Company Registration No. 1058015 (England and Wales)

RITCHEY PLC

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

KENNETH EASBY & CO
CHARTERED ACCOUNTANTS

RITCHEY PLC

COMPANY INFORMATION

Directors	I Maxwell Scott S F Riddell (Appointed 1 July 2005) G H Fabretti S Hall FCCA G C Rhodes Lord Downshire J S Lambert
Secretary	S Hall FCCA
Company Number	1058015
Registered Office	Fearby Road Masham Ripon North Yorkshire HG4 4ES
Auditors	Kenneth Easby & Co Oak Mount Thornfield Business Park Standard Way Northallerton North Yorkshire DL6 2XQ
Bankers	Barclays Bank plc P O Box 76 25 James Street Harrogate North Yorkshire HG1 1QX

RITCHEY PLC

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The directors present their annual report on the affairs of the group together with the financial statements for the year ended 30th June 2006.

Principal activities and review of the business

Ritchey plc

The principal activity of the company continues to be that of the manufacture and sale of livestock identification and other products.

The company has experienced a difficult trading year in a very challenging market. Livestock numbers in the United Kingdom declined and the much delayed implementation of the Single Farm Payment left farmers with reduced cash flows. In addition raw material costs increased significantly due to substantial increases in the cost of energy and petro-chemicals.

Following a disappointing first six months, sales improved across the second half and, excluding the Travik acquisition, full year sales were in line with the previous year. Gross Profit margin at 55.2% was also in line with the previous year as cost reduction measures offset raw material cost increases. Overhead costs, excluding the Travik acquisition, were some 3% below the previous year following the re-structuring of the organisation.

On 7 March 2006 the company completed the acquisition of the entire share capital of Travik Chemicals Limited, an established manufacturer of liquid cleaning products to agricultural and industrial markets. Following the acquisition, we transferred production from our manufacturing site at Bamber Bridge, Preston to Travik and closed the Bamber Bridge site.

Fearing International (Stock Aids) Limited

The principal activity of this subsidiary undertaking is the sale of livestock identification and other products. The company continued to perform satisfactorily and made a strong contribution to the group.

Travik Chemicals Limited

The principal activity of this subsidiary undertaking is the manufacture and sale of liquid cleaning products. Following the acquisition, the company performed satisfactorily.

Results and dividends

As detailed in the profit and loss account on page 7 the group has realised a net profit after tax for the year of £5,739 (2005: £2,358). The company declared a first and final dividend of 1.8p per share to be paid to all shareholders on the share register on 3 November 2006 (2005 : 1.35p per share). The dividend is to be paid on 1 December 2006.

Future Developments

The company has made substantial progress across the last 12 months but continues to face significant challenges in difficult market conditions. Our objectives across the next 12 months are to increase sales by :

- Increasing sales of our core products to our major agricultural customers.
- Achieving sales of liquid cleaning products to new industrial customers.
- Continuing to focus on reducing production and distribution costs.
- Restraining growth in overhead costs to below the rate of sales growth.

This should lead once again to improving profitability of your company during the current financial year.

Directors

The following directors have held office since 1 July 2005:

I Maxwell Scott
S F Riddell
G H Fabretti
S Hall FCCA
G C Rhodes
Lord Downshire
J S Lambert

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 20p	
	30 June 2006	**1 July 2005**
I Maxwell Scott	120,000	120,000
S F Riddell	-	-
G H Fabretti	323,560	323,560
S Hall FCCA	161,780	161,780
G C Rhodes	696,500	697,000
Lord Downshire	41,660	42,660
J S Lambert	6,100	6,100

In addition to the above Lord Downshire has an interest in 1,056,513 Ordinary 20p shares of the company (2005: 1,056,513 Ordinary 20p shares). All of these shares are held in settlement accounts.

Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of changes in interest rates.

Given the size of the group, the directors have not delegated the responsibilities of monitoring the financial risk to a sub-committee of the board. The policies set by the board of directors are implemented by the company's executive directors.

Creditor payment policy
It is the group's policy to maintain good relationships with its suppliers. Suppliers are made aware of the terms of payment which are agreed with them in advance and these terms are adhered to. The number of days purchases included in trade creditors at 30 June 2006 was 29 days (*2005: 26 days*).

