





Contents	2	Directors and Advisers
	3	Chairman's Statement
	10	Report of Directors
	13	Statement of Directors' Responsibilities
	14	Independent Auditors' Report
	16	Consolidated Profit and Loss Account
	17	Statement of Total Recognised Gains and Losses
	18	Consolidated Balance Sheet
	19	Consolidated Cash Flow Statements
	20	Parent Company's Balance Sheet
	21	Notes to the Financial Statements
	35	Principal Group Trading Companies
	36	Five Year Summary
	37	Notice of Meeting
	38	Corporate Locations
	39	Form of Proxy

Directors and Advisers

Non-executive director	M. Bell
Executive directors	A. G. Smith J. A. F. Walker DJ. Pett
Secretary and registered office	DJ. Pett 4th Floor, Bedford House, 3 Bedford Street, Strand, London WC2E 9HD
Registered number	503188
Registrars	IRG Bourne House, Beckenham Road, Beckenham, Kent BR3 4TU
Auditors	KPMG Audit Plc 2 Cornwall Street, Birmingham B3 2DL
Solicitors	Addleshaw Goddard 150 Aldersgate Street, London EC1A 4EJ
Bankers	Bank of Scotland Bank PLC Level 8, 123, St. Vincent Street, Glasgow G2 5EA
Nominated adviser and broker	KBC Peel Hunt Ltd 111 Old Broad Street, London EC2N 1PH

Corporate Review

When we last reported our interim results to shareholders on 29 March 2007 we expressed disappointment at having to report a small loss for the six months to 31 December 2006. This was due almost entirely to the absence of revenue streams at our DRC subsidiary whose relationship with its single biggest customer had broken down requiring resolution before the Law Courts.

In a year which has seen record performances from both the Fullflow Group and Crescent of Cambridge, the DRC litigation has dominated the commercial calendar for a significant period of time. Considerable management resource has been devoted to this important case. We are therefore delighted to report to shareholders that the outcome of this litigation, and the events which followed, have resulted in the most positive outcome imaginable both for DRC and the Group as a whole. Following a trial of the issue, the High Courts of Justice found in favour of DRC and on 20 July 2007 awarded DRC "substantial damages" to be assessed by experts and ratified by the Court by way of secondary trial. Before the quantum of damages could be finally determined by the Court and pursuant to breaches of the Companies Act by the directors of the defendant counterparty the opportunity to acquire the business assets including the intellectual property rights as well as negotiating the level of agreed damages at £800,000 was seized upon by SWP's directors.

On 29 November 2007 SWP and its subsidiary DRC became the proprietors of the ULVA brand and all other relevant assets which support Ulva's global reach as one of the world's leading specialist suppliers of non-metallic insulation cladding used predominantly by the oil, gas and petrochemical industries in providing thermal insulation to any pipe or vessel configuration. In this regard shareholders are encouraged to interrogate Ulva's website on www.ulva.co.uk to gain a fuller understanding of the anticipated systems which we are now in a position to manufacture and distribute to customers located in all corners of the world. This acquisition for nominal consideration, particularly when viewed against our damages claim which has been agreed in the amount of £800,000 is likely to produce a significant transformation in the financial prospects of DRC from the beginning of 2008 onwards. We look forward to updating shareholders as to the significant returns which DRC is expected to make now that the Ulva brand features so prominently in its product portfolio and where our production facilities are in the process of being integrated with the advantages of brand leadership.

Results

Overall sales for the year to 30 June 2007 increased by 12.5% to £20,844,000 (2006: £18,521,000) whilst operating profits advanced 43% to £1,068,000 (2006: £748,000). Profits on ordinary activities before taxation increased to £472,000 (2006: £232,000). These results in themselves demonstrate improvement but are underscored by losses at that time at DRC as explained above. The scale of improvement at both Fullflow and Crescent to which reference is made below speaks volumes for the high level of competence displayed by the management teams at both these growing businesses which continue to operate in a highly competitive environment where market conditions remain extremely demanding. Your directors are keen to exploit the opportunity created by the purchase of Ulva and the future delivery of significant profit streams at DRC which for so many years has had an enduring negative impact on the results of the Group as a whole. The prospect of all three operating subsidiaries growing profitably in specialist supply niches and generating high levels of cash is something for all shareholders to savour and to look forward to.

Interest and Finance Charges at £597,000 (2006: £518,000) reflect the increased cost of borrowing imposed by the Bank of England since August 2006 and the need for greater levels of working capital required to fund Fullflow's rate of growth particularly at Plasflow, France and Spain. Here again from January 2008 onwards it is envisaged that the Group will have the capacity to generate much greater levels of cash and it will be one of our foremost objectives to reduce our levels of indebtedness as rapidly as possible going forward.



Doncaster's newly refurbished Grade 1 Listed Racecourse.



The Qube, 90 Whitfield Street, London.

Review of Operations Fullflow Group

Following two years of significantly improved performance, Fullflow continued its progress during the year under review. Total third party sales increased by 27% to £14,837,000 (2006: £11,652,000) and this excellent level of further revenue growth delivered an operating profit of £969,000 (2006: £719,000)

Generally the market sectors in which Fullflow operates continued to exhibit some considerable strength during the year as the demand for larger and larger distribution warehouses continued. Our sustained presence in this sector has been underpinned by a number of key customers and it is the maintenance of these business relationships which will be critical to future success in the UK.

Fullflow UK continues to enjoy the confidence of the country's leading architects, consultants and contractors. Passengers at the recently opened Eurostar terminal at St Pancras International Train Station will be protected by a Fullflow rainwater management system as will shoppers at the Athlone Town Centre development which opened its doors to the public in November. These projects demonstrate our ability and continued expertise to leave us well placed to further enhance our position generally and acquire work in other specialist sectors. At a time when competitive pressures in the market are intensifying, Fullflow's ability to achieve the highest possible standards of customer service has never been so important and achieving this should ensure our customers will find it very hard to contemplate going elsewhere as a partnership relationship is built on trust and cooperation.

Recent economic trends might suggest less merger and acquisitions activity and a drop in overall confidence levels. Should this occur there will almost certainly be a fall in investment resulting in fewer new factories, offices and warehouses being built. Clearly this trend will have a direct impact on the construction industry and whilst there is still a reasonable degree of momentum in the market at the moment Fullflow must be prepared for this possibility.

In **France** the year under review proved to be difficult. A significant number of projects were delayed due to a variety of client related reasons. Whilst this is normal in construction the sheer number of delays proved to be highly problematic. However, during this period order levels remained high leaving Fullflow with a record order book at the beginning of the current financial year. Order levels have increased even further since the year end and Fullflow can look forward with great confidence to the future.

The client base continues to increase with a number of new clients and the sectors in which Fullflow operate have diversified to include Isseane, the largest European recycling centre on the outskirts of Paris, together with the Laser Megajoule, a nuclear testing plant project near Bordeaux. Margin levels have remained comparatively stable in France which, coupled with the expected increase in turnover, are expected to return France back into profit.



The award winning eco friendly Liverpool South Parkway Interchange.



The new college building for Stroud College, Gloucestershire.

