Annual Report & Accounts 2007

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FINANCIAL SUMMARY

	2007 £000	%	2006 £000	%	2005 £000	%
Total Retail Sales*	**£21,284**		£18,222		£14,449	
Annual Growth	**16.8%**		26.1%		33.3%	
Franchise Revenue (Transactional sales & licence revenue)	**10,910**	**89.9%**	8,882	74.8%	6,111	57.0%
Store Revenue	**1,018**	**8.4%**	2,158	18.2%	3,210	30.0%
	11,928	**98.3%**	11,040	93.0%	9,321	87.0%
Other	**208**	**1.7%**	839	7.0%	1,396	13.0%
Turnover	**12,136**		11,879		10,717	
Annual Growth	**2.2%**		10.8%		14.9%	
Gross Profit	**8,139**	**67.1%**	8,338	73.1%	7,828	73.0%
Operating Profit	**2,202**	**18.1%**	1,834	15.4%	1,632	15.2%
Annual Growth	**20.1%**		12.4%		36.8%	
Other Income	**141**		400		-	
Net Interest	**(13)**		7		(124)	
Profit Before Tax	**2,330**		2,241		1,508	
Annual Growth	**4.0%**		48.6%		60.4%	
Taxation	**(719)**		(655)		(331)	
Tax Rate	**30.9%**		29.2%		21.9%	
Profit on Ordinary Activities After Tax	**1,611**		1,586		1,177	
Dividend on equity shares	**1,119**		780		221	
Earnings per ordinary share – basic	**3.60p**		3.58p		2.74p	
Earnings per ordinary share – diluted	**3.43p**		3.40p		2.66p	
Interim Dividend per ordinary share	**0.60p**		0.50p		-	
Final Dividend per ordinary share	**1.90p**		1.25p		0.50p	
Total Dividend per ordinary share	**2.50p**		1.75p		0.50p	
Outlet Network						
Owned Stores	**2**		6		9	
Franchised Stores Open and Pending	**47**		42		33	
Total Stores	**49**		48		42	
Bolt-on Franchises Open and Pending	**149**		118		77	
Total Outlets	**198**		166		119	
Like For Like Performance**						
Growth	**13.46%**		17.64%			
Territories Included	**20**		14			

* Total Retail Sales is the sum of retail sales from Franchised and Company Owned Outlets of printing.com products.

** Like for like performance based on sales in territories operating for a minimum of 3 years.

1,500 product cartons leave the Manchester Production Hub each day.

CHAIRMAN'S STATEMENT

TRADING RESULTS

At first glance the pre-tax profit of £2.3m (2006 restated: £2.2m) could be interpreted as indicating just a year of consolidation. However, we believe that more careful scrutiny indicates that momentum is continuing to build in your Company, albeit the rate of growth is marginally below what we had expected. Nevertheless the year exhibited growth in terms of Total Retail Sales ("TRS") through the network to £21.3m (2006: £18.2m), an increase of 17%.

George Hardie – Chairman

Additionally, Operating Profit showed a material increase to £2.2m (2006: £1.8m). The increase in TRS is not reflected in the turnover of £12.1m (2006: £11.9m), due to the increased number of stores now under franchised ownership whereby only the 'wholesale' component of each printing order is counted towards your Company's turnover.

Conveyors moving finished orders from guillotine to Smartpack

CASH

Your Company finished the year with cash reserves of £2.9m against £3.5m the previous year, reflecting the timing of corporation tax which now requires us to make advance payments on account whilst also, in this instance, being required to make payment for the previous year. We also paid dividends of £828,000 (2006: £469,000) and invested £3.9m in plant, equipment and infrastructure, of which £2.9m was funded by finance leases.

DIVIDEND

Shareholders will recall that when your Company went onto the AIM market, the Board set out its aspiration to follow a progressive dividend policy. In line with this strategy, and taking into account our strong cash reserves, your board is proposing a final dividend of 1.9p per ordinary share to be paid on 9 August 2007 to shareholders on the register at the close of business on 29 June 2007. Making a total dividend for the year of 2.5p per ordinary share (2006: 1.75p).

dividend for the year of 2.5p

PEOPLE AT PRINTING.COM

Across the Printing.com network, it is the hard work and endeavours of our franchisees, the people who work alongside them, and our direct employees that ensures your Company delivers an excellent front line service to Printing.com's clients. On your behalf, I thank them all for their hard work and would pay particular tribute to those in the production department at our Manchester Hub for the way they have risen to numerous challenges during the Hub expansion programme.

Tree Appeal with Dave Bellamy
In 2006 Printing.com and our franchises planted 10,000 trees with David Bellamy and Tree Appeal. Here's one of the planting events which took place in Bristol.

OUTLOOK

Importantly, in the year under review, significant infrastructure was put in place that should position your Company for further growth over the coming years. At the Manchester Hub, capacity was increased from £20-25m to £40-45m and the first International Master Licence was granted for New Zealand. This allows a printer operating in that marketplace to utilise Printing.com's, Flyerlink® software, its systems and collateral in return for royalty payments.

Over the coming year we expect to see material growth across our UK and Irish franchise network that feeds our Manchester Hub. Having invested £3.9m in the year under review, we once again have an abundance of unutilised capacity. Looking ahead, as volumes increase we would expect to see a proportionate net increase in your Company's EBITDA. As a rule of thumb, assuming we are able to maintain or improve current operational metrics, we would expect EBITDA to increase by around £1m for each £5m of additional TRS.

Professor David Bellamy with John Hibberd from Australian Welsh Bolt-on Franchise and Ray Prusak, Cardiff Territory Franchise.

In the UK, we have launched our first 'new media' offering, 'Websites by Printing.com'. Following significant development over the past year, the majority of franchises are now trained in the service and the first websites are now live. We believe there is great scope for this offering to further assist our clients to better promote their own businesses, and for our franchisees and your Company to generate incremental profits.

In 2003 we commenced shipping to the Republic of Ireland to test our systems within the Euro zone, and this has proved very successful. In September this year we will begin a similar operation in France. Over the past 18 months we have invested in this new initiative and firmly believe that, by distributing via Bolt-on Franchise partners, a great opportunity exists without the need to directly invest in stores.

we planted 10,000 trees this year

The gestation period for the granting of international Master Licences appears longer than we would have hoped and its launch more costly than anticipated. However, the success that has been achieved to date in New Zealand, coupled with the granting of the second such agreement and the progressed negotiations in the US, gives us confidence that in the years to come we will be able to exploit your Company's intellectual property.

Collectively, we believe these initiatives herald an exciting time ahead for your Company, reflected by our confidence in the acceleration of the dividend. In the current year, we are cautiously optimistic that the International Master Licence programme will make a material contribution to your Company's profits.

George Hardie
Chairman
5 June 2007

Newcastle-upon-Tyne Territory Franchise.

CHIEF EXECUTIVE'S STATEMENT

	1 June 2007	31 March 2007	31 March 2006
Company Owned Stores	**2**	2	6
Franchise Stores (Open & Pending)	**47**	47	42
Bolt-on Franchises	**156**	149	118
	205	198	166

Tony Rafferty – Chief Executive

ESTATE DEVELOPMENT

As you will see from the table above, once again, the Printing.com estate has exhibited material growth and, indeed, during the year became the UK's largest printing network, measured by the number of outlets. In terms of network revenue we estimate that today Printing.com is still only a third of the size of the largest competitor, reflecting the scope for ongoing growth. Our objective for the UK and Ireland remains the establishment of a network of circa 50 Territory and over 350 Bolt-on Franchises.

Southampton Territory Franchise
Nick Bowler – helping a customer.

We favour this approach, as it enables your Company to leverage the endeavours of established entrepreneurs, who in most instances, would not consider a traditional franchise format. Of note, during the year, three established and successful Bolt-on Franchisees, elected to also establish Territory Franchises. We believe this reflects a most positive endorsement of our business model.

the UK's largest printing network

The increase in the number of Territory Franchises includes the transfer of the Birmingham Centre and Luton/Hertfordshire Territory Franchises via Management Buy Outs, and the Oxfordshire Territory via a Management Buy In. Indeed, the Oxford and Luton outlets, having previously been bought back, were once again returned to franchise ownership.

Across the United Kingdom we now have only a handful of empty Territory Franchises. Accordingly, our expenditure on marketing this franchise format, at national exhibitions and the like, has been scaled back. Previously we reported that we had enlarged the geographic area of certain Territory Franchises to provide more scope for successful exponents to establish additional Bolt-on Franchises. We have continued to apply this strategy in an additional five instances.

SmartPack Sortation System
This year saw the successful installation of our bespoke Smartpack job sortation and packing system.

The Bolt-on Franchise, in which an established printing business or graphic/web designer utilises the Printing.com brand and offering in tandem with their existing business, continues to go from strength to strength. Whilst individually a typical Bolt-on Franchise contributes less revenue than a stand-alone store, this format allows the propagation of Printing.com into smaller towns and districts than would otherwise be possible.

As the Printing.com offering is only a component of the Bolt-on Franchisee's business, inevitably from time to time we experience some 'churn' in the Bolt-on Franchise estate where, for instance, the franchisee elects to follow an alternative overall strategy. Where this occurs we endeavour to seek a commercial resolution and to appoint an alternative local Bolt-on. Notwithstanding this inherent churn, during the year under review we saw a net increase of 31 Bolt-on Franchises.

During the current year our objective is to further increase the net Bolt-on estate by a minimum of 50 outlets. We believe this is realistic as our Territory Franchisees' experience of marketing the Bolt-on franchise opportunity continues to develop.

Smartpack runs on a handheld computer and is integrated with Flyerlink®.

THE PRODUCTION HUB AND INFRASTRUCTURE

The year under review saw the Manchester Hub change beyond recognition as capacity was increased from £20-25m to £40-45m.

The addition of a sizeable mezzanine floor added a further 745 sq. m. of production area. A swimming pool sized recess was also constructed to accommodate the new 'double-decker' printing press. Building these structures whilst maintaining an undisrupted supply to our franchisees and customers represented a significant challenge that your Company overcame.

