Printing.com plc

Final Results

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PRINTING.COM PLC

("Printing.com" or "the Group")

Preliminary Results for year ended 31 March 2012

Printing.com, operating in the UK, Ireland, France, Holland, Belgium, and under licence in New Zealand and the US, today announces its preliminary results for the year ended 31 March 2012.

Financial highlights

	2012	2011	Change
Turnover	**£21.77m**	**£17.02m**	**27.9%**
EBITDA	**£3.43m**	**£2.86m**	**19.9%**
Profit Before Tax	**£1.26m**	**£1.31m**	**-3.8%**
EPS - Basic	**2.33p**	**2.04p**	**14.2%**
EPS - Fully Diluted	**2.32p**	**2.02p**	**14.9%**
Dividend	**2.55p**	**3.15p**	**-19.0%**
Capital expenditure	**£1.38m**	**£1.55m**	
Net Cash	**£1.87m**	**£2.00m**	
Net Funds*	**£1.77m**	**£1.22m**	

***Net funds is the net of cash and cash equivalents less other interest bearing loans and borrowings**

Operational highlights

- **Strategic initiatives delivering anticipated benefits**
- **Robust performance in the Netherlands online channels**
- **Belgium - online revenues growing**
- **BrandDemand UK - revenues growing**
- **Flyerzone UK - revenues growing**
- **Template Technology materially adding to revenues**
- **Strategy in place to augment Franchise network**

Commenting on the results, Tony Rafferty, Chief Executive of Printing.com, said: "The Group

has delivered strong growth in revenues and EBITDA reflecting the benefit of the MFG acquisition and the generation of revenues from the new Template Technology, despite the ongoing economic malaise, and has remained profitable and cash generative throughout the period. The robust debut of the new Online Initiatives bodes well for the Group's prospects moving forward."

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Chairman's Statement

The Board believes that the financial year ending 31st March 2012 has been one of the most important in Printing.com's evolution, as the first successful steps have been taken in the commercial exploitation of the Group's online Template Technology.

Trading conditions across the Group's online channels in Belgium and the Netherlands proved robust but trading via its established Franchise channels (UK, Ireland and France) remained challenging, reflecting not only the economic situation but also increased online competition.

Turnover increased by 27.9% to £21.77m *(2011: £17.02m)*. This reflects revenue growth from Belgium, the various new online initiatives and the full year contribution of Media Facility Group BV (MFG) Netherlands (acquired November 2010).

The increased revenues, coupled with strong cost control and improved operating margins in the Netherlands resulted in EBITDA increasing by 19.9% to £3.43m from £2.86m last year. We anticipate that the material progression of EBITDA marks an important turning point for the business as we move to commercialise our platform.

Pre-tax profit decreased marginally to £1.26m *(2011: £1.31m)*. This decline reflected the increased depreciation and amortisation arising from software development, the acquisition of MFG together with the buying back of certain rights from Territory Franchisees.

Cash

The Group finished the financial year with cash of £1.88m *(2011: £2.00m)*.

During the year, debt was reduced by £0.69m. This reflects the final instalments on finance relating to the 2006 expansion of the Group's Manchester production Hub and the repayment of £0.49m of debt relating to the acquisition of MFG (and MFG itself). At the period end total Group borrowings were £0.10m.

The Group's net funds increased to £1.77m *(2011: £1.21m)* which is the highest level of net funds post the payment of the special dividend in 2009.

During the year capital investment totalled £1.38m *(2011: £1.55m)*, funded through operational cash flows. This principally reflects the ongoing investment in the Group's proprietary software.

It is pleasing to report that during the period EBITDA has progressed and debt has almost been eliminated.

Final Dividend and Proposed Capital Reorganisation

When the Interim Results were released I expressed the Board's view that the continuance of the Company's dividend policy was dependent upon earnings progression and this has not been the case.

However, the Board is encouraged by the Group's cash generation, cash position and the progress made in new online initiatives and is therefore proposing a final dividend of 1.50p to be paid on 27 July 2012 to Shareholders on the register at the close of business on 15 June 2012. This would make a total dividend for the year of 2.55p which is higher than market forecasts *(2011: 3.15p)*.

Although the Group's Balance Sheet and cash flow from operations were strong and would have supported a maintained dividend the distributable reserves would not do so for this or appropriate future dividends and it is the Board's intention to take the necessary steps to undergo a capital reorganisation to address this issue. It is our intention to send a circular to shareholders to seek approval for the aforementioned capital reorganisation in due course.

