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2007

Half-Yearly Report to Shareholders

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Chairman's Statement

Highlights

- Group turnover up 104% *
- Operating profit up 248% *
- Profit before tax up 304% from £101,000 to £408,000 *
- EPS up 51% from 2.47p to 3.74p for the period *

** Sunline Direct Mail Limited included from February 2007*

Overview

The Group has made considerable progress in the last six months. The Sunline Direct Mail business acquired in February 2007 has been successfully integrated into the Group. Trading in the polywrapping business has been satisfactory in the traditionally quieter half of the year whilst performance at the direct mail solutions business has been better than expected.

On a like for like basis, Friedman's and Davies Odell have delivered good turnover growth which has resulted in better than expected profitability. Both units are now benefiting from their respective relocation and restructuring which occurred last year. Further, the flow of new products for 2007 and beyond is increasing in both businesses.

Overall, Group profit before tax has increased substantially to £408,000 (2006: £101,000).

A number of potential acquisition opportunities are currently under review, both as enhancements to existing activities and stand-alone businesses in their own right. As yet, no formal discussions have commenced.

Financial Results

These are the first set of results since the adoption of International Financial Reporting Standards (IFRS). Comparative figures have been restated to comply with IFRS and a detailed explanation of the changes is given in note 5 to the financial information below.

Group profit before tax for the six months to 30 June 2007 was £408,000 (2006: £101,000) and, after tax of £77,000 (2006: £6,000), the resultant net profit after tax for the period was £331,000 (2006: £95,000).

Earnings per share, basic and diluted, were 3.74p (2006: 2.47p), the figures taking account of the 1 for 50 share consolidation and placing of 4,750,000 new shares in February 2007.

Cash generated from operations in the six months to 30 June 2007 was £650,000 (2006: £410,000). The share placing raised £2,375,000 before expenses. The investment by the Group in Sunline Direct Mail (Holdings) Limited was £1,242,000 after deducting cash of £208,000 acquired with the business. The total expenses of the share placing and acquisition were £756,000.

Total bank loans at 30 June 2007 of £2,616,000 (2006: £981,000) include £2,496,000 (2006: £794,000) secured against the assets of subsidiary companies and with no recourse to the rest of the Group. The increase includes £2,000,000 of bank finance related to the acquisition of Sunline Direct Mail Limited.

The Group balance sheet remains strong. Total capital and reserves attributable to equity holders of the Company were £3,788,000 (30 June 2006: £804,000).

Operational Review

By comparison with the first half of 2006, Group sales are up 104% from £3,526,000 to £7,188,000 generating an operating profit before depreciation of £791,000 (2006: £301,000), after deducting adviser costs of £71,000 incurred on an abortive transaction. Group costs for the six months are up 38% at £134,000 (2006: £97,000), reflecting the appropriate costs of managing a Group of this size. After interest, this resulted in a highly satisfactory increase in Group profit before tax to £408,000 (2006: £101,000).

Chairman's Statement continued

On a like for like basis, turnover and profitability growth has been encouraging across the Group.

Friedman's

Turnover for the first half was up 6.6% and profitability up by 26.9%. The exclusive distribution deal on Italian crepe lycra contributed to this, as has the richer sales mix of longer-margin print fabrics.

Davies Odell

Turnover has grown 14.7% with profit up 41.0%. Most areas of business have performed in line with expectation. Of particular note, however, has been the sales growth in **Forcefield** products as foreshadowed in the 2006 year-end Chairman's Statement. Substantial growth has been achieved both through the launch of new products, a significantly extended UK dealership network and strong distributor performance in the USA and Scandinavia.

Two recent achievements are particularly noteworthy: in July it was confirmed that **Forcefield** will be the body protection product sponsors of the GB Snowsport (ski and snowboard) team from 2008 through to the 2010 Winter Olympics in Vancouver. More recently, Kawasaki Europe have ordered a large quantity of back protectors to be co-branded **Forcefield**.