In **Spain** gross margins increased significantly across a very solid and broadening portfolio of customers leading them to return a healthy profit after some years of losses. This increase is underpinned by a high proportion of logistic projects returning better margins through improved efficiencies on site and better working practices imposed by local management. Future growth is expected to be achieved by increasing our market penetration through exploiting the geographical advantages of localised selling teams across the Iberian Peninsula.

Despite these positive trends, syphonic rainwater system awareness is still relatively low in Spain, however, the publicity generated by projects such as Expo Zaragoza 2008, Airbus Seville and the IKEA logistics centre in Tarragona will significantly raise the profile of Fullflow. The Construmat exhibition in Barcelona proved successful in reinforcing existing customer relationships and introduced the system to a great number of potential future clients, including architects, engineers and consultants. Confidence in the future is highlighted by the recent 50% increase in premises space in Madrid.

Progress at **Plasflow** over the financial year significantly exceeded sales and profit expectations. Plasflow are working to develop their niche in the market of polyethylene fabrications for complex civil engineering contracts. With a facility having the capabilities to cut and weld up to 1200mm diameter pipe, quality assurance to ISO 9001: 2000 and a team of experienced welders capable of welding plastics to international standards they are able to undertake projects for the most demanding client applications.

Very significant contracts have been received for bespoke fabrications delivered to tight timescales for the British Nuclear industry, the successful completion of which has led to enquiries from the conventional power generation sector where companies are looking to move away from coated steel pipework to polyethylene to take advantage of lower 'Whole Life' costs. More than 25 large diameter specialist fabrications were made in Rotherham for the Jumeirah Palm project in Dubai.

It is significant that a very low proportion of Plasflow's third party sales depend on private sector investment and there is every reason to believe that Plasflow can achieve further meaningful growth in the niche markets which it has identified. As ever Plasflow continues to supply Fullflow's pipe fitting requirements.

We will continue to invest in our most important asset, our employees. Through constant review and challenging our policies at every level, we intend to reinforce Fullflow's long established market leading position and to ensure that our quality, strength and experience are maintained and prevail over short-term price considerations. To do this we must remain vigilant and responsive to changes in the industry and deliver a focused, professional, high quality service which will attempt to exceed the expectations of our customers.

The other element of our strategy is to roll out the Fullflow brand across the globe through selected strategic alliances and licences. We are exploring a number of possible openings at present



Spiral fire escape staircase with canopy and security cage.

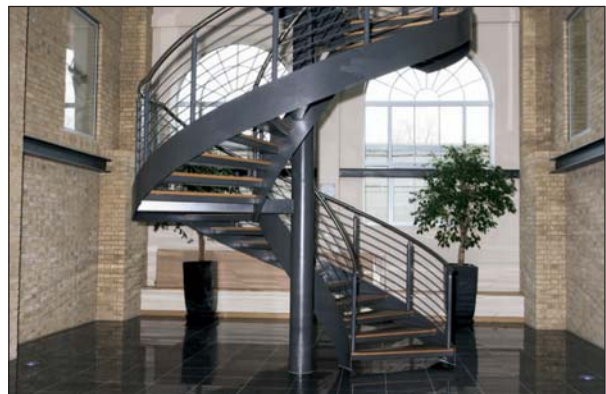
and will be extremely disappointed if at least some of these do not come to fruition in the next twelve months. In previous reports we highlighted that we had begun to forge links in both India and the Middle East. Progress in both of these markets has proved slower than anticipated but we still believe that these markets offer strong potential for Fullflow rainwater systems in the future.

Crescent of Cambridge

Crescent continues to be the leading producer and installer of steel fabricated spiral and straight staircases in the United Kingdom. The year under review to 30 June 2007 has produced a record performance that has exceeded our expectations. Sales increased by more than 18% to £4,749,000 (2006: £4,020,000) with operating profits reaching £605,000 (2006: £379,000) an increase of 59% on the previous year. The reasons for the improved operating results can be explained through a combination of the introduction of new management with modern production and management control techniques allied to greater capacity utilisation of existing facilities in market conditions which although demanding were ideally suited to Crescent's reputation for design innovation, flexibility and quality. Margins have been improved by greater levels of efficiency whilst overheads and costs have been tightly controlled. A programme of management succession has been underway for sometime and much remains to be done to optimise Crescent's undoubted potential for future growth. As a market leader which commands respect from architects, specifiers, designers and large scale contractors scope remains for further improvement in management systems, computer aided design techniques and the ability to produce "right first time" to a discerning and demanding customer base who place an increasing burden of reliance on Crescent to design, produce, deliver and install in accordance with the customer's timetable. A number of key initiatives are likely to be introduced at Crescent in early 2008 with a view to maintaining performance levels which had not been previously available to Crescent but which we now expect management to adhere to. In this regard it is envisaged that Crescent will become ISO9001 accredited.



Domestic spiral wooden treaded staircase.



Helical atrium staircase in apartment building.



Internal straight flight staircase with glass balustrade.



Hylam IQ installation at Wilmslow water works for United Utilities Water Authority.

DRC Polymer Products

Over the past two or three years DRC has approached a break-even status without actually turning a profit. The main driver behind this was the exclusive supply agreement entered into back in 2003 to supply Ulva with its hypalon based membrane for onward delivery to the oil, gas and petrochemical customers around the globe. The ownership of the Ulva brand did not vest in DRC who were one step removed from the sharp end of the market place as all sales and marketing was carried out by the owners of Ulva whilst DRC was contracted to produce and deliver the base membrane material. In reality breaches of contract occurred from October 2005 and throughout 2006 thereby denying DRC the ability to sell product which it was contractually entitled to do under this exclusive supply agreement. The Court's confirmation of these breaches has now resulted in DRC's entitlement to an agreed quantum of damages in the amount of £800,000 inclusive of legal costs and expenses (of this amount, £500,000 has been credited to operating profit being the Directors' estimate of the damages as at 30 June 2007). Pursuant to the breakdown of the supplier relationship action was taken to restructure DRC in any event so that it could achieve profitability on its own merits without having to place reliance on producing material for Ulva. This was a difficult, painful and time consuming exercise (giving rise to costs of £47,000) involving as in the case of Crescent the need to introduce new leadership as well as modern management techniques so that greater levels of efficiency could be delivered in the areas of production, technical and administration with improved service levels to customers. In addition to this the replacement of senior management allowed the introduction of improved sales and marketing initiatives designed to achieve greater market awareness and penetration as well as a pragmatic assessment of what DRC could realistically achieve in its particular field of expertise. It is pleasing to note that currently the

ULVA Shield offers corrosion protection to major oil & gas pipelines in Azerbaijan.





