printing.com

a division of printing.com plc

INTERIM REPORT & ACCOUNTS **2007**

FAST FULL COLOUR PRINT

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

TRADING RESULTS AND DIVIDEND

We are pleased to announce that, for the Interim Period covering the 6 months ending 1 October 2007, your Company increased pre-tax profits by **4.8%** to **£968,000** (2006: £924,000).

Total Retail Sales increased by **14.6%** to **£12,119,000** (2006: £10,579,000) and provides the measure that we believe best indicates transactional volumes. Turnover increased by **14.0%** to **£6,439,000** (2006: £5,647,000).

During the Interim Period the Printing.com estate expanded by 26 outlets to 224 (including 12 pending), almost equalling the expansion for the whole of the previous year.

We previously expressed, when reporting Preliminary results, the belief that **EBITDA** would increase by circa £1m for each additional £5m of Total Retail Sales. We are pleased to report that the Interim Results support this important metric.

At the close of the Interim Period, the Company had cash-in-hand of **£2,740,000**. During the period, working capital decreased by £214,000 and the Company paid dividends of £850,000. Capital expenditure in the period amounted to £831,000 of which £202,000 was financed.

The Directors are declaring an interim dividend of **1p** per share to be paid on 14 December 2007 to shareholders on the register at 23 November 2007.

CURRENT TRADING

We are pleased to report, that post the AGM update and through to the close of the Interim Period, sales volumes continued to perform in line with the Company's internal budget.

Post the Interim Period, October recorded a historic high with volumes also in line with the Company's internal budget.

ESTATE DEVELOPMENT

The table below sets out the encouraging growth in Bolt-on Franchises during the Interim Period.

	1 October 2007	1 October 2006	2 April 2007
Company Owned Stores	**4**	6	2
Franchised Stores – open and pending	**45**	42	47
Bolt-on Franchises – open and pending	**175**	140	149
Total Outlets – open and pending	**224**	188	198

The marginal change in 'Owned' versus 'Franchised' Stores reflects the buying back of two Stores. After the conversion of the Oxford Store to Franchised ownership during March 2007, Company owned Stores had dropped to just two. Our preference is to always maintain a small number of Stores for training and development purposes and these buy-backs proved a convenient way to address the balance.

During the previous fiscal year, the Bolt-on Franchise estate grew by 31 Outlets. In the recent AGM statement, we outlined our objective to accelerate this expansion. We are pleased to report that during the Interim Period the Bolt-on Franchise estate grew by 26 Outlets – almost the same as the whole of the previous year. We enjoy a strong pipeline of prospective Bolt-on Franchises and believe that we will see this momentum continue.

LIKE FOR LIKE

The Printing.com like for like metric takes into account the growth of Territory Franchises (in geographic terms outside of London these are typically the size of a county) embracing not only the Store but also the Bolt-on Franchises under the umbrella of the Territory Franchisee. Only Territory Franchises operational for over three years are included.

On this basis, like for like growth during the interim period was 12.9% versus 6.8% reported for the previous Interim Period.

INTERNATIONAL DEVELOPMENT

Our New Zealand partners continue to report good progress and the grant of additional outlets in their country. This initiative is also starting to generate a small but worthwhile royalty for your Company.

Our partners in Iceland commenced trading from a company owned outlet in Reykjavik and have already granted their first Bolt-on Franchise. Whilst Iceland is a small country in relative terms, the opportunity there represents real progress in making our systems work across the language barrier and another step in the Master License program.

We previously reported our intention to commence a French operation by distributing overnight to France from the Manchester Hub. To this end the first French Printing.com Franchise has been granted and the first orders shipped.

Post an initial test marketing campaign in a French printing magazine, an encouraging number of enquiries have been generated from prospective franchise partners. Initially these will be offered on an 'easy in – easy out' basis until the Printing.com reputation and brand is suitably established.

Elsewhere, including Australia, we continue to have a number of ongoing discussions with prospective Master License partners.

WEBSITES BY PRINTING.COM

Across the network over 300 client websites have now been completed. Whilst the average per Franchise is still modest the distribution is more polarized: with some Franchisees still to fully embrace this initiative whilst others have completed more than a site per month, with the best performer now heading toward the 20 mark.

