



Shieldtech
TAILORED PROTECTION AND DETECTION

SHIELDTECH plc
(formerly Base Group plc)

REPORT AND ACCOUNTS
FOR THE SIXTEEN MONTHS ENDED 30 JUNE 2007

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CHAIRMAN'S STATEMENT

This is my first Chairman's statement since the new Group's admission to AIM in July 2007 following the acquisition by Base Group plc, a cash shell, of Shieldtech Limited and its subsidiary Aegis Engineering ("the Aegis group"), a leading designer, manufacturer and distributor of body armour systems, and following the successful placing raising £10 million gross. This transaction has formed a strong foundation from which we intend to build the Group in line with our stated strategy to become a leading player in the Homeland Security products and services market, growing the Group organically and through acquisition.

I would like to take this opportunity to welcome all shareholders to the new Company and to thank them for their support. I would also like to thank the executive team, the Board and all staff for their hard work in completing this initial but important stage of our development.

Strategy

The Directors' objective is to develop the Group into a leading supplier of products and services addressing the Homeland Security marketplace. In particular, we believe that there are strong opportunities globally to provide high quality products to protect emergency services and military personnel from the threats associated with terrorism, gun and knife crime and armed conflicts. Similarly, we have identified opportunities to provide leading-edge technology-based detection products. It is the Board's intention to build through acquisition a group of companies which will supply these markets globally, taking advantage of common routes to market and other synergies.

Aegis group business

The Aegis group was our first acquisition and as such is currently our core business. It is well positioned within the growing UK police constabulary, MOD and export markets with a strong track record in winning major tenders. As well as providing many openings to develop the Group in related areas, the Aegis group has considerable organic growth opportunities within its own markets in the UK and internationally, in part arising from the new standards issued in June 2007 by the technical authority for the UK market, the Home Office Scientific Development Branch (HOSDB).

Financial results

The Group as it now stands did not trade in the year under review and the results reported reflect only those of Base Group plc as a cash shell. The audited consolidated income statement of Base Group plc on page 15 shows a loss before tax of £104,000 for the 16 months ended 30 June 2007 compared with a loss of £61,000 in the 12 months ended 28 February 2006. The Aegis group was acquired on 13 July 2007 and accordingly is not included in these results.

In the year ended 30 June 2007 the Aegis group saw its turnover increase by 26% to £11.5 million (2006: £9.1 million) and operating profit by 21% to £1.79 million (2006: £1.48 million).

CHAIRMAN'S STATEMENT (continued)

Board

We believe we have created a strong team both in terms of experience and ambition to deliver against this strategy and maximise the opportunities which exist for the Group within this growing marketplace.

On 16 July 2007 we were pleased to announce the appointment of Robert Denton as Group Finance Director joining Tony O'Neill, Chief Executive Officer, and Glenn Hopkinson, Chief Operating Officer, as Executive Directors. The Non-Executive Director team comprises myself as Chairman and Adrian Bradshaw and Sir Keith Povey as fellow Directors.

Outlook

Trading is in line with the Board's expectations following the introduction of the new HOSDB standards. Trading conditions remain favourable and opportunities are increasing in all key areas of business activity. The Board believes that the Homeland Security market presents an exciting opportunity for Shieldtech and its investors.

Tim Wightman

Chairman

12 October 2007

CHIEF EXECUTIVE'S REVIEW

On 16 July 2007, Shieldtech plc was admitted to AIM following a highly successful placing of shares with institutional and other investors. The business is focused on the rapidly expanding opportunities arising from detection and protection under the umbrella of Homeland Security. This market is driven by the twin threats from terrorism and gun and knife crime in the UK and internationally.

Legislative changes arising from the Civil Contingencies Act 2004 have also significantly expanded the market. The Act replaced two pieces of legislation: on Civil Defence, which dictated how public bodies should prepare for potential attacks by foreign powers, and the Emergency Powers legislation, which granted extra powers to the UK government in the event that services, deemed essential in the 1920s, were threatened. Neither had been updated for many years and they were not able to cope with modern domestic threats.

Following the fuel protests and mass flooding of 2000 and the outbreak of foot and mouth disease in 2001, the then Deputy Prime Minister John Prescott announced a formal review into emergency planning arrangements. The review included a public consultation exercise, which generally supported the Government's conclusion that existing legislation was no longer adequate. The 2004 Act guides the creation of local resilience forums to consider such matters within existing police force boundaries and places a legal obligation upon emergency services and local authorities (defined as "Category 1 responders") to assess the risk of, and plan and train for various types of emergency.

Acquisition

Our first acquisition, the Aegis group on 13 July 2007, has the potential to become a world-class supplier of body armour systems, provides a solid platform for future development and fully supports the growth strategy of the Group.

The Aegis group serves a UK market which is adapting to a new standard for ballistic, stab and knife protection. This standard has arisen from a review of threat levels to police forces and interpretation of those by the Home Office Scientific Development Branch (HOSDB) which is responsible for technical standards. The new standard was introduced in June 2007 and I am pleased to report that Aegis has already secured several approvals under this new standard.

