

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 Auditors	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	34
Notice of Meeting	35

Financial Calendar

Annual General Meeting	26 October 2006
Payment of Dividend	10 November 2006
Interim Results	March 2007
Final Results	September 2007

Registered No. 215690



Officers and Professional Advisers

Executive Directors	J D Abell (Chairman) R R Morris*
Non-Executive Director	J P Pither (Deputy Chairman) #
Secretary	Martha Bruce
Registered Office	Elm House Elmer Street North Grantham Lincolnshire NG31 6RE Telephone: 01476 403456 Facsimile: 01476 403458
Auditors	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 90 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*

Annual Report 2006

Financial Highlights

	Year ended 30 June 2006	Year ended 30 June 2005 (restated)
	£000s	£000s
Turnover	23,187	23,321
Operating profit	932	227
Profit on ordinary activities before interest	1,172	67
Profit/(loss) on ordinary activities before tax	872	(341)
Profit/(loss) on ordinary activities after tax	586	(356)
Capital employed	5,678	4,040
Net assets per share	175.2p	124.7p
Earnings/(loss) per share – basic	18.1p	(10.9p)
– diluted	18.1p	(10.8p)
Gearing %	50%	95%

Chairman's Statement

Financial Results

The year under review was encouraging. Whilst the difficult market conditions reported in the first half continued to year end, the second half saw strong growth in sales at Corby and Westfield which resulted in Group sales for the second half increasing by 5% over the comparable period last year. With the lower sales experienced during the first half (5% down on prior comparable period), full year sales fell by only 1% to £23.2 million (2005: £23.3 million).

Operating profit before exceptional items and amortisation of goodwill was £1,233,000 (2005: £804,000) while profit before tax, exceptional items, amortisation of goodwill, movement in investment provisions and FRS 17 was £957,000 (2005: £440,000).

Profit before tax was £872,000 (2005: loss of £341,000). Earnings per share for the year was 18.1p (2005: loss per share of 10.9p).

The comparative figures for the year ended 30 June 2005 have been restated to reflect the adoption of FRS 17.

I am pleased to announce that your Directors recommend a dividend of 5p per share (2005: Nil) which it is proposed to pay on 10 November 2006 to members on the register on 13 October 2006.

Operating Companies

Suncrest, the manufacturer of fireplace suites, mantelpieces and electric fires, continued to suffer from weakness in all markets but took the opportunity to improve manufacturing efficiencies during this period of reduced demand. The absorption of the Corby trouser press manufacturing facility into the Suncrest production facility at Peterlee proved highly successful and resulted in much improved profitability for the combined Suncrest/Corby grouping despite lower sales.

Corby, the internationally renowned manufacturer of trouser presses, enjoyed a very substantial increase in sales and profits in the second half, enabling it to report better sales and appreciably better profits than the prior year. 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 much better sales and profits in the second half of the year, resulting in significantly improved sales and profits for the full year. Currently, manufacture of Westfield products is running at all time record levels.

The Company announced on 11 September that Westfield Medical has acquired Clinipak Limited for a total maximum consideration of £2.2 million. Clinipak specialises in the manufacture and distribution of products into the clinical and medical markets and the Company believes that the acquisition will complement the Westfield Medical business and will make a positive contribution to group profitability in the current year.

Nelsons Labels, which manufactures and sells a variety of fabric-based labels for mattresses, carpets and upholstery, had a disappointing year which was only partly mitigated by the purchase of the assets of Chaplins, a small local business. Sales and, to a much greater degree, profits fell. Although there has been no improvement so far this financial year, the cost base has been reduced to a more appropriate level for current sales volumes.

Principal risks and uncertainties

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 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. The principal risks and uncertainties relating to this business relate to the ongoing realignment of production facilities amongst the major manufacturing groups (with consequent changes in demand levels), together with varying levels of retail demand for the end products of which Nelsons labels form a part.

Westfield currently faces different issues – after a difficult first half, manufacturing is now running at record levels. Continuing to meet 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, who 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 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 regard turnover (both order intake and goods despatched), gross margin 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, and will report more fully on this matter in next year's financial statements.

Group Pensions

The Fund currently has 25 active members whose contributions were increased to 9% from April 2006. Your Board will continue to review the Fund in the light of current legislation under the Pensions Act 2004.

People

Our 286 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.

Capital restructuring

At an extraordinary general meeting held on 19 December 2005, a capital reorganisation was implemented which resulted in a 1 for 10 share consolidation. Where appropriate, comparative figures have been restated to reflect this.

Chairman's Statement

Continued

Outlook

The financial position of the Group has improved markedly in the period under review. Year end debt has reduced by £988,000 (26%) over the year to £2,852,000, bringing about a considerable saving in interest. The Company's ability to generate cash is enabling us to continue to repay debt, although total indebtedness has increased since the year end as a result of the Clinipak acquisition. In the current year, Westfield and Corby have continued to show substantial growth in sales and profits, Nelsons is looking forward to a more profitable year and Suncrest has an improving order trend, though this business is dependent on a small number of very large customers. Jourdan's results for the first two months of the current year give credibility to the Directors' expectation of improved results for the full year.

J D Abell

13 September 2006

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 28. At an extraordinary general meeting of the Company held on 19 December 2005, an ordinary resolution was passed whereby every 1,000 shares of 10 pence were consolidated into 1 new share of £100 each. Each consolidated share was then subdivided into 100 new ordinary shares of 100 pence each. Save where expressly stated to the contrary, references to share capital figures in this report have been restated to reflect this capital reorganisation.

The London Stock Exchange (AIM) middle market price of the Company's ordinary shares at 30 June 2006 (as derived from the London Stock Exchange Daily Official List) was 185p (30 June 2005: 210p) and the range of market prices during the year was between 225p and 125p.

