

# **TOYE & COMPANY PLC** (“Toye” or the “Company”)

27 APRIL 2007

PRELIMINARY RESULTS

RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2006

## **Chairman’s Statement**

### **RESULTS**

Turnover for the year ended 31<sup>st</sup> December 2006 amounted to £8,761,537 as against £8,227,663 for the previous year. This increase was achieved principally from the improved sales of the gentlemen’s accessories range to domestic wholesalers and retailers, overseas markets and increased sales to the Ministry of Defence. This resulted in a profit before tax of £44,924 as compared with £3,870 for the previous year.

### **DIVIDEND**

Despite the improvement in profit, your Board continues to consider that it would be imprudent to declare a dividend whilst capital repayments and interest are paid to the Bank to reduce our levels of indebtedness after the expenditure necessary to improve a number of aspects of the Company’s operations needed to develop our future potential.

### **TRADING**

The Retail Division benefited from a new range of product which has been well received by the market place. After a slow start during 2006, sales on the Ministry of Defence contract are now on target and I am pleased to report that the Defence Clothing Integrated Project Team organisation of the Ministry of Defence, have commended us on our recent performances. Sales in our traditional areas held steady, and by and large remain profitable. Certain areas of manufacturing have been expanded, most notably in Birmingham, where production has been streamlined and its capability, range of work and capacity enhanced, whilst others have been scaled back to meet pricing points demanded by the market place. This has provided an additional impetus to increase offshore supplies, where available, to win orders.

### **DIRECTORS, MANAGEMENT AND STAFF**

I am pleased to welcome Neil Haynes, recently appointed as Financial Director of the Company. Neil Haynes has been Company Secretary for a number of years. This follows his recent appointment to the Board of Toye, Kenning & Spencer Limited, where, together with the other appointments of five of his colleagues to that Board, provides an average age of the principal trading company’s eight Directors and the Management Team in the low 40’s.

Mrs Fiona Toye, also recently appointed to the Board of Toye, Kenning & Spencer Limited, has been appointed as a Director of the Company, where she holds responsibilities for all aspects of Group Marketing.

Both Mr Haynes and Mrs Toye offer themselves for election at the AGM.

Mr Philip Frost, aged 63 years, resigned from the business in December 2006 to pursue interests elsewhere.

All the Management changes have been well received throughout the company and the Directors wish to thank all members of staff not only for giving their continued support to the Management team but also for their important contribution during the year.

I am pleased to announce that with such a team effort we have retained the ISO 9001:2000 Quality Management System qualification for a further three years.

### **RESTRUCTURE AND REORGANISATION**

Substantial investment has been made to implement a restructuring, reorganisation and modernisation programme throughout the business starting with Marketing and Sales, followed by improvements to Administration and Production facilities. The exercise is planned over a two year period, the year under review and the current year, but may extend to a third year as developments and modernisation proceed. Currently this has been mainly centred on our Birmingham facility in order to accommodate the Ministry of Defence contract alongside an increase in the business’s more regular demands. However, this programme will be extended as required throughout the Company, with all operational facilities being carefully scrutinised.

### **RISK AND UNCERTAINTIES**

New regulations require an outline of potential risks and uncertainties which could have a material impact on your Company’s long term performance and achievement of its strategy. These risks and uncertainties arise as a result of operation, regulatory, financial, market driven factors, or local or global pandemics.

### **Operational Factors**

#### **Brands, formats and offerings**

Trading conditions for a company like ours are exceedingly price sensitive with our competitors often selling at discounted prices

as an element of their short term marketing strategy. To combat this, your Company is placing the greatest emphasis on all aspects of marketing, and emphasising the security and reliability of our supply base.

The registration of trade marks have been confirmed for London Badge & Button (LBB) and KJD Jewellers (KJD) alongside the Toye brand (TOYE, TOYE'S, TOYES) registered sometime ago.

### **Regulatory Factors**

The UK legislation, often adopted from the European Union, enhances foreign competition, making it increasingly easy for those companies to enter the UK market whilst the playing fields are not as level as is often believed, as we may not be offered similar opportunities to compete in those same countries.

The Government has continually increased the minimum wage materially above the rate of inflation and the new minimum wage often triggers demands to retain the differentials of a structured pay policy. This is no longer achievable if your Company is to maintain profitability unless more product is purchased at very low cost from offshore suppliers. The strategy to streamline the business in order to retain some UK manufacturing capabilities, especially in the higher value low volume work, is essential to your Company's future. Offshore sourcing, is planned to contribute a disproportionate element of the increased sales volume.

