

6 September 2010

Brady PLC
(“Brady”, the “Company” or the “Group”)

INTERIM RESULTS
For the six months to 30 June 2010

Brady, the global provider of trading, risk management and settlement solutions to the metals and commodities sectors, announces its interim results for the six months to 30 June 2010.

Financial Summary:

	(Unaudited) 6 months to 30 June 2010 £'000	(Unaudited) 6 months to 30 June 2009 £'000	(Audited) Year to 31 December 2009 £'000
Sales revenue	4,630	3,691	8,185
Operating result before exceptional items	354	274	1,138
Operating result	(126)	274	998
EBITDA for the period before exceptional items	546	335	1,442
Basic earnings per share before exceptional items (pence)	1.14	0.80	4.27
Basic earnings per share (pence)	(0.59)	0.80	3.77
Cash and cash equivalents	3,287	5,814	5,868

Financial Highlights:

- Sales revenue up 25% to £4.63 million (H1 2009: £3.69 million)
- Recurring maintenance revenues up 30% to £1.8 million (H1 2009: £1.4 million)
- Operating profit before exceptional item up 29% to £354,000 compared to £274,000 for H1 2009 and EBITDA before exceptional item up 63% to £546,000 compared to £335,000 for H1 2009
- Earnings per share before exceptional item up 43% to 1.14p per share H1 2009: 0.80p per share)
- £3.3 million of net cash as at 30 June 2010 (equivalent to 12p per share) after investing activities totalling £2.3 million in the period

Operational Highlights:

- Successful integration of Viveo Switzerland SA acquisition (“Brady Switzerland”), extending commodity asset class coverage to include soft commodities and oil
- Eight significant new contracts signed in the year so far with five in H1 2010 compared to three in H1 2009
- Five successful installations in Americas, Europe and Asia

Paul Fullagar, Chairman of Brady plc, commented:

“The Group has continued to deliver growth in revenues and profitability in 2010, prior to exceptional transaction costs.

We are pleased to see revenue growth has been achieved both in our base business and in the Brady Switzerland acquisition, which was completed in March 2010 and continues to perform ahead of our initial expectations. In very challenging economic conditions, this is a strong performance. We continue to retain a strong balance sheet, dominated by cash, and with no debt.”

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About Brady

Brady plc (BRY.L) is a leading global provider of trading and risk management software to the global commodity markets. Brady combines fully integrated and complete solutions supporting the entire commodity trading operation, from capture of financial and physical trading, through risk management, handling of physical operations, back office financials and treasury settlement, for refined, unrefined metals, softs and energy. Brady has more than 20 years of expertise in the commodity markets with over 100 customers worldwide, including some of the largest financial institutions, producers and mining corporations that depend on Brady's software solutions to deliver vital business transactions across their global operations. Brady clients include many of the world's largest miners, refiners and producers, trading companies, tier one banks and a large number of London Metal Exchange (LME) Category 1 and 2 clearing members. For further information visit: www.bradyplc.com

CHAIRMAN'S STATEMENT

The Group has delivered solid growth in both revenues and profits, prior to exceptional transaction costs, in the first half of 2010. This demonstrates the continued success and momentum following the reorganisation in 2007, execution of the new business plan set out in 2008 and strong performance in 2009.

Brady Switzerland was acquired and successfully integrated in March and is performing above management's expectations. This follows the Comsoft acquisition in 2009, which also continues to perform well. We are pleased to see strong growth in recurring maintenance and services revenues. The Group has signed eight new significant deals in the year-to-date in spite of continuing challenging conditions.

These conditions continue to make the accurate forecasting of the timing, value and revenue recognition of new deals difficult. Subject to this risk, the Group's trading continues to be in line with the Board's expectations for the full year.

In April 2010, Geoff Bicknell retired from the Group. On behalf of the Board, I would like to thank him for his support and guidance whilst a Non-Executive Director of the Company.

The Group continues to enjoy a strong financial position with net cash at 30 June of £3.3 million and no debt.

To complement the anticipated organic growth, the Group will continue to look for further opportunities to enhance its product and customer base through selective acquisitions.

CHIEF EXECUTIVE'S REVIEW

I am pleased to provide a summary of the financial and operational highlights at Brady in the first half of 2010, together with the outlook for the rest of 2010 and beyond.

Strategy and Operations

Following the completion of the commercial restructuring at the end of 2007 and the investment in building the global sales teams during 2008, the Group is encouraged to see further strengthening and advancement of the pipeline and a general trend towards higher value licence deals.