These metrics encourage us that with the right presentation, the website solution is well received. With more Franchisees embracing the system, we believe that Websites by Printing.com has the potential to be a useful additional revenue stream.

Over the coming months we expect to see the volume in websites continue to gain momentum.

PRODUCTION HUB AND INFRASTRUCTURE

Post the increase in Hub capacity to Total Retail Sales £40-45m (from the previous Total Retail Sales £20-25m) we are pleased with the progress made and expect to derive further manufacturing efficiencies. Also, during the Interim Period, plate making equipment was upgraded to take advantage of more efficient processes.

We continue to invest in your Company's Flyerlink software and this represents a material proportion of overall capital investment. During the Interim Period the multi-lingual capabilities of Flyerlink were significantly enhanced to facilitate operations in France and Iceland.

OUTLOOK

In the recent AGM statement we highlighted that the Company's internal budget is weighted towards the second half year and realising this objective relies upon further sales growth and progress with our other initiatives. We remain cautiously optimistic that growth will continue and that this objective is realistic.

Beyond the current fiscal year we believe that scope exists for further material progression for the reasons set out below.

The rate at which the network has expanded has accelerated over the Interim Period in line with our previously declared objective and we expect this expansion to continue for some time yet. The Company's like for like metric also progressed to 12.9%. Together these metrics signal the prospect for a future increase in sales volumes.

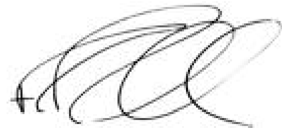
The Printing.com Hub has unutilised capacity. Annualising Total Retail Sales for the Interim Period would point towards a run rate of £25m versus the estimated Hub capacity of circa £40-45m. This would indicate that unutilised capacity is in the range £15-20m.

As previously envisaged EBITDA increased by circa 20% of the increase in Total Retail Sales during the Interim Period.

Save for the development of Flyerlink, foreseen capital investment is marginal. Accordingly, and looking ahead to the next fiscal year, a closer correlation should exist between the progression of EBITDA and that of Net Profit.

Finally we believe that Websites by Printing.com, the potential to develop the model in France, and for further growth in our Master Licence initiative provide the scope for further earnings growth.

George Hardie
Chairman
12 November 2007



Tony Rafferty
Chief Executive
12 November 2007

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 1 OCTOBER 2007	Note	Unaudited Six months to 1 October 2007 £000	Unaudited As restated Six months to 1 October 2006 £000	Unaudited As restated Year ended 2 April 2007 £000
Revenue		**6,439**	5,647	12,136
Changes in stocks of finished goods		**(18)**	21	(20)
Raw materials and consumables		**(2,113)**	(1,879)	(3,977)
Gross profit		**4,308**	3,789	8,139
Staff costs		**(1,678)**	(1,501)	(3,007)
Other operating charges		**(1,037)**	(985)	(1,928)
Depreciation and amortisation		**(650)**	(384)	(1,039)
Operating profit		**943**	919	2,165
Other Income		**-**	-	141
Financial income		**121**	99	194
Financial expenses		**(96)**	(94)	(207)
Net financing income/ (costs)		**25**	5	(13)
Profit before tax		**968**	924	2,293
Taxation	2	**(291)**	(277)	(707)
Profit for the period attributable to equity holders of the Company		**677**	647	1,586
Basic earnings per share	3	**1.51p**	1.45p	3.55p
Diluted earnings per share	3	**1.45p**	1.38p	3.38p

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE SIX MONTHS ENDED 1 OCTOBER 2007 (UNAUDITED)

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Retained earnings £000	Total £000
Issue of new shares	2	24	-	-	-	26
Share options	-	-	-	43	-	43
Net income recognised directly in equity	**2**	**24**	**-**	**43**	**-**	**69**
Profit for the period	-	-	-	-	677	677
Dividends	-	-	-	-	(850)	(850)
Total recognised income and expense	**2**	**24**	**-**	**43**	**(173)**	**(104)**
Opening shareholders funds at 3 April 2007	447	3,833	211	332	1,983	6,806
Closing shareholders funds at 1 October 2007	**449**	**3,857**	**211**	**375**	**1,810**	**6,702**

FOR THE SIX MONTHS ENDED 1 OCTOBER 2006 (UNAUDITED)