### **Market Driven Factors**

Many countries are reducing the size of their own armed forces with a reliance on the US Defence Forces and switching to an increase in NATO capabilities, with the potential loss of each of the participating countries' national identity. There has been a suggestion by Government for a move to a single countrywide uniform for the Police Force.

### **KEY PERFORMANCE INDICATORS**

With all the many variables, it is difficult yearly to identify any meaningful key performance indicators that are reliable. This arises since so much of your Company's product is made to order and subject to tender, but as a generalisation, your Board has considered the sales achieved per head of employee, including those in manufacturing, although this is distorted by wholly factored work where production staff have made no contribution. The result has been:-

Sales Per Employee	2006 - £51,237	(2005 - £43,533)
Earnings Per Share	2006 - 2.00p	(2005 - 0.17p)

### **ENVIRONMENTAL POLICY**

The Company is committed to a policy that recognises environmental issues in all aspects of its activities and environmentally sensitive options are integrated in all levels of operation.

### **CORPORATE GOVERNANCE**

The Board supports a high standard of Corporate Governance by adopting those features of the Code that are appropriate. Nonetheless, they are becoming increasingly onerous and expensive. The business is not helped by the continuous increase in our cost base caused by the European Union, and other directives enacted by the UK Government. Your Board foresees further burdens yet to come, which will be made more onerous by remaining in the public domain. These issues really must question the benefit of your Company continuing with a formal listing.

### **HEALTH AND SAFETY**

The Management of your Company are committed in the application of all aspects of Health and Safety at work and all related directives. However, the volume of such directives and the limitations at times for implementation are proving to be unduly burdensome on management.

### **FUTURE**

Apart from the reorganisation and equipment improvement within your business, the greater emphasis is now on marketing in its widest sense. This is essential to take the business forward and will be rolled out across all areas of the business as the development of people and finance permit. Early signs are that the policy is working well with the strengthened and more clearly defined sales and marketing team. Underlying this programme is a current strong order book.

There is an enhanced commitment by staff to travel to seek out new suppliers and customers with continued research into the development of new products and sources globally.

After an open process of competitive tendering, the Government has appointed Toye, Kenning and Spencer Ltd to be the sole supplier of a new emblem, which is designed to be worn on the everyday clothing of those who have been appointed to the Order of the British Empire. It will give recipients the opportunity to show in their day to day lives that they have been honoured by Her Majesty the Queen for their contribution to society. The Order of the British Empire emblems have been released and are now available for purchase from your Company. As part of developing an awareness in the public domain of the Company and its qualities for which it stands, the enclosed booklet sent with the initial mailing of this year's Report & Accounts is also being sent with each despatch of OBE Emblems and other appropriate communications.

Bryan Toye  
Chairman  
27<sup>th</sup> April 2007

TOYE & COMPANY p.l.c.  
**Consolidated Profit and Loss Account**  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2006

	2006 £	2005 £
<b>Turnover</b>		
Continuing operations	8,761,537	8,227,663
Change in stocks of finished goods and work in progress	<u>80,231</u>	<u>91,273</u>
	<b>8,841,768</b>	<b>8,318,936</b>
Operating charges	<u>(8,683,103)</u>	<u>(8,208,912)</u>
<b>Operating profit</b>	<b>158,665</b>	<b>110,024</b>
Interest payable	<u>(113,741)</u>	<u>(106,154)</u>
<b>Profit on ordinary activities before taxation</b>	<b>44,924</b>	<b>3,870</b>
Taxation	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	<u><u>£ 44,924</u></u>	<u><u>£ 3,870</u></u>
<b>Earnings per share - basic and diluted</b>	<b>2.00p</b>	<b>0.17p</b>

All activities relate to continuing operations.