Barcodes track each individual product pack throughout the packing process.

During the year we also developed and commissioned Smartpack, a bespoke job logistics/sortation system. Smartpack is driven by Printing.com's proprietary software Flyerlink® and groups together the discrete 'bundles' of product that comprise each order. Previously this manual process was not only labour intensive but also one of the most fallible stages of production.

With Smartpack, the individual product bundles are routed automatically from the 'Guillotines' to a designated packing chute, allowing all components of the given order to be consolidated. From there, they can be rapidly packed, and automatically labelled, weighed and sealed before shipping. Last minute changes to information such as delivery instructions are again routed directly, via Flyerlink®, to the Smartpack chutes.

Introducing this infrastructure is an important step in ensuring the scalability of the Manchester Hub and its ability to suitably support our franchises as we grow.

Smartpack is driven by Flyerlink®

Our New Zealand Master Franchise uses "powered by printing.com branding"

INTERNATIONAL EXPANSION

In November 2005, we set out our plans to expand Printing.com beyond the UK and Republic of Ireland by licencing our systems, software, brand and reputation to printers in other countries wishing to pursue a similar business model. We also set out the potential revenue streams for the Master Licence Agreement ("MLA") comprising of an initial licence fee and ongoing royalties.

During the year under review we granted our first MLA, for New Zealand. This licence was granted to a commercial printer in the country's capital, Wellington. This business, aside from its general printing activities, had established a network of 14 outlets supplying a service similar to Printing.com. We believe that the rationale for them entering into the MLA is centred on the access that it gives to the Flyerlink® software and other extensive Printing.com collateral.

Following extensive training in the UK, Printing.com supported the launch of the system in New Zealand. Since then the New Zealand network has expanded to 23 (open or pending). The estate development has centred on the successful launch of the New Zealand Bolt-on Franchise initiative. The company is optimistic that, moving forward, the estate will continue to grow.

New Zealand network has expanded to 23 outlets

It was previously reported that MLA Options had been granted for both Poland and Australia. The Polish Option has since lapsed. The New Zealand MLA owners, the previous grantee of the Australian Option, have elected to focus their strategy on their domestic market – accordingly the Option did not progress. However, a new Option has been granted over Australia to a company with whom we previously held extensive discussions.

During February 2007, a second MLA was granted. In this respect, a programme of extensive UK based training has now been completed, with the delivery of the local component scheduled for late summer 2007. As the MLA is granted to a relatively small country in terms of population (but with an affluent economy), at this juncture we are reserving its identity so as not to detract from the forthcoming launch.

The Master Franchise licence allows franchisees to use printing.com collateral.

In October 2006, Printing.com attended the Graph Expo printing exhibition in Chicago, US. Following on from this, a number of potential partners have made visits to the UK and vice versa. Since then we have entered into a period of exclusive discussions with one prospective partner which may or may not result in the grant of a formal Option or MLA.

Discussions continue to progress with prospective partners in other countries.

Our new Websites by printing.com service and sample websites.

'WEBSITES BY PRINTING.COM'

The Printing.com structure essentially provides the architecture to vend services, in addition to printing, to the highly fragmented SME marketplace.

The essence of 'Websites by Printing.com' is a design, build and hosting service positioned between the numerous DIY offerings on the web and the entry-level service available via a typical small business website designer. It is expected that most websites will be offered in the range of £400 to £600.

The service differentiates itself for the franchisee, in that no specific knowledge of HTML or other website development languages is required. For the end user client the differentiation is the inclusion of an 'Update Centre' allowing the end user to update their websites without the delay, expense or inconvenience of involving a website designer.

Clients use Update Centre to keep the content of their website up to date.

The launch of 'Websites by Printing.com' follows the acquisition in July 2006 of certain intellectual property from Website World Limited for a nominal sum with an earn-out provision. Website World had previously offered a similar service from retail premises in Sheffield.

During the past four months we've delivered hundreds of classroom training days to our Franchisees. This classroom training has been augmented with an extensive programme of field support by your Company's Development Managers.

The service and the functionality that it offers has been well received by the Printing.com franchise community and, whilst at an early stage, the first paid-for websites have now been produced with early indications showing them to be well-received by the clients.

Moving forward, we believe that this service will offer a useful additional revenue stream for our franchisees. In common with printing, they pay a transfer price for each website. We believe that not only will this service add to the appeal of a Printing.com franchise, but will become a material incremental revenue stream for your Company.

we have delivered hundreds of classroom training days

Flyerlink® has been upgraded to work in multiple languages.

to drive more volume through the Manchester Hub

PRINTING.COM IN FRANCE

Whilst we intend to develop most international territories via the grant of an International Master Licence, the proximity of France, coupled with the advent of Flyerlink®'s multi-lingual capabilities will enable us to enter this market in September 2007.

Over the past year our research into the marketplace, an exploration of potential Master Licence opportunities has provided a good insight. We intend to exploit this opportunity by granting Bolt-on Franchises in a similar manner to the UK. At this stage, we do not intend to open either directly owned stores or territory franchises but believe that many proprietors of Graphic/Web Designers would benefit from the Printing.com offering. To exploit this opportunity we assembled a team in December 2006 including a seasoned Printing.com Development Manager who is fluent in French, and a Manager from a French competitor.

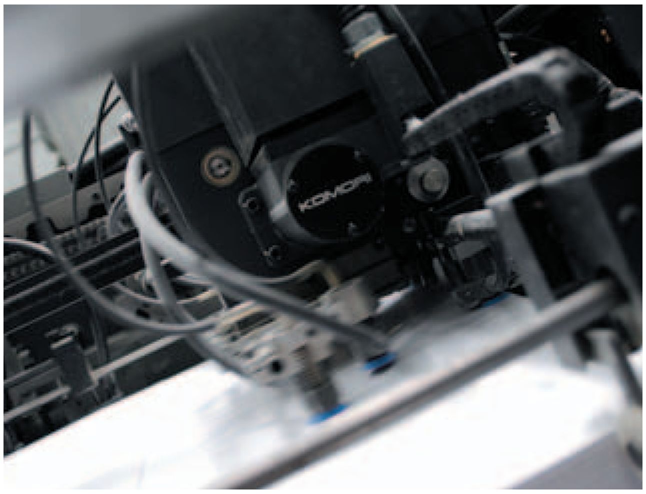
Having been thorough in our appraisal of the market and by partnering with established French businesses, we are optimistic that this initiative will prove successful and drive more volume through your Company's Manchester Hub. Moving forward, we expect that the business will be bought out, production moved to the new owner's facility in France and operate in a similar manner to the New Zealand Master Licence, with your Company receiving royalties.

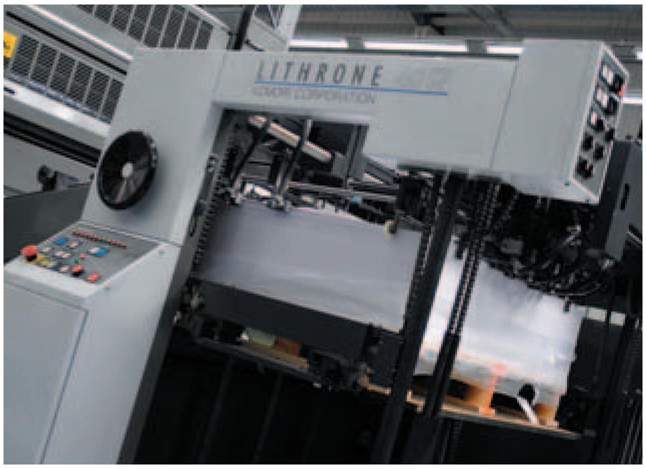
Have you spotted one of these in Glasgow city centre?

CURRENT TRADING

Post the start of the current financial year we are pleased to report that trading volumes are ahead of the same period in the previous year and broadly speaking in line with the Company's internal budget. During the same period an additional 8 Bolt-on Franchise agreements have been completed with the pipeline providing encouragement moving forward.

Tony Rafferty
Chief Executive
5 June 2007





Our new Komori "Double-decker" printing press.

FINANCIAL REVIEW

TOTAL RETAIL SALES (TRS)

TRS is the Company's key metric, being the retail price paid by the client, and provides the clearest indication of the growth of the network. The ongoing development of Printing.com is clearly illustrated with TRS increasing by 16.8% to £21.28m (2006: £18.22m). In the period under review Franchised Outlets accounted for 95% of TRS sales (2006: 84%).

Alan Roberts – Finance Director

LIKE FOR LIKE TRS

This metric reports on the like for like progress of our Territory Franchisees (or equivalent Company owned operations) that have operated for a minimum of three years. Therefore, the earliest figures that would be reported for a Territory Franchise are it's third year versus it's second year. In presenting these figures we believe that it is essential to consider both the performance of the Store within the Territory Franchise and the growth in revenues from its associated Bolt-On Franchises. On this basis like for like growth during the year under review was 13.4% (2006: 17.6%) with 20 (2006: 14) Territory Franchises (or Company owned equivalents) contributing to this metric.

Packed product cartons leave the Smartpack system automatically labelled

ACCOUNTING POLICY CHANGES

Accounting standard developments have given rise to three changes in accounting policies which have resulted in a restatement of the accounts for year ended 31 March 2006: each is covered separately in the report. They are revenue recognition where, firstly, the policy for deferring licence income has been adopted. Secondly, the net income from selling Company owned Stores has been taken out of turnover and is now reported as other income. The adoption of FRS20, the expensing of share based payments, has also resulted in a restatement of the 2006 report.

In addition, the tax charge for 2006 has been amended to account for the tax computation error reported in January 2007.

In the 2008 financial year the Group's internal reporting will be on a calendar month basis as opposed to the thirteen four week periods used in the past. This will result in this year's interim report being for six months rather than for twenty eight weeks.

Total retail sales increased by 16.8% to £21.28m

Our stores are comfortable places for clients to discuss their marketing plans.

