El Oro and Exploration Company p.l.c.
1 November 2006

Chairman's Statement

The Group profit before tax for the eighteen month period ended 30 June 2006 was £12,018,986 (twelve months to 31 December 2004: £3,005,700 - restated). Group net assets at 30 June 2006 under IFRS, taking all assets at fair value were £72,214,062 (equal to 666p per stock unit) as compared with £67,905,581 under UK GAAP at 31 December 2004 (equal to 573p per stock unit).

The principal difference between the IFRS and UK GAAP measurement of the fair value of net assets is that under UK GAAP at 31 December 2004 the figure took no account of the £11,294,608 potential corporation tax due on the excess of market values of net investments over net book cost at that date, which is recognized in the IFRS figures at 30 June 2006.

We have declared a first and final dividend of 12p per stock unit for the eighteen month period ended 30 June 2006. The dividend was paid on 26 October 2006 to members registered on the books of the Company at the close of business on 22 September 2006.

"Praise the Lord and pass the ammunition", Hallelujah and Deo Gracias for this munificent and unlikely to be repeated outcome of the past eighteen months.

Foremost amongst the contributors to the increase in profit and assets has been the stellar performance of the Brewery sector, led by the takeover, completed in September, of Hardys and Hansons by Greene King. We cannot conceal a heavy tinge of regret, both for the passing of a long established and hugely successful regional brewer, combined with the closure of its Nottingham brewery; and not being offered Greene King shares to carry forward our involvement. The other leaders in the brewery sector such as Fullers and Wolverhampton & Dudley have also demonstrated their prowess in providing services approved by their customers and bolstered by their property portfolios and have been similarly rewarded in the appreciation of their share prices.

An even sadder departure has been that of John Young, doyen of the Brewing industry, passionate advocate of draught beer and guardian of his wonderful inheritance, whose passing gift to his shareholders was to announce the sale of the Ram Brewery; thus enhancing the asset value of Young's and enabling it to face the future with renewed vigour. John Young lived for his Brewery and the brewing industry. We join in the tributes to a great personality and best of people and wish his successors and the team he leaves in place good fortune in the future.

The stellar performance of the property sector, has seen Daejan, McKays and Mountview thrive amongst our holdings, and has been complemented by the spectacular results of James Halstead; these businesses, along with the utilities where AWG now follow Bristol Water and East Surrey into private equity, have underpinned the strength of your portfolio. We remain exposed to the water sector via Dee Valley and see no reason we should not continue to reap rewards in this area.

The mining sector which has enjoyed such heady rises boiled over in June: renewed doubts over the durability of the Chinese economic miracle led to significant downgrading in the leaders of the sector, such as BHP, Xstrata and especially Rio Tinto. Some of our investments in the small-cap sector such as Consolidated Minerals and Monterrico, have suffered large falls, as the economics, or politics of their projects have been tested, and found wanting; more recently Avocet sank , warning of increased costs and lower output. Happily, at the time of writing, many of these miners have clawed their way upwards, heartened by the ever-growing slew of takeovers, such as that by Xstrata of Falconbridge, and hints of approaches throughout the sector. Amongst the casualties, Croesus, the new guise of Central Norseman, managed to over-turn 90 years of successful gold mining by an ill-judged foray into the hedging market. Whilst these losses are painful, we do not believe the storm will be prolonged. Our Australian portfolio has several projects that will soon be in production such as Archipelago in Gold and Universal Resources in Copper; mines such as these are sound at metal prices substantially below those prevailing today.

As for Gold, the dollar's demise never quite occurs, and the glimmer of an escalating price is stifled yet again – we retain our optimism; and our gold interests continue to flourish, with Troy Resources recently surpassing the production of 10 tonnes of gold from the Sandstone deposit. The more recently-visited Kazakhs have proven that old mines never die, and that there is still space for Yurts and Velvet cloaks, and their inimitable brand of hospitality, amongst the infinite horizon of that bountiful land.

We remain confident that the ultimate highs for Gold and Gold shares remain ahead, though how far we do not attempt to predict. Constant vigilance is required in the search for secure deposits of the precious metals, with avaricious governments and needy electorates ever on the look out for easy targets.