Retirement as Chairman and People at Printing.com

Having been Chairman of Printing.com plc prior to its IPO in 2000 and debut as a public company on London's then 'Ofex market' it is now time for me to retire from the Board. During that period the Company evolved from a fledgling business with a good idea to a Group whose revenues have grown tenfold, operating in seven countries and has delivered eight consecutive years of profitable trading.

At this point I am very mindful that the progress of the Group to date has been based upon the endeavours of a very committed and talented team which includes direct employees, our Franchisees, their employees and the teams within our international licence partners. I would also like to pay particular tribute to the team behind the Group's various new initiatives which I believe show excellence in innovation from both a technology and commercial stance.

Outlook

It is a little over 18 months since the Group reported a step change in its strategy via the announcement of its Template Technology along with the acquisition of MFG. The purpose of the acquisition was to enhance the Group's online expertise and establish a greater foothold in Continental Europe. At the same time it was envisaged that the Group's Template Technology would extend the capabilities of these online channels and augment and refresh the Printing.com Franchise formula. I believe that these initiatives have now exhibited material commercial potential.

The Group is in a solid financial position; it continues to deliver excellent cash generation and, having virtually eliminated all of its debt has a sound foundation for its future endeavours.

With the UK in recession and continued economic uncertainty in the Eurozone, it is appropriate that we remain cautious in the short term. However, in what is to be my last report as Chairman, I believe that the various online initiatives coupled with the acquisition of MFG mark a paradigm in the prospects of the Group.

George Hardie
Chairman
6 June 2012

Chief Executive's Statement

Review of Trading

UK network

Revenues from the UK Network of Printing.com Franchises and Company owned stores, taking into account both the sale of products and services and license fees declined by 3.0% to £13.0m *(2011: £13.4m)*. Underlying operating margins remained under pressure due to the continual promotional support required. The UK Network contracted slightly to 267 outlets *(2011: 288)* of which six are directly owned *(2011: seven)*.

Now more than ever we are aware of certain material changes in the marketplace, principally reflecting online competition. This is particularly evident in the 'Small Office Home Office' ("SOHO") market segment. To this end, the Group has devised certain strategies that augment the established model thereby providing Printing.com Franchisees with a hybrid online/offline formula.

Accordingly, during January 2012 my senior team and I presented this vision to the Company's Franchisees via a series of regional road shows along with a "white label" alternative formula.

We believe that the outcome of these road shows was encouraging and that these various initiatives will maximise opportunities, not only for the Group but also for our Franchisees.

BrandDemand UK

It has been a little over 18 months since the Group announced the launch of BrandDemand (branddemand.com), a service targeting larger businesses, particularly those with multi-sites, via Templates. Centred on the Company's Template Technology, BrandDemand utilises a library of Templates adapted for a client's specific use.

During the course of the year, the initiative went from proof of concept to revenue generation, finishing the year with an impressive portfolio of over 60 multi-site clients. Many BrandDemand clients are other franchise networks whose specific needs have been closely aligned with the system.

BrandDemand revenue for the year was £0.28m *(2011: £0.01m) and,* moving forward during the current year we anticipate this figure to show significant progression.

Flyerzone UK

Flyerzone features generic Templates for SOHO clients covering a multiplicity of business sectors. This enables the SOHO business owner to browse suitable artwork 'ideas' and then edit the template with their specific details.

Flyerzone.co.uk was 'soft' launched in September 2011, with the site's promotion in earnest commencing early January 2012.

Revenues for the year to 31 March were £0.09m *(2011: nil)*. Revenues in March 2012 accounted for £0.04m, some 45% of the full year, indicating the significant acceleration in revenue run rates that this channel has seen.

We continue to be optimistic that Flyerzone.co.uk will progress, albeit the cost of online client acquisition remains high (in proportion to revenues) as the brand is established.

TemplateCloud

Templatecloud.com is a conduit that enables graphic designers to make their designs available for use by SOHO clients as part of an editable template format. This is achieved via the Company's software technology that automatically converts a generic graphic design format into a Template that in turn can be edited by any client.

The independent freelance graphic designer is incentivised to submit work to TemplateCloud in return for a share of the artwork revenue paid by the client.

