

IMMEDIATE RELEASE

**S & U PLC**

**Providers of Consumer Credit & Motor Finance**

RESULTS FOR THE YEAR TO 31<sup>st</sup> JULY 2007

- HALF YEAR PROFITS £4.61M (£4.76M) ON REVENUE £22.86M (£19.76M).
- EARNINGS PER SHARE 27.5P (28.4P) – INTERIM DIVIDEND DECLARED 9P UNCHANGED.
- HOME COLLECTED CREDIT – PROFITS £3.38M (£3.56M). CUSTOMER NUMBERS UP BY 11,000 YEAR ON YEAR PROVIDES ENHANCED PLATFORM FOR FUTURE PROFITABILITY.
- MOTOR CAR FINANCE – PROFIT £1.23M (£1.20M). NEW DEALS UP BY 14% ON SAME PERIOD LAST YEAR.
- GROUP'S PRUDENT POLICIES APPROPRIATE IN CURRENT FINANCIAL MARKETS.
- DESPITE TIGHTENED ECONOMIC CONDITIONS GROUP PROSPECTS REMAIN ROBUST.

Issued on behalf of S & U plc by Simon Preston 0207 655 0500 OR 07910 825 778

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S & U PLC  
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**S&U PLC**

**CHAIRMAN'S STATEMENT**

The results for the half year ended on the 31<sup>st</sup> July 2007 show that profit before tax at £4.61m was broadly in line with last year (£4.76m). Revenue totalled £22.86 million compared to £19.76 million for the comparable period last year.

Our home collection business still provides the reliable core of group profits but the first half year saw significant increases in our revenue offset partly by continuing initial investment in new journeys but mostly by increased impairment charges in one of our subsidiaries. We have reinforced our credit control and collection procedures and changed some of the management at this subsidiary. We believe that in the second half these actions will lead to lower levels of revenue growth but improved and more consistent profits across all our home collected operations.

Advantage Finance has achieved profits of £1.23m against £1.20m last year and after a slower start to the year has increased new deals by 14% in the first half against last year. Whilst collections have slowed slightly on our more mature debts, initial collections on newer debts are currently some of the best we have experienced. Overall our motor finance collections remain robust and I am confident that with continuous enhancement of our underwriting and collections processes this will continue to be the case.

The proposed interim dividend is unchanged at 9p per share. This will be paid on the 9<sup>th</sup> November 2007 to Ordinary Shareholders. The shares will go ex dividend on the 10<sup>th</sup> October 2007.

DM Coombs

Chairman

27 September 2007

## **S&U PLC**

### **MANAGING DIRECTOR'S STATEMENT**

The positive outlook I saw at our full year results has been justified in the first half by our level of trading but not yet in profitability. Whilst profitability is £4.61m against £4.76m last year, revenue for the period is £22.9m compared to £19.8m in 2006/2007; current trading should see the Group match its expectations for the full year.

Undoubtedly the last benign and very long consumer cycle is coming to an end; consumers are reckoning with their indebtedness and adjusting their spending accordingly. Despite the recent and continuing gyrations in the money markets, I believe that this adjustment will generally be controlled and not traumatic; for S&U, indeed, history shows that such trends can lead to an increased demand for the specialist service the company provides, as consumers seek convenient, flexible and shorter term finance with well established and responsible lenders.

Our current trading tends to support this. Our home credit divisions are 10% ahead on sales for the last half year and collections have risen by 14%. Advantage, our motor finance business, is meeting both its sales budgets and quality targets for the latest batches of new business. Nevertheless, expansion always risks increased levels of impairment; whilst non-payment levels have risen in line with turnover across the Group, higher provisions have been necessary particularly at Wilson Topholme where our customer and Representative growth has been greatest. Necessary management changes have been made to correct this. Despite this, the quality of our home credit debt as a whole has improved slightly as a trend towards shorter term credit and more cautious underwriting bears fruit. Our credit availability is 15% up on last year. A new Group Call Centre, more experience in dealing with less aggressive debt management and bankruptcy agencies, and, above all, rigorous local management supervision should underpin these trends.

