chelverton
equity partners

2007

Report & Accounts

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Chairman's Statement

Highlights

- Profit before tax of £674,000, an increase of 142% on 2006
- Group revenue of £15.4m, an increase of 100% on 2006
- Adjusted earnings per share of 6.95p (2006, after tax credit: 11.95p)
- Gearing reduced to 51% (2006: 76%)
- £713,000 debt repaid during the year from internally generated resources
- Strong balance sheet with capital and reserves of £4.2m (2006: £1.2m)

Overview

The progress achieved in the first half was partially sustained in the second half, in spite of increasingly uncertain trading conditions. The Sunline Direct Mail business, acquired in February 2007, is now fully integrated within the Group and its Lettershop business (Sunline Solutions) has had a particularly strong year.

At Friedman's, our Lycra distribution business, overall sales levels were in line with expectations but profitability was flat year-on-year. The revenue cost of developing an online retail business, FunkiFabrics, an unexpected bad debt late in the year and euro exchange rate appreciation, all reduced profitability in the second half.

Davies Odell performed ahead of expectation in the first half and with a steady second half performance saw revenue for the year rise by 6% and profitability by 5%.

Group revenue doubled and operating profit increased by 145% to £945,000 (2006: £385,000) after charging abortive acquisition costs of £71,000. Group profit before tax rose by a similar percentage to £674,000 (2006: £279,000). Adjusted earnings per share, before deduction of abortive acquisition costs of £71,000, were 6.95p (2006, after tax credit: 11.95p).

Further potential acquisitions are under review, both as enhancements to existing activities and as stand-alone businesses in their own right. The structure and strategy adopted by CEPS appears to have become an accepted exit solution for companies with a value below the size criterion of the private equity investors.

Financial review

Revenue doubled to £15.4m (2006: £7.7m), and operating profit rose by 145% to £945,000 (2006: £385,000) after charging abortive acquisition costs of £71,000. Profit before tax rose by a similar percentage to £674,000 (2006: £279,000) and after tax of £88,000 (2006: credit £158,000) the profit for the year was £586,000 (2006: £437,000).

Earnings per share, basic and diluted, were 6.32p (2006: 11.95p), the figures taking into account the 1 for 50 share consolidation and placing of 4,750,000 new shares in February 2007.

Cash generated from operations in the period was £1,466,000 (2006: £450,000). The share placing in February raised £2,375,000 before expenses of £57,000. The investment by the Group in Sunline was £3,940,000, comprising shares and loan stock of £1,450,000 plus the expenses of the acquisition of £698,000, less £208,000 cash acquired with the business and together with the new bank loans of £2,000,000.

Total bank loans of £2,257,000 (2006: £861,000) include £2,190,000 (2006: £697,000) 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 loans related to the acquisition of Sunline, of which £300,000 had been repaid at the year end.

Chairman's Statement continued

Financial review continued

Gearing has been reduced to 51% (2006: 76%) as a result of the additional equity raised, the repayment of bank loans and finance lease borrowings from internally generated resources totalling £713,000 and by increased cash balances of £348,000. The Group balance sheet remains strong. Total capital and reserves attributable to equity shareholders of the Company at the year end were £4,206,000 (2006: £1,201,000).

These are the first set of results since the adoption by the Group 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 the half-yearly report to shareholders dated 24 September 2007.

Operational review

Friedman's – Revenue for the year was up 8%, with the segmental profit level similar to last year. As the year progressed operating margins came under pressure as the effective price of imported Lycra increased with the substantial appreciation of the euro against sterling. This pressure was especially acute in the last quarter of the year.

During the second half, Friedman's launched a new business called FunkiFabrics, selling some of the current ranges direct to end-users. A completely new transactional website (www.funkifabrics.com) has been developed and a number of agents recruited to stimulate business by showing products from comprehensive sample books. Sales so far are encouraging, though launch costs, as expected, have impacted on second half profitability.

Davies Odell – Revenue for the year increased by 6%, although the second half was similar to the comparative period for 2006. Within the matting operation, horse mat (Equimat) sales grew but tighter margins due to raw material price increases have kept the contribution at 2006 levels. As expected, cowmats saw a substantial decline in turnover and hence contribution, though margins remained steady. Floor and gym protection matting saw steady growth in both revenue and margin as a direct result of increased business with a prominent gym/fitness club equipment distributor.

Elsewhere in this business, sales of shoe repair products remained reasonably buoyant although input prices are now rising here with limited scope to pass them on to our customers in the current economic climate. The Forcefield body armour range has continued its strong growth with revenue up by more than 90%. The UK retail distribution network now exceeds 100 outlets for motorcycling, off-road biking, skiing and snowboarding. The sales performance of Forcefield in ski/snowboard outlets this autumn has been a particular highlight. Business with our key distributor in the USA doubled in the year and other export markets have also seen strong growth with rising enquiry levels.

Sunline Direct Mail – Revenue for the 11 months within the CEPS Group reached £7.2m generating a segmental profit (before depreciation charge) of £865,000. The Polywrapping business has encountered increased competition in its marketplace putting margins under pressure. The company has tightened its sales criteria to ensure the optimum mix of business and has instituted improved production scheduling. These initiatives will result in production efficiencies and will maximise the profit available.

The Lettershop business has begun to fulfil its real potential in 2007 with revenue increased by 26% and operating profit increased by three times. Several core clients have been grown substantially in volume terms and new accounts have also been added to the portfolio. The site and equipment are now being more fully utilised than for some years.

Chairman's Statement continued

Dividend

In the light of the likely slow-down in consumer spending which may impact our trading, the Board has decided to conserve cash and considers it prudent not to recommend the payment of a final dividend at this stage.

Power to issue shares

The Board will seek at the annual general meeting to renew the following authorities that were initially approved by shareholders at the extraordinary general meeting in February 2007.

It is proposed that the directors be given authority in accordance with section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £334,288.45 (representing approximately 80.4% of the present issued ordinary share capital).

It is also proposed that the directors be given authority pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment provided that this power is limited to a pre-emptive issue and any other issue of equity securities for cash up to an aggregate nominal amount of £272,268.30 (representing approximately 65.5% of the present issued ordinary share capital).

The directors believe that these authorities would for example allow the Group to issue new ordinary shares as consideration, in part or whole, for a suitable acquisition.

The Board considers that to limit its ability to issue shares, other than in strict proportion to existing shareholders, to 5% of the present issue share capital would be unduly restrictive. Whilst there is no present intention of issuing shares, the Board considers that the powers could be helpful and are not excessive in view of its investment strategy and the present size of the Group.

New Articles of Association

The Companies Act 2006 has proposed various changes to company law that the Board considers it sensible to adopt and incorporate within a new set of Articles. Further changes to company law are expected to be brought into force later this year and the Board seeks the power to adopt these further changes when they happen.

The principal changes concern the convening of extraordinary and annual general meetings, the votes of members, the age of directors on appointment, conflicts of interest, distribution of assets other than in cash, electronic and web communications and directors' indemnities and loans to fund expenditure.

Explanatory notes at the back of this document give more detailed information about each of these proposed changes.

People

I would like to thank all our employees for their continuing dedication to serving our customers effectively. We have strong teams in each of the businesses, and I am confident in the more challenging times I see ahead they will respond and outperform their competition.

Prospects

As I indicated at the half-year the second half had started slowly and this caution proved appropriate given the outcome for the Group across the balance of 2007. Since that time the "credit crunch" has rippled-out from the banking sector to the wider economy, with the well-documented effect on house prices and mortgage availability increasingly likely to affect consumer behaviour.

So far the effect on the Group has been limited with revenue and profitability at expected levels for the first quarter across all of the businesses.

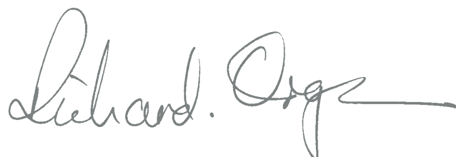
Chairman's Statement continued

Prospects continued

At Friedman's the euro exchange rate will be the source of continuing pressure on its Lycra input prices and measures are in hand to mitigate the effect. Davies Odell is beginning to see inflationary price increases proposed by their sources in the Far East which they will not be able to pass on. Product re-engineering and alternative sources are being vigorously explored.

Sunline has had a better than expected start to the year with the Polywrapping business showing increased consistency of performance and the Lettershop business carrying on from where it left off in 2007.