Corporate governance
The directors seek to comply with the provisions of the Combined Code applicable to listed companies to the extent that they believe it is appropriate for a company the size of Ritchey plc.

The group board comprises three executive directors and four non-executive directors. J Lambert is the Chairman. The directors believe that this is an appropriate balance of executive and non-executive directors at this stage of the group's development.

The group board meets four times per year.

Internal financial control
The directors are responsible for establishing and maintaining a system of internal financial control to provide reasonable, but not absolute, assurance against material misstatement or loss.

The board has reviewed the effectiveness of the group's internal control systems and finds that they are adequate given the group's current level of trading activity.

Going concern
The directors confirm that they are satisfied that the company and group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kenneth Easby & Co be re-appointed as auditors will be put to the Annual General Meeting.

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

S Hall FCCA
Director

26 September 2006

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RITCHEY PLC

We have audited the financial statements of Ritchey plc for the year ended 30 June 2006 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and the related notes 1 to 30 together with the notes to the consolidated cash flow statement. 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 which 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

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF RITCHEY PLC

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and of the group as at 30 June 2006 and of the group's profit for the year then ended;
- the information given in the directors' report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

Kenneth Easby & Co

Kenneth Easby & Co
Chartered Accountants and Registered Auditors

26 September 2006

Oak Mount
Thornfield Business Park
Standard Way
Northallerton
North Yorkshire DL6 2XQ

RITCHEY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006		2005	
		£	£	£	£
Turnover	2				
- Continuing operations		7,594,403		7,374,980	
- Acquisitions		257,807		179,855	
			7,852,210		7,554,835
Cost of sales			(3,490,375)		(3,183,053)
Exceptional item	3		(23,955)		(198,540)
Gross profit			4,337,880		4,173,242
Distribution costs			(345,797)		(323,470)
Administrative expenses			(3,903,762)		(3,827,102)
Exceptional item	3		(35,250)		-
Other operating income			53,126		54,298
Operating profit	5				
- Continuing operations		116,267		119,764	
- Acquisitions		(10,070)		(42,796)	
			106,197		76,968
Other interest receivable and similar income	6		11,329		13,072
Interest payable and similar charges	7		(19,744)		(13,175)
Profit on ordinary activities before taxation			97,782		76,865
Taxation on profit on ordinary activities	8		(92,043)		(74,507)
Profit for the year			5,739		2,358
Profit per ordinary share expressed in pence per share - basic	29		0.11p		0.05p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 as restated £
Profit for the financial year		5,739	2,358
Prior year adjustment	22	70,006	-
Total gains and losses recognised since last financial statements		75,745	2,358

RITCHEY PLC

BALANCE SHEETS
AS AT 30 JUNE 2006

	Notes	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Fixed assets					
Intangible assets	10	1,525,198	1,711,553	184,900	185,300
Tangible assets	11	1,740,373	1,061,450	1,026,480	941,553
Investments	12	-	-	3,021,982	2,471,982
		3,265,571	2,773,003	4,233,362	3,598,835
Current assets					
Stocks	14	956,980	1,030,635	567,121	760,138
Debtors	15	1,798,245	1,469,220	1,607,923	1,443,543
Cash at bank and in hand		375,193	322,824	31,797	214,409
		3,130,418	2,822,679	2,206,841	2,418,090
Creditors: amounts falling due within one year	16	(1,382,361)	(803,179)	(1,008,956)	(733,603)
Net current assets		1,748,057	2,019,500	1,197,885	1,684,487
Total assets less current liabilities		5,013,628	4,792,503	5,431,247	5,283,322
Creditors: amounts falling due after more than one year	17	(261,399)	-	(75,000)	-
Provisions for liabilities and charges	19	(97,576)	(73,583)	(83,000)	(65,000)
		4,654,653	4,718,920	5,273,247	5,218,322
Capital and reserves					
Called up share capital	21	1,037,126	1,037,126	1,037,126	1,037,126
Share premium account	22	899,554	899,554	899,554	899,554
Other reserves	22	300	300	300	300
Profit and loss account	22	2,717,673	2,781,940	3,336,267	3,281,342
Shareholders' funds – equity interests		4,654,653	4,718,920	5,273,247	5,218,322

The financial statements were approved and authorised for issue by the board on 26 September 2006.

