



## Unaudited Interim Financial Statements for the six months ended 30 June 2006



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***Vindon***

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## Vindon Healthcare plc

### Unaudited Interim Financial Statement for the six months ended 30 June 2006

#### Chairman's Statement

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On behalf of the Board of Vindon Healthcare plc ("Vindon"), I am pleased to present the interim results for the six months ended 30 June 2006.

Vindon is a provider of environmental control products and services to the pharmaceutical, life sciences and food sectors. Pharmaceuticals represent the largest part of the business and these services are a mandatory part of bringing new drugs to market. Vindon's product range includes controlled environment rooms and storage chambers, blood banks, refrigerators and freezers, ovens and plant growth chambers. Vindon's services include the maintenance and validation of own and third party equipment, and controlled environment storage.

The prior year figures include only four months trade because the subsidiary, Vindon Scientific Limited, was acquired on 28 February 2005. In order to demonstrate the progress of Vindon Scientific Limited I have summarised the proforma results for the six months.

	Unaudited Six months to 30 June 2006	Proforma Unaudited Six months to 30 June 2005
	£ 000	£ 000
Turnover	1,812	1,628
Gross Profit	1,100	976
Operating profit before goodwill and share option costs	549	462

#### Financial Highlights

Turnover was £1,812,000 which generated an operating profit before share option costs (see note 3) of £487,000 but after accounting for goodwill amortisation of £62,000. Vindon achieved a 19% increase in profits on an 11% increase in turnover. This reflects the increasing percentage of higher margin value added services such as validation, servicing and storage. The short manufacturing cycle means that profits are converted into cash and as a result net debt fell during the period by £186,000 to £1,649,000 with interest being covered 6.8 times and the deferred consideration creditor fell by £175,000 to £175,000. The final instalment of the deferred consideration will be paid in the first quarter of 2007.

#### Dividend

A dividend is not proposed at this stage.

#### Current Trading

The group has maintained a healthy work load and we have secured a number of major new storage clients. To meet the demand we are building a further four storage rooms in our in-house facility and five additional rooms will be commissioned before the year end. Total income visibility over the next five years has risen by £800,000 to £2,800,000 which provides an excellent base for the future.

## **Vindon Healthcare plc**

### **Unaudited Interim Financial Statement for the six months ended 30 June 2006**

#### **Chairman's Statement - continued**

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#### **Marketing**

We have increased the sales and marketing team to meet the widening demand for our services. In addition we are establishing a local operation in Ireland to fully cater for the servicing and technical support needs of this expanding market.

The inherent reliability of our prime product has enabled our client offer to be extended to include long term warranty options.

#### **Employees**

I would like to take this opportunity to thank all our employees for their contribution to these results. Their hard work, dedication and commitment is much appreciated. We depend upon them to take care of our customers, and they do so in a very positive manner.

#### **Future Prospects**

We will continue as the UK's leading supplier to the pharmaceutical industry of controlled environment rooms. The market continues to expand as increasing prosperity and life expectancy drives demand for new pharmaceuticals.

Recent regulatory changes which require pharmaceutical companies to widen the scope of stability storage trials into raw materials and "in production" drugs has provided us with the opportunity to increase our in-house storage facility and further expansion is planned.

The market potential for Vindon's services remains very strong and we expect the significant initiatives that are in place to bring substantial future benefits. We look forward to the years ahead with continuing confidence.

**Liam Ferguson**  
**6 September 2006**

# Vindon Healthcare plc

## Consolidated Profit and Loss Account

for the six months ended 30 June 2006

	notes	Unaudited 6 months to 30 June 2006 £ 000	Unaudited 6 months to 30 June 2005** £ 000	Audited 12 months to 31 December 2005 £ 000
<b>Turnover</b>		1,812	1,096	2,601
Cost of sales		(712)	(425)	(983)
<b>Gross profit</b>		1,100	671	1,618
Distribution and administrative expenses		(551)	(373)	(889)
Amortisation of goodwill		(62)	(40)	(103)
<b>Operating profit before share option charge</b>		487	258	626
Charge in respect of share options	3	(43)	-	-
Net interest payable		(72)	(60)	(127)
<b>Profit on ordinary activities before taxation</b>		372	198	499
Tax on profit on ordinary activities	4	(143)	(60)	(185)
<b>Retained profit for the period</b>		229	138	314
Basic earnings per share (pence)	5	0.30	0.18	0.40
Diluted earnings per share (pence)	6	0.29	0.18	0.40
Adjusted and diluted earnings per share (pence)	7	0.42	0.23	0.53

\*\* The prior year figures include only four months trade because the subsidiary, Vindon Scientific Limited, was acquired on 28 February 2005

