

25 September 2007

Group Financial Summary and Highlights

	2007 # '000	2006 # '000 (Restated)	2005 # '000 (Restated)
Turnover	34,326	37,986	36,945
Adjusted profit before taxation - before amortisation of goodwill and FRS 20 charge	1,635	1,452	249
Profit/(loss) before taxation	1,001	865	(483)
Taxation (charge)/credit	(308)	(416)	19
Dividend	(295)	(276)	(153)
Retained profit/(loss) transferred to/ (from) reserves	398	173	(617)
Earnings per share			
Basic before amortisation of goodwill and FRS 20 charge	2.16p	1.69p	0.47p
Basic	1.13p	0.73p	(0.76)p
Dividend per share	0.48p	0.45p	0.25p

Note: Due to the Group's adoption of FRS 20 for the first time in the year ended 30 June 2007, the results presented for the years ended 30 June 2006 and 26 June 2005 have been restated. Further details are given in note 10 to this announcement.

Financial Highlights

- Adjusted PBT (before amortisation of goodwill and FRS 20 charge) increased by 13% to #1.635m (2006: #1.452m).
- Hire income grew by 22% mitigating a planned reduction in lower margin repair business which reduced by 32%.
- Gross margin increased to 30.0% (2006: 24.8%).
- Debtor days reduced by 27% to 55 days.
- Operating cash flow of #4.0m (2006: #4.8m).
- Net borrowings reduced by 50% to #1.9m (2006: #3.8m).
- Adjusted Basic EPS (before amortisation of goodwill and FRS 20 charge) increased by 0.47p, or 28%, to 2.16p (2006: 1.69p).
- Proposed final dividend increased by 16% to 0.29p per share (2006: 0.25p per share).
- Interim and final dividend in respect of 2007 increased by 16% to 0.52p (2006: 0.45p).

Operational Highlights

- Ai Repair network, the first UK network to mandate the new Industry Kitemark, became fully operational in September 2006.
- Ai's dedicated legal service, Ai Law, became fully operational in November 2006.

- Build completed for the leading edge Claims Administration and Recovery System.
- New 'Defenda' product launched, now piloted by six top insurance companies.
- Award of major fleet Accident Repair contract.

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Chairman's Statement

The Group has delivered a strong trading performance, with an improvement in margin and excellent cashflow. At the same time, we have continued to invest in new technology and in our team which underpin Ai's development as an innovative and flexible outsource provider to the motor claims market.

Results

Adjusted profit before tax (before goodwill amortisation and FRS 20 charge) was #1.635m (2006: #1.452m). As anticipated at the interim, the result was weighted toward the second half year, with #1.026m being generated in the second half year compared with #0.609m in the first half year.

In line with our expectations, turnover expanded by 32% within the second half compared to the first half, although it was 10% lower at #34.3m (2006: #38.0m) for the full year. Hire turnover increased by 22% compared with the previous year and repair turnover reduced by 36% due principally to a change in contract mix towards higher margin vehicle replacement services and as a result of pricing actions. Turnover in the second half increased by 15% compared to the second half of last year. Our full year gross margin increased from 24.8% to 30% as a result of these changes and through the successful establishment of Ai's own repair network and dedicated legal service.

Our cash generation continued to be strong with #4m generated from operating activities. Our debtor days, which we calculate using the countback method, average 55 days (2006: 75 days) which compares very favourably to the sector. Again this is a testament to the relationship we have with the large insurance companies and the strategic focus we have placed on this activity during the year.

Net borrowings reduced by #1.9m during the year, after absorbing #1.5m of capital expenditure on IT and infrastructure development to support the growth in headcount and the final stages of development of the new Claims Administration and Recovery System (CARS).

Strategy

There has been real momentum in the non-fault market, with most insurers now piloting the provision of like-for-like vehicle replacement. Insurance company participation in the non-fault market has provided considerable growth opportunities for credit hire companies, albeit at lower margins, and for ourselves. Ai continues to lead the way in providing motor-insurers and other clients within the motor sector with a genuine partnership based approach to outsourcing, bringing not only an open-book relationship, but a willingness to share with its clients the financial rewards that can be obtained. Ai has consistently taken the view that it must work seamlessly with and in the interests of the motor insurance market which it serves. The thrust of Ai's whole philosophy is, and always has been, based on a sustainable and ethical business model where the interests of all parties are valued and protected, namely those of our clients, staff and shareholders.