In essence, TemplateCloud is 'crowd sourcing' original creative content in much the same way as online photo libraries. We believe that at this juncture TemplateCloud is unique in this approach and the scope exists to leverage the TemplateCloud content in the Group's various channels and to licence content in other ways.

Netherlands

In the Netherlands the Group operates three online web stores, Flyerzone.nl, Drukland.nl and Printrepublic.nl.

Revenues from the various Dutch initiatives accounted for £6.46m *(2011: £2.54m from 5 months trading)*. However, the strengthening of sterling vs the Euro masks the underlying growth of sales in the Netherlands, which was 13.0% on a constant exchange rate basis.

At the outset of the year under review, all products from the various Dutch channels were subcontracted. However, during the course of the year, certain lines were switched to the Company's Manchester Hub. The emphasis for this initiative was on higher value products that justify the increased cost of carriage.

Presently in the order of 1,100 jobs per month are supplied from the Manchester Hub, and this, together with a focus on operational margins at large, has added to Group EBITDA.

The Group's Template Technology is expected to be added to the Flyerzone.nl platform during the Company's third quarter which we believe will augment the individual characteristics of the Dutch channels and generate additional revenue streams.

Belgium

The Group operates in Belgium via the 'Drukland.be' channel and targets the Flemish speaking region of the country. During the year, Drukland.be exhibited strong growth and achieved sales of £0.80m *(2011:£0.10m from 5 months trading)*.

France

During the year under review, total French revenue (from the Group's Franchise network, BrandDemand France and Flyerzone.fr) grew to £0.54m, representing an increase of 17.8% *(2011: £0.46m)*.

Turnover was flat across the Printing.com network albeit the number of outlets increased to 28 *(2011: 22)*. A single Company owned outlet continues to operate in Montpellier. During the year, BrandDemand France (smart-template.fr) and Flyerzone.fr were launched and accounted for revenue of £0.06m *(2011: nil)*.

Looking ahead, we expect that the Group's templates will be added to the Flyerzone.fr format during the Company's third quarter and that BrandDemand France will gain traction.

Ireland

Encouragingly, trading across Ireland exhibited growth of 14.3% to £0.39m *(2011: £0.34m*). The Printing.com network across Ireland remained unchanged with ten outlets, including one Company owned store in Dublin. BrandDemand Ireland presently remains at an early stage of development.

Printing.com International Licences

New Zealand

We are mindful of the extremely challenging situation facing our New Zealand partners following the impact of the Christchurch earthquakes; notwithstanding this and reflecting their endeavour and resilience, trading volumes remain consistent with previous years. We recently met our New Zealand partners and agreed the roadmap for introduction of our Template Technology.

US

During the course of the year our US partners increased their network in Florida and South Georgia to 42 outlets *(2011: 32 outlets)*. However, our geographic coverage in the US remains limited. We are now in purposeful discussions with our US partners and we believe we have established a way forward to introduce the Group's Template Technology into the US in a more expeditious manner.

Infrastructure & Software

The Group's Template Technology comprises significant proprietary components and licenced elements together with extensive Template libraries.

We have a clear vision of how the Group's Template Technology can be utilised both directly and under licence. Within the printing sector the Template Technology is marketed under the 'W3P' identity which derives from the generic industry reference 'W2P' (Web-to-Print). We believe that the Group's systems reflect the next generation for this technology.

The W3P technology in essence underpins BrandDemand, Flyerzone.co.uk together with the myriad of licensing opportunities that we are presently exploring. To this end, the Group exhibited the 'W3P' technology at DRUPA (Dusseldorf, Germany) - the world's largest printing exhibition. We believe that the 'W3P' initiative was well received and meetings with partners are progressing.

To this end, we anticipate continued investment in the overall 'W3P' platform to unlock its potential. This not only relates to the direct channels that the Company owns and operates but other opportunities via licence.

There are no immediate requirements to make any material capital investment in the Group's Manchester Hub. Unutilised capacity still exists which we hope will be taken up during the current year as the new initiatives progress.

Board Changes

George Hardie has announced his intention to retire from the Board at the Group's AGM on 20 July

2012. On behalf of all of the Board I would like to express our thanks to George for all his hard work and the significant contribution he has made to the growth of the Group.

Les Wheatley will assume the role of Chairman on George's retirement and the Board anticipates the imminent announcement of the appointment of an additional non-executive director.