At the time of writing, one has to take the view that growth in consumer spending is likely to ease downwards throughout 2008. In these circumstances, I remain cautious as to the overall prospects for 2008 but confident that our management teams will outperform their immediate competition and maximise profitability and return on capital employed.



Richard Organ
20 May 2008

Directors' Report

Your directors have pleasure in submitting their annual report and the audited financial statements of the Group for the year ended 31 December 2007.

Principal activities and business review

The principal activities of CEPS PLC are that of an investment company, acquiring majority stakes in stable, profitable and steadily growing entrepreneurial companies. The Company's subsidiaries carry on the following trades:

Friedman's Limited – the conversion and distribution of specialist Lycra.

Davies Odell Limited – the manufacture and distribution of protection equipment, matting and footwear components.

Sunline Direct Mail Limited – the provision of direct mail services.

A review of the business, its prospects and future developments are set out in the Chairman's Statement on pages 1 to 4.

The Group internal reporting system enables the Board to assess the strategic direction of the Group against agreed targets. The table below shows the most important key indicators used by the Group.

	2007	2006
Revenue	£15,394,000	£7,709,000
Gross margin	14.9%	15.6%
Operating profit before interest and tax	£945,000	£385,000
Profit after tax	£586,000	£437,000
Total equity	£4,365,000	£1,339,000
Net debt	£2,207,000	£1,015,000
Gearing ratio	51%	76%

The directors do not recommend the payment of a dividend. The profit for the year is added to reserves.

The Board also monitors matters relating to health and safety and the environment and reviews them at its regular meetings. The risks to the business arising from changes to the trading environment and employee retention and training are also regularly monitored and reviewed.

IFRS Adoption

With effect from 1 January 2006 the Group has adopted 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 29 to these financial statements.

Directors

The directors' beneficial interests in shares of the Company at the end of the financial year are shown in note 7 to the accounts on page 28.

R T Organ BA(Hons) FRSA (55) is a non-executive director and Chairman. He has significant experience of manufacturing and marketing in the footwear and clothing industries gained with C & J Clark Ltd and Coats Viyella PLC. He is a non-executive director of Swallowfield PLC.

D A Horner (48) is a Chartered Accountant. He qualified with Touche Ross and in 1986 joined 3i Corporate Finance Limited. In 1997 he set up Chelverton Asset Management Limited which specialises in managing portfolios of investments in private companies and small to medium size public companies. He set up and manages Chelverton Growth Trust Plc, manages the Small Companies Dividend Trust Plc and is a director of Athelney Trust plc and the Quoted Companies Alliance.

Directors' Report continued

Directors continued

P G Cook (56) was appointed Group Managing Director on 24 September 2007. He is a Chartered Accountant who, having qualified with Kidsons Impey, has taken finance and commercial roles with a number of companies. He served as finance director and managing director of Assurity Europe Limited, a venture capital financed MBO whose activities are focused on the fast growing market for business consultancy and disaster recovery services serving blue chip clients in the UK. He is currently a director of a number of other companies.

G C Martin (63) is Financial Director. He has a service contract with the Company requiring six months notice of termination.

The director retiring by rotation in accordance with Articles 90 and 91 is R T Organ who, being eligible, offers himself for re-election.

Acquisition

On 12 February 2007 the Company acquired 80% of Sunline Direct Mail (Holdings) Limited (SDMH) and 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. The initial consideration paid by SDMH for SDM was £3,800,000 which 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. The remaining 20% of SDMH is owned by the managing director of SDM. Deferred consideration, currently estimated at £50,000 but potentially up to a maximum of £500,000, is payable dependent on the future trading performance of SDM.

Further details are given in note 28 to the accounts on page 48.

Share placing and consolidation

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 £57,000 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 Sunline Direct Mail (Holdings) Limited (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. Further information about SDMH is given in note 28.

Also on 12 February 2007 warrant holders approved amendments to the terms of the warrants increasing the exercise price to 62.5p per share, corresponding to 1.25p per share before the share consolidation, extending the exercise date to 20 April 2010 and making the warrants freely transferable.

Further details are given in note 24 on page 45.

Substantial shareholdings

In addition to directors' shareholdings shown on page 28, the following shareholders held more than 3% of the Company's ordinary shares at 15 May 2008:

	Shares
David Abell	421,000
Chelverton Growth Trust Plc	625,856
HSBC Global Custody Nominee (UK) Limited 813259 ACCT	865,220
Mark Thistlethwayte	1,200,000

Directors' Report continued

Creditor payment policy

The policy of the Group and Company is to determine terms and conditions of payment with suppliers when negotiating other terms of supply and to abide by the terms of payment. At the year end the Group had an average of 54 days (2006: 56 days) purchases outstanding in trade creditors. There were no amounts owing to trade creditors by the Company at the year end (2006: nil).

Financial and treasury policy

The Group finances its operations by a combination of retained profits, management of working capital, bank overdraft and debtor backed working capital facilities and medium term loans. The disclosures for financial instruments are made in note 21a to the accounts on page 43.

Interest rate risk is controlled by the use of a combination of fixed and variable rates of interest.

Liquidity risk is managed by the preparation of cash flow forecasts and by monthly comparison of actual cash flows against the forecasts. Group policy is to ensure that funding is in place sufficient that trading activities are not adversely impacted.

Currency risk is principally in respect of transactions in US dollars and euros. Group policy is to match as far as possible through the normal course of trade the level of sales and purchases in foreign currencies.

For further details of Group financial risk and management thereof see note 2 on pages 21 to 23.

Disclosure of information to auditors

So far as each director is aware, there is no relevant information of which the Company's auditors are unaware. Relevant information is defined as 'information needed by the Company's auditors in connection with preparing their report'. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP are willing to continue in office and a resolution proposing their re-appointment will be submitted to the annual general meeting.

On behalf of the Board
G C Martin
Secretary
20 May 2008

Corporate Governance

The Board is committed to high standards of corporate governance and recognises that it is accountable to shareholders for good governance. The Company's corporate governance procedures define the duties and constitution of the Board and the various Board committees and, as appropriate, specify responsibilities and level of responsibility. The principal procedures are summarised below:

The Board

The Board comprises two non executive directors, one of whom is Chairman, and two executive directors. Further details of the Board members are given in the Directors' Report on pages 5 and 6.

All directors, with the exception of the Managing Director, are subject to retirement by rotation and re-election by the shareholders in accordance with the Articles of Association.

The Board meets regularly, at least six times a year and with additional meetings being arranged when necessary.

The Company seeks constructive dialogue with institutional and private shareholders through direct contact and through the opportunity for all shareholders to attend and ask questions at the annual general meeting.

Audit committee

This committee comprises the non-executive directors and is chaired by D A Horner. The audit committee is responsible for the appointment of the external auditor, agreeing the nature and scope of the audit and reviewing and making recommendations to the Board on matters related to the issue of financial information to the public. It assists all directors in discharging their responsibility to ensure that accounting records are adequate and that the financial statements give a true and fair view.

Nomination committee

This committee is comprised of the Chairman and the other non-executive director. It is responsible for making recommendations to the Board on any appointment to the Board.

Remuneration committee

This committee is comprised of the Chairman and the other non-executive director.

The remuneration committee sets the remuneration and other terms of employment of executive directors. Remuneration levels are set by reference to individual performance, experience and market conditions with a view to providing a package appropriate for the responsibilities involved.

Directors' contracts are designed to provide the assurance of continuity which the Company desires. There are no provisions for pre-determined compensation on termination.

Pensions for directors are based on salary alone and are provided by the company defined contribution scheme and defined benefits scheme. Contributions are paid to these schemes in accordance with independent actuarial recommendations or funding rates determined by the remuneration committee as appropriate to the type of scheme.

Non-executive directors have no service contracts and no pension contributions are made on their behalf.

Full details of directors' remuneration and benefits are given in note 7 to the financial statements on pages 27 and 28.

Corporate Governance continued

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 year under review.

Internal financial control

The Board has overall responsibility for the system of internal financial control which is designed with regard to the size of the company to provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the effectiveness of the internal financial control environment. The organisational structure of the Group gives clear management responsibilities in relation to internal financial control. Financial risks are controlled through clearly laid down authorisation levels. There is an annual budget which is approved by the directors. The results are reported monthly and compared to the budget. The audit committee receives a report from the external auditors annually.

