ANNUAL REPORT & ACCOUNTS 2008

printing.com plc

CONTENTS

FINANCIAL SUMMARY

	2008† £000	%	2007† £000	%	2006† £000	%
Total Retail Sales*	**£24,583**		£21,284		£18,222	
Annual Growth	**15.5%**		16.8%		26.1%	
Turnover	**13,479**	**100%**	**12,136**	100%	11,879	100%
Annual Growth	**11.1%**		**2.2%**		10.8%	
Gross Profit	**9,011**	**66.9%**	8,139	67.1%	8,338	73.1%
EBITDA	**3,670**	**27.2%**	3,204	26.4%	2,628	22.1%
Annual Growth	**14.5%**		21.9%		11.4%	
Operating Profit	**2,292**	**17.0%**	2,165	17.8%	1,834	15.4%
Annual Growth	**5.9%**		18%		12.4%	
Profit Before Tax	**2,421**		2,293		2,241	
Annual Growth	**5.6%**		2.3%		48.6%	
Taxation	**(789)**		(707)		(655)	
Tax Rate	**32.6%**		30.8%		29.2%	
Profit on Ordinary Activities After Tax	**1,632**		1,586		1,586	
Dividend declared on equity shares	**1,346**		1,119		780	
Earnings per ordinary share – basic	**3.64p**		3.55p		3.58p	
Earnings per ordinary share – diluted	**3.51p**		3.38p		3.40p	
Interim Dividend per ordinary share	**1.00p**		0.60p		0.50p	
Final Dividend per ordinary share	**2.00p**		1.90p		1.25p	
Total Dividend per ordinary share	**3.00p**		2.50p		1.75p	
Outlet Network						
Owned Stores	**4**		2		6	
Franchised Stores Open and Pending	**44**		47		42	
Total Stores	**48**		49		48	
Bolt-on Franchises Open and Pending	**201**		149		118	
Total Outlets	**249**		198		166	
Like For Like Performance**						
Growth	**16.44%**		13.46%		17.64%	
Territories Included	**29**		20		14	

* Total Retail Sales is the estimated 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.

† 2008 and 2007 figures subject to Adopted IFRSs, 2006 reported under UK GAAP.

Automated paper handling logistics at our Manchester Production Hub.

CHAIRMAN'S STATEMENT

George Hardie – Chairman

TRADING RESULTS

Total Retail Sales ("TRS"), the Company's estimate of the value of Printing.com sales transacted by its Franchisees, increased 15.5% to £24.58m (2007: £21.28m) reflecting the continued momentum in the expansion of Printing.com. Revenue increased 11% to £13.48m (2007: £12.14m).

During the year under review your Company recorded a Profit Before Tax ("PBT") of £2.42m (2007: £2.29m), an increase of 5.7%. The smaller increase in PBT reflects the increased depreciation charge, lease interest and other costs relating to the expansion of the Company's Manchester Hub.

Also, the 2007 figure included 'Other Income' of £0.14m relating to the premium arising from the franchising of several stores. Save for this amount the Company's PBT from its ordinary activity advanced by £0.27m (11.8%).

CASH

I am pleased to report that cash generation has been very strong with net cash balances increasing by 22.4% with the expansion of the UK Hub now completed.

The Company closed the year with cash reserves of £3.50m (2007: £2.86m), after paying dividends of £1.30m (2007: £0.83m) and investing gross £1.26m (2007: £3.87m) in capital equipment and software. Of the capital expenditure total £0.5m (2007: £2.96m) was financed.

DIVIDENDS

In line with our aim to follow a progressive dividend policy, your Board is proposing a final dividend of 2p per ordinary share to be paid on 6 August 2008 to shareholders on the register at the close of business on 27 June 2008. Making a total dividend for the year of 3p per ordinary share (2007: 2.5p).

PEOPLE AT PRINTING.COM

Notwithstanding the essential role that the internet plays in the operation of the Printing.com business model, the hard work and endeavours of the people within the Printing.com network lies at the heart of your Company's continued progress and accordingly I thank them for their contribution.

Over the past two years Printing.com and our franchises planted 25,000 trees with David Bellamy and Tree Appeal.

OUTLOOK

Although trading has softened since the year end, revenues are still ahead of the corresponding period for the previous year. Also, the rate at which new Bolt-on Franchises have been granted since March is particularly encouraging.

We are mindful that PBT over the past two years has not advanced as materially as before. Now, with the Hub investment cycle behind us and an abundance of unutilised capacity in the Company's Hub, the need to make immediate capital investment, except for the ongoing development of the Company's Flyerlink software has diminished. Accordingly, if we are able to continue to grow our network revenues, the prospect of a greater flow through to PBT appears greater than over the past two years.

Moving forward, it is anticipated that cash generation will remain strong.

Our Master Licence partners in New Zealand and Iceland continue to make good progress with close to 40 operational outlets across these countries. We believe that this bodes well for future Master Licence development.

We are making good progress in discussions regarding the grant of Master Licences in other territories and remain cautiously optimistic that new licences will be granted over the present financial year.

Having invested heavily in the preparation for entering the French market over the past year, we anticipate that this initiative will breakeven during the present financial year, moving into a positive contribution in the following year.

David Bellamy with children from St. Oswalds school, Guiseley at a tree planting event.

With a client base in excess of 60,000 we believe that opening up our network, via the Printing.com Network Partner programme, which allows complementary printed services from selected suppliers across our network, will provide a material incremental revenue stream for our Franchisees and your Company.

Whilst we are not immune to the undulations of the economic cycle, we believe there are many initiatives that we can pursue to provide your Company with the realistic prospect of continuing to gain momentum over the coming year. Accordingly, we remain cautiously optimistic about the Company's prospects over the current financial year.

George Hardie

George Hardie
Chairman
9 June 2008

Printing.com Franchises in London, York, Wolverhampton and Newcastle (clockwise from top).

CHIEF EXECUTIVE'S STATEMENT

	1 June 2008	31 March 2008	2 April 2007
Company Owned Stores	**5**	4	2
Franchise Stores (Open & Pending)	**43**	44	47
Bolt-on Franchises	**213**	201	149
	261	249	198

Tony Rafferty – Chief Executive

ESTATE DEVELOPMENT

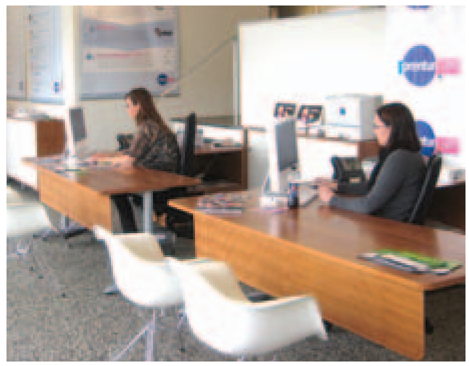
During the year under review your Company has worked tirelessly to increase outlet numbers throughout the UK and Ireland. Reflecting our determination, we are now pleased to report the addition of 51 new outlets (2007: 31), the structure of which is set out in the table above.

The interior of a Bolt-on Franchise Printing.com @ Colourbox in York.

The acceleration in the expansion of the estate was achieved following the development of new marketing processes to promote the Printing.com Bolt-on Franchise opportunity, with a particular accent on case studies highlighting numerous success stories. The growth is also attributable to the hard work of our Territory Franchisees, in identifying promising local Bolt-on Franchise opportunities.

Prior to the start of the year, our directly owned Store count had dropped to just 2. This is lower than our objective of directly owning a small number of outlets for training and development purposes. Accordingly we repurchased several stores in situations where we believed it was prudent to do so. Moving forward we would anticipate the process of purchasing and re-franchising a small number of outlets to continue on an on-going basis.

Across the UK and Ireland we aspire to expand the network to approximately 400 Printing.com outlets including circa 350 of the Bolt-on Franchise format which we continue to focus on as the most cost effective and efficient way to expand our network and bring increased volume to the Hub. We anticipate making further progress towards this objective over the coming year.



**Clockwise from top left; French Buying Guide,
Printstop New Zealand marketing collateral and Store interior,
Iceland Printing.com Store and team.**

Production Hub and Infrastructure

In last year's annual report we highlighted the increase in capacity of the Manchester Hub from £20-25 million to £40-45 million via the adding of a new press and mezzanine floor coupled with SmartPack, a bespoke sortation system. The year under review saw the bedding-in of this infrastructure, further improving Printing.com's high operational standards and increased operational efficiencies.

Over the coming year, relatively little capital expenditure is anticipated for the Company's Manchester Hub as sufficient capacity still exists for our foreseeable requirements.

New Zealand Store.

During the year, we continued to invest and develop Flyerlink®, the Company's proprietary software. Various important functional milestones were achieved, many relating to the Master Licence programme, including the provision of multi-language capability.

Grant of Master Licence Agreements("MLA")

The Printing.com MLA enables Printers in other countries to copy the Printing.com business model without the cost, delay and risk involved in developing the systems and software that underpin operations.

The New Zealand MLA partner, PrintStop, now report that their estate has expanded to circa 40 outlets, with Printing.com's systems being used for every order. The second MLA covering Iceland has commenced operations and aside from a Store in Reykjavik, a small number of Bolt-on Franchises have been granted.

Under the MLA, Printing.com is paid a fee at the outset together with a share of the local licence fees and circa 3% of network sales, on an on-going basis.

We remain in negotiations regarding the grant of MLA's for a number of other territories, at this stage it is too early to say if these will progress to a positive outcome.

Printing.com France

As with Ireland, it is commercially and logistically efficient to ship Printing.com products from the Company's Manchester Hub to France.

Following over 18 months of extensive enquiry and evaluation, Printing.com is now actively engaged in the development of a network of French Bolt-on Franchises. At present as Printing.com enjoys limited brand-awareness in France these Bolt-on licences are granted for a nominal consideration on easy-in, easy-out terms.

During the latter stage of the year under review, we hosted the first training course delivered in French, with 5 Bolt-on Franchises now in operation. Whilst transactional levels from the French business are still at a modest level, we remain encouraged by how well these first French outlets are operating and remain cautiously optimistic of France's potential.

Once established it is our intention to progress a MBO/MBI of the French Printing.com business as we believe that the opportunity will be best developed under French ownership and direction. At such a point, it is anticipated that the business would then operate in a similar manner to other MLA's.