With the new standard imminent many police forces delayed their purchase of body armour systems in 2007 and we therefore expect to see an increase in demand for replacement product more suited to the revised threat levels. Of particular note is that the new standard, which now requires the commitment of suppliers to provide whole life monitoring, is likely to lead to further consolidation in the marketplace with smaller suppliers finding the costs of meeting the new requirement disproportionate to their financial return.

Despite the delays in customers placing orders, in the year ended 30 June 2007 the Aegis group saw its turnover increase by 26% to £11.5 million (2006: £9.1 million) and operating profit by 21% to £1.79 million (2006: £1.48 million).

We are advanced in creating a market facing organisation which is focused on its key customers: police constabularies, military forces, other public agencies and business corporations exposed to risk from assault or attack. We are making investments in production techniques, both to enhance product performance and to improve cost productivity, and in our people so that intelligent, supportive relationships can be developed with customers during the life of current contracts and beyond.

CHIEF EXECUTIVE'S REVIEW (continued)

There exists within the business strong evidence of a passion for the sector towards customer care and in the development, and embracing, of new technology, all of which will be nurtured and further encouraged. Discussions are under way to develop strong links with appropriate research facilities to improve on current solutions, production and treatment processes and critically to keep the organisation at the forefront of market and technical development.

Strategy

Our market, Homeland Security, and in particular the areas of protection and detection are very topical at this time. Growth is driven by the increasing risk of terrorism, and gun and knife crime. This is a global dilemma where the UK is leading the response and setting the standards which are being followed internationally. The credibility of our products in foreign markets and in particular their recognition in the Middle East is leading to further growth in export enquiries.

Our strategy is to build beneficial long-term relationships with police, military and high risk customers, working with them to pre-empt risk and to develop solutions to minimise their exposure to future risk. This will be achieved through the development of our people, teamwork and investment in relationships that are focused on the improvement of products.

Acquisitions will be highly complementary offering important benefits arising from shared knowledge, the development of skills, marketing and management expertise which will maximise future sales and manufacturing productivity.

Summary

The acquisition of the Aegis group has established a solid platform for the Group to build growth based on the clear strategy for the development of the business.

We are confident about future prospects and are targeting turnover growth, earnings enhancement and cash generation.

Anthony O'Neill

12 October 2007

GROUP FINANCE DIRECTOR'S REVIEW

The annual report covers the period of 16 months ended 30 June 2007. The Company did not trade during this period, nor did any of its subsidiary companies. The Company sold the last of its previous trading subsidiaries in 2003.

The Company's name was changed to Shieldtech plc from Base Group plc on 12 July 2007. The accounting reference date was changed to 30 June from 28 February.

Share listing

The Company's shares were suspended from trading on AIM on 24 November 2006. At that time the issued share capital of the Company was £8,498,810, comprising 849,881,049 ordinary shares of 1 pence each. The closing mid-market price of the shares on the last dealing day was 0.06 pence, which was significantly less than the nominal value of the shares.

The Company's shares resumed trading on AIM on 16 July 2007, following a share reorganisation, the raising of funds through a placing of new equity and establishment of bank facilities, and the acquisition of Shieldtech Limited and its subsidiary Aegis Engineering Limited (the Aegis group).

Share reorganisation

The Companies Act requires that shares be issued at a price at or above their nominal value. For this reason it was necessary to carry out a share reorganisation before issuing any new shares to raise funds for the Company. The Company's share capital was restructured on 12 July 2007 by:

- Consolidating every 500 ordinary shares into 1 consolidated share, and then
- Sub-dividing each consolidated share into 1 new ordinary share and 499 deferred shares.

The new ordinary shares have rights identical in all respects to the previous ordinary shares. Effectively shareholders reduced the number of ordinary shares by a factor of 500 and at the same time saw an equivalent factor increase in the market price of their shares on 16 July 2007 thereby maintaining the value of their shareholding.

The deferred shares have no voting or dividend rights and are effectively valueless. It is the Board's intention to cancel these deferred shares at the appropriate time.

Placing

The Company raised £10 million, before expenses, by placing 40 million new ordinary shares at a price of 25 pence each, principally with institutions and other investors, on 13 July 2007.

Acquisition of Shieldtech Limited and its subsidiary ('the Aegis group')

The Company acquired the entire share capital of Shieldtech Limited for an initial consideration of £8.5 million on 13 July 2007. This initial consideration was satisfied by £5.8 million in cash and £2.7 million by the issue of 10.8 million new ordinary shares at a price of 25 pence each. In addition, the Company repaid approximately £3 million of bank loans and other debts due by the Aegis group.

The initial consideration is subject to adjustments, to be determined by the profits of the Aegis group in the two years ending 30 June 2008. The maximum aggregate consideration is £19.5 million.

