

Contents

| | |
|--|----|
| Officers and Professional Advisers | 2 |
| Financial Highlights | 3 |
| Chairman's Statement | 4 |
| Report of the Directors | 6 |
| Corporate Governance | 9 |
| Report of the Remuneration Committee | 11 |
| Report of the Independent Auditor | 14 |
| Group Profit Statement | 15 |
| Balance Sheets | 16 |
| Group Cash Flow Statement | 17 |
| Statement of Total Recognised Gains and Losses | 18 |
| Reconciliation of Movements in Shareholders' Funds | 18 |
| Principal Accounting Policies | 19 |
| Notes to the Financial Statements | 21 |
| Five Year Summary | 35 |
| Notice of Meeting | 36 |

Financial Calendar

| | |
|------------------------|-----------------|
| Annual General Meeting | 24 October 2007 |
| Payment of Dividend | 9 November 2007 |
| Interim Results | March 2008 |
| Final Results | September 2008 |

Registered No. 215690



Officers and Professional Advisers

| | |
|--------------------------------|--|
| Executive Directors | J D Abell (Chairman) R R Morris* |
| Non-Executive Directors | J P Pither (Deputy Chairman) # A F Lamb OBE # |
| Secretary | Martha Bruce |
| Registered Office | Elm House Elmer Street North Grantham Lincolnshire NG31 6RE Telephone: 01476 403456 Facsimile: 01476 403458 Website: www.jourdanplc.co.uk |
| Auditor | Grant Thornton UK LLP 8 West Walk Leicester LE1 7NH |
| Bankers | Lloyds TSB Bank plc 31/32 Park Row Leeds LS1 5JT |
| Nominated Adviser | Charles Stanley Securities 25 Luke Street London EC2A 6AR |
| Legal Adviser | Bird & Bird 15 Fetter Lane, London EC4A 1JP |
| Registrars | Lloyds TSB Registrars Scotland PO Box 28506 Finance House Orchard Brae Edinburgh EH4 1XZ |
| Stockbrokers | Charles Stanley Securities 25 Luke Street London EC2A 6AR |

Member of Audit Committee and Remuneration Committee

* *Member of Risk Assessment Committee*

Following FSA (Financial Services Authority) approval, Lloyds TSB Registrars is to be purchased by Advent International and the new company will be known as Equiniti Limited. This will take place before the end of September 2007. Thereafter, you will begin to receive information about your shares from Equiniti. As the same people will be continuing to manage our Register, the phone and address details will remain unchanged.

Annual Report 2007

Financial Highlights

| | Year ended 30 June 2007 | Year ended 30 June 2006 (restated) |
|---|------------------------------------|--|
| | £000s | £000s |
| Turnover | 27,472 | 23,187 |
| Operating profit | 1,148 | 886 |
| Profit on ordinary activities before interest | 1,345 | 1,126 |
| Profit on ordinary activities before tax | 1,084 | 826 |
| Profit on ordinary activities after tax | 707 | 540 |
| Capital employed | 7,456 | 5,678 |
| Proposed dividend per share | 8.0p | 5.0p |
| Net assets per share | 219.3p | 175.2p |
| Earnings per share – basic | 21.8p | 16.7p |
| – diluted | 21.8p | 16.7p |
| Gearing % | 46% | 50% |

Chairman's Statement

Financial Results

A year of substantial progress. The major increase in profits and dividends, the acquisition of two complementary businesses for cash, the successful disposal of the investment in Howle Holdings plc and a considerable reduction in the Pension Fund deficit. Although the difficult market conditions I predicted for the second half continued to year end, full year sales increased by 18% to £27.5 million (2006: £23.2 million). This includes a contribution of £3.9 million from the acquisitions of Clinipak and Prime Packaging during the year. Operating profit before amortisation of goodwill was £1,496,000 (2006: £1,187,000). Changes advised by the actuary in the assumptions for FRS17 contributed £129,000 of this improvement.

Profit before tax was £1,084,000 (2006: £826,000). Earnings per share for the year were 21.8p (2006: 16.7p).

The comparative figures for the year ended 30 June 2006 have been restated to reflect the adoption of FRS 20.

I am pleased to announce that your Directors recommend a dividend of 8.0p per share (2006: 5.0p) which it is proposed to pay on 9 November 2007 to members on the register on 12 October 2007.

The highlight of the year was the acquisition of Clinipak (by Westfield Medical) and Prime Packaging (by Nelsons). These businesses will strengthen the Medical Packaging and Printing businesses respectively. Provisional acquisition costs were £4,247,000 which was paid partly in cash (£3,604,000) and partly by deferred consideration. However, the companies had cash of £1,446,000 at the time of the acquisition. Clinipak has been absorbed seamlessly which is a tribute to both management teams. Nelsons is having some problems in absorbing Prime Packaging primarily because of the transfer of manufacturing to Nelsons' facilities, hiring of new employees and replacement of old skills. Progress is being made but is slower than planned.

Operating Companies

Suncrest, the manufacturer of fireplace suites, mantelpieces and electric fires, continued to suffer from weakness in all markets. Sales were lower than the previous year and losses were incurred. In order to improve manufacturing efficiencies and reduce costs, the fire and Corby trouser press assembly lines have been consolidated into the main facility at Peterlee thus releasing a 42,000 sq foot freehold factory which has been placed on the market. The management is confident the newly designed Peterlee facility has sufficient capacity to cope with the higher volumes planned for the current year.

Corby, the internationally renowned manufacturer of trouser presses, achieved slightly lower profits on marginally increased sales as the weakness of the yen and the US dollar had an adverse impact on profitability in its target markets. Corby's vacated long leasehold factory at Andover is being used by the sales, marketing and administration departments prior to its disposal and their move to smaller premises.

Westfield Medical, a leading manufacturer and supplier of single-use sterilisation packaging material to the medical and healthcare industry, achieved better sales and profits for the year. The acquisition of Clinipak in September has benefited both businesses and strengthened export sales.

Nelsons Labels, which manufactures and sells a variety of fabric-based labels for mattresses, carpets and upholstery, had another disappointing year. The acquisition of Prime Packaging in March and the subsequent consolidation of both businesses into the Nelsons' factory had a beneficial impact on sales but a negative one on profits owing to closure costs, and redundancies were effected.

Principal risks and uncertainties

The long term recovery at Jourdan continues, yet the Group faces a range of risks and uncertainties across the different operating businesses, as well as at a Group level.

Suncrest and Corby share a number of common features and face similar challenges. Production is now concentrated in one factory in Peterlee, and the challenge of maintaining and improving production efficiencies continues. In common with the majority of UK manufacturing businesses, we are now dealing with managing longer and more complex supply chains as we seek to source greater proportions of our raw material requirements from lower cost economies. Both Suncrest and Corby are also in an environment where continued investment in product development is essential if these businesses are to prosper and operate with the risks and benefits of a small number of large customers.

Nelsons is a niche producer in its chosen markets. Its principal risks and uncertainties relate to the ongoing realignment of production facilities amongst the major customer manufacturing groups (with consequent changes in demand levels), together with varying levels of retail demand for the end products of which Nelsons Labels forms a part.

At Westfield, the fulfillment of customer expectations whilst maintaining margins and production efficiencies presents a number of challenges, albeit ones that we are meeting. In the medium term, the funding allocated by government to the various NHS Trusts, which form a key element of Westfield's customer base, is integral to continued success.

At Group level, the principal uncertainty relates to the Group's defined benefit pension fund and in particular to the impact of any future changes in actuarial assumptions. As noted elsewhere in this statement, the Board is continuing to review the Fund and developments in the pension area.

Key performance indicators

In managing the various operating companies, Group management regards turnover (both order intake and goods despatched), contribution and cash collected as the key benchmarks of performance.

International Financial Reporting Standards

The Board is continuing to assess the likely impact of IFRS on its reported results, in readiness for implementation next year.

Group Pensions

The Fund currently has 17 active members, reduced from 25 last year. During the year the Company issued 160,000 ordinary shares to the Pension Fund for a value of £420,000 as well as putting in contributions of £375,000 in cash. This total of £795,000 is equivalent to c. 3.5% of Jourdan sales! The deficit in the Pension Fund has reduced to £1,061,000 compared with £2,236,000 at 30 June 2006. Your Board will continue to review the Fund in the light of current legislation under the Pensions Act 2004.

People

Our 312 employees have worked exceptionally hard to achieve these results in difficult market conditions. Their skill and motivation is essential to Jourdan's success, and we thank them all.

Chairman's Statement

Continued

Outlook

The financial position of the Group continues to be strong. Year end debt, in the form of a secured bank overdraft, increased by only £549,000 over the year to £3,401,000, despite the acquisition for a net £2,158,000 cash of two companies. The current year has started extremely well with sales and profits ahead of both Budget and last year after the first two months. However, the current turbulence in the financial markets can only have an adverse impact on our customers, particularly those in the housebuilding and retail industries. Suncrest is particularly vulnerable as it is dependent on a small number of very large customers but to date is trading strongly. Nelsons continues to be affected by the integration of Prime Packaging. The enlarged Westfield Medical goes from strength to strength.

Your Directors' confidence in the future is reflected in the increased dividend payment which, on normal criteria, is covered roughly three times by earnings.

J David Abell

11 September 2007

Report of the Directors

Principal Activities

The Company is a holding company and the principal activities of its subsidiary companies are set out on page 26.

Business Review

A review of the businesses and latest developments is included in the Chairman's Statement on page 4.

Share Capital

Changes to the share capital of the Company in the financial year are shown on page 29. Following the exercise of Warrants ten new shares were issued on 26 October 2006 increasing the issued share capital of the Company (the "Issued Share Capital") to £3,240,010. At a Meeting of the Directors held on 22 June 2007 the Board resolved to settle part of its obligations to the Jourdan Group Pension Fund (the "Pension Fund") by way of an allotment of 160,000 new ordinary shares of £1 each to the Pension Fund, thereby increasing the Issued Share Capital to £3,400,010.

The London Stock Exchange (AIM) middle market price of the Company's ordinary shares at 30 June 2007 (as derived from the London Stock Exchange Daily Official List) was 267.5p (30 June 2006: 185p) and the range of market prices during the year was between 170p and 322.5p.

Details of the Group's share option schemes are given on page 29.

Results and Dividends

The Group Profit Statement appears on page 15. Profit after tax for the year ended 30 June 2007 amounted to £707,000. A review of the results appears in the Chairman's Statement.

