FW Thorpe Plc

industrial commercial architectural emergency low energy retail heritage control gear energy conserving systems

passionate about lighting

Interim Results for the six months to 31 December 2007

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Chairman's interim statement

These are F W Thorpe Plc's (the Group) first results to be presented under International Financial Reporting Standards (IFRS). There has been no significant impact on the profit figures reported where changes have had to be made to accounting policies as a result of adopting IFRS. Details of the effects of the above-mentioned changes are shown later in this report.

Your Group's revenue for the first six months of the financial year 2007/8 increased by 10% compared to the first six months of 2006/7. The increased revenue resulted in an increase in operating profit of 26% or £827,000 in monetary terms. When added to the improved investment income, the resulting profit before tax was also 26% higher at £4.5m (2006/7: £3.6m).

To reflect these results an interim dividend of 3.9p (2006/7: 3.25p) will be paid on 13 May 2008. This is an increase of 20% on last year's corresponding dividend.

It is pleasing to report that all Group Companies made further progress during the first six months with regard to both turnover and profitability, with the exception of Compact Lighting, which is currently suffering mildly due to the slow down in activity of some of its retail customers.

This should be the last time that I will need to single out Sugg Lighting for special mention but having lived to its ninth life Sugg, with the changes made at the start of last financial year, has regained strength and credibility to turn in pleasing and notable trading profits in five out of the first six months of the financial year. Only in the month of notoriety, December, did it, like many other manufacturers, I'm sure, slip into a small loss in its management accounts.

Emphasis throughout the Group remains very much on introducing innovative and "to the moment" products, a further number of which are imminently to be launched, and on searching for the means to increase sales coverage both here in the UK and elsewhere.

Current market "noise" leaves us, again, to be cautiously optimistic for the year as a whole.

Andrew Thorpe
Chairman
26 March 2008

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Consolidated income statement

for the six months to 31 December 2007

	Half year to 31.12.07 (unaudited) £'000	Half year to 31.12.06 (unaudited) £'000	Full year to 30.6.07 (unaudited) £'000
Revenue	**25,304**	22,999	45,694
Operating profit before exceptional items	**3,954**	3,127	8,270
Exceptional items	**77**	77	91
Operating profit	**4,031**	3,204	8,361
Finance income	**478**	364	852
Profit before income taxation	**4,509**	3,568	9,213
Income taxation	**(1,328)**	(1,022)	(2,170)
Profit for the period	**3,181**	2,546	7,043
Dividend rate per share:			
Interim	**3.9p**	3.25p	3.25p
Final			10.0p
Earnings per share for profit attributable to the equity holders of the company during the period			
Earnings per share — basic	**26.7p**	21.4p	59.2p
— diluted	**26.7p**	21.3p	59.1p

The figures for the periods to 30 June 2007 and 31 December 2006 have been restated as a result of the change from UK GAAP following IFRS adoption. Further details are provided in the notes including transition statements for the periods commencing 1 July 2006.

Consolidated statement of recognised income and expenses

for the six months to 31 December 2007

	Half year to 31.12.07 (unaudited) £'000	Half year to 31.12.06 (unaudited) £'000	Full year to 30.6.07 (unaudited) £'000
Actuarial gain on pension scheme	—	—	446
Deferred tax	—	—	(202)
Profit for the period	**3,181**	2,546	7,043
Total recognised income for the period	**3,181**	2,546	7,287

The figures for the periods to 30 June 2007 and 31 December 2006 have been restated as a result of the change from UK GAAP following IFRS adoption. Further details are provided in the notes including transition statements for the periods commencing 1 July 2006.