Sunline Direct Mail

The results for the period since acquisition in February 2007 are now included. Sunline's sales have been broadly in line with expectations with the lettershop (Sunline Solutions) business in Redditch producing a significant turnaround in profitability. The segmental profit before depreciation was £458,000 for the period, a ratio of 14.1% to sales.

Dividend

Provided that the business performs in line with expectations in the second half of 2007, it is the Board's intention to recommend the payment of a dividend in respect of the full year.

Prospects

From a trading perspective, all Group businesses have started the second half slowly, in line with low comparable levels of a year ago.

The order book at Sunline Direct Mail looks solid for the forthcoming three months and trading at Sunline Solutions is consistent with the first half.

Friedman's has had a somewhat better start than the other businesses (against a very weak July 2006) but will have to contend with the strong comparative performance in the last four months of last year. The management are however optimistic that they can deliver meaningful turnover and profit growth for the year.

Davies Odell experienced weak trading in July 2007 and business has slowly recovered in August. Management remain concerned about female fashion moving away from replacement stiletto heel top-pieces, but have reason to be optimistic about **Forcefield** and matting sales, with a number of new products coming on stream.

Overall the Board anticipate that the Group will show steady progress in the second half.

Richard Organ
Chairman
24 September 2007

Consolidated Income Statement

Income Statement

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 (restated) £'000	Unaudited 12 months to 31 December 2006 (restated) £'000
Revenue	7,188	3,526	7,709
Cost of sales	(6,049)	(2,953)	(6,504)
Gross profit	1,139	573	1,205
Net operating expenses	(606)	(420)	(820)
Operating profit	533	153	385
Analysis of operating profit			
Trading	738	250	593
Abortive acquisition costs	(71)	–	–
Group costs	(134)	(97)	(208)
Finance costs	(125)	(52)	(106)
Profit before tax	408	101	279
Taxation	(77)	(6)	158
Profit for the period	331	95	437
Attributable to:			
Equity holders of the Company	270	88	426
Minority interest	61	7	11
	331	95	437
Earnings per share			
– basic	3.74p	2.47p	11.95p
– diluted	3.74p	2.47p	11.95p

Statement of Recognised Income and Expense

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 (restated) £'000	Unaudited 12 months to 31 December 2006 (restated) £'000
Actuarial gain on retirement benefit obligations	–	–	59
Net income recognised directly in equity	–	–	59
Profit for the period	331	95	437
Total recognised income for the period	331	95	496
Attributable to:			
Equity holders of the Company	270	88	485
Minority interest	61	7	11
	331	95	496

Consolidated Balance Sheet

		Unaudited as at 30 June 2007 £'000	Unaudited as at 30 June 2006 (restated) £'000	Unaudited as at 31 December 2006 (restated) £'000
Assets	**Non-current assets**			
	Property, plant and equipment	1,180	288	279
	Intangible assets	5,330	1,529	1,529
	Deferred tax asset	144	202	155
		6,654	2,019	1,963
	Current assets			
	Inventories	1,459	1,154	1,324
	Trade and other receivables	3,095	1,288	1,793
	Deferred tax asset	45	16	218
	Cash and cash equivalents	463	39	35
		5,062	2,497	3,370
	Total assets	11,716	4,516	5,333
Equity	**Capital and reserves attributable to equity holders of the Company**			
	Called up share capital	416	178	178
	Share premium	2,755	676	676
	Retained earnings	617	(50)	347
		3,788	804	1,201
	Minority interest in equity	219	133	138
	Total equity	4,007	937	1,339
Liabilities	**Non-current liabilities**			
	Bank borrowings – loans and overdrafts	1,924	745	566
	Other loans	330	–	–
	Trade and other payables	139	–	27
	Retirement benefit liabilities	470	637	517
	Provisions	32	36	32
	Other creditors	500	–	–
		3,395	1,418	1,142
	Current liabilities			
	Bank borrowings – loans and overdrafts	692	236	448
	Debtor backed working capital	742	593	935
	Trade and other payables	2,532	1,326	1,436
	Current tax liabilities	348	6	33
		4,314	2,161	2,852
	Total liabilities	7,709	3,579	3,994
Total	**Total equity and liabilities**	11,716	4,516	5,333