Valves protected from corrosion by ULVA Shield, Fife, Scotland.

new DRC business model has reached a better than break-even position for the past 3 months before taking cognisance of the newly acquired Ulva business which is likely to transform the results of DRC going forward. This business now comprises three principal business areas:

- **Modular build** – traditional products mainly supplied into the roofing and structural waterproofing industries based on long standing hypalon based technology.
- **Leak detection**
Hylan IQ – new sophisticated system for the accurate detection of leaks to reservoir roofs to enable the major water utility companies greater security and protection from unidentified leaks. Orders are now flowing on a project basis with Hylan IQ specified by three utility companies this year up from one major utility company last year.
- **Non-metallic insulation**
Cladding – the manufacture of hypalon based membrane used for weather and fire protection over thermal insulation to any pipe or vessel used in the oil, gas and petroleum industries. Conversion of sheeting into component profiles designed to bespoke customer requirements to cover bends, elbows and sleeves using advanced vacuum forming techniques.

These three distinct business areas should allow DRC to drive its turnover levels far beyond anything that we have been able to achieve to date. The improvement to the core DRC business in its slimmed down format allied to the recent acquisition of Ulva means that higher levels of efficiency and capacity utilisation can be anticipated in the months to come. As in the case of Crescent, management changes have proved necessary at DRC and we are confident that we have in place strong and effective management capable of driving this business to new levels as well as providing assistance to the existing management acquired as part of the Ulva acquisition to achieve growth in new and existing markets including Europe, Asia, Middle East and North America.



Process vessel clad with ULVA Shield prior to shipment from Canada to The Caspian Sea.

Finance In general terms our balance sheet remains in good order although gearing levels as at 30 June 2007 remain high. We intend to focus a great deal of attention to this important aspect of our stewardship through the anticipated reduction in borrowings going forward into 2008.

Employees The Group is heavily dependent upon its employees to deliver the growth strategies and objectives which we have set. We are greatly indebted to our employees who have delivered record performances in a number of key areas this past year within Fullflow, Plasflow and Crescent. We do not expect markets to be any less competitive in 2008 and we hope that our many valued employees are up for the challenges which are out there as we continue in our quest for organic growth.

Litigation We are pleased to advise that currently there is no litigation outstanding.

Future Prospects We recognise that the economic climate is fairly uncertain at this time amid scenes of market volatility of an unprecedented nature. This past year has seen notable success and growth within Fullflow, Plasflow and Crescent all of which is viewed as highly commendable and we trust sustainable but the single most important achievement for the Group in the recent past is not just the award of damages to DRC but the potential consequential effects of acquiring the Ulva brand to fit with our manufacturing competence which allows us to move forward with three profitable operations. As a consequence your directors are confident that shareholder value will be enhanced in the months ahead.

We hope that shareholders will take the opportunity to look at the Group's various websites where you will be able to appreciate the specialist nature of some of our activities. These are listed in the Annual Report.

An ideal opportunity will shortly be open to shareholders to engage in constructive dialogue with your directors at our forthcoming Annual General Meeting which will take place in London on 7 February 2008 where we hope as many of you as possible will attend. The formal AGM notice appears on page 37 of this document.

JAF Walker

Chairman



ULVA Shield protects the assets of one of the world's newest Oil & Gas processing facilities.

- Principal activities** The principal activities of the Company and its subsidiaries are the design, manufacture and installation of specialist products for the construction industry including, but not limited to, rainwater drainage systems, thermoplastic pipes and fittings, staircases, balustrading and a wide range of polymer based sheeting materials.
- Results and dividends** The results for the period ended 30 June 2007 are set out in the Consolidated Profit and Loss Account on page 16. Total Group sales for the year amounted to £20,844,000 against £18,521,000 in the previous year. The overall pre tax profit for the year amounted to £472,000 (2006: £232,000) and the profit per share was 2.51p (2006: 1.43p). Commentary on the background to the results is provided in the Chairman's Statement.
- The Directors do not recommend the payment of a dividend (2006: nil) and the profit of £428,000 has been transferred to reserves.
- Share capital** At the Annual General Meeting to be held on 7 February 2008 shareholders will be asked to grant the Directors the authority and power, for the period ending on the date of the Annual General Meeting in 2007 or if earlier 15 months after the date of passing of the relevant resolution, to allot equity securities for cash pursuant to Section 95 of the Companies Act 1985 without offering them to existing shareholders:
- (i) in connection with a rights issue, and
 - (ii) up to an aggregate nominal value of £17,020 (approximately 20% of the Company's issued share capital)
- Research and development** The policy of the Group is to maintain a high level of investment both in new product development and innovation and also in manufacturing technology. Each subsidiary is actively encouraged to pursue investment opportunities in these areas (subject to the strict application of the relevant control procedures).
- Charitable and political donations** The Company made no political or charitable donations during the year, (2006: Nil).
- Directors** The Directors of the company at 30 June 2007 and those who served during the year are listed below.
- M. Bell
D.J. Pett
A.G. Smith
J.A.F. Walker
- Mr. Martin Bell (46) is a Director of Castle View International Holdings Limited, the ultimate holding company for a number of businesses involved in food manufacturing; food supply and catering consultancy; provision of contract catering services and the management of sports and leisure centres. Martin obtained a BSc degree from Aberdeen University, then an MSc in Agricultural Economics from London University.
- Mr. David J. Pett (49) is the Director of Finance. He worked for a firm of Chartered Accountants affiliated to Coopers and Lybrand for 5 years before moving into industry where he has been engaged for over 20 years. He has a wide experience in industry and commerce including working for Swedish multinationals in both the UK and North America.
- Mr. Alan G. Smith (57) is an executive Director and is the Managing Director of the Fullflow Group of companies. He has more than thirty years experience in the construction and building materials industries.

Mr. J. Alan F. Walker (57) is the Executive Chairman. He qualified as a Chartered Accountant in 1974 with KPMG and worked with Price Waterhouse in Paris. He is an Executive Director of Inveresk plc and a non-Executive Director of Healthcare Locums plc and has over 25 years commercial and industrial experience of international business including cross-border mergers and acquisitions.

Reappointment of directors

Mr D.J. Pett, who retires by rotation, offers himself up for re-election at the forthcoming Annual General Meeting on 7 February 2008.

Directors' service contracts

None of the Directors who has served during the year has a service contract with the Company or its subsidiaries.

Directors' interests

The interests of the current Directors in the ordinary shares of the Company are as listed below:

	30 June 2006	30 June 2007	18 December 2007
	2p Ordinary shares	0.5p Ordinary shares	0.5p Ordinary shares
A.G. Smith	1,915,986	1,915,986	1,915,986
J.A.F. Walker	1,452,587	1,452,587	1,452,587
D.J. Pett	36,000	36,000	36,000
M. Bell	500,000	500,000	500,000

Details of options held by Directors in ordinary shares of the Company are set out below:

	At 1 July 2006	Cancelled	At 30 June 2007
A.G. Smith (note 1)	150,000	(150,000)	—
J.A.F. Walker (note 1)	150,000	(150,000)	—

Note:	Number of Shares	Exercise Price	Exercisable from	Exercisable to:
1	30,000	100p	25 February 2004	25 February 2009
	120,000	100p	5 December 2004	5 December 2010
	<u>150,000</u>			

Share price

The mid market price of the Company shares at 30 June 2007 was 60p and the range of mid-market prices during the year was between 54.5p and 73.5p.