Roll out for Network Partners is planned across the network over the coming months.

Printing.com Australia

As reported, we intend to establish operations in Australia over the coming months. Unlike our Master Licence programme, we intend to grant the Australian Franchises directly from an Australian subsidiary. With the logistics of shipping to Australia impractical, an alliance with a suitably equipped Australian commercial printer is presently being sought whereby the provision of the Hub production infrastructure can be outsourced whilst the management of the network and IP remain under direct Company control.

In common with Printing.com France, it is hoped that ultimately an exit will prove possible with the business subsequently operated under an MLA.

Websites by Printing.com

Over the year under review Printing.com's Website initiative resulted in the production of over 500 websites.

Retailing in the range from £200 to £800 the website proposition is positioned between the DIY template websites and the services of a conventional website designer.

Although revenues from this offering for the Company and on a per Franchise basis are still marginal we remain convinced that new media solutions naturally sit alongside the Printing.com offering and intend to invest further in the software development and infrastructure that facilitates this initiative over the coming year.

Sample Websites by Printing.com

Network Partner

Across the UK and Ireland Printing.com has an extensive client base, exceeding 60,000 mainly SME's along with local government and corporate departments.

The Network Partner programme opens up the Printing.com network to manufacturers of complementary personalised items such as pens, work apparel, awards and a plethora of other promotional items.

Network Partners must be approved and pay a fee to join the programme with a prescribed formula dictating the revenue split between the partner and the franchisee. Printing.com receives circa 10% of the Network Partner sales.

During the year under review the first Network Partner agreements were granted and to date six have completed the necessary training.

Shortly the new service will be trialled from a small number of Franchises with the roll out planned across the network over the coming months.

Printing.com stores and franchises (clockwise from top left) Daryl from Printing.com @ Colourbox Swansea, Printing.com Birmingham Sheldon (exterior and interior), Printing.com @ print ideas Leeds.

Current Trading

Following on from a solid quarter, marking the close of the year under review, trading has softened slightly although it remains materially above the corresponding level for the previous year.

With 90%+ of Printing.com orders being used by the client for promotional purposes we attribute the softer conditions to the general drop in business confidence within the SME community.

To mitigate this effect we will be adding to the potency of our monthly offers and promotional campaigns along with the broadening of our offering via the Network Partner programme. We remain confident that our unique business model places us favourably against our competitors who are also feeling the impact of the softening market conditions.

Encouragingly the Company has enjoyed a buoyant start to the year in terms of the development of the Printing.com estate across the UK and Ireland, with some 14 additional Bolt-on franchises (compared to 7 for the same period last year) having so far been granted.

Tony Rafferty
Chief Executive
9 June 2008

Some of this year's marketing collateral.

The Manchester Production Hub.

FINANCIAL REVIEW

Alan Roberts – Finance Director

Total Retail Sales (TRS)

TRS is the Group's key metric, being the estimated 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 estimated TRS increasing by 15.5% to £24.58m (2007: £21.28m).

Like For Like TRS

This metric reports on the like for like progress of our Territory Franchisees (or equivalent Group owned operations) that have operated for a minimum of three years. Therefore, the earliest figures that could be reported for a Territory Franchise are its third versus 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 16.44% (2007: 13.46%) with 29 (2007: 20) Territory Franchises (or Group owned equivalents) contributing to this metric.

Printing.com @ London Print Co., Shaftbury Avenue, London.

Accounting Policy Change

Both the parent company financial statements and the Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

Revenue

Overall revenue increased by 11.0% from £12.14m to £13.48m. This was despite the franchising of the Group owned Birmingham & Oxford Stores in 2007 with the resultant loss of the retail premium during 2008. Network growth has principally been driven by the increase in the number of Bolt-on Franchises.

Gross Profit

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

Gross Profit increased by 10.7% from £8.14m to £9.01m. In percentage terms it remained relatively constant at 66.9% (2007: 67.1%) of revenue.

Clockwise from top left; Printing.com Clerkenwell London, Printing.com Middlesbrough, James from Printing.com Orpington.

EBITDA

At £3.67m (2007: £3.20m) EBITDA improved by 14.7%. TRS and EBITDA increased by £3.30m and £0.47m respectively over the year.

The increase in EBITDA for 2007 included non-recurring revenue relating to the Website initiative of £0.15m. Save for this non-recurring revenue in 2007 the increase in EBITDA is £0.62m or 18.8% of the increase in estimated TRS flowed through to EBITDA. As previously suggested, moving forward, we expect additional TRS, from core UK performance, to increase EBITDA by circa 20%.

Pre-Tax Profit

The Group recorded a pre tax profit of £2.42m (2007: £2.29m) being 18.0% (2007: 18.9%) of Group revenue and 9.8% (2007: 10.8%) 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.

Staff costs increased in the year to £3.22m (2007: £3.01m) but fell as a percentage of revenue from 24.8% to 23.9%. Franchising Group Stores resulted in savings. The majority of the increase related to the Group's Production Hub with the effect of higher volumes and the payment of premiums for the increase in 7 day 24 hour rotas. The depreciation charge for the year was £1.38m (2007: £1.04m) which rose as last year's additions were depreciated for the full year.

Other Income / Interest Received and Charged

With no Group Stores being franchised during the year Other Income was nil (2007: £0.14m). There were no other items in Group revenue which would be considered unusual or non-recurring.

Interest received of £0.24m (2007: £0.19m) reflects interest on the cash balances held and interest charged to Franchisees on loans to them from Printing.com. Interest paid of £0.19m (2007: £0.21m) primarily on lease finance repayments.

Taxation

In the year the standard rate for tax was 30%. The charge for the current year is £0.79m or 32.6% of PBT (2007: £0.71m or 31.0%).

The effective tax rate was increased due to disallowed expenses, overseas expenses and the fact that share based payments are disallowable for tax purposes.

Earnings Per Share (EPS)

Basic EPS improved to 3.64p (2007: 3.55p), the weighted average number of shares used was 44,892,441. Diluted EPS improved to 3.51p (2007: 3.38p), the weighted average number of shares used was 46,547,410. The year closed with 44,993,465 ordinary shares in issue, with 200,000 of these held in Treasury by the Group.

Cash Flow

At the year end the Group had cash balances of £3.50m (2007: £2.86m) and Net Funds of £1.08m (Net Debt 2007: £0.23m). Operational cash inflow improved strongly to £4.06m (2007: £2.92m). The most significant cash outflow being dividends paid of £1.30m (2007: £0.83m).

Printing.com Newcastle.

Capital Expenditure

The total expenditure for the year was £1.26m (2007: £3.87m). The major items were Software development and computing infrastructure £0.43m; and Production Hub equipment £0.60m. Equipment in the final phase of the Production Hub upgrade was financed totalling £0.5m (2007: £2.96m).

Share Capital and Share Options

Employees' options over 146,965 shares and Franchisee options over 100,000 shares were exercised during the year. There were no options granted.

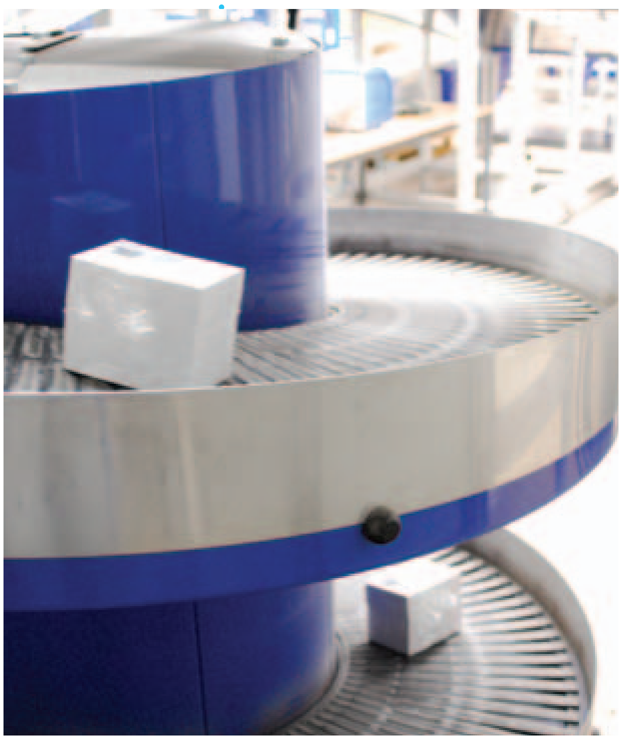
Treasury Policies and Financial Risk

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.

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



Our SmartPack packing system.

Alan Q. Roberts
Finance Director
9 June 2008

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 three 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 69.

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 40.

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 52.

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 33.

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 55.

DIRECTORS' REPORT

The Directors present their report and the financial statements of Printing.com plc and its subsidiary companies for the financial year ended 31 March 2008.

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 Production Hub sited with the head office in Trafford Park, Manchester.

A review of the Group's business is contained in the Chairman's statement, Chief Executive's Statement and Financial Review on pages 3 to 19.

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 effecting 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 £896.000/2.0p per ordinary share (2007: £850,000 £1.90p 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 £850,000/1.90p per share in respect of the previous year ended 2 April 2007, together with an interim dividend in respect of the year ended 31 March 2008 of £450,000/1.00p per share.

RESEARCH AND DEVELOPMENT

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.

FINANCIAL INSTRUMENTS

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 31 March 2008 was to place the majority of its cash on short term deposit with its bankers and to finance the purchase of significant 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.

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 31 March 2008 the trade creditors for the Group represented 75 days (2007: 74 days) and the Company 50 days (2007:nil) of the amounts invoiced by suppliers.

DIRECTORS

The following Directors have held office since 3 April 2007:

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

R G Hardie and A Rafferty retire by rotation in accordance with the articles of association and, being eligible, offer themselves 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 Directors' Remuneration Report on pages 28 & 29.

From 3 April 2007 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.

HEALTH AND SAFETY

Emphasis is placed upon providing a safe and healthy working environment for employees, customers and suppliers. The Group ensures that regular risk assessments are carried out and that plant and machinery is properly maintained. Working practices are developed to embody safe systems of work and the Group ensures that employees receive ongoing instruction, training and supervision for working and health and safety issues.