Consolidated Cash Flow Statement

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 (restated) £'000	Unaudited 12 months to 31 December 2006 (restated) £'000
Cash flow from operating activities			
Cash generated from operations	650	410	450
Tax received	–	–	10
Interest paid	(125)	(52)	(106)
Net cash generated from operations	525	358	354
Cash flow from investing activities			
Purchase of property, plant and equipment	(11)	(80)	(89)
Purchase of computer software and website development	(7)	–	–
Purchase of subsidiary undertakings	(1,940)	–	–
Payment of deferred consideration	–	–	(20)
Net cash used in investing activities	(1,958)	(80)	(109)
Cash flow from financing activities			
Proceeds from issue of Ordinary share capital	2,317	–	–
Repayment of bank loans	(245)	(142)	(262)
Repayment of capital element of hire purchase agreements	(58)	–	(4)
Net cash generated from/(used in) financing activities	2,014	(142)	(266)
Net increase/(decrease) in cash and cash equivalents	581	136	(21)
Cash and cash equivalents at beginning of period	(118)	(97)	(97)
Cash and cash equivalents at end of period	463	39	(118)
Cash flows from operating activities			
The reconciliation of operating profit to cash flows from operating activities is as follows:			
Operating profit for the period	533	153	385
Adjustments for:			
Depreciation charge	124	51	110
Difference between pension charge and cash contribution	(36)	(36)	(71)
Operating profit before changes in working capital and provisions	621	168	424
Movement in provisions	–	–	(8)
Increase in inventories	(71)	(67)	(237)
Decrease/(increase) in trade and other receivables	220	124	(382)
(Decrease)/increase in trade and other payables	(120)	185	653
Cash generated from operations	650	410	450
Cash and cash equivalents			
Cash at bank and in hand	463	39	35
Bank overdrafts repayable on demand (unsecured)	–	–	(153)
	463	39	(118)

Accounting Policies

Basis of preparation

The Half-Yearly Report does not constitute statutory accounts as defined within the Companies Act 1985 and has not been audited.

The Half-Yearly Report has been prepared under the historical cost convention and in line with the requirements of the AIM rules. The Directors have not adopted the requirements of IAS34 'Interim Financial Reporting' in preparing this Report.

The principle accounting policies applied in the preparation of the consolidated Half-Yearly Report are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

These are the first set of half-yearly financial statements since the adoption of International Financial Reporting Standards (IFRS) and have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 30 June 2007, and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. In accordance with EU legislation, the Group's first annual financial statements will be prepared for the year ended 31 December 2007.

This is the Group's first consolidated Half-Yearly Report and IFRS 1 – 'First-time Adoption of International Financial Reporting Standards' – has been applied. The comparative information has been restated from the Group's previously published accounts for 2006 prepared under UK GAAP, to comply with IFRS. The Group's date of transition to IFRS was 1 January 2006 and reconciliations between IFRS and UK GAAP of the previously reported equity at 1 January 2006 and 31 December 2006 and of the profit for the year ended 31 December 2006 are presented in note 5.

The audited UK GAAP statutory accounts for the year ended 31 December 2006, upon which an unqualified audit opinion was given, have been delivered to the Registrar of Companies.

The Group has taken advantage of the exemption not to produce a Company Income Statement.

First time adoption

The procedures for first time adoption of IFRS, that the Group must follow, are set out in IFRS 1. The general principle is that all IFRS standards be retrospectively applied. However IFRS 1 includes optional exemptions and mandatory exceptions relating to retrospective applications. The most significant of these that impact the Group are as follows:

a) Business combinations – The Group has elected not to apply IFRS 3 to business combinations that occurred prior to the transition date of 1 January 2006.

b) Share based payments – The Group has elected not to apply IFRS 2 to share options and warrants granted prior to 7 November 2002 and, as this relates to all current awards, the results have not been affected. This is consistent with the previous UK GAAP treatment.

c) Fair value or revaluation as deemed cost – The Group has elected not to fair value selective items of property, plant and equipment at the date of transition.

