

Chairman's interim statement

Profit before taxation for the six months ended 31 July 2004 was £173,000 compared to £45,000 for the same period last year. Turnover was £24,544,000 compared to £25,390,000 for the same period last year.

Falcon and Dawes Cycles

Turnover in our bicycle business reduced due to the withdrawal from low margin business and a worldwide supply shortage of certain components used to manufacture the higher value Claud Butler and Dawes products, where demand was strong. Profit in our bicycle business was in line with last year with an improved return on working capital.

Reduced fixed overheads and improved margins should improve the full year's results.

Pot Black

Sales of snooker and pool products were ahead of last year but turnover in outdoor play equipment was down. New contracts, at satisfactory margins, have been achieved for outdoor play equipment in August and September, which should increase Pot Black's turnover in the second half of the year and also during the peak season in the spring and summer of 2005.

Ben Sayers

Turnover declined at our smallest business, golf equipment company Ben Sayers, following a reduction of the product range.

Sales to national retailers are increasing. With reduced overheads the business should produce an acceptable result.

MV Sports Group

The results for MV were better than budget, both in turnover and profitability.

Our character licenses performed well with increased sales and margins. The Bang On The Door Baby products introduced during the last year continued to expand as did the Kickmaster range of football training equipment.

Summary

The first half of the year has seen a strengthening of our balance sheet with improved profitability and cash generation.

The second half of the year usually sees an increase in turnover and profit compared to the first half and therefore the results for the full year should be in line with expectations.

Graham Waldron
Chairman

20 September 2004

Registered Office: 9a South Street, Crowland, Peterborough, PE6 0AH

Consolidated profit and loss statement

	6 months to 31 July 2004 Unaudited £'000	6 months to 31 July 2003 Unaudited £'000	Year ended 31 January 2004 Audited £'000
Turnover			
Continuing operations	24,544	25,390	56,256
Discontinued operations	—	—	643
	24,544	25,390	56,899
Operating profit			
Continuing operations	564	419	736
Discontinued operations	(44)	—	202
	520	419	938
Amortisation of goodwill	(103)	(102)	243
	417	317	1,181
Operating profit on ordinary activities before interest			
Net interest payable	(244)	(272)	(572)
	173	45	609
Profit before taxation			
Taxation	—	—	(3)
	173	45	606
Profit after taxation			
Finance costs of non-equity shares	(14)	(14)	(27)
	159	31	579
Retained profit for the period			
Earnings per share			
Basic	0.42	0.10	1.64
Diluted	0.42	0.10	1.62
Adjusted	0.70	0.40	0.96

Consolidated balance sheet

	31 July 2004 Unaudited £'000	31 July 2003 Unaudited £'000	31 January 2004 Audited £'000
Fixed assets			
Intangible assets	3,423	6,034	3,523
Negative goodwill	(197)	(1,637)	(197)
Tangible assets	1,148	1,774	1,396
	4,374	6,171	4,722
Current assets			
Stocks	7,358	8,786	7,593
Debtors	12,630	12,657	9,275
Cash at bank	2,849	1,285	1,965
	22,837	22,728	18,833
Creditors			
Amounts falling due within one year			
Other creditors	18,798	20,356	15,249
	4,039	2,372	3,584
Net current assets			
	8,413	8,346	8,306
Creditors			
Amounts falling due after more than one year	982	1,754	1,006
Provisions for liabilities and charges	—	77	—
	7,431	6,712	7,300
Net assets			
	7,431	6,712	7,300
Capital and reserves			
Called-up share capital	1,503	1,502	1,503
Share premium account	5,258	6,193	5,258
Merger reserve	1,036	63	1,036
Other reserves	5,321	5,356	5,363
Profit and loss account	(6,450)	(7,138)	(6,609)
	6,668	5,976	6,551
Equity shareholders' funds			
Non-equity minority interests	763	736	749
	7,431	6,712	7,300

