

Toye & Company p.l.c.
Interim Report for the six months ended 30th June 2006

Chairman's Statement

Results

The turnover for the first half of the year of £4,352,166 was down by £32,296 against the previous half year results, which were enhanced by two large contracts taken at reduced margins. There is a small profit of £10,844. The Company's Export Sales are up this year to £684,895, an increase of £143,695 on 2005, which reflects an improvement in sales of the retail range as well as our traditional products.

Trading

The significant MoD contract, won earlier this year at low margins, for metal and textile insignia and buttons was gained against very fierce competition. The contract, worth in the region of £2 million, will be supplied over the next four years.

We are undertaking a significant and long overdue reorganisation programme within our Birmingham factory. This will affect our results in the second half of 2006 and the first half of 2007. The work includes relocating existing departments and plant and the purchase of additional equipment. This will expand our specialist manufacturing capabilities and streamline production in all its stages; manufacture, stores, quality control and despatch. Working conditions will be much improved.

General

Trading conditions for a company like ours are exceedingly competitive. It is frustrating to be constantly hampered by new European Union Directives and by Employment Legislation which affects our cost base.

The legislative issues also impact on the regulatory environment of the Alternative Investment Market, with the possibility of further and more onerous burdens to come. Your Board is considering the value to your Company of continuing with a Formal Listing.

Outlook

We have a strong order book and good prospects in both the domestic and export markets. We hope to further increase our order book, through attention to design, quality and service.

Strong UK and overseas competition keeps margins low, especially on large contracts such as the MoD and civil authorities, so cost-cutting efficiencies are essential. The minimum wage rising to £5.35 per hour in October 2006 will not help.

Your Company will prosper as a specialist manufacturing company and merchandising house, by investing in an excellent workforce, cutting edge design, unrivalled product expertise and superlative service, all of which we are striving to achieve.

Regalia House
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BRYAN TOYE
Chairman

28th September 2006

SUMMARISED GROUP PROFIT AND LOSS ACCOUNT

for the six months ended 30th June 2006

	Half year ended 30th June		Year ended 31st December
	2006 £	2005 £	2005 £
Turnover			
Continuing operations	4,352,166	4,384,462	8,227,663
Change in stocks of finished goods and work in progress	(53,019)	68,896	91,273
	4,299,147	4,453,358	8,318,936
Other operating charges	(4,234,320)	(4,407,159)	(8,208,912)
Operating profit	64,827	46,199	110,024
Net interest payable	(53,983)	(43,969)	(106,154)
Profit on ordinary activities before taxation	10,844	2,230	3,870
Taxation	-	-	-
Profit for the financial period	10,844	2,230	3,870
Proposed dividend	-	-	-
Transfer to reserves	£10,844	£2,230	£3,870
Earnings per share - basic and diluted	0.48p	0.10p	0.17p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the period	10,844	2,230	3,870
Prior year adjustment	-	-	(775,640)
Total recognised losses since previous year end	£10,844	£2,230	£(771,770)

SUMMARISED GROUP BALANCE SHEET

as at 30th June 2006

	At 30th June		At 31st December
	2006 £	2005 £	2005 £
Fixed assets			
Tangible assets	<u>2,193,820</u>	<u>2,248,071</u>	<u>2,222,055</u>
Current assets			
Stocks	1,557,553	1,545,658	1,591,651
Debtors	1,565,860	1,322,370	1,127,529
Cash at bank and in hand	<u>72,786</u>	<u>68,163</u>	<u>97,123</u>
	3,196,199	2,936,191	2,816,303
Creditors: Amounts falling due within one year	<u>(3,120,702)</u>	<u>(1,699,229)</u>	<u>(1,724,325)</u>
Net current assets	<u>75,497</u>	<u>1,236,962</u>	<u>1,091,978</u>
Total assets less current liabilities	2,269,317	3,485,033	3,314,033
Creditors: Amounts falling due after more than one year	<u>(314,800)</u>	<u>(1,500,000)</u>	<u>(1,370,360)</u>
Net assets excluding pension liability	1,954,517	1,985,033	1,943,673
Pension liability	<u>-</u>	<u>(43,000)</u>	<u>-</u>
Net assets including pension liability	<u>£1,954,517</u>	<u>£1,942,033</u>	<u>£1,943,673</u>
Capital and reserves			
Called up share capital	562,000	562,000	562,000
Share premium account	2,677	2,677	2,677
Revaluation reserve	1,463,248	1,502,719	1,489,562
Profit and loss account	<u>(73,408)</u>	<u>(125,363)</u>	<u>(110,566)</u>
Equity Shareholders' funds	<u>£1,954,517</u>	<u>£1,942,033</u>	<u>£1,943,673</u>