Details of the Group's share option schemes are given on page 28. Details of the outstanding warrants to subscribe for shares in the Company are given on page 7.

Results and Dividends

The Group Profit Statement appears on page 15. Profit after tax for the year ended 30 June 2006 amounted to £586,000. 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 5p on each issued ordinary share of £1 each, payable on 10 November 2006 to shareholders on the register of members at the close of business on 13 October 2006.

Directors

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

In accordance with the Memorandum and Articles of Association Mr J P Pither will retire by rotation at the Annual General Meeting. Mr J P Pither being eligible offers himself for re-election. A resolution to this effect will be proposed at the Annual General Meeting.

Mr J P Pither (72) was appointed a non-executive director in May 1997.

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 26 October 2006 at the offices of Bird & Bird, 90 Fetter Lane, London EC4A 1JP and formal notice of this meeting is set out on page 35.

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

- Resolution 5 is an ordinary resolution to renew the existing authority, given to the Directors at the Company's annual general meeting on 27 October 2005 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 2005 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 warrants 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 6 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 2005 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.

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 2006.

Report of the Directors

Continued

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.

Political and Charitable Donations

The Group has made no political or charitable donations in the period. A scheme is available to allow employees to make tax efficient donations from salary.

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 2006, the Group had 66 days of outstanding trade creditors (Year ended 30 June 2005: 72).

Substantial Interests

At the close of business on 14 September 2006 the following were, as far as the Directors are aware, interested in 3% or more of the ordinary shares in the Company:

Amodeo Investments Limited	965,900	29.81%
J D Abell	901,500	27.82%
Goosegog Pty Limited	368,000	11.36%
Ferlim Nominees	178,100	5.50%

As at close of business on 14 September 2006, the shareholders referred to above were also registered holders of warrants giving them a right to subscribe for ordinary shares in the Company as set out below:

Ferlim Nominees	81,733
J D Abell	57,750
Goosegog Pty Limited	36,000
Amodeo Investments Limited	5,000

Mr J D Abell is deemed by the Panel on Takeovers and Mergers to be acting in concert with certain members of his family. The family who are deemed to be in concert own in aggregate a total of 988,000 ordinary shares (30.49%) and are holders of warrants giving them a right to subscribe for a further 63,800 ordinary shares and options over a further 25,000 ordinary shares.

Warrants

Warrants to subscribe for ordinary shares were issued on 15 November 1999 through a bonus issue of warrants to the holders of ordinary shares on the register as at 12 November 1999. Following the implementation of the Company's capital reorganisation in December 2005, the warrants entitle the holder to subscribe for new ordinary shares on the basis of one new ordinary share of £1 each for every ten warrants held. The subscription price for each new ordinary share is £7 per share and the maximum number of new ordinary shares that may now be allotted pursuant to the warrants (if all outstanding warrants were exercised in full) would be 329,165 new ordinary shares.

The warrants may be exercised during any period of 28 days following publication of the final accounts of the Company for each financial year of the Company between 30 June 2000 and 30 June 2006.

Holders of warrants should note that the final period for the exercise of warrants is the period of 28 days following publication of this document and the procedure for exercise is endorsed on each warrant certificate. All outstanding warrants which are not exercised within this period will lapse. However, the attention of warrant holders is also drawn to the fact that the warrants are significantly "out of the money" when compared with the middle-market price of the Company's shares as at 14 September 2006 (the latest practicable date at publication of this report) was £2.32½p per share. On this basis, a holder of warrants who exercises his warrants would have to subscribe £7 for each new ordinary share which, as at 14 September 2006, had a market value of only £2.32½p.

Holders of warrants who are nevertheless considering exercising their warrants are strongly recommended to consult their stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services Act 2000 before doing so.

Statement of Directors' Responsibilities

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

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors confirm that:

- suitable accounting policies have been selected and applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- the financial statements are prepared on the going concern basis.

Report of the Directors

Continued

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

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 Chairman of the Remuneration and the Audit Committees, who are available to discuss matters with shareholders.

Auditors

Grant Thornton UK LLP offer themselves for re-appointment as Auditors in accordance with Section 385 of the Companies Act 1985. A resolution (Resolution 4) proposing to re-appoint Grant Thornton UK LLP as Auditors 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

21 September 2006

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 Director can attend all meetings. In the year each Executive Director attended at least nine Board meetings. The Board has a formal schedule of matters reserved 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 Director seeking re-election in 2006 is Mr J P Pither.

The Board also has an Audit Committee and Remuneration Committee, of which Mr J P Pither, Non-Executive Director, was a member 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 auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors 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.

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;

Corporate Governance

Continued

- 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 Director.

Share schemes

Mr J D Abell and Mr R R Morris 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 is for a rolling term of 12 months. Granite Management Services Limited, 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.

Pension Arrangements

Mr R R Morris, the only Director accruing 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 in the period and payable at age 65, based upon his pensionable service to date and current pensionable salary.

Mr Morris can, with the consent of the Company and Trustees, retire before age 65 without actuarial reduction for early payment. No allowance has been made for early retirement in calculating the value of the additional pension accrued during the period.

Age at 30 June 2006	Pensionable service at 30 June 2006	Additional Pension earned in the year	Accrued Entitlement at 30 June 2006	Transfer value of additional Pension earned
64	8 ¹ / ₂ years	£1,800	£15,500	£25,100

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	Total Year ended 30 June 2006 £000s	Total Year ended 30 June 2005 £000s
Chairman:					
J D Abell	192	25	1	218	193
Executive Director:					
R R Morris	182	25	1	208	187
2006	374	50	2	426	
2005	378	—	2		380
Non Executive Directors:					
	Board fees				
J P Pither	30	—	—	30	29
2006	30	—	—	30	
2005	60	—	—		60
Aggregate emoluments of Directors who served during the year:				456	440

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.