Substantial shareholdings

The holders of 3 per cent or more of the Company's ordinary share capital on 18 December 2007 were:

	Number of shares	%
F.J. Bell	3,075,447	18.07
A.G. Smith	1,915,986	11.26
J.A.F. Walker	1,452,587	8.53
C. Fleet	1,218,333	7.16
G. Green	787,500	4.63
A. Hunter	700,000	4.11

Disabled employees

The Group is mindful of its legal and social obligations in relation to the employment of disabled people. Applications by the disabled for employment are given full consideration and appointments are made on the basis of their aptitude and suitability for the tasks to be undertaken. General training and promotion are available for disabled employees including employees who may have become disabled during their employment with SWP Group plc in accordance with the criteria used for all of the Group's employees.

Employment involvement The Group endeavours to maintain best practice in communication with its employees with a view to ensuring that employees develop a good understanding of the factors affecting the performance and prospects of the business in which they are involved.

The Group operates an executive share option scheme in which eligible full time employees of the Group may participate at the discretion of the Directors.

Creditor payment policy The Group does not subscribe to a particular code of practice but the Group's policy is to pay its suppliers in accordance with the terms agreed in respect of each transaction.

At the year-end the average age of outstanding creditor payments was 74 days (2006: 74 days) for the Group.

Auditor A resolution to reappoint KPMG Audit Plc as auditor will be proposed at the Annual General Meeting. KPMG Audit Plc have signified their willingness to continue in office.

Annual General Meeting The Annual General Meeting of the Company will be held at the offices of Addleshaw Goddard, Alder Castle, Noble Street, London EC2V 7JW on 7 February 2008 at 11 am. Notice of the meeting is given on page 37.

By order of the Board

D.J. Pett
Company Secretary

18 December 2007

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the members of SWP Group Plc

We have audited the group and parent company financial statements (the "financial statements") of SWP Group Plc for the year ended 30 June 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Note of Consolidated Historical Cost Profits and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 13.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
Birmingham

18 December 2007

Consolidated Profit and Loss Account

Year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	20,844	18,521
Cost of sales		(14,065)	(12,071)
Gross profit		6,779	6,450
Administrative expenses		(5,711)	(5,702)
Total operating profit		1,068	748
Interest receivable		1	2
Interest payable and similar charges	5	(597)	(518)
Profit on ordinary activities before taxation	2,6	472	232
Taxation on profit on ordinary activities	7	(44)	—
Profit for the financial year		428	232
Basic profit per share (pence)	9	2.51p	1.43p
Diluted profit per share (pence)	9	2.51p	1.43p

The results are wholly derived from continuing operations in both years.
The notes on pages 21 to 34 form part of these financial statements.

Statement of Total Recognised Gains and Losses

Year ended 30 June 2007

The Group

	2007 £'000	2006 £'000
Profit for the financial year	428	232
Revaluation of fixed assets	229	—
Total profit recognised since last annual report	<u>657</u>	<u>232</u>

Note of Historical Cost Profit and Losses

Year ended 30 June 2007

The Group

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	472	232
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	19	20
Historical cost profit on ordinary activities before taxation	<u>491</u>	<u>252</u>
Historical cost profit for the financial year	<u>491</u>	<u>252</u>

Reconciliation of Movements in Shareholders' Funds

Year ended 30 June 2007

The Group

	2007 £'000	2006 £'000
Profit for the financial year	428	232
Revaluation of fixed assets	229	—
New share capital subscribed, net of expenses	—	750
Net increase to shareholders' funds	<u>657</u>	982
Opening shareholders' funds	1,846	864
Closing shareholders' funds	<u>2,503</u>	<u>1,846</u>

The notes on pages 21 to 34 form part of these financial statements.

Consolidated Balance Sheet

At 30 June 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	29		42	
Tangible assets	11	<u>4,697</u>		<u>4,411</u>	
			4,726		4,453
Current assets					
Stocks	13	3,176		2,969	
Debtors falling due within one year	14	6,399		5,795	
Debtors falling due after more than one year	14	543		755	
Total debtors		<u>6,942</u>		<u>6,550</u>	
		10,118		9,519	
Creditors: amounts falling due within one year	15	<u>(9,063)</u>		<u>(8,984)</u>	
Net current assets			1,055		535
Total assets less current liabilities			<u>5,781</u>		<u>4,988</u>
Financed by:					
Creditors: amounts falling due after more than one year	16		3,481		3,345
Provision for liabilities and charges	19		(203)		(203)
Capital and reserves					
Called up share capital	20	85		85	
Share premium account	21	11,878		11,878	
Capital reserve	21	41		41	
Revaluation reserve	21	1,669		1,459	
Profit and loss account	21	<u>(11,170)</u>		<u>(11,617)</u>	
Equity shareholders' funds			2,503		1,846
			<u>5,781</u>		<u>4,988</u>

The financial statements were approved by the Board of Directors on 18 December 2007 and were signed on its behalf by

D.J. Pett

Director of Finance

The notes on pages 21 to 34 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 30 June 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22(a)		1,346		378
Returns on investments and servicing of finance					
Interest received		1		2	
Bank and loan interest paid		(512)		(498)	
Hire purchase interest		(21)		(18)	
			(532)		(514)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(332)		(152)	
Payments to acquire intangible fixed assets		(2)		(45)	
Receipts from sales of tangible fixed assets		75		32	
			(259)		(165)
Net cash inflow/(outflow) before financing			555		(301)
Financing					
Issue of ordinary share capital net of expenses		—		750	
Other loan repayments		—		(95)	
Capital element of finance lease and hire purchase payments		47		(268)	
			47		387
Increase in cash after financing	22(b)		602		86

The notes on pages 21 to 34 form part of these financial statements.

Parent Company's Balance Sheet

At 30 June 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11	1,110		1,129	
Investments	12	8,151		8,151	
			9,261		9,280
Current assets					
Debtors	14	6,783		8,555	
Creditors: amounts falling due within one year	15	(3,604)		(4,980)	
Net current assets			3,179		3,575
Total assets less current liabilities			12,440		12,855
Financed by:					
Creditors: amounts falling due after more than one year	16		2,925		2,925
Capital and reserves					
Called up share capital	20	85		85	
Share premium account	21	11,878		11,878	
Revaluation reserve	21	500		500	
Profit and loss account	21	(2,948)		(2,533)	
Equity shareholders' funds			9,515		9,930
			12,440		12,855

The financial statements were approved by the Board of Directors on 18 December 2007 and signed on its behalf by

D.J. Pett

Director of Finance

The notes on pages 21 to 34 form part of these financial statements.

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of SWP Group plc and all its subsidiary undertakings. The financial statements are all made up to 30 June each year. The acquisition method of accounting has been adopted. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill on acquisitions before 1 January 2000, when FRS 10 was adopted, representing the excess of the fair value of the consideration given and the costs of acquisition over the fair value of the separable net assets of subsidiary undertakings acquired, is written off against reserves immediately. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Turnover

Turnover is the total amount receivable by the Group in the ordinary course of business with outside customers for goods supplied or for services provided net of VAT and trade discounts. For short-term contracts, the group recognises turnover on the basis of stage completion of the contract and the associated applications for payments issued to customers.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Where a foreign exchange forward contract has been arranged the forward rate has been used. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date or the applicable forward rate and differences arising are dealt with in the profit and loss account.