Consolidated balance sheet

as at 31 December 2007

	As at 31.12.07 (unaudited) £'000	As at 31.12.06 (unaudited) £'000	As at 30.6.07 (unaudited) £'000
Assets			
Non-current assets			
Property, plant and equipment	**9,936**	9,879	10,017
Intangible assets	**2,122**	2,002	2,060
Investment property	**184**	184	184
Available for sale financial assets	**87**	106	103
Retirement benefit surplus	**1,146**	—	881
	13,475	12,171	13,245
Current assets			
Inventories	**7,436**	6,969	8,491
Trade and other receivables	**9,451**	8,249	9,499
Other financial assets at fair value through profit or loss	**368**	351	359
Cash and cash equivalents	**15,357**	12,586	12,581
	32,612	28,155	30,930
Total assets	**46,087**	40,326	44,175
Liabilities			
Current liabilities			
Trade and other payables	**(5,574)**	(5,399)	(6,370)
Current income taxation liabilities	**(1,529)**	(1,233)	(825)
	(7,103)	(6,632)	(7,195)
Non-current liabilities			
Long term provisions	**(216)**	(153)	(242)
Deferred income taxation liability	**(964)**	(465)	(943)
Retirement benefit obligations	**—**	(1,636)	—
	(1,180)	(2,254)	(1,185)
Total liabilities	**(8,283)**	(8,886)	(8,380)
Net assets	**37,804**	31,440	35,795
Capital and reserves attributable to equity holders of the company			
Issued share capital	**1,191**	1,190	1,190
Capital Redemption Reserve	**135**	135	135
Share Premium account	**624**	607	607
Retained earnings	**35,854**	29,508	33,863
Total equity	**37,804**	31,440	35,795

The figures for the periods to 30 June 2007 and 31 December 2006 have been restated as a result of the change from UK GAAP following IFRS adoption. Further details are provided in the notes including transition statements for the periods commencing 1 July 2006.

Cash flow statement

for the six months to 31 December 2007

	Half year to 31.12.07 (unaudited) £'000	Half year to 31.12.06 (unaudited) £'000	Full year to 30.6.07 (unaudited) £'000
Cash generated from operations			
Operating profit	**4,031**	3,204	8,361
Adjustments for			
— Depreciation	**572**	545	1,107
— Amortisation	**372**	365	737
— Profit on disposal of property, plant and equipment	**(43)**	(19)	(62)
— Retirement benefit contributions in excess of current and past service charge	**(265)**	(298)	(2,249)
Changes in working capital			
— Inventories	**1,055**	(17)	(1,539)
—Trade and other receivables	**110**	1,677	575
—Trade and other payables	**(807)**	(743)	228
— Provisions	**(26)**	(30)	(59)
— Tax paid	**(604)**	(795)	(2,075)
	4,395	3,891	5,024
Cash flow from investing activities			
Property rental and similar income	**25**	31	61
Interest received	**398**	318	624
Capitalisation of development costs	**(451)**	(431)	(862)
Purchase of property, plant and equipment	**(419)**	(595)	(1,252)
Net cash outflow from investing activities	**(447)**	(677)	(1,429)
Cash flow from financing activities			
Proceeds from the issuance of ordinary shares	**18**	23	23
Dividends paid to company shareholders	**(1,190)**	(2,499)	(2,885)
Net cash outflow from financing activities	**(1,172)**	(2,476)	(2,862)
Net increase in cash and cash equivalents	**2,776**	738	733
Cash and cash equivalents at the beginning of the period in net funds	**12,581**	11,848	11,848
Increase in cash and cash equivalents	**2,776**	738	733
Cash and cash equivalents at the end of the period	**15,357**	12,586	12,581

The figures for the periods to 30 June 2007 and 31 December 2006 have been restated as a result of the change from UK GAAP following IFRS adoption. Further details are provided in the notes including transition statements for the periods commencing 1 July 2006.

Notes to the interim financial statements

1 Basis of Preparation

The consolidated interim financial statements for the six months to 31 December 2007 have been prepared in accordance with the recognition and measurement principles of applicable International Financial Reporting Standards (IFRS) in issue as adopted by the European Union (EU) and International Financial Reporting Standards as issued by the International Accounting Standards Board and the Alternative Investment Market (AIM) Rules for Companies.

These are the group's first financial statements that have been prepared using the principles adopting IFRS. Comparative figures for the six months ended 31 December 2006 and for the year ended 30 June 2007 have been restated to reflect the changes in accounting policies as a result of the adoption of IFRS. The comparative figures on the basis of IFRS have not been audited or reviewed and are therefore disclosed as unaudited. Prior to 1 July 2007 financial statements were prepared using UK GAAP and these statements for the year ended 30 June 2007 have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The interim financial statements do not constitute statutory accounts within the meaning of the Companies Act 1985. For the year ending 30 June 2008, the group is required to prepare financial statements in accordance with applicable accounting standards using IFRS.