Approximately 50% of our revenues derive from Europe, 20% from North America and 30% from Asia. The Group has considerably strengthened its presence in continental Europe following the acquisition of Brady Switzerland. Local operations in the Americas and Asia continue to support strategically important American, Asian and global clients and we continue to believe the rewards will be maximised by having sales and service personnel located close to our key customers.

Brady Switzerland Acquisition

The Group completed its acquisition of Brady Switzerland in March 2010. The team has been successfully integrated within Brady and is already trading ahead of initial expectations and has already secured four substantial new deals, three of which were in the first half year. The first was in April with ING Belgium, Brussels, Geneva Branch, a leading trade and commodity finance business, for the outsourced management and maintenance of their current trade finance application. The second was in June with a leading global commodities trading organisation, already a Brady customer, to support the client's cotton trading activity using the Fintrade trading solution and the Finaccount accounting package. The third was in June with InVivo Group, the leading global farming co-operative group, for a complete solution to support their substantial grain trading and risk activity using both the Fintrade and Opval trading solutions. The fourth

was in August for an end-to-end solution-set, on a hosted basis, with a global business specialising in the processing, manufacture and supply of aluminium-based products. The Brady Switzerland acquisition clearly demonstrates the strategic value of securing complementary asset classes and the Group's ability to identify and secure cross-selling opportunities.

New Contracts

Excluding deals signed by Brady Switzerland since its acquisition, the Group has announced four significant new contracts in the year so far, with two significant deals in the first half year. Firstly, in June with Paul Reinhart AG, a world leading trader of high quality cotton, to provide an enterprise-wide risk management solution and secondly, in June with a substantial global commodities trading company to upgrade their existing Trinity applications. Thirdly, in July with Xstrata Copper to implement Brady's leading risk management technology at an enterprise level across Xstrata Copper's operations and projects, and finally in August for an end-to-end solution-set, on a hosted basis, with a global business specialising in the processing, manufacture and supply of aluminium-based products. These contracts demonstrate the Group's ability to provide solutions across increasing commodity asset classes and to identify and deliver additional business to existing clients.

Market Outlook

Brady's market is the commodities markets in general, with a traditional focus on metals, both base and precious. Following the acquisition of Brady Switzerland, the Group's asset class coverage has further expanded to include soft commodities, oil and gas. These markets continue to receive significant attention from the world's investors given the dramatic price changes in recent years. There have been more entrants to the London Metal Exchange, ("LME") which is a core market for the Group, creating an increase in activity in this area, which appears particularly strong relative to other asset classes and bearing in mind the global credit crunch in general. Both prices and volumes in LME metals have rebounded in the year to date.

The Group anticipates that there will be continuing pressure for our customers to address increasing regulatory and accounting compliance requirements, providing a strong market driver for them to improve their internal trading and risk managements solutions, or to move away from internal legacy systems or spreadsheets.

Financial Results

Total revenues for the first half of 2010 were £4.6 million, an increase of 25% on the £3.7 million for the first half of 2009. Within the total, £1.8 million (39% of total revenue) was recurring support revenue, an increase of 30% on the £1.4 million (37% of total revenue) for the same period in 2009. This increase is a consequence of the Group's increased customer installed base and the inclusion of Brady Switzerland from March 2010. A further £2.1 million (45% of total revenue) was for professional services and development revenues, an increase of 59% on the £1.3 million (36% of total revenue) for the same period in 2009. This increase derived from increased workload in delivering the new software that had been contracted in 2009 and from further billable work secured from the existing customer base. Finally, a further £0.7 million (16% of total revenue) was for licence sales, a decrease of 26% on the £1.0 million (27% of total revenue) for the same period in 2009. As highlighted in the 2009 Annual Report, the Group anticipated this change in revenue mix and has successfully resourced in order to capitalise on the identified increase in service and development revenues required from both clients secured in 2009 and its existing client base.

The gross margin for the first half of 2010 decreased modestly to 53% compared to 56% for the first half of 2009, primarily as a result of an increased proportion of revenues being service and development revenues.

The Board continues to tightly manage the Group's cost base. Expenses incurred in the first half of 2010 were £2.1 million, an increase of 18% on the £1.8m for the same period in 2009. The Brady Switzerland acquisition from March 2010 contributed to this increase. The Group is committed to grow expenses less

than revenue in order to build sustained growth in operating profitability. New recruitment has been heavily focussed to commercial and revenue generating roles, with no increase in administrative personnel since 2007. The Group also remains committed to a programme of continuing development and upgrade of its solutions in order to continue to meet customer requirements and to remain at the forefront of technological advancements.

