Annual Report & Accounts 2009

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FINANCIAL SUMMARY

	2009 £000	%	2008 £000	%	2007 £000	%
Total Retail Sales*	**26,288**		24,583		21,284	
Annual Growth	**6.9%**		15.5%		16.8%	
Turnover	**14,468**		13,479		12,136	
Annual Growth	**7.3%**		11.1%		2.2%	
Gross Profit	**9,742**	**67.3%**	9,011	66.9%	8,139	67.1%
EBITDA	**3,267**	**22.6%**	3,670	27.2%	3,204	26.4%
Annual Growth	**-11.0%**		14.5%		21.9%	
Operating Profit	**1,933**	**13.4%**	2,292	17.7%	2,165	17.8%
Annual Growth	**-15.7%**		5.9%		18.0%	
Profit Before Tax	**2,063**		2,421		2,293	
Annual Growth	**-14.8%**		5.6%		2.3%	
Taxation	**(603)**		(789)		(707)	
Tax Rate	**29.2%**		32.6%		30.8%	
Profit on Ordinary Activities After Tax	**1,460**		1,632		1,586	
Dividend declared on equity shares	**1,399**		1,346		1,119	
Special Dividend	**887**		-		-	
Earnings per ordinary share - basic	**3.28p**		3.64p		3.55p	
Earnings per ordinary share - diluted	**3.27p**		3.51p		3.38p	
Interim Dividend per ordinary share	**1.05p**		1.00p		0.60p	
Final Dividend per ordinary share	**2.10p**		2.00p		1.90p	
Total Dividend per ordinary share	**3.15p**		3.00p		2.50p	
Special Dividend	**2.00p**		-		-	
Outlet Network						
Owned Stores	**7**		4		2	
Territory Franchise Stores	**35**		40		43	
Total Stores	**42**		44		45	
Bolt-on Franchises	**241**		205		153	
Total Outlets	**283**		249		198	
Like For Like Performance**						
Growth	**10.73%**		16.44%		13,46%	
Territories Included	**38**		29		20	

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

** Like for like performance based on territory sales achieved in a minimum of 3 years

Our 112 page Buying Guide and product samples allow clients to effectively choose the best marketing solution to fit their budget.

CHAIRMAN'S STATEMENT

Total Retail Sales ("TRS"), the Company's estimate of the value of sales to the end user (via both its Franchise and directly owned outlets), increased 7.0% to £26.29m (2008: £24.58m). Turnover increased 7.3% to £14.47m (2008: £13.48m) whilst Profit before Tax ("PBT") decreased by 14.9% to £2.06m (2008: £2.42m).

George Hardie – Chairman

Previously, we would have anticipated EBITDA to advance as volumes increased. This has not been the case in the year under review, reflecting some erosion of operating margin. This has been due to an increase in the provision for bad debts, marketing subsidies designed to support sales through our outlets, and a greater proportion of discounted orders.

The Board is mindful that the year under review marks the first year, since the Company's move to AIM, that earnings have not progressed. Ordinarily, we would be duly disappointed with such a result but, given the extremely challenging economic situation, we believe this represents an acceptable outcome.

Flyerlink® manages the logistics of processing lots of small value orders each day.

Cash

Your Company closed the year with cash of £3.39m (2008: £3.50m). Investment in capital equipment, including the on-going development of the Company's Flyerlink software, totalled only £0.59m (2008: £1.26m). None of the capital expenditure was financed (2008: £0.50m).

Return of Shareholder funds

The Board has been keen to advance the return of funds to Shareholders by its progressive dividend policy and, more recently, via the buying back of Company shares. Whilst the dividend has indeed progressed, the buying back of a material volume of shares has proved impractical due to the lack of market liquidity.

After careful consideration of the Company's reserves, cash position and prospects moving forward, the Directors believe that, notwithstanding the need to be prudent in these present difficult economic circumstances, the Company remains in a position to return additional funds to Shareholders. Accordingly, it is the Directors' intention to do this via the declaration of a Special Dividend.

Share Buy Backs

During the year under review, 768,702 shares were bought back into Treasury for a total consideration of £263,000.

Flyerlink® runs on a handheld computer allowing accurate
tracking of every part of a customer's order.

