INTERIM REPORT & ACCOUNTS 2006

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

TRADING RESULTS AND DIVIDEND

We are pleased to announce that, for the interim period covering the 28 weeks ending 15 October 2006, your Company increased pre-tax profits by **0.7%** to **£1,026,000** (2005: £1,019,000).

Total Retail Sales increased by **15.9%** to **£10,879,000** (2005: £9,383,000) and provides the measure that we believe best indicates transactional volumes. In a similar manner, Transfer Price (the wholesale value paid by the franchisee in respect of each order) increased by **16.1%** to **£5,881,000** (2005: £5,067,000).

Turnover marginally decreased by **3.4%** to **£6,187,000** (2005: £6,404,000), reflecting the change in ownership of several Stores and, significantly, the legacy 'Agency' division. In previous periods these were Company owned and Total Retail Sales were included in turnover. In the period under review, now under franchise ownership, Printing.com's turnover only included the wholesale value (Transfer Price) of these orders, with the balance (along with the associated overheads) passed to the franchisee.

At the close of the interim period, the Company had cash-in-hand of **£3,223,000**. During the period, working capital increased by £543,000 and the Company paid dividends of £559,000. Capital expenditure in the period amounted to £3,285,000 of which £2,955,000 was lease financed.

The Directors are declaring an interim dividend of 0.6p per share to be paid on 15 December 2006 to shareholders on the register at 1 December 2006.

CURRENT TRADING

As previously reported at the Company's AGM, trading deteriorated during June and July with the downturn being more than would simply reflect the usual summer seasonality. It was also reported that disruption pertaining to the Hub expansion restricted certain options which could ordinarily have been used to mitigate such conditions: accordingly the Company revised its budget for the year.

We are pleased to report that following the last update on 28 July 2006, and save for the first two weeks of August, trading has proved more encouraging. As a result, the penultimate and final 4-week trading Periods, ending 17 September 2006 and 15 October 2006, saw volumes inline with the Company's current budget. Encouragingly, the first Period of the second half has also followed this more positive trend.

We attribute better trading both to an improvement in the market and to more potent promotional offers that are now possible following the Hub expansion. Indeed, September's 'Stationery Pack' offer generated over £200,000 of Total Retail Sales with over 1,200 clients placing orders.

ESTATE DEVELOPMENT

The Company's estate of open and pending Outlets at the end of the reporting period comprised:-

	15 October 2006	16 October 2005	31 March 2006
Company Owned Stores	**6**	8	6
Franchised Stores – open and pending	**42**	39	42
Bolt-on Franchises	**140**	98	118
Total Outlets – open and pending	**188**	145	166

The Franchised Stores (most of which operate under the Company's Territory Franchise model) include not only those open but also those pending under option or trading from temporary premises. Whilst previously the pending element, would have represented a significant number, today all but one of the Stores are now trading from permanent locations.

Our strategy for securing franchisees for the limited remaining Territory Franchises has reverted away from the expense of major exhibitions as in many parts of the UK and Ireland we simply have no availability.

Previously our proposed structure for the UK included 66 Territory Franchises or Company owned equivalents. Such has been the success of the Bolt-on Franchise programme that in certain instances we have 'merged' designated Territory Franchise areas to provide greater scope for expedited Bolt-on Franchise development. Accordingly, we now anticipate that a full complement of Territory Franchises would be in the region of 58 to 60. We therefore have in the order of 12 to 14 still to grant.

Bolt-on Franchise development continues to make good progress and we hope that the rate of growth will increase as more Territory Franchisees gain experience in the marketing of the Bolt-on opportunity. Certain of our Territory Franchisees have now added more than five Bolt-ons across their development area and, indeed, many of these successful Territory Franchisees are optimistic that additional Bolt-on outlets may be signed. Accordingly, we believe that the scope exists for the number of Bolt-on franchises to significantly exceed 300 as the estate matures.

LIKE FOR LIKE

Our like for like measure reflects the value of transactions pertaining to the principal Store and the Bolt-on Franchises of a given Territory Franchise. This is because some of the Territory Franchisees put more emphasis on the Store they directly own, whilst others focus on the development of the local Bolt-on network. Both are valid strategies. In addition, only Territory Franchises where the Store is over three years old are considered, thereby avoiding new Stores distorting this metric.