Intangible assets

Intangible assets represent the cost of trade names and patents etc acquired by the Group and amortised to nil by equal annual instalments over their expected economic life. In the Directors' opinion the useful economic life is between 5 and 15 years, depending upon the asset. The value of intangible assets is regularly reviewed and allowance made for any impairment loss. Any impairment charge is included within operating profits.

Tangible assets

Land and buildings and specialised press tooling are carried at valuation. These assets are subject to an annual Directors' valuation where the Directors consider that there has been a material change in their valuation. Every three years the land and buildings will be subject to an external valuation. Any impairment in tangible assets is recognised immediately within operating profits.

1. Accounting Policies

continued

Depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their anticipated useful lives by the following methods:

Freehold buildings	2% per annum straight line
Long leasehold property	over the remaining life of the lease
Plant and machinery	at varying rates but mainly 10% per annum reducing balance
Specialised press tooling	at varying rates but mainly 10% per annum reducing balance
Fixtures and fittings	10% to 33% per annum straight line
Motor vehicles	25% per annum straight line

Stocks and work in progress

Stocks are valued on a first in first out basis at the lower of cost and net realisable value. Cost comprises materials, labour and production related overheads.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

No provision is made for tax liabilities which would arise on distribution of profits retained by overseas subsidiaries as there is no commitment to remit these profits.

A deferred tax asset in respect of past trading losses is recognised to the effect that the Directors believe future taxable profits will arise.

Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the Group substantially all the benefits of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic amount of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

Pension funding

The Group operated a defined benefit pension scheme which is now closed and no further liability accrues. Contributions under defined contribution pension arrangements are charged against profits as incurred.

Intra-group guarantees

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 July 2007.

Notes to the Financial Statements

Research and development

Expenditure on research and development is generally charged against profits in the year in which it is incurred unless it meets the requirements of SSAP 13 in which case it is capitalised and amortised over the expected useful life of the product. In certain circumstances expenditure may be deferred where the Directors expect the associated products to generate profits in the foreseeable future.

Share based payments

The company cancelled a share option scheme for the Directors during the year. The only remaining share options were issued to employees under the Save As You Earn Schemes in 1998. The Directors have made use of the transitional provisions set out in FRS20 'share based payments' not to recognise the fair value of options as an employee expense.

2. Segmental analysis by class of business

The analysis by class of business of the Group turnover, result before taxation and net assets is set out below:

	2007			2006		
	Profit/(loss)		Net	Profit/(loss)		Net
	before	taxation	assets	before	taxation	assets
Turnover	£'000	£'000	£'000	Turnover	£'000	£'000
Syphonic drainage	14,691	965	1,916	11,652	719	1,102
Staircases	4,749	605	2,041	4,020	379	1,457
Polymer sheet materials	1,404	(277)	(623)	2,849	(94)	(276)
	<u>20,844</u>	<u>1,293</u>	<u>3,334</u>	<u>18,521</u>	<u>1,004</u>	<u>2,283</u>
Other charges/liabilities		(225)	(831)		(256)	(437)
Profit before interest		1,068			748	
Net interest payable		(596)			(516)	
Profit before taxation		<u>472</u>			<u>232</u>	
Total net assets			<u>2,503</u>			<u>1,846</u>

The Group operates predominantly within the United Kingdom. The geographical analysis of the Group's turnover by destination is as follows:

	2007	2006
	£'000	£'000
United Kingdom	14,130	12,857
Europe	6,714	5,651
Africa and Middle East	—	13
	<u>20,844</u>	<u>18,521</u>

Notes to the Financial Statements

3. Staff emoluments

The average number of persons employed by the Group (including Directors) is as follows:

	2007	2006
	Number	Number
Syphonic drainage	157	146
Staircases	63	60
Polymer sheet material	30	31
Central	5	5
	255	242
The aggregate payroll costs were:	2007	2006
	£'000	£'000
Wages and salaries	5,775	5,230
Social security costs	969	1,014
Other pension costs	98	101
	6,842	6,345

4. Directors' detailed emoluments

Details of individual Directors' emoluments for the year are as follows:

	Salary and fees	Benefits	2007 Total	2006 Total	2007 Pension contributions	2006 Pension contributions
	£	£	£	£	£	£
Executive						
A.G. Smith	—	—	—	—	—	—
J.A.F. Walker	—	—	—	—	—	—
D.J. Pett	48,000	—	48,000	24,000	—	—
Non-executive						
M. Bell	—	—	—	—	—	—
	48,000	—	48,000	24,000	—	—

5. Interest payable and other similar charges

	2007	2006
	£'000	£'000
On bank loans and overdrafts	576	500
Finance charges under finance leases	21	18
	597	518

Notes to the Financial Statements

6. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2007	2006
	£'000	£'000
Auditors' remuneration		
Audit of the company's financial statements	7	7
Amounts receivable by the auditors and their associates in respect of:		
other services relating to taxation	—	25
audit of the company's subsidiaries	57	53
Payments under operating leases		
Plant and machinery	131	196
Land and buildings	81	72
Depreciation		
Owned assets	253	222
Leased assets	131	144
Hire of plant and machinery	1,036	868
Intangible amortisation	15	22
Profit on sale of assets	(22)	(5)
Research and development	14	15
Recovery of notional damages	(500)	—
Re-organisation costs at DRC	47	—

7. Taxation on ordinary activities

Analysis of charge in the year

	2007	2006
	£'000	£'000
Taxation	44	—

The current tax credit for the year is lower (2006: lower) than the standard rate of corporation tax in the UK 30% (2006: 30%). The differences are explained below.

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	472	232
Current tax at 30% (2006: 30%)	142	70
Effects of:		
Expenses not deductible for tax purposes	3	12
Overseas losses not relievable	11	43
Capital allowances for year in excess of depreciation	(85)	(105)
Losses brought forward utilised	(4)	(1)
Other timing differences	(3)	1
Other	(20)	(20)
	44	—

The Group has surplus losses of £3,001,000 (2006: £3,015,000) available for carrying forward against future profits not recognised as a deferred tax asset.

7. Taxation on ordinary activities

continued

Factors that will affect future current and total tax charges

It has been announced that the corporation tax rate applicable to the company will change from 30% to 28% from 1 April 2008. The deferred tax liability has been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be (charged)/relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of when the deferred tax liability will reverse, it is not possible to calculate the full financial impact of this change.

8. Profit for the financial year

The Company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Group loss includes £416,000 (2006: loss £391,000) which is the loss of the Company for the financial year.

9. Profit per share

The profit per share calculation for the year ended 30 June 2007 is based on the weighted average of 17,019,546 (2006: 16,189,199) ordinary shares in issue during the year and the profit of £428,000 (2006: profit of £232,000).

The company's share options are not dilutive for loss per share calculations.