TURNOVER

Overall turnover increased by 2.2% from £11.88m (restated) to £12.14m. At the end of 2006 three Company owned Stores and the Agency business were franchised which had a negative effect on Company turnover, due to the loss of the retail margin. However, this was compensated for through lower Company overheads. Network growth is essentially derived from adding Franchised outlets with additional turnover being at 'wholesale' value.

GROSS PROFIT

The Company's simple definition of Gross Profit is turnover less direct materials (including the cost of distribution, when made direct to customers).

Gross Profit decreased by 2.5% from £8.34m (restated) to £8.14m. In percentage terms it reduced from 70.2% to 67.1% of turnover as more sales moved through the franchise channels, at wholesale prices, where the retail margin is passed over to Franchisees who then, of course, incur the corresponding retail overheads.

PRE-TAX PROFIT

The Company recorded a pre-tax profit of £2.33m (2006 restated: £2.24m) being 19.2% (2006 restated: 18.8%) of Company turnover and 10.9% (2006 restated: 12.3%) of TRS. We believe this sustained level of pre-tax profitability, in both absolute terms and on these key metrics, validates our franchise centred strategy. Through the period the Company's costs increased as the discrete items in the Hub expansion project came online. By the end of the year all of the major items of plant had been commissioned and were operational.

The effect of franchising Company operations in 2006 meant that overall staff costs decreased in the year from £3.31m (restated) to £3.01m and fell as a percentage of turnover from 27.9% to 24.8%. The depreciation charge for the year was £1.08m (2006 restated: £0.79m) which rose through the year as new plant, associated with the major capital expenditure project, was brought on line.

Those overheads directly related to Company owned retail operations, including payroll and depreciation, reduced from £1.78m to £0.78m or 15.0% of turnover down to 6.4%. This was essentially due to retail outlets previously owned by the Company becoming franchised units.

FRS 20 SHARE BASED PAYMENTS

FRS20 was adopted when presenting the un-audited 2007 Interim financial statements using a Black Scholes model to measure the fair value of share option awards. Subsequent review of the complex nature of the schemes resulted in the development of a Monte Carlo model which, giving a more appropriate fair value, has been used to arrive at the charge for these options in the financial year ended 2 April 2007.

The total FRS20 charge for 2007 is £114,000 (2006: £101,000 and 2005: £63,000) and is included in staff costs and other operating charges. See note 6 to the financial statements.

We recorded a pre-tax profit of 19.2%

This year's buying guide cover.

OTHER INCOME / INTEREST RECEIVED AND CHARGED

Other income, £141,000 for the year (2006 restated: £400,000) is the net income derived from Franchising previously Company owned Stores after deducting the net book value of assets, licence fees and any other charges relating to the transactions. See note 7 to the financial statements.

Interest received of £194,000 (2006: £141,000) reflects interest on the cash balances held and interest charged to Franchisees on loans to them from Printing.com. Interest paid of £207,000 (2006: £134,000) increased because of the lease finance costs of elements associated with the Hub expansion project.

TAXATION

The standard rate for tax remains at 30%. The charge for the current year is £0.72m or 31% of PBT (2006 restated: £0.66m or 29.2%).

As reported in January 2007 a tax computation error notified to the Company by Baker Tilly, its then auditors and tax advisers, has had to be accounted for in this report. The error caused the Group's taxation charge for the two years ended 31 March 2005 and 2006 to be understated by an aggregate of £205,000.

The treatment in these financial statements in respect of this tax adjustment is a prior year adjustment. The impact of the prior year adjustment is to increase the tax charge in the year ended 31 March 2006 by £113,000 and to decrease opening profit and loss account reserves at 1 April 2005 by £92,000.

EARNINGS PER SHARE (EPS)

Basic EPS improved to 3.60p (2006 restated: 3.58p), the weighted average number of shares used was 44,730,883. Diluted EPS improved to 3.43p (2006 restated: 3.40p), the weighted average number of shares used was 46,904,112. The year closed with 44,746,500 ordinary shares in issue.

CASH FLOW

At the year end the Company had cash balances of £2.86m (2006: £3.45m) and Net Debt of £0.23m (Net Funds 2006: £2.51m).

Operational cash inflow increased to £2.99m (2006: £2.47m). Significant cash outflow included the payment of £1.04m in corporation tax and an increase in dividends paid to £0.83m from £0.44m.

CAPITAL EXPENDITURE

The total expenditure for the year was £3.94m (2006: £0.97m). The major items were Software development and computing infrastructure £0.54m; and the Production Hub expansion project £3.32m. Of the capital expenditure £2.96m was finance leased.

SHARE CAPITAL AND SHARE OPTIONS

Employees' options over 69,608 shares and Franchisee options over 10,000 shares were exercised during the year.

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

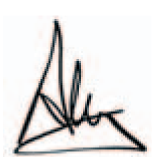
Interest rate risks are limited to the fixed element of finance lease or hire purchase agreements. The Group uses leasing or hire purchase at periods of up to 5 years to finance purchases of some of its assets where it is considered to be a more effective use of funds.

Surplus funds are invested on a short term basis at money market rates and, therefore, such funds are available at very short notice.

The Group has no overseas assets or liabilities, apart from minor trade related debtors and creditors, and thus any currency movements have no material impact.

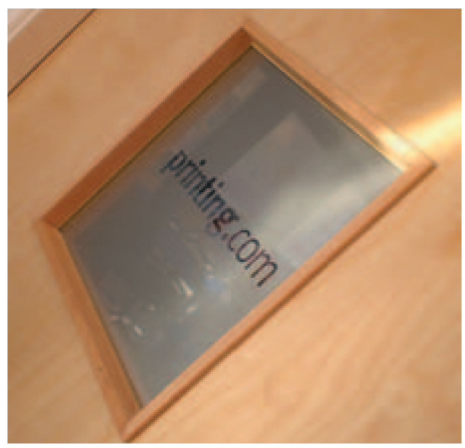
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As a company listed on the UK Alternative Investment Market (AIM), the Group will be required to comply with IFRS in the interim financial statements for the six months ended 30 September 2007 and thereafter. The Board intends to issue a "restatement report" in advance of the interim financial statements in line with best practice.



Alan Q. Roberts
Finance Director
5 June 2007

We had cash balances of £2.8m at the year end



DIRECTORS

George Hardie FCA, FCT – **Chairman**

Commonly known as George, he qualified as a Chartered Accountant in 1965. After being appointed as group financial director of Richard Johnson & Nephew Limited (which subsequently became Firth Rixson plc), he became joint group managing director in 1989. In 1994, he led the buyout of six subsidiaries of the Firth Rixson group. Apart from the Group, he is a non-executive director of four other companies. George has extensive experience in financial and general management, in both large and small companies, and in mergers and acquisitions. He joined the Group in 2000 and is chairman of the Remuneration Committee. Age 68.

Tony Rafferty – Chief Executive

Tony studied Electronics and Electrical Engineering at Sheffield University from 1987, developing an interest in marketing and promotional activity whilst managing Student Union entertainments. He worked in First Leisure's Superbowl division briefly in 1990 before operating as a self-employed print broker. In 1992 he founded a printing company which subsequently became Printing.com Europe Ltd and which was acquired by the Company shortly before its admission to Ofex in 2000. He has shaped the Group over the past decade and devised its business and sales models. He also designed and developed the Flyerlink® system which defines the Group's work flow. Age 39.

Alan Q Roberts FCMA – Finance Director

Alan qualified as a Chartered Management Accountant in 1981 whilst company accountant of Moon Brothers Engineering. He then moved to the Edward Billington Group as divisional accountant and from there he joined Dalgety as group accountant for the Merseyside production facilities. Moving to CQR in 1987 (acquired by Expamet International in 1988) as management accountant, he was subsequently appointed financial director & company secretary in 1991. The company was sold to Channel Holdings in 1995 and in 1997 he was appointed operations director by which time the company had turnover of c£20m per annum.

Alan joined the Group in June 1999. Age 51.

Peter Gunning MA – Operations Director

After obtaining his Masters Degree in Accountancy and Finance from Heriot-Watt University in 1997, Peter established The Design Foundry Scotland Limited and was a client of the business. Since joining the Group in 1998, he has been responsible for developing the Printing.com Store concept associated marketing and operations infrastructure.

Peter was appointed to the Board in June 2001. Age 32.

Les Wheatley FCA – Non-Executive Director

Les brings substantial expertise to the Board in the fields of corporate governance, finance, logistics, change management and affinity marketing gained with Newcastle United FC and Liverpool FC.

Currently, Les is the Director of Finance at Liverpool FC, a position he took in 2000, moving from a similar post with Newcastle. He is also a director of Liverpoolfc.com, a joint venture company set up with Granada Media Group.

Les gained his logistics and change management expertise with Ernst & Young before going on to lead the employee buy-out of GM Buses where he was subsequently appointed MD. A successful exit followed, via a trade sale to Stagecoach Group plc in 1996.

Les joined the Group in September 2000 and is Chairman of the Audit Committee. Age 54.

DIRECTORS' REPORT

The Directors present their report and the financial statements of Printing.com plc and its subsidiary companies for the financial year ended 2 April 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group offers a broad range of print products to consumers and small and medium sized business. Service is provided throughout the UK through a chain of high street stores (some owned but mostly franchised) and franchised bolt-ons (outlets operated within other businesses).

The Group's printing and ancillary production equipment is centralised at the head office in Trafford Park, Manchester.

A review of the Group's business is contained in the Chairman's statement, Chief Executives Statement and Financial Review, pages 3 to 21.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in an extremely competitive market environment. The key risks and uncertainties facing the business are:

- A major catastrophe takes place affecting the Hub or Software hosting.
  - Although a formal Hub disaster recovery plan exists, and such losses are insured against, there could be a significant impact on network development short/medium term.
  - The hosting of the Company's Flyerlink® software is compromised. Currently dual operational facilities are maintained remotely to protect against this eventuality.
- Were Territory Franchises not to perform as expected, despite support structures, this could make their businesses unsustainable and restrict network growth.
- Technological advances in systems and/or equipment which negate the company's competitive advantage.