# Vindon Healthcare plc

## Consolidated Balance Sheet

as at 30 June 2006

	Unaudited as at 30 June 2006 £ 000	Unaudited as at 30 June 2005 £ 000	Audited as at 31 December 2005 £ 000
<b>Fixed assets</b>			
Intangible assets	2,299	2,423	2,361
Tangible assets	802	753	815
	<hr/> 3,101	<hr/> 3,176	<hr/> 3,176
<b>Current assets</b>			
Stocks	385	307	295
Debtors	919	518	830
Cash at bank and in hand	316	496	320
	<hr/> 1,620	<hr/> 1,321	<hr/> 1,445
<b>Creditors: amounts falling due within one year</b>	(1,456)	(1,228)	(1,375)
	<hr/> 164	<hr/> 93	<hr/> 70
<b>Net current assets</b>			
	<hr/> 3,265	<hr/> 3,269	<hr/> 3,246
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	(1,693)	(2,186)	(1,946)
	<hr/> (56)	<hr/> (45)	<hr/> (56)
<b>Provisions for liabilities and charges</b>			
Deferred taxation			
	<hr/> 1,516	<hr/> 1,038	<hr/> 1,244
<b>Capital and reserves</b>			
Called up share capital	789	789	789
Share premium	141	111	141
Profit and loss account	586	138	314
	<hr/> 1,516	<hr/> 1,038	<hr/> 1,244

# Vindon Healthcare plc

## Consolidated Cash Flow Statement

for the six months ended 30 June 2006

	Unaudited 6 months to 30 June 2006 £ 000	Unaudited 6 months to 30 June 2005 £ 000	Audited 12 months to 31 December 2005 £ 000
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit	487	258	626
Depreciation charges	46	54	55
Loss on disposal of fixed assets	-	-	7
Amortisation of goodwill	62	40	103
(Increase) / decrease in stocks	(90)	19	31
(Increase) / decrease in debtors	(62)	588	276
Increase in creditors	23	**34	16
<b>Net cash inflow from operating activities</b>	<b>466</b>	<b>993</b>	<b>1,114</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow from operating activities</b>	<b>466</b>	<b>993</b>	<b>1,114</b>
Returns on investments and servicing of finance	(72)	(60)	(127)
UK Corporation Tax paid	-	-	(144)
Purchase of subsidiary net of cash acquired	-	**(3,416)	(3,416)
Payment of deferred consideration	(175)	-	-
Capital expenditure net of disposals	(33)	(84)	(29)
	<b>186</b>	<b>(2,567)</b>	<b>(2,602)</b>
Financing	(190)	3,050	2,909
<b>(Decrease) / increase in cash</b>	<b>(4)</b>	<b>483</b>	<b>307</b>
(Decrease) / increase in cash in the period	(4)	483	307
Decrease / (increase) in debt and lease financing	190	(2,200)	(2,155)
<b>Change in net debt</b>	<b>186</b>	<b>(1,717)</b>	<b>(1,848)</b>
<b>Opening net debt</b>	<b>(1,835)</b>	<b>13</b>	<b>13</b>
<b>Closing net debt</b>	<b>(1,649)</b>	<b>(1,704)</b>	<b>(1,835)</b>

\*\* restated for £350,000 deferred consideration

## Vindon Healthcare plc

### Notes to the Unaudited Interim Financial Statements

#### for the six months ended 30 June 2006

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1. The unaudited results for the six month period have been prepared on a basis consistent with the accounting policies of the group and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.
2. The figures for the year ended 31 December 2005 have been extracted from the statutory accounts, which have been delivered to the Registrar of Companies and received an unqualified audit report.
3. The charge in respect of share options arises in respect of the issue of share options by the group's Employee Benefit Trust (EBT). On 2 November 2005 the EBT purchased 2,000,000 ordinary shares from one of the original founders of the business for £488 and subsequently issued options over those shares at a price of 0.05p. Notwithstanding that options are granted over shares that cost the group £488 UITF 17 requires a technical accounting charge to be recognised in the group's profit and loss account of £259,000 spread evenly over the three years to the point at which the options vest. The charge in the six months to 30 June 2006 amounts to £43,000 does not represent a cash cost to the business and is credited to profit and loss reserves so that there is no diminution of the net assets of the business.
4. The tax charge is based on the estimated tax rate for the year ended 31 December 2006.
5. The calculation of the basic earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue, being 76,850,000 (6 months to 30 June 2005 - 77,817,213 and year ended 31 December 2005 - 78,537,928). The weighted average number of shares in issue during the six months to 30 June 2006 excludes the shares held in the EBT as required by UITF38.
6. The calculation of diluted earnings per share assumes that all share options have been exercised and thus the weighted average number of shares become 78,850,000 (6 months to 30 June 2005 - 77,817,213 and year ended 31 December 2005 - 78,537,928).
7. The calculation of the adjusted and diluted earnings per share is based on the profit after taxation but before goodwill amortisation and share option costs divided by the diluted share capital as set out in note 6 above.
8. This statement is being sent to the shareholders of the company and will also be available at the company's registered office at Kiln Green, Diggle, Oldham, Lancashire, OL3 5JY.

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**Vindon**  
*Healthcare Plc*