Operating profit for the first half of 2010, prior to the exceptional item, was £354,000 compared to £274,000 for the first half of 2009, an increase of 29%. The operating margin for the first half of 2010 was 7.6%, a modest increase compared to the operating margin of 7.4% for the first half of 2009. EBITDA for the first half of 2010, prior to the exceptional item, was £546,000 compared to £335,000 for the first half of 2009, an increase of 63%. The exceptional cost of £480,000 in the period related to the fees incurred in relation to the acquisition of Brady Switzerland in March 2010, which under the revised IFRS 3, are now required to be expensed in the statement of comprehensive income rather than included within the acquisition cost.

Profit before taxation for the first half of 2010, prior to the exceptional item, was £364,000 compared to £309,000 for the first half of 2009, an increase of 18%. The profit before tax margin for the first half of 2010 was 8%, consistent with the rate of 2009.

The effective tax rate for the first half of 2010, prior to the exceptional item, was 13% compared to an effective tax rate of 28% for the first half of 2009.

Profit after taxation for the first half of 2010, prior to the exceptional item, was £316,000, compared to £222,000 for the first half of 2009, an increase of 42%.

Basic earnings per share for the first half of 2010, prior to the exceptional item, increased to 1.14 pence from 0.80 pence for the first half of 2009. Diluted earnings per share for the first half of 2010, prior to the exceptional item, increased to 1.08 pence from 0.70 pence for the first half of 2009.

The Group's cash balances at 30 June 2010 were £3.3 million, a reduction of £2.6 million from 31 December 2009. This is largely due to investing activities totalling £2.3 million, including the acquisition of Brady Switzerland for £2.0 million, and financing activities of £0.5 million, including the dividend paid of £0.4 million and shares bought back of £0.2 million.

The Group continues to enjoy a very strong balance sheet and maintains a tight control over its cash and working capital balances. The Group continues to have no debt.

Consistent with prior years, the Board is not recommending the payment of an interim dividend for 2010.

Outlook

The Board is pleased with the Group's progress in the first half of 2010 following the announcement of eight significant new contracts signed in the year so far, five of which were in the first half. This continues to demonstrate success following the reorganisation, the investment in a sales force and the commercial focus on revenue growth and bottom line performance.

In spite of continued challenging business conditions, the Group expects to build further growth of the sales opportunity pipeline and to translate this into the execution of further licence contracts, as well as to complete a number of implementations during the remainder of 2010. The general conditions make the accurate forecasting of the timing, value and revenue recognition of new deals difficult. Subject to this risk, the Group's trading continues to be in line with the Board's expectations for the full year.

Overall, the Board believes that there remains a positive market opportunity and there is evidence of strong continuing interest in the Group's product offerings.

The Board also believes that there is strong opportunity to consolidate a fragmented marketplace and that the management have shown a sound ability to identify, execute, integrate and deliver enhanced performance from the acquisitions of Comsoft in 2009 and Brady Switzerland in 2010. The Group continues to look for further opportunities and is actively engaged with a number of potential candidates, in order to enhance its product offering and build on its customer base through selective further acquisitions.

Gavin Lavelle
Chief Executive Officer

Consolidated interim statement of comprehensive income

For the six months ended 30 June 2010

	Notes	Before exceptional item Six months 30 June 2010 (unaudited) £'000	Exceptional item Six months 30 June 2010 (unaudited) £'000	Six months 30 June 2010 (unaudited) £'000	Six months 30 June 2009 (unaudited) £'000	Before exceptional item 2009 £'000	Exceptional item 2009 £'000	2009 £'000
Sales revenue	4	4,630	-	4,630	3,691	8,185	-	8,185
Cost of sales		(2,169)	-	(2,169)	(1,628)	(3,258)	-	(3,258)
Gross profit		2,461	-	2,461	2,063	4,927	-	4,927
Selling and administrative expenses		(2,107)	(480)	(2,587)	(1,789)	(3,789)	(140)	(3,929)
Operating result		354	(480)	(126)	274	1,138	(140)	998
Finance income		10	-	10	35	45	-	45
Result for the period before taxation		364	(480)	(116)	309	1,183	(140)	1,043
Tax expense, net		(48)	-	(48)	(87)	13	-	13
(Loss) / profit for the period		316	(480)	(164)	222	1,196	(140)	1,056
Other comprehensive income								
Exchange differences on translation of foreign operations		(3)	-	(3)	(9)	(2)	-	(2)
Other comprehensive income, net of tax		(3)	-	(3)	(9)	(2)	-	(2)
Total comprehensive income for the period		313	(480)	(167)	213	1,194	(140)	1,054
(Loss) / profit for the period, attributable to shareholders of Brady plc								
				(164)	222	1,196	(140)	1,056
Total comprehensive income for the period, attributable to shareholders of Brady plc								
				(167)	213	1,194	(140)	1,054
(Loss)/ Earnings per share (pence)								
Basic	7			(0.59)	0.80			3.77
Diluted				(0.59)	0.70			3.61