GROUP FINANCE DIRECTOR'S REVIEW (continued)

On a "pro forma" basis, assuming that the acquisition had occurred on 30 June 2007 and not the actual date of 13 July 2007 and based on the initial consideration paid for the Aegis group, the provisional pro forma consolidated balance sheet of Shieldtech plc at 30 June 2007 is estimated to be as follows:

	£ million
Assets	
Non current assets	
Goodwill	11.574
Property, plant and equipment	0.235
	11.809
Current assets	
Inventory	0.586
Trade and other receivables	1.773
Cash and cash equivalents	0.652
	3.011
	14.820
Liabilities	
Financial liability - borrowings	1.503
Trade and other payables	2.251
	3.754
Equity	
Share capital	9.169
Share premium	13.558
Retained earnings (deficit)	(11.661)
Total shareholders' equity	11.066
Total equity and liabilities	14.820

This provisional pro forma consolidated balance sheet will be subject to amendments arising from the reviews to be undertaken during the current financial year in connection with the valuation of separately identifiable intangible assets acquired, the assessment of the fair value of the assets and liabilities acquired and the accounting for the costs of the share reorganisation, placing and acquisition.

For the year ended 30 June 2007 the Aegis group had turnover of £11.461 million, operating profit £1.786 million, profit before income taxation £1.450 million and profit for the year £1.002 million.

The results of Shieldtech plc for the 16 months ended 30 June 2007 were operating loss £0.105 million, loss before income taxation £0.104 million and loss for the year £0.104 million. The Company did not trade in this period.

Robert William Denton

12 October 2007

DIRECTORS' REPORT

The Directors present their report and the accounts for the sixteen months ended 30 June 2007.

Strategy and future development

The Company's strategy and the outlook for the Group's future development are set out in the Chief Executive's Review.

Principal activity and business review

Following the sale of the Group's operating divisions in November 2003, the Company and the Group have been non-trading, incurring administration costs only in the sixteen months ended 30 June 2007.

Since 13 July 2007, the Group currently comprises a single principal trading company, Aegis Engineering Limited, supplying specialist protective equipment to the Homeland Security market. Aegis Engineering Limited is a long-established designer and manufacturer of body armour systems in the United Kingdom and abroad.

International Financial Reporting Standards ("IFRS")

The Company's own financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Results and dividends

The loss for the period after taxation amounted to £104,000 (year ended 28 February 2006: loss £61,000). The Directors do not recommend the payment of a dividend (year ended 28 February 2006: £nil).

Going concern

Having made reasonable enquiries, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future and hence the financial statements have been prepared on a going concern basis.

Change of name and change of accounting reference date

On 12 July 2007 the Company changed its name from Base Group plc to Shieldtech plc. The accounting reference date was changed to 30 June from 28 February.

The Board of Directors

The Directors who served during the period were as follows:

Adrian Effland Bradshaw	
Gavin Mark Kaye	(resigned 23 July 2007)
Gary Smith	(resigned 16 July 2007)

The Board currently comprises three Executive Directors, Anthony O'Neill, Robert Denton and Glenn Hopkinson, and three Non-Executive Directors, Timothy Wightman, Sir Keith Povey and Adrian Bradshaw. All the Directors were appointed on 16 July 2007 except Adrian Bradshaw. Profiles of each Director are given on page 12.

Principal risks and uncertainties

The Group continuously monitors its business and markets in order to identify and to respond to significant risks or uncertainties that might arise. The main risks relate to market demand, competition, industry standards, retention of key personnel and funding. The financial related risks are identified in note 2 of the accounts.

DIRECTORS' REPORT (continued)

The Group's operations in the period were financed by cash, other receivables and trade and other payables. These financial instruments expose the Group to a number of financial risks, mainly liquidity risk and credit risk. The Directors review and agree policies for managing these risks. The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The principal financial asset is cash, for which the credit risk is limited.

Corporate Governance

The Directors recognise the importance of sound corporate governance and will, so far as is practicable given the Group's size and the constitution of the Board, comply with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice. This statement sets out how the Board has applied the principles of good corporate governance in its management of the business in the period ended 30 June 2007.

The Directors have established an Audit Committee and a Remuneration Committee. The Audit Committee, comprising Timothy Wightman as Chairman, Sir Keith Povey and Adrian Bradshaw, is responsible for ensuring the Group's financial performance is properly monitored, controlled and reported. It will also meet with the auditors and review reports from the auditors relating to accounts and internal control systems. The Remuneration Committee, comprising Adrian Bradshaw as Chairman, Timothy Wightman and Sir Keith Povey, will set and review the scale and structure of the Executive Directors' remuneration packages, including share options and the terms of their service contracts.

Internal Control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Directors monitor the operation of the internal controls. The objective of the system is to safeguard the Group's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. Internal control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance
- Prior approval of all significant expenditure including all major investment decisions
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements.

The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group and reviews the adequacy of the cover regularly.

