STYLES&WOOD

STYLES&WOOD GROUP plc

STYLES&WOOD IS THE UK'S LEADING PROVIDER OF PROPERTY SUPPORT TO MAJOR RETAILERS.

WE LEAD THE INDUSTRY THROUGH SERVICE INNOVATION. WE OFFER A RANGE OF PROPERTY RELATED SERVICES THAT HELP DELIVER DYNAMIC RETAIL SPACE MORE QUICKLY AND COST EFFECTIVELY.

TOGETHER WITH OUR CUSTOMERS, WE ARE CHANGING THE WAY MAJOR RETAILERS DEVELOP AND CARE FOR THEIR STORES.

S&W STOREFIT™

Principal operations
StoreFit™ is the Group's core operation. It provides project management of new store fit out, existing store refurbishment and store extension programmes to major retailers. The majority of our business is secured under long term framework arrangements with customers.

S&W STOREPLANNING™

Principal operations
StorePlanning™ provides an outsourced store design service to leading UK retailers. The service includes feasibility and technical surveys, design development, space planning, architectural services and project management.

S&W STORECARE™

Principal operations
StoreCare™ project manages the installation of retail trading initiatives such as new store layouts, seasonal promotions and decorations as well as planned store maintenance. With a team of regionally based project managers StoreCare delivers these services whilst stores maintain normal trading conditions.

S&W STOREDATA™

Principal operations
StoreData™ provides retailers with technology based property information solutions that capture, manage and communicate critical data relating to their store portfolio and associated property activity. This data can include design models and standards, supplier allocations and project specific data.

THE CURRENT MARKET CONDITIONS CONTINUE TO CHALLENGE OUR BUSINESS. WE HAVE TAKEN DECISIVE ACTION TO CONTROL COST IN ORDER TO CREATE A BUSINESS CAPABLE OF FLEXING WITH MARKET CONDITIONS.

£123.1m Revenue

£3.2m Operating profit

£2.4m Profit before tax

FINANCIAL RESULTS IN BRIEF

- Revenue £123.1m (2007: £149.8m)
- Operating profit £3.2m (2007: £6.1m)
- Profit before tax £2.4m (2007: £5.2m)
- Earnings per share 2.6p (2007: 5.6p)
- 94% of 2008 forecast revenue secured at 30 June 2008
- Interim dividend of 0.25p per share (2007: 1.25p)

OPERATIONAL HIGHLIGHTS

- New framework arrangements with Lloyds TSB, Royal Bank of Scotland and Home Retail Group
- New customers include Mango, McDonald's and Habitat
- Food Retail revenues increase by £19.4m to £50.7m
- Support Services divisions contributed 40% of Group operating profit
- StorePlanning delivered further revenue and profit growth

PRINCIPAL EVENTS

- Deferral of projects by customers due to uncertainty in the marketplace
- Customers exerting margin pressure on the supply chain as a result of declining demand
- Action taken to align cost base with anticipated revenue
- New Leadership team appointed

CONTENTS

WE MAINTAIN STRONG RELATIONSHIPS WITH ALL OF OUR CUSTOMERS WHICH WILL LEAVE US WELL PLACED WHEN RETAILERS RETURN TO THEIR STORE INVESTMENT PLANS.

Right: Ivan McKeever (Chief Executive Officer)
Left: Graham Clark (Group Finance Director)

The six months ended 30 June 2008 have brought unprecedented challenges to our business, as retailers delay store investment decisions due to uncertain economic conditions. Since the appointment of Ivan McKeever as Chief Executive Officer on 2 June 2008, we have reacted by focussing on our customers, colleagues, supply chain and investors. We have made some tough decisions in order to prepare the business for a challenging year ahead.