Our ability to collect our debts much more rapidly than credit hire companies, several of which are now trying to move into this space, coupled with the lack of a heavy vehicle fleet financing cost, which, for some of our competitors is likely to be aggravated by the current credit environment, means that we can realise attractive returns on capital, whilst actively competing on price.

Ai has supported insurers in piloting services in the non-fault sector and two new relationships came on stream during the year. We maintain strong trading relationships with both these businesses.

As a result of the increased penetration of credit hire within the insurance sector, insurers are increasingly seeking solutions to stem the increase in third party claims. We have provided an intervention product (Reserva, formerly Predicta) for several years to manage claims pro-actively on behalf of insurers, thus avoiding credit hire costs, and

those insurers who use this service find that it provides a more effective and financially attractive alternative to in-house claims teams. During 2007, using our unique and demonstrable track record of keeping a tight grip on credit hire periods, we also extended our product range to include a market leading service 'Defenda' which actively manages credit hire bills, saving insurers an attractive proportion of invoices submitted by credit hire companies. This has received a significant level of interest from insurers and we are working with 6 leading insurers.

Our development of fee based services continued with the award of a 3 year contract from one of the UK's largest fleet operators to manage the repair of damage to their UK fleet and recover losses from at fault parties.

Our business principle of delivering excellent service and cost containment is now widely recognised in the motor accident market. Our investment in technology over the last two years will be realised through the launch of the new CARS system in October. This will provide the capability to re-engineer business processes and rapidly deliver efficient and readily adaptable workflow based systems solutions for our referrer clients.

Across our whole product range we are currently working for three top five personal motor insurers and eight top twenty personal motor insurers and a further eight clients with activities in the motor sector generally.

Management and Board Changes

As part of our growth and continuing development as a significant outsourcer to the motor Insurance sector, we continue to strengthen the management of Ai at all levels.

Steve Broughton, previously a Non-Executive Director, was appointed Non-Executive Deputy Chairman on 26 July 2007 replacing Adrian Palmer, who remains a Non-Executive Director. Steve has excellent insurance industry credentials as a Non-Executive Director of Fortis UK and formerly as an Executive Director of RSA.

Don Bergenroth, who has been a Director since January 2005, will be retiring from the business on 30 September 2007, stepping down from the Board at that time. I would like to thank Don for his contribution to Ai and wish him well for the future. Commercial activities will be led by Chris Brown, who joined Ai as a Director of the trading subsidiary in June 2007. Chris previously held senior roles at AXA and RSA.

There have been a number of other successful changes at the operating company level all of which are designed to enhance and deepen Ai's strength and ability to add value across the whole motor Insurance market.

Dividends

The Board is pleased to propose a final dividend of 0.29p per share for the year to 30 June 2007 to be paid on 7 January 2008 to shareholders on the register at 14 December 2007, an increase in the year of 16%, taking total dividends in respect of 2006-07 to 0.52 p - an increase of 16% over the previous year.

Future Prospects

Ai continues to work closely with the motor sector in developing innovative solutions bespoke to the needs of our clients. These provide excellent service to both them and their customers, minimisation of cost to the market as a whole and generate significant financial benefits either through direct containment of their costs or sharing of revenue streams according to the type of service chosen by our clients.

I am pleased with the progress made during the year and am confident that we can continue to innovate and deliver value adding services to the sector. The number of Ai's products and services actively in use by insurers and the wider motor sector has increased from fifteen at the end of last year to twenty seven at the time of writing and the current high level of tender activity from insurers is expected to generate additional opportunities for Ai. Although the market has become more competitive, predominantly in vehicle hire, we expect that our lean operating and financing structure will assist us to maintain our margins.

It is a testament to our people and the commitment shown by them across all levels of the business that this progress has been achieved and I pass on my sincere thanks on behalf of the Directors.

Charles A Good
Chairman

Chief Executive's Review

Introduction

I am pleased to report a 13% increase in adjusted PBT and further strengthening of the balance sheet through excellent cash management. The market has moved considerably during the year and Ai has proven its ability to innovate new solutions and services for its clients. Our emphasis on developing an attractive return on our capital has shown through in a significant change in the mix of our business and strengthening of margins.