Consolidated cash flow statement

	Notes	6 months ended 31 July 2004 Unaudited £'000	6 months ended 31 July 2003 Unaudited £'000	Year ended 31 January 2004 Audited £'000
Net cash inflow from operating activities	4	1,239	3,633	4,436
Returns on investments and servicing of finance				
Interest paid		(237)	(264)	(556)
Interest element of hire purchase rentals		(7)	(8)	(16)
Net cash outflow from returns on investments and servicing of finance		(244)	(272)	(572)
Taxation		—	—	(3)
Capital expenditure				
Purchase of tangible fixed assets		(85)	(201)	(351)
Sale of tangible fixed assets		33	11	35
Net cash outflow from capital expenditure		(52)	(190)	(316)
Acquisitions and disposals				
Purchase of subsidiary undertakings		—	(449)	(449)
Net cash at bank and in hand acquired with subsidiary		—	185	185
Disposal of subsidiary undertakings		—	—	1,245
Net cash inflow/(outflow) from acquisitions and disposals		—	(264)	981
Net cash inflow before financing		943	2,907	4,526
Financing				
Expenses incurred in issue of ordinary shares		—	(193)	(193)
Repayments of amounts borrowed		—	—	(880)
Capital element of hire purchase rentals		(59)	(55)	(114)
Net cash outflow from financing		(59)	(248)	(1,187)
Increase in cash	5	884	2,659	3,339

Notes to the interim report

1 *Basis of preparation*

The interim financial statements have been prepared using accounting policies stated in the Group's report and accounts for the year ended 31 January 2004 and are unaudited. The summary of results for the year ended 31 January 2004 does not constitute full financial statements within the meaning of the Companies Act 1985. The report and full financial statements for that period have been filed with the Registrar of Companies and contain an unqualified audit report.

2 *Earnings per share*

The calculation of earnings per share is based on the net profit and ordinary shares in issue during the period as follows:

	6 months to 31 July 2004 £'000	6 months to 31 July 2003 £'000	Year ended 31 January 2004 £'000
<i>Basic and diluted earnings per share</i>			
Profit for the period after finance cost of non-equity shares	159	31	579
Weighted average number of ordinary shares in issue during the period used for basic and diluted earnings per share	37,584,412	33,043,506	35,333,215
Weighted average number of shares under option	1,740,000	438,575	1,310,959
Number of shares that would have been issued at fair value	(1,085,141)	(295,640)	(942,252)
Weighted average number of ordinary shares used for diluted earnings per share	38,239,271	33,186,441	35,701,922
<i>Adjusted profit used for adjusted earnings per share</i>			
Profit for the period after finance cost of non-equity shares	159	31	579
Goodwill amortisation	103	102	(237)
Adjusted profit	262	133	342

3 *Movement in equity shareholders' funds*

	6 months to 31 July 2004 £'000	6 months to 31 July 2003 £'000	Year ended 31 January 2004 £'000
Profit for the period	159	31	579
Re-translation of overseas subsidiaries	(42)	—	(13)
Issue of share capital	—	1,236	1,276
Opening equity shareholders' funds	6,551	1,267	1,842
Closing equity shareholders' funds	6,668	4,709	4,709
	6,668	5,976	6,551

Notes to the interim report

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

	6 months ended 31 July 2004 £'000	6 months ended 31 July 2003 £'000	Year ended 31 January 2004 £'000
Operating profit	417	317	1,181
Depreciation charges	300	320	637
Amortisation of goodwill	103	(95)	206
Negative goodwill released	—	—	(443)
Profit on sale of tangible fixed assets	—	—	(4)
Decrease/(increase) in stocks	235	(372)	906
Increase in debtors	(3,355)	(4,377)	(1,209)
Increase/(decrease) in creditors	3,539	7,832	3,231
Utilisation of provisions on discontinued activities	—	8	(69)
	<hr/> 1,239 <hr/>	<hr/> 3,633 <hr/>	<hr/> 4,436 <hr/>

5 Reconciliation of net cash inflow to movement in net funds/(debt)

	6 months ended 31 July 2004 £'000	6 months ended 31 July 2003 £'000	Year ended 31 January 2004 £'000
Increase in cash	884	2,659	3,339
Cash to repay finance leases and hire purchase contracts	59	55	114
Bank loan	—	—	800
	<hr/> 943 <hr/>	<hr/> 2,714 <hr/>	<hr/> 4,253 <hr/>
Changes in net debt resulting from cash flows			
Lease and hire purchase obligations acquired with subsidiary	—	(65)	(65)
Loan acquired with subsidiary	—	(80)	(80)
	<hr/> 943 <hr/>	<hr/> 2,569 <hr/>	<hr/> 4,108 <hr/>
Movement in net debt in the year			
Net funds/(debt) at beginning of period	64	(4,044)	(4,044)
	<hr/> 1,007 <hr/>	<hr/> (1,475) <hr/>	<hr/> 64 <hr/>