Our retail customers are reacting to the continued uncertainty in the general economy and the slowdown in consumer spending. The business has seen its customers deferring scheduled property spend and demanding greater value from the supply chain whilst maintaining quality expectations. Whilst this has been difficult for the business we are encouraged by the level of support our customers have been able to give us. We maintain strong relationships with all of our customers which will leave us well placed when the retailers return to their store investment plans.

Group results

The Group's revenue for the six months ended 30 June 2008 was £123.1m (2007: £149.8m), with operating profit of £3.2m (2007: £6.1m) and profit before tax of £2.4m (2007: £5.2m).

Group operating profit includes £114,000 of expenses relating to the indicative offer for the Group which was withdrawn on 23 May 2008.

This is a disappointing result in comparison with an excellent first half in 2007, but reflects market conditions.

Net interest payable of £0.8m reduced by 9% (2007: £0.9m) as a result of term loan repayments and a reduction in the margin paid on the Group's banking facility in February 2008.

The effective rate of tax for the period is 29.5% (2007: 31.2%) reflecting the reduction in the statutory rate of corporation tax in April 2008.

Earnings per share for the six months ended 30 June 2008 was 2.6p (2007: 5.6p).

Divisional performance

StoreFit

	6 months ended 30 June 2008	6 months ended 30 June 2007	12 months ended 31 Dec 2007
Revenue (£m)	107.7	133.4	283.9
Operating profit (£m)	2.1	3.9	9.8
Margin	1.9%	2.9%	3.4%

StoreFit, our core business delivered over 390 projects in the six months ended 30 June 2008 despite experiencing some significant project deferrals. The division generated revenue of £107.7m (2007: £133.4m) and, reflecting ongoing margin pressures, delivered an operating profit of £2.1m (2007: £3.9m).

Food Retail

In Food Retail, highlights included the delivery of the Morrison’s re-brand project as sole supplier, completion of ten projects for Tesco including new stores at Bromley and Aberdeen, and the completion of a new Flagship store for Waitrose in Newcastle together with the conversion of newly acquired stores to their brand. The Co-operative Group became a major new customer for the business during this period and we have already begun the refurbishment of an initial allocation of 80 stores under a three year programme. This excludes any potential allocation from their Somerfield acquisition.

We now trade with all the major players in the food sector and revenues in this part of the business increased by 62% on the same period in 2007.

Retail Banking

In Retail Banking, we saw another strong performance from our framework agreement with Barclays, the highlight being the completion and launch of the new Glasgow flagship store. We were also pleased to secure positions within new three year framework arrangements with both Lloyds TSB and Royal Bank of Scotland.

BUSINESS REVIEW

Department Stores

In Department Stores, we completed the new Debenhams Blackpool store and secured two further new stores for fit-out. We delivered the new Primark store in Ealing which opened to wide acclaim in June 2008 and three major refurbishments for BHS at Truro, The Trafford Centre and the Metro Centre. For Marks & Spencer we secured major new retail park stores in Swindon and Cumbernauld both of which we expect to commence in the next six months.

Multiple Retail

In Multiple Retail, we worked with Boots on a number of formats including new stores at Didsbury (Manchester) and Bedford as well as the refurbishment of their existing estate and the recently acquired Alliance stores. For Home Retail Group we saw three successful Argos project completions and secured our position as one of only four contractors in a new four year framework agreement for both the Homebase and Argos capital investment programme.

New clients

During the period, we also focused our attentions on winning new business and secured a number of schemes with new clients which we believe will provide exciting opportunities for the business. Most noticeable were the new conference and banqueting facility for the Rugby Football Union at Twickenham, a number of new stores for Mango, restaurant refurbishments for McDonald's and two new stores for Habitat.

StoreFit continues to underpin the business whilst our support services divisions of StorePlanning and StoreCare contributed 40% of Group operating profit (2007: 38%).