The economic outlook at present appears benign, whilst the world floats on a seemingly inexhaustible tide of liquidity, sending even the Dow Jones to an all time high, and the venerable Berkshire Hathaway past the $100,000 mark; the Sage himself holding significant stakes in the only 2 stocks in the Dow Jones Index to have actually exceeded their old highs. The Earth may appear to belong to Google, with their bid 'to control the supply of knowledge to the World' or momentarily to the Oligarchs, with their bidding hands held high, or busy destroying the classical harmony and beauty of St. Petersburg's Palaces: for lesser mortals, the travails of the US Housing industry, indebtedness of the US citizen and increase in Individual Voluntary Arrangements within the United Kingdom allied to rising interest rates, are disturbing portents. The escalating intrusion of the State into the lives of its citizens, backed by an ever more onerous tax regime, threatens stability far more than its alternative. Furthermore, the take-off in cheap air travel is now seen as the prime polluter and source of all the ills of the world; needless to say, another tax is seen as the solution, especially by the Conservatives, who consign to a distant filing-cabinet the eminently sensible report on taxation produced by Lord Forsyth. The carbon output from the Engines of Asia: India and China, remains sacrosanct and beyond amendment despite making the pollution from our own service-based economy pale into insignificance. Peter, Paul and Mary will not be leaving on their Jet Plane without a heavy gulp of guilt, and concomitant tax levy.

I would like to express some personal views:

Some may query the sanity of those fund equity managers who eschew the assets of 'this sceptred isle, this precious stone set in a silver sea', taking in exchange British or other bonds, issued by countries hopelessly indebted and with chronic budget deficits whilst P & O, AB Ports and others disappear into the maw of Private Equity or overseas traders. The Pension Funds reduce their exposure to UK equities – despite that being the only area that can sustain their clients over the longer term; a process accelerated by the present Chancellor and his predecessor's reduction followed by removal of the Tax Credit; destroying possibly £150 billion from the Pensions of all but parliamentarians and Civil servants, whilst simultaneously proclaiming success at bringing 'stability' to the British economy. That stability is mainly apparent in the client list of West End Restaurants. Those citizens foolish or patriotic enough to believe their government's promises, have been impoverished and the exposure of the British fund industry to its own economy has been diminished.

The 45,000 'Ghost' workers in the Cameroons, costing that country £5 million per month, are sadly replicated many times over in Britain. The soft-sell Conservatives dare not whisper the Spending-cut word, even when the evidence of appalling profligacy and woeful underachievement is everywhere to be seen. Defra has become a byword for incompetence and overstaffing; the National Health, whilst admirable in its operatives, is sliding ever deeper into catastrophic insolvency, dragged down by a Computer system of unbelievable ineptitude and budget overrun; the public education system has proven itself incapable of providing literate and numerate graduates to stand on a par with overseas students. The Armed Forces, one of the few organisations retaining a smidgeon of efficiency and authority, is starved of resources and is now so small within the State sector as to be almost invisible; its Barracks and Hospitals, amongst the finest and historic Georgian buildings in the Land, like the similarly dispersed asylums, have been sold off for a pittance to form bijou apartments for the upwardly mobile and enrich a new generation of developers; the injured must take their chance in the lottery of the NHS.

For the tax-payers of our country to be told they must continue coughing up to bolster this profligate government is truly grotesque. Meanwhile, the ordinary Englishman, paying nearly 50% of his income in tax, is excluded from the London housing market, by the impossibility of competing with non-Domiciled purchasers paying an average of 5%. The citizens of the North-East may well be content with this state of affairs: it is unlikely that those of the South East will tolerate it indefinitely, especially when a Bank of the stature of HSBC admits to be reviewing the domicile of its Headquarters.

It is enough to drive one to drink, but not to cigarettes: that avenue now to be excluded from pubs and Restaurants: an aim but not an achievement of Adolf Hitler in the 1930's, unlike General Pershing who regarded tobacco 'as important as bullets.' The effect on our pub investments is yet to be discovered, but unlikely to be good, as is the removal of soft drinks from schools, whilst simultaneously selling off their playing fields. The urge to intrude and restrain freedom is almost irresistible and infinite to any politician, where even Anthony Gormley's Merseyside sculptures at Crosby are not deemed safe on the seashore; shame on you, pseudo-Conservatives.