10. Intangible fixed assets

Trade names and patents
£'000

The Group

Cost

At 1 July 2006	247
Additions	2
	249
At 30 June 2007	249

Depreciation

At 1 July 2006	205
Charge for the year	15
	220
At 30 June 2007	220

Net book value

At 30 June 2007	29
At 30 June 2006	42

Notes to the Financial Statements

11. Tangible fixed assets

	Specialised press Tooling £'000	Land and buildings £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
The Group					
Cost or valuation					
At 1 July 2006	148	3,306	3,236	670	7,360
Additions	—	—	477	17	494
Revaluations	—	138	—	—	138
Disposals	—	—	(388)	—	(388)
Transfers	—	136	—	(136)	—
At 30 June 2007	148	3,580	3,325	551	7,604
Depreciation					
At 1 July 2006	108	29	2,257	555	2,949
Charge for the year	10	57	297	20	384
Revaluations	—	(91)	—	—	(91)
Transfer	—	64	—	(64)	—
Disposals	—	—	(335)	—	(335)
At 30 June 2007	118	59	2,219	511	2,907
Net book value					
At 30 June 2007	30	3,521	1,106	40	4,697
At 30 June 2006	40	3,277	979	115	4,411

	2007	2006
Net book value of land and buildings comprises:	£'000	£'000
Freehold	3,140	2,896
Long leasehold	381	381
	3,521	3,277

The cost of land and buildings under the historical cost convention is £2,050,000 (2006: £2,050,000).

The net book value of land and buildings under the historical cost convention is £1,816,000 (2006: £1,854,000). The net book value of tangible fixed assets includes an amount of £531,000 (2006: £441,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge in respect of these assets was £131,000 (2006: £145,000).

In accordance with our accounting policy the land and buildings owned by Crescent of Cambridge Ltd were valued on the 18 July 2007 by D.H. Barford & Co., Chartered Surveyors.

All other land and buildings are carried at internal Director's valuation. The Directors do not believe that there is a material difference between the book value and current market value.

The specialised press tooling was revalued by the Directors on a continuing use basis as at 30 June 2007. The cost under the historical cost convention is £45,000 (2006: £45,000).

Notes to the Financial Statements

11. Tangible fixed assets

continued

	Freehold land and buildings £'000	Fixtures & fittings £'000	Plant & Equipment £'000	Total £'000
The Company				
Cost or valuation				
At 1 July 2006	1,120	25	14	1,159
Disposal	—	—	(14)	(14)
	<u>1,120</u>	<u>25</u>	<u>—</u>	<u>1,145</u>
At 30 June 2007	1,120	25	—	1,145
Depreciation				
At 1 July 2006	5	25	—	30
Charge for the year	5	—	—	5
	<u>10</u>	<u>25</u>	<u>—</u>	<u>35</u>
At 30 June 2007	10	25	—	35
Net book value				
At 30 June 2007	<u>1,110</u>	<u>—</u>	<u>—</u>	<u>1,110</u>
At 30 June 2006	<u>1,115</u>	<u>—</u>	<u>14</u>	<u>1,129</u>

12. Investments

	Shares in subsidiary undertakings The Company £'000
Cost	
At 1 July 2006	10,151
Additions	—
	<u>10,151</u>
At 30 June 2007	10,151
Depreciation	
At 1 July 2006	2,000
Charge for the year	—
	<u>2,000</u>
At 30 June 2007	2,000
Net book value	
At 30 June 2007	<u>8,151</u>
At 30 June 2006	<u>8,151</u>

Notes to the Financial Statements

13. Stocks

	The Group	
	2007	2006
	£'000	£'000
Raw materials and consumables	1,397	1,240
Work in progress	1,455	1,292
Finished goods	324	437
	<u>3,176</u>	<u>2,969</u>

The replacement cost of stock is not materially different from the purchase price or production cost.

14. Debtors

	The Group		The Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	5,327	4,894	—	—
Amounts owed by Group undertakings-	—	—	6,733	8,473
Other debtors	667	443	50	82
Prepayments and accrued income	405	458	—	—
	<u>6,399</u>	<u>5,795</u>	<u>6,783</u>	<u>8,555</u>
Amounts falling due after more than one year				
Trade debtors	543	755	—	—
	<u>6,942</u>	<u>6,550</u>	<u>6,783</u>	<u>8,555</u>

15. Creditors

	The Group		The Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Bank loans and overdrafts (Note 17)	3,066	3,668	2,899	4,180
Other loans	234	234	134	134
Obligations under finance leases and hire purchase contracts (Note 18)	172	99	—	—
Trade creditors	3,249	2,483	—	—
Amounts owed to Group undertakings	—	—	38	38
Corporation tax	44	—	—	—
Other taxes and social security	971	1,216	226	323
Other creditors	364	113	—	66
Accruals and deferred income	963	1,171	307	239
	<u>9,063</u>	<u>8,984</u>	<u>3,604</u>	<u>4,980</u>

Bank loans and overdrafts are secured by charges over the assets of subsidiary undertakings. Other loans are secured by a second charge over the assets of subsidiary undertakings.

16. Creditors

	The Group		The Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Amounts falling due after more than one year				
Bank loans (Note 17)	3,250	3,250	2,925	2,925
Obligations under finance leases and hire purchase contracts payable between two and five years (Note 18)	231	95	—	—
	3,481	3,345	2,925	2,925

17. Bank loans and overdrafts

	The Group		The Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Amounts due on loans are analysed as follows				
Amounts repayable by instalments within one year	—	—	—	—
Between one and two years	3,250	3,250	2,925	2,925
Between two and five years	—	—	—	—
Total amounts due on bank loans	3,250	3,250	2,925	2,925
Bank overdraft	3,066	3,668	2,899	4,180
	6,316	6,918	5,824	7,105
Analysed between				
Amounts falling due within one year	3,066	3,668	2,899	4,180
Amounts falling due after more than one year	3,250	3,250	2,925	2,925

The bank loan is secured by a debenture and fixed and floating charge over the assets of the subsidiary undertakings. The loan is a medium term loan of £3,250,000 repayable on the 31 October 2007 with interest charged at 2% above Bank of Scotland base rate.

Financial instruments

The Group's financial instruments comprise borrowings, cash, and various items such as trade debtors, trade creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are interest risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

The Group has two overseas subsidiaries which operate in France and Spain and whose revenues and expenses are denominated in Euros.

There are no material foreign currency monetary assets and liabilities that may give rise to an exchange gain or loss in the profit and loss account.

The book value of financial instruments is not materially different from the fair value.

At the 30th June 2007 the Company had an undrawn committed facility of £734,000 expiring within one year.

Notes to the Financial Statements

17. Bank loans and overdrafts

continued

Interest rate risk

The Group finances its operations through a mixture of equity, bank borrowings and finance leases. Bank borrowings are made using floating rates of interest to maintain a balance with finance lease borrowings which are at fixed rates of interest.

Liquidity risk

Cash flow restrictions have meant that in the short term a significant amount of the Group's borrowings consist of an overdraft facility.