StorePlanning

	6 months ended 30 June 2008	6 months ended 30 June 2007	12 months ended 31 Dec 2007
Revenue (£m)	3.7	3.4	7.6
Operating profit (£m)	0.6	0.5	1.2
Margin	17.6%	15.7%	15.8%

The results of StorePlanning include those of StoreData, with which it has been aligned with throughout 2008. This division built on its strong 2007 result delivering revenue of £3.7m (2007: £3.4m) and an operating profit of £0.6m (2007: £0.5m).

We continued our work with Tesco where we helped them design and plan their stores, whilst StoreData continued to bring efficiencies to their business through its MyProperty system, adding solutions for the management of new site acquisitions and planning applications. We completed refresh designs for 280 Morrisons stores in May 2008 and have been appointed to work on further refresh and cafe schemes in 375 stores.

The strength of our relationship with Barclays was reinforced by an excellent performance on every Refresh and Remodel scheme delivered in the first half and as a result we were allocated the design work for its London Piccadilly Flagship Store.

During the period, StorePlanning worked with new customers in Lloyds TSB, securing the design work for 40 branch refurbishments which will be delivered together with StoreFit, Grosvenor Estates and the Rugby Football Union.

StoreCare

	6 months ended 30 June 2008	6 months ended 30 June 2007	12 months ended 31 Dec 2007
Revenue (£m)	11.7	13.0	24.0
Operating profit (£m)	0.8	1.8	3.0
Margin	6.4%	13.9%	12.6%

StoreCare delivered revenue of £11.7m in the first half of 2008 (2007: £13.0m) and like StoreFit has been impacted by project deferrals and margin pressures.

Asda remained a key feature of StoreCare activity in the period as we secured an extension to our Framework contract for the delivery of planned capital expenditure to 150 Asda stores and delivered a number of store upgrade projects.

Tesco also contributed significantly to StoreCare's first half performance with work on Access and Egress projects, enhancing the customer journey into and out of the store and car park. At the end of the period StoreCare was awarded 90 Tesco Lobbies Everywhere projects, an energy saving initiative to reduce heat loss from stores.

For Barclays, StoreCare worked on projects to reclaim unused space above branches and convert these into commercial and residential space that can be let, therefore generating additional revenues for the bank.

Cash flow

The Group invested £3.2m into the operating activities of the business during the six months ended 30 June 2008 (30 June 2007: inflow £5.9m) and had significant outflows in respect of taxation and financing including loan repayments and the 2007 final dividend payment. This investment reflects usual seasonal movements together with the impact of customers lengthening commercial terms and the subsequent management of the supply chain. We do not anticipate any further significant investment in working capital in the second half of 2008.

As a result net debt was £22.4m at 30 June 2008 (30 June 2007: £19.5m, 31 December 2007: £14.9m).

Dividend

Earnings per share for the period is 2.6p (2007: 5.6p) and the Board is declaring an interim dividend of 0.25p per share (2007: 1.25p) which will be paid on 3 October to shareholders on the register at the close of business on 5 September 2008.

Directors' interests

During the period certain directors increased their shareholdings in the Company as follows:

	1 January 2008 Number	Acquisitions during the period	30 June 2008 Number
Ordinary shares of 1p			
Ivan McKeever	808,500	1,190,000	2,018,500
Graham Clark	1,763,042	785,000	2,548,042
Gerard Quiligotti	1,322,282	—	1,322,282
Neil Davies	2,644,563	—	2,644,563
Robert Hough	30,000	85,000	115,000
Jim Martin	23,333	170,000	193,333
Paul Mitchell	67,375	165,168	232,543

Details of other related party transactions can be found in note 11.

BUSINESS REVIEW

Risks and uncertainties

The business continues to review and manage the risks it faces. In the six months ended 30 June 2008 the focus has been on managing the risks within the marketplace as our customers reduce allocated work and this will continue into 2009. During this period of uncertainty the Group must ensure it continues to closely manage its delivery and procurement and motivate and challenge its colleagues who are critical to the business.