Market Developments

The motor insurance market has again been challenged in terms of delivering acceptable underwriting returns with premium rates and acquisition costs being consistent features in the insurance press. The anticipated development of insurer interest in using a third party service to provide like for like replacement vehicles to their not at fault customers has reached its tipping point and now most insurers are actively piloting some form of service or have contracted for the service in some form. As part of Ai's offer to this market we have branded this service "Mobilisa". This non fault business is being keenly contested and margins will be squeezed by the increasing commission rates or discounts on credit hire case settlements being sought by insurers and the typically lower vehicle hire durations. This 'income' effectively subsidises the increase in third party claims which have also pressurised underwriting margins.

We believe higher commission levels will ripple through the non-insurance sector of the market as contracts are re-tendered or benchmarked. Ai is well placed to compete competitively both in the delivery of excellent service and on price. Our 'thin capital' model, whereby we operate on a relatively small working capital requirement and without a large amount of capital tied up in a fleet of vehicles means we can achieve attractive returns on capital whilst being able to price for competitive operating margins.

The development of the insurer placed non-fault sector will also increase further the cost of third party claims. This in turn is heightening the need for more pro-active management of these costs, whether provided internally or outsourced. Ai has been working closely with the insurance sector further to develop the claims intervention service provided. In response to this challenge, Ai has relaunched its 'Predicta' product as 'Reserva', the product that controls excessive third party claims costs. We have also introduced a credit hire defence product, 'Defenda', for instances where the insurer has not been successful at intervening, which actively manages the credit hire claim to settlement. This has generated considerable market interest.

Ai continues to actively work with credit hire operators (CHOs) and insurers on the ABI GTA Technical Committee to ensure stability and understanding in the market.

Business and Commercial Development

In my last report I indicated that we would broaden our distribution strategy launching divisions in the broker, fleet and automotive sectors. I am pleased to report good headway in each of these areas.

In the fleet sector we won the tender to manage the claims and repairs of a major fleet. This requires us to manage 15,000 incidents culminating in placing an additional 5,000 repairs per annum into our repair network. We have also recruited a sales team to service the automotive market and are developing our referral streams from a low base. Early signs are very positive in both the fleet and automotive sectors with strong relationships developing with manufacturers.

Our broker division has been piloting with a major UK firm and Ai's credentials and service offering are known to the wider intermediary market. Not surprisingly, much of this sector is already contracted to CHOs, however Ai is developing strong relationships and coupled with our strong commission offers and effective customer centric model I remain confident of significant progress in this new area for Ai.

Within the insurance sector we commenced a significant Mobilisa pilot with a major insurer providing access to approximately 12,000 cases per annum. This pilot has proven to be very successful and we have extended the relationship to broaden our service offering further. Our Defenda product has received much market interest and we are actively piloting this with 6 insurers. Our services have been successful in delivering attractive savings against the invoices presented from credit hire companies, adding significant value to those insurers using this service. Ai's ability to report on differences in working practises and invoicing protocol is proving extremely beneficial to insurers. Whilst this new product is in its infancy, only commencing in February this year, it is very encouraging that so many insurers have found it so beneficial. We have continued to grow the intervention service, Reserva, achieving a 30% increase in referrals during the year as new insurer relationships came on stream.

As the credit hire market continues to grow and develop, Ai's Reserva and Defenda products and services will become more attractive to insurers to assist them in managing excessive claims cost.

I am pleased to report that the launch of Ai Law and Ai Repair Network, delivered the customer and financial benefits anticipated. Ai became the first motor claims management company to mandate the new PAS 125 Kitemark accreditation. Avis became our strategic rental partner from 1 November 2006 and I am pleased with the supply of vehicles and seamless service achieved. It is a key feature of our service that customers are placed in new vehicles delivered by a partner who is a recognised consumer brand. We completed the build of the new Claims Administration

and Recovery System (CARS) in June 2007 and will go live in October 2007. This system, which has required significant capital expenditure over the last two years, employs state of the art Open System Architecture technology, which will provide us with the flexibility to rapidly bespoke processes for our partners and enable full automation with our financial system.

People

Ai has continued to strengthen the senior management team during the year to support the development of the business. At subsidiary company board level, Chris Brown joined us as Sales Director in June 2007. Chris has held senior roles at AXA and Royal & Sun Alliance and is responsible for developing our sales and relationships across all areas of the business. Chris will assume the management responsibilities of Don Bergenroth who retires as Commercial Director on 30 September 2007. Don was appointed to the Board in January 2005 and has played a key role in developing Ai's commercial position as well as developing the Ai brand. I wish Don much success in the future and thank him for his contribution to the business.

