INTERIM REPORT & ACCOUNTS

2008

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CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

TRADING RESULTS, CASH AND DIVIDEND

We are pleased to announce that, for the Interim Period covering the 6 months ending 30 September 2008, your Company increased pre-tax profits by **5.2%** to **£1.02m** (2007: £0.97m).

Total Retail Sales (TRS), the measure that we believe best indicates transactional volumes, increased by **8.7%** to **£13.17m** (2007: £12.12m). Turnover increased by **11.5%** to **£7.18m** (2007: £6.44m).

We previously expressed the belief that EBITDA would increase by circa £1m for each additional £5m of Total Retail Sales. TRS and EBITDA increased by £1.05m and £0.05m respectively, a lower amount than would otherwise be anticipated by this measure. Whilst operating margins in general saw a slight erosion, principally the majority of this variance was attributable to the decision, given the current economic climate, to increase the Company's provisions in respect of debtors. Excluding this increase in provisions, the translation from TRS to EBITDA would be broadly in-line with the metric.

At the close of the Interim Period, the Company had cash-in-hand of **£2.94m.** Working capital increased by £0.07m and the Company paid dividends of £0.89m. During the Interim Period the Company made capital expenditure of £0.29m (2007:£0.85m), principally representing the ongoing investment in its Flyerlink software.

Given the uncertainty in the banking sector of late, the Company saw fit to review its treasury policies and consequently spread its cash reserve across several banks.

The Directors are declaring an interim dividend of **1.05p** per share to be paid on 12 December 2008 to shareholders on the register at 21 November 2008.

CURRENT TRADING

At this juncture, sales volumes continue to follow a similar profile to the Company's second fiscal quarter, albeit some margin erosion has been experienced essentially due to the more potent monthly offers that have been made available, to stimulate demand via the Company's UK and Irish Franchises.

ESTATE DEVELOPMENT

The table below sets out the encouraging growth in Bolt-on Franchises during the Interim Period, in which 31 additional licenses were granted.

	30 September 2008	1 October 2007	31 March 2008
Company owned Stores	**6**	4	4
Franchised Stores – open and pending	**42**	45	44
Bolt-on Franchises – open and pending	**223**	175	201
Total Outlets open and pending	**271**	224	249

Bolt-on Franchises are, in the main, partnerships with graphic businesses that carry out a multiplicity of other activities in tandem with the Printing.com offering. From time to time these businesses elect to change overall direction or, in some instances, cease to trade. Accordingly the growth in the overall number of Outlets in the Interim Period was marginally below the rate at which new agreements were granted. Where Printing.com encounters these circumstances, priority is given to the maintenance of client relationships. Often the business is redeployed to a neighbouring Outlet until a more permanent solution is possible via the grant of a replacement Bolt-on licence.

LIKE FOR LIKE

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

On this basis, like for like growth during the interim period was 16.5% versus 12.9% reported for the previous Interim Period.

INTERNATIONAL DEVELOPMENT

Of particular note, albeit post the Interim Period, an additional Master Licence Agreement has been granted over a large territory where franchising is well established. The locality of this Partner will be released contemporaneously with their own PR initiatives and it is anticipated that this will take place in early 2009. The senior management team of the partner company (a successful commercial printer) has already undergone extensive training in the UK with additional support in the territory itself imminent. It is anticipated that this new Printing.com operation will commence trading during the first quarter of next year.

Elsewhere New Zealand continues to make good progress. Operations in France remain at an early stage with modest revenues being generated. However, the Company remains committed to the development of the French operations and intends to open two Stores in France as a catalyst to further franchise development. Options for Australia are still being explored.

NETWORK PARTNER

The Network Partner programme is the initiative by which third party manufacturers of complementary printed products are able to market and transact business via the Printing.com network.

Whilst still at an early stage, the initiative appears to be gaining momentum and we are encouraged by the prospects for the second half of the year.

OUTLOOK

Despite the deterioration in the UK and Irish economies we believe that trading has held up well to date. However, certain market segments which historically performed well, for instance Estate Agents, have shown a dramatic drop off. New business launches have also been an important component of the sales mix with these also faring badly. Conversely, we are aware of many instances in which our Franchisees are winning new clients and new business in situations where the client's previous printer has ceased to trade.

In addition, albeit at the expense of some operating margin, we are seeking to enhance Printing.com's monthly offers and have recorded an increase in the take up of these offers as a proportion of overall business. This reflects our belief that whilst the market may very well shrink in the short term, we can increase our market share as small businesses seek to reduce their costs.