Going concern

The directors have considered the financial and operating position of the Group and they consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and Company as at the end of each financial year and of the results for the year. In preparing the financial statements suitable accounting policies have been used and consistently applied and reasonable and prudent judgements and estimates have been made. The financial statements are prepared on a going concern basis and in compliance with the applicable accounting standards including compliance with IFRSs as adopted by the European Union and IFRSs issued by IASB and with the Companies Act 1985. The directors are also responsible for maintaining adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the members of CEPS PLC

We have audited the Group and parent company financial statements (the "financial statements") of CEPS PLC for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report to the members of CEPS PLC continued

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2007 and of the group's profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007 and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
21 May 2008

Notes:

a) The maintenance and integrity of the CEPS PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement and Consolidated Statement of Recognised Income and Expense

Consolidated income statement

	Notes	2007 £'000	2006 £'000
Revenue			
Continuing		8,239	7,709
Acquisition		7,155	–
	4	15,394	7,709
Cost of sales		(13,102)	(6,504)
Gross profit		2,292	1,205
Distribution expenses		(366)	(183)
Administration expenses		(981)	(637)
Operating profit	5	945	385
Analysis of operating profit			
Continuing		612	593
Acquisition		712	–
Abortive acquisition costs		(71)	–
Group costs		(308)	(208)
Finance costs	9	(271)	(106)
Profit before tax		674	279
Taxation	10	(88)	158
Profit for the year		586	437
Attributable to:			
Equity holders of the Company		491	426
Minority interest		95	11
		586	437
Earnings per share			
– basic and diluted	12	6.32p	11.95p

Consolidated statement of recognised income and expense

	Notes	2007 £'000	2006 £'000
Fair value gains, net of tax			
Actuarial gain on retirement benefit obligations	8,22	196	59
Net income recognised directly in equity		196	59
Profit for the year		586	437
Total recognised income for the year		782	496
Attributable to:			
Equity holders of the Company		687	485
Minority interest		95	11
		782	496

There are no movements to be recognised through the parent company statement of recognised income and expense in 2007 or 2006.

Consolidated and Company Balance Sheets

		Notes	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Assets	Non-current assets					
	Property, plant and equipment	14	1,239	279	–	–
	Intangible assets	15	4,751	1,529	96	1
	Investments in Group undertakings	16	–	–	2,571	500
	Deferred tax asset	22	45	155	–	–
			6,035	1,963	2,667	501
	Current assets					
	Inventory	17	1,391	1,324	–	–
	Trade and other receivables	18	3,151	1,793	618	573
	Deferred tax asset	22	73	218	–	–
	Cash and cash equivalents		383	35	5	3
			4,998	3,370	623	576
	Total assets		11,033	5,333	3,290	1,077
Equity	Capital and reserves attributable to equity holders of the Company					
	Called up share capital	24	416	178	416	178
	Share premium	25	2,756	676	2,808	676
	Profit and loss account	25	1,034	347	(29)	118
			4,206	1,201	3,195	972
	Minority interest in equity	25	159	138	–	–
	Total equity		4,365	1,339	3,195	972
Liabilities	Non-current liabilities					
	Borrowings	20	2,138	593	–	–
	Retirement benefit liabilities	8	162	517	–	–
	Provisions	23	55	32	–	–
			2,355	1,142	–	–
	Current liabilities					
	Borrowings	20	1,490	1,392	–	–
	Trade and other payables	19	2,778	1,427	95	105
	Current tax liabilities		45	33	–	–
			4,313	2,852	95	105
	Total liabilities		6,668	3,994	95	105
	Total equity and liabilities		11,033	5,333	3,290	1,077

These accounts were approved by the Board of Directors on 20 May 2008.

R T Organ
G C Martin
Directors

Consolidated and Company Cash Flow Statements

		Group		Company	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
Cash flows from operating activities	Cash generated from operations	1,466	450	(296)	(20)
	Tax (paid)/received	(237)	10	–	14
	Interest (paid)/received	(254)	(106)	94	9
	Net cash generated from/(used in) operations	975	354	(202)	3
Cash flow from investing activities	Purchase of property, plant and equipment	(67)	(89)	–	–
	Purchase of computer software and website development	(49)	–	(17)	–
	Purchase of subsidiary undertakings net of cash acquired	(3,940)	–	(2,149)	–
	Payment of deferred consideration	(30)	(20)	–	–
	Net cash used in investing activities	(4,086)	(109)	(2,166)	–
Cash flow from financing activities	Proceeds from issue of Ordinary share capital	2,318	–	2,370	–
	Proceeds from new bank loans	2,000	–	–	–
	Repayment of bank loans	(604)	(262)	–	–
	Repayment of capital element of hire purchase agreements	(109)	(4)	–	–
	Net cash generated from/(used in) financing activities	3,605	(266)	2,370	–
	Net increase/(decrease) in cash and cash equivalents	494	(21)	2	3
	Cash and cash equivalents at the beginning of the year	(118)	(97)	3	–
	Cash and cash equivalents at the end of the year	376	(118)	5	3
Cash flows from operating activities	The reconciliation of operating profit to cash flows from operating activities is as follows:				
	Operating profit/(loss) for the year	945	385	(369)	(205)
	Adjustments for:				
	Depreciation charge	264	110	–	–
	Difference between pension charge and cash contribution	(76)	(71)	–	–
	Operating profit/(loss) before changes in working capital and provisions	1,133	424	(369)	(205)
	Movement in provisions	(27)	(8)	–	–
	Increase in inventories	(3)	(237)	–	–
	Decrease/(increase) in trade and other receivables	164	(382)	85	140
	Increase/(decrease) in trade and other payables	199	653	(12)	45
	Cash generated from operations	1,466	450	(296)	(20)
Cash and cash equivalents	Cash at bank and in hand	383	35	5	3
	Bank overdrafts repayable on demand	(7)	(153)	–	–
		376	(118)	5	3

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated, and in preparing an opening IFRS balance sheet at 1 January 2006 for the purpose of transition to IFRS.

Basis of preparation

These are the first set of 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 31 December 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 have been prepared for the year ended 31 December 2007.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention.

This is the Group's first consolidated financial statements 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 31 January 2006 and 31 December 2006 and of the profit for the year ended 31 December 2006 are presented in note 29.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

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 under section 230 of the Companies Act 1985 not to present a Company income statement. Information about the Company result for the period is given in note 13. There are no movements to be recognised through the Company's statement of recognised income and expenses in 2007 or 2006.

First time adoption

The procedures for first time adopting 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 application. 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.

Notes to the Financial Statements continued

1. Accounting policies
continued

IFRS effective in 2007 but not yet relevant

The following IFRS have not been adopted by the Group in these financial statements, as they are not deemed to be relevant:

- IFRS 4 – *Insurance contracts*;
- IFRIC 7, *Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies*;
- IFRIC 9, *Re-assessment of embedded derivatives*; and
- IFRIC 11, IFRS 2 – *Group and treasury share transactions*.

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Revenue recognition

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

Notes to the Financial Statements continued

1. Accounting policies
continued

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 an appropriate 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 (the useful life, the residual value and the depreciation method is assessed annually):

Plant and machinery, tools and moulds:	Between 5 and 10 years or on a 25% reducing balance basis
Motor vehicles:	5 years straight line
Leasehold property improvements:	Over the term of the lease.

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. Borrowing costs are not capitalised.

Intangible assets

a) Goodwill

Goodwill is recognised to the extent that it arises through business combinations. 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 has 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.

Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised over their useful lives. Costs associated with maintaining websites are recognised as an expense as incurred.

Notes to the Financial Statements continued

1. Accounting policies
continued

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 recoverable amount is the higher of an asset's fair value less costs to sell or its 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.

Current and deferred taxation
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Notes to the Financial Statements continued

1. Accounting policies
continued

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

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Share capital
Ordinary shares are classified as equity while redeemable preference shares are classified as liabilities.

Financial instruments
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. However the Group does not generally hold such assets.

b) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Notes to the Financial Statements continued

1. Accounting policies
continued

c) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and its estimated future cash flow. The carrying amount of the asset is reduced through the use of a bad debt provision and the amount of the loss is recognised in the income statement within cost of sales. When a trade receivable is uncollectible it is written off against the bad debt provision. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement.

d) Trade payables
Trade payables are recognised initially at fair value.

e) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments and hedging activities
Where material, derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group uses forward foreign exchange contracts to hedge certain export sales and purchases. Any gains or losses arising are recognised in the income statement as cost of sales.