S F Riddell
Director

S Hall
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006		2005	
	£	£	£	£
Net cash inflow from operating activities		727,131		424,224
Returns on investment and servicing of finance				
Interest received	11,329		13,072	
Interest paid	(19,744)		(13,175)	
Net cash (outflow) for returns on investments and servicing of finance		(8,415)		(103)
Taxation		(71,415)		(153,281)
Capital expenditure				
Payments to acquire intangible assets	(82,051)		(204,000)	
Payments to acquire tangible assets	(874,850)		(176,644)	
Receipts from sales of tangible assets	9,160		37,041	
Net cash (outflow) for capital expenditure		(947,741)		(343,603)
Equity dividends paid		(70,006)		(140,012)
Net cash (outflow)/inflow before management of liquid resources and financing		(370,446)		(212,775)
Financing:				
New long term bank loan	213,943		-	
Capital element of hire purchase contracts	4,803		-	
Net cash (outflow) from financing		218,746		-
Decrease in cash in the period		(151,700)		(212,775)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

1 Reconciliation of operating profit to net cash inflow from operating activities

	2006	2005
	£	£
Operating profit	106,197	76,968
Depreciation of tangible assets	187,861	181,303
Amortisation of intangible assets	268,406	264,751
Loss on disposal of tangible assets	(1,094)	104
Decrease in stocks	73,655	121,400
(Increase) in debtors	(329,025)	(111,900)
Increase/(decrease) in creditors within one year	421,131	(108,402)
Net cash inflow from operating activities	727,131	424,224

2 Analysis of net funds

	1 July 2005	Cash flow	30 June 2006
	£	£	£
Net cash:			
Cash at bank and in hand	322,824	52,369	375,193
Bank overdraft	-	(204,069)	(204,069)
Net funds	322,824	(151,700)	171,124
Debt:			
Finance leases	-	(4,803)	(4,803)
Long term bank loan	-	(213,943)	(213,943)
	-	(218,746)	(218,746)
Net debt	322,824	(370,446)	(47,622)

3 Reconciliation of net cash flow to movement in net debt

	2006	2005
	£	£
(Decrease) in cash in the year	(151,700)	(212,775)
Cash inflow from increase in debt and lease financing	(218,746)	-
Movement in net funds in the year	(370,446)	(212,775)
Opening net funds	322,824	535,599
Closing net funds	(47,622)	322,824

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated accounts incorporate the accounts of Ritchey Plc and of its subsidiaries made up to 30 June 2006. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date on which control passed. Intra–group transactions and profits are eliminated fully on consolidation.

The company has taken advantage of section 230 of the Companies Act 1985 and does not publish a separate profit and loss account.

1.4 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the business acquired. Goodwill is amortised through the profit and loss account in equal annual instalments over its estimated useful life, which is 10 years. The directors review the period of amortisation of goodwill on an annual basis. Where it is believed the carrying value of goodwill suffers any impairment, the fall in value is charged immediately to the profit and loss account.

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings freehold	2% straight line basis
Leasehold improvements	10% straight line basis
Computer software	50% straight line basis
Plant and equipment	25% reducing balance basis
Office furniture and equipment	25% reducing balance basis
Motor vehicles	25% reducing balance basis

1.8 Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

1.9 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.10 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.11 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. Turnover

The total turnover of the group for the year has been derived from its principal activities.

Turnover by destination

The analysis by geographical area of the group's turnover is set out below:

Geographical market	2006 £ (000's)	2005 £ (000's)
United Kingdom	7,143	7,049
Other European Countries	453	240
Americas	168	112
Australasia	5	2
Rest of the World	83	152
	7,852	7,555

3. Exceptional item

Included within cost of sales is an exceptional charge of £23,955 and included in administrative expenses is an exceptional charge of £35,250. These relate to the costs associated with the closure of the group's Preston site and the transfer of production to Newton Aycliffe.

4. Cost of sales and net operating expenses

The total figures for continuing operations in 2006 include the following amounts relating to acquisitions: Cost of sales £158,532 and distribution costs of £8,249. It has not been possible to separately identify the administrative expenses associated with the acquisition made in this year. The only acquisition in the year was that of Travik Chemicals Limited.

