

**For Immediate Release**

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**AMVESCAP PLC REPORTS RESULTS  
FOR SIX MONTHS ENDED JUNE 30, 2005**

**London, August 2, 2005** – AMVESCAP reported that profit before tax for the six months ended June 30, 2005 amounted to £119.3 million (\$213.5 million) compared to £138.1 million (\$250.0 million) for the first six months of 2004. The 2004 results included a gain of £6.4 million arising from the sale of the U.K. business of Atlantic Wealth Management. Operating profit for the six months ended June 30, 2005 amounted to £141.2 million (\$252.7 million), compared to £147.8 million (\$267.5 million) for the first six months of 2004. Revenues totaled £581.5 million (\$1,040.9 million) in the first half of 2005, compared to £577.1 million (\$1,044.6 million) in 2004. Diluted earnings per share amounted to 9.5p for the 2005 period, compared to 11.0p for 2004's six months. (NYSE: AVZ).

	Results for Six Months Ended June 30,			
	2005	2004±	2005‡	2004‡±
Revenues	£581.5m	£577.1m	\$1,040.9m	\$1,044.6m
Profit before tax	£119.3m	£138.1m	\$213.5m	\$250.0m
Earnings per share:				
--basic	9.6p	11.1p	\$0.34†	\$0.40†
--diluted	9.5p	11.0p	\$0.34†	\$0.40†

± 2004 results have been restated in accordance with International Financial Reporting Standards ("IFRS"). See Note 8 for a reconciliation of AMVESCAP's U.K. GAAP results to IFRS.

† Per American Depositary Share equivalent to 2 ordinary shares.

‡ For the convenience of the reader, pounds sterling for the six months ended June 30, 2005 have been translated to US dollars using \$1.79 per £1.00 (2004: \$1.81 per £1.00). References to "\$" in this release are to U.S. dollars unless otherwise indicated.

Commenting on the results, Chairman Charles W. Brady said, "We have had good profit growth in our Canadian, U.S. Institutional and U.K. businesses, in the first half of 2005. These results have been offset by weakness in the U.S. mutual fund business. Actions during the first half of 2005, including the sale of our retirement business and our continuing efforts to increase the efficiency of our shared operating

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platforms have strengthened the company for the future. AMVESCAP remains focused on improving investment performance and maintaining the highest standards of client service." Mr. Brady added, "With the appointment of Marty Flanagan as Chief Executive Officer, AMVESCAP has the right leadership, resources and people to take advantage of the significant industry opportunities available globally for an independent company focused solely on investment management."

Effective January 1, 2005, AMVESCAP began recording its results of operations under International Financial Reporting Standards ("IFRS"). Prior to this date, AMVESCAP prepared its consolidated financial statements under U.K. Generally Accepted Accounting Practice ("U.K. GAAP"). The most significant changes affecting AMVESCAP's financial reporting due to the IFRS transition are:

- The cessation of goodwill amortization (IFRS 3) and redenomination of goodwill to the currency of the underlying acquired entities (IAS 21)
- The inclusion of a fair value charge in respect of outstanding employee share options granted after November 7, 2002 (IFRS 2)
- The replacement of existing charges for awards under certain equity-based compensation plans with fair value charges spread over revised time periods (IFRS 2)
- The inclusion in the balance sheet of all employee benefit liabilities (IAS 19)

The underlying business transactions and cashflows of AMVESCAP did not change upon transition to IFRS. The transition to IFRS resulted in the reduction of total shareholders' funds under U.K. GAAP at January 1, 2004 (transition date) of £118 million. This reduction is due primarily to the redenomination of goodwill and management contract intangible assets into the currency of the underlying acquired entities. Under U.K. GAAP, these balances were recorded in pounds sterling. For the year ended December 31, 2004, the transition to IFRS resulted in the addition of £151 million to profit for the year, primarily due to the cessation of goodwill amortization previously recorded under U.K. GAAP. Diluted earnings per share for the six months ended June 30, 2004 was 11.0p under IFRS, compared with 1.8p under U.K. GAAP. Diluted earnings per share under U.K. GAAP before goodwill amortization was 11.2p for the six months ended June 30, 2004. See Note 8 for further details.

AMVESCAP's first Annual Report under IFRS will be for the year ended December 31, 2005. The information presented in this earnings release is subject to the ongoing development of IFRS.