PROPOSED DIVIDEND

The directors have proposed a final ordinary dividend in respect of the current financial year of £850,000/1.90p per ordinary share (2006: £1.25p per ordinary share). This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of £559,000/1.25p per share in respect of the previous year ended 31 March 2006, together with an interim dividend in respect of the year ended 2 April 2007 of £269,000/0.60p per share.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company's policy, which is also applied by the Group, is to ensure that all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the settlement terms agreed with the supplier at the time of the supply.

At 2 April 2007 the trade creditors for the Group represented 74 days (2006: 66 days) of the amounts invoiced by suppliers.
The Company had no amounts outstanding with external suppliers as at 2 April 2007.

DIRECTORS AND DIRECTORS' INTERESTS

The following Directors have held office since 1 April 2006:

R G Hardie	A Rafferty	A Q Roberts	P R Gunning	L A Wheatley
Non executive Chairman	*Chief Executive*	*Finance Director*	*Operations Director*	*Non executive Director*

A Q Roberts retires by rotation in accordance with the articles of association and, being eligible, offers himself up for re-election.
All the Directors are subject to re-election at intervals of no more than 3 years.

Details of Directors' interests in the share capital of the Company as shown in the register maintained in accordance with Section 235 of the Companies Act 1985, together with details of share options granted and awards made to the Directors are included in the Report on Directors' Remuneration on pages 28 & 29.

From 1 April 2006 the Company has maintained cover for its Directors under a directors' liability insurance policy, as permitted by the Companies Act 1985.

EMPLOYEES

The employment policies of the Group embody the principles of equal opportunity and the Group does not discriminate against anyone on any grounds. The Group ensures that every consideration is given to applications of employment from disabled persons. If an employee became disabled, every effort would be made to offer suitable alternative employment within the Group and assistance with retraining.

The Group keeps employees informed by periodic staff meetings and internal announcements and takes account of any comments and feedback provided by employees in the formulation of its policies and procedures. Emphasis is placed upon providing a safe and healthy working environment.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Neither the Company nor any of its subsidiaries made any disclosable political or charitable donations or incurred any disclosable political expenditure during the year (2006: £nil).

MAJOR INTEREST IN SHARES

At 4 May 2007 the following shareholders held interests in excess of 3% of ordinary share capital:

	Percentage holding	Number of Ordinary shares of 1p each
Brewin Dolphin Securities Limited	13.60	6,086,409
DWS Investments	8.49	3,800,000
Barclays Private Banking	4.82	2,155,912
Rathbone Investment Management Limited	4.10	1,834,732
Seymour Pierce Ellis	3.66	1,636,355
Collins Stewart(CI) Limited	3.41	1,527,656

No other person has notified an interest in the ordinary share capital of the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday 3 August 2007 at the registered office address.

In addition to the ordinary business the Company will also propose a number of resolutions which will be dealt with as special business. Details are contained in the Notice of the Annual General Meeting.

In the opinion of the Directors, the passing of these resolutions is in the best interests of the shareholders.

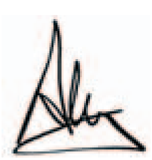
DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

During the financial year ended 2 April 2007 Baker Tilly resigned as auditors and KPMG Audit Plc were appointed to fill the casual vacancy. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board on 5 June 2007.



A Q Roberts
Director

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES OF CORPORATE GOVERNANCE

The Company's board of Directors appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has met the requirements of a number of specific rules and regulations. Rather the issue is one of applying corporate governance principles (including those set out in the Corporate Governance Guidelines for AIM companies published by the Quoted Companies' Alliance in February 2007) in a sensible and pragmatic fashion having regard to the individual circumstances of the Group's business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

During the year the Board comprised R G Hardie (Chairman (Non-Executive Director)), A Rafferty (Chief Executive), A Q Roberts (Finance Director), P R Gunning (Operations Director) and L A Wheatley (Non-Executive Director).

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 30. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. The Non-executive Directors are considered by the Board to be independent of management and free of any relationship, which could materially interfere with the exercise of their independent judgement. R G Hardie owns shares in the Group however the Board does not consider this to bias his independence. All Non-executives receive a fixed fee for their services.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets at least 10 times a year. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The differing roles of Chairman and Chief Executive are acknowledged and defined in separate statements approved by the Board. The key functions of the Chairman are to conduct Board meetings and meetings of shareholders and to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions. The Chief Executive is required to develop and lead business strategies and processes to enable the Company's business to meet the requirements of its shareholders.

BOARD COMMITTEES

The following Committees, which have written terms of reference, deal with specific aspects of the Group's affairs:

- The Remuneration Committee is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors. The Committee comprises R G Hardie and L A Wheatley. It is chaired by R G Hardie and meets at least once a year. The Report on the Directors' Remuneration is set out on pages 28 & 29.
- The Audit Committee comprises R G Hardie and L A Wheatley and is chaired by L A Wheatley. Its prime tasks are to review the scope of external audit, to receive regular reports from the auditors, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- A review of the non-audit services provided to the Group and related fees;
- Discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- A review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 3 to the financial statements.

The Audit Commitee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors especially with regard to non audit work.

Any new Non-executive Directors will be asked to join both Committees.

No formal Nomination Committee exists in view of the stage of growth of the Group. Instead, appointments to the Board are considered by the Chief Executive and other executive directors, and discussed with the non executive directors. Appointments are made after an evaluation of the skills, knowledge and expertise required to ensure that the Board as a whole has the ability to ensure that the Group can continue to compete effectively in its market place.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control, which is designed to meet the particular needs of the Group and the risks to which it is exposed. Such a system is designed to manage these risks, to provide reasonable but not absolute assurance against material misstatement or loss and to maintain proper accounting records to ensure the integrity of the financial information used within the business and for external publication.

The Board has reviewed the effectiveness of the system of internal control as it operated during the period. The Board has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that at the Group's current stage of development, this is not required. The Board will continue to review this matter each year. The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- The Group has an Operations Manual containing written procedures for approval, managing and monitoring of sales, purchases, payroll and capital expenditure;
- The Group also has information systems for monitoring its financial performance against approved budgets and forecasts.

The Audit Committee receives reports from the external auditors on a regular basis and from executive directors of the Group. The Board receives periodic reports from all Committees.

There are no significant issues disclosed in the report and financial statements for the financial year ended 2 April 2007 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

RELATIONS WITH SHAREHOLDERS

The Board recognises the importance of dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the year the Directors have had meetings with analysts and institutions and will continue to do so.

There is also an opportunity, at the Company's Annual General Meeting for individual shareholders to raise general business matters with the full Board and notice of the Company's Annual General Meeting is circulated to all shareholders at least 20 working days before such meeting. The Chairman of the Audit and Remuneration Committee will be available at the Annual General Meeting to answer questions.

The Annual Report is to be published on the Company's website, www.printing.com which also includes previous financial reports and other announcements made during the year.

GOING CONCERN

The Directors confirm that they are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

REPORT ON DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the Committee are George Hardie and Les Wheatley who are both independent Non-executive Directors, George Hardie chairs the Committee.

In determining the Directors' remuneration for the year, the Committee consulted the Chief Executive, Tony Rafferty, about its proposals. The Committee also sourced reports from the Company's various advisers.

REMUNERATION POLICY

The policy of the Committee is to reward Executive Directors in line with the current remuneration of directors in comparable businesses taking into consideration the advice of independent bodies in order to recruit, motivate and retain high quality executives within a competitive market place.

There are four main elements of the remuneration packages for Executive Directors and senior management:

- Basic annual salary (including Directors' fees) and benefits;
- Annual cash bonus payments which cannot exceed 30% of basic salary, with the exception of the Chief Executive in which case it is 40%;
- Share option incentives; and
- Pension arrangements.

BASIC PENSIONABLE SALARY

Basic pensionable salary is reviewed annually in March with increases taking effect from 1 April. In addition to basic salary, the Executive Directors also receive certain benefits in kind, principally a car and private medical insurance.

ANNUAL CASH BONUS

The Committee establishes the objectives which must be met for each financial year if a cash bonus is to be paid. The purpose of the bonus is to reward Executive Directors and other senior employees for achieving above average performance which also benefits shareholders. The maximum performance related bonus that can be paid is 40% of basic salary. No incentive payments for the financial year ended 2 April 2007 have been made or are proposed.

SHARE OPTIONS

Executive Directors, Peter Gunning and Alan Roberts, have options granted to them under the terms of the Company's EMI Share Option Scheme which is operated for key employees. Under the Scheme, options are subject to performance criteria relating to growth in earnings per ordinary share.

PENSION ARRANGEMENTS

The Company contributes to individual money purchase schemes for the Executive Directors.

DIRECTORS' CONTRACTS

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice, with the exception of the Chief Executive where it is twelve months'. There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of early termination and determines compensation payments accordingly.

NON-EXECUTIVE DIRECTORS

The fees of each Non-executive Director are determined by the Board as a whole, excluding the Non-executive being reviewed, having regard to the commitment of time required and the level of fees in similar companies. Non-executive Directors do not receive pension contributions.

Non-executive Director's contracts are subject to three months written notice.

ELEMENTS OF REMUNERATION

	Basic Salary £	Fees £	Benefits £	Bonuses £	2007 Total £	2007 Pension £	2006 Total £	2006 Pension £
R G Hardie	-	30,000	-	-	30,000	-	30,000	-
L A Wheatley	-	21,456	-	-	21,456	-	20,004	-
A Rafferty	165,348	-	529	-	165,877	20,645	156,358	32,755
P R Gunning	82,238	-	211	-	82,449	7,485	90,688	6,535
A Q Roberts	71,985	-	13,451	-	85,436	7,082	83,592	6,818
	319,571	51,456	14,191	-	385,218	35,212	380,642	46,108

DIRECTORS' INTERESTS

At 2 April 2007, the Directors had the following beneficial interests in the Company's shares and options to subscribe for shares:

	Ordinary shares of 1p each 02.04.07	31.03.06	Share options Exercise price	02.04.07	31.03.06	
R G Hardie	1,596,149	1,544,093		-	-	-
A Rafferty	9,159,222	9,055,042		-	-	-
P R Gunning	684,646	663,840	a)	32.5p	300,000	300,000
A Q Roberts	320,000	320,000	a)	32.5p	300,000	300,000
L A Wheatley	-	-			-	-

The options granted under a) have been granted under the Company's EMI scheme. These options are subject to performance criteria relating to earnings per share and are exercisable in tranches of 75,000 ordinary shares.

