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Interim Report
For the six months ended 30 June 2005

Directors:	Victor Beamish (Chairman) Angus Forrest Juliet Hoskins
Registered office:	32 Clerkenwell Green, London, EC1R 0DU
Secretary:	Pinsent Masons Secretarial Limited 1 Gresham Street, London, EC2V 7BU
Company number	298654
Bankers	Bank of Scotland
Solicitors	Pinsent Masons 1 Gresham Street, London, EC2V 7BU
Auditors	Grant Thornton UK LLP 28 Kenwood Park Road, Sheffield, S7 1NG
Nominated Advisor and Broker	KBC Peel Hunt Limited 111 Old Broad Street, London, EC2N 1PH
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Chairman's Statement

The Board of Billam Plc ("Billam" or "The Company"), the investment company specialising in businesses operating in fast growing markets announces its unaudited interim results for the six months to 30 June 2005.

The past six months have been a period of consolidation as well as a change of emphasis for Billam as its investee companies continued to build their businesses. In particular, I would like to identify notable achievements in the following portfolio companies:

- o Arakis announced the largest ever licensing deal achieved by a British biotech company when its AD237 drug was licensed to Novartis. The total value of the deal could be \$175 million.
- o Cybit won several major new contracts with a sales value in excess of £1m. It announced its final results showing 10% growth in sales with 50% increase in customers.
- o Intellego's first results since floating on AIM showed sales increasing by 86% and gross margins advancing to 66% from 58%.
- o EiRx Therapeutics announced its first contract with a top 10 pharmaceutical company, Merck.

However, Billam's asset value is increasingly dependent upon the share performance of its investee companies, and the Company's asset value has underperformed the indices. For example, in the case of Cybit we believe it reflects sentiment to the telematics sector rather than the company's performance, which has been strong. In others, in common with many smaller quoted businesses, the market takes time to reflect true value and major fluctuations in share prices can belie underlying progress.

Whilst this type of market fluctuation has affected Billam's quoted shares and caused a reduction in Net Asset Value (NAV), your Board believes that the investee companies will strengthen and develop into significant businesses with a wider shareholder base, thereby reducing their vulnerability to such market volatility.

Share consolidation

The share consolidation and subdivision was approved by shareholders and the new 20 pence shares were issued in April. The shares generated by these actions were all placed at the prevailing price immediately following the transaction and it is disappointing that the share price has not performed better. However, there has been some recovery since mid-June. I would like to thank shareholders for their support over this period.

Changes to the Company

Your Company has evolved over the past five years and much of its unquoted portfolio has been converted to quoted. A total of 17 investments have been made, four have been sold and three written off. The remaining portfolio consists of five quoted and five unquoted businesses. The next stage is to grow the intrinsic value of each of the companies over the medium term and thus the value of the portfolio. We will also selectively make new investments to become a significant shareholder in a small number of high growth businesses. It is now appropriate to make changes to the Company as follows:

Board

Simon Bennett has been appointed as a Director. Mr Bennett has extensive experience in the mid and small cap company sector. He has over 20 years of investment banking experience having worked at Citigroup and Credit Lyonnais Securities, where he was formerly the Head of the Mid and Small cap companies team. He is a Chartered Accountant. Juliet Hoskins who joined the Board in 2000 when the Company was launched as an investment business, resigned today, 18 August 2005 as a director. We thank her for her contribution and wish her well for the future.

Broker

The Company now retains a sole broker – KBC Peel Hunt Limited.

Name change

Your Board believes that with the development of the business the name of the Company should be changed. An EGM is being called, details of which are provided with these interim accounts, to approve the change.

Outlook

Despite the market fluctuations mentioned above, Billam's portfolio has continued to develop, and since 30 June Arakis Limited has received an offer from Sosei Limited, a quoted Japanese biopharmaceutical company valuing Arakis at £106 million. This compares with a valuation of £30 million when Billam acquired its Arakis shares in March 2004. This is a further validation of Billam's business model.

Victor Beamish
Chairman

Consolidated statement of total return (unaudited)

	Six months to 30 June 2005			Six months to 30 June 2004			Year to 31 December 2004		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Realised (losses)/gains on investments	(347)	-	(347)	(326)	-	(326)	(192)	-	(192)
Net change in unrealised investments	(2,884)	-	(2,884)	(1,681)	-	(1,681)	(3,879)	-	(3,879)
Income	-	20	20	-	21	21	-	60	60
Gross Return	(3,231)	20	(3,211)	(2,007)	21	(1,986)	(4,071)	60	(4,011)
Administrative expenses		(270)	(270)	-	(304)	(304)	-	(622)	(622)
Interest payable	-	(1)	(1)	-	(2)	(2)	-	(3)	(3)
Return before taxation	(3,231)	(251)	(3,482)	(2,007)	(285)	(2,292)	(4,071)	(565)	(4,636)
Provision for taxation	-	-	-	336	-	336	764	(428)	336
Return after taxation	(3,231)	(251)	(3,482)	(1,671)	(285)	(1,956)	(3,307)	(993)	(4,300)
Transfer to reserves	(3,231)	(251)	(3,482)	(1,671)	(285)	(1,956)	(3,307)	(993)	(4,300)
Return per ordinary share (p) (note 4)	(32.1)	(2.5)	(34.6)	(20.6)	(3.6)	(24.2)	(36.8)	(11.1)	(47.9)