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Retained earnings £000	Total £000
Issue of new shares	-	10	-	-	-	10
Share options	-	-	-	107	-	107
Net income recognised directly in equity	**-**	**10**	**-**	**107**	**-**	**117**
Profit for the period	-	-	-	-	647	647
Dividends	-	-	-	-	(559)	(559)
Total recognised income and expense	**-**	**10**	**-**	**107**	**88**	**205**
Opening shareholders funds at 1 April 2006	447	3,823	211	234	1,226	5,941
Closing shareholders funds at 1 October 2006	**447**	**3,833**	**211**	**341**	**1,314**	**6,146**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (continued)

FOR THE YEAR ENDED 2 APRIL 2007 (UNAUDITED)

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Retained earnings £000	Total £000
Issue of new shares	-	10	-	-	-	10
Share options	-	-	-	98	-	98
Net income recognised directly in equity	**-**	**10**	**-**	**98**	**-**	**108**
Profit for the period	-	-	-	-	1,586	1,586
Dividends	-	-	-	-	(828)	(828)
Total recognised income and expense	**-**	**10**	**-**	**98**	**758**	**866**
Opening shareholders funds at 1 April 2006	447	3,823	211	234	1,226	5,941
Closing shareholders funds at 2 April 2007	**447**	**3,833**	**211**	**332**	**1,984**	**6,807**

CONSOLIDATED BALANCE SHEET

AT 1 OCTOBER 2007	**Unaudited**	Unaudited	Unaudited
		As restated	As restated
	1 October 2007	1 October 2006	2 April 2007
	£000	£000	£000
Non-current assets			
Property, plant and equipment	**5,533**	5,941	5,700
Intangible assets	**1,128**	774	921
Deferred tax	**108**	154	108
Other receivables	**458**	497	581
Total non-current assets	**7,227**	7,366	7,310
Current assets			
Inventories	**121**	102	104
Trade and other receivables	**3,392**	3,213	3,368
Cash and cash equivalents	**2,740**	3,065	2,855
Total current assets	**6,253**	6,380	6,327
Total assets	**13,480**	13,746	13,637
Current liabilities			
Other interest-bearing loans and borrowings	**(985)**	(915)	(918)
Trade and other payables	**(2,165)**	(1,576)	(1,808)
Current tax payable	**(89)**	(1,043)	(220)
Accruals and deferred income	**(878)**	(940)	(998)
Other liabilities	**(147)**	(213)	(213)
Total current liabilities	**(4,264)**	(4,687)	(4,157)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(1,840)**	(2,594)	(2,170)
Deferred tax liabilities	**(674)**	(319)	(503)
Total non-current liabilities	**(2,514)**	(2,913)	(2,673)
Total liabilities	**(6,778)**	(7,600)	(6,830
Net assets	**6,702**	6,146	6,807
Equity			
Share capital	**449**	447	447
Share premium	**3,857**	3,833	3,833
Merger reserve	**211**	211	211
Other reserves	**375**	341	332
Retained earnings	**1,810**	1,314	1,984
Total equity	**6,702**	6,146	6,807

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 1 OCTOBER 2007	Unaudited Six months to 1 October 2007 £000	Unaudited As restated Six months to 1 October 2006 £000	Audited Year ended 2 April 2007 £000
Cash flows from operating activities			
Profit for the year	**677**	647	1,586
Adjustments for:			
Depreciation	**650**	384	1,039
Financial income	**(121)**	(99)	(194)
Financial expense	**96**	95	207
Loss / (profit) on sale of property, plant and equipment	**-**	1	(22)
Exchange gain	**4**	-	-
Equity settled share-based payment expenses	**43**	57	114
Taxation	**291**	277	707
Operating profit before changes in working capital and provisions	**1,640**	1,362	3,437
Decrease/ (increase) in trade and other receivables	**98**	(626)	(865)
(Increase)/ decrease in stock	**(19)**	22	20
Increase in trade and other payables	**135**	69	323
Cash generated from the operations	**1,854**	827	2,915
Tax paid	**(217)**	-	(1,042)
Net cash inflow from operating activities	**1,637**	827	1,873
Cash flows from investing activities			
Interest received	**121**	99	194
Acquisition of property, plant and equipment	**(502)**	(266)	(910)
Acquisition of intangible assets	**(189)**	(35)	-
Sale of property, plant and equipment	**-**	-	82
Net cash outflow from investing activities	**(570)**	(202)	(634)
Cash flows from financing activities			
Proceeds from the issue of share capital	**26**	10	10
Interest paid	**(96)**	(95)	(207)
Payment of finance lease liabilities	**(464)**	(368)	(811)
Advances on finance leases	**202**	-	-
Payment of equity dividend	**(850)**	(559)	(828)
Net cash outflow from financing activities	**(1,182)**	(1,012)	(1,836)
Net decrease in cash and cash equivalents	**(115)**	(387)	(597)
Cash and cash equivalents at start of period	**2,855**	3,452	3,452
Cash and cash equivalents at end of period	**2,740**	3,065	2,855