Basis of consolidation

The Consolidated Income Statement and Balance Sheet include the financial statements of the Company and its subsidiary undertakings up to 30 June 2007. The results of subsidiaries sold or acquired are included in the Consolidated Income Statement up to, or from, the date control passes. Intra group sales and profits are eliminated fully on consolidation.

Accounting Policies continued

Basis of consolidation continued

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to these assets and liabilities, and the resulting gains and losses that arise after the Group has gained control of the subsidiary are credited or charged to the post acquisition Income Statement.

Revenue recognition

Revenue comprises the invoiced value of goods sold (recognised on despatch or transfer of substantial risks and rewards where different), excluding VAT.

Property, plant and equipment

Property, plant and equipment is stated at initial cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

Plant and machinery, tools and moulds	– Between 5 and 10 years, or over the period of the contract
Motor vehicles	– 5 years
Leasehold property improvements	– Over the term of the lease

The useful life, the residual value and the depreciation method is assessed annually.

The carrying value of the property, plant and equipment is compared to the higher of value in use and the pre-tax realisable value. If the carrying value exceeds the higher of the value in use and pre-tax realisable value the asset is impaired and its value reduced by charging additional depreciation to the Income Statement.

Intangible assets

a) Goodwill

Goodwill is recognised to the extent that it arises through a business combination. In respect of business combinations that have occurred since 1 January 2006, goodwill represents the difference between the cost of the acquisition and the fair value of net identifiable assets acquired. In respect of business combinations prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2006 have not been reconsidered in preparing the Group's opening IFRS Balance Sheet.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is no longer amortised but is tested for impairment.

b) Computer software and websites

Non-integral computer software purchases are capitalised at cost. These costs are amortised over their estimated useful lives (between 3 and 10 years). Costs associated with implementing or maintaining computer software programmes are recognised as an expense as incurred.

Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The

Accounting Policies continued

Impairment of intangible assets continued

recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Any impairment losses are not reversed.

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials are valued on a first in first out basis at net invoice values charged by suppliers. The value of work in progress and finished goods includes the direct cost of materials and labour together with an appropriate proportion of factory overheads.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short term bank deposits held at call, other short term highly liquid investments with an original maturity of less than three months, and bank overdrafts. Bank overdrafts are shown in current liabilities as borrowings. All are carried at cost in the Balance Sheet.

Deferred taxation

Full provision is made for deferred taxation on all temporary differences existing at the balance sheet date with certain limited exceptions. Temporary differences are the difference between the carrying value of an asset or liability and its tax base. However deferred tax is not recognised on the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination or at the time of the transaction affecting neither accounting profit nor taxable profit, or when the Group can control the timing of the reversal of temporary timing differences arising on investments and that it is improbable that reversal will occur in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be generated enabling the utilisation of the temporary timing differences.

Foreign currencies

The results are recorded in Sterling which is deemed to be the functional currency of the Group, the Company and all its subsidiaries.

Foreign currency transactions are expressed in Sterling at the rates of exchange ruling at the date of the transaction, and if still in existence at the year end the balance is retranslated at the rates of exchange ruling at the Balance Sheet date. Differences arising from changes in exchange rates during the year are taken to the Income Statement.

Pensions

Defined benefit pension costs are recognised in the Income Statement and the Statement of Recognised Income and Expense. The full annual actuarial gain or loss is recognised in the Statement of Recognised Income and Expense. Contributions to the defined contribution schemes are charged to the Income Statement as incurred.

Operating leases

The annual costs of operating leases are charged to the Income Statement as incurred.

Finance leases

For leases where a significant portion of the risks and rewards of ownership is obtained or where legal title is to pass to the Group the assets are capitalised at cost in the Balance Sheet and depreciated over their expected useful economic lives. The interest element of the rental obligation is charged to the Income Statement over the period of the lease and represents a constant proportion of the balance of capital repayment outstanding.

Minority interests

Minority interests represent the interest of shareholders in subsidiaries which are not wholly owned by the Group.