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 Management Services Limited.

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 2005	Purchases	Sales	At 30 June 2006
J D Abell	901,500	Nil	Nil	901,500
R R Morris	21,000	Nil	Nil	21,000
J P Pither	65,500	Nil	Nil	65,500

Directors' options over ordinary shares:

Executive Share Option Scheme:

	At 30 June 2005	Granted	Price	Exercisable 7 years from	At 30 June 2006
J D Abell	Nil	Nil	—	—	Nil
R R Morris	6,976	Nil	430p	9 November 2001	6,976

Unapproved 2000 Share Option Scheme:

	At 30 June 2005	Granted	Price	Exercisable 7 years from	At 30 June 2006
J D Abell	25,000	Nil	270p	25 September 2006	25,000
R R Morris	25,000	Nil	270p	25 September 2006	25,000

The Executive Share Option Scheme is an Inland Revenue approved 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 2006 (as derived from the London Stock Exchange Daily Official List) was 185p (30 June 2005: 210p) and the range of market prices during the year was between 225p and 125p.

There have been no changes to Directors' interests in the share capital of the Company between 30 June 2006 and the date of this report.

The number of ordinary shares the subject of options and the exercise prices have been adjusted to reflect the Company's capital reorganisation in December 2005.

J P Pither
Chairman, Remuneration Committee

21 September 2006

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 ended 30 June 2006 which comprise the Principal Accounting Policies, the Group Profit Statement, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and notes 1 to 19. 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 Auditors’ 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 Auditors

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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Directors is consistent with the financial statements. We also 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 2006 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 for the year ended 30 June 2006.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Leicester

21 September 2006

Group Profit Statement

Notes	Year ended 30 June 2006	Year ended 30 June 2005 (restated)
	£000s	£000s
1 Turnover	23,187	23,321
1 Cost of sales	<u>(15,493)</u>	<u>(16,029)</u>
Gross profit	7,694	7,292
Net operating expenses	<u>(6,461)</u>	<u>(6,764)</u>
2 Amortisation of goodwill	<u>(301)</u>	<u>(301)</u>
1	<u>(6,762)</u>	<u>(7,065)</u>
1 Operating profit	932	227
9 Provisions against investments	<u>240</u>	<u>(160)</u>
Profit on ordinary activities before interest	1,172	67
4 Net interest	<u>(300)</u>	<u>(408)</u>
2 Profit/(loss) on ordinary activities before tax	872	(341)
5 Tax on profit/(loss) on ordinary activities	<u>(286)</u>	<u>(15)</u>
Profit/(loss) on ordinary activities after tax	<u>586</u>	<u>(356)</u>
6 Earnings/(loss) per share		
–basic	<u>18.1p</u>	<u>(10.9)p</u>
–diluted	<u>18.1p</u>	<u>(10.8)p</u>

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

Balance Sheets

Notes	Group		Company		
	30 June 2006 £000s	30 June 2005 (restated) £000s	30 June 2006 £000s	30 June 2005 (restated) £000s	
Fixed assets					
7	Intangible assets	4,190	4,491	–	–
8	Tangible assets	3,767	4,193	2,414	2,470
9	Investments	416	176	14,958	14,718
		<u>8,373</u>	<u>8,860</u>	<u>17,372</u>	<u>17,188</u>
Current assets					
	Property held for resale	279	279	279	279
10	Stocks	2,920	2,763	30	19
11	Debtors	4,080	4,071	2,025	2,016
		<u>7,279</u>	<u>7,113</u>	<u>2,334</u>	<u>2,314</u>
12	Creditors: amounts falling due within one year	(7,532)	(8,430)	(6,708)	(10,216)
	Net current liabilities	(253)	(1,317)	(4,374)	(7,902)
	Total assets less current liabilities	8,120	7,543	12,998	9,286
13	Provisions for liabilities	(206)	(232)	(72)	(111)
	Net assets excluding pension liability	7,914	7,311	12,926	9,175
	Pension liability	(2,236)	(3,271)	–	–
	Net assets including pension liability	<u>5,678</u>	<u>4,040</u>	<u>12,926</u>	<u>9,175</u>
Capital and reserves					
14	Called up share capital	3,240	3,240	3,240	3,240
15	Other reserves	3,145	3,145	4,842	4,842
15	Profit and loss account	(707)	(2,345)	4,844	1,093
	Equity shareholders' funds	<u>5,678</u>	<u>4,040</u>	<u>12,926</u>	<u>9,175</u>

Approved by the Board of Directors on 21 September 2006

J. David Abell
Chairman

Group Cash Flow Statement

Notes	Year ended 30 June 2006		Year ended 30 June 2005 (restated)	
	£000s	£000s	£000s	£000s
Net cash inflow from operating activities		1,455		986
Returns on investment and servicing of finance				
Interest paid		(229)		(294)
Taxation paid		(157)		(209)
Capital expenditure and financial investment				
Purchase of tangible assets	(97)		(362)	
Sale of tangible assets	16		4	
		(81)		(358)
Acquisitions and disposals				
Closure costs on termination of discontinued operations				(35)
Equity dividends paid				-
Net cash inflow before financing		988		90
Financing				
Purchase of own shares			(123)	
Bank loan	(367)	(367)	(366)	(489)
19 Reduction/(increase) in net overdraft		621		(399)
Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit		932		227
Depreciation on tangible fixed assets		523		569
Other non cash movements (including goodwill amortisation)		226		(200)
(Increase)/decrease in stocks		(157)		72
(Increase)/decrease in debtors		(70)		253
Increase in creditors		1		65
Net cash inflow from operating activities		1,455		986

An analysis of net debt is given in note 19.