Your Directors are proposing to recommend the payment of a dividend for the year of 8p on each issued ordinary share of £1 each, payable on 9 November 2007 to shareholders on the register of members at the close of business on 12 October 2007.

Directors

The names of the present Directors and Secretary are given on page 2.

In accordance with the Memorandum and Articles of Association Mr R R Morris will retire by rotation at the Annual General Meeting. Mr R R Morris being eligible offers himself for re-election. A resolution to this effect will be proposed at the Annual General Meeting. As noted in the Remuneration Committee Report however, Mr Morris's existing Service Agreement will expire on 24 April 2008 and the Board is currently in discussions with Mr Morris regarding his role with the Company after that date. A further announcement will be made in due course. In the event that any changes are made to the Board involving the appointment of any new director, such new appointee will serve until the next Annual General Meeting and stand for re-election in the manner required by the Company's Memorandum and Articles of Association.

Mr R R Morris (65) was appointed an executive director in August 1997.

Mr A F Lamb was appointed non-executive director at the AGM on 26 October 2006. In accordance with the Memorandum and Articles of Association Mr A F Lamb will retire at the Annual General Meeting. Mr A F Lamb being eligible offers himself for re-election. A resolution to this effect will be proposed at the Annual General Meeting.

Directors' Interests in Shares of the Company

The Directors' interests (all of which are beneficial) in the share capital of the Company are shown in the Report of the Remuneration Committee on pages 11 to 13.

Directors' Remuneration

Details of the Directors' remuneration are set out in the Report of the Remuneration Committee. Although the Report of the Remuneration Committee is a report on behalf of the Board, it is shown as a separate schedule in the interests of clarity.

Annual General Meeting

The Company's annual general meeting will be held at 1000 on 24 October 2007 at the offices of Bird & Bird, 15 Fetter Lane, London EC4A 1JP and formal notice of this meeting is set out on page 36.

In addition to the ordinary business, resolutions will be proposed by way of special business as follows:

- Resolution 6 is an ordinary resolution to renew the existing authority, given to the Directors at the Company's annual general meeting on 26 October 2006 to allot relevant securities for the purposes of section 80 of the Companies Act 1985 ("the Act"). This resolution will supersede the resolution passed at the Company's annual general meeting in 2006 and will give the Directors authority to allot all of the authorised but unissued shares in the capital of the Company. This authority will give the Directors the necessary powers to allot shares upon exercise of outstanding options and provide them with a general power to allot further shares equal to approximately one third of the ordinary share capital currently in issue. The Directors have no current intention to exercise this authority, which will expire on the date which is five years after the date of the resolution, unless previously revoked or varied by the Company in general meeting.
- Resolution 7 is a special resolution to give the Directors a limited authority to issue equity securities for cash otherwise than to existing shareholders in proportion to their existing holdings, notwithstanding the pre-emption provisions of section 89 of the Act. This limited authority would empower the Directors to allot equity securities in connection with bonus or rights issues where such allotments are proportionate to existing shareholdings, but such issues would not meet the statutory requirements for pre-emptive issues, and to make cash issues on a non pre-emptive basis provided they do not exceed 5% of the currently issued share capital of the Company. This resolution will supersede the resolution passed at the Company's annual general meeting in 2006 and the authority will, unless revoked or varied by the Company in general meeting, expire on the date which is five years after the date of the resolution. The Directors have no current intention to exercise this authority.

Report of the Directors

Continued

Directors' and Shareholders' Interests in Contracts

Save as disclosed under "Service Agreements" on page 11, none of the Directors had a material beneficial interest in any contract to which the Company or any of its subsidiaries was a party in the period under review. The Company is not aware of any contract, including contracts for the provision of services, between the Company or any of its subsidiaries and a corporate substantial shareholder during the period ended 30 June 2007.

| | | |
|----------------------------|---------|--------|
| Amodeo Investments Limited | 971,900 | 28.59% |
| J D Abell | 901,500 | 26.51% |
| Goosegog Pty Limited | 368,000 | 10.82% |
| Jourdan Group Pension Fund | 160,000 | 4.71% |

Mr J D Abell is deemed by the Panel on Takeovers and Mergers to be acting in concert with certain members of his family. In total Mr J D Abell and the family who are deemed to be in concert own 993,000 ordinary shares (29.21%) and are holders of options over a further 75,000 ordinary shares.

Directors' and Officers' Liability Insurance

The Group maintains insurance cover for Directors and key personnel against liabilities which may be incurred by them whilst carrying out their duties.

Warrants

All outstanding warrants to subscribe for ordinary shares which had not been exercised prior to 26 October 2006 have now expired.

Employment Policies

The Group has continued its policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and we continue to endeavour to retrain any member of staff who develops a disability during employment with the Group.

The Group's policy is to keep employees informed on matters which affect their occupations and future prospects, while at the same time increasing their involvement in the Group's overall activities and performance. Each subsidiary within the Group operates its own communication and consultative programmes relevant to its own particular workforce.

It is the policy of the Group that the operations of the Company and its subsidiaries are executed at all times in such a way as to ensure, so far as is reasonably practicable, the health, safety and welfare of all its employees and of all persons likely to be affected by its operations.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company, and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and Charitable Donations

The Group has made no political donations in the period. The Group made a donation of £1,000 to Baden Powell Foundation for Boy Scouts during the year. A scheme is available to allow employees to make tax efficient donations from salary.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Payments to Suppliers

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with these terms provided that the supplier is also complying with all relevant terms and conditions. At 30 June 2007, the Group had 69 days of outstanding trade creditors (Year ended 30 June 2006: 66).

The Directors are responsible for the maintenance and integrity of the website and accordingly the auditor accepts no responsibility for the information published.

Substantial Interests

At the close of business on 12 September 2007 the following were, as far as the Directors are aware, interested in 3% or more of the ordinary shares in the Company:

Information published on the website is accessible in many countries and legislation in the United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Directors

Continued

Financial Risks

Group financial risk management policies are set out in note 17 to the financial statements.

Relationships with Shareholders

The Chairman and Group Managing Director are the Group's principal contacts with investors, fund managers, the press and other interested parties.

It is currently the Company's practice to hold its Annual General Meeting in the City of London to better enable attendance by City investors. Voting on specific resolutions is dealt with by a show of hands, but the Chairman also indicates the balance of proxies received for and against each resolution. Separate resolutions are presented for each substantially separate issue including the Annual Report and Financial Statements.

The Annual General Meeting is attended by all the Directors, including therefore the Chairmen of the Remuneration and the Audit Committees, who are available to discuss matters with shareholders.

International Financial Reporting Standards

As our shares are quoted on AIM, we are required to report under International Financial Reporting Standards (IFRS) in preparing consolidated financial statements for accounting periods beginning on or after 1 January 2007 and will commence reporting under IFRS in the interim accounts for the six months ending 31 December 2007. We are currently evaluating the impact of IFRS on our financial reporting.

Auditor

Grant Thornton UK LLP offer themselves for re-appointment as Auditor in accordance with Section 385 of the Companies Act 1985. A resolution (Resolution 5) proposing to re-appoint Grant Thornton UK LLP as Auditor of the Company and to authorise the Directors to determine their remuneration will be put to the Annual General Meeting.

By Order of the Board

Martha Bruce
Secretary

20 September 2007

Corporate Governance

The Company is committed to applying the highest principles of corporate governance commensurate with its size. The Company is not required to apply the Combined Code. However, it has used the Code as a guide.

The Board

The Board of the Company meets formally twelve times a year and the Non-Executive Directors can attend all meetings. In the year each Executive Director attended at least nine Board meetings. The Board has a formal schedule of matters referred to it for decision. At each Board meeting, the Board has available the monthly performance reports of each subsidiary and the Board monitors these results against the budgets for each subsidiary. Major developments are communicated to all Board members if they occur between regular meetings if in the judgment of the Executive Directors this is warranted.

The Directors may take independent professional advice, if appropriate, at the Company's expense.

All Directors are subject to re-election at the first Annual General Meeting after appointment and thereafter every three years. The Directors seeking re-election in 2007 are Mr R R Morris and Mr A F Lamb.

The Board also has an Audit Committee and a Remuneration Committee, of which Mr J P Pither and Mr A F Lamb, Non-Executive Directors, were members during the year. The Report of the Remuneration Committee is set out on pages 11 to 13. The terms of reference of the Audit Committee include keeping under review the scope and results of the external audits and their cost effectiveness. The Audit Committee reviews the independence and objectivity of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Group, seeking to balance objectivity and value for money.

During the year the Company has not appointed a Nominations Committee for the purpose of Board appointments. It is considered that the composition and size of the Board does not warrant the appointment of a Nominations Committee and appointments are dealt with by the whole of the Board.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

Corporate Risk Management

The following key procedures have operated during the year and a full risk and control assessment has been undertaken.

The Board recognises its obligations on behalf of shareholders to manage business risk and has established a Risk Assessment Committee, chaired by an Executive Director and supported by senior management and external specialists as appropriate, to advise on the management of significant business risk.

The Committee is responsible for the identification, analysis and prioritisation of significant business risk and for agreeing control strategies, standards and guidelines both at Group and subsidiary level.

Risk significance is determined by the potential financial impact on the trading activities of the business and represents the aggregation of each operating subsidiary's individual risk tolerance considered in the context of the overall Group objectives.

Risks identified include the potential loss or change in profile of key customers (addressed by commitment to continuing to provide high levels of service) and the risk associated with niche products (addressed by pro-active consideration of changing customer and market needs).

The Committee has established a system of Group and subsidiary Key Risk Indicators which it reviews regularly. These include strategic, financial and operational risks. Group Key Risk Indicators are reviewed by the Executive Directors. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk information is communicated to employees, who have a responsibility to co-operate with management initiatives and to carry out their duties avoiding excessive risk. Appropriate training and support is provided.

The Board has considered the need for internal audit, but has decided that because of the size of the Group it cannot be justified at present. The Board will review this decision annually.

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets.

The Board has undertaken a review during the year of the Group's system of internal control covering financial, operational and compliance controls and risk. As part of this process the Group has established an ongoing process for identifying, evaluating and managing the key risks as set out above.

The system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key processes

The key processes used by the Board to review the effectiveness of the system of internal control include:

- established control environment with organisational structure which has clear lines of responsibility and supervision;
- regular meetings with local management;
- formal accounting policies and procedures and standard financial control procedures in place which are applicable to all areas of the Group;
- review of the operation of internal controls at each subsidiary by the Group financial controller.