However, given the gravity of the general economic situation we cannot say with any certainty how this may impact on trading during the remainder of the fiscal year and beyond. Accordingly, whilst not reflected at this juncture by sales volumes, we must remain cautious in the short term.

Notwithstanding our short term cautious stance, we believe that the additions of the grant of the recent Master Licence, the successful launch of the Network Partner programme along with the continued growth in the Printing.com estate, provide a solid basis for the further expansion of Printing.com both in the UK and overseas.

George Hardie
Chairman
10 November 2008

Tony Rafferty
Chief Executive
10 November 2008

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Note	**Unaudited Six months to 30 September 2008 £000**	Unaudited Six months to 1 October 2007 £000	Unaudited Year ended 31 March 2008 £000
Revenue		**7,177**	6,439	13,479
Changes in stocks of finished goods		**11**	(18)	5
Raw materials and consumables used		**(2,377)**	(2,113)	(4,473)
Gross profit		**4,811**	4,308	9,011
Staff costs		**(1,882)**	(1,678)	(3,218)
Other operating charges		**(1,289)**	(1,037)	(2,123)
Depreciation and amortisation		**(669)**	(650)	(1,378)
Operating profit		**971**	943	2,292
Financial income		**110**	121	316
Financial expenses		**(61)**	(96)	(187)
Net financing income		**49**	25	129
Profit before tax		**1,020**	968	2,421
Taxation	3	**(303)**	(291)	(789)
Profit for the period attributable to equity holders of the Company		**717**	677	1,632
Basic earnings per share	4	**1.61p**	1.51p	3.64p
Diluted earnings per share	4	**1.59p**	1.45p	3.51p

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total £000
Opening shareholders' funds at 3 April 2007	447	3,833	211	2,315	6,806
Profit for the period	-	-	-	677	677
Dividends paid	-	-	-	(850)	(850)
Total recognised income and (expense)	-	-	-	(173)	(173)
Equity settled share based payments				43	43
Shares issued	2	24	-	-	26
Total movement in shareholders' funds	2	24	-	(130)	(104)
Closing shareholders' funds at 1 October 2007	449	3,857	211	2,185	6,702
Opening shareholders' funds at 2 October 2007	449	3,857	211	2,185	6,702
Profit for the period	-	-	-	955	955
Dividends paid	-	-	-	(450)	(450)
Total recognised income and (expense)	-	-	-	505	505
Equity settled share based payments	-	-	-	18	18
Own shares acquired	-	-	-	(82)	(82)
Shares issued	1	14	-	-	15
Total movement in shareholders' funds	1	14	-	441	456
Closing shareholders' funds at 31 March 2008	450	3,871	211	2,626	7,158

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Share Capital £000	**Share Premium** £000	**Merger reserve** £000	**Retained earnings** £000	**Total** £000
Opening shareholders' funds at 1 April 2008	450	3,871	211	2,626	7,158
Profit for the period	-	-	-	717	717
Dividends paid	-	-	-	(892)	(892)
Total recognised income and (expense)	-	-	-	(175)	(175)
Foreign Exchange Differences	-	-	-	(2)	(2)
Own shares acquired	-	-	-	(257)	(257)
Shares issued from treasury	-	-	-	65	65
Total movement in shareholders' funds	-	-	-	(369)	(369)
Closing shareholders' funds at 30 September 2008	**450**	**3,871**	**211**	**2,257**	**6,789**

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2008

	Unaudited 30 September 2008 £000	Unaudited 1 October 2007 £000	Unaudited 31 March 2008 £000
Non-current assets			
Property, plant and equipment	**4,759**	5,533	5,217
Intangible assets	**1,213**	1,128	1,139
Deferred tax assets	**25**	108	25
Other receivables	**355**	458	470
Total non-current assets	**6,352**	7,227	6,851
Current assets			
Inventories	**120**	121	109
Trade and other receivables	**3,476**	3,392	3,210
Cash and cash equivalents	**2,937**	2,740	3,502
Total current assets	**6,533**	6,253	6,821
Total assets	**12,885**	13,480	13,672
Current liabilities			
Other interest-bearing loans and borrowings	**(727)**	(985)	(804)
Trade and other payables	**(2,005)**	(2,165)	(1,759)
Current tax payable	**(311)**	(89)	(377)
Accruals and deferred income	**(968)**	(878)	(1,094)
Other liabilities	**(151)**	(147)	(182)
Total current liabilities	**(4,162)**	(4,264)	(4,216)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(1,256)**	(1,840)	(1,613)
Deferred tax liabilities	**(678)**	(674)	(685)
Total non-current liabilities	**(1,934)**	(2,514)	(2,298)
Total liabilities	**(6,096)**	(6,778)	(6,514)
Net assets	**6,789**	6,702	7,158
Equity			
Share capital	**450**	449	450
Share premium	**3,871**	3,857	3,871
Merger reserve	**211**	211	211
Retained earnings	**2,257**	2,185	2,626
Total equity	**6,789**	6,702	7,158