NOTES (forming part of the interim financial statements)

1. BASIS OF PREPARATION

The interim financial statements of Printing.com PLC ('PDC') for the period ended 1 October 2007 are unaudited and do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Under the AIM rules, PDC is required to prepare its next set of consolidated financial statements in accordance with adopted International Financial Reporting Standards (IFRS) as adopted by the European Union ('adopted IFRSs'). Reconciliations and descriptions of the effect of the transition from UK GAAP to adopted IFRSs' on the Group's balance sheet and its income statement are provided at the back of this Interim Report.

This interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 1 October 2007 that are effective (or available for early adoption) at 31 March 2008, the Group's first annual reporting date at which it is required to apply adopted IFRSs. Based on these adopted IFRSs, the directors have applied the accounting policies set out in the restatement report, included in this document, which they expect to apply when the first annual financial statements are prepared in accordance with adopted IFRSs' for the year ending 31 March 2008.

However the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2008.

The comparative figures for the financial year ended 2 April 2007 are not the Company's statutory accounts for that financial year. Those statutory accounts, which were prepared under UK GAAP, have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

PRIOR PERIOD RESTATEMENT

The comparative figures for the six month period ended 1 October 2006 have been restated from the previously reported results for the 28 week period ended 15 October 2006 to allow comparable financial results for the current period. The impact of this restatement is shown in the table below.

In addition, the following adjustments were detailed in the financial statements for the year ended 2 April 2007 prepared under UK GAAP:

* the comparative figures have been restated to reflect the change in the UK GAAP revenue recognition policy adopted in the financial statements for the year ended 2 April 2007. 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 year ended 2 April 2007, this policy was revised to defer an element of the initial fee over the first year of the agreement and defer all of the annual fees over each respective year. Comparative figures for the year ended 1 October 2006 and brought forward at 1 April 2006 have been restated to reflect this change in accounting policy, decreasing turnover in each year and increasing deferred income as shown in the table below.

NOTES (forming part of the interim financial statements – continued)

* the UK GAAP comparative results for the six month period ended have been restated to correct the treatment for rollover relief claimed in the period as identified in the financial statements for the year ended 2 April 2007. The impact of this restatement has been to increase the tax on profit on ordinary activities in each period, and increase the corporation tax creditor at the end of each period as shown in the table below.

	Six months ended 1 October 2006 £000
Profit on ordinary activities after taxation as previously reported under UK GAAP	718
Change in accounting reference date	(126)
Deferred licence revenue (net of tax)	21
Previously capitalised costs – net of amortisation	(5)
Reduced taxation charge	39
Profit on ordinary activities after taxation restated under UK GAAP and IFRS	**647**

The impact on basic earnings per share of the above restatements has been to decrease from 1.61p per share to 1.45p per share.

	Six months ended 1 October 2006 £000
Net assets as previously reported under UK GAAP	6,600
Change in accounting reference date	(126)
Deferred licence revenue (net of tax)	21
Adjusted FRS20 Reserve	(115)
Disallowed roll over relief	(233)
Net assets as restated under UK GAAP	6,147
Adjustments on transition to IFRS	(1)
Net assets as stated under IFRS	**6,146**

2. TAXATION

The tax charge is based on the estimated tax rate for the year ending 31 March 2008.

3. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue, being 44,820,669 (period ended 1 October 2006:44,718,617; year ended 2 April 2007: 44,730,883).