SUMMARISED GROUP STATEMENT OF CASH FLOWS

for the six months ended 30th June 2006

	Half year ended 30th June		Year ended 31st December
	2006 £	2005 £	2005 £
Cash flow from operating activities	24,779	(609,838)	(460,632)
Returns on investments and servicing of finance			
Interest paid	(54,589)	(44,133)	(107,077)
Interest received	606	164	923
	(53,983)	(43,969)	(106,154)
Taxation	-	-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(16,569)	(4,930)	(29,571)
Receipts from sale of tangible fixed assets		4,000	13,342
	(16,569)	(930)	(16,229)
Cash (outflow) before use of finance	(45,773)	(654,737)	(583,015)
Financing			
New bank loans	-	500,000	500,000
Repayment of borrowings	(55,560)	-	(18,520)
	(55,560)	500,000	481,480
(Decrease) in cash in the period	£(101,333)	£(154,737)	£(101,535)
Reconciliation of net cash flow to movement in net debt			
(Decrease) in cash in the period	(101,333)	(154,737)	(101,535)
Cash outflow/ (inflow) from decrease/(increase) in debt	55,560	(500,000)	(481,480)
Change in net debt resulting from cashflows	(45,773)	(654,737)	(583,015)
Net debt at 1st January 2006	(1,701,130)	(1,118,115)	(1,118,115)
Net debt at 30th June 2006	£(1,746,903)	£(1,772,852)	£(1,701,130)

Notes

Comparative figures for the year ended 31st December 2005 are an abridged version of the Group's full accounts which carried an unqualified audit report and have been delivered to the Registrar.

1. Basis of accounting

The interim results have been prepared in accordance with the accounting policies set out on page 16 of the Annual Report & Accounts for the year ended 31st December 2005.

2. Turnover and Group Profit

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of sales related taxes. The Group operates in one principal area of activity, that of marketing, selling, manufacturing as appropriate and procurement of identity products.

The turnover, all of which has been generated in the U.K., is analysed by geographical markets as follows:

	Half year ended 30th June		Year ended 31st December
	2006 £	2005 £	2005 £
United Kingdom	3,667,271	3,843,262	6,941,114
Rest of Europe	193,403	171,230	355,148
Africa	63,119	57,406	149,217
Australasia	73,320	50,893	119,033
Far East	25,022	24,909	56,566
North America	220,613	145,710	333,603
Rest of World	109,418	91,052	272,982
	£4,352,166	£4,384,462	£8,227,663

Notes (continued)

3. Operating profit

Reconciliation of operating profit to operating cashflow:

	Half year ended 30th June		Year ended 31st December
	2006 £	2005 £	2005 £
Operating profit	64,827	46,199	110,024
Depreciation	44,804	50,120	91,435
Defined benefit pension scheme credit to operating profit plus contributions paid	-	(536,431)	(579,430)
Decrease/(increase) in stocks	34,098	28,457	(17,536)
(Increase) in debtors	(438,331)	(200,659)	(5,818)
Increase/(decrease) in creditors	319,381	2,476	(59,307)
Net cash flows from operating activities	£24,779	£(609,838)	£(460,632)

4. Analysis of net debt

	At 1st January 2006 £	Cashflow £	Other non cash £	At 30 th June 2006 £
Cash at bank and in hand	97,123	(24,337)	-	72,786
Overdraft	(316,773)	(76,996)	-	(393,769)
	(219,650)	(101,333)	0	(320,983)
Debt due within one year	(111,120)	55,560	(1,055,560)	(1,111,120)
Debt due after one year	(1,370,360)	0	1,055,560	(314,800)
	£ (1,701,130)	£ (45,773)	£ 0	£ (1,746,903)

Notes (continued)

5. Earnings per share

The calculation of earnings per ordinary 25p share is based on Group profit after taxation and the unchanged number of 2,248,000 ordinary shares of the Company.

6. Financial information

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31st December 2005. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

This Interim Report was approved by the Board and authorised for issue on 28th September 2006.

A copy of the interim statement will be posted to shareholders and made available to the public at the Company's Registered Office, 19, 20 & 21 Great Queen Street, London.

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Fax: 01284 769845
Corporate tie
manufacturer

WEBSITES

www.toye.com
(Catalogue of group products)

www.lbbllondon.com
(Catalogue of men's accessories)

www.kjdjewellers.com
(Catalogue of cufflinks and mens accessories)

www.staddendirect.com
(Online shopping for pewter models & figurines)

www.bentonandjohnson.com
(Online shopping for embroidery requisites)

www.toyekenningandspencer.com
(Online masonic shopping)

tks-uniform-insignia.co.uk
(Catalogue of embossed technology products)

www.tksidentityclothing.co.uk
(Catalogue of identity clothing)

www.corneliajamesneckwear.co.uk
(Catalogue of corporate neckwear)

www.tksmedalsandribbons.co.uk
(Online shopping for medals and ribbons)

www.rotaryregalia.com
(Online rotary products shopping)
Under Development