On this basis, like for like growth during the interim period was 6.8% versus 17.6% reported for the twelve months to March 2006. This reflects the challenging trading conditions that have been encountered over the summer months.

INTERNATIONAL DEVELOPMENT

It is a little over a year since your Company outlined its International strategy, whereby established printing companies in other countries would be able to licence Printing.com's software and systems and thereby establish a similar network in their market place. In return for providing its software and systems, Printing.com would be paid a combination of licence fees and royalties.

June 2006 saw the granting of the first of these licences to an established printing group in New Zealand with an Option also granted for Australia. Following extensive training of the New Zealand team in the UK, coupled with on-site support in New Zealand, the system and software are now in use. Importantly, initial feedback from both the licence owner and their franchisees has been encouraging. Also, since commencing operations with the system, the first New Zealand Bolt-on Franchise has been secured demonstrating the scope for this model to translate into other countries.

The operation of the system means that royalties have begun to be generated at a modest level, but we anticipate that over the next fiscal year and beyond, these will prove more significant and worthwhile.

In July, we announced that an Option had been taken out over Poland. This situation has progressed significantly and we remain optimistic of a positive outcome.

Following a variety of promotional initiatives, including major print exhibitions in the UK and US, we are actively engaged in discussions with many prospective partners across the EU, US and elsewhere. We remain cautiously optimistic that these discussions will result in the granting of additional licences during the current fiscal year.

HUB DEVELOPMENT

At the beginning of the Interim period Printing.com's production Hub had a capacity measured in Total Retail Sales of £20-25 million with the Period by Period run rate close to this level and week by week peaks having exceeded this range.

Following the substantial completion of the major Hub expansion project, we now have a Total Retail Sales capacity £40-£45 million and our objective is to derive the maximum efficiencies from our new infrastructure whilst maintaining the high standards that the Printing.com brand represents.

OUTLOOK

During the interim period we have faced challenges relating both to the softer market conditions combined with the Hub operational disruption and the complex demands on managerial time for the activities surrounding the promotion of the Master Franchise programme and the instigation of the first international operational licencee.

Whilst the fiscal performance of the Interim period versus the previous year could be construed as one of consolidation, we firmly believe that the operational developments provide the basis for the Company to significantly move forward.

Accordingly, we remain optimistic about the prospects for Printing.com.

George Hardie
Chairman
21 November 2006

Tony Rafferty
Chief Executive
21 November 2006

UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE 28 WEEK PERIOD ENDED 15 OCTOBER 2006		**28 Weeks ended 15 October 2006 Unaudited £'000**	28 Weeks ended 16 October 2005 Unaudited £'000	Year ended 31 March 2006 Audited (restated*) £'000
Turnover	2	**6,187**	6,404	12,344
Changes in stocks of finished goods		**21**	(12)	16
		6,208	6,392	12,360
Raw materials and consumables		**2,069**	1,840	3,557
		4,139	4,552	8,803
Staff costs		**1,676**	1,960	3,422
Depreciation and amortization		**439**	416	794
Other operating charges		**1,003**	1,156	2,363
Operating Profit		**1,021**	1,020	2,224
Investment income		**107**	77	141
Interest payable and similar charges		**(102)**	(78)	(134)
Profit On Ordinary Activities Before Taxation		**1,026**	1,019	2,231
Taxation	3	**(308)**	(306)	(528)
Proft On Ordinary Activities After Taxation		**718**	713	1,703
Earnings per ordinary share – basic		**1.61p**	1.61p	3.84p
Earnings per share – fully diluted		**1.53p**	1.53p	3.65p

* The restatement of the prior year results relates to the new accounting treatment for share based compensation as required by Financial Reporting Standard 20 (note 1)

UNAUDITED GROUP STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

AS AT 15 OCTOBER 2006		**28 Weeks ended 15 October 2006 Unaudited £'000**	28 Weeks ended 15 October 2006 Unaudited (restated*) £'000	Year ended 31 March 2006 Audited (restated*) £'000
Total recognised gains and losses relating to the year		**718**	713	1,703
Prior year adjustment (net of tax)	1	**(195)**		
Total recognised gains and losses since last annual report		**523**		