### **Financial Summary**

Profit before tax for the three months ended June 30, 2005 amounted to £60.3 million (\$107.9 million) compared to £64.5 million (\$116.7 million) in the 2004 second quarter. Diluted earnings per share amounted to 4.8p (2004: 5.1p) for the three months ended June 30, 2005. Revenues for the three months ended June 30, 2005 amounted to £295.5 million (\$528.9 million) compared to £288.8 million (\$522.7 million) from the prior year's quarter.

Funds under management totaled \$373.2 billion at June 30, 2005, compared to \$382.1 billion at December 31, 2004. Institutional money market funds, included above, amounted to \$40.6 billion at June 30, 2005, compared to \$41.7 billion at December 31, 2004. Approximately 53% of the total funds under management were invested in equity securities, and 47% were invested in fixed income securities at June 30, 2005 (March 31, 2005: 54% equity and 46% fixed income). The equity securities were invested in the following disciplines at June 30, 2005: 33% in growth, 38% in core, and 29% in value styles (March 31, 2005: 34% in growth, 38% in core and 28% in value styles). At June 30, 2005, 48% of funds under management were

managed in institutional products and 52% were managed in retail products (March 31, 2005: 48% in institutional products and 52% in retail products).

Average funds under management amounted to \$375.1 billion for the first half of 2005 compared to \$374.4 billion for the first half of 2004. Of these funds, average institutional money market fund levels totaled \$41.0 billion for the first half of 2005 compared to \$47.0 billion of the first half 2004. Average funds under management during the second quarter were \$372.7 billion compared to \$377.4 billion for the preceding quarter and \$372.6 billion for the second quarter of 2004.

Changes in funds under management during the six months ended June 30, 2005 are as follows:

(billions)	Total	AIM		INVESCO			PWM
		U.S.	Canada	U.S.	U.K.	Europe/Asia	
December 31, 2004	\$382.1	\$137.6	\$34.6	\$121.0	\$49.6	\$24.1	\$15.2
Market gains/(losses)	4.4	(0.3)	0.9	--	2.6	1.4	(0.2)
Net new/(lost) business	(8.2)	(7.4)	0.6	(3.9)	2.8	(0.6)	0.3
Change in money market funds	(1.4)	(1.3)	--	--	--	(0.1)	--
Foreign currency	(3.7)	--	0.1	(0.3)	(2.1)	(1.4)	--
June 30, 2005	\$373.2	\$128.6	\$36.2	\$116.8	\$52.9	\$23.4	\$15.3
June 30, 2005 †	£208.5	£71.8	£20.2	£65.3	£29.6	£13.1	£8.5

Changes in funds under management during the second quarter of 2005 are as follows:

(billions)	Total	AIM		INVESCO			PWM
		U.S.	Canada	U.S.	U.K.	Europe/Asia	
March 31, 2005	\$375.4	\$131.0	\$35.9	\$118.0	\$51.6	\$23.9	\$15.0
Market gains/(losses)	5.8	1.5	0.6	0.9	1.8	1.0	--
Net new/(lost) business	(5.7)	(4.5)	0.2	(1.9)	0.6	(0.4)	0.3
Change in money market funds	0.5	0.6	--	--	--	(0.1)	--
Foreign currency	(2.8)	--	(0.5)	(0.2)	(1.1)	(1.0)	--
June 30, 2005	\$373.2	\$128.6	\$36.2	\$116.8	\$52.9	\$23.4	\$15.3
June 30, 2005 †	£208.5	£71.8	£20.2	£65.3	£29.6	£13.1	£8.5

† Translated at \$1.79 per £1.00.

Earnings before interest, taxes, depreciation, amortization and certain non cash and other items ("EBITDA") amounted to £180.2 million (\$322.6 million) in the six months ended June 30, 2005, compared to £193.2 million (\$349.7 million) for the six months ended June 30, 2004. Net debt at June 30, 2005 amounted to £500.8 million compared to £590.9 million at the end of 2004, excluding client cash.

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The Board has declared an interim dividend of 4.0p per share (2004: 2.5p). The interim dividend will be paid on October 12, 2005 to shareholders on the register on September 9, 2005. The ex-dividend date for the dividend will be September 7, 2005.