To meet the challenges ahead, Styles&Wood must have the right team in place. Following the decision of Gerard Quiligotti and Neil Davies to step down from their executive board positions and the appointment of Ivan McKeever (44) as Chief Executive Officer, we have strengthened the management board of Styles&Wood Limited by appointing Steve Wilton (44) as Chief Operating Officer, Andy Shaw (39) as Director of StoreFit and Steve Ramsden (40) as Director of Support Services. The appointments reflect existing succession planning and the need to accelerate change in our business. These individuals bring experience with a combined service of 41 years with the Group together with the energy and ability needed to drive the business forward.

We have made solid progress in aligning our cost base with anticipated revenue and will continue this focus in the coming months. We have seen the departure of more than 80 valued colleagues since December 2007 and whilst inevitable in the current market this has been a difficult time for the business. However, the resulting savings together with other initiatives should provide stability in the current climate.

As our customers place greater demands on Styles&Wood, we must look in turn to the supply chain which has a significant role to play in supporting our business. We continue to work closely with our strategic partners to find improvements that increase the value and quality that we deliver.

Strategy

With a new management team in place we are preparing a new three year strategy for the Group to create a broader based and more resilient business in the future.

Outlook

We have set our expectations for 2008 at a level that we believe is realistic and deliverable. The market uncertainty will undoubtedly continue into 2009 and growth in the overall economy is forecast to be slow at best. We have taken strong action to prepare our business to meet the demands this will bring.

We will continue to focus on reducing the cost base across all areas of the business. There will be expenses relating to these initiatives, including the cost of redundancies. However, we believe that any costs incurred in 2008 will be offset by the resulting savings and that by the year end we will have sufficiently reduced our cost base in anticipation of a challenging 2009.

We are confident that we can continue to expand our market share, particularly in the Food sector which we expect to continue to grow. We also believe that we can increase the contribution made from our Support Services business as retailers look to further outsource their property services.

RESPONSIBILITY STATEMENT

The directors confirm that, to the best of our knowledge:

- this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

- the business review contained herein includes a fair review of the information required by DTR 4.2.7 (indication of important events that have occured during the first six months and a description of the uncertainties for the remaining six months of the financial year) and DTR 4.2.8 (disclosure of material related party transactions and changes therein).

The directors of Styles&Wood Group plc are listed in the Annual Report for the year ended 31 December 2007. The following changes took place on 2 June 2008:

- Gerard Quiligotti — resigned as executive chairman and appointed as non executive chairman
- Neil Davies — resigned as chief executive and appointed as non executive director
- Ivan McKeever — appointed as chief executive

By order of the board

Ivan P McKeever
Chief Executive Officer

Graham A Clark
Group Finance Director

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2008

	Notes	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Continuing operations				
Revenue	2	123,144	149,828	315,489
Cost of sales		(113,386)	(136,437)	(286,725)
Gross profit		9,758	13,391	28,764
Administrative expenses		(6,534)	(7,295)	(15,236)
Operating profit	2,3	3,224	6,096	13,528
Interest payable and similar charges		(877)	(917)	(1,859)
Interest receivable		67	41	157
Profit before tax		2,424	5,220	11,826
Taxation	4	(715)	(1,630)	(3,687)
Profit for the period attributable to equity shareholders		1,709	3,590	8,139
Basic and diluted earnings per share, expressed in pence per share	5	2.6p	5.6p	12.6p
Dividend proposed in respect of the period, expressed in pence per share	6			
— interim dividend		0.25p	1.25p	1.25p
— final dividend		—	—	2.50p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the six months ended 30 June 2008

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Profit for the period	1,709	3,590	8,139
Gains not recognised in income statement	—	—	—
Total recognised income and expense for the period attributable to equity shareholders	1,709	3,590	8,139

The notes on pages 11 to 16 are an integral part of this financial information.