We all now know that Regulations will not be reduced by any of the present or potential incumbents, that tax will get worse and the public finances more dissolute. We have no idea when the nettle-grasping will occur, as happen it must; in the meantime, our assets, spread through this proud land and amongst the more fecund and energetic areas of the world, will provide the wherewithal for the wait.

My thanks, as always, to my patient and wise fellow directors, our excellent and shrewd advisers and our observant and discerning auditors; and especially to Douglas Eaton for so many years of selfless service and worldwide telephone conversations delving into the deeper recesses of the markets.

The humorous team at Cheval Place, reinforced by the return of Rosanna with the assistance of Jackie and Steve, bolstered by Abbie's endless energy, prepare for the farewell to Chris Burman and a new era, with the Accounts and Company in good heart.

C. Robin Woodbine Parish
1 November 2006

CONSOLIDATED INCOME STATEMENT
(Unaudited)
for the 18 month period ended 30 June

	18 months to 30 June 2006 £	12 months to 31 Dec 2004 restated * £
Revenue	**18,659,832**	5,184,007
Movement in fair value through the income statement investments	**156,728**	0
Movement in fair value of investment properties	**(19,896)**	(4,621)
Impairment (loss)/ reversal of impairment on available for sale investments	**(2,893,963)**	798,513
Expenses	**(2,582,000)**	(2,236,176)
Profit before finance costs and taxation	**13,320,701**	3,741,723
Finance costs:		
Banks	**1,295,415**	716,455
Other	**6,300**	19,568
	1,301,715	736,023
Profit before taxation	**12,018,986**	3,005,700
Taxation	**3,753,302**	1,080,051
Profit for the period	**8,265,684**	1,925,649
Earnings per stock unit (basic and diluted)	**76.06p**	16.15p

CONSOLIDATED STATEMENT OF CHANGES IN INCOME AND EXPENSE
(Unaudited)
for the 18 month period ended 30 June

	18 months to 30 June 2006 £	12 months to 31 Dec 2004 Restated * £
Profit for the period	**8,265,684**	1,925,649
Recognition of financial instruments at 1 January 2005:		
Available for sale reserve	**25,640,476**	0
Derivative financial instruments	**(232,665)**	0
Revaluation of available for sale investments during the period	**27,676,702**	0
Deferred tax on revaluation of available for sale investments in the period	**(8,303,011)**	0
Total recognised income and expense for the period	**53,047,186**	1,925,649

* Restated for the effect of adoption of IFRS (see note q)

CONSOLIDATED BALANCE SHEET
(Unaudited)
at 30 June

	30 June 2006	31 Dec 2004 restated *
Assets	**£**	£
Non-current assets		
Property, plant and equipment	**747,417**	1,343,175

Investment properties	**406,014**	611,475
	1,153,431	1,954,650
Current assets		
Trade and other receivables	**236,940**	380,635
Financial assets:		
Available for sale investments	**107,253,063**	39,693,884
Financial assets-fair valued through the income statement:		
Derivative financial instruments	**0**	39,325
Commodities	**1,619,941**	0
Cash and cash equivalents	**256,656**	173,608
	109,366,600	40,287,452
Liabilities		
Current Liabilities		
Financial liabilities:		
Borrowings	**21,174,845**	12,400,813
Financial liabilities-fair valued through the income statement:		
Derivative financial instruments	**0**	128,481
Trade and other payables	**613,624**	735,117
Current tax liabilities	**542,507**	846,027
	22,330,976	14,110,438
Net current assets	**87,035,624**	26,177,014
Non Current Liabilities		
Deferred tax liabilities	**16,218,592**	1,764
Net assets	**71,970,463**	28,129,900
Stockholders' equity		
Ordinary stock units	**541,785**	592,045
Share premium	**6,017**	6,017
Capital redemption reserve	**344,442**	294,182
Merger reserve	**3,564**	(149,798)
Other reserve	**38,069,136**	0
Retained earnings	**33,005,519**	27,387,454
Total equity	**71,970,463**	28,129,900

* Restated for the effect of adoption of IFRS (see note q)