The diluted earnings per share takes the weighted average number of ordinary shares in issue during the period and adjusts this for dilutive impact of share options existing at the period end. The diluted weighted average number of shares in the period ended 1 October 2007 was 46,690,604 (period ended 1 October 2006: 47,005,417; year ended 2 April 2007:46,904,112). The profit used in the diluted earnings per share is based on profit after taxation.

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 1 October 2007 which comprises the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with IFRSs as adopted by the EU.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 1 October 2007 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Manchester
9 November 2007

IFRS RESTATEMENT REPORT (UNAUDITED)

Printing.com PLC transition to IFRS

From 1 April 2007 PDC ('the Group') is required to prepare its consolidated accounts under International Accounting Standards and International Financial Reporting Standards (collectively referred to as "adopted IFRS's" throughout this document) as adopted by the European Union ("EU") having previously prepared its accounts under UK Generally Accepted Accounting Principles ("UK GAAP"). The transition date for the Group is 1 April 2006 and set out in the following tables is the UK GAAP to adopted IFRS reconciliation for profit for the six month period ending 1 October 2006 and for the year ended 2 April 2007 and a reconciliation of total equity as at 1 April 2006, 1 October 2006 and 2 April 2007.

Transitional arrangements – Application of IFRS 1

The Group's financial statements for the year ending 31 March 2008 will be the Group's first annual financial statements in compliance with adopted IFRSs.

On transition to adopted IFRSs an entity is generally required to apply adopted IFRSs retrospectively, except where an exemption is available under IFRS 1 'First-time Adoption of International Financial Reporting Standards'.

The following are the key elections from IFRS 1 that were made by the Group:

- The Group has elected to adopt the IFRS 1 exemption in relation to the valuation of property, plant and equipment by taking the UK GAAP FRS 15 revaluation as deemed cost

- The Group has elected to adopt the IFRS 1 option to reset foreign currency cumulative translation reserves to zero on transition to adopted IFRS's.

International Financial Reporting Standards – Changes in accounting policies

The interim results for the period ended 1 October 2007 have been prepared in accordance with accounting policies under adopted IFRS's. The Group's revised accounting policies under IFRS are included in note 2 to this restatement report.

Reconciliation of income statement from UK GAAP to adopted IFRS's (unaudited)

The adjustment to the income statement from UK GAAP to adopted IFRS's is explained in detail in note 1 to the restatement report. The adjustment results in an increase of £29,000 in other operating charges in the six months ended 1 October 2006 (Year ended 2 April 2007: £78,000 increase), a decrease in depreciation and amortisation costs of £24,000 in the six months ended 1 October 2006 (Year ended 2 April 2007: £41,000 decrease) and a decrease in taxation of £2,000 in the six months ended 1 October 2006 (Year ended 2 April 2007: £12,000 decrease).

Reconciliation of cash flow statements from UK GAAP to adopted IFRS's (unaudited)

With the exception of reclassifications, there were no material differences between cash flows presented under adopted IFRS's and the cash flows presented under UK GAAP for the six months ended 1 October 2006 and for the year ended 2 April 2007 as a result of the conversion to adopted IFRSs.

The adjustment to retained earning from UK GAAP to adopted IFRS's is explained in detail in note 1 to the restatement report.

IFRS RESTATEMENT REPORT (CONTINUED)

Reconciliation of balance sheet from UK GAAP to adopted IFRS's (unaudited)