All of the above relates to continuing operations.

Consolidated interim statement of financial position

30 June 2010

	30 June 2010 (unaudited) £'000	30 June 2009 (unaudited) £'000	31 Dec 2009 £'000
Assets			
Non-current assets			
Goodwill	2,919	1,502	1,502
Other intangible assets	2,532	1,286	1,389
Property, plant and equipment	437	303	308
	<u>5,888</u>	<u>3,091</u>	<u>3,199</u>
Current assets			
Trade and other receivables	1,736	1,936	1,819
Accrued income	369	304	112
Cash and cash equivalents	3,287	5,814	5,868
	<u>5,392</u>	<u>8,054</u>	<u>7,799</u>
Total assets	<u>11,280</u>	<u>11,145</u>	<u>10,998</u>
Equity			
Share capital	285	282	283
Treasury shares	(163)	-	-
Share premium account	4,134	4,038	4,075
Merger reserve	680	680	680
Equity reserve	287	239	257
Foreign exchange reserve	(24)	(28)	(21)
Capital reserve	1	1	1
Retained earnings	2,227	1,886	2,740
	<u>7,427</u>	<u>7,098</u>	<u>8,015</u>
Liabilities			
Current liabilities			
Trade and other payables	1,529	1,222	1,535
Deferred income	1,147	2,000	970
Current tax payable	513	594	105
	<u>3,189</u>	<u>3,816</u>	<u>2,610</u>
Non-current liabilities			
Deferred tax liabilities	664	231	373
Total liabilities	<u>3,853</u>	<u>4,047</u>	<u>2,983</u>
Total equity and liabilities	<u>11,280</u>	<u>11,145</u>	<u>10,998</u>

Consolidated interim statement of changes in equity

30 June 2010

	Share capital	Treasury shares	Share premium account	Merger reserve	Equity reserve	Foreign exchange reserve	Capital reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity attributable to equity holders of Brady plc:									
Balance at 1 January 2009	276	-	3,817	680	309	(19)	1	1,896	6,960
Dividends	-	-	-	-	-	-	-	(336)	(336)
Increase in equity reserve in relation to options issued	-	-	-	-	34	-	-	-	34
Exercise and cancellation of share options	-	-	-	-	(104)	-	-	104	-
Allotment of shares following exercise of share options	6	-	221	-	-	-	-	-	227
Transactions with owners	6	-	221	-	(70)	-	-	(232)	(75)
Profit for the period	-	-	-	-	-	-	-	222	222
Other comprehensive income:									
Exchange difference on translation of foreign operations	-	-	-	-	-	(9)	-	-	(9)
Total comprehensive income for the period	-	-	-	-	-	(9)	-	222	213
Balance at 30 June 2009	282	-	4,038	680	239	(28)	1	1,886	7,098
Increase in equity reserve in relation to options issued	-	-	-	-	38	-	-	20	58
Exercise and cancellation of share options	-	-	-	-	(20)	-	-	-	(20)
Allotment of shares following exercise of share options	1	-	37	-	-	-	-	-	38
Transactions with owners	1	-	37	-	18	-	-	20	76
Profit for the period	-	-	-	-	-	-	-	834	834
Other comprehensive income:									
Exchange difference on translation of foreign operations	-	-	-	-	-	7	-	-	7
Total comprehensive income for the period	-	-	-	-	-	7	-	834	841
Balance at 31 December 2009	283	-	4,075	680	257	(21)	1	2,740	8,015
Dividends	-	-	-	-	-	-	-	(370)	(370)
Purchase of treasury shares of Brady plc	-	(163)	-	-	-	-	-	-	(163)
Increase in equity reserve in relation to options issued	-	-	-	-	51	-	-	-	51
Exercise and cancellation of share options	-	-	-	-	(21)	-	-	21	-
Allotment of shares following exercise of share options	2	-	59	-	-	-	-	-	61
Transactions with owners	2	(163)	59	-	30	-	-	(349)	(421)
Loss for the period	-	-	-	-	-	-	-	(164)	(164)
Other comprehensive income:									
Exchange difference on translation of foreign operations	-	-	-	-	-	(3)	-	-	(3)
Total comprehensive income for the period	-	-	-	-	-	(3)	-	(164)	(167)
Balance at 30 June 2010	285	(163)	4,134	680	287	(24)	1	2,227	7,427