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)

for the 18 month period ended 30 June

	18 months to 30 June 2006	12 months to 31 Dec 2004 restated *
	£	£
Operating activities		
Net profit	**8,265,684**	1,925,649
Adjustments for:		
Depreciation	**43,168**	58,933
Reversal of impairment on available for sale investments	**(919,830)**	(798,513)
Foreign exchange losses/(profits)	**222,889**	(109,017)
Movement in fair value of investment properties	**19,896**	4,621
Movement in fair value through the income statement investments	**(156,728)**	0
Finance costs	**1,301,715**	736,023
Income tax expense	**3,753,302**	1,080,051
Cash flow from operating profit before changes	**12,530,096**	2,897,747

in working capital		
Increase in available for sale investments	**(12,508,090)**	(2,756,496)
(Increase)/decrease in fair value through the income statement investments	**(1,254,151)**	1,289,813
Decrease in trade and other receivables	**91,685**	651,417
(Decrease)/increase in trade and other payables	**(141,139)**	215,302
Cash generated from operations	**(1,281,599)**	2,297,783
Income taxes paid	**(4,155,338)**	(1,191,264)
Cash flow from operating activities	**(5,436,937)**	1,106,519
Investing Activities		
Net cash disposed of with Danby Registrars Limited	**(5,000)**	0
Cost of stock units repurchased and cancelled	**(14,619)**	(398,846)
Purchase of property, plant and equipment	**(37,807)**	(120,525)
Purchase of investment property	**(235,213)**	(138,787)
Cash flow from investing activities	**(292,639)**	(658,158)
Financing activities		
Interest paid	**(1,303,055)**	(702,758)
Dividends paid to equity shareholders	**(1,222,298)**	(1,311,727)
New mortgages	**194,402**	97,950
Repayment of mortgages	**(88,355)**	(2,229)
Cash flow from financing activities	**(2,419,306)**	(1,918,764)
Net decrease in cash and cash equivalents	**(8,148,882)**	(1,470,403)
Cash and cash equivalents at start of year	**(12,079,276)**	(10,608,873)
Effect of foreign exchange rate changes	**31,213**	0
Recognition of forward gold contracts at 1 January 2005 in accordance with IAS 39	**(456,274)**	0
Cash disposed of with subsidiary	**5,000**	0
Cash and cash equivalents at end of year	**(20,648,219)**	(12,079,276)

* Restated for the effect of adoption of IFRS (see note q)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a. Basis of preparation

The principal accounting policies adopted in the preparation of these non-statutory financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. All results are from continuing operations, unless otherwise explained.

These non-statutory financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (“IFRS”) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS. This is the first time the Group has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with UK accounting standards (UK GAAP). The date of transition to IFRS was 1 January 2004. The most recent financial statements issued under UK GAAP were for the year ended 31 December 2004. Details of how the transition from UK accounting standards to IFRS has affected the Group's reported financial position, financial performance and cash flows are given in note q.

The non-statutory financial statements are presented in sterling. They are prepared under the historical cost convention as modified by the revaluation of financial instruments held for trading, financial instruments classified as available for sale and investment properties.

The preparation of the non-statutory financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Although these estimates are based on management's best knowledge of the amount, event or actions, where such judgements are made they are indicated within the accounting policies below.

The preparation of the non-statutory financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. Comparatives have been prepared under IFRS, with the exception of items accounted for under IAS32 and IAS39 where the exemption for restatement of comparatives has been taken. The impact on the transition from previous GAAP to IFRS is explained in note o.

b. Significant accounting policies

El Oro and Exploration Company p.l.c. is a company domiciled in the United Kingdom. The consolidated financial statements of the Group for the eighteen month period ended 30 June 2006 comprise the Company and its subsidiaries (together referred as the "Group").

c. Statement of compliance

The consolidated financial statements do not include all of the information required for full annual financial statements.

Statutory accounts for the year ended 31 December 2004 have been delivered to the Registrar of Companies and those for the eighteen month period ended 30 June 2006 will be delivered to the Registrar of Companies following the Company's annual general meeting. The Auditors have reported on the accounts for the year ended 31 December 2004 and their report was unqualified and did not contain a statement under the Companies Act 1985 Section 237(2) or (3).

d. Basis of consolidation

i. Subsidiaries

The consolidated financial statements include financial information in respect of the Company and its subsidiary companies. Subsidiary companies are entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiary companies acquired or disposed of in the period are included in the consolidated income statement from the date the parent gained control until such time control ceases.

ii. Transactions eliminated on consolidation

Intra-group balances and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

e. Foreign currency

The functional currency of the Group is Great British Pounds (GBP).