CONSOLIDATED BALANCE SHEET

as at 30 June 2008

	Notes	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Non current assets				
Intangible assets — software		341	241	387
Property, plant and equipment		812	949	902
Deferred tax asset		95	108	122
		1,248	1,298	1,411
Current assets				
Trade and other receivables		50,287	48,910	36,907
Cash and cash equivalents		5,790	12,618	15,853
		56,077	61,528	52,760
Current liabilities				
Trade and other payables		(56,650)	(61,274)	(49,935)
Financial liabilities: borrowings	7	(4,361)	(4,869)	(4,887)
Current tax liabilities		(1,119)	(1,941)	(2,236)
		(62,130)	(68,084)	(57,058)
Net current liabilities		(6,053)	(6,556)	(4,298)
Total assets less current liabilities		(4,805)	(5,258)	(2,887)
Non current liabilities				
Financial liabilities: borrowings	7	(23,876)	(27,263)	(25,824)
Net liabilities		(28,681)	(32,521)	(28,711)
Shareholders' equity				
Ordinary share capital		645	645	645
Share premium		17,339	17,339	17,339
Reverse acquisition reserve		(66,665)	(66,665)	(66,665)
Retained earnings	8	20,000	16,160	19,970
Total shareholders' deficit		(28,681)	(32,521)	(28,711)

The notes on pages 11 to 16 are an integral part of this financial information.

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2008

	Notes	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Cash (used in)/generated from operations	9	(3,231)	5,873	14,323
Income taxes paid		(1,803)	(1,633)	(3,409)
Net cash (used in)/generated from operating activities		(5,034)	4,240	10,914
Cash flows used in investing activities				
Purchase of property, plant and equipment		(89)	(225)	(358)
Purchase of intangible assets — software		(54)	(71)	(302)
Net cash used in investing activities		(143)	(296)	(660)
Cash flows used in financing activities				
Interest received		33	11	145
Interest paid		(763)	(827)	(1,730)
Repayment of borrowings		(1,500)	(1,500)	(3,000)
Dividends paid to equity shareholders		(1,612)	—	(806)
Net cash used in financing activities		(3,842)	(2,316)	(5,391)
Net (decrease)/increase in cash and cash equivalents		(9,019)	1,628	4,863
Cash and cash equivalents at beginning of period		13,835	8,972	8,972
Cash and cash equivalents at end of period		4,816	10,600	13,835

For the purposes of the cash flow statement, cash and cash equivalents excludes restricted cash of £974,000 (30 June 2007: £2,018,000; 31 December 2007: £2,018,000).

The notes on pages 11 to 16 are an integral part of this financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation

Styles&Wood Group plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Styles&Wood Group plc and its subsidiaries (together "the Group") provide retail property services within the UK. The address of Styles&Wood Group plc's registered office is Aspect House, Manchester Road, Altrincham, Cheshire, WA14 5PG.

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34 "Interim financial reporting" as adopted by the European Union. The interim results should be read in conjunction with the annual report and financial statements for the year ended 31 December 2007 which are available from the Group's website www.stylesandwood.co.uk. The accounting policies, methods of computation and presentation followed are consistent with those applied in the annual report and financial statements which are prepared in accordance with IFRS as adopted by the European Union. The previously reported Business Segment of StoreData is now reported within the StorePlanning results and as a consequence comparative numbers have been restated consistently.

These interim results do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim results to 30 June 2008 and comparative results to 30 June 2007 are neither audited nor reviewed by the auditors. The financial information for the full preceding year is based on the statutory accounts for the year ended 31 December 2007 which have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain any statement under section 237 of the Companies Act 1985.

These interim results were approved for issue on 28 August 2008.