Consolidated balance sheet as at 30 June 2005 (unaudited)

	30 June 2005 £'000	30 June 2004 £'000	31 December 2004 £'000
Fixed assets			
Investments	<u>4,916</u>	<u>9,694</u>	<u>7,864</u>
	4,916	9,694	7,864
Current assets			
Debtors	155	196	201
Cash at bank and in hand	<u>39</u>	<u>165</u>	<u>47</u>
	194	361	248
Creditors: amounts falling due within one year	<u>(150)</u>	<u>(513)</u>	<u>(57)</u>
Net current assets / (liabilities)	<u>44</u>	<u>(152)</u>	<u>191</u>
Total assets less current liabilities	4,960	9,542	8,055
Creditors: amounts falling due after more than one year	<u>(953)</u>	<u>(783)</u>	<u>(912)</u>
Total net assets	<u>4,007</u>	<u>8,759</u>	<u>7,143</u>
Financed by:			
Called up share capital	2,170	1,775	2,170
Share premium account	5,389	5,056	5,389
Capital reserve realised	(1,304)	(1,198)	(957)
Capital reserve unrealised	(924)	3,491	1,614
Merger reserve	1,736	1,736	1,736
Revenue account	<u>(3,060)</u>	<u>(2,101)</u>	<u>(2,809)</u>
Shareholders' funds	<u>4,007</u>	<u>8,759</u>	<u>7,143</u>
Total shareholders' funds are attributable to:			
Equity interests - ordinary shareholders' funds	3,849	8,601	6,985
Non equity interests	<u>158</u>	<u>158</u>	<u>158</u>
	<u>4,007</u>	<u>8,759</u>	<u>7,143</u>
Net asset value pence per share (note 7)			
Ordinary shares	38.3	106.4	69.4
Deferred shares	0.1	0.1	0.1

Consolidated cash flow statement (unaudited)

	Six months to 30 June 2005 £000	Six months to 30 June 2004 £000	Year ended 31 December 2004 £000
Net cash outflow from operating activities	(70)	(88)	(699)
Net cash outflow from returns on servicing finance	(1)	(2)	(3)
Net cash outflow from investment	(16)	(356)	(929)
Net cash inflow from sale of investments	79	453	792
New cash inflow from financing	-	-	728
	<u>(8)</u>	<u>7</u>	<u>(111)</u>

Notes:

1. Basis of preparation

The unaudited interim results have been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2004.

2. Comparatives

Comparatives are shown for the six months to 30 June 2004 and year to 31 December 2004.

Following the share consolidation and subdivision carried out on 8 April 2005, par value of the Ordinary shares became 20p. In notes 4 and 7 the comparatives have been restated to 20 pence share equivalents.

3. Results for the year ended 31 December 2004

The results for the year ended 31 December 2004 are a non-statutory version of the full report and accounts for that year, which have been filed with the Registrar of Companies on which the auditors reported under Section 235 of the Companies Act 1985. The report contained no qualifications, in respect of the year ended 31 December 2004, or any statement under Section 237(2) or (3) of the said Act.

4. Returns

Returns per Ordinary Share are based on the weighted average number of ordinary shares in issue during the period 10,060,000 Ordinary and 157,950,000 deferred shares in issue (year to 31 December 2004 restated 8,972,962 Ordinary and 157,950,000 deferred shares/period to 30 June 2004 restated 8,086,156 Ordinary and 157,950,000 deferred shares).

5. Taxation

No tax provision was considered necessary on the unrealised loss.

6. Dividends

The Directors do not recommend the payment of an interim dividend.

7. Net asset value per share

Net asset value per Ordinary Share is based on the net assets attributable to Ordinary shareholders at the period end and 10,060,000 Ordinary and 157,950,000 deferred shares in issue at the period end (at 31 December 2004: 10,059,840 Ordinary and 157,950,000 deferred shares/at 30 June 2004: restated 8,086,156 Ordinary and 157,950,000 deferred shares).

Copies of this announcement will be available for collection, free of charge, from Billam's offices, 32 Clerkenwell Green, London EC1R 0DU for a period of one month from the date of this announcement