These financial statements have been prepared using IFRS taking into consideration the requirements and options set out in IFRS 1 "First time adoption of International Financial Reporting Standards". The Board has not sought to adopt the guidance on business combinations and cumulative translational differences retrospectively. The transition date for the application of IFRS is 1 July 2006. Reconciliations of the income statement and balance sheet from those previously reported under UK GAAP are provided later in this report.

The financial statements are presented in Pounds Sterling, rounded to the nearest thousand.

The interim financial statements are prepared under the historical cost convention, modified by the revaluation of certain current and non-current investments at fair value through profit or loss.

The accounting policies set out below have been applied consistently throughout the group during the period.

2 Principal accounting policies

Basis of consolidation

The interim financial statements for F W Thorpe Plc incorporate the financial statements of the company and its subsidiary undertakings. A subsidiary is a company controlled directly by the group and all the subsidiaries are wholly owned by the group. The group achieves control over the subsidiaries by being able to influence financial and operating policies so as to obtain benefits from their activities.

Intra-group transactions, balances, income and expenses are eliminated in preparing consolidated financial statements.

Revenue recognition

Revenue is recognised by reference to the fair value of consideration received or receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised when the goods are delivered to the customer or the service is performed.

Segment reporting

The group's segment is that of the sale and distribution of professional lighting equipment.

Exceptional items

The group regards the costs associated with the restructuring of Sugg Lighting Limited and the onerous nature of their leased premises costs as exceptional. The property was impaired in 2005 and 2006. The impairment is based on the remaining term of the lease.

2 Principal accounting policies *(continued)*

Foreign currencies

Transactions in foreign currency are converted to sterling using the exchange rate applicable to the date of the transaction. Foreign currency gains and losses resulting from the settlement of foreign currency transactions at a different time are recognised in the income statement. Currency exchange differences arising from holding monetary assets or liabilities in a foreign currency are fair valued at the balance sheet date in accordance with prevailing exchange rates and resulting gains or losses are recognised in the income statement.

Pension costs

The group operates a hybrid defined benefit and defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain at a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions cost are spread evenly through the income statement over the remaining service lives of current employees. Contributions made to the defined contribution scheme are charged to the income statement in the period in which they are made.

Taxation

Taxation expense represents the sum of current taxation and deferred taxation at the prevailing rates at the balance sheet date.

Non-current assets

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Leased assets are included where they are held under a finance lease.

Depreciation is calculated to write down the cost less estimated residual value of all plant and equipment assets by equal instalments over their expected useful life. The rates generally applicable are:

Buildings	2–4%
Plant, vehicles and equipment	7–33%

Assets are reviewed for impairment where there is an indication that the carrying value may not be recoverable.

Leases

Leases are classified as finance leases where the risks and rewards of ownership are transferred to the lessee. The related asset is recognised at the inception of the lease at the fair value of the leased asset. The interest element of the lease is charged to the income statement over the period of the lease based on the capital element outstanding.

All other leases are operating leases, and payments made under them are charged to the income statement on a straight-line basis over the term of the lease.

Intangible assets

Research and development

The group undertakes research and development activities on an ongoing basis. Part of these costs relates to projects where the benefit is received in the short term (less than one year) and part relates to longer term projects where the benefit is expected to be received for several years to come. Costs associated with the shorter term activities are expensed as and when they are incurred. Costs associated with the longer term projects are capitalised as an intangible asset and amortised over the expected life of the benefit, generally at 33.33% per annum, commencing when the income stream is expected to flow into the business. Research and development assets are recognised where there is certainty that the asset will generate economic benefit. The economic success for research and development activities is uncertain and carrying amounts are reviewed at each balance sheet date for impairment.

2 Principal accounting policies *(continued)*

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is tested at least annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Investment properties

Investment properties are stated at cost.

Current assets

Inventories

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made against the cost of slow-moving stock lines based on the estimated recoverable amounts.

Trade receivables

Trade receivables are recorded at their fair value on initial recognition less provision for expected settlement discounts and for impairment. A provision for impairment of trade receivables is established when there is evidence that the group may not be able to collect all amounts due and is calculated as the difference between the carrying value and present value of expected cash flows receivable. Any change in the value of trade receivables through impairment or reversal of impairment is recognised as an administrative expense in the Income statement.