No Directors, including family interests, had any interests in the deferred share capital of the Company.

The average market price of the shares throughout the year was 56.92 pence.

From the end of the year until 5 June 2007 there have been no changes in the above interests.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ADVISERS AND COMPANY INFORMATION

Registered Office
Third Avenue
The Village
Trafford Park
MANCHESTER
M17 1FG

Company Number
03983312 (England and Wales)

Website Address
www.printing.com

Company Secretary
Alan Q Roberts, FCMA

Financial Adviser, Nominated Adviser and Broker to the Company
Brewin Dolphin Securities Ltd
National House
36 St Ann Street
MANCHESTER
M60 2EP

Financial PR
Cubitt Consulting
30 Coleman Street
LONDON
EC2R 5AL

Solicitors to the Company
Halliwells LLP
St James's Court
Brown Street
MANCHESTER
M2 2JF

Auditors to the Company
KPMG Audit plc
St. James' Square
MANCHESTER
M2 6DS

Registrars and Receiving Agents to the Company
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
HUDDERSFIELD
HD8 0LA

Bankers to the Group
The Royal Bank of Scotland plc
27 Park Row
LEEDS
LS1 5QB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRINTING.COM PLC

We have audited the group and parent company financial statements (the ''financial statements'') of Printing.com plc for the financial year ended 2 April 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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 Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 30.

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. 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 information presented in the Chairman and Chief Executive's Statement, the Financial Review, the Corporate Governance Statement and the Directors' Remuneration 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 are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the Annual Report, including the corporate governance statement and the Directors' Remuneration Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

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 financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 2 April 2007 and of the group's profit for the financial year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
5 June 2007

GROUP PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR ENDED 2 APRIL 2007

	Note	**2007 £000**	As restated 2006 £000
Turnover	2	**12,136**	11,879
Change in stocks of finished goods and work in progress	16	**(20)**	16
		12,116	11,895
Raw materials and consumables		**(3,977)**	(3,557)
Other external charges			
Staff costs	5	**(3,007)**	(3,308)
Depreciation and other amounts written off tangible and intangible fixed assets		**(1,080)**	(794)
Other operating charges		**(1,850)**	(2,402)
Operating Profit		**2,202**	1,834
Other Income	7	**141**	400
Other interest receivable and similar income	7	**194**	141
Interest payable and similar charges	8	**(207)**	(134)
Profit On Ordinary Activities Before Taxation		**2,330**	2,241
Tax on profit on ordinary activities	9	**(719)**	(655)
Profit On Ordinary Activities After Taxation		**1,611**	1,586
Earnings per ordinary share – basic	11	**3.60p**	3.58p
Earnings per ordinary share – diluted	11	**3.43p**	3.40p

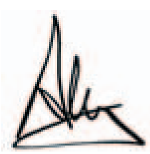
The operating profit for the year arises from the Group's continuing operations.

GROUP BALANCE SHEET

At 2 April 2007

	Note	2007 £000	As restated 2006 £000
Fixed assets			
Intangible assets	13	**105**	68
Tangible assets	14	**6,621**	3,855
		6,726	3,923
Current Assets			
Stocks	16	**104**	124
Debtors (includes £581,000 due after more than one year. 2006: £561,000)	17	**3,949**	3,084
Cash at bank and in hand		**2,855**	3,452
		6,908	6,660
Creditors: amounts falling due within one year	18	**(4,189)**	(3,943)
Net Current Assets		**2,719**	2,717
Total assets less current liabilities		**9,445**	6,640
Creditors: amounts falling due after more than one year	19	**(2,170)**	(499)
Provisions For Liabilities	20	**(448)**	(221)
Net assets		**6,827**	5,920
Capital And Reserves			
Called up share capital	21	**447**	447
Share premium account	22	**3,833**	3,823
Merger reserve	22	**211**	211
Other reserves	22	**279**	165
Profit and loss account	22	**2,057**	1,274
Shareholders' funds		**6,827**	5,920

These financial statements were approved by the board of directors on 5 June 2007 and were signed on its behalf by:



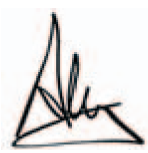
A Q Roberts
Director

COMPANY BALANCE SHEET

At 2 April 2007

	Note	2007 £000	As restated 2006 £000
Fixed Assets			
Investments	15	**225**	225
Current Assets			
Debtors (includes £1,000,000 due after more than one year. 2006: £3,528,000)	17	**3,326**	4,571
Cash at bank and in hand		**1,766**	167
		5,092	4,738
Creditors: amounts falling due within one year	18	**(45)**	(19)
Net Current Assets		**5,047**	4,719
Net Assets		**5,272**	4,944
Capital And Reserves			
Called up share capital	21	**447**	447
Share premium account	22	**3,833**	3,823
Profit and loss account	22	**714**	510
Other reserves	22	**278**	164
Shareholders' funds		**5,272**	4,944

These financial statements were approved by the board of directors on 5 June 2007 and were signed on its behalf by:



A Q Roberts
Director

GROUP CASH FLOW STATEMENT

For The Financial Year Ended 2 April 2007

	Note	**2007 £000**	2006 £000
Cash Flow From Operating Activities	24a	**2,993**	2,466
Returns On Investments And Servicing Of Finance	24b	**(13)**	7
Taxation		**(1,042)**	-
Capital Expenditure And Financial Investment	24b	**(906)**	(973)
Dividends paid on shares classified in shareholders' funds	10	**(828)**	(443)
Net Cash Inflow Before Financing		**204**	1,057
Financing	24b	**(801)**	(469)
(Decrease)/Increase In Cash In The Year		**(597)**	588
Reconciliation Of Net Cash Flow To Movement In Net Debt			
(Decrease)/increase in cash in the year		**(597)**	588
Cash outflow from increase in debt and lease financing	24b	**811**	527
Change in net debt resulting from cash flows		**214**	1,115
New finance leases		**(2,955)**	(45)
Movement in net funds in the year		**(2,741)**	1,070
Net funds at the start of the year		**2,508**	1,438
Net (Debt)/Funds At The End Of The Year	24c	**(233)**	2,508

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For The Year Ended 2 April 2007

	Group 2007 £000	As restated Group 2006 £000	Company 2007 £000	As restated Company 2006 £000
Profit For The Year	**1,611**	1,586	**1,032**	746
Total Recognised Gains And Losses Relating To Financial Year	**1,611**	1,586	**1,032**	746
Prior year adjustment (see note 6)	**(508)**	-	**(132)**	-
Total Recognised Gains And Losses Since Last Annual Report And Financial Statements	**1,103**	1,586	**900**	746

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

• FRS 20 'Share-based payments' (see note 6);

Basis Of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been drawn up for the 367 day period ended 2 April 2007 and all references to financial year refer to this period. The comparative financial information presented represents the 364 day period ended 31 March 2006.

Basis Of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 2 April 2007. No profit and loss account is presented for Printing.com plc as permitted by section 230(3) of the Companies Act 1985 (see note 12).

Intangible Fixed Assets And Amortisation

Development costs are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over 3 years.

Tangible Fixed Assets And Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	20% - 33% straight line
Plant and equipment	10% - 30% straight line
Domain name and website costs	5% straight line
Leasehold additions	over remaining lease life

Fixed Asset Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provisions for impairment in value.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post Retirement Benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research And Development Expenditure

All research costs are written off as incurred. Development costs are also charged to the profit and loss account in the year of expenditure, except when individual projects satisfy the following criteria: the project is clearly defined and related expenditure is separately identifiable; the project is technically feasible and commercially viable; current and future costs will be exceeded by future sales; and adequate resources exist for the project to be completed. In such circumstances the costs are carried forward and amortised over time in all cases over a period not exceeding three years commencing in the year when the Group begins to benefit from the expenditure.

1. ACCOUNTING POLICIES (continued)

Stocks

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion. Provisions are made for obsolete and slow moving items.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents the invoiced amount, net of Value Added Tax, of goods sold and services provided to customers outside the Group, recognised when orders are completed or services provided in line with the terms of the agreement in place.

Turnover also includes franchise fee income which is recognised in line with the provision of services as detailed in the franchise agreement. Annual renewal licence fees are deferred over a twelve month period from the licence anniversary date in line with the provision of services as detailed in the franchise agreement.

Turnover is stated net of any discounts or commissions.

Share based payments

The share option schemes allow employees and certain franchisees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and those not yet vested by 1 April 2006 are recognised as an employee expense and for franchisees as an operating expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices performance not achieving the threshold for vesting.

Dividends On Shares Presented Within Shareholders' Funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

1. ACCOUNTING POLICIES (continued)

Classification Of Financial Instruments Issued By The Group

In accordance with FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The principal components of turnover are the design and production of publicity and marketing material, and franchise fee income. All of the turnover is in one continuing business segment being the development of the Printing.com Franchise and originates principally in the United Kingdom and Republic of Ireland. The directors believe that full compliance with SSAP25 'Segmental Reporting' would be seriously prejudicial to the interests of the Group as it would require disclosure of commercially sensitive information.