DIRECTORS' REPORT (continued)

Directors and their interests

The beneficial interests of the Directors and their families in the shares of the Company as at 31 August 2007 were as follows:

	Ordinary shares	Share options		Warrants
	Number	EMI Scheme Number	Unapproved Scheme Number	Number
Timothy Wightman	200,000	—	612,700	760,174
Sir Keith Povey	40,000	—	55,285	—
Adrian Bradshaw	200,000	—	1,058,300	1,658,561
Anthony O'Neill	280,000	400,000	705,707	345,533
Robert Denton	288,461	400,000	83,747	—
Glenn Hopkinson	4,641,918	400,000	263,424	—

In the case of Adrian Bradshaw, 100,000 of the ordinary shares, 529,150 of the share options and 829,280 of the warrants are held by Peter Mountford, a co-director of Bradmount Investments Limited, which provides the services of Adrian Bradshaw as a Director to the Company.

The Directors had no interests in the ordinary shares of the Company at 30 June 2007.

The EMI options are exercisable any time during the 10 years from Admission (16 July 2007) at a price of 25 pence per share.

The Unapproved options are exercisable any time during the 10 years from Admission (16 July 2007) at a price of 25 pence per share.

The Warrants are exercisable any time during the 5 years from Admission (16 July 2007) at a price of 30 pence per share.

Timothy Wightman, Adrian Bradshaw and Anthony O'Neill have entered into an option arrangement with certain of the vendors of Aegis group entitling them to acquire up to 70% of the initial share consideration at any time during the six months following Admission (16 July 2007) at a price of 27 pence per share.

Major shareholdings

As at 31 August 2007 the Directors were aware of the following interests over 3% of the issued ordinary share capital of the Company:

	Ordinary shares	
	Number	%
Unicorn Asset Management	8,000,000	15.15
J O Hambro	6,000,000	11.37
Rathbones	4,000,000	7.58
Noble Fund Managers	3,200,000	6.06
Steve Jenkins	3,128,254	5.93
NVM Private Equity	3,010,000	5.70
Brewin Dolphin	2,000,000	3.79
Williams de Broë	2,000,000	3.79
First State	1,800,000	3.41
Singer & Friedlander	1,728,000	3.27
Invesco	1,600,000	3.03

DIRECTORS' REPORT (continued)

Health, safety and the environment

The Group continuously monitors its impact on the environment and seeks to minimise any adverse effects. The Group also works to ensure that the best health and safety practices are applied throughout the business and that employees operate in a good working environment.

Employees & Employment Practice

The Group pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, religious or political beliefs.

Creditor payment policy

The Group seeks to agree terms and conditions for its business transactions with its suppliers and to abide by those terms where the supplier has provided goods or services in accordance with agreed terms and conditions. At 30 June 2007 creditor days for the Group and Company were 30 days (28 February 2006: 30 days) except for those creditors with which the Group has received positive confirmation to accept deferral of payment.

Annual General Meeting

A notice covering the Annual General Meeting of the Company, which will be held on 19 November 2007, is set out on page 30.

At that Meeting, resolutions 10 and 11 will be proposed under special business:

Resolution 10 — authority to allot shares

Under the Companies Act 1985, the directors of a company may only allot unissued shares if authorised to do so by the shareholders in general meeting. Resolution 10 renews and extends the Directors' existing authority by authorising the Directors to allot shares up to an aggregate nominal amount of £247,851 before the end of next year's Annual General Meeting or 15 months, whichever is the earlier. This represents 24,785,105 ordinary shares of 1p each and is equivalent to approximately 47 per cent of the Company's current issued ordinary share capital. Except in relation to the issue of ordinary shares arising from the exercise of options under the Company's employee share option schemes and pursuant to other existing commitments, the Directors have no present intention of issuing any of the authorised but unissued ordinary shares of the Company.

Resolution 11 — limited authority to allot shares for cash

The Directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in general meeting. This resolution renews power for the Directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £52,788. This sum represents 5,278,822 ordinary shares of 1p each, being equivalent to approximately 10 per cent of the current issued share capital.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union. United Kingdom company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

DIRECTORS' REPORT (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors' information

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP are the appointed auditors of the Company and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the Board

Robert William Denton
Company Secretary

12 October 2007

DIRECTOR PROFILES

Timothy Redmayne Wightman, *aged 61, Non-Executive Chairman*

Timothy Wightman is currently non-executive chairman of AssetCo plc and Petards Group plc, AIM quoted companies, and was non-executive chairman of Digica Group Holdings Limited, an IT outsourcing company backed by Bridgepoint Capital, until its sale to Computacentre PLC in January 2007. In 2000, as chief executive officer, he led a management buy-in of Knurr A.G., a German manufacturing business listed on the Munich Stock Exchange. Prior to that, he was chief executive of Rubicon Group plc, a company listed on the London Stock Exchange, from 1992 until its sale to Applied Power Inc. in 1998 when he became senior vice-president of Applied Power Inc. and President of APW Enclosure Systems Division. From 1988 he was chief executive of CAS Group plc, a 3i backed business, until its sale to Intrum Justitia BV in 1992.