We also strengthened the wider management team through three further appointments. Ewan Moore joined us in January 2007 as Group Financial Controller. Paul Davis from RSA and Robin Yeung from CIS joined the business in June 2007 as Head of Operations and Claims Manager respectively.

Ai actively invests in the development of its staff. I reported last year that we had developed the Talent Academy to provide MBA type development in the workplace under the mentoring of the Executive Directors. The first group of nine successfully completed the course and have all shown significant personal development during the last 12 months, which equipped most of them to take on new roles within the business - showing a real return for the investment we made. The programme received public recognition in that Ai was short listed for The Training Award at the British Insurer Awards. A second group of employees joined the academy during July 2007.

Operational Performance

Referral levels increased overall by 24% during the year. Intervention referrals increased by 30% and non-fault referrals by 23%. Courtesy hires reduced by 12%. Hire conversion levels were consistent with the previous year across the whole book.

Our hire durations reduced across both the intervention and non-fault products from 20 days in 2006 to 18 days in 2007. A key benefit of the intervention product is a reduction in both the daily rate and duration for hire vehicles and it is important that we continue to reduce these through ongoing improvements in process. Our non-fault durations have been influenced by disciplined repair supply chain management, leading to a quicker turn round of repairs and shortening of the time customers are parted from their own vehicles.

In turn this leads to a reduction in Ai's debtor days as our claims are less likely to be disputed. It is pleasing to see a further reduction in our debtor days from 75 days to 55 days as a testament to this.

Our full time equivalent employees increased by 15% against a background of a 24% growth in referrals. Our efficiency levels will continue to strengthen as we grow and through the implementation of the new CARS system.

Ai has shown resilience by quickly scaling for growth in the period. The growth opportunities in the market continue to be significant. We have produced comprehensive and detailed plans to ensure we are able to again scale up significantly and quickly to absorb significant new opportunities.

The operational feedback from customers and referrers continues to be excellent and we again achieved over 95% satisfaction rating from our own surveys.

Outlook

The successful launch of Ai Repair and Ai Law and the progress achieved in the new divisions has provided a broader customer base and pipeline potential covering all areas of after accident management. I believe Ai continues to be well positioned to take advantage of opportunities as they present themselves and adapt to the evolving market of after accident care.

David Sandhu
Chief Executive

Finance Director's Review

Restatement of Prior Period Results

The annual report has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the period ended 30 June 2006 other than the adoption of 'FRS 20' (Share based payments). Adoption of a policy consistent with this standard is required in accordance with United Kingdom best practice. The impact of this policy is shown in Note 10 of this announcement.

Financial Overview

The Group generated a pre-tax profit of #1.001m in the year (2006: #0.865m) an increase of 16%. Pre-tax profit before goodwill amortisation and FRS 20 charge was #1.635m (2006: #1.452m).

Turnover of #34.3m reduced by 10% over the previous year due to the cessation of a low margin repair only contract in the previous period. Hire revenue increased by 22% compared to the previous year. These changes together with the retention of higher margins through the Ai Repair network and Ai Law improved gross margins to 30% from 24.8%.

Administrative expenses of #9.1m increased by 11% over the previous year reflecting a growth in headcount of 15% and higher depreciation charges. Underlying referral levels increased by 24% across the whole business. The growth in employees is disproportionate to the movement in turnover due to the replacement of repair cases by hire cases and the treatment of a major fleet repair management contract as a fee based service.

Interest

Interest charges reduced by 47% to #213,000 (from #401,000) due to a 50% reduction in net debt in the period of #1.9m to #1.9m.

Taxation

The Group does not expect to pay Corporation Tax in relation to the current year due to the availability of tax losses brought forward from prior periods. The tax charge in the year benefited from the utilisation of unrecognised losses brought forward. As a result of the Group generating a profit in the year, the deferred tax asset held in the balance sheet reduced by #309,000 to #744,000.

Earning Per Share

Basic Earnings Per Share (EPS) increased by 0.40 p to 1.13 p (2006: 0.73p). Adjusted EPS, which measures EPS before goodwill amortisation and FRS 20 charge, increased by 0.47 p to 2.16 p (2006: 1.69p).

Dividends

The dividend paid from reserves of #295,000 reflects the payment of a final dividend in relation to the previous period of #153,000 (0.25p per share paid in January 2007) and an interim dividend for the current period of #142,000 (0.23p per share paid in May 2007). The Board have proposed the payment of a final dividend for the year of #178,000 (0.29p per share), payable on 7 January 2008 to shareholders on the share register at 14 December 2007.