UNAUDITED CONSOLIDATED BALANCE SHEET

AS AT 15 OCTOBER 2006		15 October 2006 Unaudited £'000	16 October 2005 Unaudited (restated*) £'000	31 March 2006 Audited (restated*) £'000
Fixed Assets				
Intangible assets		**68**	93	68
Tangible		**6,689**	3,652	3,855
		6,757	3,745	3,923
Current Assets				
Stock		**102**	94	124
Debtors	5	**3,973**	2,813	3,084
Cash		**3,223**	2,734	3,452
		7,298	5,641	6,660
CREDITORS: Amounts falling due within one year		**(4,645)**	(2,975)	(3,493)
Net Current Assets		**2,653**	2,666	3,167
Total Assets Less Current Liabilities		**9,410**	6,411	7,090
Creditors: Amounts falling due after more than one year		**(2,595)**	(695)	(499)
Provision for Liabilities and Charges		**(215)**	(255)	(243)
Net Assets		**6,600**	5,461	6,348
Capital And Reserves				
Called up share capital		**447**	445	447
Share premium		**3,833**	3,797	3,823
Merger reserve		**211**	211	211
Other reserve		**374**	191	280
Profit and loss account		**1,735**	817	1,587
Equity Shareholders' Funds		**6,600**	5,461	6,348

UNAUDITED GROUP CASH FLOW STATEMENT

AS AT 15 OCTOBER 2006		**28 Weeks ended 15 October 2006 Unaudited £'000**	28 Weeks ended 16 October 2005 Unaudited (restated*) £'000	Year ended 31 March 2006 Audited (restated*) £'000
Net Cash inflow from Operating activities	6a	**1,012**	821	2,466
Returns on Investments and servicing of finance	6b	**5**	(1)	7
Taxation		**-**	-	-
Capital Expenditure	6b	**(330)**	(467)	(973)
Equity dividends paid		**(559)**	(222)	(443)
Cash Inflow Before Financing		**128**	131	1,057
Financing	6b	**(357)**	(261)	(469)
(Decrease)/increase in cash in period		**(229)**	(130)	588

Reconciliation Of Net Cash Flow To Movement In Net Funds				
(Decrease)/increase in cash in the period	6c	**(229)**	(130)	588
Net cash outflow from debt financing		**367**	291	527
Change in net debt resulting from cashflows		**138**	161	1,115
New finance leases		**(2,955)**	-	(45)
Net funds at start of period	6c	**2,508**	1,438	1,438
Net (Debt)/Funds At End Of Period	6c	**(309)**	1,599	2,508
Being:				
Net cash		**3,223**	2,734	3,452
Finance leases		**(3,532)**	(1,135)	(944)
	6c	**(309)**	1,599	2,508

NOTES TO THE UNAUDITED INTERIM ACCOUNTS

FOR THE 28 WEEK PERIOD ENDED 16 OCTOBER 2005

1. The Group's Interim Results consolidate the results of the Company and its subsidiary companies made up to 15 October 2006.

   The information set out does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the financial statements for the financial year ended 31 March 2006. These accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

   The interim financial information has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2006, with the exception of accounting for share based payments. This follows the adoption of Financial Reporting Standard No 20 (FRS 20 – Share based payments) for the year ending 31 March 2007. In accordance with the standard, the cost of share options awarded to employees and franchisees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest.

   Comparative figures for the period ended 16 October 2005 and the year ended 31 March 2006 have been restated to apply the provisions of FRS 20, increasing staff costs and other operating charges and consequently reducing profit for those periods, as follows:

	28 weeks ended 16 October 2005 Unaudited (restated*) £'000	Year ended 31 March 2006 Audited (restated*) £'000
Profit on ordinary activities after taxation prior to adjustment	**775**	1,826
FRS 20 share option charge (net of tax)	**(62)**	(123)
Profit on ordinary activities after taxation restated	**713**	1,703

The Board of Directors approved the interim report on 20 November 2006.

2. Turnover and profit before taxation were mainly derived from the Group's principal activity carried out in the UK and Republic of Ireland.