Notes to the Financial Statements continued

2. Financial risk management

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by local management under policies approved by the board of directors.

a) Market risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, US dollar and sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has a policy to require Group companies to manage their foreign exchange risk against their functional currency. The policy is to match as far as possible through the normal course of trade the level of sales and purchases in foreign currencies and, where applicable, to enter forward foreign exchange contracts as hedges of foreign exchange risk on specific assets, liabilities or future transactions.

At 31 December 2007, if sterling had weakened by 5% against the euro and all other variables held constant, post-tax profit for the year would have been £34,000 (2006: £34,000) lower as a consequence of foreign exchange losses.

ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from medium-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group policy is to maintain an appropriate balance between borrowings expressed in fixed rates and those at variable rates. All of the Group's borrowings are denominated in sterling. CEPS strategy is as far as possible to use the assets of businesses in which it makes investments to secure the necessary borrowings for those investments.

The impact on post tax profit of a 1% shift in interest rates on the Group's non current bank borrowings would be a maximum of £16,000 (2006: £6,000).

b) Credit risk

The Group is exposed to the credit risk inherent in non-payment by either its customers or the counterparties of its financial instruments. The Group utilises credit insurance policies to mitigate its risk from some of its trading exposure, especially in overseas markets, and in all cases seeks satisfactory references and the best possible terms of payment. It mitigates its exposure on financial instruments by only using instruments from banks and financial institutions with a minimum rating of 'A'.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having available an adequate amount of committed credit facilities.

Notes to the Financial Statements continued

2. Financial risk management continued

c) Liquidity risk continued

Management monitors rolling forecasts of the Group's available liquidity on the basis of expected future cash flows. Forecasts are generated in the first instance at local level in the operating subsidiaries of the Group.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2007				
Trade and other payables	2,778	–	–	–
Other loans	–	110	220	–
Bank borrowings	678	611	968	–
Bank overdrafts	7	–	–	–
Trade receivables backed working capital facilities	708	–	–	–
Finance lease obligations	97	164	105	–
	4,268	885	1,293	–
At 31 December 2006				
Trade and other payables	1,427	–	–	–
Bank borrowings	295	291	275	–
Bank overdrafts	153	–	–	–
Trade receivables backed working capital facilities	935	–	–	–
Finance lease obligations	9	9	22	–
	2,819	300	297	–

2.2 Capital risk management: IAS 1 amendment in relation to IFRS 7

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio measures net debt as a proportion of total equity as shown in the consolidated balance sheet. Net debt is calculated as total bank and finance lease borrowings, including current and non-current borrowings, less cash and cash equivalents.

Notes to the Financial Statements continued

2. Financial risk management continued

2.2 Capital risk management continued

The gearing ratios at 31 December 2007 and 2006 were as follows:

	2007 £'000	2006 £'000
Total borrowings	2,590	1,050
Less: cash and cash equivalents	(383)	(35)
Net debt	2,207	1,015
Total equity	4,365	1,339
Gearing ratio	51%	76%

Net debt was increased by £2,000,000 of bank finance related to the acquisition of Sunline Direct Mail Limited but reduced by repayments of bank loans and finance lease borrowings in the period totalling £713,000 and by cash balances. Total equity increased by the issue of new shares realising £2,318,000 after expenses, and by the profit for the period. As a result the gearing ratio fell to 51% (2006: 76%).

2.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of the financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current interest rate.

Notes to the Financial Statements continued

3. Accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances the original estimates and assumptions will be altered as necessary in the year in which the circumstances change. Where necessary, comparative figures will be restated from the previously reported results to take into account presentational changes.

a) Amortisation of intangible assets and depreciation of property, plant and equipment
Amortisation and depreciation is provided in the consolidated financial statements so as to write down the respective assets to their residual values over their estimated useful lives. The selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements.

b) Impairment of intangible assets, property, plant and equipment
Where there is an indication that the carrying value of intangible assets, property or plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of those assets based on a value in use calculation that will involve estimates and assumptions to be made by management.

c) Inventory provisions
The Group reviews its inventory on a regular basis and where appropriate makes provision for slow moving and obsolete items based on estimates of future sales requirements. The estimates of future sales requirements will be based both on historical experience and on the expected outcomes based on knowledge of the markets in which the Group operates.

d) Dilapidations provisions
The Group occupies leasehold properties for which there are potential costs of dilapidations reparation on termination of those leases. The Group attempts to anticipate those potential future costs by making estimates of those costs and provision for them. The estimates are made from knowledge of the leased premises, their state of repair, the requirements of the leases and management's judgement of the potential future liability.

e) Deferred tax assets
Certain subsidiaries of the Group have accelerated capital allowances and retirement benefit liabilities all of which may reduce future corporation tax payable within the Group. Deferred tax assets have been recognised in respect of accelerated capital allowances to be claimed over the next five years and the full amount of the retirement benefit liabilities. The recognition of the assets reflects management's estimate of the recoverable amounts in respect of these items.

f) Retirement benefit liabilities
One subsidiary of the Group operates a defined benefits pension scheme. The scheme is subject to trienniel actuarial valuation and the Group commissions an independent qualified actuary to update to each financial year end the previous trienniel result. The results of this update are included in the financial statements. In reaching the annually updated results the actuary makes assumptions and estimates with the assistance of management. These assumptions and estimates are made advisedly but are not any guarantee of the performance of the scheme or of the outcome of each trienniel review.

Notes to the Financial Statements continued

4. Segmental analysis

All activities are classed as continuing.

a) Primary reporting format – Business segments
The Group is managed in three principal business segments, with each segment comprising a single trading subsidiary and operating in a defined business sector.

i) Results by segment

	Sale of goods				Rendering of services		
	Friedman's		Davies Odell		Sunline	Group	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2007 £'000	2006 £'000
Revenue	2,878	2,663	5,361	5,046	7,155	15,394	7,709
Segmental result before Group costs	294	293	429	410	865	1,588	703
Depreciation charge	(32)	(33)	(79)	(77)	(153)	(264)	(110)
Abortive acquisition costs						(71)	–
Group costs						(308)	(208)
Operating profit						945	385
Interest expenses						(271)	(106)
Profit before taxation						674	279
Taxation						(88)	158
Profit for the year						586	437

ii) Assets and liabilities by segment as at 31 December

	Segment assets		Segment liabilities		Segment net assets	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
CEPS Group	83	150	(72)	(55)	11	95
Friedman's	2,879	2,850	(1,860)	(2,595)	1,019	255
Davies Odell	2,203	2,333	(1,270)	(1,344)	933	989
Sunline	5,868	–	(3,466)	–	2,402	–
Total – Group	11,033	5,333	(6,668)	(3,994)	4,365	1,339

iii) Non-cash expenses and capital expenditure
Other than as stated above there were no significant non-cash expenses.

Capital expenditure	2007 £'000	2006 £'000
CEPS Group	17	–
Friedman's	59	104
Davies Odell	86	27
Sunline	102	–
Total – Group	264	131

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 represents the geographical segmental analysis.

Notes to the Financial Statements continued

5. Operating profit

	2007 £'000	2006 £'000
Profit on ordinary activities before tax is stated after charging:		
Employee costs (note 6)	4,341	1,304
Depreciation of owned assets (note 14)	207	98
Depreciation of assets held under hire purchase contracts (note 14)	57	12
Exchange loss/(gain)	9	(1)
Other operating lease rentals:		
– on land and buildings	303	137
– on plant and machinery	34	39

Fees paid to auditors

	2007 £'000	2006 £'000
Audit fees in respect of the audit of the accounts of the Company	13	12
Audit fees in respect of the audit of the accounts of subsidiaries of the Company	25	20
	38	32
Services relating to taxation	18	15
Services relating to the pension scheme	3	3
Services relating to accounting advice	8	–
Total fees	67	50

In addition, fees of £150,000 were paid to the Company's auditors in respect of acquisition related financial due diligence and other similar related services. These fees are included within the acquisition expenses of Sunline Direct Mail (Holdings) Limited.

6. Employees

The average number of persons employed by the Group during the year was:

	2007	2006
Management and administration	38	18
Production and sales	161	39
	199	57

The aggregate payroll costs of these persons were:

	2007 £'000	2006 £'000
Wages and salaries	3,899	1,131
Social security costs	343	107
Other pension costs	99	66
	4,341	1,304

The compensation of key management personnel is included with those of members of the Board and shown in note 7.