Statement of Total Recognised Gains and Losses

	Year ended 30 June 2006 £000s	Year ended 30 June 2005 (restated) £000s
Profit/(loss) for the year	586	(356)
Actuarial gain/(loss) in respect of the defined benefit scheme	1,052	(665)
Total recognised gains/(losses) relating to the year	1,638	(1,021)
Prior year adjustment	(2,579)	
Total gains and losses recognised since the last financial statements	(941)	

Reconciliation of Movements in Shareholders' Funds

Profit/(loss) for the year	586	(356)
Purchase of own shares	–	(123)
Actuarial gain/(loss) in respect of the defined benefit scheme	1,052	(665)
Dividends	–	–
Increase/(decrease) in shareholders' funds	1,638	(1,144)
Opening shareholders' funds (as restated)	4,040	5,184
Closing shareholders' funds	5,678	4,040

The opening shareholders funds at 1 July 2004 were previously reported as £7,763,000 and have been adjusted to reflect FRS17 as a prior year adjustment.

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 1 July 2006 (2005: 52 weeks ended 2 July 2005).

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. These principal accounting policies represent the most appropriate in accordance with FRS 18. The new standards that are appropriate to the Group (namely FRSs 17, 21, 22, 25 & 28) had no material impact on the financial statements, with the exception of FRS 17 and FRS 21 which is explained further below.

In preparing the financial statements for the current year, the Group has adopted the following Financial Reporting Standards:

- full adoption of FRS 17 'Retirement Benefits'; and
- FRS 21 'Events after the Balance Sheet date'.

FRS 17 'Retirement Benefits'

The adoption of the full recognition requirements of FRS 17 has resulted in a prior year adjustment for the Group. Shareholders' funds have decreased by £2,579,000 at 1 July 2004 and by £3,127,000 at 30 June 2005 as a result.

As at 30 June 2006, a net pension liability of £2,236,000 has been recognised.

This change is described in more detail in note 18 to the financial statements.

FRS 21 'Events after the Balance Sheet date'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the Company declares dividends to the holders of equity instruments after the balance sheet date, the Company does not recognise those dividends as a liability at the balance sheet date. There has been no impact in the Group financial statements from this change in policy. In the Company financial statements, shareholders' funds at 1 July 2004 have been reduced by £655,000 and by £545,000 at 30 June 2005.

Associates

The Group financial statements incorporate Associates under the equity method of accounting. The Company balance sheet shows the investments in Associates at cost less amounts written off. Investments are treated as associates only where the shareholding exceeds 20% and significant influence is exercised.

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.

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.

Principal Accounting Policies

Continued

Operating Leases

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

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 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.

Exchange gains and losses arising on the translation of the net investment in the overseas subsidiary, and from the translation of its results at closing rate, are taken directly to reserves. Other exchange differences are taken into account in arriving at operating profit.

Notes to the Financial Statements

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

	2006 £000s	2005 £000s	2006 £000s	2005 £000s
Turnover analysed by geographical market:	Turnover by destination		Turnover by origin	
United Kingdom	17,591	18,065	23,187	23,321
Continental Europe	2,905	2,836	–	–
North America	296	321	–	–
Rest of the World	2,395	2,099	–	–
	<u>23,187</u>	<u>23,321</u>	<u>23,187</u>	<u>23,321</u>

	2006 Turnover £000s	2006 Operating profit £000s	Net assets £000s	2005 Turnover £000s	2005 Operating profit (restated) £000s	Net assets (restated) £000s
Consumer products	12,481	172	2,427	12,983	(343)	2,754
Industrial products	10,706	1,031	5,535	10,338	942	5,957
	<u>23,187</u>	<u>1,203</u>	<u>7,962</u>	<u>23,321</u>	<u>599</u>	<u>8,711</u>
Central	–	30	568	–	(71)	(831)
Amortisation of goodwill	–	(301)	–	–	(301)	–
Net debt	–	–	(2,852)	–	–	(3,840)
	<u>23,187</u>	<u>932</u>	<u>5,678</u>	<u>23,321</u>	<u>227</u>	<u>4,040</u>

	2006 £000s	2005 (restated) £000s
Cost of sales	(15,493)	(16,029)
Distribution costs	(2,913)	(3,008)
Administrative expenses	(3,849)	(4,057)
Net operating expenses	<u>(6,762)</u>	<u>(7,065)</u>

2005 included exceptional items within administrative expenses representing the costs in transferring the manufacturing side of John Corby Limited to Suncrest Surrounds Limited (£217,000) and the cost of terminating the lease of Lion Brush Limited (£59,000).

2 SUPPLEMENTARY PROFIT AND LOSS INFORMATION

	2006 £000s	2005 £000s
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation of tangible assets	523	569
Auditors' remuneration		
Audit services	77	70
Tax compliance	15	15
Tax advisory	4	5
Operating lease rentals (land and buildings)	302	273
Amortisation of goodwill	301	301
Profit on disposal of fixed assets	16	–

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 was £456,000 (2005: £440,000).

The emoluments of the highest paid Director were £218,000 (2005: £193,000).

No Director participated in a money purchase pension scheme.