Notes to the Financial Information

1. Segmental analysis

All activities are classed as continuing.

a) Primary reporting format – Business segments

i) Results by segment
Unaudited 6 months to 30 June

	Friedman's		Davies Odell		Sunline	Group	
	2007	2006 (restated)	**2007**	2006 (restated)	**2007**	**2007**	2006 (restated)
	£'000	£'000	**£'000**	£'000	**£'000**	**£'000**	£'000
Revenue	**1,465**	1,374	**2,468**	2,152	**3,255**	**7,188**	3,526
Segmental result	**184**	145	**220**	156	**458**	**862**	301
Depreciation charge	**(17)**	(13)	**(39)**	(38)	**(68)**	**(124)**	(51)
Abortive acquisition costs						**(71)**	–
Group costs						**(134)**	(97)
Interest expenses						**(125)**	(52)
Profit before taxation						**408**	101
Taxation						**(77)**	(6)
Profit for the period						**331**	95

ii) Assets and liabilities by segment
Unaudited as at 30 June

	Segment assets		Segment liabilities		Segment net assets	
	2007	2006 (restated)	**2007**	2006 (restated)	**2007**	2006 (restated)
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
CEPS Group	**225**	85	**(29)**	(39)	**196**	46
Friedman's	**2,903**	2,794	**(2,012)**	(2,064)	**891**	730
Davies Odell	**1,964**	1,637	**(1,421)**	(1,476)	**543**	161
Sunline	**6,624**	–	**(4,247)**	–	**2,377**	–
Total – Group	**11,716**	4,516	**(7,709)**	(3,579)	**4,007**	937

iii) Non-cash expenses and capital expenditure
Other than as stated above there were no significant non-cash expenses.
Unaudited 6 months to 30 June

	Capital expenditure	
	2007	2006
	£'000	£'000
CEPS Group	**7**	–
Friedman's	**5**	80
Davies Odell	**3**	–
Sunline	**3**	–
Total – Group	**18**	80

b) Secondary reporting format – Geographical segments

The United Kingdom is the source of turnover, operating profit and is the principal location of the assets of the Group. The Group information provided above therefore also represents the geographical segmental analysis.

2. Earnings per share

Basic earnings per share is calculated on the profit after taxation for the period attributable to equity holders of the Company of £270,000 (2006: £88,000) and on 7,211,618 (2006 restated: 3,563,828) ordinary shares, being the weighted number in issue during the period.

Diluted earnings per share is calculated on the weighted number of ordinary shares in issue adjusted to reflect the potential effect of the exercise of share warrants. No adjustment is required in either period because the fair value of warrants was below the exercise price.

Notes to the Financial Information continued

3. Acquisition

In February 2007 the Company, through Sunline Direct Mail (Holdings) Limited (SDMH), acquired the entire issued share capital of Sunline Direct Mail Limited (SDM), a supplier of poly wrapping and associated services to the direct mail market, for an initial consideration of £3,800,000. The Company acquired 80% of SDMH, the remaining 20% being owned by the managing director of SDM.

The initial consideration was satisfied by a cash payment of £3,450,000 and the issue of shares and loan notes in SDMH to the value of £350,000. The cash payment was funded by non-recourse bank finance of £2,000,000 and subscriptions by the Company of £80,000 for equity, £520,000 for preference shares and £850,000 for loan stock. Deferred consideration of up to a maximum of £500,000 will be payable dependent on the future trading performance of SDM.

Since acquisition SDMH has contributed revenue of £3,255,000 and operating profit of £390,000 to the Group results. Had Sunline been acquired at 1 January 2007, the first day of the financial year, it is anticipated that it would have contributed revenue of £3,835,000 and operating profit of £438,000.