Anthony Arthur O'Neill, *aged 56, Chief Executive Officer*

Tony O'Neill has held a number of senior appointments in the security industry, including Chairman of the British Security Industry Association, member of the National Security Inspectorate and an adviser to the Security Industry Authority. He is a member of the Security Institute and the Company of Security Professionals. He was previously UK Managing Director of Initial Security at Rentokil Initial and, prior to that, he worked in business-to-business services with responsibility for processing businesses with BET (British Empire & Traction). Prior to this, he worked in sales and marketing in fast moving consumer goods with Cadbury Schweppes (1972 to 1984) and Allied Lyons (1984 to 1991).

Robert William Denton, *aged 51, Group Finance Director*

Robert Denton, a Chartered Accountant, has held senior appointments in growth companies in various industries. From 1998 to 2006 he was Group Finance Director, then Managing Director, of DuBois Limited, initially backed by Gartmore (Bridgepoint Capital) then sold to a US Fortune 500 Group. DuBois' product range, based on its own proprietary technology, rapidly became the global leader in packaging for DVD video and games. He was previously Group Finance Director of Jasmin PLC from 1994 to 1998. Jasmin, an industrial engineering business funded under the Business Expansion Scheme, was admitted initially to AIM and then to the Official List of the London Stock Exchange. From 1992 to 1994 he was Group Finance Director of a privately owned business in the fast moving consumer goods industry. From 1987 to 1991 he was an equity partner at Robson Rhodes.

Glenn Paul Hopkinson, *aged 50, Chief Operating Officer*

Glenn Hopkinson joined the Shieldtech Group in May 2002 and is an MBA qualified sales and marketing professional with over 20 years' experience in international business development. He has held board and senior level appointments with Chemring Limited and is experienced in the establishment and management of global distributor networks across a range of industries including engineering, aerospace, defence, electronics and construction.

Sir Keith Povey, *aged 64, Non-Executive Director*

Between 1997 and 2004, Sir Keith was Chief Inspector of Her Majesty's Inspectorate of Constabulary. In 2001, he was appointed Chief Inspector of Constabulary, acting as adviser to the Home Secretary on policing matters. Prior to that, he was chief superintendent in South Yorkshire, assistant chief constable of Humberside, and deputy chief constable of Northamptonshire, before being appointed chief constable of Leicestershire in 1993.

Adrian Effland Bradshaw, *aged 50, Non-Executive Director*

Adrian Bradshaw is currently, and has been, a director of a number of public and private companies. He previously worked for Citicorp Scrimgeour Vickers, Nat West Markets and Guidehouse Limited and in 1989 he was appointed head of corporate finance at Arbuthnot Latham Bank. In 1991, he became Chief Executive Officer of Incepta Group PLC before establishing Bradmount Investments Limited in 1993 as a private investment company where he has been involved in a number of successful flotations notably GW Pharmaceuticals plc, Medical Solutions plc, Atlantic Global plc, RWS Group plc, and AssetCo plc. He holds a BA (Hons) in law.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIELDTECH plc

We have audited the Group and parent company financial statements (the "financial statements") of Shieldtech plc for the sixteen month period ended 30 June 2007 which comprise the principal accounting policies, the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated and parent company statement of changes in members' equity, and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Review that is cross-referred from the Strategy and Future Development section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, the Chief Executive's Review and the Group Finance Director's Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIELDTECH plc (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2007 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 June 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

Accordingly, in our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 30 June 2007 and of its loss for the sixteen month period then ended.

Grant Thornton UK LLP

Registered Auditors

Chartered Accountants

Manchester

12 October 2007

CONSOLIDATED INCOME STATEMENT

FOR THE SIXTEEN MONTHS ENDED 30 JUNE 2007

		16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
	Notes		
Continuing activities			
Revenue		—	—
Cost of sales		—	—
		<hr/>	<hr/>
Gross profit		—	—
Administrative expenses		(105)	(62)
		<hr/>	<hr/>
Operating loss		(105)	(62)
Finance income		1	1
		<hr/>	<hr/>
Loss before income taxation	3	(104)	(61)
Income tax expense	6	—	—
		<hr/>	<hr/>
Loss for the period		(104)	(61)
		<hr/>	<hr/>
Loss per share attributable to the equity holders of the Company during the period			
— Basic and diluted	8	(0.20)p	(0.12)p

The notes on pages 19 to 29 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE SIXTEEN MONTHS ENDED 30 JUNE 2007

CONSOLIDATED	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 28 February 2005	8,498	3,011	(11,496)	13
Total recognised income/(loss)				
— loss for the year	—	—	(61)	(61)
Balance at 28 February 2006	8,498	3,011	(11,557)	(48)
Total recognised income/(loss)				
— loss for the period	—	—	(104)	(104)
Balance at 30 June 2007	8,498	3,011	(11,661)	(152)
COMPANY	Ordinary Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 28 February 2005	8,498	3,011	(11,598)	(89)
Total recognised income/(loss)				
— loss for the year	—	—	(61)	(61)
Balance at 28 February 2006	8,498	3,011	(11,659)	(150)
Total recognised income/(loss)				
— loss for the period	—	—	(104)	(104)
Balance at 30 June 2007	8,498	3,011	(11,763)	(254)