5. Operating profit

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	187,861	181,303
Research and development	3,292	7,401
Operating lease rentals	73,023	61,990
Auditors' remuneration	18,000	14,500
Amortisation of goodwill	268,406	264,751
(Profit)/loss on disposal of tangible assets	(1,094)	104

6. Other interest receivable and similar income

	2006	2005
	£	£
Bank interest	11,329	13,072

7. Interest payable and similar charges

	2006	2005
	£	£
Bank charges and interest	19,638	13,175
Hire purchase interest	106	-
	19,744	13,175

8. Taxation

	2006 £	2005 £
Domestic current year tax		
UK corporation tax	73,764	76,953
Adjustment for prior years	1,637	(1,500)
Current tax charge	75,401	75,453
Deferred tax		
Deferred tax (credit)/charge current year	16,642	(946)
	92,043	74,507
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	97,782	76,865
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% *(2005: 30%)*	29,335	23,060
Effects of:		
Non deductible expenses	9,659	11,462
Depreciation	55,610	54,833
Amortisation of goodwill	68,858	68,295
Capital allowances	(65,874)	(57,228)
Other tax adjustments	(22,187)	(24,969)
	46,066	52,393
Current tax charge	75,401	75,453

9. Dividends

	2006 £	2005 £
Ordinary final	70,006	140,012

10. Intangible fixed assets – goodwill

Group	
Cost	**£**
At 1 July 2005	2,664,512
Additions	82,051
At 30 June 2006	2,746,563
Amortisation	
At 1 July 2005	952,959
Charge for the year	268,406
At 30 June 2006	1,221,365
Net book value	
At 30 June 2006	1,525,198
At 30 June 2005	1,711,553

Company	
Cost	**£**
At 1 July 2005	204,000
Additions	20,000
At 30 June 2006	224,000
Amortisation	
At 1 July 2006	18,700
Charge for the year	20,400
At 30 June 2006	39,100
Net book value	
At 30 June 2006	184,900
At 30 June 2005	185,300

11. Tangible fixed assets

Group

	Land and buildings Freehold	Leasehold Improve-ments	Plant and equipment	Office furniture & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2005	687,914	64,846	1,225,722	297,459	34,913	2,310,854
Additions	554,978	-	173,165	141,168	5,539	874,850
Disposals	-	-	(41,008)	(24,104)	(4,500)	(69,612)
At 30 June 2006	1,242,892	64,846	1,357,879	414,523	35,952	3,116,092
Depreciation						
At 1 July 2005	215,843	10,268	826,332	176,536	20,425	1,249,404
On disposals	-	-	(37,190)	(20,356)	(4,000)	(61,546)
Charge for the year	13,573	6,485	116,307	46,849	4,647	187,861
At 30 June 2006	229,416	16,753	905,449	203,029	21,072	1,375,719
Net book value						
At 30 June 2006	1,013,476	48,093	452,430	211,494	14,880	1,740,373
At 30 June 2005	472,071	54,578	399,390	120,923	14,488	1,061,450

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery
Net book value	£
At 30 June 2006	10,966
At 30 June 2005	Nil
Depreciation charge for the year	
At 30 June 2006	1,935
At 30 June 2005	Nil

11. Tangible fixed assets *(continued)*

Company	Land and Buildings Freehold £	Plant and equipment £	Office furniture & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2005	687,914	1,196,719	238,727	31,088	2,154,448
Additions	4,978	120,947	124,069	-	249,994
Disposals	-	(41,008)	(24,104)	-	(65,112)
At 30 June 2006	692,892	1,276,658	338,692	31,088	2,339,330
Depreciation					
At 1 July 2005	215,843	832,806	146,436	17,810	1,212,895
On disposals	-	(37,190)	(20,356)	-	(57,546)
Charge for the year	13,573	104,728	35,808	3,392	157,501
At 30 June 2006	229,416	900,344	161,888	21,202	1,312,850
Net book value					
At 30 June 2006	463,476	376,314	176,804	9,886	1,026,480
At 30 June 2005	472,071	363,913	92,291	13,278	941,553

12. Fixed asset investments

Company	**Shares in group undertakings**
	£
Cost	
At 1 July 2005	2,495,983
Additions	550,000
At 30 June 2006	3,045,983
Provisions for diminution in value	
At 1 July 2005 and at 30 June 2006	24,001
Net book value	
At 30 June 2006	3,021,982
At 30 June 2005	2,471,982