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The effect of the foreign exchange are shown separately within the cash flow statement.

f. Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation.

ii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The rates of depreciation are as follows:

Freehold property	2%
Paintings	2%
Computer equipment	33%
Fixtures and fittings	33%

Previous to the date of disposal of Danby Registrars Limited on 14 January 2005, fixtures and fittings were depreciated at 10% or 20% on reduced net book value.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to estimated recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

g. Investments

Investments are recognised and de-recognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

i. Investments in debt and equity securities and other financial assets

The Group's investments are defined by IFRS as investments designated at fair value through the income statement or available for sale, depending on the purpose for which the investment or asset was acquired.

The Group's accounting policy for each category is as follows:

Fair value through the income statement:

This category comprises only derivatives and commodities. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement. Fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is listed. On disposal, realised gains and losses are also recognised in the income statement. Transaction costs are charged to expenses in the income statement. The Group does not have any other assets held for trading nor does it voluntarily classify any other financial assets as being at fair value through the income statement.

All other investments in debt and equity securities and other financial assets, including available for sale investments:

Non-derivative financial instruments and commodities not included in the above categories are classified as available for sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries. They are carried at fair value with changes in fair value recognised directly in equity. Fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is listed. On disposal, realised gains and losses are recognised in the income statement. Transaction costs are included within the cost of the investments. Where a decline in the fair value of an available for sale investment constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement.

The event that determines when an available for sale investment becomes impaired is when there is an event that permanently reduces the value of the investment, where the value of the investment has declined below cost by 20% or more, or where the value of the investment has remained below cost over a six month period.

In respect of unlisted investments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques, which may include using recent arms length market transactions between knowledgeable, willing parties, if available or reference to the current fair value of another instrument that is substantially the same. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such unlisted investments, they are carried at cost, subject to any provision for impairment.

Foreign exchange gains and losses arising from investments are held at fair value through the income statement are included within the changes in their fair values.

Foreign exchange gains and losses arising on available for sale investments are credited or charged to the income statement.

ii. Investment Income

Income from investments includes all dividends, rents and interest on non-government securities receivable.

Dividend income from investments is recognised when the Group's right to receive payment has been established and this is normally the ex-dividend date. Provision is made for any dividends not expected to be received.

Where the Group has elected to receive dividends in the form of shares rather than cash, the amount of the cash dividend forgone is recognised as income. The excess, if any, in the value of shares received over the sum of the cash dividend forgone is recognised as a gain in the income statement.

UK dividend income is recorded at the amount receivable without any attributable tax credit. Overseas dividend income is shown gross of withholding tax.

Gains/losses on sale of investments are recognised in the income statement together with their related foreign exchange differences in respect of holdings in foreign investments.

iii. Investment properties

Investment properties are properties owned by the Group which are held to earn rental income and for capital appreciation. Investment properties are initially recognised at cost and revalued at the balance sheet date to full value as determined by professionally qualified external valuers on the basis of fair value.

Any gain or loss arising from a change in fair value of investment properties is recognised in the income statement. The Group has elected to use the fair value model and depreciation is not provided on investment properties. Rental income from investment property is accounted for when due.

h. Transaction costs

Transaction costs are included in the cost of investments purchased and deducted from the proceeds of investments sold for available for sale investments. These costs are charged to the income statement for investments recognised as fair value through the income statement.

i. Trade and other receivables

Trade and other receivables do not carry any interest and are short term in nature. They are accordingly stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

j. Cash and cash equivalents
Cash and cash equivalents comprises cash balances with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated cash flow statement.

k. Exceptional items
Exceptional items are major items that are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of freehold property.

l. Financial liabilities
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Group's accounting policy for each category is as follows:

Fair value through the income statement:
This category comprises short derivative financial instruments. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Other financial liabilities:
Other financial liabilities include the following items:
• Trade payables and other short term monetary liabilities, which are short term in nature and are therefore stated at their nominal values; and
• Bank borrowings and mortgages, which are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

m. Taxation
The charge for current taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantially enacted by the balance sheet date. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit with the exception of deferred tax on revaluation movements where the tax basis used is the accounts historic cost.