Under 'FRS 21' Events after the balance sheet date only dividends declared in a financial period are reflected in the financial statements for that period. Accordingly, the proposed payment of #178,000 is not reflected in these financial statements.

Cashflow and Working Capital

The Group has generated a significant improvement in its cash position during the year. Net cash inflow from operating activities was #3.95m (2006: #4.8m). The improvement is attributable to an improvement in underlying profits and focused management of billings and collections.

The Group's strategy of working positively with the insurance market to contain claims costs has again assisted collection activity. Our investment in working capital largely consists of billed and unbilled receivables, the latter being incomplete cases. The value of trading current assets (excluding deferred tax) was #13.2m at 30 June 2007, compared to #12.4m in the previous year, an increase of 6%. Our trading creditors (including VAT) provided #10.9m of funding at 30 June 2007 compared to #8.6m in the previous year, an increase of 27%. The rate of debtor increase in relation to creditors is due to the improvement in debtor days to 55 days from 75 days (26% reduction), a second half increase in turnover of 15% compared to the previous year and more beneficial supply terms obtained in relation to hire compared to repair. This means that Ai's working capital requirement is approximately 22 days revenue compared to 41 days in the previous period.

Fixed Assets

Fixed asset additions of #1.6m reflects the continued investment made in software for the new Claims Administration and Recovery System and employee growth related equipment costs. The new system will enhance the data exchanges we have with our partners and improve service levels, efficiency and control over our entire operation through streamlined processes and workflow management. The system will be brought into use in October 2007.

Capital Structure and Financing

Proceeds from share issues generated #12,000 during the year upon the exercise of share options.

Net debt stands at #1.9m (2006: #3.8m). Debt consists of a bank overdraft of #570,000 and structured finance in the form of a property loan and computer leases. The Group has a revolving overdraft funding facility with Yorkshire Bank for up to #10m. Interest charges on the overdraft and property loan are variable, linked to Yorkshire Bank's base rate.

Financial Risk Management

The Group does not enter into derivative transactions nor trade in financial instruments. The main risk arising from financial instruments is interest rate risk, linked to movements in Yorkshire Bank's base rate.

The Group enters into contracts with customers, for which vehicle provision and repair labour prices may be prescribed for periods of up to 12 months. The Group secures supply arrangements with rental companies and repairers to mitigate the impact of volatility in prices over broadly similar periods. In relation to non-fault hires, the company is a subscriber to the ABI's General Terms of Agreement (GTA). GTA rates are agreed between insurers and credit hire companies annually. When pricing contracts the company takes account of key potential sensitivities.

Interest Rate Risk

The Group finances its operations from a mixture of equity, bank borrowings and lease financing. The Group borrows at floating rates of interest 1 - 2% above Yorkshire Bank base rate. No interest rate caps or swaps are used to manage exposure to interest rate fluctuations.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of short and long term debt finance.

Implementation of International Financial Reporting Standards

As an AIM listed company the Group is required to report under International Financial Reporting Standards (IFRS) for the year ended 30 June 2008. The Group will issue re-stated financial statements for the year ended 30 June 2007 during December 2007.

Peter Harrison
Group Finance Director

Consolidated Profit and Loss Account

For the year ended 30 June 2007

	Year ended 30 June 2007	Year ended 30 June 2006 (Restated)
Note	# '000	# '000
Turnover	34,326	37,986
Cost of sales	(24,043)	(28,566)
Gross profit	10,283	9,420
Administrative expenses	(9,069)	(8,154)
Group operating profit - before amortisation of goodwill	1,753	1,805
Amortisation of goodwill	(539)	(539)
Group operating profit	1,214	1,266

Interest payable and similar charges	1	(213)	(401)
Profit on ordinary activities before taxation		1,001	865
Tax on profit on ordinary activities	2	(308)	(416)
Profit after taxation		693	449
Basic EPS	4	1.13p	0.73p
Diluted EPS	4	1.12p	0.73p

All operations are continuing.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 30 June 2007

	Year ended 30 June 2007	Year ended 30 June 2006 (Restated)
	#'000	#'000
Profit for the financial year (as reported)	693	449
Prior year adjustment relating to employee share options	(63)	-
Gains for the financial year (restated)	630	449