Final Dividend

Your Board is proposing a final dividend of 2.10p for the year, to be paid on 23 July 2009 to Shareholders on the register at the close of business on 26 June 2009. This makes a total dividend for the year of 3.15p per ordinary share (2008: 3.00p).

Special Dividend

The Directors are declaring a Special dividend of 2.00p per qualifying ordinary share, amounting to £887,000, payable on 26 June 2009 to shareholders on the register as at 12 June 2009.

People at Printing.com

In these difficult times, I am mindful of the additional effort of all of our people within the Printing.com network but would particularly like to extend my sincere thanks to our Franchise Partners for their efforts.

Colourful samples of our product range help customers to make their selection.

Outlook

Since the year end, trading across the UK and Ireland has continued at a similar underlying level. Whilst at this juncture we are not seeing growth in TRS, we are attracting a record level of new clients and remain of the belief that the Printing.com model is proving significantly more resilient than many others in the sector.

Whilst we realise we are not immune to the possibility that some Franchisees may not continue, or that certain Bolt-on Franchisees may follow alternative strategies, we believe that the scope for network growth during the current year remains a realistic ambition. Indeed, recent marketing initiatives to promote a Bolt-on Franchise opportunity have once again produced a strong pipeline of prospective partners.

Outside of the UK and Ireland, our New Zealand partners continue to make solid progress and reflect the Board's belief in the scope for exporting the model. Printing.com France is making progress and is on the cusp of making a positive contribution. The grant of a Master Licence for the US is clearly a significant opportunity, albeit operations are still at a very early stage. Whilst these initiatives collectively contribute very little at present in fiscal terms, we believe they continue to represent an important opportunity.

Whilst we remain cautious about the prospects for progress, we believe that, as and when the economic situation across the UK and Ireland improves, Printing.com will be well-placed to capitalize on its position.

George Hardie

George Hardie
Chairman
1 June 2009

Interior of typical Printing.com store (top) and high profile price points in windows to attract passers by.

CHIEF EXECUTIVE'S STATEMENT

	31 March 2009	31 March 2008
Company Owned Stores	**7**	4
Territory Franchise Stores	**35**	40
Bolt-on and Boutique Franchises	**241**	205
Total	**283**	249

Tony Rafferty – Chief Executive

Estate Development

This year, in common with recent years, we have continued to record a steady increase in the total number of Printing.com outlets across the UK and Ireland, with the estate, as of the year end, standing at 283 outlets, an increase of 34 during the year. The Bolt-on format continues to be the driver for this expansion.

Interior posters guide customers through our range.

During the year under review, again in common with recent years, the number of new franchise licences granted, 62, is far greater than growth in the number of outlets. This is because we are not immune to some instances of termination and also reflects the complementary nature of the Bolt-on Franchise format.

Prior to adding the Printing.com element, Bolt-on Franchises ordinarily start out pursuing an independently formulated business model centred on the printing, graphic arts or web design sectors.

Accordingly, the plural nature of their offering increases the likelihood that, from time-to-time, the owners of these businesses may seek to pursue a strategy less conducive to Printing.com. In these instances, our primary objective is the continuance of the service to the Printing.com client base, and the preservation of employment opportunities for Printing.com operators. These situations are often resolved by one of the business partners, employees or competitors 'buying out' the Printing.com element, or the sale to a neighbouring franchisee. This may involve the termination of one franchise agreement but also the contemporaneous grant of a new licence.

Such occurrences could be dismissed as 'undesirable churn' we still believe that they simply reflect a characteristic of the independent entrepreneurs who we partner with. Over the course of the current year, we anticipate an increase in these instances due to the general economic situation. However, we continue to believe that, notwithstanding this, we will again achieve real growth in the size of the network and the estate will exceed 300 outlets by the end of the year.

Our 'double-decker' large format Komori press prints both sides of the sheet at the same time reducing production time.

Production Hub and Infrastructure

The Production Hub infrastructure is well bedded-in, and we continue the ongoing refinement of operational processes whilst always seeking greater efficiency. We remain of the view that we have TRS capacity in excess of £40million within the Manchester facility. Accordingly, very little additional investment in the plant is planned at this juncture.