Notes to the Financial Statements continued

7. Directors' emoluments

The aggregate remuneration of the directors was:

	2007 £'000	2006 £'000
Fees	15	15
Salaries and benefits	132	70
	147	85

The remuneration of the Chairman, R T Organ, and of the other directors who served during the year was:

	Salaries and fees		Benefits		Total	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
P G Cook	75	30	–	–	75	30
D A Horner	11	–	–	–	11	–
G C Martin	34	33	3	2	37	35
R T Organ	24	20	–	–	24	20
	144	83	3	2	147	85

The remuneration of P G Cook includes a fee related to the successful acquisition of Sunline Direct Mail Limited.

Benefits represent the value attributed to medical insurance.

G C Martin has a pension secured in the Group defined benefits scheme of which details are:

	£'000pa
Accrued pension at 31 December 2006	22
Increase in accrued pension during 2007	2
Accrued pension at 31 December 2007	24

	£'000
Transfer value of the increase in accrued pension during 2007	15

G C Martin was also a member of a Group defined contribution scheme. Contributions on his behalf to the scheme in 2007 were £8,000 (2006: £6,000).

Notes to the Financial Statements continued

7. Directors' emoluments continued

The aggregate payroll costs of members of the Board and other key management personnel of the Group were:

	2007 £'000	2006 £'000
Wages and salaries	349	183
Social security costs	41	21
Other pension costs	15	7
	405	211

At 31 December 2006 the directors' beneficial interests, including those of their families, in shares of the group were:

	shares	warrants
P G Cook	8,333,333	3,500,000
D A Horner	21,355,556	10,000,000
G C Martin	1,012,586	506,293
R T Organ	5,966,667	2,650,000

At 31 December 2007 and following the share placing and consolidation, of which details were included in a circular to shareholders dated 11 January 2007 and that were approved by shareholders on 12 February 2007, the directors' beneficial interests in shares of the Group were:

	shares	warrants
P G Cook	366,666	70,000
D A Horner	1,287,110	200,000
G C Martin	20,251	10,125
R T Organ	169,333	53,000

There have been no changes in the interests of any director between 31 December 2007 and 20 May 2008.

R T Organ has an option expiring on 21 May 2011 to subscribe for 3,000 shares at 337.5p per share the terms of which may be adjusted by the Board to reflect variations of share capital. No options lapsed or were granted or exercised during the year nor have any been granted or exercised up to 20 May 2008. The market price of the shares at 31 December 2007 was 54.5p and the range during 2007 was 40.0p to 75.0p.

The register of directors' interests, which is open to inspection, contains full details of directors' shareholdings and options to subscribe for shares.

Notes to the Financial Statements continued

8. Pension costs

The Group operates two defined contribution schemes. The assets of the schemes are held in independently administered funds. The pension cost charge represents contributions payable to the funds and amounted to £47,000 (2006: £54,000).

The Group also operates a defined benefits scheme. The scheme was closed to new members in 1988. The assets of the scheme are held separately from those of the Group in a deposit administration contract underwritten by an insurance company. Contributions to the scheme are determined by a qualified external actuary on the basis of triennial valuations using the attained age method. The most recent actuarial valuation was at 1 July 2004 and the main actuarial assumptions were investment returns of 7.0% before retirement, 5.0% after retirement, a discount rate of 5.4% and a rate of salary increase of 5.0%. The valuation showed that the market value of the scheme assets was £1,777,000 and that the level of funding on an ongoing basis is 89%. At 1 July 2005 the Group funding rate was increased to £7,313 per month, an amount intended to restore a 100% funding level over four years. The full results of the actuarial valuation at 1 July 2007 are awaited. The preliminary Section 179 valuation is that scheme assets are £2,551,000, total protected liabilities are £2,535,000 and that the scheme funding level is 101%.

The Group commissioned an independent qualified actuary to update to 31 December 2007 the results of the actuarial valuation at 1 July 2004. The results of the update are as follows:

	2007	2006
Assumptions at 31 December		
Interest rate for discounting liabilities	5.90%	5.30%
Expected return on plan assets	6.30%	6.30%
Rate of salary increase	3.95%	3.85%
Retail Price Inflation	3.20%	3.10%
LPI increases to pensions	3.20%	3.10%
Mortality		
Current pensioners	pxa92c2028	pxa92c2025
Future pensioners	pxa92c2028	pxa92c2025

The following amounts were measured in accordance with the requirements of IAS 19:

	2007 £'000	2006 £'000
Amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	1,982	1,852
Present value of defined benefit obligation	(2,144)	(2,369)
Net liability	(162)	(517)

Notes to the Financial Statements continued

8. Pension costs continued

	2007 £'000	2006 £'000
Pension cost recognised in the income statement for the year		
Operating cost:		
Current service cost	5	13
Finance cost:		
Interest cost	122	121
Expected return on plan assets	(115)	(116)
	7	5
Total pension cost	12	18
Statement of recognised income and expense for the year		
Experience losses/(gains) on liabilities	2	(5)
Actuarial gains on liabilities due to assumptions	(210)	(61)
Experience gains on assets	(71)	(20)
Total gain	(279)	(86)
Movement in balance sheet for the year		
Net pension liability at the start of the year	(517)	(673)
Employer's pension cost	(12)	(18)
Statement of recognised income and expense	279	86
Employer contributions	88	88
Net pension liability at the end of the year	(162)	(517)
Reconciliation of the defined benefit obligation		
Defined benefit obligation at the start of the year	2,369	2,504
Service cost	5	13
Interest cost	122	121
Plan participants' contributions	2	2
Actuarial gain	(208)	(66)
Benefits and expenses paid	(146)	(205)
Defined benefit obligation at the end of the year	2,144	2,369

Notes to the Financial Statements continued

8. Pension costs continued

	2007 £'000	2006 £'000
Reconciliation of plan assets		
Fair value of plan assets at the start of the year	1,852	1,831
Actuarial return on plan assets	186	136
Employer contributions	88	88
Plan participants' contributions	2	2
Benefits and expenses paid	(146)	(205)
Fair value of plan assets at the end of the year	1,982	1,852
Amounts for the current and previous year are as follows:		
Plan assets	1,982	1,852
Defined benefit obligation	(2,144)	(2,369)
Deficit in plan	(162)	(517)
Experience (losses)/gains on liabilities	(2)	5
Actuarial gains on liabilities due to assumptions	210	61
Experience gains on assets	71	20

Subject to the conclusions of the actuarial valuation at 1 July 2007, the Company expects to contribute £87,756 to its pension plan during the financial year 2008.

9. Finance income and costs

	2007 £'000	2006 £'000
Interest receivable	25	–
Total finance income	25	–
Interest payable on interest-bearing loans and borrowings	258	100
Pension scheme finance costs (note 8)	7	5
Finance lease costs	14	1
Preference dividend accrued	17	–
Total finance costs	296	106
Net finance costs	271	106

Notes to the Financial Statements continued

10. Taxation

	2007 £'000	2006 £'000
Analysis of taxation in the year:		
Current tax		
UK corporation tax on profits of the year at 30%	123	25
Tax repaid in respect of prior periods	(34)	–
Total current tax	89	25
Deferred tax		
Current year credit to the income statement	(59)	(192)
Prior year	58	9
Total deferred tax	(1)	(183)
Total tax charge/(credit)	88	(158)
Deferred tax charge to the statement of recognised income and expense	83	27
Factors affecting total taxation:		
Profit before taxation	674	279
Profit multiplied by the standard rate of UK tax of 30%	202	84
Effects of:		
Small companies tax relief	(3)	(7)
Current year losses not utilised/(utilised)	6	(66)
Other timing differences	(117)	2
Expenses not deductible for tax purposes	13	18
Capital allowances in excess of depreciation	22	(6)
Prior year adjustment, current tax	(34)	–
Prior year adjustment, deferred tax	58	16
Pension cost relief in excess of pension charge, deferred tax	16	21
Capital allowances in excess of depreciation, deferred tax	(75)	(220)
Total tax charge/(credit)	88	(158)

Notes to the Financial Statements continued

11. Dividends

No dividends have been paid or proposed for the year (2006: nil).

12. Earnings per share

Basic earnings per share is calculated on the profit for the year after taxation attributable to equity holders of the Company of £491,000 (2006: £426,000) and on 7,767,435 (2006: 3,563,828) ordinary shares, being the weighted number in issue during the year.