3. The tax charge is based on the current rate of UK corporation tax applicable to the Company and comprises:

	28 Weeks ended 15 October 2006 Unaudited £'000	28 Weeks ended 16 October 2005 Unaudited (restated*) £'000	Year ended 31 March 2006 Audited (restated*) £'000
UK corporation tax at 30%	**336**	332	566
Total current	**336**	332	566
Deferred taxation			
Originating from timing differences– based on standard rate of corporation tax at 30%	**(28)**	(26)	(38)
Tax on profit on ordinary activities	**308**	306	528

4. Earnings per share

	28 Weeks ended 15 October 2006 Unaudited £'000	28 Weeks ended 16 October 2005 Unaudited (restated*) £'000	Year ended 31 March 2006 Audited (restated*) £'000
Profit after taxation	**718**	713	1,703
Weighted average number of shares (No)			
For basic earnings per ordinary share	**44,718,617**	44,347,127	44,312,566
Exercise of share options	**2,286,800**	2,270,196	2,304,496
For fully diluted earnings per ordinary share	**47,005,417**	46,617,323	46,617,062
Earnings per ordinary share – basic	**1.61p**	1.61p	3.84p
Earnings per share – fully diluted	**1.53p**	1.53p	3.65p

5. The Debtors figure of £3,973,000 (28 weeks ended 16 October 2005: £2,813,000; year ended 31 March 2006: £3,084,000) includes amounts falling due after more than one year of £714,000 (28 weeks ended 16 October 2005: £285,000; year ended 31 March 2006: £561,000).

6. Cash Flow

	28 Weeks ended 15 October 2006 Unaudited £'000	28 Weeks ended 16 October 2005 Unaudited £'000	Year ended 31 March 2006 Audited £'000
a Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit	**1,021**	1,020	2,224
Share based compensation	**94**	88	176
Depreciation and amortisation	**439**	416	794
Decrease/(increase) in stocks	**22**	12	(16)
Increase in debtors	**(889)**	(626)	(934)
Increase/(decrease) in creditors	**324**	(89)	219
Profit on sale of assets	**1**	-	3
Net cash inflow from operating activities	**1,012**	821	2,466

b Analysis of cash flows for headings netted off in the cash flow statement

Returns on Investments and servicing of finance			
Interest received	**107**	77	141
Interest paid	**-**	-	(1)
Interest element of finance lease rental payments	**(102)**	(78)	(133)
Net cash inflow/(outflow) from returns on investments and servicing of finance	**5**	(1)	7
Capital Expenditure			
Purchase of intangible assets	**(64)**	(7)	(42)
Purchase of tangible assets	**(266)**	(460)	(972)
Sale of tangible assets	**-**	-	41
Net cash outflow from capital expenditure	**(330)**	(467)	(973)
Financing			
Issue of ordinary share capital	**10**	30	58
Capital element of hire purchase contracts	**(367)**	(291)	(527)
Net cash outflow from capital expenditure	**(357)**	(261)	(469)

6. **Cash Flow** (continued)

	At 1 April 2006 Audited £(000)	**Cash Flow £(000)**	**Non Cash Movements £(000)**	**At 15 October 2006 Unaudited £(000)**
c Analysis of Net Funds/(Debt)				
Net cash				
Cash at bank and in hand	**3,452**	(229)	-	3,223
	3,452	(229)	-	3,223
Debt:				
Finance leases	**(944)**	367	(2,955)	(3,532)
Net funds/(debt)	**2,508**	138	(2,955)	(309)

7. **Equity reserves**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2006						
– as previously reported	447	3,823	211	1	1,782	6,264
FRS 20 adjustment	-	-	-	279	(195)	84
As restated	447	3,823	211	280	1,587	6,348
Profit for the period	-	-	-	-	718	718
Dividends paid	-	-	-	-	(559)	(559)
Exchange differences	-	-	-	-	(11)	(11)
Share issue	-	10	-	-	-	10
Share based compensation	-	-	-	94	-	94
At 15 October 2006	**447**	**3,833**	**211**	**374**	**1,735**	**6,600**

8. **Interim statement**

The Interim Report will be posted to all shareholders of the Company and copies will be available upon application to the registered office, Printing.com plc, Focal Point, 3rd Avenue, The Village, Trafford Park, Manchester M17 1FG.

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC

Introduction

We have been instructed by the company to review the financial information set out in the consolidated profit and loss account, the consolidated balance sheet, the group cash flow statement and the related notes and we have read the other information in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of their interim statement and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities

The interim statement, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the Alternative Investment Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the company's annual accounts.

Review work performed

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

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 28 weeks ended 15 October 2006.

Baker Tilly

BAKER TILLY
Chartered Accountants
Brazennose House
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20 November 2006


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