SOCIAL, ENVIRONMENTAL AND ETHICAL ISSUES

The Board considers social, environmental and ethical matters in all aspects of the business of the Group. They and senior management review and assess the significant risks to the Group's short and long term value as impacted upon by social, environmental and ethical issues. The Group comply with environmental laws and regulations and work with suppliers and customers to improve the effectiveness of environmental management.

In the period the Group achieved the ISO14001 environmental accreditation.

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 (2007: £nil).

MAJOR INTEREST IN SHARES

At 2 May 2008 the following shareholders held interests in excess of 3% of ordinary share capital:

	Percentage holding	Number of Ordinary shares of 1p each
Brewin Dolphin Limited	13.5%	6,089,517
DWS Investments	8.4%	3,800,000
Williams de Broe	5.6%	2,527,495
Barclays Private Banking	4.5%	2,017,693
Rathbone Investment Management Limited	3.7%	1,678,576
Collins Stewart(CI) Limited	3.1%	1,389,565

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 Thursday 31 July 2008 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.

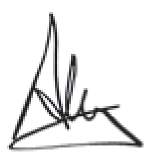
DISCLOSURE OF INFORMATION TO AUDITORS

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 Group'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 Group's auditors are aware of that information.

AUDITORS

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.



A Q Roberts
Director
9 June 2008

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 Group and parent company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable laws and have elected to prepare the parent company financial statements on the same basis.

The Group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and parent company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgments and estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
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.

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 25. 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 normally meets 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 to 30.
- 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 4 to the financial statements.

The Audit Committee 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 31 March 2008 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 Chairmen of the Audit and Remuneration Committees 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.

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE

The Company has an established 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 31 March 2008 have been made or are proposed.

SHARE OPTIONS (AUDITED)

Executive Directors, Peter Gunning and Alan Roberts, have options granted to them under the terms of the Company's key employee EMI Share Option Scheme, established 6 August 2004.

The Options impose performance criteria with individual targets for the employee and are subject to 'trigger' price points based on the mid market price of Ordinary Shares over 200 consecutive day periods. At the start of the period there were 600,000 shares under option, during the year no options were exercised, granted or lapsed.

The terms and conditions of the grants are as follows, all options are settled by physical delivery of shares:

Grant date	Executive director	Number of instruments	Exercise price	Vesting conditions	Contractual Life of options
6 August 2004	P R Gunning	300,000	32.5p	Personal targets and share price trigger points	6 August 2014
6 August 2004	A Q Roberts	300,000	32.5p	Personal targets and share price trigger points	6 August 2014

The options outstanding at the year end have an average contractual life of 6.33 years.

The valuation of share based payments under IFRS 2 is undertaken using a Monte Carlo model. The model assumes that the Option price was equal to the market price on the date of grant, the Company's share price volatility is based upon a peer group of businesses, a dividend yield and vesting periods of six years are assumed.

The model inputs were a share price of 32.5p, an exercise price of 32.5p, expected volatility of 62.37%, expected dividends of 3.01%, a term of 4 years and a risk free rate of 5.01%.

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

Year ended 31 March 2008:	**Basic Salary £**	**Fees £**	**Benefits £**	**Bonuses £**	**2008 Total £**	**2008 Pension £**
R G Hardie	-	30,115	-	-	30,115	-
L A Wheatley	-	18,518	-	-	18,518	-
A Rafferty	165,287	-	465	-	165,752	20,644
P R Gunning	109,306	-	186	-	109,492	9,563
A Q Roberts	71,253	-	14,272	-	85,525	7,079
	345,846	48,633	14,923	-	409,402	37,286

Year ended 2 April 2007:	**Basic Salary £**	**Fees £**	**Benefits £**	**Bonuses £**	**2007 Total £**	**2007 Pension £**
R G Hardie	-	30,000	-	-	30,000	-
L A Wheatley	-	21,456	-	-	21,456	-
A Rafferty	165,348	-	529	-	165,877	20,645
P R Gunning	82,238	-	211	-	82,449	7,485
A Q Roberts	71,985	-	13,451	-	85,436	7,082
	319,571	51,456	14,191	-	385,218	35,212

DIRECTORS' INTERESTS

At 31 March 2008, the Directors had the following beneficial interests in the Company's shares and options to subscribe for shares:

	Ordinary shares of 1p each 30.03.08	02.04.07		Share options Exercise price	31.03.08	02.04.07
R G Hardie	**1,596,149**	1,596,149		-	-	-
A Rafferty	**9,159,222**	9,159,222		-	-	-
P R Gunning	**684,646**	684,646	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.

From the end of the year until 9 June 2008 there have been no changes in the above interests.

PERFORMANCE GRAPH

The Group's share price performance for the period under review charted with the AIM all share is shown below. The market price of shares at 31 March 2008 was 38.0pence (2007: 64.50pence). The range during 2008 was 36.25pence to 65.0pence.

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 year ended 31 March 2008 which comprise the Group Income Statement, the Group and parent company Balance Sheets, the Group and parent company Cash Flow Statements, the Group and parent company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration report that is described as having been audited, which the directors have decided to prepare (in addition to that required to be prepared) as if the Company were required to comply with the requirements of Schedule 7A to the Companies Act 1985.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 and, in respect of the separate opinion in relation to the Directors' Remuneration Report, on terms that have been agreed. 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, in respect of the separate opinion in relation to the Directors' Remuneration Report, those matters that we have agreed to state to them in our 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 annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 25.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and, under the terms of our engagement letter, to audit the part of the Directors' Remuneration Report that is described as having been audited.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited 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's Statement, Chief Executive's Statement and Financial Review that are cross referred from the Business Review section of the Directors' 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 read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and the part of the Directors' Remuneration report to be audited. 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 and the part of the Directors' Remuneration report to be audited 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 and the part of the Directors' Remuneration report to be audited.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements; and
- the part of the Directors' Remuneration report which we were engaged to audit has been properly prepared in accordance with Schedule 7A to the Companies Act 1985, as if those requirements were to apply to the Company.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
9 June 2008

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	**2008 £000**	2007 £000
Revenue	3	**13,479**	12,136
Change in stock of finished goods and work in progress		**5**	(20)
Raw materials and consumables used		**(4,473)**	(3,977)
Gross Profit		**9,011**	8,139
Staff costs	5	**(3,218)**	(3,007)
Other operating charges		**(2,123)**	(1,928)
Depreciation and amortisation		**(1,378)**	(1,039)
Total Expenses		**(6,719)**	(5,974)
Operating Profit	2,4	**2,292**	2,165
Financial income	6	**316**	194
Financial expenses	6	**(187)**	(207)
Net financing income/ (costs)		**129**	(13)
Profit on sale of Stores to Franchisees	6	**-**	141
Profit before taxation		**2,421**	2,293
Taxation	7	**(789)**	(707)
Profit for the year attributable to equity holders of the Parent		**1,632**	1,586
Basic earnings per share	8	**3.64p**	3.55p
Diluted earnings per share	8	**3.51p**	3.38p

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

GROUP – YEAR ENDED 31 MARCH 2008

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
Profit for the year	-	-	-	1,632	1,632
Total recognised income and (expense)	-	-	-	1,632	1,632
Equity settled share based payments	-	-	-	71	71
Tax on equity settled share based payments	-	-	-	(11)	(11)
Own shares acquired	-	-	-	(82)	(82)
Shares issued	3	38	-	-	41
Dividends paid	-	-	-	(1,300)	(1,300)
Total movement in shareholders' funds	3	38	-	310	351
Opening shareholders' funds at 3 April 2007	447	3,833	211	2,316	6,807
Closing shareholders' funds at 31 March 2008	**450**	**3,871**	**211**	**2,626**	**7,158**

GROUP – YEAR ENDED 2 APRIL 2007

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
Profit for the year	-	-	-	1,586	1,586
Total recognised income and (expense)	-	-	-	1,586	1,586
Dividends	-	-	-	(828)	(828)
Issue of new shares	-	10	-	-	10
Equity settled share based payments	-	-	-	114	114
Tax on equity share based payments	-	-	-	(16)	(16)
Total movement in shareholders' funds	-	10	-	856	866
Opening shareholders' funds at 1 April 2006	447	3,823	211	1,460	5,941
Closing shareholders' funds at 2 April 2007	**447**	**3,833**	**211**	**2,316**	**6,807**

COMPANY – YEAR ENDED 31 MARCH 2008

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Profit for the year	-	-	1,595	1,595
Total recognised income and (expense)	-	-	1,595	1,595
Equity settled share based payments	-	-	71	71
Own shares acquired	-	-	(82)	(82)
Shares issued	3	38	-	41
Dividends paid	-	-	(1,300)	(1,300)
Total movement in shareholders' funds	3	38	284	325
Opening shareholders' funds at 3 April 2007	447	3,833	1,219	5,499
Closing shareholders' funds at 31 March 2008	**450**	**3,871**	**1,503**	**5,824**

COMPANY – YEAR ENDED 2 APRIL 2007

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Profit for the year	-	-	1,127	1,127
Total recognised income and (expense)	-	-	1,127	1,127
Equity settled share based payments	-	-	114	114
Issue of new shares	-	10	-	10
Dividends	-	-	(828)	(828)
Total movement in shareholders' funds	-	10	413	423
Opening shareholders' funds at 1 April 2006	447	3,823	806	5,076
Closing shareholders' funds at 2 April 2007	447	3,833	1,219	5,499

