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## Chairman's Statement

Results for the period under review are highly satisfactory. Turnover in the six months to 31 December 2006 increased by 20% to £14.0m compared to the same period last year. Profit before tax, amortisation of goodwill and profit/provisions against investments increased by 76% to £859,000 (2005: £489,000). Profit before tax rose by 161% to £883,000 (2005: £338,000) resulting in earnings per share of 17.7p compared with 5.4p per share reported for the six months to 31 December 2005.

The most important event that we announced on 11 September was the acquisition by Westfield Medical Limited of Clinipak Limited, a medical packaging business whose product range ideally complements that of Westfield. The interim results to 31 December 2006 include the contribution from Clinipak since its acquisition in September 2006. Westfield is now the largest and fastest growing business in the Group in terms of both sales and profit.

During the period the Company shareholding in Howle Holdings plc was divested as a result of the takeover of Howle Holdings by Elektron plc. This allowed a release of the provision against the investment of £190,000 (2005: £240,000) and released £300,000 in cash. Consequently, despite the acquisition of Clinipak, net debt rose by only £1,190,000. Subsequent to the half year our shareholding in Elektron plc has been sold for a small profit, realising a further £313,000 of cash.

As last year, your Board has decided not to declare an interim dividend (2005: nil) but will consider the declaration of a final dividend at the time of the full year results to 30 June 2007.

### Operating Companies

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**Westfield Medical**, a leading manufacturer and supplier of single-use sterilisation packaging materials to the medical and healthcare sector, achieved significantly higher profits on much higher sales. In addition, Clinipak achieved sales and profits substantially in excess of expectations at the time of acquisition. Limited integration, particularly in the area of sales, is being implemented but the increased product range of the two companies should substantially strengthen the business.

**Suncrest Surrounds**, the fireplace, suites, mantels and electric fires business, made a small profit on marginally increased sales, as our major High Street customers are taking an increasing percentage of sales but at much lower margins than those they are replacing. Experience since December suggests that most of our High Street customers ended the year over-stocked, which has resulted in significantly reduced sales in the first two months of the year. Regrettably, although the worst of the percentage sales reduction is probably over, the impact on current and future profitability remains severe.

**John Corby**, the internationally renowned trouser press manufacturer, achieved marginally increased profits on significantly increased sales. Once again, the pressure on margins both from High Street customers and increasingly from international customers invoiced in local currencies is having a major impact. Export sales accounted for 51% in the period and the biggest of these is our distributor in Japan, where sterling has appreciated against the yen 10% in the period, leading to extremely slim margins on this business.

**Nelsons Labels**, a leading supplier of fabric-based labels for the bedding, carpet and upholstery industries, has once again been affected by the reduction in activity on the UK High Street. Sales reduced but profitability improved as a result of the cost reduction measures taken last year. The major market for our products are the bed manufacturers, all of whom seem to be finding sales currently challenging. There are no signs of any upturn in the near future and further action may be necessary to bring costs more into line with projected reduced sales levels.

### Group Pensions

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Like many final salary pension schemes, our Fund's investments diminished in value over the two years ended April 2004, the date of the last actuarial valuation. However, I am pleased to say that the subsequent rise in world stock markets is increasing the value of the investments and reducing the deficit.

## Outlook

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While trading conditions were benign in the first six months, those businesses directly dependent on the High Street, in particular Suncrest, have suffered a substantial deterioration in sales and margins in the first two months of the year. Corby and Nelsons have suffered to a lesser extent, but there appears to be no sign of any upturn. The performance of the medical packaging business continues to be highly satisfactory and a record year is anticipated.

The future is more difficult than usual to predict but unless there is a major change in trading conditions, profits for the second half are unlikely to achieve the same level as last year.

J David Abell

6 March 2007

Group Profit Statement

Notes	Unaudited		Audited
	6 months to 31 December 2006 £000s	6 months to 31 December 2005 £000s	Year ended 30 June 2006 £000s
<b>Turnover</b>			
Continuing operation	12,691	11,689	23,187
Acquisition	1,331	–	–
	<u>14,022</u>	<u>11,689</u>	<u>23,187</u>
Cost of sales	(9,423)	(7,821)	(15,493)
Gross Profit	4,599	3,868	7,694
Net operating expenses	(3,611)	(3,223)	(6,461)
Amortisation of goodwill	(166)	(151)	(301)
	<u>(3,777)</u>	<u>(3,374)</u>	<u>(6,762)</u>
<b>Operating profit</b>			
Continuing operation	689	494	932
Acquisition	133	–	–
	<u>822</u>	<u>494</u>	<u>932</u>
Profit on sale of investment	190	–	–
Release of provisions against investments	–	–	240
	<u>1,012</u>	<u>494</u>	<u>1,172</u>
<b>Profit on ordinary activities before interest</b>			
Net interest	(129)	(156)	(300)
	<u>883</u>	<u>338</u>	<u>872</u>
3 Tax on profit on ordinary activities	(309)	(163)	(286)
<b>Profit on ordinary activities after tax retained</b>	<u>574</u>	<u>175</u>	<u>586</u>
5 <b>Earnings per share</b>			
– Basic	17.7p	5.4p	18.1p
– Diluted	17.7p	5.4p	18.1p