		As restated
Analysis by Geographical Segment	**2007**	2006
	£000	£000
United Kingdom	**11,548**	11,404
Republic of Ireland	**522**	475
Rest of the world	**66**	-
	12,136	11,879

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

Profit on ordinary activities before taxation is stated after charging/(crediting)	2007 £000	2006 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	**480**	383
Leased	**560**	372
Amortisation of intangible fixed assets	**40**	39
Hire of plant and machinery – rentals payable under operating leases	**31**	21
Hire of other assets – operating leases	**290**	348
Loss/ (profit) on foreign currency translation	**5**	(1)
Research and Development costs	**24**	22
Auditors' remuneration:		
Audit of these financial statements: KPMG Audit Plc	**22**	-
Baker Tilly	**-**	23
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation: KPMG Audit Plc	**8**	-
Other services relating to taxation: KPMG Audit Plc	**6**	-
Baker Tilly	**-**	9
All other services: Baker Tilly	**-**	3

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4. REMUNERATION OF DIRECTORS

	2007 £000	2006 £000
Directors' emoluments	**364**	361
Company contributions to money purchase pension schemes	**35**	46
Amounts paid to third parties in respect of directors' services	**21**	20
	420	427

Directors for whom retirement benefits are accruing under money purchase schemes amounted to 3 (2006: 3).

Directors emoluments disclosed above include the following payments in respect of the highest paid director:

	2007 £000	2006 £000
Emoluments	**166**	156
Money purchase pension contributions	**21**	33
	187	189

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group and Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2007	Number of employees 2006
Administration	**16**	14
Sales and distribution	**31**	57
Production	**58**	51
	105	122

The aggregate payroll costs of these persons were as follows:

	2007 £000	As restated 2006 £000
Wages and salaries	**2,628**	2,892
Share based payments	**64**	62
Social security costs	**263**	299
Other pension costs	**52**	55
	3,007	3,308

6. PRIOR YEAR ADJUSTMENT

Share Based Payments

The Group adopted Financial Reporting Standard No 20 (FRS 20 – Share based payments) for the first time in the interim financial statements for the 28 week period ended 15 October 2006. 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. The basis for calculating the fair value of share options granted has been revised since the interim financial statements were published and the revised method, which more accurately reflects the fair value of the share options, has been adopted in these financial statements being the first annual financial statements in which FRS 20 has been adopted.

Comparative figures for the year ended 31 March 2006 and brought forward at 1 April 2005 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 shown in the table below.

Revenue Recognition

During the current year the accounting policy for revenue recognition over licence fees has been revised. Previously all initial licence fees were recognised upon signing the franchise agreements and only an element of the ongoing annual fee was deferred over the year. In the current year, this policy has been revised to defer an element of the initial fee over the first year of the agreement and defer all of the ongoing annual fees over each respective year.

Comparative figures for the year ended 31 March 2006 and brought forward at 1 April 2005 have been restated to reflect this change in accounting policy, decreasing turnover in each year and decreasing net assets as shown in the table below.

In addition, in the current year the disclosure in respect of net income from selling company owned stores has been revised. This net income has previously been included in turnover and is now shown within other income on the face of the profit and loss account below operating profit. Comparative figures for the year ended 31 March 2006 have been restated to reflect this change in disclosure with £nil impact on profit on ordinary activities after taxation.

6. PRIOR YEAR ADJUSTMENT (continued)

Taxation

Tax on profit on ordinary activities for the year ended 31 March 2006 and brought forward at 1 April 2005 has been restated to reflect the incorrect treatment for rollover relief claimed in each of these respective periods. The impact of this restatement has been to increase the tax on profit on ordinary activities in each period and decrease net assets as shown in the table below.

	2006 £000	2005 £000
Profit on ordinary activities after taxation as previously reported	**1,826**	1,158
FRS 20 share option charge (net of tax)	**(82)**	(44)
Deferred licence revenue (net of tax)	**(45)**	(126)
Additional taxation charge	**(113)**	(77)
Profit On Ordinary Activities After Taxation Restated	**1,586**	911
Net assets as previously reported	**6,264**	4,823
FRS 20 deferred tax	**32**	13
Deferred licence revenue (net of tax)	**(171)**	(126)
Additional taxation payable	**(205)**	(92)
Net assets as restated	**5,920**	4,618

7. OTHER INCOME AND INTEREST RECEIVABLE

	2007 £000	As restated 2006 £000
Other income from the franchising of Company Stores	**141**	400

The net income from Franchising previously Company owned Stores is after deducting the net book value of assets, licence fees and any other charges relating to the transactions.

	2007 £000	2006 £000
Interest Receivable		
Bank Interest	**105**	82
Other interest	**89**	59
	194	141

8. Interest Payable And Similar Charges

	2007 £000	2006 £000
Finance charges payable in respect of finance leases and hire purchase contracts	**207**	134

9. TAXATION

Analysis Of Charge In Period

	2007 £000	As restated 2006 £000
UK Corporation Tax		
Current tax on income for the period	**492**	679
Deferred Tax (see note 20)		
Origination/reversal of timing differences	**221**	(24)
Adjustment in respect of previous years	**6**	-
Total deferred tax	**227**	(24)
Tax on profit on ordinary activities	**719**	655

Factors Affecting The Tax Charge For The Current Period

The current tax charge for the period is higher (2006: lower) than the standard rate of corporation tax in the UK 30%,(2006: 30%). The differences are explained below.

	2007 £000	As restated 2006 £000
Current Tax Reconciliation		
Profit on ordinary activities before tax	**2,330**	2,241
Current tax at 30% (2006:30%)	**699**	672
Effects of:		
Expenses not deductible for tax purposes	**13**	16
Capital allowances for period in excess of depreciation	**(123)**	(32)
Other timing differences	**(97)**	63
Income not taxable	**-**	(33)
Losses utilised	**-**	(7)
Total Current Tax Charge (see above)	**492**	679

It has been announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008. The deferred tax liability has been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of when the deferred tax asset/liability will reverse, it is not yet possible to calculate the full financial impact of this change.

10. DIVIDENDS

The aggregate amount of dividends comprises:	**2007 £000**	2006 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	**559**	221
Interim dividends paid in respect of the current year	**269**	222
Aggregate amount of dividends paid in the financial year	**828**	443
Proposed for approval at Annual General Meeting (Not recognised at year end)		
Equity dividends on ordinary shares:		
Final dividend for 2007 1.90p (2006: 1.25p)	**850**	559

The £559,000 dividend proposed for the year ended 31 March 2006 has been accounted for as a distribution in 2007 in accordance with FRS 21 Post balance sheet events.

11. EARNINGS PER SHARE

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

	2007 £000	As restated 2006 £000
Profit for the financial year	**1,611**	1,586

Weighted Average Number Of Shares	**2007 No. of shares**	2006 No. of shares
For basic earnings per share	**44,730,883**	44,312,566
Exercise of share options	**2,173,229**	2,304,496
For diluted earnings per share	**46,904,112**	46,617,062

12. PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company for the period ended 2 April 2007 was £1,032,000 (2006 restated: £746,000).

13. INTANGIBLE FIXED ASSETS

Group	Development costs £000
Cost	
1 April 2006	158
Additions	77
2 April 2007	**235**
Amortisation	
1 April 2006	90
Charge for financial year	40
2 April 2007	**130**
Net Book Value	
2 April 2007	**105**
31 March 2006	68

Capitalised development costs are not treated as a realised loss for the purpose of determining the Group's distributable profits as the Group has a policy of capitalising these costs as intangible assets in accordance with SSAP 13. Capitalised development costs relate principally to the development of franchise agreements.

14. TANGIBLE FIXED ASSETS

Group	Domain name and Website costs £000	Leasehold additions £000	Plant and Equipment £000	Fixtures and Fittings £000	Total £000
Cost or Valuation					
1 April 2006	337	573	3,970	1,728	6,608
Additions	-	-	3,306	560	3,866
Disposals	-	(27)	(83)	(213)	(323)
2 April 2007	**337**	**546**	**7,193**	**2,075**	**10,151**
Depreciation					
1 April 2006	100	171	1,461	1,021	2,753
Charge for financial year	17	52	663	308	1,040
Disposals	-	(26)	(66)	(171)	(263)
2 April 2007	**117**	**197**	**2,058**	**1,158**	**3,530**
Net Book Value					
2 April 2007	**220**	**349**	**5,135**	**917**	**6,621**
31 March 2006	237	402	2,509	707	3,855

14. TANGIBLE FIXED ASSETS (continued)

Included above are assets held under finance leases and hire purchase contracts as follows:

	Financed Assets £000		Financed Assets £000
Net Book Value		**Depreciation Charged**	
2 April 2007	**4,010**	**2 April 2007**	**560**
31 March 2006	1,797	31 March 2006	372

15. INVESTMENTS

Company	Shares in subsidiary undertakings £000
Cost	
31 March 2006 and at 2 April 2007	**225**

The Company owns the whole of the issued ordinary share capital of the following undertakings:

Subsidiary undertaking	*Nature of business*
Printing.com Europe Limited	Printing
Printing.com (UK Franchise) Limited	Franchise Contracts
Printing.com Franchise Limited	Franchise Contracts

16. STOCKS AND WORK IN PROGRESS

	Group 2007 £000	Group 2006 £000	**Company 2007 £000**	Company 2006 £000
Raw materials and consumables	**101**	121	**-**	-
Work in progress	**3**	3	**-**	-
	104	124	**-**	-

17. DEBTORS

	Group 2007 £000	Group 2006 £000	**Company 2007 £000**	Company 2006 £000
Trade debtors	**2,794**	2,004	**-**	-
Amounts owed by group undertakings	-	-	**3,236**	4,528
Deferred tax assets	**-**	-	**83**	32
Other debtors	**837**	846	**7**	11
Prepayments and accrued income	**318**	234	**-**	-
	3,949	3,084	**3,326**	4,571

17. DEBTORS (continued)

The debtors include the following amounts falling due after more than one year:

	Group 2007 £000	Group 2006 £000	**Company 2007 £000**	Company 2006 £000
Other debtors	**581**	561	**-**	-
Amounts owed by subsidiary company	**-**	-	**1,000**	3,528

The elements of the deferred tax asset in the Company are as follows:

	2007 £000	As restated 2006 £000
Other timing differences	**83**	32

The deferred tax asset will be recovered through utilisation of taxable profits.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2007 £000	As restated Group 2006 £000	**Company 2007 £000**	As restated Company 2006 £000
Obligations under finance leases	**918**	445	**-**	-
Trade creditors	**1,809**	1,518	**24**	7
Corporation tax	**220**	771	**4**	-
Other taxation and social security costs	**213**	166	**-**	-
Accruals and deferred income	**1,013**	1,043	**17**	12
Other Creditors	**16**	-	**-**	-
	4,189	3,943	**45**	19

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2007 £000	Group 2006 £000	**Company 2007 £000**	Company 2006 £000
Obligations under finance leases	**2,170**	499	**-**	-

Obligations under finance leases and hire purchase contracts:				
within one year	**1,091**	528	**-**	-
between two and five years	**2,590**	544	**-**	-
	3,681	1,072	**-**	-
Finance charges allocated to future accounting periods	**(593)**	(128)	**-**	-
	3,088	944	**-**	-
Included in current liabilities	**(918)**	(445)	**-**	-
	2,170	499	**-**	-

Obligations under finance leases and hire purchase contracts are secured on the related assets.