18. Obligations under finance lease and hire purchase contracts

	The Group	
	2007	2006
	£'000	£'000
Amounts due on loans are analysed as follows:		
Within one year	187	108
In the second to fifth years inclusive	251	103
	<u>438</u>	<u>211</u>
Less finance charges allocated to future periods	(35)	(17)
	<u>403</u>	<u>194</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	172	99
Non-current obligations	231	95
	<u>403</u>	<u>194</u>

19. Provisions for liabilities and charges

	Deferred taxation	Crystallisation of bank guarantee in respect of former associated company	Total
	£'000	£'000	£'000
The Group			
At 30 June 2007 and 30 June 2006	<u>(214)</u>	<u>11</u>	<u>(203)</u>

No provision has been made for deferred taxation or taxation which may arise in the event of land and buildings, which are included in the accounts at an amount in excess of their original cost, being realised at that higher figure. The assets are held for the purposes of the Group's business and it is considered that any notional liability which might arise on their disposal will be subject to deferment under the provisions of the Taxation of Chargeable Gains Act 1992.

	The Group		The Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Availability of losses	(214)	(214)	—	—
Deferred tax assets	<u>(214)</u>	<u>(214)</u>	<u>—</u>	<u>—</u>

Notes to the Financial Statements

20. Share capital

	2007 Number		2006 Number	
	'000	£'000	'000	£'000
Authorised				
Equity				
Ordinary shares of 0.5p each	<u>1,383,400</u>	<u>6,917</u>	1,383,400	<u>6,917</u>
Allotted called up and fully paid				
Equity				
Ordinary shares of 0.5p each	<u>17,020</u>	<u>85</u>	17,020	<u>85</u>

Options in respect of 8,177 ordinary shares of 0.5p (2006: 361,510) have been granted including those under the Save As You Earn Scheme as follows:

Number of shares	Subscription price per share	Exercise period
8,177	100p	2001/2008
<u>308,177</u>		

Further details in respect of share capital are set out in the Directors' Report.

21. Reserves

	Share premium account	Capital reserve	Revaluation reserve	Profit & Loss account	Total
	£'000	£'000	£'000	£'000	£'000
The Group					
At 1 July 2006	11,878	41	1,459	(11,617)	1,761
Transfer to the profit and loss account	—	—	(19)	19	—
Revaluation of fixed assets	—	—	229	—	229
Profit for the financial year	—	—	—	428	428
At 30 June 2007	<u>11,878</u>	<u>41</u>	<u>1,669</u>	<u>(11,170)</u>	<u>2,418</u>
	Share premium account	Revaluation reserve	Profit & Loss account	Total	
	£'000	£'000	£'000	£'000	£'000
The Company					
At 1 July 2006	11,878	500	(2,533)	9,845	
Loss for the financial year	—	—	(415)	(415)	
At 30 June 2007	<u>11,878</u>	<u>500</u>	<u>(2,948)</u>	<u>9,430</u>	

The cumulative amount of goodwill written off to Group reserves amounts to £3,063,000 (2006: £3,063,000).

Notes to the Financial Statements

22. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£'000	£'000
Operating profit	1,068	748
Depreciation charges	384	366
Amortisation of trade names and patents	15	22
Profit on sale of tangible fixed assets	(22)	(5)
Increase in stocks	(207)	(140)
Increase in debtors	(392)	(731)
Increase in creditors	500	118
	1,346	378

(b) Reconciliation of net cash flow to movement in net debt

	2007	2006
	£'000	£'000
Increase in cash in period	602	86
Cash (outflow)/inflow from increase in debt and lease financing	(47)	1,549
Change in net debt resulting from cash flows	555	1,635
New finance leases	(162)	(229)
Movement in net debt in period	393	1,406
Net debt at 30 June 2006	(7,112)	(8,518)
Net debt at 30 June 2007	(6,719)	(7,112)

(c) Analysis of net debt

	At		Cash		Non cash		At
	30 June	Cash	Flow	Non cash	changes	30 June	2007
	2006	£'000	£'000	£'000	£'000	£'000	£'000
Overdrafts	(3,668)	602	—	—	—	(3,066)	(3,066)
Debt due after one year	(3,250)	—	—	—	—	(3,250)	(3,250)
Finance leases and hire purchase	(194)	(47)	(162)	—	—	(403)	(403)
Total	(7,112)	555	(162)	—	—	(6,719)	(6,719)

23. Financial and capital commitments	The Group	2007	2006
		£'000	£'000
	Annual commitments under operating leases are as follows:-		
	Land and buildings	84	52
	Within one year		
	Other assets	4	—
	Within one year	169	62
	Expiring in the second and fifth years inclusive	—	29
		257	143

24. Contingent liabilities The Group has entered into performance bonds in the normal course of business.

25. Transactions with related parties During the year the Group engaged in transactions with the following related parties as defined in 'FRS-8' – Related party disclosures:

The Company paid rent and service charges totalling £20,000 + VAT in the year (2006: £20,000) to a company controlled by Mr J.A.F.Walker:

Loans totalling £100,000 (2006: £177,000) from a company in which Messrs J.A.F.Walker and A.G. Smith have a joint shareholding were outstanding at 30 June 2007. Interest accrues at 2% over Bank of Scotland base rate.

Principal Group Trading Companies

The Group comprises the following trading companies all of which are included in the consolidated results of the Group.

	Country of incorporation and principal operation	Class of share	Holding	Principal Activity
Subsidiary undertakings				
SWP Holdings Ltd†	Great Britain	£1 Ordinary £1 Preferred	100% 100%	Intermediate holding company
Crescent of Cambridge Ltd†	Great Britain	50p A Ordinary 50p B Ordinary £1 Participating Ordinary	100% 100% 100%	Design, manufacture and installation of staircases
DRC Holdings Ltd†	Great Britain	10p A Ordinary 10p B Ordinary 10p Preferred	100% 100% 100%	Intermediate holding company
DRC Polymer Products Ltd†	Great Britain	£1 Ordinary £1 Deferred Ordinary	100% 100%	Design and manufacture of rubber and plastic sheet materials
DRC Plastics Ltd†	Great Britain	£1 Ordinary	100%	Design and manufacture of sheet materials
Bravedrive Ltd† (formerly Fullflow Systems Ltd)	Great Britain	£1 Ordinary £1 A Ordinary £1 Redeemable Preference	100% 100% 100% 100%	Non Trading Company
Fullflow Group Ltd†	Great Britain	£10 Ordinary	100%	Design manufacture and installation of syphonic drainage systems
Plasflow Ltd*	Great Britain	£1 Ordinary	100%	Design and manufacture of pipe fittings
DRC Distribution Ltd†	Great Britain	£1 Ordinary	100%	Design, manufacture and installation of rubber and plastic sheet materials
Fullflow SARL*	France	Euro160 Ordinary	100%	Design manufacture and installation of syphonic drainage systems
Fullflow Sistemas SL*	Spain	Euro 35 Ordinary	100%	Design manufacture and installation of syphonic drainage systems
Fullflow Europe BV*	Netherlands	Euro 454 Ordinary	100%	Design manufacture and installation of syphonic drainage systems