Corporate Governance

Continued

Key aspects

Key aspects of the system of internal control include the following:

- comprehensive budgeting and financial reporting system involving review and approval of budgets by the Board, monthly monitoring of performance against these budgets and full investigation of variances;
- annual cash flow statements prepared underpinned by more detailed rolling three month forecasts to address resources and funds. Group cash flow monitored on daily basis compared to forecast;
- established procedures for authorisation of capital expenditure;
- the Board has communicated ethical policies to all personnel through training and procedures;
- health and safety procedures in place;
- disaster recovery plans in place.

The Board believes that its systems of internal control are appropriate for the size and nature of its operations, and will continue to review potential improvements to the systems on a regular basis.

Report of the Remuneration Committee

This report sets out the Group's policy regarding Directors' remuneration and how this policy has been applied throughout the year. The Remuneration Committee is chaired by Mr J P Pither.

The terms of reference of the Remuneration Committee, in summary, are as follows:

Principal function

To consider and make recommendations to the Board of Directors of the Company on behalf of the shareholders in respect of the policies of the Group on remuneration. Particular attention is paid to the remuneration arrangements of Directors and senior executives including pension rights, service contracts and compensation payments.

Policies

In accordance with authority delegated by the Board of Directors:

- to monitor the remuneration policy of the Group and its subsidiaries having regard to relevant market comparisons and practice;
- to consider and make recommendations to the Board of Directors on the remuneration arrangements including bonuses and related performance criteria, share options, pension rights, service contracts and compensation payments of Executive Directors of the Group; and
- to consider, determine and, where appropriate, approve the remuneration arrangements including bonuses, share options, pension rights, service contracts and compensation payments of senior executives of the Group.

Remuneration and salaries

The remuneration of the Executive Directors of the Group is set by the Board, based on the recommendations of the Remuneration Committee. Such remuneration is determined after a review of the performance of the individual.

It is the aim of the Committee to reward Directors competitively having regard to the remuneration paid to the senior management of comparable public companies. It has been the practice to review Executive Directors' salaries annually with such reviews taking account of corporate performance and individual performance and responsibilities, as appropriate.

The Board determines the remuneration of the Non-Executive Directors.

Share schemes

Mr J D Abell, Mr R R Morris and Mr J P Pither participate in the Group's Share Option Schemes. Details of their interests in the Group's shares arising from such participation are shown on page 13.

Service Agreements

Mr R R Morris' contract will expire on 24 April 2008. Granite PLC, a company owned by Mr J D Abell, has a consultancy agreement with the Company terminable on 12 months' notice. Surrey Management Services Limited, a company owned by Mr J P Pither, has a letter of appointment with the Company terminable on 12 months' notice. Mr A F Lamb has a letter of appointment with the Company terminable on 12 months' notice.

Pension Arrangements

Mr R R Morris, the only Director to accrue pension benefits, is a member of The Jourdan Group Pension Fund. The disclosure below is based upon the accrued benefits method and the amounts shown represent the pension accrued and paid commencing on 19 January 2007 when Mr Morris reached age 65, based upon his pensionable service and pensionable salary at that date.

| Age at 30 June 2007 | Pensionable service at 19 January 2007 | Additional Pension earned in the year | Accrued Entitlement at 30 June 2007 | Transfer value of additional Pension earned |
|------------------------|--|---|---|---|
| 65 | 9½ years | £900 | £16,400 | £11,300 |

Note: the transfer value shown above is a liability of the pension fund, not a sum paid or due to the individual, and cannot meaningfully be aggregated with other remuneration.

Report of the Remuneration Committee

Continued

The under-noted table reports the remuneration received by each Director during the year:

| | Remuneration £000s | Performance related bonus £000s | Benefits in kind £000s | Share Options £000s | Total Year ended 30 June 2007 £000s | Total Year ended 30 June 2006 (restated) £000s |
|---|------------------------------|---|--------------------------------------|-----------------------------------|---|--|
| Chairman: | | | | | | |
| J D Abell | 197 | – | 1 | 17 | 215 | 231 |
| Executive Director: | | | | | | |
| R R Morris | 186 | – | 1 | 17 | 204 | 221 |
| 2007 | 383 | – | 2 | 34 | 419 | |
| 2006 | 374 | 50 | 2 | 26 | | 452 |
| Non Executive Directors: | | | | | | |
| | Board fees | | | | | |
| J P Pither | 30 | – | – | 5 | 35 | 30 |
| A F Lamb | 16 | – | – | – | 16 | – |
| 2007 | 46 | – | – | 5 | 51 | |
| 2006 | 30 | – | – | – | | 30 |
| Aggregate emoluments of Directors who served during the year: | | | | | 470 | 482 |

Mr J D Abell and Mr R R Morris: Performance-related bonus payable on achievement of profit against Budget.

No Share Options have been exercised by any Director during the year.

The Share Option figures disclosed above relate to FRS20 and were not actually received by the Directors as remuneration in the period. Prior year comparatives have been restated to incorporate an appropriate share option charge for that year.

Managing directors of subsidiary companies have a profit-related bonus scheme, which is reviewed each year.

Mr J D Abell's remuneration as Chairman and Chief Executive is paid to Granite PLC

Mr J P Pither's fees as Non-Executive Director are paid to Surrey Management Services Limited.

Benefits in kind incorporate all assessable tax benefits arising from employment by the Group.

Report of the Remuneration Committee

Continued

Directors' interests in shares of the Company, all of which are beneficial:

| | At 30 June 2006 | Purchases | Sales | At 30 June 2007 |
|------------|-----------------|-----------|-------|-----------------|
| J D Abell | 901,500 | Nil | Nil | 901,500 |
| R R Morris | 21,000 | 63,500 | Nil | 84,500 |
| J P Pither | 65,500 | 10,000 | Nil | 75,500 |
| A F Lamb | Nil | 10,000 | Nil | 10,000 |

Directors' options over ordinary shares:

Executive Share Option Scheme:

| | At 30 June 2006 | Surrendered | Price | Exercisable 7 years from | At 30 June 2007 |
|-------------|-----------------|-------------|-------|-----------------------------|-----------------|
| R.R. Morris | 6,976 | 6,976 | 430p | 9 November 2001 | Nil |

Unapproved 2000 Share Option Scheme:

| | At 30 June 2006 | Granted | Price | Exercisable 7 years from | At 30 June 2007 |
|------------|-----------------|---------|-------|-----------------------------|-----------------|
| J D Abell | 25,000 | Nil | 270p | 25 September 2006 | 25,000 |
| | | 50,000 | 235p | 28 September 2009 | 50,000 |
| R R Morris | 25,000 | Nil | 270p | 25 September 2006 | 25,000 |
| | | 50,000 | 235p | 28 September 2009 | 50,000 |
| J P Pither | Nil | 20,000 | 235p | 28 September 2009 | 20,000 |

The Executive Share Option Scheme is an Inland Revenue approved scheme. No further Options may be granted under this Scheme.

Options are granted at the Remuneration Committee's discretion and no performance criteria apply.

The London Stock Exchange (AIM) middle market price of the Company's ordinary shares at 30 June 2007 (as derived from the London Stock Exchange Daily Official List) was 267.5p (30 June 2006: 185p) and the range of market prices during the year was between 170p and 322.5p.

There have been no changes to Directors' interests in the share capital of the Company between 30 June 2007 and the date of this report.

J P Pither
Chairman, Remuneration Committee

20 September 2007

Report of the Independent Auditor to the Members of Jourdan plc

Grant Thornton

We have audited the group and parent company financial statements (the “financial statements”) of Jourdan plc for the year ended 30 June 2007 which comprise the Group Profit Statement, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group Reconciliation of Movements in Shareholders’ Funds, the Principal Accounting Policies and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an Auditor’s Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The Directors’ responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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).

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

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. This other information comprises only the Financial

Highlights, the Chairman’s Statement, the Report of the Directors, the Corporate Governance Statement, the Report of the Remuneration Committee and the Five Year Summary. 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.

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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group’s and the parent Company’s affairs as at 30 June 2007 and of the Group’s profit 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Leicester

20 September 2007

Group Profit Statement

| Notes | Year ended 30 June 2007 | | | Year ended | |
|-------|---|-----------------|----------------|----------------------------|-----------------|
| | Continuing operations | Acquisitions | | 30 June 2006 (restated) | |
| | £000s | £000s | £000s | £000s | |
| 1 | Turnover | 23,592 | 3,880 | 27,472 | 23,187 |
| 1 | Cost of sales | <u>(16,054)</u> | <u>(2,530)</u> | <u>(18,584)</u> | <u>(15,493)</u> |
| | Gross profit | 7,538 | 1,350 | 8,888 | 7,694 |
| | Net operating expenses | (6,414) | (978) | (7,392) | (6,507) |
| 2 | Amortisation of goodwill | (301) | (47) | (348) | (301) |
| 1 | | <u>(6,715)</u> | <u>(1,025)</u> | <u>(7,740)</u> | <u>(6,808)</u> |
| 1 | Operating profit | 823 | 325 | 1,148 | 886 |
| | Provisions against investments | | | - | 240 |
| | Profit on sale of investment | | | 197 | - |
| | Profit on ordinary activities before interest | | | 1,345 | 1,126 |
| 4 | Net interest | | | <u>(261)</u> | <u>(300)</u> |
| 2 | Profit on ordinary activities before tax | | | 1,084 | 826 |
| 5 | Tax on profit on ordinary activities | | | <u>(377)</u> | <u>(286)</u> |
| | Profit on ordinary activities after tax | | | 707 | 540 |
| 6 | Earnings per share - basic | | | <u>21.8p</u> | <u>16.7p</u> |
| | - diluted | | | <u>21.8p</u> | <u>16.7p</u> |