Consolidated Balance Sheet

at 30 June 2007

	Note	30 June 2007	30 June 2006 (Restated)
		#'000	#'000
Fixed assets			
Intangible assets	5	6,187	6,726
Tangible assets		4,601	3,666
		10,788	10,392
Current assets			
Debtors		13,906	13,442
Cash at bank and in hand		6	4
		13,912	13,446
Creditors: Amounts falling due within one year		(11,669)	(11,156)
Net current assets		2,243	2,290
Total assets less current liabilities		13,031	12,682
Creditors: Amounts falling due after one year		(1,126)	(1,282)
Net assets		11,905	11,400
Capital and reserves			
Called up share capital		6,142	6,136
Share premium account		1,579	1,573

Other reserve		158	63
Profit and loss account		4,026	3,628
Equity shareholders' funds	6	11,905	11,400

Consolidated Cash Flow Statement

For the year ended 30 June 2007

		Year ended 30 June 2007 # '000	Year ended 30 June 2006 # '000
Net cash inflow from operating activities	Note 7	3,950	4,832
Returns on investment and servicing of finance	8	(213)	(401)
Capital expenditure	8	(1,565)	(1,151)
Equity dividends paid		(295)	(276)
Net cash inflow before financing		1,877	3,004
Financing - proceeds of issue of shares		12	13
- repayment of hire purchase and lease financing		(234)	(221)
- bank loan		(49)	(25)
Net cash outflow from financing		(271)	(233)
Increase in cash in the period		1,606	2,771

Reconciliation of Net Cash Flow to Movement in Net Debt

		Year ended 30 June 2007 # '000	Year ended 30 June 2006 # '000
Increase in cash in the period		1,606	2,771
Cash outflow from decrease in hire purchase and lease financing		234	221
Cash outflow from bank loan		49	25
Movement in net debt from cash flows in the period		1,889	3,017
New finance leases incepting in the period		-	(415)
Change in net debt		1,889	2,602
Opening net debt		(3,814)	(6,416)
Closing net debt	9	(1,925)	(3,814)

1. Interest payable and similar charges

	Year ended	Year ended
	30 June	30 June
	2007	2006
	#'000	#'000
Interest on bank loans and overdrafts	181	325
Hire purchase and finance lease costs	32	71
Other interest	-	5
	213	401

2. Taxation

	Year ended	Year ended
	30 June	30 June
	2007	2006
	#'000	#'000
Deferred taxation		
Net origination of timing differences	308	416
Tax charge on profit on ordinary activities	308	416
Current tax reconciliation		
Profit on ordinary activities before taxation	1,001	865
Theoretical tax at UK corporation tax rate of 30% (2006: 30%)	300	260
Effects of:		
Expenditure not tax deductible	229	142
Utilisation of losses	(286)	(495)
Accelerated capital allowances	(178)	12
Short term timing differences	(65)	67
Movement on deferred tax not provided	-	14
Actual current taxation charge	-	-

The Group's effective rate of tax in the future will be influenced by the Group's ability to recover unrelieved losses and any changes in the standard rate of corporation tax.

3. Dividends

	Year ended	Year ended
	30 June	30 June
	2007	2006
	#'000	#'000
Equity dividends		
Ordinary shares of 10p each		
- Interim dividends declared and paid of 0.23p per share (2006: 0.20p)	142	123
- Final dividends declared and paid of 0.25p (2006: 0.25p)	153	153
	295	276

The directors propose a final dividend of #178,000 (0.29p per ordinary share) payable on 7 January 2008. The accounts for the year do not reflect the proposed dividend which will be treated as an appropriation of profit in the accounts to 30 June 2008.

4. Earnings per share

	Year ended 30 June 2007			Year ended 30 June 2006 (Restated)		
	Earnings	Weighted average number of shares	EPS	Earnings	Weighted average number of shares	EPS
FRS 22 basis	£'000	'000	p	£'000	'000	p
Basic earnings per share	693	61,416	1.13	449	61,332	0.73
Dilutive effect of options	-	247	(0.01)	-	174	-
Diluted earnings per share	693	61,663	1.12	449	61,506	0.73
Adjusted to exclude goodwill amortisation and FRS20 charge						
Basic – FRS 22 basis	693	61,416	1.13	449	61,332	0.73
Goodwill amortisation	539	-	0.88	539	-	0.88
FRS20 charge	95	-	0.15	48	-	0.08
Adjusted basic earnings per share	1,327	61,416	2.16	1,036	61,332	1.69
Dilutive effect of options	-	247	(0.01)	-	174	(0.01)
Adjusted diluted earnings per share	1,327	61,663	2.15	1,036	61,506	1.68

Adjusted earnings per share calculated on post tax earnings before goodwill amortisation and FRS20 charge is reported above to inform market professionals and investment analysts who will include this measure as part of their assessment of the Group's financial performance for the period.

