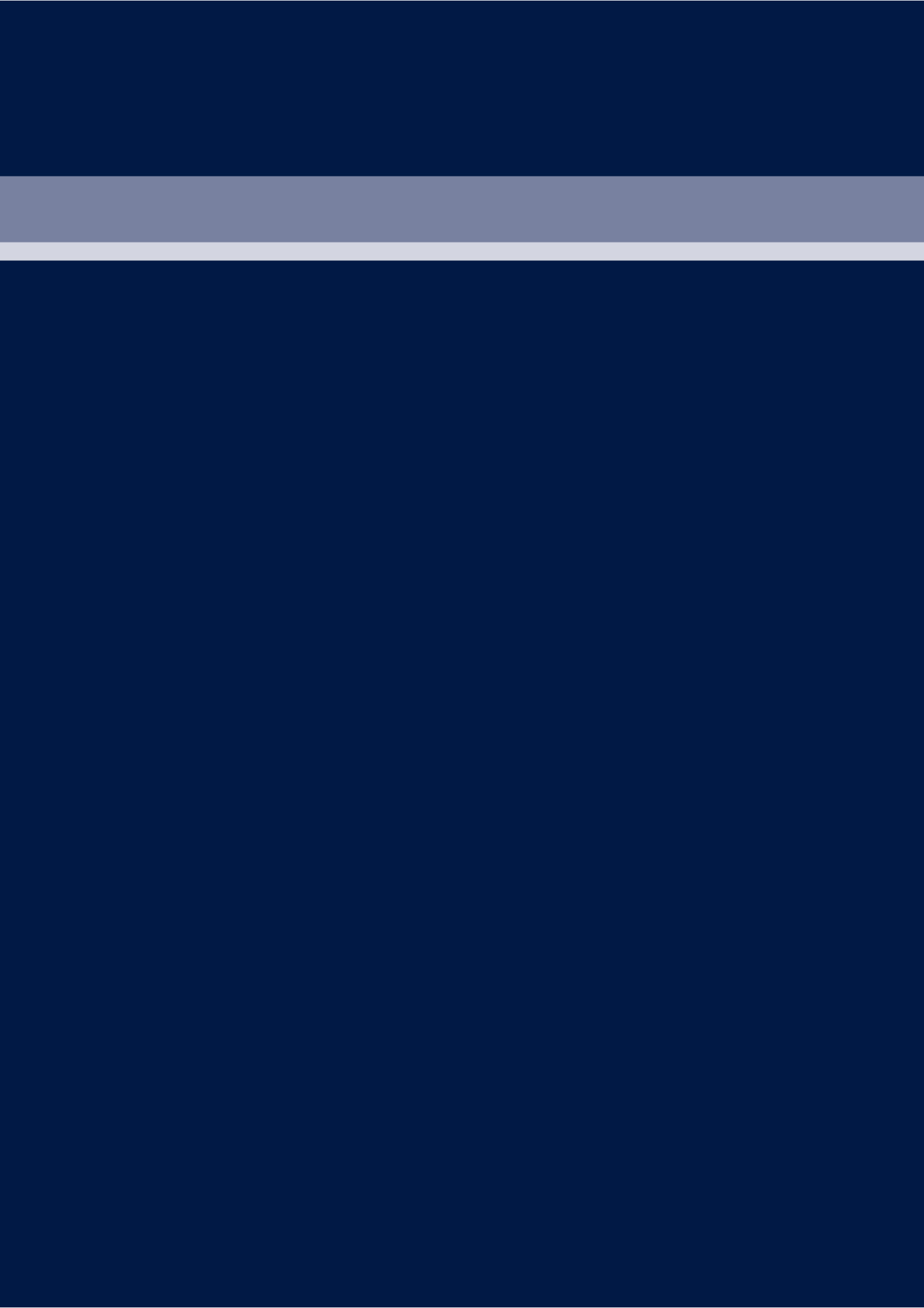
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information 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.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU.



KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London, EC4Y 8BB
21 August 2008





Sherborne House
119 Cannon Street
London EC4N 5AT

Tel +44 (0)20 7618 0000

Fax +44 (0)20 7618 0001

Email info@blme.com

Website www.blme.com