BALANCE SHEETS

AT 30 JUNE 2007

	Notes	Group		Company	
		30 June 2007 £'000	28 Feb 2006 £'000	30 June 2007 £'000	28 Feb 2006 £'000
Assets					
Non-current assets					
Goodwill	9	—	—	—	—
Property, plant and equipment	10	—	—	—	—
Investments	11	—	—	—	—
		—	—	—	—
Current assets					
Trade and other receivables	12	6	3	6	3
Cash and cash equivalents		—	20	—	20
		6	23	6	23
Total assets		6	23	6	23
Liabilities					
Financial liability — borrowings		11	—	11	—
Trade and other payables	13	147	71	249	173
Total liabilities		158	71	260	173
Equity					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	8,498	8,498	8,498	8,498
Share premium		3,011	3,011	3,011	3,011
Retained earnings		(11,661)	(11,557)	(11,763)	(11,659)
Total shareholders' equity		(152)	(48)	(254)	(150)
Total equity and liabilities		6	23	6	23

The financial statements were approved by the Board of Directors on 12 October 2007 and were signed on its behalf by:

Robert William Denton
Director

CONSOLIDATED CASH FLOW

FOR THE SIXTEEN MONTHS ENDED 30 JUNE 2007

	Notes	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Cash flows from operating activities			
Cash consumed by operations	15	(32)	(45)
Cash flows from investing activities			
Interest received		1	1
Cash flows from financing activities			
Other borrowings		11	—
Net decrease in cash and cash equivalents		<u>(20)</u>	<u>(44)</u>
Cash and cash equivalents at the beginning of the period		<u>20</u>	<u>64</u>
Cash and cash equivalents at the end of the period		<u>—</u>	<u>20</u>

NOTES TO THE ACCOUNTS

AT 30 JUNE 2007

1. GENERAL INFORMATION

Shieldtech plc ('the Company') is the Group's ultimate parent company. It is incorporated and domiciled in England and Wales. Shieldtech plc's shares are listed on AIM.

The consolidated financial statements of Shieldtech plc are presented in pounds sterling (£), which is also the functional currency of the parent. The principal activities of the Company and its subsidiaries are described in Note 11.

The address of its registered office and principal place of business is 5 Chesford Grange, Woolston, Warrington, WA1 4SZ.

The Company changed its accounting reference date to 30 June to bring it in line with that of the Aegis group acquired on 13 July 2007 as described in Note 16. Accordingly, the administrative expenses in the 16 months ended 30 June 2007 were greater than the administrative expenses in the comparative period of 12 months ended 28 February 2006.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared on a going concern basis. The Company raised new funds on 13 July 2007 as described in Note 16.

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below.

The policies have changed from the previous year when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS. The adoption of IFRS by the Group has resulted in some reordering of the presentation of certain balances within both the income statement and balance sheet. However there has been no impact on previously reported equity, liabilities or assets at 28 February 2006, or 1 March 2005 or comparative amounts disclosed in the income statements for the year ended 28 February 2006. The date of transition to IFRS was 1 March 2005.

The Group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained under the respective accounting policy.

The Group has elected not to apply IFRS 3 Business combinations retrospectively to business combinations prior to 1 March 2005.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2007.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2007. Subsidiaries are entities over which the Group has the

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets.

Goodwill

Goodwill representing the excess of the fair value of consideration given on acquisition of a business over the fair values of identifiable net assets acquired is capitalised and reviewed annually for impairment.

Property, plant and equipment

Property, plant and equipment are shown at cost or valuation less accumulated depreciation and provision for impairment.

Depreciation

Depreciation of assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Plant & equipment	2 to 5 years
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Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued. Gains and losses on disposal are determined by comparing net proceeds with carrying amount.

Investments

Investments in subsidiary companies are included at cost less provision for impairment.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the tax currently payable or receivable based on the taxable profit or loss for the period. The Group's liability for current tax is calculated using tax laws and rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity where it is the intention of the Directors to hold them until maturity. Held-to-maturity investments are measured subsequent to initial recognition at amortised cost using the effective interest method. If there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in the income statement.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

Financial assets are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

Loans receivable are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

An assessment for impairment is undertaken on each financial asset at least at each balance sheet date.

Regular purchases and sales are accounted for on trade date. Where an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Equity

Equity comprises the following:

- "Share Capital" represents the nominal value of equity shares
- "Share Premium" represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue
- "Retained earnings/(losses)" represents retained profits and losses

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business combinations retrospectively to business combinations prior to 1 March 2005.