Current Trading

Post the year end trading has continued at a similar robust level across the Group's online channels across the Netherlands and Belgium but more challenging across the UK's Franchise network.

BrandDemand continues to gain momentum across the UK month-on-month. Flyerzone.co.uk is also exhibiting month-on-month growth. We attribute this resilience to the Group's Template Technology which will be extended to a variety of other Group channels and will, we believe, add to revenues and operating margin.

Tony Rafferty
Chief Executive
6 June 2012

Financial Review

Revenue

Group revenues increased by 27.9% to £21.77m *(2011: £17.02m)*, as MFG, acquired November 2010, contributed for the full year. Revenue from the Eurozone was 37.6% of the total *(2011: 20.2%)*.

EBITDA for the Group, advanced strongly with the increase in Revenue providing the robust operating cashflow necessary to fund the ongoing investment in the Group's operating systems and an appropriate return to shareholders.

Pre Tax Profit before non-recurring charges decreased marginally to £1.39m *(2011: £1.47m)*. Non-recurring costs incurred in the year related to the final integration and reporting alignment of MFG totalled £0.13m *(2011: £0.16m)* reducing Pre Tax Profit to £1.26m *(2011: £1.31m)*.

Gross Profit

The Group's simple definition of Gross Profit has been revenue less direct materials (including the cost of distribution when made direct to customers). MFG cost of sales include the manufacturing conversion cost, as they are supplied by third party commercial printers, therefore Gross Profit has reduced as a percentage of revenue.

Gross Profit increased by 17.0% to £11.63m from £9.94m. In percentage terms it reduced to 53.4% *(2011: 58.4%)* of revenue due to the inclusion of a full year of MFG's cost of sales. The respective margins of Printing.com and MFG remained similar to the prior year due to the continued support of the Franchise network in the UK and Ireland through monthly sales offers.

EBITDA

The Group define EBITDA as operating profit plus depreciation and amortisation. The year showed a marked improvement to £3.43m from £2.86m *(19.9%)*.

Pre-Tax Profit

The Group recorded a pre-tax profit of £1.26m *(2011: £1.31m)*, being 5.8% *(2011: 7.7%)* of Group revenue.

Staff costs increased in the year to £4.47m *(2011: £3.95m)*, but fell as a percentage of revenue from 23.2% to 20.5%. The depreciation and amortisation charge for the year rose sharply to £2.13m *(2011:* £1.56m*)* as a result of charges for the amortisation of Software Development and the assets recognised on the acquisition of MFG.

Interest Received and Charged

Interest received of £0.01m *(2011: £0.04m)* reflects interest on the cash balances held and interest charged to Franchisees on loans to them from Printing.com. Interest paid of £0.02m *(2011: £0.05m)*, relates primarily to lease finance repayments.

Taxation

In the year the standard rate for tax was 24% *(2011: 26%)*. The charge for the current year is £0.16m or

12.7% of PBT *(2011: £0.39m or 29.8%)*. The effective tax rate was reduced through the inclusion of enhanced tax relief on research and development expenditure.

Acquisition

During the year the final elements of consideration were paid on the acquisition of Rotterdam based MFG. These represented £355,000 in repayment of Loan Notes and the issue of 615,908 ordinary shares in the Company.

Earnings Per Share (EPS)

Basic EPS achieved was 2.33p *(2011: 2.04p)*, the weighted average number of shares used was 47,302,191. Diluted EPS achieved was 2.32p *(2011:2.02p)*, the weighted average number of shares used was 47,506,092. The year closed with 47,557,835 ordinary shares in issue.

Cash Flow

At the year end the Group had cash balances of £1.87m *(2011: £2.00m)*. After debt of £0.10m in MFG legacy bank loans Net Funds were £1.77m *(2011: £1.22m)*. Operational cash inflow remained strong at £3.54m *(2011: £4.16m)*. The most significant cash outflow being dividends paid of £1.49m *(2011: £1.43m)*.

Capital Expenditure

The total expenditure for the year was £1.38m *(2011: £1.55m)*. The major item being Software development charges for the online initiatives and computing infrastructure £0.86m *(2011: £0.87m)* Franchises reverting to Company ownership resulted in Customer Lists valued at £0.33m *(2011 :£0.52m)* being acquired.

Manufacturing capacity at the Manchester Hub provides scope for significant growth without additional capital expenditure. Capital expenditure will therefore continue to be mainly incurred on software development and enhancement.