20. PROVISIONS FOR LIABILITIES

The Elements Of Deferred Taxation Are As Follows:

	2007 £000	As restated 2006 £000
Difference between accumulated depreciation and amortisation and capital allowances	**503**	373
Other timing differences	**(4)**	(120)
Other timing difference arising on share based payments	**(51)**	(32)
	448	221
Deferred tax liability	**448**	221

The Movement On Deferred Taxation Comprises:

	2007 £000	2006 £000
At beginning of year	**221**	258
Charged/ (credited) to profit and loss account (note 9)	**221**	(24)
Prior year adjustment to short term timing differences	**6**	(13)
At End Of Financial Year	**448**	221

21. CALLED UP SHARE CAPITAL

	2007 £000	2006 £000
Authorised:		
66,999,370 (2006: 66,999,370) Ordinary shares of 1p each	**670**	670
63 Deferred shares of 10p each	**-**	-
	670	670
Allotted, issued and fully paid:		
44,746,500 (2006: 44,666,892) Ordinary shares of 1p each	**447**	447
63 Deferred shares of 10p each	**-**	-
	447	447

During the year options over 79,608 ordinary shares of 1p each in the Company were exercised at option prices of 5p, 22p, 25p and 32.5p per share, giving rise to total consideration of £10,000.

The holders of deferred shares shall not be entitled to any participation in the profits or the assets of the Company and the deferred shares do not carry any voting rights.

21. CALLED UP SHARE CAPITAL (continued)

At 2 April 2007 the Company had 5,594,198 unissued ordinary shares of 1p each (2006: 5,803,806) under the Company's share option schemes, details of which are included below:

Option Grant Date	At 1 April 2006 No.	Granted in the year No.	Exercised in the period No.	Lapsed in the period No.	At 2 April 2007 No.	Exercise price pence	Date from which exercisable	Expiry Date
07.07.2000	139,073	-	44,608	-	94,465	5.0	07.07.2002	07.07.2007
28.01.2002 to 20.05.2002	56,233	-	10,000	-	46,233	25.0	28.01.2002	20.05.2007
18.02.2002 to 25.02.2002	21,000	-	-	-	21,000	28.0	18.02.2002	25.02.2007
02.10.2002	425,000	-	-	-	425,000	20.0	02.10.2002	01.10.2012
04.08.2003	22,500	-	15,000	-	7,500	22.0	04.08.2005	04.08.2010
01.07.2004	1,150,000	-	-	100,000	1,050,000	28.5	01.07.2004	01.07.2014
06.08.2004	2,730,000	-	10,000	(140,000)	2,860,000	32.5	06.08.2004	06.08.2014
24.10.2005	1,260,000	-	-	170,000	1,090,000	63.5	24.10.2005	24.10.2015
	5,803,806	-	79,608	130,000	5,594,198			

22. RESERVES

	Merger reserve £000	Other reserves £000	Share premium account £000	Profit & loss account £000
Group				
Balance at 1 April 2006 as previously reported	211	1	3,823	1,782
Prior year adjustment (Note 6)	-	164	-	(508)
Balance at 1 April 2006 as restated	211	165	3,823	1,274
Profit for the year	-	-	-	1,611
Share based compensation	-	114	-	-
Dividends on equity shares	-	-	-	(828)
Premium on issue of shares (net)	-	-	10	-
Balance at 2 April 2007	**211**	**279**	**3,833**	**2,057**
Company				
Balance at 1 April 2006 as previously reported	-	-	3,823	642
Prior year adjustment (Note 6)	-	164	-	(132)
Balance at 1 April 2006 as restated	-	164	3,823	510
Profit for the year	-	-	-	1,032
Share based compensation	-	114	-	-
Dividends on equity shares	-	-	-	(828)
Premium on issue of shares	-	-	10	-
Balance at 2 April 2007	**-**	**278**	**3,833**	**714**

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2007 £000	As restated Group 2006 £000	**Company 2007 £000**	As restated Company 2006 £000
Profit for the financial year	**1,611**	1,586	**1,032**	746
Share based compensation	**114**	101	**114**	101
Dividends on equity shares	**(828)**	(443)	**(828)**	(443)
Proceeds from issue of shares	**10**	58	**10**	58
Net addition to shareholders' funds	**907**	1,302	**328**	462
Opening shareholders' funds	**6,264**	4,823	**4,912**	4,469
Prior year adjustment	**(344)**	(205)	**32**	13
As restated	**5,920**	4,618	**4,944**	4,482
Closing shareholders' funds	**6,827**	5,920	**5,272**	4,944

24. NOTES TO THE STATEMENT OF CASH FLOWS

	2007 £000	2006 £000
a Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	**2,202**	1,834
Other income	**141**	400
Share based compensation	**114**	101
Amortisation	**40**	39
Depreciation	**1,040**	755
Decrease/(Increase) in stocks	**20**	(16)
Increase in debtors	**(865)**	(934)
Increase in creditors	**323**	284
(Profit)/Loss on sale of fixed assets	**(22)**	3
	2,993	2,466

24. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

		2007 **£000**	2006 £000
b	**Analysis of Cash Flows For Headings Netted Off in the Cash Flow Statement**		
	Returns on investments and servicing of finance		
	Interest received	**194**	141
	Interest paid	**(1)**	(1)
	Interest element of finance lease rental payments	**(206)**	(133)
	Net Cash (Outflow)/Inflow from Returns on Investments and Servicing of Finance	**(13)**	7
	Capital Expenditure		
	Purchase of intangible assets	**(77)**	(42)
	Purchase of tangible assets	**(911)**	(972)
	Sale of tangible assets	**82**	41
	Net Cash Outflow from Capital Expenditure	**(906)**	(973)
	Financing		
	Issue of ordinary share capital	**10**	58
	Issue costs	**-**	-
	Repayment of bank loan	**-**	-
	Capital element of hire purchase contracts	**(811)**	(527)
	Net Cash Outflow from Financing	**(801)**	(469)

c **Analysis of net (debt)/funds**

	At 1 April 2006 £000	Cash flow £000	Other non cash changes £000	**At 2 April April 2007 £000**
Net cash:				
Cash at bank and in hand	3,452	(597)	-	**2,855**
Debt:				
Finance leases	(944)	811	(2,955)	**(3,088)**
Net (Debt)/Funds	2,508	214	(2,955)	**(233)**

25. CAPITAL COMMITMENTS

	2007 £000	2006 £000
Capital expenditure contracted for but not provided in the financial statements	-	2,639

26. PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Group operates defined contribution pension schemes whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents total contributions payable by the Group to money purchase schemes and amounted to £52,000 (2006: £55,000).

27. COMMITMENTS UNDER OPERATING LEASES

At 2 April 2007 the Company had no such commitments but the Group had annual commitments under non-cancellable operating leases as follows:

	2007 **£000**	2006 £000
Plant and machinery		
expiring in the first year	**-**	4
expiring in the second to fifth year	**21**	5
Land and buildings		
expiring in the first year	**-**	-
expiring in the second to fifth year	**52**	114
expiring after the fifth year	**143**	125
	216	248

28. DERIVATIVES AND FINANCIAL INSTRUMENTS

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments can be found on page 21. It is not the Group's policy to enter into financial derivatives for speculative or trading purposes. The financial instruments employed by the Group other than short term debtors and creditors are used to fund its operations and comprise cash, short term deposits and finance leases.

The Group's policy during the financial year ended 2 April 2007 was to place the majority of its cash on short term deposit with its bankers and to finance the purchase of fixed assets through finance leases.

The Group's exposure to interest rate risk is limited to finance leases which are typically fixed rate and cash deposits which are typically floating rate. As permitted by Financial Reporting Standard ("FRS") No.13 the disclosures below with the exception of currency exposure, exclude short-term debtors and creditors.

Interest rate risk profile of financial assets

The interest rate profile of financial assets of the Group as at 2 April 2007 is as follows:

	Financial assets on which no interest is earned £000	Floating rate financial assets £000	Total £000
2007			
Sterling	**1**	**3,501**	**3,502**
Euro	**3**	**186**	**189**
	4	**3,687**	**3,691**
2006			
Sterling	5	4,249	4,254
Euro	-	33	33
	5	4,282	4,287

Floating rate financial assets comprise cash deposits on money market deposit at call and interest is received at 4.28% on average.

28. DERIVATIVES AND FINANCIAL INSTRUMENTS (continued)

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 2 April 2007 is as follows:

	Fixed rate financial liabilities £000	Floating rate financial liabilities £000	Total £000
2007			
Sterling	**3,088**	**-**	**3,088**
2006			
Sterling	944	-	944

The weighted average interest rate on fixed rate financial liabilities at 2 April 2007 was 10.24% (2006: 11.3%).

The weighted average period to maturity of fixed rate financial liabilities at 2 April 2007 was 46 months (2006: 12 months).

The fixed rate financial liabilities were confined to obligations under finance leases.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 2 April 2007 was as follows:

	2007 £000	2006 £000
Payable within one year	**918**	445
Payable between one and two years	**2,170**	499
Payable between two and five years	**-**	-
	3,088	944

Currency exposures

The table below shows the Group's currency exposures that give rise to net currency gains and losses recognised in the profit and loss account. Such exposures comprise monetary assets and liabil ities of the Group that are not denominated in the functional currency of the operating unit involved.