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheets

| Notes | Group | | Company | | |
|-----------------------------|---|--------------------------|--------------------------|--------------------------|----------------|
| | 30 June 2007 £000s | 30 June 2006 £000s | 30 June 2007 £000s | 30 June 2006 £000s | |
| Fixed assets | | | | | |
| 8 | Intangible assets | 5,692 | 4,190 | - | - |
| 9 | Tangible assets | 2,137 | 3,767 | 856 | 2,414 |
| 10 | Investments | - | 416 | 14,542 | 14,958 |
| | | <u>7,829</u> | <u>8,373</u> | <u>15,398</u> | <u>17,372</u> |
| Current assets | | | | | |
| | Property held for resale | 1,781 | 279 | 1,781 | 279 |
| 11 | Stocks | 3,522 | 2,920 | 50 | 30 |
| 12 | Debtors | 5,146 | 4,080 | 2,161 | 2,025 |
| | Cash at bank | - | - | 1,263 | - |
| | | <u>10,449</u> | <u>7,279</u> | <u>5,255</u> | <u>2,334</u> |
| 13 | Creditors: amounts falling due within one year | <u>(9,387)</u> | <u>(7,532)</u> | <u>(6,513)</u> | <u>(6,708)</u> |
| | Net current assets/(liabilities) | 1,062 | (253) | (1,258) | (4,374) |
| | Total assets less current liabilities | 8,891 | 8,120 | 14,140 | 12,998 |
| 13 | Creditors: amounts falling due after more than one year | (224) | - | - | - |
| 14 | Provisions for liabilities | <u>(150)</u> | <u>(206)</u> | <u>(80)</u> | <u>(72)</u> |
| | Net assets excluding pension liability | 8,517 | 7,914 | 14,060 | 12,926 |
| 19 | Pension liability | <u>(1,061)</u> | <u>(2,236)</u> | <u>-</u> | <u>-</u> |
| | Net assets including pension liability | <u>7,456</u> | <u>5,678</u> | <u>14,060</u> | <u>12,926</u> |
| Capital and reserves | | | | | |
| 15 | Called up share capital | 3,400 | 3,240 | 3,400 | 3,240 |
| 16 | Share premium | 260 | - | 260 | - |
| 16 | Other reserves | 3,145 | 3,145 | 4,842 | 4,842 |
| 16 | Profit and loss account | <u>651</u> | <u>(707)</u> | <u>5,558</u> | <u>4,844</u> |
| | Equity shareholders' funds | <u>7,456</u> | <u>5,678</u> | <u>14,060</u> | <u>12,926</u> |

Approved by the Board of Directors on 20 September 2007

J. David Abell
Chairman

Group Cash Flow Statement

| Notes | Year ended 30 June 2007 | | Year ended 30 June 2006 | |
|---|-------------------------|--------------|-------------------------|------------------|
| | £000s | £000s | £000s | £000s |
| Net cash inflow from operating activities | | 1,941 | | 1,455 |
| Returns on investment and servicing of finance | | | | |
| Interest paid | | (274) | | (229) |
| Taxation paid | | (321) | | (157) |
| Capital expenditure and financial investment | | | | |
| Purchase of tangible assets | (219) | | (97) | |
| Sale of tangible assets | 31 | | 16 | |
| Sale of investments | 613 | 425 | - | (81) |
| | | <u>1,771</u> | | <u>988</u> |
| Acquisitions and disposals | | | | |
| Acquisition of subsidiary undertakings (excluding cash acquired of £1,446,000) | | (2,158) | | - |
| Equity dividends paid | | (162) | | - |
| Net cash (outflow)/inflow before financing | | <u>(549)</u> | | <u>988</u> |
| Financing | | | | |
| Bank Loan | | - | | (367) |
| 20 (Increase)/reduction in net overdraft | | <u>(549)</u> | | <u>621</u> |
| Reconciliation of operating profit to net cash inflow from operating activities | | | | |
| | | £000s | | £000s (restated) |
| Operating profit | | 1,148 | | 886 |
| Depreciation on tangible fixed assets | | 529 | | 523 |
| Other non cash movements (including goodwill amortisation) | | 214 | | 272 |
| Decrease/(increase) in stocks | | 121 | | (157) |
| Increase in debtors | | (207) | | (70) |
| Increase in creditors | | 136 | | 1 |
| Net cash inflow from continuing activities | | <u>1,941</u> | | <u>1,455</u> |

An analysis of net debt is given in note 20.

Contribution of acquisitions to Group Cashflow from operating activities

In the period following acquisition, Clinipak Limited contributed £380,000 to Group net cash inflow from continuing activities and no material impact on any other categories of cashflow.

As a result of a post acquisition reorganisation, it is not possible to identify separately the contribution to cashflow from continuing activities attributable to Prime Packaging Limited.

Statement of Total Recognised Gains and Losses

| | Year ended 30 June 2007 | Year ended 30 June 2006 (restated) |
|---|--|---|
| | £000s | £000s |
| Profit for the year | 707 | 540 |
| Actuarial gain in respect of the defined benefit pension scheme | 747 | 1,052 |
| Total recognised gains relating to the year | <u>1,454</u> | <u>1,592</u> |

Reconciliation of Movements in Shareholders' Funds

| | | |
|---|--------------|--------------|
| Profit for the year | 707 | 540 |
| New share capital issued | 420 | - |
| Actuarial gain in respect of the defined benefit pension scheme | 747 | 1,052 |
| Dividends | (162) | - |
| Credit relating to issue of share options | 66 | 46 |
| Increase in shareholders' funds | <u>1,778</u> | <u>1,638</u> |
| Opening shareholders' funds | <u>5,678</u> | <u>4,040</u> |
| Closing shareholders' funds | <u>7,456</u> | <u>5,678</u> |

Principal Accounting Policies

Accounting Reference Date and Basis of Consolidation

The Group's accounting reference date is 30 June. As permitted by the Companies Act 1985 the Directors have elected to make up accounts to the Saturday nearest 30 June. For this year the financial statements are prepared for the 52 weeks ended 30 June 2007 (2006: 52 weeks ended 1 July 2006).

The Group Profit Statement and Balance Sheet include the financial statements of Jourdan plc and its subsidiary undertakings. The results of businesses acquired or sold are included in the Group Profit Statement from or to the date control passes. All intra-group transactions are eliminated fully on consolidation.

The Company has taken advantage of the exemption permitted under Section 230 of the Companies Act 1985 and has not included a separate Profit and Loss Account for Jourdan plc.

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, up to and including Financial Reporting Standard ('FRS') 28. The principal accounting policies of the Group have remained unchanged from the previous year, apart from the adoption of FRS20 "Share Based Payments". FRS20 requires companies that grant share options to their Directors or employees to estimate the fair value of those options and to recognise that value as an expense over the period until the options can be exercised unconditionally by the Director or employee. The Group uses the Black Scholes Merton method of valuation. The FRS20 charge for the year ended 30 June 2007 is £66,000. Amounts expensed for the year ended 30 June 2006 of £46,000 have been treated as a prior year adjustment to the comparative figures. There is no impact on net assets or cash flows as a result of this adjustment.

Turnover

Turnover represents the value of goods supplied and services provided by subsidiaries, net of discounts and excluding intra-group sales and VAT. Turnover is recognised at the date of despatch of goods. Where appropriate, provision is made for goods issued on sale or return terms, and for any volume rebates (or similar) payable.

Tangible Assets and Depreciation

Fixed assets are stated at cost less depreciation. The cost of fixed assets is their purchase cost together with any incidental costs on acquisition.

Depreciation is provided at rates calculated to write down the assets in equal annual instalments over their expected useful economic lives. The rates used are as follows:

| | |
|--|------------------------|
| Freehold land and long leasehold buildings | 2% |
| Short leasehold property | Over life of the lease |
| Plant and machinery | 10% – 20% |
| Tooling | 20% – 50% |
| Motor vehicles | 25% – 33% |
| Computer/office equipment | 20% – 33% |

Investments

Investments are held at cost less amounts written off.

Property held for resale

Such properties are stated at the lower of transfer value from tangible fixed assets and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for old and obsolete items. Cost includes materials, valued on a first in first out basis, direct labour and attributable proportion of manufacturing overheads based on normal levels of activity.

Deferred Tax

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Goodwill

Prior to the adoption of FRS10 goodwill has been written off to reserves in the year in which it arose. Such goodwill is charged against profits on the disposal of a subsidiary or following a significant reduction in business activity. Following the introduction of FRS10 goodwill is capitalised and amortised over its useful life. Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

Operating Leases

Operating lease rentals are charged to the profit statement in the year to which they relate.

Share Based Payments

The Group has Share Option plans under which it makes equity settled share based payments to certain Directors and employees. Fair value is measured at the date of grant and spread over the vesting period of the award. Fair value is measured using the Black Scholes Merton method.

Financial Instruments

Financial instruments issued by the Group are classified as debt or equity according to their underlying nature, as required by FRS25. Those containing contractual obligations to transfer cash or other

Principal Accounting Policies

Continued

financial assets are classified as financial liabilities. Those evidencing a residual interest in the Group's assets after deducting all of its liabilities are classified as equity and included within shareholders' funds.

Compound instruments, containing material components of both equity and financial liabilities, are split according to the present value of each component.

Pensions

Certain of the Group's employees belong to the Jourdan Group Pension Fund which is funded by both employers' and employees' contributions, and is a defined benefit fund. The Fund's assets are measured at fair values. The Fund's liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Company/Group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the Fund liabilities and the expected return on the Fund's assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rates ruling when the transactions are incurred or at the contract rate if the transaction is covered by a forward exchange contract. At the end of the financial year, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or at the contract rate if covered by a forward exchange contract. Trading results are translated at average rates for the year.

Notes to the Financial Statements

1 ANALYSIS OF TURNOVER, COST OF SALES AND NET OPERATING EXPENSES

| | 2007 £000s | 2006 £000s | 2007 £000s | 2006 £000s |
|---|--------------------------------|---------------|---------------------------|---------------|
| Turnover analysed by geographical market: | Turnover by destination | | Turnover by origin | |
| United Kingdom | 20,707 | 17,591 | 27,472 | 23,187 |
| Continental Europe | 3,352 | 2,905 | - | - |
| North America | 570 | 296 | - | - |
| Rest of the World | 2,843 | 2,395 | - | - |
| | <u>27,472</u> | <u>23,187</u> | <u>27,472</u> | <u>23,187</u> |

| | 2007 Turnover £000s | 2007 Operating profit £000s | Net assets £000s | 2006 Turnover £000s | 2006 Operating profit (restated) £000s | Net assets £000s |
|--------------------------|---------------------------|--------------------------------------|---------------------|---------------------------|--|---------------------|
| Consumer products | 12,206 | 17 | 2,345 | 12,481 | 172 | 2,427 |
| Industrial products | 15,266 | 1,468 | 6,929 | 10,706 | 1,031 | 5,535 |
| | <u>27,472</u> | <u>1,485</u> | <u>9,274</u> | 23,187 | 1,203 | 7,962 |
| Central | - | 11 | 1,583 | - | (16) | 568 |
| Amortisation of goodwill | - | (348) | - | - | (301) | - |
| Net debt | - | - | (3,401) | - | - | (2,852) |
| | <u>27,472</u> | <u>1,148</u> | <u>7,456</u> | <u>23,187</u> | <u>886</u> | <u>5,678</u> |

| | 2007 £000s | 2006 £000s (restated) |
|-------------------------|-----------------|-----------------------------|
| Cost of sales | <u>(18,584)</u> | <u>(15,493)</u> |
| Distribution costs | <u>(3,084)</u> | <u>(2,913)</u> |
| Administrative expenses | <u>(4,656)</u> | <u>(3,895)</u> |
| Net operating expenses | <u>(7,740)</u> | <u>(6,808)</u> |

Distribution costs and Administration expenses include £210,000 and £815,000 arising from acquisitions during the year. The above acquisitions related wholly to the Industrial products segment of Group activities.