The notes on pages 38 to 62 form part of these financial statements

BALANCE SHEETS

AT 31 MARCH 2008

	Note	**Group 2008 £000**	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Non-current assets					
Property, plant and equipment	9	**5,217**	5,700	**-**	-
Investments in subsidiaries	10	**-**	-	**574**	503
Intangible assets	10	**1,139**	921	**-**	-
Deferred tax assets	11	**25**	140	**-**	32
Other receivables	13	**470**	581	**1,008**	1,000
Total non-current assets		**6,851**	7,342	**1,582**	1,535
Current assets					
Inventories	12	**109**	104	**-**	-
Trade and other receivables	13	**3,210**	3,368	**3,368**	2,243
Cash and cash equivalents	14	**3,502**	2,855	**898**	1,766
Total current assets		**6,821**	6,327	**4,266**	4,009
Total assets		**13,672**	13,669	**5,848**	5,544
Current Liabilities					
Other interest-bearing loans and borrowings	15	**(804)**	(918)	**-**	-
Trade and other payables	16	**(1,759)**	(1,809)	**(20)**	(24)
Current tax payable	7	**(377)**	(220)	**-**	(4)
Accruals and deferred income	16	**(1,094)**	(1,013)	**(4)**	(17)
Other liabilities	16	**(182)**	(229)	**-**	-
Total current liabilities		**(4,216)**	(4,189)	**(24)**	(45)
Non-Current liabilities					
Other interest-bearing loans and borrowings	15	**(1,613)**	(2,170)	**-**	-
Deferred tax liabilities	11	**(685)**	(503)	**-**	-
Total non-current liabilities		**(2,298)**	(2,673)	**-**	**-**
Total liabilities		**(6,514)**	(6,862)	**(24)**	(45)
Net assets		**7,158**	6,807	**5,824**	5,499
Equity attributable to equity holders of the parent					
Share capital	18	**450**	447	**450**	447
Share premium	18	**3,871**	3,833	**3871**	3,833
Merger reserve	18	**211**	211	**-**	-
Retained earnings	18	**2,626**	2,316	**1,503**	1,219
Total equity		**7,158**	6,807	**5,824**	5,499

These financial statements were approved by the board of directors on 9 June 2008 and were signed on its behalf by:

A Q Roberts
Director

CASH FLOW STATEMENTS

FOR YEAR ENDED 31 MARCH 2008

	Note	**Group 2008 £000**	2007 £000	**Company 2008 £000**	2007 £000
Cash flows from operating activities					
Profit for the year		**1,632**	1,586	**1,595**	1,127
Adjustments for:					
Depreciation, amortisation and impairment		**1,378**	1,039	**-**	-
Foreign exchange gain		**75**	-	**-**	-
Financial income		**(316)**	(194)	**(1,812)**	(1,294)
Financial expense		**187**	207	**-**	-
Gain on sale of property, plant and equipment		**-**	(22)	**-**	-
Equity settled share-based payment expenses		**71**	114	**-**	-
Taxation		**789**	707	**32**	(28)
Operating profit before changes in working capital and provisions		**3,816**	3,437	**(185)**	(195)
Decrease/ (increase) in trade and other receivables		**269**	(865)	**(1)**	4
(Increase)/ decrease in inventories		**(5)**	20	**-**	-
Increase/(decrease) in trade and other payables		**(17)**	323	**(17)**	22
Cash generated from Operations		**4,063**	2,915	**(203)**	(169)
Tax paid		**(344)**	(1,042)	**(4)**	-
Net cash inflow/(outflow) from operating activities		**3,719**	1,873	**(207)**	(169)
Cash flows from investing activities					
Proceeds from sale of plant and equipment		**150**	82	**-**	-
Interest received		**241**	194	**49**	44
Acquisition of plant and equipment	9	**(235)**	(910)	**-**	-
Capitalised development expenditure	10	**(530)**	-	**-**	-
Acquisition of other intangible assets	10	**-**	-	**-**	-
Dividends received		**-**	-	**1,763**	1,250
Net cash (outflow)/inflow from investing activities		**(374)**	(634)	**1,812**	1,294
Cash flows from financing activities					
Proceeds from the issue of share capital	18	**41**	11	**41**	10
Repurchase of own shares	18	**(82)**	-	**(82)**	-
Interest paid		**(187)**	(208)	**-**	-
Payment of finance lease liabilities		**(1,165)**	(811)	**-**	-
Inter company transfers		**-**	-	**(1,132)**	1,292
Dividends paid	18	**(1,300)**	(828)	**(1,300)**	(828)
Net cash (outflow)/inflow from financing activities		**(2,693)**	(1,836)	**(2,473)**	474
Net increase/(decrease) in cash and cash equivalents		**652**	(597)	**(868)**	1,599
Exchange differences on cash and cash equivalents		**(5)**	-	**-**	-
Cash and cash equivalents at start of year		**2,855**	3,452	**1,766**	167
Cash and cash equivalents at 31 March 2008	14	**3,502**	2,855	**898**	1,766

NOTES (FORMING PART OF THE FINANCIAL REVIEW)

1. BASIS OF PREPARATION

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

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

Statement Of Compliance

Both the parent company financial statements and the Group financial statements have been prepared by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements were approved by the Board of Directors on 9 June 2008.

The financial statements have been drawn up for the 363 day period ended 31 March 2008 and all references to financial year refer to this period. The comparative financial information presented represents the 367 day period ended 2 April 2007.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 April 2006 for the purposes of the transition to Adopted IFRSs. The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

2. ACCOUNTING POLICIES

Transition to Adopted IFRSs

Both the Group and the Company are preparing their financial statements in accordance with Adopted IFRS for the first time and consequently both have applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 26.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

Business combinations – Business combinations that took place prior to 1 April 2006 have not been restated.

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all of its subsidiaries 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.

Use Of Estimates And Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below and discussed in note 25:

2. ACCOUNTING POLICIES (CONTINUED)

Note 11	Deferred taxation
Note 10	Intangibles
Note 13	Trade and other receivables
Note 17	Share option schemes

The disclosures are presented in a manner that helps users of financial statements to understand the judgements management makes about the future and about other key sources of estimating uncertainty. The nature and extent of the information provided varies according to the nature of the assumption and other circumstances.

Cash and cash equivalents

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

Property, plant and equipment

Property, plant and equipment is 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 Group 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:

Depreciation

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

Investments

Investments in subsidiaries are stated at cost. Where in the opinion of the Directors an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of Assets'.

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

Research and development costs

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 five years commencing in the year when the Group begins to benefit from the expenditure.

Amortisation on patents, trademarks and development costs is charged to the income statement on a straight-line basis over the useful economic life of the asset.

Patents and trademarks	-	20 years
Capitalised development costs	-	5 years

Impairment reviews of the carrying value of development expenditure are undertaken annually.

2. ACCOUNTING POLICIES (CONTINUED)

Software

External expenditure on computer systems and software is stated at cost less accumulated amortisation and impairment losses. Amortisation is on a straight-line basis over the useful economic life of the asset, which is expected to be no more than five years.

Customer lists

Intangible assets include customer lists purchased on the buy-back of Stores from existing franchisees. Customer lists are valued at cost less accumulated amortisation and impairment losses. Amortisation is on a straight line basis over a five year period.

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.

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: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; 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.

2. ACCOUNTING POLICIES (CONTINUED)

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 Group. 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. The fair value of share options granted to employees of subsidiary companies is recorded as an increase in the investment carrying value in the subsidiary company.

2. ACCOUNTING POLICIES (CONTINUED)

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.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. At each Balance Sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the Balance Sheet date. Translation differences on monetary items are taken to the Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

The financial statements of overseas subsidiaries are translated into sterling at the exchange rate ruling at the Balance Sheet date; income and expenses are translated at average rates for the trading period under review. The resulting surpluses and deficits are taken directly to the cumulative translation differences reserve and are reported in the consolidated statement of changes in shareholders' equity

On disposal of a foreign subsidiary any cumulative exchange differences held in shareholders' equity are transferred to the Consolidated Income Statement.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

New standards and interpretations that have been endorsed, but which are not yet effective and not early adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2008, and have not been applied in preparing these consolidated financial statements:

IFRS 8 ‘Operating Segments’ introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments, however this will be revised under IFRS 8 to reflect the internal reports used by management to monitor the business.

3. SEGMENTAL ANALYSIS

The principal components of revenue are the design and production of publicity and marketing material, and franchise fee income. All of the revenue 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.

Analysis by geographical destination

	Revenue 2008 £000	Revenue 2007 £000	**Assets 2008 £000**	Assets 2007 £000	**Capital expenditure 2008 £000**	Capital expenditure 2007 £000
United Kingdom	**12,738**	11,548	**6,767**	6,501	**1,186**	3,854
Republic of Ireland	**684**	522	**356**	302	**5**	-
Rest of the world	**57**	66	**35**	4	**68**	12
	13,479	12,136	**7,158**	6,807	**1,259**	3,866

4. PROFIT BEFORE TAXATION AND AUDITORS’ REMUNERATION

Included in profit/loss are the following:	**2008 £000**	2007 £000
Operating lease rentals	**257**	321
Amortisation of intangible assets	**312**	197
Depreciation of PPE	**1,066**	842
Profit on foreign currency transactions	**75**	-

Auditors’ remuneration:		
Audit of these financial statements	**23**	23
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**7**	7
Other services relating to taxation	**41**	6

Amounts paid to the Group’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.

5. STAFF NUMBERS AND COSTS

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

Number of employees

	Group 2008	Group 2007	**Company 2008**	Company 2007
Administration	**14**	16	**2**	2
Sales and distribution	**29**	31	**-**	-
Production	**63**	58	**-**	-
	106	105	**2**	2

The aggregate payroll costs of all employees, including Directors, were as follows:

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Wages and salaries	**2,842**	2,628	**49**	51
Share based payments (see note 17)	**27**	64	**-**	-
Social security costs	**284**	263	**5**	3
Other pension costs	**65**	52	**-**	-
	3,218	3,007	**54**	54

Key management remuneration

	2008 £000	2007 £000
Key managements' emoluments	**409**	364
Share based payments (see note 17)	**18**	18
Company contributions to money purchase pension plans	**37**	35
Amounts paid to third parties in respect of managers' services	**-**	21
	464	438

The Group considers the key management to be the Directors of the Group, information covering Directors' remuneration is set out in full in the Directors' Remuneration Report on pages 28 to 30.

The aggregate of emoluments for the highest paid Director was £166,000 (2007: £166,000), and company pension contributions of £21,000 (2007: £21,000) were made to a money purchase scheme on their behalf.

Directors for whom retirement benefits are accruing under money purchase schemes amounted to 3 (2007: 3).