Deferred tax is provided on all temporary differences and will crystallize when the asset for which a differential for tax has been made, has been disposed of.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The total tax charge and tax liability for the eighteen months is treated within the consolidated financial statements as follows:

	18 months to 30 Jun 2006	12 months to 31 Dec 2004
	£	£
Shown within the consolidated income statement:		
Corporation tax charge for the eighteen months	**3,753,302**	1,080,051
Included within current tax liabilities in the balance sheet:	**542,507**	846,027

n. Share capital

i. Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

ii. Dividends

Equity dividends are recognised when they become legally payable on approval by the shareholders at the annual general meeting of the Group.

o. Pension costs

The Group contributes to Self Investing Personal Pension plans for C.R.W. Parish and two employees. Contributions are recognized when payable.

p. Dividends

Dividends to stockholders are recognised as a liability in the period in which they are declared. The following dividends were declared by the Group:

	18 months to 30 Jun 2006	12 months to 31 Dec 2004
	£	£
11.5p (2004: 11.0p) per stock unit	**1,247,601**	1,313,722

The Directors proposed an interim and final dividend of 12.0 pence (2004: 11.5 pence) per stock unit totalling £1,380,284 (2004: £1,247,601). The dividend was paid on 26 October 2006 to stockholders on the register of members on 22 September 2006.

q. Explanation of transition to IFRS

The above accounting policies have been applied in preparing the consolidated interim financial statements for the twelve months ended 31 December 2005 and the comparative information for the twelve months ended 31 December 2004. The requirements of IAS32 “Financial Instruments: Disclosure and Presentation” and IAS39 “Financial Instruments: Recognition and Measurement” have been adopted with effect from 1 January 2005. The comparative figures do not therefore incorporate any restatements in respect of either IAS32 or IAS39.

The following statement sets out the changes made to stockholders’ funds at 1 January 2004 and 31 December 2004 following the adoption of IFRS and separately the changes at 1 January 2005 to reflect the adoption of IAS32 and IAS39.

Group Share Capital	Group Share Premium	Group Reval'n Reserve	Group Cap Red Reserve	Group Merger Reserve	Group Profit and Loss	Group Other Reserve (Available for sale	Group Total

							investments)	
	£	£	£	£	£	£	£	£
At 1 Jan 2004 (UK GAAP)	592,045	6,017	204,256	289,081	(149,798)	25,009,680	0	25,951,281
Note 1	0	0	0	0	0	1,958,175	0	1,958,175
Note 2			(204,256)			204,256		0
At 1 Jan 2004 (IFRS)	592,045	6,017	0	289,081	(149,798)	27,172,111	0	27,909,456
Note 3	0	0	0	5,101	0	(398,846)	0	(393,745)
Note 4	0	0	0	0	0	1,995	0	1,995
Note 5	0	0	0	0	0	1,925,649	0	1,925,649
Note 6	0	0	0	0	0	(1,313,455)	0	(1,313,455)
At 31Dec 2004 (IFRS)	592,045	6,017	0	294,182	(149,798)	27,387,454	0	28,129,900
Note 7	0	0	0	0	0	(232,664)	0	(232,664)
Note 8	0	0	0	0	0	0	25,640,476	25,640,476
At 1 Jan 2005 (IFRS)	**592,045**	**6,017**	**0**	**294,182**	**(149,798)**	**27,154,790**	**25,640,476**	**53,537,712**

Note 1	IRFS Adjustments: Increase in value to deemed cost of 41 Cheval Place-£654,738, reversal of the 2004 dividend to stockholders-£1,313,455 and adjustment to deferred taxation-£(10,018).
Note 2	Reclassify Revaluation reserves.
Note 3	Purchase and cancellation of own shares.
Note 4	Forfeited dividends.
Note 5	Profit for the twelve months.
Note 6	Dividends paid in 2004.
Note 7	Restatement of values of impaired stocks.
Note 8	Adjustment at 1 January 2005 in respect of IAS32 and IAS39 : Increase in value of available for sale instruments, less taxation at 30%