2 SUPPLEMENTARY PROFIT AND LOSS INFORMATION

| | 2007 £000s | 2006 £000s |
|---|---------------|---------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation of tangible assets | 529 | 523 |
| Fees payable to the Company's auditor | | |
| for the audit of the Company's annual accounts | 36 | 36 |
| Fees payable to the Company's auditor for other services: | | |
| for the audit of the Company's subsidiaries | 55 | 41 |
| for tax services | 25 | 19 |
| for all other services | 39 | - |
| Operating lease rentals (land and buildings) | 399 | 302 |
| Amortisation of goodwill | 348 | 301 |
| Profit on disposal of fixed assets | (5) | 16 |

Fees paid to Grant Thornton UK LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Jourdan plc because the Company's consolidated accounts are only required to disclose such fees on a consolidated basis.

Notes to the Financial Statements

Continued

3 INFORMATION REGARDING DIRECTORS

The information regarding directors is included in the Report of the Remuneration Committee on pages 11 to 13.

The total emoluments for the year were £470,000 (2006: £482,000).

The emoluments of the highest paid Director were £215,000 (2006: £231,000).

No Director participated in a money purchase pension scheme.

Included in the total emoluments is an amount of £39,000 (2006: £26,000) for FRS20 share option expense and is not actually received by the directors as remuneration in the year.

Included in the emoluments of the highest paid director is an amount of £17,000 (2006: £13,000) for FRS20 share option expense and is not actually received by the director as remuneration in the year.

4 NET INTEREST

| | 2007 £000s | 2006 £000s |
|--|---------------|---------------|
| Interest payable on bank loan | – | 3 |
| Interest payable on bank overdrafts | 274 | 226 |
| Pension deficit – finance (income)/expense | (13) | 71 |
| | <u>261</u> | <u>300</u> |

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2007 £000s | 2006 £000s (restated) |
|---|---------------|-----------------------------|
| The tax charge represents: | | |
| UK Corporation tax at 30% (2006: 30%) | 261 | 307 |
| Adjustment in respect of prior periods | (38) | – |
| Total current tax | <u>223</u> | 307 |
| Deferred tax – origination and reversal of timing differences | 154 | <u>(21)</u> |
| Tax on profit on ordinary activities | <u>377</u> | <u>286</u> |

The tax charge for the year is lower than the standard rate of Corporation Tax in the UK of 30% (2006: 30%)

The differences are explained as follows:

| | | |
|--|--------------|------------|
| Profit on ordinary activities before tax | <u>1,084</u> | <u>826</u> |
| Profit on ordinary activities before tax multiplied by standard rate of Corporation Tax at 30% (2006: 30%) | 325 | 248 |
| Effect of: | | |
| Investment sale and goodwill charges not deductible for tax purposes | 45 | 18 |
| Expenses not deductible for tax purposes | 1 | 1 |
| Share option expense not deductible for tax purposes | 20 | 14 |
| Depreciation in excess of capital allowances | 42 | 28 |
| Marginal relief | (9) | (9) |
| Pension and other timing differences | (163) | 7 |
| Adjustments to tax charge in respect of prior periods | (38) | – |
| Current tax charge for the year | <u>223</u> | <u>307</u> |

Notes to the Financial Statements

Continued

6 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group profit on ordinary activities after tax divided by the weighted average number of shares in issue during the year.

Employee share options are anti-dilutive in 2007 and 2006.

| | 2007 £000s | 2006 £000s (restated) |
|---|---------------|-----------------------------|
| Profit after taxation | <u>707</u> | <u>540</u> |
| Basic earnings per share | | |
| Weighted average number of shares | 3,240,886 | 3,240,000 |
| Basic earnings per share | <u>21.8p</u> | <u>16.7p</u> |
| Diluted earnings per share | | |
| Weighted average number of shares | 3,240,886 | 3,240,000 |
| Dilutive effect of rights under the employee share option schemes | - | - |
| Weighted average number of shares | 3,240,886 | 3,240,000 |
| Diluted earnings per share | <u>21.8p</u> | <u>16.7p</u> |

7 DIVIDENDS

Paid during the year

| | | |
|---|------------|----------|
| Final dividend paid in respect of prior year of 5p per ordinary share | <u>162</u> | <u>-</u> |
|---|------------|----------|

Proposed after the year end (not recognised as a liability)

| | | |
|--|------------|------------|
| Proposed final dividend in respect of the year of 8p per ordinary share. | <u>272</u> | <u>162</u> |
|--|------------|------------|

8 INTANGIBLE ASSETS

| | Goodwill on consolidation £000s |
|--------------------------------|---------------------------------------|
| GROUP | |
| Cost | |
| At 30 June 2006 | 6,023 |
| Additions | <u>1,850</u> |
| At 30 June 2007 | <u>7,873</u> |
| Amortisation | |
| At 30 June 2006 | (1,833) |
| Charge for the year | <u>(348)</u> |
| At 30 June 2007 | <u>(2,181)</u> |
| Net book value at 30 June 2007 | <u>5,692</u> |
| Net book value at 30 June 2006 | <u>4,190</u> |

Notes to the Financial Statements

Continued

On 8 September 2006 Westfield Medical Limited acquired the whole of the share capital of Clinipak Limited for a consideration of £2,377,000 plus costs, and on 16 March 2007 Nelsons Labels (Manchester) Limited acquired the whole of the share capital of Prime Packaging Limited for a consideration of £1,643,000 plus costs. Deferred consideration is dependent upon the combined sales performance of Nelsons Labels Limited and Prime Packaging Limited and is accrued at the maximum amount payable. No fair value adjustments were necessary for Clinipak Limited.

| | Prime Packaging Limited (book value) £000s | Fair value adjustment £000s | Prime Packaging Limited £000s | Clinipak Limited £000s | Total £000s |
|---|--|--------------------------------------|--|------------------------------|----------------|
| Fair values on acquisition | | | | | |
| Fixed assets | 201 | (46) | 155 | 63 | 218 |
| Stocks | 212 | - | 212 | 511 | 723 |
| Debtors | 333 | - | 333 | 526 | 859 |
| Creditors due within one year | (470) | (15) | (485) | (364) | (849) |
| Cash | 667 | - | 667 | 779 | 1,446 |
| Provisional net assets acquired | 943 | (61) | 882 | 1,515 | 2,397 |
| Provisional goodwill arising on acquisition | 864 | 61 | 925 | 925 | 1,850 |
| Provisional consideration including costs | 1,807 | - | 1,807 | 2,440 | 4,247 |
| Satisfied by: | | | | | |
| Cash | | | 1,164 | 2,440 | 3,604 |
| Deferred consideration | | | 643 | - | 643 |
| | | | 1,807 | 2,440 | 4,247 |

Goodwill arising on the acquisitions has been capitalised and classified as an asset on the balance sheet and is being written off over twenty years. This, together with amortisation of goodwill in respect of acquisitions in prior years, results in a £348,000 (2006: £301,000) charge in the profit and loss account in the current year and a carrying value at the end of the year of £5,692,000 (2006: £4,190,000).

The goodwill on Westfield Medical Limited, Nelsons Labels (Manchester) Limited, Clinipak Limited and Prime Packaging Limited is being written off over their estimated useful economic lives of 20 years.

Deferred consideration and therefore goodwill has been classified as provisional pending the final determination of the fair value of net assets acquired and consideration payable.

Pre acquisition results for the acquired entities were as follows:

| | Prime Packaging Limited | | Clinipak Limited |
|-------------------|---|---|---|
| | 1 September 2006 to 16 March 2007 £000s | Year ended 31 August 2006 £000s | 1 November 2005 to 8 September 2006 £000s |
| Turnover | 1,121 | 1,857 | 3,465 |
| Operating profit | 281 | 480 | 357 |
| Profit before tax | 288 | 482 | 363 |
| Taxation | (72) | (121) | (90) |
| Profit after tax | 216 | 361 | 273 |

Neither acquired company had recognised gains and losses in the above periods other than the results as set out above.