Changes in our loan documentation have been made to reflect the requirements of the Consumer Credit Act 2006 and of the Competition Commission. Data Sharing and the new industry wide price comparison web site should be accommodated smoothly over the next nine months. Such an environment should see improved home credit results in the second half of the year.

Our motor finance business at Advantage has performed creditably in a slower used car market. Overall profit is ahead of last year and almost on budget, and collections levels, particularly on business written in the last two years, have been maintained. Greater competition has seen some impact on margins, particularly in insurance, but these have been offset by increased interest income generated by larger and slightly longer-term products. As a result, £2m additional investment has been made in Advantage in the first half and I expect growth and greater cash generation over the next six months.

S&U has always been jealous of its reputation for financial stability and its very conservative approach to borrowing. As investment has been made in Advantage this has been offset by our generally cash generative home credit division allowing gearing to remain at 79%-80%. Such prudence is particularly appropriate in the current financial markets. These considerations dictated the closure, in June, of our Communitas second mortgage book to new business. Whilst its quality was, and remains satisfactory, the level of new business was not. Moreover little prescience was required to see that second mortgage asset values were falling and were likely to fall further. We will continue to review the future of this book.

For the Group overall, although economic conditions have tightened, prospects remain robust. Group receivables are over 10% above last year, the trend matched in the first half by both sales and collections. Further refinements in our underwriting and in credit control will build on this and enable S&U to meet the challenges and opportunities of the next six months.

**Anthony Coombs**

27 September 2007

## **S&U PLC**

### **INTERIM MANAGEMENT REPORT**

To the members of S&U plc

This interim management report has been prepared solely to provide additional information to shareholders as a body to assess the company's strategies and should not be relied on by any other party or for any other purpose. This interim management report contains forward-looking statements which;

- have been made by the directors in good faith based on the information available to them up to the time of their approval of this report; and
- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

This interim management report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to S&U plc and its subsidiaries when viewed as a whole.

### **ACTIVITIES**

The principal activity of the group continues to be that of consumer credit and car finance throughout England, Wales and Scotland.

### **BUSINESS REVIEW, RESULTS AND DIVIDENDS**

A review of developments during the six months together with key performance indicators and future prospects is given in the chairman's statement on page 1 and the managing director's statement on page 2. Our strategy continues to be to develop and increase mutually beneficial customer relationships in the niche consumer and motor finance markets. At the end of July, we have increased customer numbers by over 11,000 year on year and whilst growth has slowed as we consolidate our progress, this still provides an enhanced platform for future profitability.

There are no significant post balance sheet events to report. The second half of our financial year typically sees an increase in our loan advances due to seasonal Christmas lending, most of the revenue from which is earned in the first half of the next financial year. Trade creditor days for the group for the six months ended 31 July 2007 were 54 days (for the period ended 31 July 2006 – 48 days and for the year ended 31 January 2007 – 50 days).

The group's profit on ordinary activities after taxation was £3,228,000 (2006 - £3,332,000). Dividends of £2,706,000 (2006 - £2,582,000) were paid during the year.

The directors recommend an interim dividend, subject to shareholders approval of 9.0p per share (2006 – 9.0p).

### **RELATED PARTY TRANSACTIONS**

Related party transactions are disclosed in note 11 of these financial statements.

### **CHANGES IN ACCOUNTING POLICIES**

In the current financial year, the group will adopt International Financial Reporting Standard 7 "Financial instruments: Disclosures" IFRS7 for the first time. As IFRS7 is a disclosure standard there is no impact of that change in accounting policies on the half-yearly financial report. Full details will be disclosed in our annual report for the year ended 31 January 2008.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group is involved in the provision of consumer credit and a key risk for the group is the credit risk inherent in amounts receivable from customers which is principally controlled through our credit control and collection activities supported by ongoing reviews for impairment. The group is also subject to legislative and regulatory change within the consumer credit sector. The group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings.

**Anthony MV Coombs**

**Managing Director**

**S&U PLC**

**RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- a) the set of financial statements has been prepared in accordance with IAS 34;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

C Redford

Secretary

27 September 2007

# **INDEPENDENT REVIEW REPORT TO S&U PLC**

## **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31 July 2007 which comprise the income statement, the balance sheet, the statement of recognised income and expense, the cash flow statement and related notes 1 to 12. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

## **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority and the requirements of IAS34 which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 July 2007.