Share Capital and Share Options

No employee options were exercised or granted during the year.

During the year the Company did not purchase any of its own shares.

Treasury Policies and Financial Risk

Surplus funds are intended to support the Group's short term working capital requirements. These funds are invested through the use of short term deposits and the policy is to maximise returns as well as provide the flexibility required to fund on-going operations. It is not the Group's policy to enter into financial derivatives for speculative or trading purposes.

Interest rate risk, liquidity risk and currency risk

Interest rate risks are minimal, having cleared all finance lease agreements. The Group uses leasing or hire purchase at periods of up to 5 years to finance purchases of major items of plant where it is considered to be a more effective use of funds.

The Group operates in Ireland, Holland, France, Belgium and Switzerland and therefore has overseas assets and liabilities which are income generating and thus any currency movements are considered to be a low risk.

Alan Q. Roberts
Finance Director
6 June 2012

Performance graph

The Group's share price performance for the period under review charted with the AIM all share is shown below. The market price of shares as at 31 March 2012 was 28.00 pence (*2011: 36.50 pence)*. The range during 2012 was 26.75 pence to 40.50pence.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2012

	Note	**2012**	2011
		£000	£000

Revenue	*3*	**21,768**	17,016
Raw materials and consumables used		**(10,134)**	(7,074)
Gross profit		**11,634**	9,942
Staff costs		**(4,473)**	(3,952)
Other operating charges		**(3,727)**	(2,968)
Depreciation and amortisation		**(2,134)**	(1,560)
Total expenses		**(10,334)**	(8,480)
Operating profit before acquisition related costs		**1,300**	1,462
Acquisition related costs		**-**	(161)
Operating profit		**1,300**	1,301
Financial income		**14**	56
Financial expenses		**(56)**	(46)
Net financing (expense)/income		**(42)**	10
Profit before tax		**1,258**	1,311
Taxation	*4*	**(158)**	(385)
Profit for the year		**1,100**	926
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**1,100**	926
Basic earnings per share	*5*	**2.33p**	2.04p
Diluted earnings per share	*5*	**2.32p**	2.02p

Consolidated Statement of Changes in Equity

Group - year ended 31 March 2011

	Share Capital £000	**Share premium £000**	**Merger reserve £000**	**Retained Earnings £000**	**Total £000**
Balance at 31 March 2010	450	3,881	211	1,525	6,067
Profit and total comprehensive income for the year	-	-	-	926	926
Dividends paid	-	-	-	(1,425)	(1,425)
Shares issued and released from Treasury	19	-	627	-	646
Proceeds from disposal of treasury shares	-	-	-	285	285
Total movement in equity	19	-	627	(214)	432
Balance at 31 March 2011	469	3,881	838	1,311	6,499

Group - year ended 31 March 2012

Balance at 31 March 2011	469	3,881	838	1,311	6,499
Profit and total comprehensive income for the year	-	-	-	1,100	1,100
Dividends paid	-	-	-	(1,492)	(1,492)
Shares issued	6	198	-	-	204

Total movement in equity	6	198	-	(392)	(188)
Balance at 31 March 2012	**475**	**4,079**	**838**	**919**	**6,311**

Consolidated Statement of Financial Position

At 31 March 2012

	Note	**Group 2012 £000**	Group 2011 £000
Non-current assets			
Property, plant and equipment		**2,173**	2,951
Intangible assets		**4,615**	4,619
Deferred tax assets		**2**	2
Other receivables		**-**	20
Total non-current assets		**6,790**	7,592
Current assets			
Inventories		**147**	190
Trade and other receivables		**2,898**	3,490
Cash and cash equivalents		**1,874**	2,002
Total current assets		**4,919**	5,682
Total assets		**11,709**	13,274
Current liabilities			
Other interest-bearing loans and borrowings		**(80)**	(676)
Trade and other payables		**(2,889)**	(3,340)
Current tax payable		**(372)**	(423)
Accruals and deferred income		**(1,315)**	(1,392)
Other liabilities		**(243)**	(231)
Total current liabilities		**(4,899)**	(6,062)
Non-current liabilities			
Other interest-bearing loans and borrowings		**(23)**	(109)
Deferred tax liabilities		**(476)**	(604)
Total non-current liabilities		**(499)**	(713)
Total liabilities		**(5,398)**	(6,775)
Net assets		**6,311**	6,499
Equity attributable to equity holders of the parent			
Share capital		**475**	469
Share premium		**4,079**	3,881
Merger reserve		**838**	838
Retained earnings		**919**	1,311
Total equity		**6,311**	6,499