Notes to the Financial Statements

Continued

9 TANGIBLE FIXED ASSETS

| | Freehold land and buildings £000s | Long leasehold properties £000s | Plant and machinery £000s | Motor vehicles £000s | Total £000s |
|----------------------------|--|--|---------------------------------|----------------------------|----------------|
| GROUP | | | | | |
| Cost | | | | | |
| At 30 June 2006 | 2,840 | 274 | 6,394 | 49 | 9,557 |
| Acquisitions | - | - | 489 | - | 489 |
| Additions | - | - | 219 | - | 219 |
| Disposals | - | - | (317) | - | (317) |
| Transfer to current assets | (1,787) | - | - | - | (1,787) |
| At 30 June 2007 | 1,053 | 274 | 6,785 | 49 | 8,161 |
| Depreciation | | | | | |
| At 30 June 2006 | (433) | (132) | (5,178) | (47) | (5,790) |
| Acquisitions | - | - | (271) | - | (271) |
| Charge for the year | (53) | (19) | (455) | (2) | (529) |
| Disposals | - | - | 281 | - | 281 |
| Transfer to current assets | 285 | - | - | - | 285 |
| At 30 June 2007 | (201) | (151) | (5,623) | (49) | (6,024) |
| Net book amounts | | | | | |
| At 30 June 2007 | 852 | 123 | 1,162 | - | 2,137 |
| At 30 June 2006 | 2,407 | 142 | 1,216 | 2 | 3,767 |
| COMPANY | | | | | |
| Cost | | | | | |
| At 30 June 2006 | 2,840 | - | 31 | - | 2,871 |
| Additions | - | - | 1 | - | 1 |
| Transfer to current assets | (1,787) | - | - | - | (1,787) |
| At 30 June 2007 | 1,053 | - | 32 | - | 1,085 |
| Depreciation | | | | | |
| At 30 June 2006 | (433) | - | (24) | - | (457) |
| Charge for the year | (53) | - | (4) | - | (57) |
| Transfer to current assets | 285 | - | - | - | 285 |
| At 30 June 2007 | (201) | - | (28) | - | (229) |
| Net book amounts | | | | | |
| At 30 June 2007 | 852 | - | 4 | - | 856 |
| At 30 June 2006 | 2,407 | - | 7 | - | 2,414 |

Capital commitments not provided in the consolidated accounts are as follows:

| | 2007 £000s | 2006 £000s |
|------------|---------------|---------------|
| Contracted | 8 | - |

Notes to the Financial Statements

Continued

10 INVESTMENTS

| | Group | | Company | |
|---|----------|------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £000s | £000s | £000s | £000s |
| Listed investments (note a) | – | 416 | – | 416 |
| Shares in subsidiary companies (note b) | – | – | 14,542 | 14,542 |
| | <u>–</u> | <u>416</u> | <u>14,542</u> | <u>14,958</u> |

(a) Listed investments

| | Group | Company |
|---------------------------------|------------|------------|
| | £000s | £000s |
| Cost or valuation | | |
| At 30 June 2006 | 488 | 2,034 |
| Additions | 306 | 306 |
| Disposals | (794) | (2,340) |
| At 30 June 2007 | <u>–</u> | <u>–</u> |
| Amounts written off | | |
| At 30 June 2006 | (72) | (1,618) |
| Disposals | 72 | 1,618 |
| At 30 June 2007 | <u>–</u> | <u>–</u> |
| Net book amount at 30 June 2007 | <u>–</u> | <u>–</u> |
| Net book amount at 30 June 2006 | <u>416</u> | <u>416</u> |

(b) Shares in subsidiary companies

| | £000s |
|----------------------------------|----------------|
| Cost or valuation | |
| At 30 June 2006 and 30 June 2007 | <u>17,124</u> |
| Amounts written off | |
| At 30 June 2006 and 30 June 2007 | <u>(2,582)</u> |
| Net book value at 30 June 2007 | <u>14,542</u> |
| Net book value at 30 June 2006 | <u>14,542</u> |

The principal trading subsidiaries of Jourdan plc at 30 June 2007, all of which are incorporated and operate in Great Britain, and are wholly owned, are listed below:

| Company | Principal activity | Class of shares |
|-------------------------------------|---|---|
| John Corby Limited | Design and marketing of trouser presses and ironing centres. | Ordinary £1 |
| Suncrest Surrounds Limited* | Design, manufacture and marketing of fireplaces and furniture products, and manufacture of trouser presses. | Ordinary 1p Redeemable £1 Deferred £1 |
| Westfield Medical Limited | Manufacture of sterilisation packaging materials | Ordinary £1 |
| Nelsons Labels (Manchester) Limited | Manufacture of fabric based labels. | Ordinary £1 |
| Clinipak Limited* | Manufacture and distribution of single use sterilisation products. | Ordinary £1 |
| Prime Packaging Limited* | Manufacture of fabric based labels. | Ordinary £1 |

* Indirect holding

Notes to the Financial Statements

Continued

11 STOCKS

| | Group | | Company | |
|--|--------------|--------------|-----------|-----------|
| | 2007 | 2006 | 2007 | 2006 |
| | £000s | £000s | £000s | £000s |
| Raw materials and consumables | 1,290 | 1,113 | 50 | 30 |
| Work in progress | 248 | 187 | - | - |
| Finished goods and goods held for resale | 1,984 | 1,620 | - | - |
| | <u>3,522</u> | <u>2,920</u> | <u>50</u> | <u>30</u> |

12 DEBTORS

Amounts falling due within one year

| | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|
| Trade debtors | 4,575 | 3,544 | - | - |
| Amounts owed by Group companies | - | - | 1,888 | 1,888 |
| Other debtors | 18 | 41 | 8 | 3 |
| Prepayments and accrued income | 553 | 495 | 105 | 74 |
| Corporation tax recoverable | - | - | 160 | 60 |
| | <u>5,146</u> | <u>4,080</u> | <u>2,161</u> | <u>2,025</u> |

13 TRADE AND OTHER CREDITORS

Amounts falling due within one year

| | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|
| Bank overdraft (secured) | 3,401 | 2,852 | - | 345 |
| Trade creditors | 3,372 | 2,538 | 63 | 95 |
| Deferred consideration | 419 | - | - | - |
| Amounts owed to Group companies | - | - | 6,277 | 6,007 |
| Other creditors | 143 | 365 | 73 | 56 |
| Corporation tax payable | 292 | 89 | - | - |
| Other taxes and social security | 540 | 374 | 11 | 12 |
| Accruals and deferred income | 1,220 | 1,314 | 89 | 193 |
| | <u>9,387</u> | <u>7,532</u> | <u>6,513</u> | <u>6,708</u> |

Amounts falling due after more than one year

| | | | | |
|------------------------|------------|----------|----------|----------|
| Deferred consideration | 224 | - | - | - |
| | <u>224</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Notes to the Financial Statements

Continued

14 PROVISIONS FOR LIABILITIES

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2007 £000s | 2006 £000s | 2007 £000s | 2006 £000s |
| Provision for warranty claims | | | | |
| At 30 June 2006 | 56 | 68 | - | - |
| Released | (27) | (12) | - | - |
| At 30 June 2007 | <u>29</u> | <u>56</u> | <u>-</u> | <u>-</u> |
| Provision for deferred taxation | | | | |
| At 30 June 2006 | 135 | 149 | 72 | 66 |
| (Utilised)/provided | (29) | (14) | 8 | 6 |
| At 30 June 2007 | <u>106</u> | <u>135</u> | <u>80</u> | <u>72</u> |
| Provision for indebtedness of subsidiaries | | | | |
| At 30 June 2006 | - | - | - | 45 |
| Reclassified | - | - | - | (45) |
| At 30 June 2007 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other provisions | | | | |
| At 30 June 2006 and 30 June 2007 | <u>15</u> | <u>15</u> | <u>-</u> | <u>-</u> |
| Total provisions | <u>150</u> | <u>206</u> | <u>80</u> | <u>72</u> |
| Provision for deferred taxation comprises: | | | | |
| Accelerated capital allowances | 335 | 348 | 280 | 273 |
| Other timing differences | (229) | (213) | (200) | (201) |
| | <u>106</u> | <u>135</u> | <u>80</u> | <u>72</u> |

Deferred taxation has been calculated at 30%.

Other timing differences include trading losses carried forward by Jourdan plc totalling £666,000 (2006: £668,000) with tax effect of £200,000 (2006: £201,000).

Notes to the Financial Statements

Continued

15 CALLED UP SHARE CAPITAL

| Authorised | Number | | £000 |
|--|------------------|---|--------------|
| As at 30 June 2006 and 30 June 2007 | 4,850,000 | Ordinary shares of 100p | 4,850 |
| Allotted and Fully Paid | | | |
| As at 30 June 2006 | 3,240,000 | Ordinary shares of 100p | 3,240 |
| Issued: | 10 | Warrants exercised | – |
| | 160,000 | Allotment to Jourdan Group Pension Fund | 160 |
| As at 30 June 2007 | 3,400,010 | | 3,400 |

On 26 October 2006 ten new shares of £1 each were issued at a price of £7 each following the exercise of warrants.

On 28 June 2007 160,000 new shares of £1 each were issued in part settlement of the Group's obligations to the Jourdan Group Pension Fund. The shares were issued at the London Stock Exchange (AIM) middle market price of the Company's shares on 28 June 2007 of £2.625 resulting in an amount of £260,000 being credited to the Share Premium Account.

Share Option Schemes:

Executive Share Option Scheme

Options in respect of ordinary shares, remaining outstanding at 30 June 2007 under the Company's 1984 Executive Share Option Scheme, are exercisable for the periods and at the prices set out below:

| Exercisable 7 years from | Price per share | At 30 June 2006 | Lapsed | Surrendered | At 30 June 2007 |
|----------------------------------|-----------------|-----------------|--------------|---------------|-----------------|
| 8 April 2001 | £5.850 | 6,250 | 1,250 | – | 5,000 |
| 9 November 2001 | £4.300 | 6,976 | – | 6,976 | – |
| 20 October 2002 | £6.125 | 13,250 | 1,250 | 2,000 | 10,000 |
| 27 September 2003 | £5.425 | 11,060 | – | 11,060 | – |
| 20 October 2003 | £5.000 | 19,882 | 3,854 | – | 16,028 |
| 25 September 2006 | £2.700 | 10,000 | 2,500 | – | 7,500 |
| | | <u>67,418</u> | <u>8,854</u> | <u>20,036</u> | <u>38,528</u> |
| Weighted average price per share | | £4.96 | £4.63 | £5.10 | £4.96 |

There are no performance targets relating to this scheme. No further options may be granted under this scheme.

Unapproved 2000 Share Option Scheme

Options in respect of ordinary shares, remaining outstanding at 30 June 2007 under the Company's 2000 Share Option Scheme, are exercisable for the periods and at the prices set out below:

| Exercisable 7 years from | Price per share | At 30 June 2006 | Granted | At 30 June 2007 |
|----------------------------------|-----------------|-----------------|----------------|-----------------|
| 25 September 2006 | £2.700 | 80,000 | – | 80,000 |
| 28 September 2009 | £2.350 | – | 200,000 | 200,000 |
| | | <u>80,000</u> | <u>200,000</u> | <u>280,000</u> |
| Weighted average price per share | | £2.70 | £2.35 | £2.45 |

Details of the Company's share price during the year are given in the Report of the Directors.

Charge to Profit and Loss account

Under FRS20 the Group is required to recognise an expense in the relevant financial statements apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant. A charge of £66,000 has been made in these accounts and a prior year adjustment of £46,000.

The weighted average fair value of the options is £1.25.