Deloitte & Touche LLP

Chartered Accountants

Birmingham

27 September 2007

**S&U PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**Six months ended 31 July 2007**

	Note	Unaudited Six months ended 31.7.07 £000	Unaudited Six months ended 31.7.06 £000	Audited Financial year ended 31.1.07 £000
<b>Revenue</b>	2	<b>22,859</b>	<b>19,758</b>	<b>42,795</b>
Cost of sales	3	(7,666)	(5,583)	(14,146)
<b>Gross profit</b>		<b>15,193</b>	<b>14,175</b>	<b>28,649</b>
Administrative expenses		(9,625)	(8,614)	(18,180)
<b>Operating profit</b>		<b>5,568</b>	<b>5,561</b>	<b>10,469</b>
Finance costs		(960)	(801)	(1,539)
<b>Profit before taxation</b>	2	<b>4,608</b>	<b>4,760</b>	<b>8,930</b>
Taxation	4	(1,380)	(1,428)	(2,691)
<b>Profit for the period</b>		<b>3,228</b>	<b>3,332</b>	<b>6,239</b>
<b>Earnings per share basic and diluted</b>	5	<b>27.5p</b>	<b>28.4p</b>	<b>53.2p</b>

All activities and earnings per share derive from continuing operations.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**

	Unaudited Six months ended 31.7.07 £000	Unaudited Six months ended 31.7.06 £000	Audited Financial year ended 31.1.07 £000
<b>Profit for the Period</b>	3,228	3,332	6,239
Actuarial gain on defined benefit pension scheme	-	-	22
<b>Total recognised income and expense for the period attributable to equity holders of the parent</b>	<b>3,228</b>	<b>3,332</b>	<b>6,261</b>

**S&U PLC**  
**CONSOLIDATED BALANCE SHEET**

Six months ended 31 July 2007

	Note	Unaudited 31.7.07 £000	Unaudited 31.7.06 £000	Audited 31.1.07 £000
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment		2,278	2,320	2,280
Amounts receivable from customers	7	23,972	20,931	22,495
Derivative financial instrument		173	40	93
Retirement benefit asset		40	-	40
Deferred tax asset		-	27	-
		<u>26,463</u>	<u>23,318</u>	<u>24,908</u>
<b>Current assets</b>				
Inventories		144	120	176
Amounts receivable from customers	7	49,367	44,896	49,526
Trade and other receivables		825	846	784
Cash and cash equivalents		6	18	5
		<u>50,342</u>	<u>45,880</u>	<u>50,491</u>
<b>Total assets</b>		<u>76,805</u>	<u>69,198</u>	<u>75,399</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdrafts and loans		(11,897)	(8,074)	(11,647)
Trade and other payables		(981)	(863)	(978)
Tax liabilities		(1,526)	(225)	(867)
Accruals and deferred income		(1,195)	(1,343)	(1,223)
		<u>(15,599)</u>	<u>(10,505)</u>	<u>(14,715)</u>
<b>Non current liabilities</b>				
Bank loans		(20,000)	(20,000)	(20,000)
Deferred tax liabilities		(130)	-	(130)
Financial liabilities		(450)	(450)	(450)
		<u>(20,580)</u>	<u>(20,450)</u>	<u>(20,580)</u>
<b>Total liabilities</b>		<u>(36,179)</u>	<u>(30,955)</u>	<u>(35,295)</u>
<b>NET ASSETS</b>		<u>40,626</u>	<u>38,243</u>	<u>40,104</u>
<b>Equity</b>				
Called up share capital		1,667	1,667	1,667
Share premium account		2,136	2,136	2,136
Profit and loss account		36,823	34,440	36,301
<b>TOTAL EQUITY</b>	8	<u>40,626</u>	<u>38,243</u>	<u>40,104</u>

These interim statements were approved by the Board of Directors on 27 September 2007. Signed on behalf of the Board of Directors