	Restated UK GAAP 1 October 2006 £'000	Adopted IFRS Adj. (note 1) £'000	IFRS 1 October 2006 £'000	UK GAAP 2 April 2007 £'000	Adopted IFRS Adj. (note 1) £'000	IFRS 2 April 2007 £'000	Restated UK GAAP 1 April 2006 £'000	Adopted IFRS Adj. (note 1) £'000	IFRS 1 April 2006 £'000
Non current assets									
Property plant and equipment	6,720	(779)	5,941	6,621	(921)	5,700	3,855	(667)	3,188
Intangible assets	68	706	774	105	816	921	68	599	667
Deferred tax asset	-	154	154	-	108	108	-	221	221
Other receivables	497	-	497	581	-	581	561	-	561
	7,285	81	7,366	7,307	3	7,310	4,484	153	4,637
Current assets									
Inventories	102	-	102	104	-	104	124	-	124
Trade and other receivables	3,213	-	3,213	3,368	-	3,368	2,523	-	2,523
Cash and cash equivalents	3,065	-	3,065	2,855	-	2,855	3,452	-	3,452
	6,380	-	6,380	6,327	-	6,327	6,099	-	6,099
Total assets	13,665	81	13,746	13,634	3	13,637	10,583	153	10,736
Current liabilities									
Trade and other payables	(3,666)	-	(3,666)	(3,969)	-	(3,969)	(3,172)	-	(3,172)
Current tax payable	(1,043)	22	(1,021)	(220)	32	(188)	(771)	20	(751)
	(4,709)	22	(4,687)	(4,189)	32	(4,157)	(3,943)	20	(3,923)
Non current liabilities									
Other liabilities	(2,594)	-	(2,594)	(2,170)	-	(2,170)	(499)	-	(499)
Provisions	(215)	(104)	(319)	(448)	(55)	(503)	(221)	(152)	(373)
	(2,809)	(104)	(2,913)	(2,618)	(55)	(2,673)	(720)	(152)	(872)
Total liabilities	(7,518)	(82)	(7,600)	(6,807)	(23)	(6,830)	(4,663)	(132)	(4,795)
Net assets	6,147	(1)	6,146	6,827	(20)	6,807	5,920	21	5,941
Equity									
Share capital	447	-	447	447	-	447	447	-	447
Share premium	3,833	-	3,833	3,833	-	3,833	3,823	-	3,823
Merger reserve	211	-	211	211	-	211	211	-	211
Other reserve	291	50	341	279	53	332	165	69	234
Retained earnings	1,365	(51)	1,314	2,057	(73)	1,984	1,274	(48)	1,226
Total equity attributable to equity shareholders	6,147	(1)	6,146	6,827	(20)	6,807	5,920	21	5,941

NOTES TO THE IFRS RESTATEMENT REPORT

1.IFRS adjustments

IAS 12 'Deferred tax'

IAS 12 requires the deferred tax on temporary differences to be recognised in proportion to the vesting period to match the IFRS accounting treatment. This approach is different than that adopted under FRS 19. The impact on PDC is to recognise a deferred tax asset of £69,000 at 1 April 2006, £53,000 at 2 April 2007 and £50,000 at 1 October 2006, with a corresponding adjustment to reserves.

In addition deferred tax assets previously netted from deferred tax liabilities have been separately disclosed in the restated IFRS financial statements. The adjustment at 1 April 2006 of £152,000, 2 April 2007 £55,000 and at 1 October 2006 £104,000.

IAS 38

Under UK GAAP certain costs have been capitalised as intangible assets. These costs are strictly prohibited from being capitalised under IAS 38. This has resulted in £37,000 costs (net of amortisation recorded under UK GAAP) being written off to the income statement in the year ended 2 April 2007, £5,000 in the six months ended 1 October 2006 and £48,000 adjustment to opening reserves at 1 April 2006.

2. Accounting policies

The following accounting policies represent the Group's revised policies under IFRS which will be adopted by the Group in it's financial statements for the year ending 31 March 2008.

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all of its subsidiarys made up to the financial year end. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Accounting policies are consistently applied throughout the Group. Intercompany balances and transactions have been eliminated. Material profits from inter company sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are 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 improvements	-	over remaining lease life

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion.

Intangible assets

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.

Amortisation on domain name, website costs and software is charged to the income statement on a straight-line basis over the useful economic life of the asset.

Domain name and website costs	-	5% straight line
Software	-	20% straight line

Intangible assets include customer lists purchased on the buy-back of own stores from existing franchisees.

Revenue

Revenue 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 with customers.

Revenue 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.

Revenue is stated net of any discounts or commissions.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

NOTES TO THE IFRS RESTATEMENT REPORT (continued)

2. Accounting policies (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying value amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Impairment of assets

The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Intangible assets that are not yet available for use were tested for impairment as at 1 April 2006, the date of transition to adopted IFRS's, even though no indication of impairment existed.

Calculation of recoverable amount
The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Expenses

Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Employee benefits

Defined contribution plan

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement.

Share based payments

The share option programme allows Group employees to acquire shares in the Company. The fair value of options granted is recognised as an employee 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 valuation 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 forfeiture is due only to share prices not achieving the threshold for vesting.

Financial instruments

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.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

The Group does not hold or issue derivative financial instruments for trading purposes.

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

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