6. Finance income and expense

	2008 £000	2007 £000
Bank interest income	**105**	105
Other interest	**136**	89
	241	194
Net foreign exchange gain	**75**	-
Financial income	**316**	194
Interest expense on financial liabilities	**173**	207
Other interest expense	**14**	-
Financial expenses	**187**	207

7. TAXATION

Recognised in the income statement

	2008 £000	2007 £000
Current tax expense		
Current year	**808**	492
Foreign tax	**4**	-
Adjustments for prior years	**(290)**	-
	522	492
Deferred tax expense		
Origination and reversal of temporary differences	**31**	209
Movement due to change in tax rate	**(49)**	-
Adjustments for prior years	**285**	6
Total tax in income statement	**789**	707

Reconciliation of effective tax rate

	2008 £000	2007 £000
Profit for the period	**2,421**	2,293
Total tax expense	**(789)**	(707)
Profit after taxation	**1,632**	1,586
Tax using the UK corporation tax rate of 30% (2007: 30%)	**726**	688
Permanent differences	**54**	13
Overseas tax losses not recognised	**4**	-
Effect of equity settled share based payments	**8**	-
Deferred tax on shares	**51**	-
Adjustments in respect of prior periods – current tax	**(290)**	-
Adjustments in respect of prior periods – deferred tax	**285**	6
Movement due to change in tax rate	**(49)**	-
Total tax expense	**789**	707

It has been announced that the corporation tax rate applicable to the Group has changed from 30% to 28% from 6 April 2008. The deferred tax asset/liability as at 31 March 2008 has been calculated at 28%.

8. EARNINGS PER SHARE

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

	2008 £000	2007 £000
Profit after taxation for the financial year	**1,632**	1,586

Weighted average number of shares	2008 No. of shares	2007 No. of shares
For basic earnings per ordinary share	**44,892,441**	44,730,883
Exercise of share options	**1,654,969**	2,173,229
For diluted earnings per ordinary share	**46,547,410**	46,904,112

9. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 April 2006	573	3,970	884	5,427
Additions	-	3,306	109	3,415
Disposals	(27)	(83)	(214)	(324)
Balance at 2 April 2007	546	7,193	779	8,518
Balance at 3 April 2007	546	7,193	779	8,518
Additions	28	610	91	729
Disposals	-	(480)	(294)	(774)
Effect of movements in foreign exchange	-	-	4	4
Balance at 31 March 2008	**574**	**7,323**	**580**	**8,477**
Depreciation and impairment				
Balance at 1 April 2006	171	1,461	607	2,239
Depreciation charge for the year	52	663	127	842
Disposals	(26)	(66)	(171)	(263)
Balance at 2 April 2007	197	2,058	563	2,818
Balance at 3 April 2007	197	2,058	563	2,818
Depreciation charge for the year	55	900	111	1,066
Disposals	-	(330)	(294)	(624)
Balance at 31 March 2008	**252**	**2,628**	**380**	**3,260**
Net book value	402	2,509	277	3,188
At 1 April 2006				
At 2 April 2007 and 3 April 2007	349	5,135	216	5,700
At 31 March 2008	**322**	**4,695**	**200**	**5,217**

Leased plant, machinery and fixture & fittings

At 31 March 2008 the net carrying amount of leased plant, machinery and fixture & fittings was £3,363,000 (2007: £4,010,000). The lease obligations are secured by the leased equipment.

10. INTANGIBLE ASSETS AND INVESTMENTS

Group	Domain Name £000	Software £000	Development costs £000	Customer lists £000	Other £000	Total £000
Cost						
Balance at 1 April 2006	337	844	-	-	-	1,181
Acquisitions – internally developed	-	-	110	-	-	110
Acquisitions – externally purchased	-	341	-	-	-	341
Balance at 2 April 2007	337	1,185	110	-	-	1,632
Balance at 3 April 2007	337	1,185	110	-	-	1,632
Acquisitions – internally developed	-	-	150	-	9	159
Acquisitions – externally purchased	-	225	-	146	-	371
Balance at 31 March 2008	**337**	**1,410**	**260**	**146**	**9**	**2,162**
Amortisation and impairment						
Balance at 1 April 2006	100	414	-	-	-	514
Amortisation for the year	16	181	-	-	-	197
Balance at 2 April 2007	116	595	-	-	-	711
Balance at 3 April 2007	116	595	-	-	-	711
Amortisation for the year	17	244	22	29	-	312
Balance at 31 March 2008	**133**	**839**	**22**	**29**	**-**	**1,023**
Net book value						
At 1 April 2006	237	430	-	-	-	667
At 2 April 2007 and 3 April 2007	221	590	110	-	-	921
At 31 March 2008	**204**	**571**	**238**	**117**	**9**	**1,139**

Amortisation and impairment charge

The amortisation and impairment charge £312,000 (2007: £197,000) is recognised in the income statement.

Impairment testing

Customer lists in intangible assets relates to the value placed upon customer lists of two Stores purchased during the year. Applying IAS36 these intangible assets are being amortised over five years and tested annually for impairment.

10. INTANGIBLE ASSETS AND INVESTMENTS (CONTINUED)

Company	Shares in Subsidiary underaking £000	Total £000
Cost		
Balance at 1 April 2006	389	389
IFRIC 8 Share based payment adjustment	114	114
Balance at 2 April 2007	503	503
Balance at 3 April 2007	503	503
IFRIC 8 Share based payment adjustment	71	71
Balance at 31 March 2008	**574**	**574**

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

Subsidiary undertakings	Nature of business
Printing.com Europe Limited	Printing
Printing.com (UK Franchise) Limited	Franchise contracts
Printing.com Franchise Limited	Franchise contracts
Printing.com France SA	Franchise contracts

11. DEFERRED TAX ASSETS AND LIABILITIES – GROUP

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2008 £000	Assets 2007 £000	**Liabilities 2008 £000**	Liabilities 2007 £000
Property, plant and equipment	**-**	-	**685**	503
Other	**(2)**	(36)	**-**	-
Employee benefits	**(23)**	(104)	**-**	-
Tax (assets) / liabilities	**(25)**	(140)	**685**	503

Movement in deferred tax during the year

	3 April 2007 £000	Prior year adjustment £000	Recognised in income £000	Recognised in income due to tax rate change £000	Recognised in equity £000	31 March 2008 £000
Property, plant and equipment	503	285	(54)	(49)	-	**685**
Employee benefits	(104)	-	51	-	30	**(23)**
Provisions	-	-	-	-	-	**-**
Other timing differences	(36)	-	34	-	-	**(2)**
	363	285	31	(49)	30	**660**

Movement in deferred tax during the prior year

	1 April 2006 £000	Prior year adjustment £000	Recognised in income £000	Recognised in equity £000	2 April 2007 £000
Property, plant and equipment	373	-	130	-	503
Employee benefits	(101)	-	(19)	16	(104)
Provisions	-	-	-	-	-
Other timing differences	(140)	6	98	-	(36)
	132	6	209	16	363

Company

The Company had no deferred tax assets or liabilities as at 31 March 2008 (2007: £32,000 asset).

12. INVENTORIES

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Raw materials and consumables	**106**	101	**-**	-
Work in progress	**3**	3	**-**	-
	109	104	**-**	-

Raw materials, consumables and changes in work in progress recognised as cost of sales in the year amounted to £5,000 (2007: £(20,000)). There was inventory write-offs in the year (2007: nil).

13. TRADE AND OTHER RECEIVABLES

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Trade receivables due from subsidiary companies	**-**	-	**3,360**	2,236
Trade receivables and prepayments	**2,888**	3,100	**-**	-
Interest receivable	**20**	12	**-**	-
Other receivables	**302**	256	**8**	7
	3,210	3,368	**3,368**	2,243

At 31 March 2008 trade receivables are shown net of an allowance for doubtful debts of £36,000 (2007: £28,000).

Other receivables represent loans receivable from franchisees and are stated net of an impairment provision of £125,000 (2007: £140,000). An analysis of impairment losses recognised in the year is given in note 19.

Trade and other receivables denominated in currencies other than sterling comprise £133,000 (2007: £136,000) of Trade receivables and £38,000 (2007: £nil) of other receivables denominated in Euro.

Non-current assets included the following amounts falling due after more than one year.

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Trade receivables due from subsidiary companies	**-**	-	**1,008**	1,000
Other receivables	**470**	581	**-**	-

14. CASH AND CASH EQUIVALENTS

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Cash and cash equivalents	**3,502**	2,855	**898**	1,766

Cash denominated in currencies other than Sterling comprise £210,000 (2007: £185,000) denominated in Euro.

15. OTHER INTEREST-BEARING LIABILITIES

This note provides information about the contractual terms of the Group and Company's interest-bearing liabilities. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 19.

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Non-current liabilities				
Finance lease liabilities	**1,613**	2,170	**-**	-
Current liabilities				
Current portion of finance lease liabilities	**804**	918	**-**	-

Finance lease liabilities

Group	**Minimum lease payments 2008 £000**	**Interest 2008 £000**	**Principal 2008 £000**	**Minimum lease payments 2007 £000**	**Interest 2007 £000**	**Principal 2007 £000**
Less than one year	**912**	**108**	**804**	1,091	173	918
Between one and five years	**1,713**	**100**	**1,613**	2,590	420	2,170
	2,625	**208**	**2,417**	3,681	593	3,088

All finance lease liabilities are denominated in sterling. Obligations under finance leases and hire purchase contracts are secured on the related assets, ownership in full of those assets passes to the Group on completion of the leases.

16. TRADE AND OTHER PAYABLES

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Other trade payables	**1,759**	1,809	**20**	24
Accruals and deferred income	**1,094**	1,013	**4**	17
Other liabilities	**182**	229	**-**	-
	3,035	3,051	**24**	41

Other trade payables denominated in currencies other than Sterling comprise £24,000 (2007: £2,000) denominated in Euro

17. EMPLOYEE BENEFITS

Defined contribution pension plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £65,000(2007: £52,000).

Share-based payments – Group employees

At the start of the period employees held Share Options which had been granted under unapproved options schemes over 101,965 shares, these options were exercised during the period.