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Unaudited Six months to 30 September 2008 £000	Unaudited Six months to 1 October 2007 £000	Unaudited Year ended 31 March 2008 £000
Cash flows from operating activities			
Profit for the year	**717**	677	1,632
Adjustments for:			
Depreciation, amortisation and impairment	**669**	650	1,378
Financial income	**(110)**	(121)	(316)
Financial expense	**61**	96	187
Exchange gain	**-**	4	75
Equity settled share-based payment expenses	**-**	43	71
Taxation	**303**	291	789
Operating profit before changes in working capital and provisions	**1,640**	1,640	3,816
(Increase) / decrease in trade and other receivables	**(151)**	98	269
Increase in stock	**(11)**	(19)	(5)
Increase / (decrease) in trade and other payables	**89**	135	(17)
Cash generated from the operations	**1,567**	1,854	4,063
Tax paid	**(376)**	(217)	(344)
Net cash inflow from operating activities	**1,191**	1,637	3,719
Cash flows from investing activities			
Interest received	**110**	121	241
Acquisition of property, plant and equipment	**(40)**	(502)	(235)
Capitalised development expenditure	**(247)**	(189)	(530)
Sale of property, plant and equipment	**-**	-	150
Net cash outflow from investing activities	**(177)**	(570)	(374)
Cash flows from financing activities			
Proceeds from the issue of share capital	**65**	26	41
Purchase of own shares	**(257)**	-	(82)
Interest paid	**(61)**	(96)	(187)
Payment of finance lease liabilities	**(434)**	(464)	(1,165)
Advances on finance leases	**-**	202	-
Payment of equity dividend	**(892)**	(850)	(1,300)
Net cash outflow from financing activities	**(1,579)**	(1,182)	(2,693)
Net (decrease) / increase in cash and cash equivalents	**(565)**	(115)	652
Exchange differences on cash and cash equivalents	**-**	-	(5)
Cash and cash equivalents at start of period	**3,502**	2,855	2,855
Cash and cash equivalents at end of period	**2,937**	2,740	3,502

NOTES (forming part of the interim financial statements)

1. BASIS OF PREPARATION

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

The Group financial statements are authorised for issue by the Board of Directors on 9 June 2008.

European Union law (EULAW) (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS). The financial statements have been prepared on the basis of the recognition and measurement requirements of EU-IFRS that are endorsed by the EU and effective at 30 September 2008.

The financial information is unaudited and does not constitute the Company's statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Statutory accounts for the year ended 31 March 2008 have been delivered to the Registrar of Companies. The comparative figures for the financial year ended 31 March 2008 are not the company's statutory accounts for the financial year. These accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2.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		**Net Assets**		**Capital expenditure**	
	30 September 2008 £000	1 October 2007 £000	**30 September 2008 £000**	1 October 2007 £000	**30 September 2008 £000**	1 October 2007 £000
United Kingdom	**6,708**	6,092	**6,319**	6,295	**282**	815
Republic of Ireland	**384**	322	**401**	396	**-**	5
Rest of the world	**85**	20	**69**	11	**5**	30
	7,177	6,439	**6,789**	6,702	**287**	850

3. TAXATION

The tax charge is based on the base tax rate of 28% which after adjusting for disallowable expenses and movement on Deferred Tax resulted in an estimated tax rate of 29.7% (six month period ended 1 October 2007 30%).

4. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue, being 44,597,883 (period ended 1 October 2007: 44,820,669; year ended 31 March 2008: 44,892,441).

The diluted earnings per share takes the weighted average number of ordinary shares in issue during the period and adjusts this for dilutive impact of share options existing at the period end. The diluted weighted average number of shares in the period ended 30 September 2008 was 45,148,821 (period ended 1 October 2007: 46,690,604; year ended 31 March 2008: 46,547,410). The profit used in the diluted earnings per share is based on profit after taxation.

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

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

The next annual financial statements of the group will be prepared in accordance with IFRSs as adopted by the EU.

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

OUR RESPONSIBILITY

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

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC (continued)

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Manchester
10 November 2008

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