Consolidated interim statement of cash flows

For the six months ended 30 June 2010

	Six months 30 June 2010 (unaudited) £'000	Six months 30 June 2009 (unaudited) £'000	Year ended 31 Dec 2009 £'000
Operating activities			
Profit for the period before exceptional items	316	222	1,196
Exceptional items	(480)	-	(140)
(Loss) / profit for the period	(164)	222	1,056
Depreciation of property, plant and equipment	107	86	174
Amortisation of intangible assets	133	62	117
Interest receivable	(10)	(35)	(45)
Employee equity settled share options	51	34	72
Changes in trade and other receivables	479	(280)	29
Change in trade and other payables	(1,077)	49	(479)
Taxes (paid) or refunded	637	(49)	(585)
Exchange differences on consolidation	(3)	(9)	(2)
Net cash from operating activities	153	80	337
Investing activities			
Acquisition of subsidiary (net of cash acquired)	(2,026)	(1,701)	(1,701)
Additions to property, plant and equipment	(89)	(86)	(179)
Additions to capitalised development	(157)	(233)	(391)
Interest received	10	35	45
Net cash from investing activities	(2,262)	(1,985)	(2,226)
Financing activities			
Proceeds from share issues	61	227	265
Purchase of treasury shares	(163)	-	-
Dividends paid	(370)	(336)	(336)
Net cash from financing activities	(472)	(109)	(71)
Net changes in cash and cash equivalents	(2,581)	(2,014)	(1,960)
Cash and cash equivalents, beginning of period	5,868	7,828	7,828
Cash and cash equivalents, end of period	3,287	5,814	5,868

Selected explanatory notes

1. Nature of operations and general information

Brady plc and its subsidiaries' principal activity is the provision of risk management, trading and settlement solutions to the metals and commodities industries, through the delivery of customer focused software and services.

The Group provides the leading trading and risk management software for global commodity markets. The Group provides a complete integrated solution supporting entire commodities trading operations.

Brady plc, a limited liability company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Brady plc's registered office, which is also its principal place of business, is 281 Cambridge Science Park, Milton Road, Cambridge, CB4 0WE.

These condensed consolidated interim financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements as defined in Section 434 of the Companies Act 2006, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2009. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The Consolidated Financial Statements have been filed with the Registrar of Companies and are available on the Group's website, www.bradyplc.com.

Brady plc's shares are listed on the London Stock Exchange's AIM. Brady plc's consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

2. Accounting policies

The accounting policies applied by the Group are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009, except for the adoption of IFRS 3 *Business Combinations (Revised 2008)*.

The adoption of IFRS 3 *Business Combinations (Revised 2008)* has meant that the costs incurred on the acquisition during the period have been expensed in the statement of comprehensive income.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

3. Sales revenue fluctuations

The ability to predict the timing of large contract closures is inherently difficult. The Group's principal product offerings, Trinity and Aquarius, are important software applications and new customers need to carefully evaluate the software before placing an order. This, together with the Group's revenue recognition policy, creates long lead times and the potential for unpredictable fluctuations in sales revenue.

4. Segment analysis reporting

The Group has one operating segment of developing and selling trading, risk management and settlement solutions to the metals and commodities sectors and makes sales to a variety of global destinations. An analysis of sales revenue by geographical market is given below:

	Six months 30 June 2010 (unaudited)	Six months 30 June 2009 (unaudited)	Year ended 31 Dec 2009
	£'000	£'000	£'000
United Kingdom	1,207	1,608	2,965
Rest of Europe	1,236	394	767
North America	943	1,225	2,500
Rest of World	1,244	464	1,953
	4,630	3,691	8,185

5. Share issues

During the period under review, a number of share options under Brady plc's share option schemes have been exercised. This increased Brady plc's ordinary shares issued and fully paid at the end of the period under review by 237,500 (year ended 31 December 2009: 717,666).