Details of the acquisition of SDM by SDMH are as follows:

	Book values £'000	Provisional fair values £'000
Intangible fixed assets (goodwill on a previous acquisition)	473	–
Tangible fixed assets	1,014	1,014
Inventories	64	64
Debtors	1,522	1,522
Corporation tax	(238)	(238)
Creditors	(937)	(937)
Deferred tax liability	(173)	(173)
Net assets acquired	1,725	1,252
Purchased goodwill		3,794
Consideration		5,046
Analysis of consideration:		
Cash		2,000
Cash acquired		(208)
Finance leases		256
Share capital: Group		600
Share capital: minority		150
Loan stock: Group		850
Loan stock: minority		200
Deferred consideration		500
Acquisition expenses		698
		5,046

Purchased goodwill reflects the value of the reputation of SDM and the loyalty of its customer base. As it is not considered to be possible to attribute estimated fair values to either of these factors, they have not been recognised as separately identifiable intangible assets.

4. Share consolidation and fund raising

On 12 February 2007 shareholders approved a share consolidation on the ratio of 50 existing ordinary shares of 0.1p each for one new ordinary share of 5p each and a placing to raise £2,375,000, before expenses of £58,000, by the issue of 4,750,000 placing shares at 50p per share (equivalent to 1p per share prior to the share consolidation). The proceeds were used to acquire a majority interest in SDMH and to strengthen the Group's Balance Sheet. The investors included members of the concert party detailed in the circular sent to shareholders on 11 January 2007.

5. Explanation of the transition from UK GAAP to IFRS

These half-yearly financial statements are the first set to be prepared under IFRS and as such the following disclosures are required in the year of transition. The date of transition is 1 January 2006.

i) Reconciliation of profit for the period

	6 months to 30 June 2006 £'000	12 months to 31 December 2006 £'000
Profit under UK GAAP	55	357
Amortisation of goodwill	40	80
Profit under IFRS	95	437

Notes to the Financial Information continued

5. Explanation of the transition from UK GAAP to IFRS continued

ii) Reconciliation of equity at 1 January 2006

		UK GAAP £'000	Transition adjustment £'000	IFRS £'000	Notes
Assets	**Non-current assets**				
	Property, plant and equipment	259	–	259	
	Intangible assets	1,529	–	1,529	
	Deferred tax asset	–	202	202	b
		1,788	202	1,990	
	Current assets				
	Inventories	1,087	–	1,087	
	Trade and other receivables	1,411	–	1,411	
	Current tax recoverable	1	–	1	
	Deferred tax asset	16	–	16	
	Cash and cash equivalents	24	–	24	
		2,539	–	2,539	
	Total assets	4,327	202	4,529	
Equity	**Capital and reserves attributable to equity holders of the Company**				
	Called up share capital	178	–	178	
	Share premium	676	–	676	
	Retained earnings	(138)	–	(138)	
		716	–	716	
	Minority interest in equity	127	–	127	
	Total equity	843	–	843	
Liabilities	**Non-current liabilities**				
	Bank borrowings – loans and overdrafts	878	–	878	
	Retirement benefit liabilities	471	202	673	b
	Provisions	32	–	32	
		1,381	202	1,583	
	Current liabilities				
	Bank borrowings – loans and overdrafts	366	–	366	
	Debtor backed working capital	416	–	416	
	Trade and other payables	1,311	–	1,311	
	Provisions	10	–	10	
		2,103	–	2,103	
	Total liabilities	3,484	202	3,686	
	Total equity and liabilities	4,327	202	4,529	

iii) Reconciliation of equity at 31 December 2006

		UK GAAP £'000	Transition adjustment £'000	IFRS £'000	Notes
Assets	**Non-current assets**				
	Property, plant and equipment	279	–	279	
	Intangible assets	1,449	80	1,529	a
	Deferred tax asset	–	155	155	b
		1,728	235	1,963	
	Current assets				
	Inventories	1,324	–	1,324	
	Trade and other receivables	1,793	–	1,793	
	Deferred tax asset	218	–	218	
	Cash and cash equivalents	35	–	35	
		3,370	–	3,370	
	Total assets	5,098	235	5,333	