The Group established an EMI Share Option Scheme on 6 August 2004, the Options impose performance criteria with individual targets for the employee and are subject to 'trigger' price points based on the mid market price of Ordinary Shares over 200 consecutive day periods. At the start of the period there were 2,460,000 shares under option, during the year an option over 45,000 shares was exercised.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of options
6 August 2004	2,415,000	Personal targets and share price trigger points	6 August 2014

The weighted average share price at the date of exercise of share options exercised during the period was 49.88p (2007: 70.00p).
The options outstanding at the year end have an exercise price of 32.5p and an average contractual life of 6.33 years.
The number and weighted average exercise prices of employee share options are as follows:

	Weighted average exercise price 2008	**Number of options 2008**	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the period	**31.46p**	**2,561,965**	30.87p	2,491,573
Forfeited during the period	**-**	**-**	-	-
Exercised during the period	**14.29p**	**(146,965)**	12.61p	(69,608)
Granted during the period	**-**	**-**	-	-
Lapsed during the period	**-**	**-**	32.50p	140,000
Outstanding at the end of the period	**32.5p**	**2,415,000**	31.46p	2,561,965

The valuation of share based payments under IFRS 2 is undertaken using a Monte Carlo model. The model assumes that the Option price was equal to the market price on the date of grant, the Company's share price volatility is based upon a peer group of businesses, a dividend yield and vesting periods of six years are assumed.

The model inputs were a share price of 32.5p, an exercise price of 32.5p, expected volatility of 62.37%, expected dividends of 3.01%, a term of 4 years and a risk free rate of 5.01%. The calculated fair value of these options at the date of grant was £0.1232.

The total expenses recognised for the period arising from share based payments in respect of employees was £ 27,000 (2007: £64,000).

Share-based incentives – Third parties

The Company established share option schemes for Franchisees to incentivise them to drive the Printing.com business forward and to align their interests with the Company and its Shareholders. Options were granted to Franchises when they entered their Territory Franchise Agreements. Once granted the Options only vest in tranches when pre-defined challenging revenue targets are met. Subsequently, vested options may only be exercised when the market price of Ordinary Shares has exceeded certain levels for a period of not less than 200 days.

The number and weighted average exercise prices of share options issued to third parties, principally Franchisees, are as follows:

	Weighted average exercise price 2008	**Number of options 2008**	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the period	**36.95p**	**3,032,233**	41.14p	3,312,233
Forfeited during the period	**-**	**-**	-	-
Exercised during the period	**20.00p**	**(100,000)**	25.00p	(10,000)
Granted during the period	**-**	**-**	-	-
Lapsed during the period	**25.94p**	**(67,233)**	50.54p	(270,000)
Outstanding at the end of the period	**37.97p**	**2,865,000**	36.95p	3,032,233

The valuation of share based payments for third parties under IFRS 2 is undertaken using the Monte Carlo model used for the employee EMI option scheme. The model assumes that the Option price was equal to the market price on the date of grant, the Company's share price volatility is based upon a peer group of businesses, a dividend yield and vesting periods of six years are assumed.

There are currently two option schemes.

July 2004 the model inputs were a share price and exercise price of 28.5p, expected volatility of 65.61%, expected dividends of 3.01%, a term of 6 years and a risk free rate of 5.16%. The calculated fair value of these options at the date of grant was £0.1199.

October 2005 the model inputs were a share price and exercise price of 62.5p, expected volatility of 60.51%, expected dividends of 3.01%, a term of 6 years and a risk free rate of 4.40%. The calculated fair value of these options at the date of grant was £0.2499.

At the year end 344,000 share options were exercisable by third parties.

The total expenses recognised for the period arising from share based payments in respect of franchisees was £44,000 (2007:£50,000).

18. CAPITAL AND RESERVES

Share capital - Group and Company

In thousands of shares	**Ordinary shares 2008**	Ordinary shares 2007
On issue at 3 April 2007	**44,747**	44,667
Issued for cash	**246**	80
On issue at 31 March 2008 – fully paid	**44,993**	44,747
Shares held in Treasury by the Company	**200**	-
Shares on the market	**44,793**	44,747

	2008	2007
Authorised	**£000**	£000
66,999,370 (2007:66,999,370) Ordinary shares of £0.01 each	**670**	670
63 Deferred shares of £0.10 each	**-**	-
	670	670
Allotted, called up and fully paid		
44,993,465 (2007:44,746,500) Ordinary shares of £0.01 each	**450**	447
63 Deferred shares of £0.10 each	**-**	-
	450	447

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. 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.

During the year the Company issued 246,965 £0.01 ordinary shares for a consideration of £41,000, settled in cash, for options exercised at prices of 5p, 20p, 22p and 32.5p. (2007: 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 £11,000).

During the year the Company purchased 200,000 £0.01 ordinary shares, to be held in Treasury, for a consideration of £82,000

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

At present employees hold 28.54% percent of ordinary shares, assuming that all outstanding share options are exercised.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Dividends	**2008 £000**	2007 £000
Final dividends in respect of prior year but not recognised as liabilities in that year	**850**	559
Interim dividends paid in respect of the current year	**450**	269
Total dividends paid in the year	**1,300**	828

After the balance sheet date dividends of 2.00p per qualifying ordinary share (2007:1.90p) were proposed by the Directors. The dividends have not been provided for.

19. 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 19. 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 31 March 2008 and 2 April 2007 was to place the majority of its cash on short term deposit with its bankers and to finance the purchase of significant fixed assets through finance leases.

Credit risk

Group

The Group's credit risk is primarily attributable to trade and other receivables both current and non current. Trade receivables are included in the balance sheet net of doubtful receivables, estimated by the Group's management. The maximum credit risk in respect of the Group's and Company's financial assets at the year end is represented by the balance outstanding on trade receivables and other receivables due from franchises as shown below.

The ageing of trade receivables and other receivables due from the franchisees at the reporting date was:

	31 March 2008 Gross £000	**31 March 2008 Impairment £000**	1 April 2007 Gross £000	1 April 2007 Impairment £000
Not past due	**2,359**	**-**	2,400	-
Past due 0 – 30 days	**390**	**-**	445	-
Past due 31 – 90 days	**187**	**-**	222	-
Past due 90 days and over	**641**	**(161)**	684	(168)
	3,577	**(161)**	3,751	(168)

Impairment

	£000
Balance 1 April 2006	177
Impairment loss recognised	(120)
Increase in impairment allowance	111
Balance 3 April 2007	168
Impairment loss recognised	(151)
Increase in impairment allowance	144
Balance 31 March 2008	**161**

Company

The Company did not have either trade receivables or liabilities at the year end.

Interest rate risk

Group

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. The disclosures below with the exception of currency exposure, exclude short-term debtors and creditors.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis – Group

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate %	**2008 Total £000**	**0 - <1 years £000**	**1 to <2 years £000**	**2 to <5 years £000**	**5 years and over £000**
Cash and cash equivalents	**5.45%**	**3,307**	**3,307**	**-**	**-**	**-**
Finance lease liabilities*	**6.59%**	**2,417**	**804**	**761**	**852**	**-**
		5,724	**4,111**	**761**	**852**	**-**

	Effective interest rate %	2007 Total £000	0 - <1 years £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Cash and cash equivalents	4.28%	2,672	2,672	-	-	-
Finance lease liabilities*	10.24%	3,088	918	703	1,467	-
		5,760	3,590	703	1,467	-

* These liabilities bear interest at a fixed rate.

Effective interest rates and repricing analysis – Company

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate %	**2008 Total £000**	**0 - <1 years £000**	**1 to <2 years £000**	**2 to <5 years £000**	**5 years and over £000**
Cash and cash equivalents	**4.27%**	**898**	**898**	**-**	**-**	**-**

	Effective interest rate %	2007 Total £000	0 - <1 years £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Cash and cash equivalents	4.59%	1,766	1,766	-	-	-

Assets on which interest was earned were as follows at the year end:

	Group Carrying Amount 2008 £000	Group Carrying Amount 2007 £000	**Company Carrying Amount 2008 £000**	Company Carrying Amount 2007 £000
Variable Rate Instruments				
Cash	**3,307**	2,672	**898**	1,766
Loans	**898**	977	**-**	-
	4,205	3,649	**898**	1,766

Sensitivity analysis

A change in 100 basis points in interest rates at the reporting date would have increased/(decreased) profit on variable rate instruments with an equal adjustment to equity, given all factors remained constant, as follows:

	100 point increase		100 point decrease	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Group	**42**	36	**(42)**	(36)
Company	**9**	18	**(9)**	(18)

Foreign currency risk

Group

The Group transacts some business in foreign currency, principally Euro, and therefore incurs some transaction risk. The risk does not warrant hedging activity by the Group to defend against the impact of exchange rate movements.

The Group's exposure to foreign currency risk denominated in GBP was as follows:-

		31 March 2008		2 April 2007
	Euro	**GBP**	Euro	GBP
	€000	**£000**	€000	£000
Trade receivables and prepayments	**218**	**3,421**	136	3,495
Cash and cash equivalents	**189**	**3,313**	189	2,666
Trade payables	**(24)**	**(1,949)**	(2)	(1,807)
	383	**4,785**	323	4,354

Sensitivity analysis

In managing interest rate and currency risks the Company and Group aims to reduce the impact of short-term fluctuations on the Company and Group's earnings. At 31 March 2008, it is estimated that a general increase of one percentage point in the value of the Euro would decrease the Group's profit before tax by approximately £4,000 (2007: £3,000) with an equal adjustment to equity.

Liquidity Risk

See note 15 for details of the Group's contractual maturities in respect of financial liabilities.

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

Group	**Carrying amount**	**Fair value**	Carrying amount	Fair value
	2008	**2008**	2007	2007
	£000	**£000**	£000	£000
Trade receivables	**3,102**	**3,102**	3,100	3,100
Other receivables from franchises	**772**	**772**	837	837
Cash	**3,502**	**3,502**	2,855	2,855
Trade payables	**(1,973)**	**(1,973)**	(1,809)	(1,809)
Finance lease liability	**(2,417)**	**(2,772)**	(3,088)	(3,639)
Net exposure	**2,986**	**2,631**	1,895	1,344

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Trade Payables

The fair value of trade and other payable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Finance lease liability

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate os interest at the reporting date. The market rate of interest for finance leases is determined by reference to similar lease agreements.

20. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

		Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Plant & Machinery	Less than one year	**22**	21	**-**	-
	Between one and five years	**6**	25	**-**	-
Land & Buildings	Less than one year	**227**	195	**-**	-
	Between one and five years	**677**	670	**-**	-
	Between one and five years	**120**	263	**-**	-
		1,052	1,174	-	-

The most significant lease in Land and buildings is that of the Manchester Production Hub and Head office.