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.

Adjusted earnings per share illustrates the calculation of basic earnings per share before deduction of abortive acquisition costs of £71,000.

13. Profits of the holding company

Of the profit for the year, a loss of £147,000 (2006: loss £176,000) is dealt with in the accounts of CEPS PLC. The Company seeks to invest and acquire majority shareholdings in private industrial service companies with a history of profitability and cash generation. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the Company alone.

There has been no impact on the Company's results or opening balance sheet as a result of adopting IFRS.

Notes to the Financial Statements continued

14. Property, plant and equipment

Group

	Leasehold property £'000	Plant, machinery and tools £'000	Motor vehicles £'000	Total £'000
Cost				
at 1 January 2006	21	894	42	957
additions at cost	30	101	–	131
disposals	–	–	(42)	(42)
at 31 December 2006	51	995	–	1,046
additions at cost	–	199	15	214
acquisition	5	2,177	85	2,267
disposals	–	–	(11)	(11)
at 31 December 2007	56	3,371	89	3,516
Depreciation				
at 1 January 2006	17	639	42	698
charge for the year	4	107	(1)	110
disposals	–	–	(41)	(41)
at 31 December 2006	21	746	–	767
acquisition	3	1,220	30	1,253
charge for the year	5	246	13	264
disposals	–	–	(7)	(7)
at 31 December 2007	29	2,212	36	2,277
Net book amount				
at 31 December 2007	27	1,159	53	1,239
at 31 December 2006	30	249	–	279

Assets held under hire purchase contracts and capitalised as plant, machinery and tools have a net book value of £480,000 (2006: £28,000) and an accumulated depreciation balance of £211,000 at the year end (2006: £20,000).

Notes to the Financial Statements continued

14. Property, plant and equipment continued

Company

	Plant, machinery and tools £'000	Motor vehicles £'000	Total £'000
Cost			
at 1 January 2006	712	42	754
transferred to subsidiary company	(712)	(42)	(754)
at 31 December 2006 and 31 December 2007	–	–	–
Depreciation			
at 1 January 2006	495	42	537
transferred to subsidiary company	(495)	(42)	(537)
at 31 December 2006 and 31 December 2007	–	–	–
Net book amount			
at 31 December 2006 and 31 December 2007	–	–	–

Notes to the Financial Statements continued

15. Intangible fixed assets

		Goodwill £'000	Other £'000	Total £'000
Group	Cost			
	at 1 January 2006 and 31 December 2006	1,650	–	1,650
	additions	3,173	49	3,222
	at 31 December 2007	4,823	49	4,872
	Amortisation			
	at 1 January 2006, 31 December 2006 and 31 December 2007	121	–	121
	Net book amount			
	at 31 December 2007	4,702	49	4,751
	at 31 December 2006	1,529	–	1,529
Company	Cost			
	at 1 January 2006	49	–	49
	transferred to subsidiary company	(47)	–	(47)
	at 31 December 2006	2	–	2
	additions	78	17	95
	at 31 December 2007	80	17	97
	Amortisation			
	at 1 January 2006	48	–	48
	transferred to subsidiary company	(47)	–	(47)
	at 31 December 2006 and 31 December 2007	1	–	1
	Net book amount			
	at 31 December 2007	79	17	96
	at 31 December 2006	1	–	1

Management assess the nature of purchase consideration, and any in excess of identified intangible assets is recorded as goodwill. Goodwill is not amortised under IFRS, but is subject to impairment testing either annually or on the occurrence of some triggering event.

Other intangibles relate to website development costs.

Notes to the Financial Statements continued

15. Intangible fixed assets
continued

Impairment tests for goodwill and other intangible assets

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired.

Other intangible assets with a definite life are tested for impairment only where there is an indication that an impairment may have occurred. The Group does not have any other intangible assets with indefinite lives.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units (CGU's) on a business segment basis:

	2007 £'000	2006 £'000
Friedman's	1,529	1,529
Davies Odell	–	–
Sunline	3,173	–
Total	4,702	1,529

The recoverable amount of a CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond five years are assumed to be constant. An appropriate discount rate of 6.9%, representing the Group's current pre-tax cost of capital, has been applied to these projections.

At 31 December 2007 the Group performed its annual impairment test on Goodwill using the above discount rate for value-in-use calculations. These tests concluded that no impairment is required.

Notes to the Financial Statements continued

16. Fixed asset investments

Company

	2007 £'000	2006 £'000
Shares in group undertakings		
at 1 January	92	92
additions at cost	600	–
at 31 December	692	92
Loan to group undertakings		
at 1 January	408	408
additions at cost	1,471	–
at 31 December	1,879	408
Total fixed asset investments	2,571	500

Of the loans to group undertakings £408,000 is represented by 9% Guaranteed Loan Stock 2010 repayable in instalments between January 2007 and January 2010 and £850,000 by instalments between April 2009 and February 2012. A further loan of £621,000 carries no interest and is repayable at no less than one year's notice.

Investments in subsidiary companies are stated at cost. A list of subsidiary undertakings, all of which have been included in the consolidation, is given below.

Name of undertaking	Incorporated and registered in	Share class	Shares held direct %	Shares held via subsidiaries %
Trading company:				
Davies Odell Limited	England	ordinary	100	
Signature Fabrics Limited	England	'A' ordinary	75	
Friedman's Limited	England	ordinary		75
Sunline Direct Mail (Holdings) Limited	England	ordinary	80	
Sunline Direct Mail Limited	England	ordinary		80
Non-trading:				
Davies & Co (Kettering) Ltd	England	ordinary	100	
Phillips Rubber Ltd	England	ordinary	100	
Farmat Limited	England	ordinary	100	
Davies and Company Limited	England	ordinary	100	
FunkiFabrics Limited	England	ordinary		75

Nature of business of trading companies:

Davies Odell Limited	Manufacture and distribution of protection equipment, matting and footwear components
Signature Fabrics Limited	Holding company for Friedman's Limited
Friedman's Limited	Conversion and distribution of specialist Lycra
Sunline Direct Mail (Holdings) Limited	Holding company for Sunline Direct Mail Limited
Sunline Direct Mail Limited	Supplier of services to the direct mail market

Notes to the Financial Statements continued

17. Inventories

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Raw materials and consumables	465	415	–	–
Work in progress	17	19	–	–
Finished goods and goods for resale	909	890	–	–
	1,391	1,324	–	–

The cost of inventories recognised as an expense and included within cost of sales amounted to £6,981,000 (2006: £4,714,000).

18. Trade and other receivables

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade receivables	2,891	1,579	–	–
less: provision for impairment of trade receivables	(48)	(23)	–	–
Trade receivables – net	2,843	1,556	–	–
Amount due from subsidiary companies	–	–	613	378
Other receivables	6	17	–	17
Prepayments and accrued income	302	220	5	178
	3,151	1,793	618	573

The above are deemed to be the fair values for the trade and other receivables.

As at 31 December 2007, trade receivables of £2,072,000 (2006: £895,000) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2007, trade receivables of £765,000 (2006, £626,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2007 £'000	2006 £'000
Up to 3 months	596	556
3 to 6 months	169	70
	765	626

Notes to the Financial Statements continued

18. Trade and other receivables continued

As of 31 December 2007, trade receivables of £54,000 (2006: £58,000) were impaired and provided for. The amount of the provision was £48,000 as of 31 December 2007 (2006: £23,000). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2007 £'000	2006 £'000
Up to 3 months	31	56
Over 6 months	23	2
	54	58

Group

The carrying amounts of Group's trade and other receivables are denominated in the following currencies:

	2007 £'000	2006 £'000
Sterling	3,065	1,679
Euro	86	114
	3,151	1,793

Movements in the Group provision for impairment of trade receivables are as follows:

	2007 £'000	2006 £'000
At 1 January	23	2
Acquisition	87	–
Provision for receivables impairment	43	22
Receivables written off during the year	(106)	(1)
Unused amounts reversed	1	–
	48	23

The creation and release of provisions for impaired receivables have been included in cost of sales in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Notes to the Financial Statements continued

19. Trade and other payables

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Trade payables	1,938	1,002	–	–
Other tax and social security	410	163	–	–
Other payables	109	48	–	–
Accruals and deferred income	321	214	95	105
	2,778	1,427	95	105

20. Borrowings

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Non-current:				
Bank borrowings	1,579	566	–	–
Other loans	330	–	–	–
Finance lease obligations	229	27	–	–
	2,138	593	–	–
Current:				
Bank overdraft	7	153	–	–
Bank borrowings	678	295	–	–
Trade receivables backed working capital facilities	708	935	–	–
Finance lease obligations	97	9	–	–
	1,490	1,392	–	–
Total borrowings	3,628	1,985	–	–

Bank borrowings and overdrafts are secured by fixed and floating charges over the assets of the subsidiary to which they relate with the exception of CEPS PLC and Davies Odell Limited who have given unlimited cross guarantees to secure the liabilities of each other. Trade receivable backed working capital facilities are secured by the trade receivable to which they relate.