Accordingly, the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

3. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging:

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Auditors' remuneration		
— audit services	3	3
— non-audit services (taxation), current auditors	2	—

4. STAFF NUMBERS AND COSTS

The aggregate payroll costs of employees of the Group and the Company excluding Directors were as follows:

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Wages and salaries	—	—
Social security costs	—	—
	—	—

The average monthly number of employees of the Group and the Company during the period was as follows:

	16 months ended 30 June 2007 No.	Year ended 28 February 2006 No.
Directors	3	3

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

5. REMUNERATION OF DIRECTORS

In addition to the employee costs shown above, the following remuneration was paid in respect of Directors:

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Fees for services as Directors	27	22
Company contributions to personal pension schemes	—	—
	27	22

Bradmount Investments Limited provided the services of Adrian Bradshaw and was paid an amount of £nil during the period (year ended 28 February 2006: £2,500). An amount of £7,500 has been accrued as at 30 June 2007 (28 February 2006: £7,500).

Edge Venture Capital Limited provided the services of Gary Smith and was paid an amount of £nil during the period (year ended 28 February 2006: £nil). An amount of £27,000 has been accrued as at 30 June 2007 (28 February 2006: £nil).

FMCB Corporate Finance Limited and GMK Consulting Limited provided the services of Gavin Kaye and were paid an amount of £7,000 during the period (year ended 28 February 2006: £2,000). An amount of £5,000 has been accrued as at 30 June 2007 (28 February 2006: £12,000).

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

6. INCOME TAX EXPENSE

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Current tax charge	—	—
Factors affecting the tax charge for the period		
Loss on ordinary activities before tax	(104)	(61)
Multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	(31)	(18)
Effects of:		
Expenses not deductible for tax purposes	—	1
Losses created in period	31	17
Total current tax charge	—	—

Factors that may affect current and future tax charges

No provision has been made for deferred tax on losses carried forward. These losses will only be available for offset against relevant future taxable profits. As the timing of these profits is not certain, it has been assumed the losses will not be recoverable in the foreseeable future.

7. DEFERRED TAX

The unprovided deferred taxation asset calculated at a rate of 30% is set out below

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Accelerated capital allowances		
Other timing differences	—	—
Trade losses	—	—
Total deferred tax charge	—	—

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

8. LOSS PER SHARE

The Company's share capital was reorganised on 12 July 2007 by consolidating every 500 ordinary shares into 1 consolidated share and then subdividing each consolidated share into 1 new ordinary share and 499 deferred shares. The effect of the reorganisation was to reduce the number of ordinary shares by a factor of 500. On 13 July 2007 40,000,000 new ordinary shares were placed to raise £10 million and 10,800,000 new ordinary shares were issued as part of the consideration to purchase a new subsidiary company as described in Note 16.

The loss per share is based on the loss of £104,000 (28 February 2006: £61,000) and 52,499,762 (28 February 2006: 52,499,762) new ordinary shares of 1 pence each in issue after these events.

	16 months ended 30 June 2007	Year ended 28 February 2006
Loss attributable to equity holders of the Group (£'000)	(104)	(61)
Weighted average number of ordinary shares in issue	52,499,762	52,499,762
Basic and diluted loss per share	(0.20)p	(0.12)p

9. GOODWILL

	£'000
Group	
Cost	
At 1 March 2006	2,385
Cessation of trade	(2,385)
	—
At 30 June 2007	—
Provision for impairment	
At 1 March 2006	2,385
Cessation of trade	(2,385)
	—
At 30 June 2007	—
Net Book Value	
At 30 June 2007 and 28 February 2006	—

Following the sale of the previous business operations on 13 November 2003, all of the goodwill brought forward on 1 March 2006 was written off.

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

10. PROPERTY, PLANT AND EQUIPMENT
Group and Company

	Plant and Equipment £'000
Cost	
At 1 March 2006	5
Disposals	(5)
	—
At 30 June 2007	—
Provision for depreciation	
At 1 March 2006	5
Disposals	(5)
	—
At 30 June 2007	—
Net Book Value	
At 30 June 2007 and 28 February 2006	—

11. INVESTMENTS

	£'000
Company	
Cost	
At 1 March 2006 and 30 June 2007	5,250
	—
Provision for impairment	
At 1 March 2006 and 30 June 2007	5,250
	—
Net Book Value	
At 30 June 2007 and 28 February 2006	—

Subsidiary undertakings

At 30 June 2007, the Group had interests in the following subsidiaries incorporated in England and Wales.