The following new standards, amendments to standards or interpretations have been published but are not yet mandatory for the Group and have not been early adopted:

- IASBs Improvements to IFRSs (effective 1 January 2009). These amendments affect over 20 standards. The expected impact is still being assessed by management
- Amendment to IAS 32 — Financial Instruments: Presentation and IAS 1 — Presentation of Financial Statements (effective 1 January 2009). This standard will impact presentation only
- Amendment to IFRS 2 — Share-based payments (effective 1 January 2009). This standard deals with vesting conditions and cancellations. Management do not expect the standard to have any impact on the share options currently in place
- IFRS 3 (Revised) — Business combinations (effective 1 July 2009). This standard would apply to any business combinations in future years
- IAS 27 (Revised) — Consolidated and separate financial statements (effective 1 July 2009). This amendment deals with minority interests and changes in control and would only impact any future changes in the Group
- IAS 1 (Revised) — Presentation of financial statements (effective 1 January 2009). This standard will impact presentation only
- IFRS 8 — Operating segments (effective 1 January 2009). This standard will impact presentation only

The following new standards, amendments to standards or interpretations have been published but are not relevant to the Group

- Amendments to IFRS 1 — First time adoption of IFRS and IAS 27 — Consolidated and separate financial statements
- IAS 23 (Revised) — Borrowing costs
- IFRIC 16 — Hedges of a net investments in a foreign operation
- IFRIC 15 — Agreements for construction of real estates
- IFRIC 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

NOTES TO THE INTERIM FINANCIAL INFORMATION
CONTINUED

2. Revenue and profit from business segments

Six months ended 30 June 2008

Unaudited	StoreFit £'000	Store Planning £'000	StoreCare £'000	Unallocated £'000	Group £'000
Revenue	107,734	3,674	11,736	—	123,144
Segment result	2,073	648	753	(250)	3,224
Interest expense					(867)
Interest income					67
Profit before tax					2,424
Taxation					(715)
Net profit attributable to equity shareholders					1,709

Six months ended 30 June 2007

Unaudited	StoreFit £'000	Store Planning (restated) £'000	StoreCare £'000	Unallocated £'000	Group £'000
Revenue	133,419	3,424	12,985	—	149,828
Segment result	3,891	536	1,802	(134)	6,096
Interest expense					(917)
Interest income					41
Profit before tax					5,220
Taxation					(1,630)
Net profit attributable to equity shareholders					3,590

Year ended 31 December 2007

Audited	StoreFit £'000	Store Planning (restated) £'000	StoreCare £'000	Unallocated £'000	Group £'000
Revenue	283,949	7,563	23,977	—	315,489
Segment result	9,796	1,195	3,012	(475)	13,528
Interest expense					(1,859)
Interest income					157
Profit before tax					11,826
Taxation					(3,687)
Net profit attributable to equity shareholders					8,139

3. Operating profit

The following items have been included in operating profit for the period:

Credit in respect of share option schemes

In determining the IFRS2 "Share-based Payment" charge for the period, management revised estimates in respect of the number of awards expected to vest given the performance conditions. This review led to a credit to the income statement for the six months ended 30 June 2008 of £67,000 (Six months ended 30 June 2007: charge of £2,000; year ended 31 December 2007: charge of £69,000).

No new grants were made under any of the Group's share option schemes during the six months ended 30 June 2008.

Non-recurring costs

During the six months ended 30 June 2008, the Group incurred non-recurring expenses of £114,000 (2007: £nil) in respect of the aborted indicative offer for the Group.

4. Taxation

Income tax expense is recognised based on management's best estimate of the weighted average effective annual income tax rate for the full financial year and reflects the reduction in the statutory rate of corporation tax in April 2008 from 30% to 28%.

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Taxation comprises:			
Current tax	688	1,617	3,688
Deferred tax	27	13	(1)
	715	1,630	3,687

5. Earnings per share

Details of the earnings and the number of shares used in the calculation are set out below:

	Unaudited 6 months ended 30 June 2008	Unaudited 6 months ended 30 June 2007	Audited Year ended 31 December 2007
Earnings attributable to equity holders of the Group (£'000)	1,709	3,590	8,139
Weighted average number of shares in issue	64,493,641	64,493,641	64,493,641
Basic and diluted earnings per share (pence per share)	2.6	5.6	12.6

There is no difference between basic and diluted earnings per share (2007: no difference) as the options in issue within the Group are not considered to be dilutive.