At 31 December 2007 the analysis of the security of bank borrowings and overdrafts and trade receivables backed working capital facilities was as follows:

Secured on the assets of	by fixed and floating charges £'000	by trade receivables £'000	Total £'000
Friedman's	490	314	804
Sunline	1,700	–	1,700
Davies Odell and CEPS PLC	74	394	468
	2,264	708	2,972

The committed bank borrowings mature through until February 2012 and carry interest of between 2% and 3.25% above the bank's base rate.

Notes to the Financial Statements continued

20. Borrowings continued

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2007		2006	
	Bank £'000	Finance lease £'000	Bank £'000	Finance lease £'000
Within one year	715	16	1,088	–
Between one and two years	67	106	–	–
Between two and five years	2,190	204	861	36
	2,972	326	1,949	36

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The carrying amounts of the non-current bank borrowings is £1,579,000 (2006: £566,000) and their fair values £1,341,000 (2006: £490,000). The carrying amounts of non-current finance lease obligations is £229,000 (2006: £27,000) and their fair values £168,000 (2006: £28,000).

Other loans represent preference shares of £130,000 and loan stock of £200,000, subscribed by minorities. Preference shares carry a dividend of 15% pa and loan stock interest of 10% pa and are each repayable in quarterly instalments over three years commencing in April 2009.

The minimum lease payments under finance leases fall due as follows:

	2007 £'000	2006 £'000
Not more than one year	164	10
Later than one year but not more than five years	202	30
	366	40
Finance charge	(40)	(4)
Present value of finance lease liabilities	326	36

The carrying amounts of the Group's borrowings are denominated in sterling.

The Group has bank loan facilities available for draw down of £nil (2006: £nil).

Notes to the Financial Statements continued

21a. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group
31 December 2007
Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through the profit and loss £'000	Derivatives used for hedging £'000	Available for sale £'000	Total £'000
Trade and other receivables	2,891	–	–	–	2,891
Cash and cash equivalents	383	–	–	–	383
Total	3,274	–	–	–	3,274

Liabilities as per balance sheet

	Liabilities at fair value through the profit and loss £'000	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	2,264	–	–	2,264

Group
31 December 2006
Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through the profit and loss £'000	Derivatives used for hedging £'000	Available for sale £'000	Total £'000
Trade and other receivables	1,579	–	–	–	1,579
Cash and cash equivalents	35	–	–	–	35
Total	1,614	–	–	–	1,614

Liabilities as per balance sheet

	Liabilities at fair value through the profit and loss £'000	Derivatives used for hedging £'000	Other financial liabilities £'000	Total £'000
Borrowings	1,014	–	–	1,014

Notes to the Financial Statements continued

21b. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables are analysed between:

Group	2007 £'000	2006 £'000
Sale of goods	1,459	1,579
Rendering of services	1,432	–
	2,891	1,579

The Group has a customer base which is for the most part stable, long standing and well known to the businesses. Credit and credit terms are negotiated with these customers taking into account their trading history with the Group and their payment record. New customers are only given credit after taking references or making trade and agency enquiries. Management does not believe there to be a credit exposure beyond that for which provision has already been made.

The Company cash and cash equivalents includes £383,000 (2006: £35,000) which is on account with differing financial institutions and is readily available. The external credit rating as assessed by Standard & Poor's for short term funds for each of the institutions is A-1+.

22. Deferred tax

The following are the major deferred tax assets recognised by the Group, and the movement thereon, during the current and prior years.

	Pension scheme deficit £'000	Depreciation versus tax allowances £'000	Provisions and other timing differences £'000	Total £'000
At 1 January 2006, asset	202	12	2	216
(Charge)/credit to the income statement	(21)	206	(2)	183
Charged to equity	(26)	–	–	(26)
at 31 December 2006, asset	155	218	–	373
Acquisition in the year	–	(173)	–	(173)
(Charge)/credit to the income statement	(27)	28	–	1
Charged to equity	(83)	–	–	(83)
at 31 December 2007, asset	**45**	**73**	**–**	**118**

Deferred income tax assets and liabilities are recognised at 28% and offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. In the current year no offset has occurred (2006: £nil).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Notes to the Financial Statements continued

23. Provisions for liabilities and charges

	Dilapidations provision		
	Due within one year £'000	Due after one year £'000	Total £'000
At 31 December 2006	–	32	32
Income statement movement during the year	5	(32)	(27)
Acquisition in the year	–	50	50
at 31 December 2007	5	50	55

Dilapidations provisions are carried against the costs anticipated on termination of property leases.

24. Called up share capital

	2007 £'000	2006 £'000
Ordinary shares		
Authorised:		
15,000,000 shares of 5.0p per share (2006: 330,403,256 of 0.1p per share)	750	330
Allotted called and fully paid:		
8,314,231 shares of 5.0p per share (2006: 178,191,426 shares of 0.1p per share)	416	178

On 12 February 2007 shareholders approved a share consolidation in 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 £57,000 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 Sunline Direct Mail (Holdings) Limited (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. Further information about SDMH is given in note 28.

Also on 12 February 2007 warrant holders approved amendments to the terms of the warrants increasing the exercise price to 62.5p per share, corresponding to 1.25p per share before the share consolidation, extending the exercise date to 20 April 2010 and making the warrants freely transferable. Following these changes the number of warrants in issue was 1,437,769. During the year warrants to acquire 403 shares were exercised and at 31 December 2007 the number of warrants outstanding was 1,437,366.

Options granted and remaining unexercised at 31 December 2007 were:

Number of shares	Period during which the right is exercisable	Price per share to be paid
5,000	until 31 December 2008	337.5p
3,000	until 21 May 2011	337.5p

The share options were issued for 250,000 and 150,000 shares at a price to be paid of 6.75p per share. The terms of the share options may be adjusted by the Board to reflect variations of share capital and, following the amendments approved by shareholders in February 2007 and described above, the effective price per share to be paid is increased to 337.5p and the total number of shares over which options remain unexercised is reduced to 8,000. The fair value of these options has not been impacted by this modification.

Notes to the Financial Statements continued

25. Statement of changes in shareholders' equity

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Minority interest £'000	Total £'000
Group					
At 1 January 2006	178	676	(138)	127	843
Actuarial gain	–	–	59	–	59
Profit for the year	–	–	426	11	437
Total recognised income for the year	–	–	485	11	496
at 31 December 2006	178	676	347	138	1,339
Actuarial gain	–	–	196	–	196
Profit for the year	–	–	491	95	586
Total recognised income for the year	–	–	687	95	782
Share issues	238	2,080	–	–	2,318
Acquisition	–	–	–	(74)	(74)
at 31 December 2007	416	2,756	1,034	159	4,365

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Company				
At 1 January 2006	178	676	294	1,148
Loss for the year	–	–	(176)	(176)
Total recognised loss for the year	–	–	(176)	(176)
at 31 December 2006	178	676	118	972
Loss for the year	–	–	(147)	(147)
Total recognised loss for the year	–	–	(147)	(147)
Share issues	238	2,132	–	2,370
at 31 December 2007	416	2,808	(29)	3,195

Notes to the Financial Statements continued

26. Commitments and contingent liabilities

a) Operating lease commitments
The Group leases various offices, warehouses and light industrial premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery and motor vehicles under cancellable operating lease agreements. The Group is required to give not more than six months notice for the termination of these agreements. The lease expenditure charged to the income statement during the year is shown in note 5.

The future aggregate minimum lease payments under non-cancellable operating leases are:

	2007 £'000	2006 £'000
Land and buildings leases expiring:		
within one year	62	144
within two to five years	1,149	20
after more than five years	–	191
	1,211	355

b) Contingent liabilities
There are no material contingent liabilities as at 31 December 2007 (2006: £nil).

c) Capital commitments
There are no material capital commitments as at 31 December 2007 (2006: £nil).