Consolidated Statement of Cash Flows
for year ended 31 March 2012

	Note	**Group 2012 £000**	Group 2011 £000
Cash flows from operating activities			
Profit for the year		**1,100**	926
Adjustments for:			
Depreciation, amortisation and impairment		**2,134**	1,560
Net finance expense / (income)		**10**	(10)
Foreign exchange (loss)/gains		**(32)**	18
Tax expense / (income)		**158**	385
Operating cash flow before changes in working capital and provisions		**3,434**	2,879
Change in trade and other receivables		**609**	609
Change in inventories		**43**	(49)
Change in trade and other payables		**(544)**	719
Cash generated from / (used in) Operations		**3,542**	4,158
Interest paid		**(24)**	(46)
Income tax paid		**(337)**	(230)
Net cash inflow/(outflow) from operating activities		**3,181**	3,882
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**4**	-
Interest received		**14**	42
Acquisition of plant and equipment		**(183)**	(145)
Capitalised development expenditure		**(322)**	(246)
Acquisition of other intangible assets		**(872)**	(1,156)
Acquisition of Subsidiary net of cash acquired		**-**	(329)
Net cash (used in) / generated by investing activities		**(1,359)**	(1,834)
Cash flows from financing activities			
Proceeds from the issue of share capital		**204**	-
Payment of finance lease liabilities		**(200)**	(653)
Repayment of Bank Loans		**(127)**	(52)
Repayment of Loan Notes		**(355)**	(54)
Dividends paid		**(1,492)**	(1,425)
Net cash used in financing activities		**(1,970)**	(2,184)
Net (decrease)/increase in cash and cash equivalents		**(148)**	(136)
Exchange losses on cash and cash equivalents		**20**	-
Cash and cash equivalents at start of year		**2,002**	2,138
Cash and cash equivalents at 31 March		**1,874**	2,002

Notes
(forming part of the financial statements)

1 Basis of preparation

Printing.com plc (the "Company") is a company incorporated and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements are authorised for issue by the Board of Directors on 6 June 2012.

The financial information does not constitute the Company's statutory accounts for the years ended 31 March 2012 or 31 March 2011 (but is derived from those accounts). Statutory accounts for 2011 have been delivered to the registrar of companies, and those for 2012 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for the financial year ended 31 March 2012 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

Cautionary note regarding forward looking statements

This announcement includes statements that are forward looking in nature. Forward looking statements may involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by listing rules, disclosure and transparency rules and applicable law, the Company undertakes no obligations to update, revise or change any forward looking statements to reflect events or developments occurring on or after the date such statements are published.

2 Going concern

The Group has considerable financial resources and the opportunities open to the Group continue to grow. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Cash flow forecasts indicate continuing cash inflows to ensure that sufficient cash is available for future trading and dividends. The Group's external funding is made up of bank loans which total £0.10m against cash balances of £1.87m at the year end. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

3 Segmental information

As in the prior year the Group's primary operating segments are geographic being UK& Ireland, Europe and others. The segmental analysis by nature of service is also consistent with the prior year being conventional printing services, online printing services and licence income.

This disclosure correlates with the information which is presented to the Chief Operating Decision Maker, the Chief Executive (CEO), who reviews revenue (which is considered to be the primary growth indicator) by segment. The Group's costs, finance income, tax charges, non-current liabilities, net assets and capital expenditure are only reviewed by the CEO at a consolidated level and therefore have not been allocated between segments in the analysis below.

Of the Group revenue of £21,768,000, £13,433,000 was generated in the UK *(2011: £13,395,000)*. Revenue generated outside the UK is primarily attributable to the Holland & Belgium £7,258,000 *(2011: £2,640,000),* France £536,000*(2011: £455,000)* and Republic of Ireland £392,000 *(2011: £343,000).* No single customer provided the Group with over 10% of its revenue.

Of the Group's non-current assets (excluding deferred tax) of £6,788,000, £6,101,000 is located in the UK. Non-current assets located outside the UK are in Holland (£663,000, *2011: £938,000*), France (£91,000, *2011: £48,000*) and the Republic of Ireland (£1,000, *2011: £nil*).