6. Share buyback

During the period under review, the Company purchased a total of 275,000 of the Company's own shares and retained these in treasury. The total number of ordinary shares held in treasury at the end of the period under review was 275,000 (31 December 2009: nil).

7. Earnings per share

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Brady plc divided by the weighted average number of shares in issue during the period. All earnings per share calculations relate to continuing operations of the Group.

	Profits attributable to shareholders	Weighted average number of shares	Basic earnings per share amount in pence
Six months ended 30 June 2010 before exceptional item	316,000	27,681,936	1.14
Six months ended 30 June 2010	(164,000)	27,681,936	(0.59)
Six months ended 30 June 2009	222,000	27,713,703	0.80
Year ended 31 December 2009 before exceptional item	1,196,000	28,022,916	4.27
Year ended 31 December 2009	1,056,000	28,022,916	3.77

The calculation of the diluted earnings per share is based on the profits attributable to the shareholders of Brady plc divided by the weighted average number of shares in issue during the period, as adjusted for dilutive share options. All earnings per share calculations relate to continuing operations of the Group. Separate calculations have been prepared for the year ended 31 December 2009 and the period ended 30 June 2010 – earnings per share related to the profit before and after the exceptional items.

	Dilutive options	Anti-dilutive options	Diluted earnings per share amount in pence
Six months ended 30 June 2010 before exceptional item	1,603,682	50,000	1.08
Six months ended 30 June 2010	1,603,682	50,000	(0.59)
Six months ended 30 June 2009	3,963,474	200,000	0.70
Year ended 31 December 2009 before exceptional item	1,239,140	300,000	4.09

8. Dividends

During the period ended 30 June 2010, Brady plc paid dividends of £370,000 to its equity shareholders (period ended 30 June 2009: £336,000)

9. Acquisition

On 15 March 2010 the Group acquired the entire issued share capital of Viveo Switzerland SA (since renamed as Brady Switzerland SA), "Brady Switzerland", a company incorporated in Switzerland. Brady Switzerland provides software for the risk management, trading and administration of soft commodities and has clients based in Europe.

The net assets and liabilities acquired were as follows:

	Book value £'000	Fair value adjustments at acquisition £'000	Fair value £'000
Non current assets			
Property, plant and equipment	167	-	167
Investments	25	(25)	-
Intangible assets	-	1,119	1,119
Current assets			
Cash and cash equivalents	654	-	654
Trade and other receivables	705	(72)	633
Total assets	<u>1,551</u>	<u>1,022</u>	<u>2,573</u>
Liabilities			
Trade and other payables	(737)	(260)	(997)
Deferred tax liability	-	(313)	(313)
Net assets acquired	<u>814</u>	<u>449</u>	<u>1,263</u>
Goodwill			<u>1,417</u>
Consideration and cost of investment			<u>2,680</u>
Satisfied by:			
Cash consideration			2,457
Cash consideration in relation to surplus working capital			<u>223</u>
Total consideration			<u>2,680</u>

Included within the fair value adjustment of £260,000 to liabilities was £249,000 in relation to a shortfall in pension liabilities under pension schemes which technically redefined as defined benefit pension plans under IFRS. In addition, following a detailed review of the fair value of assets and liabilities acquired, in accordance with IFRS3 *Business Combinations* the Group has recognised two intangible assets totalling £1,119,000, which are customer contracts and software, both of which are being amortised over their estimated economic lives of ten years. The customer contracts have been valued at £315,000 and the software has been valued at £804,000.

Goodwill of £1,417,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill arising on the acquisition is largely attributable to the incremental sales synergies anticipated to be associated with being part of the Group.

As part of the acquisition, the Group agreed to pay additional consideration against surplus working capital above an agreed threshold that was retained in the business at completion. Following a completion accounts verification process during the half year period, an amount of £223,000 was paid to the vendors of Brady Switzerland in relation to this surplus working capital.

From the date of acquisition to 30 June 2010, Brady Switzerland contributed £820,000 to revenue and £68,000 to profit before taxation and contributed £68,000 to the Group's net operating cashflows. In

the last financial year, being the year ended 31 December 2009, Brady Switzerland made a loss before taxation of £20,000.

10. Financial Statements

The financial information for the year ended 31 December 2009 set out in this interim report included in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2009 have been filed with the Registrar of Companies. This statement can be obtained from the Company's registered office at 281 Cambridge Science Park, Milton Road, Cambridge, CB4 0WE and will be available on the Company's website www.bradyplc.com.