4 NET INTEREST

	2006	2005 (restated)
	£000s	£000s
Interest payable on bank loan	3	35
Interest payable on bank overdrafts	226	259
Pension deficit – finance costs	71	114
	<u>300</u>	<u>408</u>

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) represents:

UK Corporation tax at 30% (2005 : 30%)	307	55
Adjustment in respect of prior periods	–	(6)
Total current tax	<u>307</u>	<u>49</u>
Deferred tax – origination and reversal of timing differences	(21)	(34)
Tax on profit/(loss) on ordinary activities	<u>286</u>	<u>15</u>

The tax charge for the year is higher than the standard rate of Corporation Tax in the UK of 30% (2005: 30%)

The differences are explained as follows:

Profit/(loss) on ordinary activities before tax	<u>872</u>	<u>(341)</u>
Profit/(loss) on ordinary activities before tax multiplied by standard rate of Corporation Tax at 30% (2005: 30%)	262	(102)
Effect of:		
Investment write up and goodwill charges not deductible for tax purposes	18	138
Expenses not deductible for tax purposes	1	78
Depreciation in excess of capital allowances	28	23
Marginal relief	(9)	(11)
Utilisation of losses brought forward	–	(21)
Pension and other timing differences	7	(50)
Adjustments to tax charge in respect of prior periods	–	(6)
Current tax charge for the year	<u>307</u>	<u>49</u>

Notes to the Financial Statements

Continued

6 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the Group profit/(loss) 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 2006.

	2006	2005 (restated)
	£000s	£000s
Profit/(loss) after taxation	<u>586</u>	<u>(356)</u>
Basic earnings/(loss) per share		
Weighted average number of shares	3,240,000	3,273,979
Basic earnings/(loss) per share	<u>18.1p</u>	<u>(10.9p)</u>
Diluted earnings/(loss) per share		
Weighted average number of shares	3,240,000	3,273,979
Dilutive effect of rights under the employee share option schemes	<u>–</u>	<u>11,936</u>
Weighted average number of shares	3,240,000	3,285,915
Diluted earnings/(loss) per share	<u>18.1p</u>	<u>(10.8p)</u>

The calculations in respect of 2005 have been restated to take account of the share consolidation exercise undertaken in 2005 as if it had been undertaken as at 1 July 2004.

7 INTANGIBLE ASSETS

	Goodwill on consolidation £000s
GROUP	
Cost	
At 30 June 2005 and at 30 June 2006	<u>6,023</u>
Amortisation	
At 30 June 2005	(1,532)
Charge for the year	<u>(301)</u>
At 30 June 2006	<u>(1,833)</u>
Net book value at 30 June 2006	<u>4,190</u>
Net book value at 30 June 2005	<u>4,491</u>

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

Notes to the Financial Statements

Continued

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £000s	Long leasehold properties £000s	Short leasehold properties £000s	Plant and machinery £000s	Motor vehicles £000s	Total £000s
GROUP						
Cost						
Cost At 30 June 2005	2,840	274	1	6,376	125	9,616
Additions	-	-	-	97	-	97
Disposals	-	-	(1)	(79)	(76)	(156)
At 30 June 2006	<u>2,840</u>	<u>274</u>	<u>-</u>	<u>6,394</u>	<u>49</u>	<u>9,557</u>
Depreciation						
At 30 June 2005	(379)	(113)	(1)	(4,811)	(119)	(5,423)
Charge for the year	(54)	(19)	-	(446)	(4)	(523)
Disposals	-	-	1	79	76	156
At 30 June 2006	<u>(433)</u>	<u>(132)</u>	<u>-</u>	<u>(5,178)</u>	<u>(47)</u>	<u>(5,790)</u>
Net book amounts						
At 30 June 2006	<u>2,407</u>	<u>142</u>	<u>-</u>	<u>1,216</u>	<u>2</u>	<u>3,767</u>
At 30 June 2005	<u>2,461</u>	<u>161</u>	<u>-</u>	<u>1,565</u>	<u>6</u>	<u>4,193</u>
COMPANY						
Cost						
At 30 June 2005	<u>2,840</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>2,871</u>
At 30 June 2006	<u>2,840</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>2,871</u>
Depreciation						
At 30 June 2005	(379)	-	-	(22)	-	(401)
Charge for the year	(54)	-	-	(2)	-	(56)
At 30 June 2006	<u>(433)</u>	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>-</u>	<u>(457)</u>
Net book amounts						
At 30 June 2006	<u>2,407</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>2,414</u>
At 30 June 2005	<u>2,461</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>2,470</u>

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

	2006 £000s	2005 £000s
Contracted	-	22

Notes to the Financial Statements

Continued

9 INVESTMENTS

	Group		Company	
	2006 £000s	2005 £000s	2006 £000s	2005 £000s
Listed investments (note a)	416	176	416	176
Associated companies (note b)	-	-	-	-
Shares in subsidiary companies (note c)	-	-	14,542	14,542
	<u>416</u>	<u>176</u>	<u>14,958</u>	<u>14,718</u>

(a) Listed investments

	Group £000s	Company £000s
Cost or valuation		
At 30 June 2005 and at 30 June 2006	<u>488</u>	<u>2,034</u>
Amounts written off		
At 30 June 2005	(312)	(1,858)
Provisions for impairment	<u>240</u>	<u>240</u>
At 30 June 2006	<u>(72)</u>	<u>(1,618)</u>
Net book amount at 30 June 2006	<u>416</u>	<u>416</u>
Net book amount at 30 June 2005	<u>176</u>	<u>176</u>

Listed investments relate to :-

Company	Number of shares held	% of share capital held	Net book value £000s	Class of share
Howle Holdings plc – manufacture of cutting tools, dies and forming tools	6,400,000	22.05%	416	Ordinary 5p

The Group's holding in Howle Holdings plc was treated as an associate in the year ended 30 June 2003. Following the resignation of Mr JD Abell from the Board of Howle Holdings plc on 22 August 2003, this was reclassified as an investment.

The carrying value of the investment as at 30 June 2006 reflects the Directors' view of the market value.

