

Corporate governance

The company is committed to high standards of corporate governance, business integrity and professionalism in all its activities. Throughout the year ended 31 December 2006, the company has complied with all of the provisions of the Combined Code issued by the Financial Reporting Council (the "FRC") in July 2003 (the "Code") except in relation to the authority reserved to the Board to make the final determination of the remuneration of the executive directors and in relation to the appointment of the Chairman of the Board to the Remuneration Committee.

In June 2006, the FRC issued a revised Combined Code (the "revised Code") which applies to reporting years beginning on or after 1 November 2006. The company has adopted

provision B.2.1 of the revised Code early and has appointed the Chairman of the Board as a member of the Remuneration Committee as the company considers him to have been independent on appointment as Chairman.

Under the US Sarbanes-Oxley Act of 2002 (the "Act"), enhanced standards of corporate governance and business and financial disclosure apply to companies with securities registered in the US. The company complies with all currently applicable sections of the Act.

A full explanation of how these principles are applied is contained in the corporate governance and remuneration reports in the Group's 2006 Report and Accounts.

Summary directors' report

Activities and business review

A review of the activities and business of the Group for the year ended 31 December 2006, of recent events and of likely future developments is contained on pages 4 to 41.

Directors

Photographs and biographical details of the directors are shown on pages 44 and 45 respectively.

Report of the auditors

The auditors' report on the full accounts for the year ended 31 December 2006 was unqualified and did not include a statement under sections 237(2) (inadequate accounting records or returns or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the Companies Act 1985.