### **Business Highlights**

The AIM U.S. group reported revenues of £201.5 million and operating profit of £67.3 million. Funds under management amounted to \$128.6 billion at June 30, 2005, including \$40.6 billion relating to institutional money market funds. Performance of AIM's institutional money markets funds continues to be excellent, with several of its largest funds ranked by Lipper as the best performers in their categories for one, three and five-year periods. Several AIM funds were recognized by Lipper at their 2005 Fund Awards Ceremony: AIM International Small Company Fund was named Best International Small/Mid Cap Growth Fund over three years; AIM Global Equity Fund was named Best Global Multi-Cap Growth Fund over three years; AIM Real Estate Fund was named the Best Real Estate Fund over five years.

The AIM Canada group reported revenues of £95.4 million and operating profit of £50.9 million. Strong investment performance has led to AIM Trimark being named fund manager of the year in three of the last four years at the Canadian Investment Awards. Funds under management amounted to \$36.2 billion at June 30, 2005.

The INVESCO U.S. group reported revenues of £103.8 million and operating profits of £26.7 million in the first half of 2005. Funds under management amounted to \$116.8 billion at June 30, 2005. During the first six months, the CDO product group closed two deals totaling \$1.9 billion in assets. The team manages 19 structures totaling \$8.7 billion in assets and was recently recognized by *EuroMoney* magazine which named INVESCO as CDO Manager of the Year 2005.

INVESCO U.K.'s revenues amounted to £110.2 million and operating profits of £23.3 million for the first half of 2005, compared with £10.9 million from the prior year. This business generated \$2.8 billion in net sales during the period. Investment performance of the INVESCO Perpetual funds remain strong with over 80% of assets outperforming their peer group over both three and five years. INVESCO Perpetual was also named the Best Bond Fund Manager at the *Financial Advisor* 2005 awards. Funds under management were \$52.9 billion at June 30, 2005.

### **Business Developments**

Concurrent with the new law that allowed foreign investors to increase their stake to 49%, INVESCO Asia increased its ownership in the INVESCO Great Wall joint venture company from 33% to 49%. In the second quarter the sale of the U.S. DC administration business was announced. This transaction closed in July. In the first quarter the Group renewed its five year credit facility ahead of schedule and on enhanced terms. The new credit facility will lower ongoing bank lender fees and borrowing costs, and increase liquidity profile due to elimination of rollover risk.

AMVESCAP is a leading independent global investment manager dedicated to helping people worldwide build their financial security. Operating under the AIM, AIM Trimark, INVESCO, INVESCO Perpetual and Atlantic Trust brands, AMVESCAP strives to deliver outstanding products and services through a comprehensive array of retail and institutional products for clients around the world. The Company is listed on the London, New York and Toronto stock exchanges with the symbol "AVZ." Additional information is available at [www.amvescap.com](http://www.amvescap.com).

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Members of the investment community and general public are invited to listen to the conference call today, Tuesday, August 2, 2005, at 2:30 p.m. BST (9:30 a.m. EDT), by dialing one of the following numbers: 210-234-0004 or 1-888-201-4990 for U.S. callers. An audio replay of the conference call will be available until Tuesday, August 9, 2005, at 10:00 p.m. BST (5:00 p.m. EDT) by calling 402-998-1629 or 1-888-566-0043 for U.S. callers. The presentation slides that will be reviewed during the conference call will be available on AMVESCAP's Web site at [www.amvescap.com](http://www.amvescap.com).

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This release may include statements that constitute "forward-looking statements" under the United States securities laws. Forward-looking statements include information concerning possible or assumed future results of our operations, earnings, liquidity, cash flow and capital expenditures, industry or market conditions, assets under management, acquisition activities and the effect of completed acquisitions, debt levels and the ability to obtain additional financing or make payments on our debt, regulatory developments, demand for and pricing of our products and other aspects of our business or general economic conditions. In addition, when used in this report, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects" and future or conditional verbs such as "will," "may," "could," "should," and "would" or any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, you should carefully consider the areas of risk described in our most recent Annual Report on Form 20-F, as filed with the United States Securities and Exchange Commission (SEC). You may obtain these reports from the SEC's Web site at [www.sec.gov](http://www.sec.gov).