TOYE & COMPANY p.l.c.  
**Balance Sheets**  
 AT 31<sup>st</sup> DECEMBER 2006

	The Group		The Company	
	2006	2005	2006	2005
	£	£	£	£
<b>Fixed Assets</b>				
Tangible assets	<b>2,307,435</b>	2,222,055	<b>2,047,020</b>	2,087,240
Investments	-	-	<b>1,804,919</b>	1,779,460
	<b>2,307,435</b>	2,222,055	<b>3,851,939</b>	3,866,700
<b>Current assets</b>				
Stocks	<b>1,599,574</b>	1,591,651	-	-
Debtors	<b>1,229,129</b>	1,127,529	<b>336,473</b>	177,380
Cash at bank and in hand	<b>246</b>	97,123	-	3,612
	<b>2,828,949</b>	2,816,303	<b>336,473</b>	180,992
<b>Creditors:</b> Amounts falling due within one year	<b>2,696,384</b>	1,724,325	<b>1,883,817</b>	781,392
<b>Net current assets/(liabilities)</b>	<b>132,565</b>	1,091,978	<b>(1,547,344)</b>	(600,400)
<b>Total assets less current liabilities</b>	<b>2,440,000</b>	3,314,033	<b>2,304,595</b>	3,266,300
<b>Creditors:</b> Amounts falling due after more than one year	<b>451,403</b>	1,370,360	<b>363,403</b>	1,370,360
	<b>£1,988,597</b>	£1,943,673	<b>£1,941,192</b>	£1,895,940
<b>Capital and reserves</b>				
Called up share capital	<b>562,000</b>	562,000	<b>562,000</b>	562,000
Share premium account	<b>2,677</b>	2,677	<b>2,677</b>	2,677
Revaluation reserve	<b>1,463,248</b>	1,489,562	<b>1,463,248</b>	1,489,562
Profit and loss account	<b>(39,328)</b>	(110,566)	<b>(86,733)</b>	(158,299)
<b>Shareholders' funds</b>	<b>£1,988,597</b>	£1,943,673	<b>£1,941,192</b>	£1,895,940

B E Toye            )  
 D Hartley         ) Directors

Approved by the Board of Directors and authorised for issue on 27<sup>th</sup> April 2007.

TOYE & COMPANY p.l.c.  
**Group Statement of Cash Flows**  
 FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2006

	2006 £	2006 £	2005 £	2005 £
<b>Cash flow from operating activities</b>		<b>378,397</b>		<b>(460,632)</b>
<b>Returns on investments and servicing of finance</b>				
Interest paid	(115,758)		(107,077)	
Interest received	<u>2,017</u>		<u>923</u>	
		<b>(113,741)</b>		<b>(106,154)</b>
<b>Taxation</b>		-		-
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(182,069)		(29,571)	
Receipts from sale of tangible fixed assets	<u>-</u>		<u>13,342</u>	
		<b>(182,069)</b>		<b>(16,229)</b>
<b>Cash inflow/(outflow) before financing</b>		<b>82,587</b>		<b>(583,015)</b>
<b>Financing</b>				
New bank loans	150,000		500,000	
Repayment of borrowings	<u>(111,120)</u>		<u>(18,520)</u>	
		<b>38,880</b>		<b>481,480</b>
<b>Increase/(decrease) in cash in the year</b>	<b>£ 121,467</b>		<b>£ (101,535)</b>	
<b>Reconciliation of net cash flow to movement in net debt</b>				
<b>Increase/(decrease) in cash in the year</b>		<b>121,467</b>		<b>(101,535)</b>
Cash (inflow) from (increase) in debt		<u>(38,880)</u>		<u>(481,480)</u>
		<b>82,587</b>		<b>(583,015)</b>
<b>Net debt at 1<sup>st</sup> January 2006</b>		<u>(1,701,130)</u>		<u>(1,118,115)</u>
<b>Net debt at 31<sup>st</sup> December 2006</b>		<u><b>£ (1,618,543)</b></u>		<u><b>£1,701,130)</b></u>

2006  
£2005  
£**Group Statement of Total Recognised Gains and Losses**

Profit for the financial year	<u>44,924</u>	<u>3,870</u>
Total recognised gains and losses since previous year end	<u>£ 44,924</u>	<u>£ 3,870</u>

**Other Statements****Note of Historical Cost Profits and Losses**

Profit on ordinary activities before taxation	44,924	3,870
Difference between historical cost depreciation charge and actual depreciation calculated on revalued amounts	<u>26,314</u>	<u>26,314</u>
Historical cost profit on ordinary activities before taxation	<u>£ 71,238</u>	<u>£ 30,184</u>
Historical cost profit for the financial year	<u>£ 71,328</u>	<u>£ 30,184</u>

**Reconciliation of Movements in Group Shareholders' Funds**

Profit for the financial year	<u>44,924</u>	<u>3,870</u>
Net increase in Shareholders' funds	44,924	3,870
Opening Shareholders' funds	<u>1,943,673</u>	<u>1,939,803</u>
Closing Shareholders' funds	<u>£ 1,988,597</u>	<u>£ 1,943,673</u>

The financial information, which has been prepared on the same basis as set out in the 2005 Annual Accounts, does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the year ended 31<sup>st</sup> December 2006 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 31<sup>st</sup> December 2006 will be delivered to the registrar in due course. The comparative financial information is based on the statutory accounts for the financial year ended 31<sup>st</sup> December 2005. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the registrar of companies.

The Report and Accounts will be posted later today to Shareholders and the Annual General Meeting will be held on 11<sup>th</sup> June 2007 at 12.30 pm at the company's offices at Regalia House, 19-21 Great Queen Street, London WC2B 5BE.