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	**Country of registration or incorporation**	**Class**	**Shares held %**
Subsidiary undertakings			
Ritchey Europe Ltd	England	Ordinary	100
Ritchey Tagg Ltd	England	Ordinary	100
Fearing International (Stock Aids) Ltd	England	Ordinary	100
Brookwick Ward & Company Ltd	Scotland	Ordinary	100
		Preference	100
Travik Chemicals Ltd	England	Ordinary	100
Travik Manufacturing Ltd	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Ritchey Europe Ltd	- Dormant
Ritchey Tagg Ltd	- Dormant
Fearing International (Stock Aids) Ltd	- The sale of livestock identification and other products.
Brookwick Ward & Company Ltd	- Dormant.
Travik Chemicals Ltd	- The manufacture and sale of liquid cleaning products.
Travik Manufacturing Ltd	- Dormant.

12. Fixed asset investments *(continued)*

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital And Reserves	Profit/ (Loss) for the year
	£	£
Ritchey Europe Ltd	100	-
Ritchey Tagg Ltd	2	-
Fearing International (Stock Aids) Limited	672,503	122,594
Brookwick Ward & Company Limited	51,289	-
Travik Chemicals Ltd	475,765	(77,114)
Travik Manufacturing Ltd	1,000	-

13. Acquisition of subsidiary undertaking
Travik Chemicals Limited

The company was acquired by Ritchey Plc in March 2006.

The following table sets out the book values of the identifiable assets acquired and their fair value to the group.

	Book value and fair value to group
	£
Tangible fixed assets	605,711
Stocks	144,726
Debtors	124,489
Creditors	(98,862)
Bank loan and overdrafts	(288,115)
Net assets	487,949
Goodwill	62,051
Consideration	
Satisfied by:	
Cash consideration	500,000
Share issue	50,000
	550,000

The cash consideration above was part satisfied by the issue of deferred loan notes.

The company has recorded the cost of investment at the fair value of the consideration in accordance with FRS 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

14. Stocks

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Raw materials and consumables	112,879	61,136	66,929	61,136
Finished goods and goods for resale	844,101	969,499	500,192	699,002
	956,980	1,030,635	567,121	760,138

15. Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	1,643,206	1,402,239	1,296,973	1,289,445
Amounts owed by subsidiary undertakings	-	-	205,683	100,000
Corporation tax	8,354	-	-	-
Other debtors	20,685	4,538	20,685	4,538
Prepayments and accrued income	126,000	62,443	84,582	49,560
	1,798,245	1,469,220	1,607,923	1,443,543

16. Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans and overdraft	232,785	176	149,696	-
Net obligations under hire purchase contracts	3,631	-	-	-
Trade creditors	503,682	227,195	304,188	213,084
Amounts owed to subsidiary undertaking	-	-	51,289	51,289
Corporation tax	73,764	76,953	33,220	44,427
Other taxes and social security costs	231,691	209,378	183,987	193,045
Deferred consideration	125,000	-	125,000	-
Accruals and deferred income	211,808	289,477	161,576	231,758
	1,382,361	803,179	1,008,956	733,603

17. Creditors: amounts falling due after more than one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans	185,227	-	-	-
Net obligations under hire purchase contracts	1,172	-	-	-
Deferred consideration	75,000	-	75,000	-
	261,399	-	75,000	-

The bank loan and overdrafts are secured on a fixed and floating charge over the group's assets. Interest on the bank loan is charged at 2% above base rates.

The finance leases and hire purchase contracts are secured on the assets concerned.

The deferred consideration totalling £200,000 relates to the acquisition of Travik Chemicals Limited and includes £150,000 in the form of unsecured loan notes.

Analysis of loans

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Wholly repayable within five years	213,943	-	-	-
	213,943	-	-	-
Included in current liabilities	(28,716)	-	-	-
	185,227			

Loan maturity analysis

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
In more than one year but not more than two years	28,716	-	-	-
In more than two years but no more than five years	86,150	-	-	-
In more than five years	70,360	-	-	-

Net obligations under hire purchase contracts

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Repayable within one year	4,967	-	-	-
Repayable between one and five years	1,789	-	-	-
	6,756	-	-	-
Finance charges and interest allocated to future accounting periods	(1,953)	-	-	-
	4,803	-	-	-
Included in liabilities falling due within one year	(3,631)	-	-	-
	1,172	-	-	-

18. Financial instruments

Financial assets

The group has no financial assets other than cash at bank.