5. Intangible assets

The Group

Goodwill

	£'000
Cost	
At 1 July 2006 and 30 June 2007	11,697
Amortisation	
At 1 July 2006	4,971
Charged in the period	539
At 30 June 2007	5,510
Net book value	
At 30 June 2007	6,187
At 30 June 2006	6,726

The Company

Goodwill

	£'000
Cost	
A 1 July 2006 and 30 June 2007	366
Amortisation	
At 1 July 2006	101
Charged in the period	18
At 30 June 2007	119
Net book value	
At 30 June 2007	247
At 30 June 2006	265

6. Reconciliation of movements in equity shareholders' funds

Group	Year ended 30 June 2007 £'000	Year ended 30 June 2006 (Restated) £'000
Profit after taxation	693	449
Dividends	(295)	(276)
Increase in FRS 20 related reserve	95	48
Net proceeds of share issue	12	13
Increase in shareholders' funds	505	234
Opening shareholders' funds	11,400	11,166
Closing shareholders' funds	11,905	11,400

7. Reconciliation of operating profit to operating cash flows

	Year ended 30 June 2007 # '000	Year ended 30 June 2006 (Restated) # '000
Operating profit	1,214	1,266
Depreciation charges	632	431
Profit on disposal of tangible fixed assets	(1)	-
Amortisation of goodwill	539	539
FRS 20 charge	95	48
(Increase)/decrease in debtors	(772)	3,656
Increase/(decrease) in creditors	2,243	(1,108)
Net cash inflow from operating activities	3,950	4,832

8. Analysis of cash flows

	Year ended 30 June 2007 # '000	Year ended 30 June 2006 # '000
Returns on investment and servicing of finance		
Interest paid	(181)	(330)
Interest element of finance lease payments	(32)	(71)
Net cash outflow	(213)	(401)
Capital expenditure		
Purchase of tangible fixed assets	(1,571)	(1,151)
Sale of tangible fixed assets	6	-
Net cash outflow	(1,565)	(1,151)

9. Analysis of net debt

	At 30 June 2006 # '000	Cash flow # '000	At 30 June 2007 # '000
Cash in hand and at bank	4	2	6
Bank overdraft	(2,174)	1,604	(570)
Net cash	(2,170)	1,606	(564)
Bank loan:			
Due within one year	(54)	5	(49)
Due after one year	(1,108)	44	(1,064)
Hire purchase and finance leases	(482)	234	(248)
Total net debt	(3,814)	1,889	(1,925)

10. Prior year adjustments

The annual report and accounts has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the year ended 30 June 2006 other than the adoption of 'FRS 20' Share based payments. Adoption of a policy consistent with this standard is required in accordance with United Kingdom best practice.

The change in policy has resulted in a re-statement of comparative information. The effect on brought forward shareholders' funds of the Group at 1 July 2006 was #nil being an adjustment to both the profit and loss account reserve and the other reserve of #63,000. A deferred tax asset has not been provided on adoption of FRS 20 as it is not considered material.

The effect on brought forward shareholders' funds at 1 July 2006 of the Company was #13,000 being an adjustment to the profit and loss account reserve of #50,000 and the other reserve of #63,000. A deferred tax asset has not been provided on adoption of FRS 20 as it is not considered material.

11. Preliminary Announcement

The unaudited preliminary statement, which has been agreed with the auditors, was approved by the Board of Directors on 24 September 2007. It is not the Company's statutory accounts. Copies of the Group's audited statutory accounts for the year ended 30 June 2007 will be despatched to shareholders and the AIM Team shortly. The auditors have not yet reported on these accounts. Copies will also be available to the public at the Company's registered office; Indemnity House, Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FB.

The statutory accounts for the period ended 30 June 2006 received an unqualified audit report and did not contain statements under Section 237 (2) or Section 237 (3) of the Companies Act 1985. The statutory accounts for the period ended 30 June 2006 have been delivered to the Registrar of Companies.