Group

During the year £257,000 (2007: £321,000) was recognised as an expense in the income statement in respect of operating leases.

21. CAPITAL COMMITMENTS

Group

The Group had no commitments to incur capital expenditure at the year end (2007: £nil).

22. CONTINGENCIES

Group

The Group had five guaranteed loans made by the Royal Bank of Scotland plc to Franchisees. As at 31 March 2008 the loans totalled £6,000 (2007: £48,000).

Company

The Company had no contingencies at the year end (2007: £nil).

23. RELATED PARTIES

The Company receives dividends from its subsidiary Printing.com Europe limited. In the year ended 31 March 2008 £1,763.000 dividend was received.

Transactions with key management personnel

Directors of the Company control 26.25 per cent of the voting shares of the Company.

The compensation of the Directors, who are the key management personnel, is disclosed in the Directors Remuneration Report see pages 28 to 30.

24. ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue recognition

The Group have continued to operate the policy of deferring an element of initial and secondary franchise licence fees with the deferred amount being recognised over the effective licence year.

Intangibles – capitalisation of software and development costs

The Board hold that the Group's key differentiator is its proprietary software Flyerlink and that it is essential to continue investing in this asset. Development projects are agreed with a user forum to improve functionality for the UK Franchise Network. Separate projects are defined for international expansion and for new initiatives such as that of the Network Partners. Development costs are capitalised where a project has been defined, tested and successfully implemented. Programming is carried out by third parties who work to a detailed specification and schedule. The Group's policy is to amortise these costs over 5 years whilst the software in question remains in use.

Intangibles – customer lists

Franchise Stores purchased by the Group have an element of the purchase consideration capitalised as the value of customer lists. Analysis of customer activity and repeat business shows that the value of the customer list could be amortised over a period in excess of five years. The Group have adopted a five year amortisation period.

Property, plant and equipment

The Group assesses the classification of assets held under lease arrangements on the date of entering the lease and applies the criteria set out in IAS 17. In the year ended 2 April 2007 the Group made significant purchase of a 'double decker' printing press under a lease agreement which has been accounted for as a finance lease. Obligations under finance leases and hire purchase contracts are secured on related assets, ownership in full of those assets passes to the Group on completion of the lease.

Share based payments

The Group operate schemes for both Employees and Franchisees. During the year no new options were granted and the assumptions applied in the Monte Carlo model used in 2007 were maintained. A detailed assessment of option holders ability to meet non-market based considerations is performed at each balance sheet date.

Recoverability of receivables

The Group review outstanding loan balances and overdue trade debtors on a regular basis and make provisions against those balances considered most at risk.

25. EXPLANATION OF TRANSITION TO ADOPTED IFRSS

The Group's financial statements for the year ended 31 March 2008 are the Group's first consolidated financial statements prepared in compliance with Adopted IFRSs.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2008, the comparative information presented in these financial statements for the year ended 2 April 2007 and in the preparation of an opening IFRS balance sheet at 1 April 2006 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

25. EXPLANATION OF TRANSITION TO ADOPTED IFRSS – GROUP (CONTINUED)

Reconciliation of equity

	UK GAAP (presented under IFRS format) 2 April 2007 £'000	Adopted IFRS Adj. (note a) £'000	IFRS 2 April 2007 £'000	UK GAAP (presented under IFRS format) 1 April 2006 £'000	Adopted IFRS adj (note a) £'000	IFRS 1 April 2006 £'000
Non current assets						
Property plant and equipment	6,621	(921)	5,700	3,855	(667)	3,188
Intangible assets	105	816	921	68	599	667
Deferred tax asset	-	140	140	-	241	241
Other receivables	581	-	581	561	-	561
Total non current assets	7,307	35	7,342	4,484	173	4,657
Current assets						
Inventories	104	-	104	124	-	124
Trade and other receivables	3,368	-	3,368	2,523	-	2,523
Cash and cash equivalents	2,855	-	2,855	3,452	-	3,452
Total current assets	6,327	-	6,327	6,099	-	6,099
Total assets	13,634	35	13,669	10,583	173	10,756
Current liabilities						
Other interest bearing loans and borrowings	(918)	-	(918)	(445)	-	(445)
Trade and other payables	(1,809)	-	(1,809)	(1,518)	-	(1,518)
Current tax payable	(220)	-	(220)	(771)	-	(771)
Accruals and deferred income	(1,013)	-	(1,013)	(1,043)	-	(1,043)
Other liabilities	(229)	-	(229)	(166)	-	(166)
Total current liabilities	(4,189)	-	(4,189)	(3,943)	-	(3,943)
Non current liabilities						
Other interest bearing loans and borrowings	(2,170)	-	(2,170)	(499)	-	(499)
Deferred tax liabilities	(448)	(55)	(503)	(221)	(152)	(373)
Total non current liabilities	(2,618)	(55)	(2,673)	(720)	(152)	(872)
Total liabilities	(6,807)	(55)	(6,862)	(4,663)	(152)	(4,815)
Net assets	6,827	(20)	6,807	5,920	21	5,941
Equity						
Share capital	447	-	447	447	-	447
Share premium	3,833	-	3,833	3,823	-	3,823
Merger reserve	211	-	211	211	-	211
Retained earnings	2,336	(20)	2,316	1,439	21	1,460
Total equity attributable to equity shareholders	6,827	(20)	6,807	5,920	21	5,941

25. EXPLANATION OF TRANSITION TO ADOPTED IFRSS – GROUP (CONTINUED)

Reconciliation of the income statement for the year ended 2 April 2007

	Note	UK GAAP £000	2007 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue		**12,136**	**-**	**12,136**
Raw materials and consumables		**(3,977)**	**-**	**(3,977)**
Change in inventory of finished goods and work in progress		**(20)**	**-**	**(20)**
Gross profit		**8,139**	**-**	**8,139**
Staff Costs		**(3,007)**	**-**	**(3,007)**
Other operating charges	b	**(1,850)**	**(78)**	**(1,928)**
Depreciation & Amortisation	b	**(1,080)**	**41**	**(1,039)**
Operating profit		**2,202**	**(37)**	**2,165**
Other Income		**141**	**-**	**141**
Financial income		**194**	**-**	**194**
Financial expenses		**(207)**	**-**	**(207)**
Net financing income/(expanse)		**(13)**	**-**	**(13)**
Profit before tax		**2,330**	**(37)**	**2,293**
Taxation	b	**(719)**	**12**	**(707)**
Profit for the year attributable to equity holders of the parent		**1,611**	**(25)**	**1,586**

25. EXPLANATION OF TRANSITION TO ADOPTED IFRSs – COMPANY

Reconciliation of equity	Note	1 April 2006 UK GAAP (presented under IFRS format) £000	1 April 2006 Effect of transition to Adopted IFRSs £000	1 April 2006 Adopted IFRSs £000	**2 April 2007 UK GAAP (presented under IFRS format) £000**	**2 April 2007 Effect of transition to Adopted IFRSs £000**	**2 April 2007 Adopted IFRSs £000**
Non-current assets							
Investments in subsidiaries	c	225	164	389	**225**	**278**	**503**
Deferred tax assets	c	32	(32)	-	**83**	**(51)**	**32**
Other receivables		3,528	-	3,528	**1,000**	**-**	**1,000**
Total non-current assets		3,785	132	3,917	**1,308**	**227**	**1,535**
Current assets							
Trade and other receivables		1,011	-	1,011	**2,243**	**-**	**2,243**
Cash and cash equivalents		167	-	167	**1,766**	**-**	**1,766**
Total current assets		1,178	-	1,178	**4,009**	**-**	**4,009**
Total assets		4,963	132	5,095	**5,317**	**227**	**5,544**
Current liabilities							
Trade and other payables		(12)	-	(12)	**(24)**	**-**	**(24)**
Tax payable		-	-	-	**(4)**	**-**	**(4)**
Accruals and deferred income		(7)	-	(7)	**(17)**	**-**	**(17)**
Total liabilities		(19)	-	(19)	**(45)**	**-**	**(45)**
Net assets		4,944	132	5,076	**5,272**	**227**	**5,499**
Equity attributable to equity holders of the parent							
Share capital		447	-	447	**447**	**-**	**447**
Share premium		3,823	-	3,823	**3,833**	**-**	**3,833**
Retained earnings	b	674	132	806	**992**	**227**	**1,219**
Total equity		4,944	132	5,076	**5,272**	**227**	**5,499**

Reconciliation of the consolidated cash flow statement

With the exception of reclassifications, there were no material differences between cash flows presented under adopted IFRSs and the cash flows presented under UK GAAP.

NOTES TO THE RESTATEMENT REPORT

Note a)

IAS 12 'Deferred tax'

IAS 12 requires the deferred tax on temporary differences in respect of share based payments 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 the Group is to recognise a deferred tax asset of £69,000 at 1 April 2006 and £53,000 at 2 April 2007, 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 and 2 April 2007 £55,000.

IAS 38

Under UK GAAP certain costs have been capitalised as intangible assets in respect of franchise proforma agreement costs 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 and £48,000 adjustment to opening reserves at 1 April 2006.

Under UK GAAP capitalised web-site design costs had been accounted for as property, plant and equipment in line with FRS 10 which states software development costs should be treated as part of the cost of the related hardware. Under IAS 38, internally generated intangibles can be capitalised if they are expected to generate future economic benefits and the cost can be reliably measured and therefore the capitalised web-site design costs have been reclassified to intangible assets under IFRS as they meet the criteria set out in ISA 38.

Note b)

The adjustments described in note a) above have resulted in an increase of £78,000 in other operating charges in the year ended 2 April 2007, a decrease in depreciation and amortisation costs of £41,000 and a decrease in taxation of £12,000.

Note c)

IFRIC 8 requires the cost of share options granted to employees of subsidiary companies for which no recharge of that cost is made to the subsidiary to be recognised as a capital contribution with a resultant increase in the carrying value of the investment in subsidiary. This has resulted in an increase in the carrying value of investment held in PLC of £164,000 as at 1 April 2006 and £278,000 as at 2 April 2007 and a corresponding increase to retained earnings.