Financial liabilities

The group uses financial instruments for risk control purposes only.

The group has not used any derivatives during the financial year.

All financial instruments are denominated in sterling and the fair value is equal to the book value.

19. Provisions for liabilities and charges

Deferred taxation	Group	Company
	£	£
Balance at 1 July 2005	73,583	65,000
Capital allowances	23,993	18,000
Balance at 30 June 2006	97,576	83,000

Deferred taxation provided in the financial statements is as follows:

	Group Fully provided		Company Fully provided	
	2006	2005	2006	2005
	£	£	£	£
Accelerated capital allowances	97,576	73,583	83,000	65,000

20. Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £74,042 (*2005 - £67,466*).

21. Share capital

	2006	2005
	£	£
Authorised		
6,250,000 Ordinary shares of 20p each	1,250,000	1,250,000
Allotted, called up and fully paid		
5,185,630 Ordinary shares of 20p each	1,037,126	1,037,126

22. Statement of movement on reserves

Group	Share Premium account £	Capital redemption reserves £	Profit and loss account £
Balance at 1 July 2005 as previously reported	899,554	300	2,711,934
Prior year adjustment	-	-	70,006
Balance at 30 June 2005 as restated	899,554	300	2,781,940
Profit for the year	-	-	5,739
Dividends paid	-	-	(70,006)
Balance at 30 June 2006	899,554	300	2,717,673

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance at 1 July 2005 as previously reported	899,554	300	3,211,335
Prior year adjustment	-	-	70,006
Balance at 30 June 2005 as restated	899,554	300	3,281,341
Profit for the year	-	-	124,932
Dividends paid	-	-	(70,006)
Balance at 30 June 2006	899,554	300	3,336,267

The prior year adjustment arises from a charge in accounting treatment for dividends following the introduction of FRS 21.

23. Reconciliation of movements in shareholders' funds

Group

	2006 £	2005 £
(Loss)/profit for the financial year	5,739	2,358
Dividends	(70,006)	(140,012)
Net depletion in shareholders' funds	(64,267)	(137,654)
Opening shareholders' funds	4,718,920	4,856,574
Closing shareholders' funds	4,654,653	4,718,920

Company

	2006 £	2005 £
Profit for the financial year	124,932	110,531
Dividends	(70,006)	(140,012)
Net addition to shareholders' funds	54,926	(29,481)
Opening shareholders' funds	5,218,322	5,247,803
Closing shareholders' funds	5,273,248	5,218,322

24. Contingent liabilities

Cross guarantees exist in respect of bank overdraft facilities between all of the group companies.

25. Financial commitments

At 30 June 2006 the group was committed to making the following payment under non-cancellable operating leases in the year to 30 June 2007:

	Land and Buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Operating leases which expire:				
Within one year	-	11,000	10,234	11,773
Between two and five years	34,250	34,250	29,601	8,740
In over five years	28,008	28,008	-	-
	62,258	73,258	39,835	20,513

26. Capital commitments

At 30 June 2006 the group had capital commitments as follows:

	2006	2005
	£	£
Contracted for but not provided in the financial statements	5,108	-

27. Directors emoluments

	2006	2005
	£	£
Emoluments for qualifying services	340,758	239,414
Company pension contributions to money purchase schemes	39,543	33,380
	380,301	272,794

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 4 (*2005: 3*).

	2006	2005
	£	£
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	93,533	81,037
Company pension contributions to money purchase schemes	11,047	13,401

28. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006	2005
	Number	Number
Production	34	36
Selling and administration	62	66
	96	102

Employment costs	£	£
Wages and salaries	2,246,936	2,017,617
Social security costs	75,148	53,335
Other pension costs	74,042	67,466
	2,396,126	2,138,418

29. Earnings per share

	2006 Number	2005 Number
Ordinary shares of 20p each	5,185,630	5,185,630
Profit for the financial year	5,739	2,358
Profit earnings per share (pence)	0.11p	0.05p

30. Profit of parent company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year after taxation was £124,932 (*2005 - £110,531*)