**AMVESCAP PLC**  
**Consolidated Income Statement**  
(Unaudited)  
(in thousands)

	Six Months Ended June 30,	
	2005	2004
Revenues	£581,496	£577,102
Operating expenses	(440,341)	(429,310)
Operating profit	141,155	147,792
Investment income	2,065	10,317
Interest expense	(23,888)	(20,015)
Profit before taxation	119,332	138,094
Taxation	(42,642)	(49,123)
Profit after taxation	76,690	88,971
Minority interests	(280)	(124)
Profit for the period attributable to equity holders of the parent	<u>£76,410</u>	<u>£88,847</u>
Earnings per share:		
---basic	9.6p	11.1p
---diluted	<u>9.5p</u>	<u>11.0p</u>
Average shares outstanding:		
---basic	793,629	803,384
---diluted	<u>801,073</u>	<u>809,942</u>

**AMVESCAP PLC**  
**Consolidated Income Statement**  
(Unaudited)  
(in thousands)

	Three Months Ended June 30,	
	2005	2004
Revenues	£295,512	£288,818
Operating expenses	(223,183)	(215,267)
Operating profit	72,329	73,551
Investment income	657	1,272
Interest expense	(12,729)	(10,317)
Profit before taxation	60,257	64,506
Taxation	(21,532)	(23,023)
Profit after taxation	38,725	41,483
Minority interests	(202)	(40)
Profit for the period attributable to equity holders of the parent	<u>£38,523</u>	<u>£41,443</u>
Earnings per share:		
---basic	4.9p	5.2p
---diluted	<u>4.8p</u>	<u>5.1p</u>
Average shares outstanding:		
---basic	793,822	804,415
---diluted	<u>801,164</u>	<u>810,138</u>

**AMVESCAP PLC**  
**Consolidated Balance Sheet**  
(Unaudited)  
(in thousands)

	<u>June 30, 2005</u>	<u>Dec 31, 2004</u>
Non-current assets		
Goodwill and intangible assets	£2,385,655	£2,317,247
Property and equipment	112,603	118,272
Investments	90,962	70,070
	<u>2,589,220</u>	<u>2,505,589</u>
Current assets		
Trade and other receivables	575,835	606,264
Investments	589,859	499,439
Cash and cash equivalents	239,650	284,977
	<u>1,405,344</u>	<u>1,390,680</u>
Total assets	<u>3,994,564</u>	<u>3,896,269</u>
Current liabilities		
Current maturities of long-term debt	--	(41,411)
Trade and other payables	(1,264,415)	(1,200,785)
	<u>(1,264,415)</u>	<u>(1,242,196)</u>
Net current assets	<u>140,929</u>	<u>148,484</u>
Non-current liabilities		
Long-term debt	(650,690)	(683,215)
Provisions for liabilities and charges	(122,269)	(124,793)
Total liabilities	<u>(2,037,374)</u>	<u>(2,050,204)</u>
Net assets	<u>£1,957,190</u>	<u>£1,846,065</u>
Equity		
Share capital	£202,916	£202,664
Share premium	707,788	700,888
Shares held by employee trusts	(237,972)	(237,972)
Exchangeable shares	303,507	308,996
Retained earnings	340,018	291,241
Other reserves	639,356	578,934
Equity attributable to equity holders of the parent	<u>1,955,613</u>	<u>1,844,751</u>
Minority interests	1,577	1,314
Total equity	<u>£1,957,190</u>	<u>£1,846,065</u>

**AMVESCAP PLC**  
**Consolidated Cash Flow Statement**  
(Unaudited)  
(in thousands)

	Six Months Ended June 30,	
	2005	2004
Operating profit	£141,155	£147,792
Amortization and depreciation	22,567	24,814
Interest paid, net of investment income	(20,962)	(17,290)
Taxation	(26,669)	(33,309)
Change in debtors, creditors, and other	(7,529)	(62,800)
Net cash inflow from operating activities	108,562	59,207
Investing activities:		
Capital expenditures, net of sales	(10,230)	(9,677)
Purchase of fixed asset investments, net	(1,907)	(1,385)
Acquisitions and dispositions	(1,265)	(28,195)
Financing:		
Dividends paid	(41,002)	(53,312)
Net repayment of debt	(112,566)	(13,716)
Other financing	400	(11,155)
Decrease in cash and cash equivalents	(58,008)	(58,233)
Foreign exchange	12,681	(8,847)
Cash and cash equivalents, beginning of period	284,977	318,713
Cash and cash equivalents, end of period	<u>£239,650</u>	<u>£251,633</u>