Notes to the Financial Information continued

5. Explanation of the transition from UK GAAP to IFRS continued

iii) Reconciliation of equity at 31 December 2006 continued

		UK GAAP £'000	Transition adjustment £'000	IFRS £'000	Notes
Equity	**Capital and reserves attributable to equity holders of the Company**				
	Called up share capital	178	–	178	
	Share premium	676	–	676	
	Retained earnings	267	80	347	
		1,121	80	1,201	
	Minority interest in equity	138	–	138	
	Total equity	1,259	80	1,339	
Liabilities	**Non-current liabilities**				
	Bank borrowings – loans and overdrafts	566	–	566	
	Trade and other payables	27	–	27	
	Retirement benefit liabilities	362	155	517	b
	Provisions	32	–	32	
		987	155	1,142	
	Current liabilities				
	Bank borrowings – loans and overdrafts	448	–	448	
	Debtor backed working capital	935	–	935	
	Trade and other payables	1,436	–	1,436	
	Current tax liabilities	33	–	33	
		2,852	–	2,852	
	Total liabilities	3,839	155	3,994	
	Total equity and liabilities	5,098	235	5,333	

iv) Notes to transition adjustments

a) IAS 38, Intangible assets, requires that goodwill is no longer amortised, but instead is subject to an annual impairment review. In compliance, the goodwill amortisation charged under UK GAAP during the year ended 31 December 2006 has been reversed. The Group has elected, as permitted under IFRS 3, Business combinations, not to retrospectively restate goodwill relating to acquisitions prior to 1 January 2006 and therefore the UK GAAP goodwill balance at 31 December 2005 has been included in the transition IFRS balance sheet and is no longer amortised.

b) IAS 19, Employee benefits, requires the pension liability to be disclosed on the face of the balance sheet, gross of any recognised deferred tax. As a result the deferred tax asset relating to the pension liability has been transferred to non-current assets.

6. AIM compliance committee

In accordance with AIM Rule 31 the Company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules; seek advice from its nominated adviser ('Nomad') regarding its compliance with the AIM Rules whenever appropriate and take that advice into account; provide the Company's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers; ensure that each of the Company's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and ensure that each director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these obligations are being discharged, the Board has established a committee of the Board (the "AIM Committee"), chaired by Richard Organ, a non-executive director of the Company.

Having reviewed relevant Board papers, and met with the Company's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Company's obligations under AIM Rule 31 have been satisfied during the period under review.

Group Information

Directors	P G Cook, Group Managing D A Horner, Non-executive G C Martin FCA, Financial R T Organ BA(Hons) FRSA, Non-executive Chairman
Secretary and registered office	G C Martin FCA 11 George Street, Bath BA1 2EH Company number 507461
Operating locations	Davies Odell Ltd Portland Road, Rushden, Northants NN10 0DJ telephone 01933 410818 fax 01933 315976 email info@daviesodell.co.uk; www.forcefieldbodyarmour.com and Beatrice Road, Kettering, Northants NN16 9QS telephone 01536 513456, fax 01536 310080 email info@davieskett.co.uk; www.equimat.co.uk Friedman's Ltd Sunaco House, Unit 2, Bletchley Road, Stockport SK4 3EF telephone 0161 975 9002 fax 0161 975 9003 email sales@friedmans.co.uk; www.friedmans.co.uk Sunline Direct Mail Ltd Cotton Way, Weldon Road Industrial Estate, Loughborough LE11 5FJ telephone 01509 263434 fax 01509 264225 email enquiries@sunlinedirect.co.uk; www.sunlinesolutions.com
Registrars and share transfer office	Capita Registrars Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA telephone 0870 162 3131 fax 01484 600911
Share price information	Information about the day-to-day movement of the share price on the London Stock Exchange can be found: at www.londonstockexchange.com (code CEPS) from the FT Cityline, telephone 0906 843 0000 (code 2353)
Auditors	PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors 31 Great George Street, Bristol BS1 5QD
Bankers	HSBC Bank plc 79 Regent Street, Kingswood, Bristol BS15 8LH
Solicitors	Berwin Leighton Paisner LLP Adelaide House, London Bridge, London EC4R 9HA
Nominated advisor and broker	City Financial Associates Limited 46 Worship Street, London EC2A 2EA telephone 020 7492 4777 fax 020 7492 4774