† Owned by SWP Group PLC

* Owned by Fullflow Group Ltd

Five Year Summary

	2007	2006	2005	2004	2003
	£'000	£'000	£'000	£'000	£'000
Turnover	20,844	18,521	16,007	15,006	16,347
Profit/(loss) before tax	472	232	(52)	(2,717)	(714)
Taxation	(44)	—	—	—	—
Profit/(loss) for the financial year	428	232	(521)	(2,717)	(714)
Dividends	—	—	—	—	—
Retained losses	428	232	(521)	(2,717)	(714)
Profit/(loss) per share	2.51p	1.43p	(3.30)p	(0.70)p	(0.21)p
Share capital employed					
Share capital	85	85	79	79	6,827
Reserves	2,418	1,761	785	478	(6,644)
	2,503	1,846	864	557	183
Represented by					
Fixed assets	4,726	4,453	4,442	3,933	4,441
Net current assets/(liabilities)	1,055	535	(475)	(142)	(1,535)
Creditors due after one year	(3,481)	(3,345)	(3,306)	(3,437)	(2,926)
Provisions	203	203	203	203	203
	2,503	1,846	864	557	183

Notice of Meeting

Notice is hereby given that the Annual General Meeting of SWP Group PLC will be held at Addleshaw Goddard, Alder Castle, Noble Street, London, EC2V 7JW, at 11 am on 7 February 2008 for the following purposes:

As ordinary business

1. To receive and adopt the Directors' report and the audited accounts for the year ended 30 June 2007.
2. To re-elect Mr D.J. Pett as a Director of the Company.
3. To re-appoint KPMG Audit Plc as auditor of the Company and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business which may be properly dealt with at an Annual General Meeting.

As special business

To consider and, if thought fit, pass the following resolutions – Resolution 5 will be proposed as an Ordinary Resolution and Resolution 6 as a Special Resolution.

5. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (as amended) ("the Act") in substitution for all existing powers to allot relevant securities to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £28,366. This authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and a date which is 15 months after the passing of this Resolution save that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.
6. That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 95 of the Companies Act ("the Act") to allot equity securities (within the meaning of Section 94(3A) of the Act) for cash pursuant to the general authority conferred by Resolution 6 above as if sub-section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with an offer of such securities to holders of ordinary shares where the equity securities for which ordinary shareholders are respectively entitled to subscribe are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and
 - (b) To the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £17,020.

And shall expire on the date of the next Annual General Meeting of the Company or, if earlier, 15 months after the date of passing the resolution, save that the Company may before such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

D.J. Pett

Secretary

18 December 2007

4th Floor

Bedford House

Bedford Street

London WC2E 9HD

Notes:

1. A member entitled to attend and vote at the meetings is entitled to appoint one or more proxies to attend and on a poll to vote on his behalf. A proxy need not also be a member. The completion of the proxy does not preclude a member from attending the meeting and voting in person. The instrument appointing a proxy and the authority (if any) under which it is signed or a notarially certified copy thereof must be lodged with the company's Registrars, IRG, Bourne House, Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the meeting. A prepaid proxy form is enclosed with this notice.
2. There will be available for inspection by members at the registered office of the company during normal business hours from the date of this notice until the date of the Annual General Meeting and on that day at the place of the meeting for fifteen minutes prior to its commencement and during the meeting:
 - (a) the register of the Directors' interests in the Company required to be kept in accordance with the Companies Act 1985;
 - (b) copies of the Directors' contract of service.

Administrative and Registered Office

SWP Group PLC, 4th Floor, Bedford House, 3 Bedford Street, London WC2E 9HD
T: 020 7379 7181 F: 020 7379 7090 E: swp@bedfordhs.co.uk

Fullflow Group

Fullflow Group Ltd, Fullflow House, Holbrook Avenue, Holbrook, Sheffield S20 3FF
T: 0114 2473655 F: 0114 2477805 E: info@uk.fullflow.com

Fullflow SARL, 19 Rue George Sand, 94400 Vitry-sur-Seine, France
T: 00 33 15 553 1720 F: 00 33 15 553 1729 E: info@fr.fullflow.com

Fullflow Sistemas SL, C/Canteras, Parcela 30, 28860 Paracuellos del Jarama, Madrid, Spain
T: 00 34 91 658 4047 F: 00 34 91 658 4057 E: info@es.fullflow.com

Plasflow Limited, Canklow Meadows Industrial Estate, West Bawry Road, Rotherham S60 2XL
T: 01709 786970 F: 01709 378970 E: info@Plasflow.com

Crescent

Crescent of Cambridge Limited, 46 Edison Road, St Ives, Cambs. PE27 3LG
T: 01480 301522 F: 01480 494001 E: crescent@crescentstairs.co.uk

DRC

DRC Polymer Products Limited, 1 Regal Lane, Soham, Ely, Cambridgeshire CB7 5BA
T: 01353 720989 F: 01353 624668 E: info@drc-polymers.com

ULVA Insulation Systems Limited

Unit D, Hortonwood 31, Hortonwood Industrial Estate, Telford, Shropshire TF1 7GS
T: 01952 676 025 F: 01952 676 026 E: sales@ulva.co.uk

Form of Proxy

Important Please complete and return this proxy form.

Form of proxy for use by Ordinary shareholders at the Annual General Meeting of SWP Group PLC on 7 February 2008.

I/We the undersigned, being (a) holder(s) of ordinary shares of 0.5p each of SWP Group PLC hereby appoint the duly appointed Chairman of the meeting or (see below)

.....
as my/our proxy and on my/our behalf to vote on the Resolutions to be proposed at the Annual General Meeting of the Company to be held on 7 February 2008 and at any adjournment thereof.

Ordinary business **1**

2

3

4

Special business **5**

6

FOR	AGAINST

Dated this.....2008 Signed.....

Name(s)

Address.....

Notes

1. If any other proxy is preferred strike out 'the duly appointed Chairman of the meeting', add the name of proxy or proxies desired and initial the alteration.
2. Tick (✓) 'for' or 'against' as appropriate.
3. If no indication is given, the proxy will vote or abstain at his discretion.
 - (a) This form of proxy duly completed must, in order to be valid for use at the meeting, be deposited together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, at the Company's Registrars, Capita IRG Plc, Boume House, Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the taking of the poll at which the person(s) named above as proxy proposed to vote.
 - (b) A corporation may execute either under seal or under the hand of an officer duly authorised.
 - (c) In the case of joint holders of shares, any one of such holders may vote but, if two or more joint holders are present in person or by proxy, the vote of the senior will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register.
 - (d) A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more persons as his proxy to exercise all or any of the rights to attend and to speak and to vote at the meeting. A proxy need not be a member of the Company.
4. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 6 February 2008, or in the event that the meeting is adjourned, in such register 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the above meeting in respect of the number of shares registered in their name at that time. Changes or entries on the relevant register of securities after 6.00 p.m. on 6 February 2008, or in the event that the meeting is adjourned, in such register 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

First Fold

Third Fold and tuck in

BUSINESS REPLY SERVICE
Licence No. MB 122



Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent BR3 4BR

Second Fold

First Fold





4th Floor
Bedford House
3 Bedford Street
London WC2E 9HD
Telephone: 020 7379 7181
Facsimile: 020 7379 7090