27. Related party transactions

The Group has no material transactions with related parties which might reasonably be expected to influence decisions made by users of these financial statements.

Notes to the Financial Statements continued

28. Acquisition

On 12 February 2007 the Company acquired 80% of Sunline Direct Mail (Holdings) Limited (SDMH) and 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.

The initial consideration paid by SDMH for SDM was £3,800,000 which 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. The remaining 20% of SDMH is owned by the managing director of SDM. Deferred consideration, currently estimated at £50,000 but potentially of up to a maximum of £500,000, is payable dependent on the future trading performance of SDM.

Since acquisition SDMH has contributed revenue of £7,155,000 and operating profit of £712,000 to the Group results. Had SDMH been acquired at 1 January 2007, the first day of the financial year, it is anticipated that it would have contributed revenue of £7,735,000 and operating profit of £760,000.

Details of the acquisition are as follows:

	Book values £'000	Assessed fair values £'000
Intangible fixed assets	473	–
Tangible fixed assets	1,014	1,014
Stock	64	64
Debtors	1,522	1,522
Corporation tax	(160)	(160)
Creditors	(888)	(888)
Provisions	(50)	(50)
Deferred tax liability	(173)	(173)
Finance leases	(256)	(256)
Cash acquired	208	208
Net assets acquired	1,754	1,281
less Minority 20% interest		(256)
Net assets acquired		1,025
Purchased goodwill		3,173
		4,198
Consideration		
Cash		3,450
Deferred consideration		50
Acquisition expenses		698
		4,198

Purchased goodwill reflects the value of the reputation and customer base of SDM but intangible assets have not been separately recognised because fair values could not be attributed to them.

The fair value adjustment has been recognised to eliminate the goodwill previously carried in SDM and now subsumed into the goodwill recognised on this transaction.

Notes to the Financial Statements continued

29. Explanation of the transition from UK GAAP to IFRS

These 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 year ended 31 December 2006

	£'000
Retained profit under UK GAAP	357
Amortisation of goodwill	80
Retained profit under IFRS	437

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	
		1,788	202	1,990	
	Current assets				
	Inventory	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	
	Profit and loss account	(138)	–	(138)	
		716	–	716	
	Minority interest in equity	127	–	127	
	Total equity	843	–	843	

Notes to the Financial Statements continued

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

		UK GAAP £'000	Transition adjustment £'000	IFRS £'000	Notes
Liabilities	**Non-current liabilities**				
	Bank borrowings – loans	878	–	878	
	Retirement benefit liabilities	471	202	673	
	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	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				
	Inventory	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 Statements continued

29. Explanation of the transition from UK GAAP to IFRS
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	
	Profit and loss account	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	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	5,098	235	5,333	

The transition had no impact on the reported cash flow of the Group.

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 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.

Notice of Meeting

Annual general meeting

Notice is hereby given that the annual general meeting of CEPS PLC will be held at Engineers' House, The Promenade, Clifton Down, Bristol on Friday 20 June 2008 at 11.30am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 5 will be proposed as ordinary resolutions and numbers 6 to 8 as special resolutions.

1 To receive, consider and adopt the Company's annual accounts for the financial year ended 31 December 2007 together with the directors' report and auditors' report on those accounts.

2 To re-elect R T Organ as a director.

3 To re-appoint PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

4 To authorise the directors to agree the auditors' remuneration.

5 THAT, in substitution for any existing authority subsisting at the date of this resolution to the extent unused, the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £334,288.45 such authority to expire at the commencement of the next annual general meeting held after the date of the passing of this resolution, or, if earlier, fifteen months after the date of the passing of this resolution but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired.

6 THAT subject to and conditional on the passing of resolution number 5 and in substitution for any existing authority subsisting at the date of this resolution to the extent unused, the directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution number 5 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

6.1 in connection with an offer of such securities by way of rights issue;

6.2 otherwise than pursuant to sub-paragraph 6.1 above up to an aggregate nominal amount of £272,268.30;

and shall expire at the commencement of the next annual general meeting held after the date of the passing of this resolution, or, if earlier, fifteen months from the date of the passing of this resolution, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Notice of Meeting continued

Annual general meeting
continued

6 continued

In this resolution, 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders on the register on a fixed record date in proportion as nearly as may be practical to their respective holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirement of any recognised regulatory body or any stock exchange in, any territory.

7 THAT, with immediate effect, the articles of association of the Company contained in the document produced to the meeting (and signed by the Chairman for the purposes of identification) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

8 THAT, subject to and conditional on the passing of resolution number 5 and with effect from 00.01am on 1 October 2008 or such later date as section 175 of the Companies Act 2006 shall be brought into force, article 90 of the articles of association adopted pursuant to resolution 7 be deleted in its entirety and articles 90 and 91 as set out in the document produced to the meeting (and signed by the Chairman for the purposes of identification) be substituted therefor and the remaining articles be re-numbered and article 98 of the articles of association adopted pursuant to resolution 7 be deleted in its entirety and article 99 as set out in the document produced to the meeting (and signed by the Chairman for the purposes of identification) be substituted therefor.

On behalf of the Board
G C Martin
Secretary
Dated 20 May 2008

Registered office: 11 George Street, Bath BA1 2EH
Registered in England and Wales with number 507461

Notes:

1. A member entitled to attend and vote is entitled to appoint (a) proxy(ies) to attend, speak and vote instead of him. A proxy need not be a member of the Company.

2. In order to be valid an appointment of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) must be deposited at the office of the Registrars of the Company not less than 48 hours before the time for holding the meeting.

   A proxy form is enclosed. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.

Notice of Meeting continued

Annual general meeting
continued

Notes continued

3. Under Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders whose names are on the register of members of the Company as at 5.30pm on 18 June 2008 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. A copy of the articles of association being proposed by resolution 7 together with a copy of the revised articles of association marked to show the changes proposed by resolution 8 are available for inspection at the Company's registered office during business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the conclusion of the annual general meeting and will also be available for inspection at the place of the meeting for fifteen minutes prior to the annual general meeting until its conclusion.

5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that member at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate member attends the meeting but the corporate member has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – http://www.icsa.org.uk/ – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Proposed changes to the Articles of Association

Explanatory notes

1. Approach

Provisions in the existing articles of association (the "Existing Articles") of CEPS PLC (the "Company") which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the Company's new articles of association to be adopted at the 2008 annual general meeting (the "New Articles"). This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

In addition, the opportunity has also been taken to bring clearer language into the New Articles, in some areas to conform the language of the New Articles and to update the Existing Articles to reflect current practice. Provisions in the Existing Articles which are no longer relevant to the Company have not been included in the New Articles.

2. Convening extraordinary and annual general meetings

The provisions in the Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings have been removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 clear days' notice whereas previously 21 days' notice was required. The concept of extraordinary general meetings has been abolished under the Companies Act 2006 and all meetings, other than annual general meetings, are referred to as general meetings.

3. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Existing Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

4. Age of directors on appointment

The Existing Articles contain a provision limiting the age at which a director can be appointed. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

5. Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. Once amended, the New Articles will give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

Proposed changes to the Articles of Association continued

Explanatory notes continued

5. Conflicts of interest continued

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. Firstly, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles, once amended, should contain provisions relating to confidential information and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

6. Distribution of assets otherwise than in cash

The Existing Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. Certain of these provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Existing Articles.

7. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

8. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles contain provisions which allow the Company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors to the extent permitted by the Companies Act 2006.

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 www.cepsplc.com
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; www.funkifabrics.com 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 0871 664 0300 - calls cost 10p per minute plus network extras
Share price information	The day-to-day movement of the share price on the London Stock Exchange can be found on the Company website and at www.londonstockexchange.com (code CEPS)
Auditors	PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors 31 Great George Street, Bristol BS1 5QD
Solicitors	Berwin Leighton Paisner LLP Adelaide House, London Bridge, London EC4R 9HA
Nominated adviser	Dowgate Capital Advisers Limited 46 Worship Street, London EC2A 2EA telephone 020 7492 4777, fax 020 7492 4774
Broker	Dowgate Capital Stockbrokers Limited Talisman House, Jubilee Walk, Three Bridges, Crawley, West Sussex RH10 1LQ telephone 01293 517744, fax 01293 521093 email broker@dowgate.co.uk