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THE PRINTING.COM NETWORK

LONDON

Baker Street Store	Baker Street
Alpha to Omega	Beckenham
1st Creative	Bermondsey
Source Grafik Design	Catford
DNA Creative	Clapham Junction
Clerkenwell Store	Clerkenwell Road
Print Express	Colindale
Jellybean Graphics	Croydon
TRS Graphics	Croydon
Ealing Store	Ealing
Last	East London
Wernham Printers	Enfield
0800 Promote	Finchley
Full Colour Store	Fulham
Creekside Press	Greenwich
Hampstead Store	Hampstead
Five Fish	Hampton Hill
digipix Ilford	Ilford
Envisualise	Kingston Upon Thames
Expocentric	Mayfair
London Office Services	New Cavendish Street
Endgold Ltd	Notting Hill
Orpington Store	Orpington
Chalk and Cheese Design	Ruislip
The London Print Co.	Shaftesbury Avenue
The Creatives	Shoreditch
Colour Creatives	Sidcup
DNA Solutions	Slough
printroomsoho	Soho
Promoworx	South Woodford
AK Design and Print	Swiss Cottage
Talon Graphics	Thornton Heath
Marmoset Media	Tooting
Snowmedia	Waterloo
Colour Divison	West Hampstead
Creovation	Wimbledon

SOUTH EAST

Ashford Store	Ashford
Pulse Magazine	Bexhill on Sea
Gravitas	Cambridge
Print Design Direct	Cambridge
Cambridge Graphics	Cambridge
Canterbury Store	Canterbury
Studio Direct	Chelmsford
PP Printing	Christchurch
Inprint	Colchester
Plug and Play Design	Cranleigh
Graphics One Ltd	Dereham
LW design	Dorking
Patient Excel	Dunstable
Guildford Store	Guildford
Accomplice	Hailsham
Pixel Design & Print Services	Kidderminster
Red Hot Media	Lowestoft
Luton Store	Luton
That Life Multimedia Centre	Maidenhead
Colourwave Printers	Maidstone
Great Printers	Newbury
Norwich Store	Norwich
Oxford Store	Oxford
Paw Print	Portsmouth
Colourwave	Ramsgate
Reading Store	Reading
Felix Limited	Rochester
Ditto	Sevenoaks
Southampton Store	Southampton
Toppers	Stevenage
Head Consulting	Street
Grow Marketing	Thame
Albry Printing Company	Wallingford
Watford Store	Watford
All Ink	Woking
Goldengate Productions	Woolpit

SOUTH

Brighton Store	Brighton
Republique	Hove
Tudor Printers	Worthing

SOUTH WEST

Print-Creative	Bath
Bournemouth Store	Bournemouth
Bristol Store	Bristol
Exeter Store	Exeter
The Marketing Guys	Gloucester
JBS Print & Design	Leatherhead
Wessex Direct	Minehead
Plymouth Store	Plymouth
WM Direct	Taunton
Print Plus	Torquay
Printing South West.com	Totnes
Whitman Design & Print	Truro
A P Design & Print	Weston-Super-Mare

CENTRAL ENGLAND

documentshop.com	Barnsley
Graphic Results	Belper
Birmingham Centre Store	Birmingham
Birmingham South Store	Birmingham
Birmingham East Store	Birmingham
Centrepoint Print & Design	Birmingham
Artichoke Design	Birmingham
Fseven Design Solutions	Birmingham
RDS Networks Ltd	Birmingham
First Image	Coventry
ADECS Profita	Coventry
image-it	Daventry
Immediate Design	Derby
Multiprint	Derby
Synergy	Derby
Husselworks	Halesowen
Kaleidoscope	Harbury
Clientel Systems Ltd	Kibworth
Leicester Store	Leicester
The Ideas Room	Leicester
Virtual Star Designs	Lichfield
For Colour	Lincoln
Ozmedia	Loughborough
Trident Design & Print	Lutterworth
Pewter Design	Market Harborough
BIG tree STUDIO	Market Rasen
Queensway Print	Milton Keynes
For Colour	Newark
custardcreative	Northampton
Northampton Store	Northampton
Nottingham Store	Nottingham
Sign It	Nottingham
Peterborough Store	Peterborough
ideas taking shape	Rugby
Mail Boxes Etc	Shrewsbury
Boomerang Print Design	Solihull
Starre Design and Print	Southam
St Ives Quickprint	St Ives
Plinkfizz	Stoke on Trent
Rhubarb and Custard	Sutton Coldfield
Runtime Printers	Telford
Wolverhampton Store	Wolverhampton
modus print	Worcester
Astral Graphics	Worksop

WALES

Australian Welsh	Cardiff
Cardiff Store	Cardiff
colourbox creative	Swansea

NORTH WEST

Kingfisher Print	Accrington
Impact Digital	Altrincham
Rhino Design	Ashton-Under-Lyne
Gud Design Ltd	Birkenhead
Granthams	Blackpool
Print Hub Design	Bolton
Moorish Idol Marketing	Bolton
Didgeridoo	Bolton
Fluid Creative	Bury
Brightspark Design & Print	Carlisle
Print Design Warehouse	Cheadle
RAS Ltd	Chester
Seabrook Associates	Chorlton-Cum-Hardy
DCT Marketing	Cleveleys
Northstar Design	Colne
Design Office	Crewe
Mail Boxes Etc	Didsbury
ScissorsPaperStone	Eccles
First Impression	Glossop
Lancaster Store	Lancaster
Liverpool Store	Liverpool
Red Pepper Graphics	Liverpool
Wild Thang	Liverpool
Copycat Print	Liverpool
The Creative Hub	Liverpool
Sprinter Printer	Liverpool
Macclesfield Print & Design	Macclesfield
Ancoats Store	Manchester
Deansgate Store	Manchester
Trafford Park Store	Manchester
Alert2Media	Manchester
ONE 21 Designs Limited	Manchester
smARTstudios UK	Manchester
The Agency	Manchester
Creation Publicity	Manchester
AF Reprographic	Manchester
Red Fred Ltd	Nantwich
Granthams	Preston
Daleprint	Rochdale
orbital design	Rossendale
Hashem Media	Sale
The Graphics Department	Salford
Impressions Design & Print	Sandbach
iDesign	Southport
Masterprint	St Helens
studio three	Stockport
Warrington Store	Warrington
Printel	Widnes
Chilli Cactus	Wilmslow

THE PRINTING.COM NETWORK

NORTH EAST

Indigo Print and Design	Alnwick
Smart Card	Beverley
Total Graphix Ltd	Billingham
Dark Matter Design	Bishop Auckland
Bradford Store	Bradford
Siddall Colour	Cleckheaton
RT Design	Consett
Doncaster Store	Doncaster
rocketdesign	Durham
WDM	Gateshead
Loyalty Matters	Harrogate
The Consultancy	Hartlepool
Runway Twenty Four	Hillsborough
Pink Custard Design	Hull
Ryedale	Kirkbymoorside
Leeds Store	Leeds
Print Ideas	Leeds
The Factory	Leeds
Middlesbrough Store	Middlesbrough
The Mix Marketing Ltd	Mirfield
Stait Photography	Morpeth
Newcastle Store	Newcastle
Native Print	Newcastle
Benton Square	Newcastle
Via Creative	Redcar
Rotherham Store	Rotherham
DTP Design and Print	Scunthorpe
Sheffield Store	Sheffield
Eidos Design	Slaithwaite
Marckell Business Solutions	South Shields
Maskerade Design	Sunderland
G3 Advertising	Thirsk
GoWebPrint.com	Wakefield
Colourbox	York
The Brackenhill Group	York

SCOTLAND

D2 Marketing	Aberdeen
Ayr Store	Ayr
Dundee Store	Dundee
Edinburgh Tollcross Store	Edinburgh
Kodak Express	Edinburgh
elevate	Edinburgh
Glasgow Store	Glasgow
Glasgow South Store	Glasgow
spd print solutions	Glasgow
Glasgow North Store	Glasgow
Hamilton Store	Hamilton
Fireworks Design & Print	Linlitgow
Delta Design Ltd	Livingston
Creative Concepts Ltd	Paisley
Tangerine	Stirling

NORTHERN IRELAND

Kolor Kopy	Ballymena
Malik Bond	Belfast
Mooney Media	Co. Down
desktop	Omagh
XPRESS Printing Group	Newtownabbey
Go Fish Design & Print	Lisburn

REPUBLIC OF IRELAND

KK Print	Athlone
TMC	Co. Carlow
Twist Design	Co. Donegal
Dublin South Store	Dublin
Dublin North Store	Dublin
Techstore	Maynooth
Graphic Facilities	Mullingar
Creative State	Naas
Hughes Signs	Wexford

FRANCE

L'Artisan	Istres
La Souris Verte	Montpellier
Corep	Paris
ImpactCom	Saint-Ouen

NEW ZEALAND

Cavendish Drive Store	Auckland
Graphics Plus	Auckland
Digital Colour & Copy Solutions	Auckland
Khyber Pass Store	Auckland
Paul Matthews Road Store	Auckland
Takapuna Store	Auckland
Same Day Print	Blenhiem
Armagh Street Store	Christchurch
Celebration	Christchurch
Just Print Ltd	Christchurch
Wellmarque	Christchurch
Manchester Street Store	Christchurch
Dargaville Print, Copy & Graphics	Dargaville
SM Creative	Dunedin
Lake Road Store	Hamilton
Hastings Store	Hastings
Craigs PrintStop	Invercargill
Top Print Kaitaia	Kaitaia
Spring Graphics	Masterton
Spectrum Print & Copy	Napier
Napier City Store	Napier
Signz n Graphix	Nelson
Your Service	New Plymouth
Posters Unlimited	Palmerston North
Craigs PrintStop	Queenstown
Buchan Design	Roxburgh
Lazer	Stratford
Copy Solutions	Taupo
Hull Road Store	Tauranga
Tidy Design	Wanaka
H & A Design & Print	Wanganui
Panama Street Store	Wellington
Porirua Store	Wellington
Tory Street Store	Wellington
Waterloo Road Store	Wellington
Design & Print Direct	Whangarei

ICELAND

Reykjavík Store	Reykjavík
Galdur ehf	Hornafirði
Prentsmiðjan Viðey ehf	Smiðjuvegur
Víkurfréttir ehf	Grundarvegi

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