Analysis by location of sales

	UK & Ireland £000	Europe £000	Other £000	Total £000
Period ended 31 March 2012				
Segment revenues	**13,781**	**7,794**	**193**	**21,768**
Operating Expenses				**20,468**
Results from operating activities				**1,300**

Net finance income				**(42)**
Profit before tax				**1,258**
Tax				**(158)**
Profit for the period				**1,100**
Assets				
Unallocated net assets				**6,311**

	UK & Ireland £000	Europe £000	Other £000	Total £000
Period ended 31 March 2011				
Segment revenues	13,738	3,095	183	17,016
Operating Expenses				15,715
Results from operating activities				1,301
Net finance income				10
Profit before tax				1,311
Tax				(385)
Profit for the period				926
Assets				
Unallocated net assets				6,499

Analysis by type

	Printing services - online sales £000	Printing services £000	Licence Income £000	Total £000
Period ended 31 March 2012				
Segment revenues	**7,399**	**13,324**	**1,045**	**21,768**
Operating Expenses				**20,468**
Results from operating activities				**1,300**
Net finance income				**(42)**
Profit before tax				**1,258**
Tax				**(158)**
Profit for the period				**1,100**
Assets				
Unallocated net assets				**6,311**

Analysis by type

	Printing services - online sales £000	Printing services £000	Licence Income £000	Total £000
Period ended 31 March 2011				
Segment revenues	2,640	13,323	1,053	17,016
Operating Expenses				15,715
Results from operating activities				1,301
Net finance income				10
Profit before tax				1,311
Tax				(385)
Profit for the period				926
Assets				
Unallocated assets				6,499

4 Taxation

Recognised in profit and loss

	2012 £000	2011 £000
Current tax expense		
Current year	**459**	588
Foreign tax	**152**	23
Adjustments for prior years	**(325)**	(179)
	286	432
Deferred tax expense		
Origination and reversal of temporary differences	**(252)**	(120)
Movement due to change in rate of tax	**(62)**	(45)
Adjustment in respect of prior year for intangibles	**186**	118
Total tax in profit and loss	**158**	385

The adjustment in the tax expense for prior years is primarily due to R&D tax reclaims. These amounts are only recognised by the Group when the claims have been completed and cash received. The amounts reclaimed differ from the development costs capitalised under IAS and therefore the difference is not recognised as part of the tax base of these assets.

Reconciliation of effective tax rate

	2012 £000	2011 £000
Profit for the period	**1,258**	1,311
Total tax expense	**(158)**	(385)
Profit after taxation	**1,100**	926
Tax using the UK corporation tax rate of 26 % (*2011:28%*)	**327**	367
Permanent differences	**28**	116
Overseas tax losses not recognised	**12**	33
Difference in overseas tax rate	**(22)**	(36)
Consolidation adjustments	**-**	1
Adjustments in respect of prior periods - current tax	**(325)**	(179)
Adjustments in respect of prior periods - deferred tax	**186**	118
Movement due to change in tax rate	**(48)**	(35)
Total tax expense	**158**	385

The Group Tax Creditor amounts to £372,000 (2011:£423,000)

The deferred tax assets and liabilities as at 31 March 2012 have been calculated using the tax rate of 24% which was substantively enacted at the balance sheet date.

Further reductions to the UK corporation tax rate have been announced in the March 2012 Budget which have not been substantively enacted at the balance sheet date but are expected to impact on future tax charges. It is proposed to reduce the rate by another 1% to 23% by 1 April 2014. These changes are expected to be enacted separately each year and have not been recognized in these financial statements.

5 Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares.

	2012 £000	2011 £000
Profit after taxation for the financial year	**1,100**	926

Weighted average number of shares.

	2012 Number of Shares	2011 Number of shares
For basic earnings per ordinary share	**47,302,191**	45,407,444
Exercise of share options	**203,901**	500,175

For diluted earnings per ordinary share	**47,506,092**	45,907,619

6 Dividends

	2012 £000	2011 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	**993**	932
Interim dividends paid in respect of the current year	**499**	493
Total dividend paid in the year	**1,492**	1,425

After the balance sheet date dividends of £713,000/1.50p per qualifying ordinary share (*2011: £993,000/2.10p per qualifying ordinary share)* were proposed by the Directors. The dividends have not been provided for.

END

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