	Nature of business	Proportion of ordinary shares and votes held
Base Rugby Management Limited	Dormant	100%
Digital Sport Group plc*	Dormant	100%
Icon Management Solutions Limited*	Dormant	100%

* Held directly by Shieldtech plc

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2007 £'000	28 Feb 2006 £'000	30 June 2007 £'000	28 Feb 2006 £'000
Other receivables	6	2	6	2
Prepayments and accrued income	—	—	—	—
	6	3	6	3

13. TRADE AND OTHER PAYABLES

	Group		Company	
	30 June 2007 £'000	28 Feb 2006 £'000	30 June 2007 £'000	28 Feb 2006 £'000
Trade payables	111	35	111	35
Accruals	36	36	36	36
Subsidiary undertakings	—	—	102	102
	147	71	249	173

14. SHARE CAPITAL

Group and Company
Authorised

	30 June 2007 £'000	28 February 2006 £'000
1,500,000,000 (2006: 1,500,000,000) ordinary shares of 1p each	15,000	15,000
Allotted, called up and fully paid		
849,881,049 (2006: 849,881,049) ordinary shares of 1p each	8,498	8,498

The Company's share capital was reorganised on 12 July 2007 by consolidating every 500 ordinary shares into 1 consolidated share and then subdividing each consolidated share into 1 new ordinary share and 499 deferred shares.

NOTES TO THE ACCOUNTS (continued)

AT 30 JUNE 2007

15. CASH CONSUMED BY OPERATIONS

	16 months ended 30 June 2007 £'000	Year ended 28 February 2006 £'000
Loss before income tax	(104)	(61)
Adjustments for:		
— Other income	(1)	(1)
Changes in working capital		
— Trade and other receivables	(3)	2
— Trade and other payables	76	15
	(32)	(45)

16. POST-BALANCE SHEET EVENTS

The following events occurred in July 2007:

The Company's share capital was reorganised on 12 July 2007 by consolidating every 500 ordinary shares into 1 consolidated share and then subdividing each consolidated share into 1 new ordinary share and 499 deferred shares.

The Company raised £10 million gross on 13 July 2007 by placing 40,000,000 new ordinary shares with institutions and other investors at a market price of 25 pence each.

The Company acquired the entire share capital of Shieldtech Limited (now named Aegis Engineering Holdings Limited) and its subsidiary Aegis Engineering Limited ('the Aegis group') on 13 July 2007 for an initial consideration of £8.5 million. The initial consideration was satisfied by £5.8 million in cash and £2.7 million by the issue of 10.8 million new ordinary shares at a market price of 25 pence each. In addition, the Company repaid approximately £3 million of bank loans and other debts due by the Aegis group.

The initial consideration is subject to adjustments, to be determined by the profits of the Aegis group in the two years ending 30 June 2008. The maximum aggregate consideration is £19.5 million.

Total costs relating to these events amounted to approximately £1.25 million excluding VAT.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shieldtech plc (the "Company") will be held at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN on 19 November 2007 at 10.00 a.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the report of the Directors, the accounts, the Directors' remuneration report and the auditors' report on the accounts for the 16 months ended 30 June 2007.
2. To re elect Adrian Bradshaw as a Director of the Company.
3. To elect Timothy Wightman as a Director of the Company.
4. To elect Anthony O'Neill as a Director of the Company.
5. To elect Sir Keith Povey as a Director of the Company.
6. To elect Glenn Hopkinson as a Director of the Company.
7. To elect Robert Denton as a Director of the Company.
8. To reappoint Grant Thornton UK LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors to fix the auditors' remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions as ordinary or special resolutions as indicated below:

Ordinary Resolution

10. THAT the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985 (the "Act")) up to an aggregate nominal amount of £247,851 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or 15 months following the passing of this resolution, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the Directors pursuant to section 80 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Resolution

11. THAT, subject to the passing of resolution number 10 set out in the notice of the meeting, the Directors be and they are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by the resolution number 10 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body; and
 - (b) the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal amount of £52,788

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or 15 months following the passing of this resolution, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Registered office:
5 Chesford Grange
Woolston
Warrington
WA1 4SZ

By order of the Board
R W Denton
Secretary

12 October 2007

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. Return of the appointment of proxy will not prevent a member from attending the meeting and voting in person.
2. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid a completed appointment of proxy must be returned to the Company's registrars by one of the following methods:
 - (a) in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or
 - (b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and in each case must be received by the registrar not less than 48 hours before the time fixed for the meeting.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Please note that any electronic communication sent in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.

3. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
 - (a) copies of Directors' service contracts (other than contracts expiring or determinable by the Company in less than one year); and
 - (b) copies of the Company's memorandum and articles of association.
4.
 - (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
 - (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
 - (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
 - (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company specifies, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered in the register of members of the Company as at 10.00 a.m. on 17 November 2007 shall be entitled to attend or vote at the general meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

DIRECTORS AND ADVISERS

Directors

Timothy Redmayne Wightman
Anthony Arthur O'Neill
Robert William Denton
Glenn Paul Hopkinson
Sir Keith Povey
Adrian Effland Bradshaw

Registered Office

5 Chesford Grange
Woolston
Warrington
WA1 4SZ

Secretary

Robert William Denton

Nominated Adviser and Broker

Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Solicitors to the Company

Nabarro
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WC1X 8RW

Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Registrar

Capita Registrars
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BR3 4TU

Registered Number

1423125