(b) Associated companies

	Group Share of			Company £000s
	Net Assets £000s	Goodwill £000s	Total £000s	
Cost or valuation				
At 30 June 2005 and at 30 June 2006	<u>1,677</u>	<u>-</u>	<u>1,677</u>	<u>1,847</u>
Provision for impairment				
At 30 June 2005 and at 30 June 2006	<u>(1,677)</u>	<u>-</u>	<u>(1,677)</u>	<u>(1,847)</u>
Net book amount at 30 June 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 30 June 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The investment in associated companies represents:

Company	Number of shares held	% of share capital held	Net book value £000s	Class of share
Brooke Industrial Holdings plc (in Administrative Receivership)	2,808,735	29.97%	nil	Ordinary 5p

No accounts have been published for Brooke Industrial Holdings plc (in Administrative Receivership) since their interim accounts to 31 March 2001. Therefore, no share of profit or loss is included in this report. The carrying value of the investment in Brooke Industrial Holdings plc has been fully provided.

The goodwill in respect of associated companies has been eliminated following the transfer to listed investments.

Notes to the Financial Statements

Continued

(c) Shares in subsidiary companies

£000s

Cost or valuation

At 30 June 2005 and 30 June 2006

17,124

Amounts written off

At 30 June 2005 and 30 June 2006

(2,582)

Net book value at 30 June 2005 and 30 June 2006

14,542

The principal trading subsidiaries of Jourdan plc at 30 June 2006, 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

*Indirect holding

To comply with the Companies Act 1985 a full list of subsidiaries will be filed with the Company's next annual return.

10 STOCKS

	Group		Company	
	2006	2005	2006	2005
	(£000s)	(restated) (£000s)	(£000s)	(restated) (£000s)
Raw materials and consumables	1,113	1,028	30	19
Work in progress	187	269	-	-
Finished goods and goods held for resale	1,620	1,466	-	-
	<u>2,920</u>	<u>2,763</u>	<u>30</u>	<u>19</u>

11 DEBTORS

Amounts falling due within one year

Trade debtors	3,544	3,488	-	-
Amounts owed by Group companies	-	-	1,888	1,888
Other debtors	41	33	3	1
Prepayments and accrued income	495	489	74	72
Corporation tax recoverable	-	61	60	55
	<u>4,080</u>	<u>4,071</u>	<u>2,025</u>	<u>2,016</u>

12 TRADE AND OTHER CREDITORS

Amounts falling due within one year

Bank overdraft (secured)	2,852	3,473	345	1,714
Bank loan (secured)	-	367	-	367
Trade creditors	2,538	2,857	95	87
Amounts owed to Group companies	-	-	6,007	7,870
Other creditors	365	144	56	64
Corporation tax payable	89	-	-	-
Other taxes and social security	374	409	12	10
Accruals and deferred income	1,314	1,180	193	104
	<u>7,532</u>	<u>8,430</u>	<u>6,708</u>	<u>10,216</u>

Notes to the Financial Statements

Continued

13 PROVISIONS FOR LIABILITIES

	Group		Company	
	2006 £000s	2005 £000s	2006 £000s	2005 £000s
GROUP				
Provision for warranty claims				
At 30 June 2005	68	68	-	-
Released	(12)	-	-	-
At 30 June 2006	56	68	-	-
Provision for deferred taxation				
At 30 June 2005	149	170	66	47
(Utilised)/provided	(14)	(21)	6	19
At 30 June 2006	135	149	72	66
Provision for indebtedness of subsidiaries				
At 30 June 2005	-	-	45	302
(Released)/provided	-	-	-	(191)
Reclassified	-	-	(45)	(66)
At 30 June 2006	-	-	-	45
Closure provisions				
At 30 June 2005	-	255	-	-
Released	-	(220)	-	-
Utilised	-	(35)	-	-
At 30 June 2006	-	-	-	-
Other provisions				
At 30 June 2005 and 30 June 2006	15	15	-	-
Total Provisions	206	232	72	111
Provision for deferred taxation comprises :				
Accelerated capital allowances	348	374	273	266
Other timing differences	(213)	(225)	(201)	(200)
	135	149	72	66

Deferred taxation has been calculated at 30%.

Other timing differences include trading losses carried forward by Jourdan plc totalling £668,000 (2005: £666,000) with tax effect of £201,000 (2005: £200,000).

Notes to the Financial Statements

Continued

14 CALLED UP SHARE CAPITAL (restated)

Authorised	Number		£000
As at 30 June 2005	<u>48,500,000</u>	Ordinary shares of 10p	<u>4,850</u>
As at 30 June 2006	<u>4,850,000</u>	Ordinary shares of 100p	<u>4,850</u>
Allotted and Fully Paid			
As at 30 June 2005	<u>32,400,000</u>	Ordinary shares of 10p	<u>3,240</u>
As at 30 June 2006	<u>3,240,000</u>	Ordinary shares of 100p	<u>3,240</u>

Details of warrants are given in the Report of the Directors on pages 6 to 8.

At an extraordinary general meeting held on 19 December 2005, a resolution was passed whereby every 1,000 shares of 10 pence were consolidated into 1 new share of £100 each. Each consolidated share was then subdivided into 100 new ordinary shares of 100 pence each.

Share Option Schemes:

Executive Share Option Scheme

Options in respect of ordinary shares, remaining outstanding at 30 June 2006 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 2005	Granted	Lapsed	At 30 June 2006
8 April 2001	£5.850	7,250	-	1,000	6,250
9 November 2001	£4.300	6,976	-	-	6,976
20 October 2002	£6.125	15,250	-	2,000	13,250
27 September 2003	£5.425	11,060	-	-	11,060
20 October 2003	£5.000	23,882	-	4,000	19,882
25 September 2006	£2.700	10,000	-	-	10,000
		<u>74,418</u>	<u>-</u>	<u>7,000</u>	<u>67,418</u>

There are no performance targets relating to this scheme.