Functional currency of Group operations	Net currency monetary assets Euro £000	Total £000
2007		
Sterling	**189**	**189**
2006		
Sterling	33	33

Borrowing facility

At the year end the Group did not have a borrowing facility.

Fair Values of financial assets and financial liabilities

The fair value, based upon the market value or discounted cashflows of the financial instruments detailed above was not materially different from their book values.

29. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption set out in Financial Reporting Standard 8, Related Party Transactions, not to disclose transactions with other Group companies. There are no other related party transactions during the current or preceding year.

30. CONTINGENT LIABILITIES

The Company has guaranteed loans made by The Royal Bank of Scotland plc to certain franchisees. As at 2 April 2007 the loans totalled £48,000 (2006: £120,000).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Printing.com plc (the "Company") will be held at 11.00am on 3 August 2007 at The Hub, Third Avenue, The Village, Trafford Park, Manchester M17 1FG for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the report of the directors and the audited financial statements for the year to 2 April 2007 together with the last directors' report, the last directors' remuneration report and the auditors' report.

2. To reappoint the retiring auditors, KPMG Audit plc, and to authorise the directors to determine the auditors' remuneration.

3. To re-elect Alan Quine Roberts as a director who retires in accordance with the Company's articles of association.

4. To declare a dividend in respect of the year ended 2 April 2007, payable at the rate of 1.90p per Ordinary Share to shareholders registered at the close of business on 29 June 2007.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution.

5. THAT, for the purposes of and pursuant to section 80 of the Companies Act 1985 (the "Act"), the directors of the Company be and they are hereby generally and unconditionally authorised and empowered to exercise all the powers of the Company to allot relevant securities (as detailed in section 80(2) of the Act) up to an aggregate nominal amount of £165,286 to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make any offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

6. THAT, for the purposes of and pursuant to section 95(1) of the Act, the directors of the Company be and they are hereby authorised and empowered to allot equity securities (within the meaning of section 94 of the Act) pursuant to the general authority and power conferred by the resolution numbered 5 as if section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting or 15 months from the date of the passing of this resolution (whichever is the earlier) of the Company save 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 of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and provided further that this authority and power shall be limited to:

   (a) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer or allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of ordinary shares held by them;

   (b) the allotment (otherwise than pursuant to paragraph (a) above) for cash of equity securities up to an aggregate nominal amount of £44,667 representing 10% of the current issued share capital of the Company.

Registered office:	By order of the Board
Third Avenue	Alan Q. Roberts
The Village	Company Secretary
Trafford Park	
Manchester	
M17 1FG	

Notes:

(1) A member of the Company may appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy of a member need not also be a member.

(2) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of that power or authority must be deposited with the Company's registrars Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA not less than 48 hours before the time fixed for holding the annual general meeting. A form of proxy accompanies this document for use by members.

(3) Completion of the form of proxy will not preclude a member from attending and voting in person.

(4) Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.

(5) As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of shares who are registered on the Company's share register as at 11am on 1 August 2007 shall be entitled to attend the annual general meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 11pm on 1 August 2007 shall be disregarded in determining the rights of any person to attend and/or vote at the annual general meeting.

THE PRINTING.COM NETWORK

CENTRAL ENGLAND

Sign It	Beeston, Nottingham
Graphic Results	Belper
East Birmingham Store	Birmingham
SW Birmingham Store	Birmingham
Birmingham Store	Birmingham
Artichoke Design	Birmingham
Quattro	Broughton Astley
Coventry Store	Coventry
Image IT	Daventry
Sportwise	Derby
FSeven Design	Digbeth
Husselworks	Halesowen
Clientel	Kibworth
Kaleidoscope	Leamington Spa
Leicester Store	Leicester
The Ideas Room	Leicester
Ozmedia Print	Loughborough
Trident Design	Lutterworth
Creographics	Market Harborough
PenzNPrint	Market Rasen
For Colour	Newark, Nottingham
Northampton Store	Northampton
Custard Creative	Northampton
Nottingham Store	Nottingham
Oxford Store	Oxford
Peterborough Store	Peterborough
Ideas Taking Shape	Rugby
Mailboxes Etc	Shrewsbury
St Ives Quickprint	St Ives
Boomerang	Solihull
hightide	Sutton Coldfield
Runtime Printers	Telford
Albry Printing Company	Wallingford
Wolverhampton Store	Wolverhampton

EAST

Red Hot Media	Lowestoft
Goldengate	Suffolk

LONDON

Central London Store	Baker Street
Alpha to Omega	Beckenham
Plug & Play	Bramley
Shiver	Camden
Source Grafic Design	Catford
TCG	Clapham
City & Clerkenwell Store	Clerkenwell
Print Express	Colindale
Last LLP	Docklands
Ealing Store	Ealing
0800 Promote	Finchley
Full Colour Store	Fulham
Guildford Store	Guildford
Hampstead Store	Hampstead
Harrow Life	Harrow
Digipics	Ilford
London Office Services	London
Marmoset Media	London SW17
Expocentric - Dover	Mayfair
Printhouse	Notting Hill
Orpington Store	Orpington
Reading Store	Reading
London Print Compamy	Shaftesbury Avenue
DNA Design	Slough
Expocentric - Wardour	Soho
Toppers	Stevenage
AK Design & Print	Swiss Cottage
Kink Design	Thornton Heath
Talon Graphics	Thornton Heath
Snow Media	Tooting
Wernham Printers	Tottenham
Watford Store	Watford
Printer Net Services	Wimbledon

NORTH EAST

Smart Cards International	Beverley
Fountains Associates	Bishop Auckland
Bradford Store	Bradford
John Siddall	Cleckheaton
RT Design	Consett
Pro-Actif Communications	Darlington
Doncaster Store	Doncaster
webrocketdesign	Durham
Pink Custard Design	Hull
Ryedale	Kirbymoorside
Leeds Store	Leeds
The Factory	Leeds
Print Ideas	Leeds
Middlesbrough Store	Middlesbrough
Newcastle Store	Newcastle
Direct Business Products	Newcastle
Multiprint	Normanton
Viacreative	Redcar
Bluprint	Rotherham
Sheffield Store	Sheffield
Eidos	Slaithwaite
Marckell Business Solutions	South Shields
Maskerade Design	Sunderland
GoWebPrint.com	Wakefield
Colour Box Design	York

NORTH WEST

ER Design & Print	Alsager
Rhino Design	Ashton-under-Lyne
Granthams	Blackpool
Print Hub Design	Bolton
Wild Thang	Bootle
Fluidmedia	Bury
Brightspark	Carlisle
Print Design Warehouse	Cheadle
RAS Limited	Chester
William Seabrooke Assoc.	Chorlton - Manchester
Northstar Design	Colne
Mailboxes Etc	Didsbury
ScissorsPaperStone	Eccles
First Impression	Glossop
Lancaster Store	Lancaster
Liverpool Store	Liverpool
Sprinter Printer	Liverpool
Copycat	Maghull
North Manchester Store	Manchester
Manchester Store	Manchester
Creation Publicity	Manchester
The Agency Creative	Manchester
Alert 2 Media	Manchester
SmartStudios	Manchester
Granthams	Preston
FX Design	Queensferry
Orbital Design	Rossendale
The Graphics Department	Salford
I Design	Southport
Masterprint	St Helens
Studio Three	Stockport
Impact Advertising	Timperley
The Hub	Trafford Park
Warrington Store	Warrington
Printel	Widnes
Chilli Cactus	Wilmslow

NORTHERN IRELAND

Bradbury Graphics	Belfast
Mooney Media	County Down
Xpress Creative	Newtonabbey
Desktop	Omagh

IRELAND

KK Print	Athlone - County Westmeath
South Dublin Store	Dublin
North Dublin Store	Dublin
Creative State	Naas - County Kildare
TMC	Tullow - County Carlow
Thomas Hughes	Wexford

SCOTLAND

The Business Boutique	Aberdeen
X Display Systems	Coatbridge
Dundee Store	Dundee
Edinburgh Store	Edinburgh
Elevate	Edinburgh
Kodak Express	Edinburgh
Glasgow Store	Glasgow
South Glasgow Store	Glasgow
SPD Print Solutions	Glasgow
Tripple 333	Glasgow
Glasgow Print	Glasgow
Hamilton (662c)	Hamilton
Fireworks Design	Linlithgow
Delta Design	Livingston
Tangerine	Stirling

SOUTH

Brighton Store	Brighton
Republique	Brighton
Tudor Print	Worthing

SOUTH EAST

Ashford Store	Ashford
Mailboxes Etc	Cambridge
Think Tank	Canterbury
Studio Direct	Chelmsford
Lussh Creative	Chesterfield
Inprint	Colchester
TRS Graphics	Croydon
Jelly Bean Graphics	Croydon
LW Design	Dorking
Home Counties Graphics	Dunstable
Accomplice	Hailsham
Luton Store	Luton
That Life Multimedia Centre	Maidenhead
Great Printers	Newbury
Norwich Store	Norwich
Graphics One	Norwich
Colour Wave	Ramsgate
Felix Communications	Rochester
Grow Marketing	Whitstable

SOUTH WEST

Print Creative	Bath
Bournemouth Store	Bournemouth
Bristol Store	Bristol
PP Printing	Christchurch
Exeter Store	Exeter
Kualo Creative	Gloucester
Wessex Direct	Minehead
Plymouth Store	Plymouth
Chalk & Cheese	Ruislip
Southampton Store	Southampton
WM Direct	Taunton
Printing South West	Totnes
Whitman Design & Print	Truro
Anneset	Weston-Super-Mare

WALES

Blah D Blah	Bangor
Limelight Graphix	Bridgend
Cardiff Store	Cardiff
Australian Welsh	Cardiff
Colourbox Creative	Swansea

printing.com

Third Avenue | The Village | Trafford Park | Manchester | M17 1FG
t: 0870 758 3134 | f: 0161 848 5719
e: investors@printing.com
www.printing.com