D M COOMBS

AMV COOMBS

Directors

**S&U PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**Six months ended 31 July 2007**

	Note	Unaudited Six months ended 31.7.07 £000	Unaudited Six months ended 31.7.06 £000	Audited Financial year ended 31.1.07 £000
<b>Net cash from operating activities</b>	9	2,696	3,023	715
<b>Cash flows from investing activities</b>				
Proceeds on disposal of property, plant and equipment		44	38	162
Purchases of property, plant and equipment		(283)	(332)	(666)
Net cash used in investing activities		(239)	(294)	(504)
<b>Cash flows from financing activities</b>				
Dividends paid		(2,706)	(2,582)	(3,650)
Net (decrease)/increase in overdraft		250	(140)	3,433
Net cash used in financing activities		(2,456)	(2,722)	(217)
<b>Net increase/(decrease) in cash and cash equivalents</b>		1	7	(6)
<b>Cash and cash equivalents at the beginning of the period</b>		5	11	11
<b>Cash and cash equivalents at the end of the period</b>		6	18	5
Cash and cash equivalents comprise				
Cash		6	18	5

## S&U PLC

### NOTES TO THE INTERIM STATEMENTS

#### Six months ended 31 July 2007

#### 1. ACCOUNTING POLICIES

##### 1.1 General Information

S&U plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given in note 12 which is also the group's principal business address. All operations are situated in the United Kingdom.

##### 1.2 Basis of preparation and accounting policies

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS34 'Interim Financial Reporting'.

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the Group's latest annual audited financial statements. The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the six months ended 31<sup>st</sup> July 2007. The financial information contained in this interim financial report does not constitute a set of statutory accounts and is unaudited, but subject to a review opinion.

##### Change in accounting policies

In the current financial year, the group will adopt International Financial Reporting Standard 7 "Financial instruments: Disclosures" IFRS7 for the first time. As IFRS7 is a disclosure standard there is no impact of that change in accounting policies on the half-yearly financial report. Full details will be disclosed in our annual report for the year ended 31 January 2008.

#### 2. ANALYSES OF REVENUE AND PROFIT BEFORE TAXATION

All operations are situated in the United Kingdom. Analyses by class of business of revenue and profit before taxation are stated below:

Class of business	← Revenue →		
	Six months ended	Six months ended	Financial year ended
	31.7.07	31.7.06	31.1.07
	£000	£000	£000
Consumer credit, rentals and other retail trading	16,472	13,871	31,120
Car finance	6,387	5,887	11,675
	<u>22,859</u>	<u>19,758</u>	<u>42,795</u>

Class of business	← Profit before taxation →		
	Six months ended	Six months ended	Financial year ended
	31.7.07	31.7.06	31.1.07
	£000	£000	£000
Consumer credit, rentals and other retail trading	3,381	3,560	6,618
Car finance	1,227	1,200	2,312
	<u>4,608</u>	<u>4,760</u>	<u>8,930</u>

### 3. COST OF SALES

	<b>Six months ended 31.7.07 £000</b>	<b>Six months ended 31.7.06 £000</b>	<b>Financial year ended 31.1.07 £000</b>
Loan loss provisioning charge	5,865	4,205	10,442
Other cost of sales	1,801	1,378	3,704
	<u>7,666</u>	<u>5,583</u>	<u>14,146</u>

### 4. TAXATION

The actual tax charge for the period has been calculated by applying the estimated effective tax rate for the year of 30.0% (31<sup>st</sup> July 2006 and 31<sup>st</sup> January 2007 30.0%) to the profit before taxation for the six months.

### 5. EARNINGS PER ORDINARY SHARE

The calculation of earnings per Ordinary share is based on profit for the period of £3,228,000 (for the period ended 31 July 2006 - £3,332,000 and the year ended 31 January 2007 - £6,239,000).

The number of shares used in the calculation is the average number of shares in issue during the period of 11,737,228 (for the period ended 31 July 2006 and the year ended 31 January 2007 – 11,737,228).

Diluted earnings per share is the same as basic earnings per share as there are no dilutive shares.