Warranty

The group recognises the obligation to repair or replace parts or products supplied still under warranty at the balance sheet date. This provision is principally based on past experience.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, on demand deposits and short-term deposits with banks.

Financial derivatives

The group does not hold derivatives other than a small amount of currency exchange swaps or options, where they are used to hedge currency movements. If foreign currency trade receivables and payables exist at the balance sheet date which have been hedged in this way then the swaps or options are considered in valuing these items.

Current asset investments

Current asset investments are valued at fair value. Changes in fair value are recognised in the income statement.

Current liabilities

Trade payables

Trade payables are not interest bearing and are recorded at their settlement amount.

Provisions

Provisions are recognised when the group has an obligation as a result of past events which can be quantified or reasonably estimated at the balance sheet date.

Deferred tax

Deferred tax is provided in full using the liability method on temporary differences arising between the tax base of the assets and liabilities and their carrying amounts in the financial statements using tax rates and laws enacted or substantially enacted that are expected to apply when the deferred tax is realised. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to utilise the temporary differences.

3. Transition to IFRS

As previously stated, these are the group's first interim financial statements prepared in accordance with the principles of IFRS. The transition date is 1 July 2006. The comparative data for the six months to 31 December 2006 and year to 30 June 2007 has been translated to conform to the accounting policies set out above.

The group has taken advantage of certain exemptions available under IFRS 1 principally in relation to business combinations.

Reconciliation of UK GAAP to IFRS for the six months ended 31 December 2006

	UK GAAP £'000	Effect of Transition To IFRS £'000	IFRS £'000
Revenue	23,418	(419)	22,999
Operating profit	2,984	220	3,204
Finance income	349	15	364
Profit before income taxation	3,333	235	3,568
Income taxation	(1,000)	(22)	(1,022)
Profit for the period	2,333	213	2,546
Actuarial gain on pension scheme	—	—	—
Deferred tax	—	—	—
Total recognised income for the period	2,333	213	2,546

The adjustment to revenue relates to settlement discounts allowed to customers which are no longer shown as an expense. The adjustments to operating profit consist of settlement discounts receivable £9K, holiday pay timing adjustment of £58K, capitalisation of research and development £66K, timing adjustment to settlement discounts allowed of £10K, and adjustment relating to lease obligations and onerous lease provision of £77K. Finance income has been adjusted by £15K to reflect the market values of the current and fixed asset investments. Deferred tax has been adjusted by (£22K).

3. Transition to IFRS *(continued)*

Reconciliation of UK GAAP to IFRS for the year ended 30 June 2007

	UK GAAP £'000	Effect of Transition To IFRS £'000	IFRS £'000
Revenue	46,508	(814)	45,694
Operating profit	8,221	140	8,361
Finance income	833	19	852
Profit before income taxation	9,054	159	9,213
Income taxation	(2,168)	(2)	(2,170)
Profit for the period	6,886	157	7,043
Actuarial gain on pension scheme	446	—	446
Deferred tax	(202)	—	(202)
Total recognised income for the period	7,130	157	7,287

The adjustment to revenue of (£814K) relates to settlement discounts allowed to customers which are no longer shown as an expense. The adjustments to operating profit consist of settlement discounts receivable (£1K), holiday pay timing adjustment of (£3K), Pension scheme adjustment of £35K, capitalisation of research and development £124K, and timing adjustment to settlement discounts allowed of (£15K). Finance income has been adjusted by £19K to reflect the market values of the current and fixed asset investments. Deferred tax has been adjusted by (£2K).