**AMVESCAP PLC**  
**Segmental Information**  
(Unaudited)  
(in thousands)

Six Months Ended June 30, 2005

	Revenues	Expenses	Operating Profit
<b>AIM</b>			
U.S.	£201,455	£(134,179)	£67,276
Canada	95,383	(44,457)	50,926
	<u>296,838</u>	<u>(178,636)</u>	<u>118,202</u>
<b>INVESCO</b>			
U.S.	103,774	(77,057)	26,717
U.K.	110,195	(86,897)	23,298
Europe/Asia	32,076	(36,478)	(4,402)
	<u>246,045</u>	<u>(200,432)</u>	<u>45,613</u>
Private Wealth/Retirement	38,613	(43,103)	(4,490)
	581,496	(422,171)	159,325
Corporate	--	(18,170)	(18,170)
	<u>£581,496</u>	<u>£(440,341)</u>	<u>£141,155</u>

Six Months Ended June 30, 2004

	Revenues	Expenses	Operating Profit
<b>AIM</b>			
U.S.	£226,881	£(140,598)	£86,283
Canada	84,699	(38,895)	45,804
	<u>311,580</u>	<u>(179,493)</u>	<u>132,087</u>
<b>INVESCO</b>			
U.S.	90,863	(67,920)	22,943
U.K.	93,778	(82,891)	10,887
Europe/Asia	38,518	(37,681)	837
	<u>223,159</u>	<u>(188,492)</u>	<u>34,667</u>
Private Wealth/Retirement	42,363	(44,536)	(2,173)
	577,102	(412,521)	164,581
Corporate	--	(16,789)	(16,789)
	<u>£577,102</u>	<u>£(429,310)</u>	<u>£147,792</u>

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## Notes

### 1. *Accounting policies*

The accounting policies used in the preparation of the earnings release follow International Financial Reporting Standards ("IFRS") in effect as of the date of this release. The comparative period has been restated to apply these IFRS on a consistent basis (see Note 8). The most significant changes due to the IFRS transition are:

- The cessation of goodwill amortization (IFRS 3) and redenomination of goodwill to the currency of the underlying acquired entities (IAS 21)
- The inclusion of a fair value charge in respect of outstanding employee share options granted after November 7, 2002 (IFRS 2)
- The replacement of existing charges for awards under certain equity-based compensation plans with fair value charges spread over revised time periods (IFRS 2)
- The inclusion in the balance sheet of all employee benefit liabilities (IAS 19)

AMVESCAP's first Annual Report under IFRS will be for the year ended December 31, 2005. The information presented in this earnings release is subject to the ongoing development of IFRS; however the policies applied to the information in this earnings release are consistent with those that are expected to be applied in the 2005 Annual Report. Please refer to [www.amvescap.com](http://www.amvescap.com) for a more detailed discussion of these policies.

### 2. *Adoption of accounting standards*

The Group has adopted IAS 32, "Financial Instruments: Disclosure and Presentation" and IAS 39, "Financial Instruments: Recognition and Measurement" as of January 1, 2005. These standards require that financial assets and liabilities be recognized on the balance sheet and accounted for according to their underlying classification. Shareholders equity increased by £15.2 million as a result of these changes primarily arising from the recognition of net unrealized gains on investments classified as available for sale.

### 3. *Taxation*

The taxation charge is primarily due to overseas taxation. A significant proportion of the tax charge is expected to arise from U.S. operations. The estimated effective tax rate is 35.7% in 2005 (2004: 35.6%).

### 4. *Earnings per share*

Basic earnings per share is based on the weighted average number of ordinary and exchangeable shares outstanding during the respective periods excluding shares purchased and held by employee share ownership trusts. Diluted earnings per share takes into account the effect of the potential issuance ordinary shares.

	2005		
	Profit for the period £'000	Number of shares '000	Per share amount
Basic earnings per share	76,410	793,629	9.6p
Dilutive effect of share-based awards		7,444	
Diluted earnings per share	<u>76,410</u>	<u>801,073</u>	<u>9.5p</u>
	2004		
	Profit for the period £'000	Number of shares '000	Per share amount
Basic earnings per share	88,847	803,384	11.1p
Dilutive effect of share-based awards	--	6,558	
Diluted earnings per share	<u>88,847</u>	<u>809,942</u>	<u>11.0p</u>

5. *Dividends*

A final dividend in respect of the 2004 year of 5.0p per share or £41,002,000 (£39,595,000 for ordinary shares and £1,407,000 for exchangeable shareholders) was approved at the Annual General Meeting of Shareholders on April 28, 2005. This dividend was accrued on that date, and a payment was made on May 4, 2005, to shareholders on the register on April 1, 2005.