Unapproved 2000 Share Option Scheme

Options in respect of ordinary shares, remaining outstanding at 30 June 2006 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 2005	Granted	Lapsed	At 30 June 2006
25 September 2006	£2.700	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>

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

Notes to the Financial Statements

Continued

15 STATEMENT OF RESERVES

	Capital redemption reserve	Other reserves	Merger reserve	Special reserve	Total other reserves	Profit and loss account (restated)
	£000s	£000s	£000s	£000s	£000s	£000s
GROUP:						
At 30 June 2005 (as previously reported)	55	-	691	2,399	3,145	782
Prior year adjustment	-	-	-	-	-	(3,127)
Restated balance at 30 June 2005	55	-	691	2,399	3,145	(2,345)
Profit for the financial year	-	-	-	-	-	586
Other recognised gains and losses	-	-	-	-	-	1,052
At 30 June 2006	55	-	691	2,399	3,145	(707)
COMPANY:						
At 30 June 2005 (as previously reported)	55	1,697	691	2,399	4,842	1,494
Prior year adjustment	-	-	-	-	-	(401)
Restated balance at 30 June 2005	55	1,697	691	2,399	4,842	1,093
Profit for the financial year	-	-	-	-	-	3,751
At 30 June 2006	55	1,697	691	2,399	4,842	4,844

The cumulative amount of goodwill written off to reserves amounted to £1,052,000 (2005: £1,052,000). The Company's profit on ordinary activities after tax for the year was £3,751,000 (2005: £305,000). 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 have been cancelled and transferred to a Special Reserve. The Special Reserve has been 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 2006 of £2,399,000, represents the proportion of the pension scheme deficit relating to the Company calculated at the Effective Date.

The Company's profit and loss account has been amended to reflect a prior year adjustment in respect of FRS21 as explained in the Principal Accounting Policies.

16 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. The Group has used interest rate swaps to generate the desired interest profile on the bank loan and to manage the Group's exposure to interest rate fluctuations.

As regards liquidity the Group's policy is to ensure short term flexibility by overdraft facilities and ensure that borrowings mature over an appropriate medium term period of three to five years. During the year the Group has operated within agreed facilities.

Of the Group's financial liabilities at 30 June 2006, 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.

Notes to the Financial Statements

Continued

At 30 June 2006 the Group had undrawn committed overdraft facilities of £2,644,000 (2005: £2,515,000) provided by Lloyds TSB Bank plc and renewable annually. The facilities were renewed in July 2006, and the facility levels increased to £6,500,000.

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 2006 amounted to £2,856,000 (2005: £3,852,000).

The maturity profile is disclosed in Note 12. The fair value of financial instruments is not materially different to book 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 £000s	Liabilities £000s
Euros	789	30
US Dollars	80	32

Operating Leases

At 30 June 2006 the Group had commitments under operating leases, not provided in the accounts, to make the following payments in the year ended 30 June 2007.

	2006 £000s	2005 £000s
Operating leases of land and buildings which expire:		
In the second to fifth year inclusive	221	192
After five years	<u>81</u>	<u>81</u>
	<u>302</u>	<u>273</u>

17 PARTICULARS OF EMPLOYEES

	2006 Number	2005 Number
The average number of persons employed by the Group, including executive directors, during the year was:		
Category :		
Production	203	225
Administration	41	47
Sales and distribution	<u>48</u>	<u>53</u>
	<u>292</u>	<u>325</u>
	£000s	£000s (restated)
Their total remuneration was:		
Wages and salaries	6,498	6,857
Social security costs	551	592
Other pension costs	<u>357</u>	<u>360</u>
	<u>7,406</u>	<u>7,809</u>

Notes to the Financial Statements

Continued

18 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

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.

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

	Rate of Return %				Value £000s			
	2006	2005	2004	2003	2006	2005	2004	2003
Equities	8.5	8.5	8.5	7.5	5,492	4,603	3,921	3,360
Bonds	5.3	5.0	5.25	4.5	2,855	2,878	2,430	2,285
Other	4.0	4.0	4.0	2.8	68	41	40	60
Total market value of assets					8,415	7,522	6,391	5,705
Present value of scheme liabilities					(11,610)	(12,195)	(10,070)	(9,893)
Deficit in the scheme					(3,195)	(4,673)	(3,679)	(4,188)
Deferred tax					959	1,402	1,104	1,256
Net pension liability					(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 £289,000.

The following amounts have been included within Group figures:

	2006 £000s	2005 £000s
Charged against operating profit		
Current service cost, less employee contributions	(242)	(243)
Past service cost	-	-
Gains/losses on settlements and curtailments	-	-
Total operating charge	(242)	(243)
Other finance costs		
Expected return on pension Fund assets	540	465
Interest on Pension Fund liabilities	(611)	(579)
Net expense	(71)	(114)

Notes to the Financial Statements

Continued

The adoption of the full recognition requirements of FRS 17 has resulted in a prior year adjustment to the Group's results. The impact on the 2006 profit and loss account was a £24,000 reduction on profit before tax (2005: £44,000 increase in loss before tax).