Group Balance Sheet

	Unaudited		Audited
	At	At	At
	31 December	31 December	30 June
	2006	2005	2006
		(restated)	
	£000s	£000s	£000s
<b>Fixed assets</b>			
2 Intangible assets	4,935	4,340	4,190
Tangible assets	3,615	3,950	3,767
Investments	–	176	416
	<u>8,550</u>	<u>8,466</u>	<u>8,373</u>
<b>Current assets</b>			
Property held for resale	279	279	279
Stock	3,257	2,531	2,920
Debtors	5,274	4,244	4,080
Investments	306	–	–
	<u>9,116</u>	<u>7,054</u>	<u>7,279</u>
Creditors: amounts falling due within one year	<u>(9,114)</u>	<u>(7,799)</u>	<u>(7,532)</u>
Net current assets (liabilities)	2	(745)	(253)
Total assets less current liabilities	8,552	7,721	8,120
Provisions for liabilities and charges	<u>(206)</u>	<u>(220)</u>	<u>(206)</u>
Net assets excluding pension liability	8,346	7,501	7,914
Pension liability	<u>(2,236)</u>	<u>(3,286)</u>	<u>(2,236)</u>
Net assets including pension liability	<u>6,110</u>	<u>4,215</u>	<u>5,678</u>
<b>Capital and reserves</b>			
Called up share capital	3,240	3,240	3,240
Other reserves	3,145	3,145	3,145
Profit and loss account	<u>(275)</u>	<u>(2,170)</u>	<u>(707)</u>
Equity shareholders' funds	<u>6,110</u>	<u>4,215</u>	<u>5,678</u>

Group Cash Flow Statement

	<u>Unaudited</u>		<u>Audited</u>
	6 months to 31 December 2006 £000s	6 months to 31 December 2005 £000s	Year ended 30 June 2006 £000s
Net cash inflow from operating activities	623	397	1,455
<b>Return on investments and servicing of finance</b>			
Net interest paid	(129)	(120)	(229)
Taxation (paid)/received	(124)	14	(157)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible assets	(51)	(20)	(97)
Sale of tangible assets	–	–	16
	<u>319</u>	<u>271</u>	<u>988</u>
<b>Acquisitions and disposals</b>			
Acquisition of subsidiary undertaking (excluding cash acquired of £779,000)	(1,647)	–	–
Sale of Investments	300	–	–
Equity dividends paid	(162)	–	–
Net cash (outflow)/inflow before financing	<u>(1,190)</u>	<u>271</u>	<u>988</u>
<b>Financing</b>			
Repayment of Bank Loan	–	–	(367)
Net cash outflow from financing	<u>–</u>	<u>–</u>	<u>(367)</u>
(Increase)/reduction in net overdraft	<u>(1,190)</u>	<u>271</u>	<u>621</u>
(Decrease)/increase in net cash in the period	(1,190)	271	621
Repayment of Bank Loan	–	–	367
Movement in net debt in the period	<u>(1,190)</u>	<u>271</u>	<u>988</u>
Opening net debt	<u>(2,852)</u>	<u>(3,840)</u>	<u>(3,840)</u>
Closing net debt	<u>(4,042)</u>	<u>(3,569)</u>	<u>(2,852)</u>

Statement of Total Recognised Gains and Losses

	Unaudited		Audited
	6 months to 31 December 2006	6 months to 31 December 2005 (restated)	Year ended 30 June 2006
	£000s	£000s	£000s
Profit for the period	574	175	586
Actuarial gain in respect of the defined benefit scheme	–	–	1,052
Total recognised gains relating to the period	574	175	1,638
Prior year adjustment (FRS17)	–	–	(2,579)
Total gains and losses recognised since the last financial statements	574	175	(941)

Reconciliation of Movement in Shareholders' Funds

Profit for the period	574	175	586
Dividend	(162)	–	–
Actuarial gain in respect of the defined benefit scheme	–	–	1,052
Credit relating to issue of share options	20	–	–
Increase in shareholders' funds	432	175	1,638
Opening shareholders' funds	5,678	4,040	4,040
Closing shareholders' funds	6,110	4,215	5,678

Opening shareholders' funds for the six months to 31 December 2005 has been restated by a reduction of £63,000 in respect of deferred tax adjustments on adoption of FRS17.

## Note to Warrantholders

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

### Notes

1. The interim financial statements were approved by a Committee of the Board of Directors on 6 March 2007. The statements, which are unaudited, have been prepared on the basis of the accounting policies published in the statutory accounts for the year ended 30 June 2006 except for the application of FRS20, relating to share based payments. This accounting standard is effective from 1 July 2006 and has no material financial impact on the interim financial statements. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The figures for the year ended 30 June 2006 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The Auditors' Report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.
2. During the period the Group acquired 100% of the issued share capital of Clinipak Limited. Goodwill arising of £911,000 was calculated as follows:

	£000s
Provisional fair value of assets acquired	1,515
Consideration	2,426
	<hr/>
Goodwill	911
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The results of Clinipak Limited from the date of acquisition have been shown separately on the face of the profit and loss account.

3. The estimated tax charge is based on a corporation tax rate of 30.0% except in respect of tax on investment disposal proceeds, where no tax is expected to be payable.
4. The Directors do not recommend the payment of an interim dividend.
5. Basic earnings per share has been calculated on the weighted average number of shares in issue during the period of 3,240,002 shares of £1 (six months to December 2005: 3,240,000 shares of £1) and diluted earnings per share using 3,249,140 shares of £1 (six months to 31 December 2005: 3,240,000 shares of £1).
6. Copies of this report have been sent to shareholders. Copies are also available to members of the public from the Company's registered office: Elm House, Elmer Street North, Grantham, Lincolnshire NG31 6RE.