Notes to the Financial Statements

Continued

This weighted average fair value was calculated using the Black Scholes Merton model using the following assumptions:

| | Exercisable | Price per | Number of | Volatility | Bond | Expected | Expected |
|-------------------|-------------------|-----------|-----------|------------|----------|----------|----------|
| Grant date | 7 years | share | shares | | interest | life of | dividend |
| | | £ | | | rate | grant | yield |
| 25 September 2003 | 25 September 2006 | £2.70 | 87,500 | 47% | 4.85% | 8 years | 2% |
| 28 September 2006 | 28 September 2009 | £2.35 | 200,000 | 47% | 4.53% | 5 years | 2% |

Price per share at the date of grant equates to the middle market price of the Company's shares at that date.

Volatility at date of grant is based on historic data on the Company's share price for the previous 12 months.

16 STATEMENT OF RESERVES

| | Capital redemption reserve £000s | Other reserves £000s | Merger reserve £000s | Special reserve £000s | Total other reserves £000s | Share premium account £000s | Profit and loss account £000s |
|---|---|----------------------------|----------------------------|-----------------------------|-------------------------------------|--------------------------------------|--|
| GROUP: | | | | | | | |
| At 30 June 2006 | 55 | - | 691 | 2,399 | 3,145 | - | (707) |
| Premium on share issues | - | - | - | - | - | 260 | - |
| Profit for the financial year | - | - | - | - | - | - | 707 |
| Credit relating to issue of share options | - | - | - | - | - | - | 66 |
| Other recognised gains and losses | - | - | - | - | - | - | 747 |
| Dividends | - | - | - | - | - | - | (162) |
| At 30 June 2007 | 55 | - | 691 | 2,399 | 3,145 | 260 | 651 |
| COMPANY: | | | | | | | |
| At 30 June 2006 | 55 | 1,697 | 691 | 2,399 | 4,842 | - | 4,844 |
| Premium on share issues | - | - | - | - | - | 260 | - |
| Profit for the financial year | - | - | - | - | - | - | 876 |
| Dividends | - | - | - | - | - | - | (162) |
| At 30 June 2007 | 55 | 1,697 | 691 | 2,399 | 4,842 | 260 | 5,558 |

The cumulative amount of goodwill written off to reserves amounted to £1,052,000 (2006 : £1,052,000).

The Company's profit on ordinary activities after tax for the year was £876,000 (2006: £3,751,000).

The merger reserve and other reserves arose in relation to acquisitions in earlier years.

By special resolution of shareholders at an extraordinary general meeting of the company held on 23 April 2004, and subsequent confirmation of the Court, the Share Premium Account and Capital Redemption Reserve were cancelled and transferred to a Special Reserve. The Special Reserve was used to cancel the adverse balance on the Profit and Loss Account balance at 30 June 2003. The Special Reserve can only be transferred to the Profit and Loss account and treated as distributable, when all of the creditors of the Company at the Effective Date have either been discharged or given their consent. All creditors at the effective date have either been paid or have given their consent.

The balance remaining in the Special Reserve at 30 June 2007 of £2,399,000, represents the proportion of the pension scheme deficit relating to the Company calculated at the Effective Date.

Notes to the Financial Statements

Continued

17 FINANCIAL COMMITMENTS

Financial Instruments

The Group's financial instruments comprise borrowings and liquid resources, the main purpose of which is to finance the Group's operations. Short term debtors and creditors have been excluded from all the following disclosures, except in respect of currency risk.

The main risks arising from the Group's financial instruments are interest and liquidity risks. The Board agrees and reviews policies for managing these risks and the policies remain unchanged. Interest rates are monitored throughout the year and are renegotiated at the renewal of the overdraft facility.

As regards liquidity the Group's policy is to ensure short term flexibility by overdraft facilities.

During the year the Group has operated within agreed facilities.

Of the Group's financial liabilities at 30 June 2007, interest on the bank overdraft is at a floating rate.

Floating rate financial liabilities bear interest at rates, based on 1.25% and 1.5% above relevant national LIBOR equivalents, which are fixed in advance for periods of between one month and six months.

At 30 June 2007 the Group had undrawn committed overdraft facilities of £3,079,000 (2006: £2,644,000) provided by Lloyds TSB Bank plc and renewable annually. The facilities were renewed in July 2007.

In respect of the committed facility Lloyds TSB Bank plc holds a fixed and floating charge over the assets of the Company and its subsidiaries. The Company together with its subsidiaries has given an unlimited cross guarantee to Lloyds TSB Bank plc in respect of the indebtedness of the Jourdan Group which at 30 June 2007 amounted to £3,421,000 (2006: £2,856,000)

The fair value of financial instruments is considered to be not materially different from historic cost carrying value.

All of the Group's borrowings are in sterling.

Some of the Group's sales and purchases are denominated in foreign currencies.

The Group keeps under constant review its exposure to currency risk and, if considered appropriate, would use forward currency contracts to manage the risks. At the year end the net monetary assets and liabilities in foreign currencies were as follows:

| | Assets | Liabilities |
|------------|--------|-------------|
| | £000s | £000s |
| Euros | 851 | 165 |
| US Dollars | 132 | 64 |
| Yen | 9 | - |

Operating Leases

At 30 June 2007 the Group had commitments under operating leases, not provided in the accounts, to make the following payments in the year ended 30 June 2008.

| | 2007 | 2006 |
|--|------------|------------|
| | £000s | £000s |
| Operating leases of land and buildings which expire: | | |
| In the first year | 97 | — |
| In the second to fifth year inclusive | 221 | 221 |
| After five years | 81 | 81 |
| | <u>399</u> | <u>302</u> |

Notes to the Financial Statements

Continued

18 PARTICULARS OF EMPLOYEES

| | 2007 Number | 2006 Number |
|--|----------------|----------------------------|
| The average number of persons employed by the Group, including executive directors, during the year was: | | |
| Category : | | |
| Production | 214 | 203 |
| Administration | 53 | 41 |
| Sales and distribution | 52 | 48 |
| | <u>319</u> | <u>292</u> |
| | £000s | £000s (restated) |
| Their total remuneration was: | | |
| Wages and salaries | 6,921 | 6,544 |
| Social security costs | 634 | 551 |
| Other pension costs | 321 | 357 |
| | <u>7,876</u> | <u>7,452</u> |

19 PENSIONS

Eligible employees of the Group are covered by the Jourdan Group Pension Fund which is a funded defined benefit scheme. The Fund is contracted into the State Scheme and receives contributions, both from employees and from employing companies, at rates determined by independent, professionally qualified actuaries. Pensions are paid based on final pensionable salary and number of years of pensionable service. The assets of the Fund are independent of the Group's finances.

A full actuarial valuation was carried out as at 1 April 2004 by a qualified independent actuary. This valuation showed that the market value of the Fund's assets was £6,354,000 and the actuarial value of the assets covered the accrued liabilities to 63% on an ongoing basis, and the market value of the assets covered the accrued liabilities to 85% on an MFR basis and 73% on a cash equivalent basis.

The main assumptions made were:

| | | |
|------------------------|--------------|-----|
| Investment returns | 5.25 and 7.0 | % |
| Salary increases | | 4.0 |
| Escalation in pensions | | 5.0 |

On a current funding level basis there was a deficit of £3,674,000. The deficit is being eliminated by employer's contribution rates as follows:

| | |
|--------------------------------------|-----------------|
| - 1 April 2003 – 31 October 2004 | 28.1% |
| - 1 November 2004 – 30 November 2005 | 33.0% |
| - 1 December 2005 – 31 March 2006 | 33.0% + £15,000 |
| - 1 April 2006 – 30 June 2007 | 33.0% + £41,000 |

Further contributions of £502,000 were made during the year. £82,000 in cash and by the issue of 160,000 shares in the Company (value at 28 June 2007 £420,000). In addition employee contributions were increased from 7% to 9% from 1st April 2006

An FRS 17 calculation has also been prepared by the Scheme Actuary, the results of which are set out below.

Notes to the Financial Statements

Continued

The assets in the Fund and the expected long-term rate of return were:

| | Rate of Return % | | | | | Value £000s | | | | |
|-------------------------------------|------------------|------|------|------|------|-------------|----------|----------|----------|---------|
| | 2007 | 2006 | 2005 | 2004 | 2003 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Equities | 8.5 | 8.5 | 8.5 | 8.5 | 7.5 | 6,922 | 5,492 | 4,603 | 3,921 | 3,360 |
| Bonds | 5.9 | 5.3 | 5.0 | 5.25 | 4.5 | 2,807 | 2,855 | 2,878 | 2,430 | 2,285 |
| Other | 5.0 | 4.0 | 4.0 | 4.0 | 2.8 | 97 | 68 | 41 | 40 | 60 |
| Total market value of assets | | | | | | 9,826 | 8,415 | 7,522 | 6,391 | 5,705 |
| Present value of scheme liabilities | | | | | | (11,342) | (11,610) | (12,195) | (10,070) | (9,893) |
| Deficit in the scheme | | | | | | (1,516) | (3,195) | (4,673) | (3,679) | (4,188) |
| Deferred tax | | | | | | 455 | 959 | 1,402 | 1,104 | 1,256 |
| Net pension liability | | | | | | (1,061) | (2,236) | (3,271) | (2,575) | (2,932) |

The present value of the Fund liabilities has been determined using the projected unit method as required by FRS 17. Employer contributions paid in the year were £795,000.