Total recognised gains and losses

	2006 £000s	2005 £000s
Actual return less expected return on pension Fund assets	274	591
Experience gains and losses arising on the Fund liabilities	(163)	(241)
Changes in the assumptions underlying the present value of the Fund liabilities	<u>1,391</u>	<u>(1,300)</u>
Actuarial gain/(loss)	<u>1,502</u>	<u>(950)</u>

The history of experience gains and losses is as follows:

	2006	2005	2004	2003	2002
Difference between expected and actual return on Fund assets					
Amount (£000)	274	591	200	(608)	(1,051)
Percentage of Fund assets	3%	8%	3%	(11%)	(19%)
Experience gains and losses on Fund liabilities					
Amount (£000)	(163)	(241)	271	144	(806)
Percentage of Fund liabilities	(1%)	(2%)	3%	1%	(9%)
Total actuarial gains and losses Amount (£000)	1,502	(950)	646	(835)	(2,192)
Percentage of Fund liabilities	13%	(8%)	6%	(8%)	(24%)

Movement in the deficit in the year was:

	2006 £000s	2005 £000s
Deficit in the Fund at 1 July 2005	(4,673)	(3,679)
Current service cost	(242)	(243)
Contributions	289	313
Other finance costs	(71)	(114)
Actuarial gain/(loss)	<u>1,502</u>	<u>(950)</u>
Deficit in the Fund at 30 June 2006	<u>(3,195)</u>	<u>(4,673)</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 2006 are as follows:

Net assets excluding pension liability	7,914	7,167
Removal of Pension Fund balance under SSAP 24	-	144
Pension liability	<u>(2,236)</u>	<u>(3,271)</u>
Net assets including pension liability	<u>5,678</u>	<u>4,040</u>
Profit and loss reserve excluding pension liability	1,529	782
Removal of Pension Fund balance under SSAP 24	-	144
Pension liability	<u>(2,236)</u>	<u>(3,271)</u>
Profit and loss reserve including pension liability	<u>(707)</u>	<u>(2,345)</u>

The main assumptions used by the actuary were:

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

Notes to the Financial Statements

Continued

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 £120,000 (2005: £126,000).

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

19 RECONCILIATION OF MOVEMENT IN NET DEBT

	2006	2005
	£000s	£000s
Increase in net cash in the year	621	(399)
Bank loan	367	366
Exchange rate movements	—	—
Movement in net debt in the period	988	(33)
Opening net debt	<u>(3,840)</u>	<u>(3,807)</u>
Closing net debt	<u>(2,852)</u>	<u>(3,840)</u>

Movement in borrowings

	At 30 June	Cash	At 30 June
	2005	flow	2006
	£000s	£000s	£000s
Overdrafts	(3,473)	621	(2,852)
Short term loan	(367)	367	—
	<u>(3,840)</u>	<u>988</u>	<u>(2,852)</u>

Five Year Summary

	12 months to 30 June 2006	12 months to 30 June 2005	12 months to 30 June 2004	12 months to 30 June 2003	12 months to 30 June 2002
	Audited	Audited Restated	Audited	Audited Restated	Audited
	£000s	£000s	£000s	£000s	£000s
GROUP PROFIT STATEMENT					
Turnover	23,187	23,321	25,385	23,785	26,728
Operating profit before exceptional items	1,233	804	1,460	870	1,303
Exceptional items	-	(276)	-	200	400
Amortisation of goodwill	(301)	(301)	(301)	(301)	(301)
	932	227	1,159	769	1,402
Income from investments	-	-	-	-	58
Provisions against investments	240	(160)	(152)	(122)	(2,882)
Share of operating (loss)/profit of associate	-	-	(45)	24	-
Write off goodwill relating to associate	-	-	-	(512)	-
Share of exceptional items of associated compan	-	-	(77)	-	-
Provision for closure and disposal costs	-	-	-	(69)	(908)
Goodwill previously written off to reserves	-	-	-	-	(402)
Profit/(loss) before interest	1,172	67	885	90	(2,732)
Interest payable	(300)	(408)	(355)	(480)	(617)
Profit/(loss) for the year before tax	872	(341)	530	(390)	(3,349)
Tax	(286)	(15)	(364)	(108)	96
Profit/(loss) on ordinary activities after tax	586	(356)	166	(498)	(3,253)
Dividends	-	-	-	-	-
Earnings/(loss) per share	18.1p	(10.9p)	5.0p	(15.0p)	(99.0p)
Dividends per share	-	-	-	-	-
Dividend cover	-	-	-	-	-
Effective tax rate	32.8%	6.9%	68.7%	(27.7%)	2.9%
GROUP BALANCE SHEET					
Fixed assets	8,373	8,860	9,811	10,723	12,422
Current assets	7,279	7,113	7,098	7,043	9,447
Creditors and provisions	(7,738)	(8,662)	(9,146)	(10,169)	(13,764)
Pension liability	(2,236)	(3,271)	-	-	-
Net assets	5,678	4,040	7,763	7,597	8,105
Share capital	3,240	3,240	3,295	3,295	3,294
Reserves	2,438	800	4,468	4,302	4,811
Equity shareholders' funds	5,678	4,040	7,763	7,597	8,105

The years ended 30 June 2004 and earlier have not been restated for the impact of FRS17.

Earnings per share data in all years above have been adjusted to reflect the share consolidation undertaken in December 2005.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the seventy-ninth Annual General Meeting of Jourdan plc will be held at 1000 on 26 October 2006 at the offices of Bird & Bird, 90 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 2006 and the reports of the Directors and the Auditors.
2. To declare a dividend of 5p per share on the issued ordinary shares of £1 each in the Company, payable on 10 November 2006 to those shareholders on the register of members at close of business on 13 October 2006.
3. To re-appoint as a Director Mr J P Pither 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 Grant Thornton UK LLP as Auditors 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. 5 will be proposed as an Ordinary Resolution and No. 6 will be proposed as Special Resolution:

5. 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 £1,610,000 (1,610,000 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 27 October 2005.
6. THAT subject to the passing of Resolution 5 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 5 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 £162,000 (162,000 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 27 October 2005.

21 September 2006

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 24 October 2006 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 26 October 2006 until the conclusion of the Meeting.