### 6. DIVIDENDS

A final dividend of 23p per ordinary share for the financial year ended 31<sup>st</sup> January 2007 (22p for the financial year 31<sup>st</sup> January 2006) was paid during the 6 months period to 31<sup>st</sup> July 2007 (31<sup>st</sup> July 2006). This compares to a final dividend of 22p per ordinary share for the financial year ended 31<sup>st</sup> January 2006 and an interim dividend of 9p which were both paid during the 12 months to 31<sup>st</sup> January 2007. These distributions are shown in note 8 of this interim financial information.

The directors have also declared an interim dividend of 9p per share (2006: 9p per share). The dividend, which amounts to approximately £1,056,000 (July 2006: £1,056,000), will be paid on 9 November 2007 to shareholders on the register at 12 October 2007. The shares will be quoted ex dividend on 10 October 2007. The interim financial information does not include this proposed dividend as it was declared after the balance sheet date.

### 7. ANALYSIS OF AMOUNTS RECEIVABLE FROM CUSTOMERS

All operations are situated in the United Kingdom.

	<b>← Amounts Receivable →</b>		
	<b>Six months ended 31.7.07 £000</b>	<b>Six months ended 31.7.06 £000</b>	<b>Financial year ended 31.1.07 £000</b>
<b>Class of business</b>			
Consumer credit, rentals and other retail trading	54,675	48,424	55,622
Car finance	44,673	40,159	40,894
	<u>99,348</u>	<u>88,583</u>	<u>96,516</u>
Less: Loan loss provision for consumer credit	(15,854)	(14,089)	(15,459)
Less: Loan loss provision for car finance	(10,155)	(8,667)	(9,036)
	<u>73,339</u>	<u>65,827</u>	<u>72,021</u>
Analysed as:- due within one year	49,367	44,896	49,526
- due in more than one year	23,972	20,931	22,495
	<u>73,339</u>	<u>65,827</u>	<u>72,021</u>

## 8. ANALYSIS OF CHANGES IN TOTAL EQUITY

	Six months ended 31.7.06 £000	Six months ended 31.7.06 £000	Financial year ended 31.1.07 £000
Total recognised income and expense for the period	3,228	3,332	6,261
Dividends paid	(2,706)	(2,582)	(3,650)
Net addition to total equity	522	750	2,611
Opening total equity	40,104	37,493	37,493
Closing total equity	40,626	38,243	40,104

## 9. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months ended 31.7.07 £000	Six months ended 31.7.06 £000	Financial year ended 31.1.07 £000
Operating Profit	5,568	5,561	10,469
Finance costs paid	(1040)	(860)	(1,732)
Finance income received	-	-	81
Tax paid	(721)	-	(438)
Depreciation on plant, property and equipment	234	245	478
Loss on disposal on plant, property and equipment	7	12	29
(Increase) in amounts receivable from customers	(1318)	(1,645)	(7,839)
(Increase)/decrease in inventories	32	(39)	(95)
(Increase)/decrease in trade and other receivables	(41)	(227)	(165)
(Decrease) in trade and other payables	3	(64)	25
Increase in accruals and deferred income	(28)	40	(80)
(Decrease) in retirement benefit obligations	-	-	(18)
Cash flow from operating activities	2,696	3,023	715

## 10. BANK OVERDRAFTS AND LOANS

There were no changes in our bank facilities during the period and movements in the overdrafts for the respective periods are shown in the cash flow statement.

## 11. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this report. During the six months the group obtained supplies amounting to £5,882 (6 months to July 2006 £4,112; year to Jan 2007 £12,130) from Grevayne Properties Limited a company which is a related party because Messrs G D C and A M V Coombs are directors and shareholders. The amount due to Grevayne Properties Limited at the half year end was £nil (July 2006 £nil; Jan 2007 £nil).

## 12. INTERIM REPORT

The figures for the year ended 31 January 2007 do not constitute statutory accounts and are extracted from the audited accounts for that period, on which the auditors to the group have issued an unqualified audit report which did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 and which have now been delivered to the Registrar of Companies.

A copy of this Interim Report will be posted to all shareholders and will be made available to the public on our website at [www.suple.co.uk](http://www.suple.co.uk) and at the Company's registered office at Royal House, Prince's Gate, Solihull, B91 3QQ.