Balance sheets

Reconciliation of UK GAAP to IFRS as at 30 June 2006

	UK GAAP As at 30 June 06 £'000	Effect of Transition To IFRS £'000	Note Ref	IFRS As at 30 June 06 £'000
Assets				
Non-current assets				
Property, plant and equipment	9,907	(100)	b)	9,807
Intangible assets	—	1,939	a)b)	1,939
Investment property	219	(35)	b)	184
Available for sale financial assets	39	59	c)	98
	10,165	1,863		12,028
Current assets				
Inventories	7,005	(53)	e)	6,952
Trade and other receivables	10,075	(148)	f)k)	9,927
Other financial assets at fair value through profit or loss	70	274	g)	344
Cash and cash equivalents	11,848	—		11,848
	28,998	73		29,071
Total assets	39,163	1,936		41,099
Liabilities				
Current liabilities				
Trade and other payables	(5,824)	(318)	h)i)k)	(6,142)
Current income taxation liabilities	(1,027)	—		(1,027)
	(6,851)	(318)		(7,169)
Non-current liabilities				
Long-term provisions	(471)	288	k)	(183)
Deferred income taxation liability	(412)	(31)	d)l)n)	(443)
Retirement benefit obligations	(1,329)	(605)	d)j)	(1,934)
	(2,212)	(348)		(2,560)
Total liabilities	(9,063)	(666)		(9,729)
Net assets	30,100	1,270		31,370
Capital and reserves attributable to equity holders of the company				
Issued share capital	1,188	—		1,188
Capital Redemption Reserve	135	—		135
Share Premium account	586	—		586
Retained earnings	28,191	1,270		29,461
Total equity	30,100	1,270		31,370

Reconciliation of UK GAAP to IFRS as at 31 December 2006

	UK GAAP As at 31 Dec 06 £'000	Effect of Transition To IFRS £'000	Note Ref	IFRS As at 31 Dec 06 £'000
Assets				
Non-current assets				
Property, plant and equipment	9,976	(97)	b)	9,879
Intangible assets	—	2,002	a)b)	2,002
Investment property	219	(35)	b)	184
Available for sale financial assets	39	67	c)	106
	10,234	1,937		12,171
Current assets				
Inventories	7,012	(43)	e)	6,969
Trade and other receivables	8,375	(126)	f)i)k)	8,249
Other financial assets at fair value through profit or loss	70	281	g)	351
Cash and cash equivalents	12,586	—		12,586
	28,043	112		28,155
Total assets	38,277	2,049		40,326
Liabilities				
Current liabilities				
Trade and other payables	(5,173)	(226)	h)k)	(5,399)
Current income taxation liabilities	(1,233)	—		(1,233)
	(6,406)	(226)		(6,632)
Non-current liabilities				
Long-term provisions	(471)	318	k)	(153)
Deferred income taxation liability	(322)	(143)	d)l)	(465)
Retirement benefit obligations	(1121)	(515)	d)j)	(1,636)
	(1,914)	(340)		(2,254)
Total liabilities	(8,320)	(566)		(8,886)
Net assets	29,957	1,483		31,440
Capital and reserves attributable to equity holders of the company				
Issued share capital	1,190	—		1,190
Capital Redemption Reserve	135	—		135
Share Premium account	607	—		607
Retained earnings	28,025	1,483		29,508
Total equity	29,957	1,483		31,440

Balance sheets

Reconciliation of UK GAAP to IFRS as at 30 June 2007

	UK GAAP As at 30 June 07 £'000	Effect of Transition To IFRS £'000	Note Ref	IFRS As at 30 June 07 £'000
Assets				
Non-current assets				
Property, plant and equipment	10,114	(97)	b)	10,017
Intangible assets	—	2,060	a)b)	2,060
Investment property	219	(35)	b)	184
Available for sale financial assets	39	64	c)	103
Retirement benefit surplus	634	247	d)j)	881
	11,006	2,239		13,245
Current assets				
Inventories	8,562	(71)	e)	8,491
Trade and other receivables	9,663	(164)	f)k)	9,499
Other financial assets at fair value through profit or loss	70	289	g)	359
Cash and cash equivalents	12,581	—		12,581
	30,876	54		30,930
Total assets	41,882	2,293		44,175
Liabilities				
Current liabilities				
Trade and other payables	(6,164)	(206)	h)i)k)	(6,370)
Current income taxation liabilities	(825)	—		(825)
	(6,989)	(206)		(7,195)
Non-current liabilities				
Long-term provisions	(433)	191	k)	(242)
Deferred income taxation liability	(92)	(851)	d)l)	(943)
	(525)	(660)		(1,185)
Total liabilities	(7,514)	(866)		(8,380)
Net assets	34,368	1,427		35,795
Capital and reserves attributable to equity holders of the company				
Issued share capital	1,190	—		1,190
Capital Redemption Reserve	135	—		135
Share Premium account	607	—		607
Retained earnings	32,436	1,427		33,863
Total equity	34,368	1,427		35,795