6. *Credit facility*

On March 31, 2005, the Company entered into a new five-year credit agreement ("credit facility") with a group of lenders, providing a revolving credit facility in an aggregate principal amount of up to \$900 million. Under certain conditions, the aggregate commitments under the credit facility may be increased to \$1.2 billion. The credit facility requires specified financial ratios to be maintained, including a maximum debt to EBITDA ratio of 3.25:1 and a minimum interest coverage of 4.0:1.

7. *Sale of AMVESCAP Retirement*

On April 21, 2005 the sale of AMVESCAP Retirement was announced, and the transaction closed on July 15, 2005. Total AMVESCAP Retirement assets and liabilities relating to the transaction held for sale at June 30, 2005 were £8.7 million and £2.0 million, respectively. For the six months ended June 30, 2005, AMVESCAP Retirement recorded revenues of £16.7 million.

8. *Reconciliations from U.K. GAAP to IFRS*

Prior to December 31, 2004, AMVESCAP reported its results of operations under U.K. Generally Accepted Accounting Practice ("U.K. GAAP"). Beginning January 1, 2005, AMVESCAP transitioned from U.K. GAAP to International Financial Reporting Standards ("IFRS"). The tables below reconcile total shareholders' funds at December 31, 2003, and December 31, 2004 under U.K. GAAP to total equity under IFRS, and profit/(loss) after taxation for the six months ended June 30, 2004 and the year ended December 31, 2004 from U.K. GAAP to IFRS. Amounts are presented in millions.

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## Reconciliation of total U.K. GAAP total shareholders' funds to IFRS total equity

	Dec 31, 2003	Dec 31, 2004
U.K. GAAP total shareholders' funds	£2,065	£1,864
<i>IFRS Transition Adjustments:</i>		
Goodwill and intangibles	(130)	(16)
Shared based payment	(7)	(7)
Defined benefit obligation, net	(31)	(30)
Dividends	53	41
Other	(3)	(6)
IFRS total equity	<u>£1,947</u>	<u>£1,846</u>

## Reconciliation of U.K. GAAP profit/(loss) after taxation to IFRS profit/(loss) after taxation

	Six months ended June 30, 2004	Year ended Dec 31, 2004
U.K. GAAP profit/(loss) after taxation	£15	£(173)
<i>IFRS Transition Adjustments:</i>		
Goodwill and intangibles	74	153
Defined benefit obligation, net	1	--
Sale of business	3	3
Other	(4)	(5)
IFRS profit/(loss) after taxation	<u>£89</u>	<u>£(22)</u>

### IFRS Transition Adjustments:

Goodwill and intangibles. The Group has chosen to apply IFRS 3 prospectively from the date of transition. This has resulted in the value of goodwill arising from previous acquisitions being frozen at the value held on the Group balance sheet at January 1, 2004 and the reversal of any amortization charged in 2004. The Group has elected to apply IAS 21 retrospectively to its goodwill and intangible asset balances, which were previously recorded in pounds sterling from their respective acquisition dates. The result of this application is that the goodwill and intangible assets have been redenominated into their underlying currencies and will subsequently be re-measured each reporting date for the effect of changes in foreign exchange rates.

Share-based payment. The Group will recognize a charge in the Profit and Loss Account for the fair value of outstanding share awards granted to employees after November 7, 2002. The charge has been calculated using a stochastic option valuation model and will be charged over the relevant vesting periods, adjusted to reflect expected and actual levels of vesting.

Defined benefit obligation, net. The Group will recognize the net liability for defined benefit post retirement plan schemes on the balance sheet and will take actuarial gains and losses on a systematic basis to the Profit and Loss Account, in accordance with the permitted methods of recognition under IAS 19.

Sale of business. During 2004, the Group disposed of its U.K. and Jersey businesses of Atlantic Wealth Management and included the previously written off goodwill related to this business in the

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calculation of the net gain resulting from the sale. Under IFRS 1 goodwill previously deducted from equity is not recognized in the opening balance sheet and that goodwill is not transferred into the Profit and Loss Account upon disposal of the business. This had the effect of increasing the gain reported under U.K. GAAP.

Dividends. The Group will recognize dividends declared after the balance sheet date in the reporting period in which they are declared, as they represent non-adjusting events after the balance sheet date.

Other. Other adjustments upon transition to IFRS include the recognition and establishment of accruals related to compensated absences, foreign exchange items and certain tax adjustments.

*9. Statutory financial statements*

The financial information shown in this earnings release is unaudited and does not constitute statutory financial statements. The 2004 Annual Report has been filed with the Register of Companies on which the auditors issued a report, which was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.