The following amounts have been included within Group figures:

| | 2007 £000s | 2006 £000s |
|---|---------------|---------------|
| Charged against operating profit | | |
| Current service cost, less employee contributions | (197) | (242) |
| Past service cost | - | - |
| Gains/losses on settlements and curtailments | - | - |
| Total operating charge | (197) | (242) |
| Other finance costs | | |
| Expected return on Pension Fund assets | 632 | 540 |
| Interest on Pension Fund liabilities | (619) | (611) |
| Net finance income/(expense) | 13 | (71) |
| Total recognised gains and losses | | |
| Actual return less expected return on pension Fund assets | 59 | 274 |
| Experience gains and losses arising on the Fund liabilities | 163 | (163) |
| Changes in the assumptions underlying the present value of the Fund liabilities | 846 | 1,391 |
| Actuarial gain | 1,068 | 1,502 |

The history of experience gains and losses is as follows:

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|-------|-------|-------|------|-------|
| Difference between expected and actual return on Fund assets | | | | | |
| Amount (£000) | 59 | 274 | 591 | 200 | (608) |
| Percentage of Fund assets | 1% | 3% | 8% | 3% | (11%) |
| Experience gains and losses on Fund liabilities | | | | | |
| Amount (£000) | 163 | (163) | (241) | 271 | 144 |
| Percentage of Fund liabilities | 1% | (1%) | (2%) | 3% | 1% |
| Total actuarial gains and losses Amount (£000) | 1,068 | 1,502 | (950) | 646 | (835) |
| Percentage of Fund liabilities | 9% | 13% | (8%) | 6% | (8%) |

Notes to the Financial Statements

Continued

| | 2007 | 2006 |
|--|----------------|----------------|
| | £000s | £000s |
| Movement in the deficit in the year was: | | |
| Deficit in the Fund at 1 July 2006 | (3,195) | (4,673) |
| Current service cost | (197) | (242) |
| Contributions – cash | 375 | 289 |
| – Company shares | 420 | - |
| Other finance income/(expense) | 13 | (71) |
| Actuarial gain | 1,068 | 1,502 |
| Deficit in the Fund at 30 June 2007 | <u>(1,516)</u> | <u>(3,195)</u> |

As the above amounts have been recognised in the financial statements, the Group's net assets and profit and loss reserve at 30 June 2007 are as follows:

| | | |
|---|--------------|--------------|
| Net assets excluding pension liability | 8,517 | 7,914 |
| Pension liability | (1,061) | (2,236) |
| Net assets including pension liability | <u>7,456</u> | <u>5,678</u> |
| Profit and loss reserve excluding pension liability | 1,712 | 1,529 |
| Pension liability | (1,061) | (2,236) |
| Profit and loss reserve including pension liability | <u>651</u> | <u>(707)</u> |

The main assumptions used by the actuary were:

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------|-------|-------|-------|------|
| Salary increases | 4.3% | 3.9% | 3.9% | 4.25% | 4.0% |
| Escalation of pensions – pre April 2001 | n/a | n/a | n/a | n/a | n/a |
| – post April 2001 | 3.15% | 2.75% | 2.5% | 2.75% | 2.5% |
| Inflation | 3.30% | 2.90% | 2.65% | 3.0% | 2.5% |
| Discount rate | 5.90% | 5.30% | 5.0% | 5.75% | 5.5% |

Defined Contribution Schemes

The Group operates defined contribution schemes for the benefit of eligible employees. The assets of the schemes are administered in funds independent from those of the Group. The pension cost for the year of the defined contribution schemes was £124,000 (2006: £120,000).

The Company has not recognised the FRS 17 deficit within its own balance sheet because it is a multi-employer scheme, in accordance with FRS 17.

20 RECONCILIATION OF MOVEMENT IN NET DEBT

| | 2007 | 2006 |
|---|----------------|----------------|
| | £000s | £000s |
| (Decrease)/increase in net cash in the year | (549) | 621 |
| Bank loan | — | 367 |
| Movement in net debt in the period | (549) | 988 |
| Opening net debt | (2,852) | (3,840) |
| Closing net debt | <u>(3,401)</u> | <u>(2,852)</u> |

Movement in borrowings

| | At 30 June | Cash | At 30 June |
|------------|------------|-------|----------------|
| | 2006 | flow | 2007 |
| | £000s | £000s | £000s |
| Overdrafts | (2,852) | (549) | <u>(3,401)</u> |

Five Year Summary

| | 12 months to 30 June 2007 | 12 months to 30 June 2006 | 12 months to 30 June 2005 | 12 months to 30 June 2004 | 12 months to 30 June 2003 |
|--|--------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Audited | Audited Restated | Audited | Audited | Audited |
| | £000s | £000s | £000s | £000s | £000s |
| GROUP PROFIT STATEMENT | | | | | |
| Turnover | 27,472 | 23,187 | 23,321 | 25,385 | 23,785 |
| Operating profit before exceptional items | 1,496 | 1,187 | 804 | 1,460 | 870 |
| Exceptional items | - | - | (276) | - | 200 |
| Amortisation of goodwill | (348) | (301) | (301) | (301) | (301) |
| | 1,148 | 886 | 227 | 1,159 | 769 |
| Provisions against investments | - | 240 | (160) | (152) | (122) |
| Share of operating (loss)/profit of associate | - | - | - | (45) | 24 |
| Write off goodwill relating to associate | - | - | - | - | (512) |
| Share of exceptional items of associated company | - | - | - | (77) | - |
| Provision for closure and disposal costs | - | - | - | - | (69) |
| Profit on sale of investment | 197 | - | - | - | - |
| Profit before interest | 1,345 | 1,126 | 67 | 885 | 90 |
| Interest payable | (261) | (300) | (408) | (355) | (480) |
| Profit/(loss) for the year before tax | 1,084 | 826 | (341) | 530 | (390) |
| Tax | (377) | (286) | (15) | (364) | (108) |
| Profit/(loss) on ordinary activities after tax | 707 | 540 | (356) | 166 | (498) |
| Dividends | 162 | - | - | - | - |
| Earnings/(loss) per share | 21.8p | 16.7p | (10.9p) | 5.0p | (15.0p) |
| Dividends per share | 5.00p | - | - | - | - |
| Dividend cover | 4.4 | - | - | - | - |
| Effective tax rate | 34.8% | 32.8% | 6.9% | 68.7% | (27.7%) |
| GROUP BALANCE SHEET | | | | | |
| Fixed assets | 7,829 | 8,373 | 8,860 | 9,811 | 10,723 |
| Current assets | 10,449 | 7,279 | 7,113 | 7,098 | 7,043 |
| Creditors and provisions | (6,360) | (4,886) | (4,822) | (5,339) | (5,258) |
| Bank borrowings | (3,401) | (2,852) | (3,840) | (3,807) | (4,911) |
| Pension liability | (1,061) | (2,236) | (3,271) | - | - |
| Net assets | 7,456 | 5,678 | 4,040 | 7,763 | 7,597 |
| Share capital | 3,400 | 3,240 | 3,240 | 3,295 | 3,295 |
| Reserves | 4,056 | 2,438 | 800 | 4,468 | 4,302 |
| Equity shareholders' funds | 7,456 | 5,678 | 4,040 | 7,763 | 7,597 |

Notice of Meeting

NOTICE IS HEREBY GIVEN that the eightieth Annual General Meeting of Jourdan plc will be held at 1000 on 24 October 2007 at the offices of Bird & Bird, 15 Fetter Lane, London EC4A 1JP.

Ordinary business:

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions.

1. To receive the Financial Statements for the year ended 30 June 2007 and the reports of the Directors and the Auditor.
2. To declare a dividend of 8p per share on the issued ordinary shares of £1 each in the Company, payable on 9 November 2007 to those shareholders on the register of members at close of business on 12 October 2007.
3. To re-appoint as a Director Mr R R Morris who retires by rotation in accordance with Article 88 of the Articles of Association of the Company and, being eligible, offers himself for re-election.
4. To re-appoint as a Director Mr A F Lamb who retires by rotation in accordance with Article 88 of the Articles of Association of the Company and, being eligible, offers himself for re-election.
5. To re-appoint Grant Thornton UK LLP as Auditor of the Company and to authorise the Directors to determine their remuneration.

Special business:

To consider and, if thought fit, to pass the following resolutions of which No. 6 will be proposed as an Ordinary Resolution and No. 7 will be proposed as Special Resolution:

6. THAT the Directors of the Company be and are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 (the "Act") to exercise all of the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount of £1,449,990 (1,449,990 ordinary shares of £1 each) provided that such authority shall (unless previously revoked or varied by the Company in general meeting) expire on the date which is five years after the date of this resolution. The Directors shall be entitled under the general authority conferred by this resolution to make at any time before the expiry of such authority, any offer or agreement which will or might require relevant securities of the Company to be allotted after the expiry of such authority as if such authority had not expired. This authority shall supersede the authority conferred on the Directors by the Ordinary Resolution passed at the Annual General Meeting of the Company held on 26 October 2006.
7. THAT subject to the passing of Resolution 6 above, the Directors of the Company be empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash, pursuant to the authority conferred by Resolution 6 above, as if Section 89(1) of the Act did not apply to such allotment, provided that such power shall be limited to (a) the allotment of equity securities in connection with a bonus or rights issue in favour of the holders of the ordinary shares where the equity securities attributable to the interests of such holders are proportionate (as nearly as may be) to the respective numbers of such shares held by them subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory, and (b) the allotment (otherwise than pursuant to (a) above) of equity securities up to an aggregate nominal value of £170,000 (170,000 Ordinary shares of £1 each), this being equivalent to five per cent. of the issued share capital of the Company at the date on which the Notice of the Meeting at which this resolution is to be proposed was given, provided that such authority shall (unless previously revoked or varied by the Company in general meeting) expire on the date which is five years after the date of this resolution. The Directors shall be entitled under the general authority conferred by this resolution to make at any time before the expiry of such authority, any offer or agreement which will or might require relevant securities of the Company to be allotted after the expiry of such authority as if such authority had not expired. This authority shall supersede the authority conferred on the Directors by the Special Resolution passed at the Annual General Meeting of the Company held on 26 October 2006.

20 September 2007

By order of the Board

Registered office:

Elm House
Elmer Street North
Grantham
Lincolnshire NG31 6RE

Martha Bruce
Secretary

Notes:

- (1) Ordinary shareholders are entitled to attend and vote at the above Meeting, and they may appoint one or more proxies, who need not be members of the Company, to attend on their behalf. To be effective the Form of Proxy and the Power of Attorney, or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, must reach the Registrars of the Company, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZR not later than forty-eight hours before the time fixed for the Meeting.
- (2) Completing and returning the Form of Proxy will not prevent a member from attending at the Meeting if he/she so wishes.
- (3) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members as at the close of business on 22 October 2007 shall be entitled to attend or vote at the above General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register of Members after that date will be disregarded in determining the rights of the person to attend or vote at the Meeting notwithstanding any provisions in any enactment, articles of association or other instrument to the contrary.
- (4) Copies of the Directors' service contracts with the Company and the Register of Directors' Interests in the share capital of the Company are available at the Registered Office of the Company for inspection during usual business working hours on any week day from the date of this notice until the date of the Meeting and also on the day of the Meeting at the offices of Bird & Bird from 0930 on 24 October 2007 until the conclusion of the Meeting.