NOTES TO THE INTERIM FINANCIAL INFORMATION
CONTINUED

6. Dividend

An interim dividend of 0.25p per share (2007: 1.25p) will be paid on 3 October 2008 to shareholders on the register at the close of business on 5 September 2008.

These interim financial results do not reflect this dividend payable, which will be recognised in shareholders' funds as an appropriation of retained earnings in the year ending 31 December 2008.

A final dividend in respect of the year ended 31 December 2007 of 2.5p per share was paid to shareholders on 9 May 2008.

7. Financial liabilities: borrowings

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Current	4,361	4,869	4,887
Non current	23,876	27,263	25,824
	28,237	32,132	30,711

The movement in borrowings can be analysed as follows:

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Opening amount at 1 January	30,711	33,674	33,674
Movement in unamortised issue costs	70	88	167
Redemption of loan stocks	(1,044)	(130)	(130)
Repayment of bank loans	(1,500)	(1,500)	(3,000)
Closing amount at 30 June/31 December	28,237	32,132	30,711

The loan stocks redeemed in the period were redeemed out of the restricted cash balance (note 8).

8. Retained earnings

	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Opening amount at 1 January	19,970	12,568	12,568
Profit for the period	1,709	3,590	8,139
Dividends paid	(1,612)	—	(806)
Share option credit	(67)	2	69
Closing amount at 30 June/31 December	20,000	16,160	19,970

9. Notes to the cash flow statement

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Profit for the period	1,709	3,590	8,139
Adjustments for:			
Interest payable and similar charges	867	917	1,859
Taxation	715	1,630	3,687
Interest receivable	(67)	(41)	(157)
Depreciation and amortisation	278	227	492
Share option (credit)/charge	(67)	2	69
Operating cash flows before movement in working capital	3,435	6,325	14,089
Changes in working capital:			
Increase in trade and other receivables	(13,381)	(12,104)	(101)
Increase in trade and other payables	6,715	11,652	335
Cash (used in)/generated from operations	(3,231)	5,873	14,323

10. Contingencies

The Group takes out performance bonds in the ordinary course of business.

The aggregate amount of such bonds outstanding at 30 June 2008 was £195,000 (30 June 2007: £91,770; 31 December 2007: £195,000). The aggregate amount of bonds outstanding at 30 June 2008 on projects where practical completion has been achieved was £195,000 (30 June 2007: £91,770; 31 December 2007: £195,000).

It is not anticipated that any material liabilities will arise from the contingencies. The Group has no capital commitments.

11. Related party transactions

The directors are considered to be the key management personnel of the Group. Their aggregate remuneration for the period was as follows:

	Unaudited 6 months ended 30 June 2008 £'000	Unaudited 6 months ended 30 June 2007 £'000	Audited Year ended 31 December 2007 £'000
Salaries, fees and short-term benefits	371	646	1,259
Pension contributions	63	70	124
	434	716	1,383

In the six months ended 30 June 2008, the Group paid fees of £17,500 to Rickitt Mitchell & Partners Limited, corporate finance advisers to the Group, in respect of Paul Mitchell's services as a non executive director (six months ended 30 June 2007: £17,500; year ended 31 December 2007: £35,000).

In addition, the Group paid fees of £nil to Rickitt Mitchell & Partners Limited in respect of corporate finance advice (six months ended 30 June 2007: £nil; year ended 31 December 2007: £20,000).

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STYLES&WOOD

ASPECT HOUSE
MANCHESTER ROAD
ALTRINCHAM
WA14 5PG

TEL: 0161 926 6000
FAX: 0161 926 6001

www.stylesandwood.co.uk

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