Description of adjustments for transition to IFRS

Note Ref	Adjustment description	As at 30 June 07 £'000	As at 31 Dec 06 £'000	As at 30 June 06 £'000
a)	IAS 38 — Capitalisation of research and development costs	1,928	1,870	1,804
b)	IAS 38 and IAS 40 — Property rights element of investment property reclassified from investments to intangible assets. Reclassification of software from Property, plant and equipment to intangible assets.	132	132	135
c)	IAS 39 — Quoted investments shown at market value	64	67	59
d)	IAS 19 and IAS 26 — Deferred tax adjustment to pension scheme surplus or deficit	247	480	570
e)	IAS 2 — Settlement discounts received adjusted to fair value	(71)	(43)	(53)
f)	IAS 18 — Settlement discount allowed adjusted to fair value	(135)	(110)	(120)
g)	IAS 39 — Current asset investments shown at market value	289	281	274
h)	IAS 2 — Settlement discount received adjusted to fair value	33	16	16
i)	IAS 19 — Holiday pay timing adjustment for monthly paid staff	(48)	13	(45)
j)	IAS 19 and IAS 26 — Adjustment of pension scheme assets to fair value	—	(35)	(35)
k)	IAS 17 — Lease obligations adjustment to trade and other receivables	(29)	(29)	(29)
	IAS 17 — Lease obligation and adjustment to trade and other payables	(191)	(241)	(288)
	IAS 17 — Lease obligation adjustment to long term provisions	191	318	288
l)	IAS 12 — Deferred Tax adjustment following capitalisation of research and development costs	604	623	601

Reconciliation of equity at 1 July 2006

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Reported under UK GAAP	1,188	586	135	28,191	30,100
IAS 2 — Settlement discount received	—	—	—	(37)	(37)
IAS 12 — Deferred income taxation	—	—	—	(601)	(601)
IAS 17 — Lease obligation	—	—	—	(29)	(29)
IAS 18 — Settlement discount allowed	—	—	—	(120)	(120)
IAS 19 — Holiday pay	—	—	—	(45)	(45)
IAS 19 & IAS 26 — Pension scheme valuation	—	—	—	(35)	(35)
IAS 38 — Research & development	—	—	—	1,804	1,804
IAS 39 — Market value of investments	—	—	—	333	333
	1,188	586	135	29,461	31,370

4. Statement of changes in equity

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
As at 1 July 2006	**1,188**	**586**	**135**	**29,461**	**31,370**
Profit for six months to 31 December 2006	—	—	—	2,546	2,546
Proceeds from the issuance of ordinary shares	2	21	—	—	23
Dividends paid to shareholders	—	—	—	(2,499)	(2,499)
As at 31 December 2006	**1,190**	**607**	**135**	**29,508**	**31,440**
Profit for six months to 30 June 2007	—	—	—	4,741	4,741
Dividends paid to shareholders				(386)	(386)
As at 30 June 2007	**1,190**	**607**	**135**	**33,863**	**35,795**
Profit for six months to 31 December 2007	—	—	—	3,181	3,181
Proceeds from the issuance of ordinary shares	1	17	—	—	18
Dividends paid to shareholders	—	—	—	(1,190)	(1,190)
As at 31 December 2007	**1,191**	**624**	**135**	**35,854**	**37,804**

5. Earnings per share

The earnings per share is calculated on profit after taxation and the weighted average number of ordinary shares in issue of 11,904,394 (2006: 11,888,250) during the period. For diluted earnings per share, the weighted average of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares is calculated at 11,928,429 (2006: 11,943,559).

6. Exercise of share options

On 4 October 2007, 7,500 share options were exercised, and on 23 October 2007, 8,483 share options were exercised. The option price was 117 pence per share.

7. Dividend

The interim dividend is at the rate of 3.9p per share (2007: 3.25p), and, based on 11,913,559 shares in issue at the announcement date the dividend will amount to £465,000 (2007:£386,000). The interim dividend will be paid on Tuesday 13 May 2008 to shareholders on the register at the close of business on 11 April 2008 and the shares become ex-dividend on 9 April 2008.

8. Availability of interim statement

Copies of this report are being sent to shareholders and will also be available from the company's registered office or on the company's website from 9 April 2008.

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