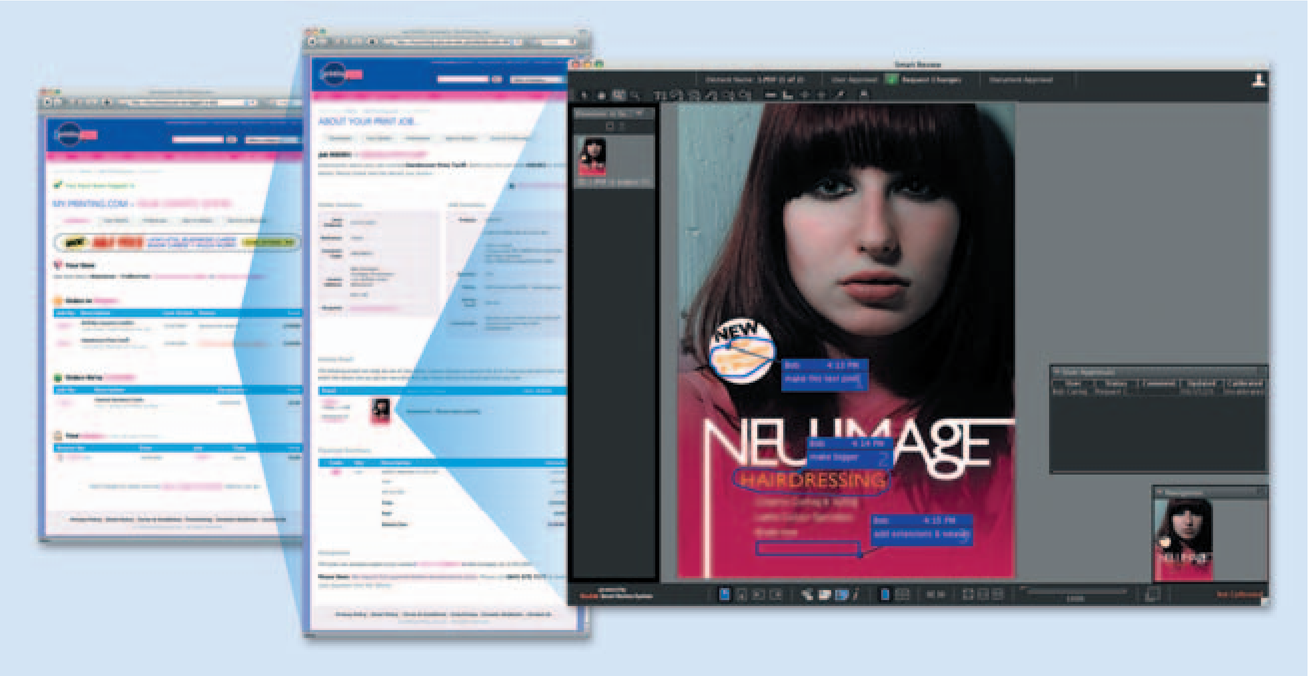
This has, however, been an important year in the on-going development of Flyerlink, the Company's proprietary software. Much of this development relates to the addition of certain 'foundations' that allow us to deal with Master Licence complexities beyond simply multi-language capabilities.

Whilst Flyerlink has always provided the link between the Franchisee and the production centre, 'my.printing.com' provides a suite of online tools that enhance the interaction between the Printing.com Franchisee and the end user. During the course of the year, the Company significantly enhanced the 'my.printing.com' portal, notably adding Kodak's 'Smart Review' software to facilitate online proofing.

The complex, design-orientated and consultative led-nature of the typical Printing.com order means that these tools are not intended to replace the franchisee but simply to provide a more efficient ordering, proofing, artwork approval and billing experience for all concerned.

In the course of the current year, we plan to include template systems to facilitate business card name changes and the like. We believe that this functionality will further augment the Printing.com Bolt-on Franchise by providing not only low-cost print and marketing assistance, but also a complete e-commerce solution 'in a box'.

Our bespoke SmartPack System reduces manual handling and speeds up the process.



my.printing.com is integrated with Kodak SmartReview to allow customers to electronically approve their artwork online.

Jacksonville and Gainesville stores in Florida, United States.

New Zealand and Iceland Master Licences

The Company's Master Licence programme enables companies in other geographic territories, wishing to emulate the success of Printing.com across the UK and Ireland, to license the Printing.com systems. This generates revenue channels for your Company in terms of an initial licence fee, circa 3% of TRS for the given partner, and 20% of licence fees charged in respect of the grant of local outlets. For the partner, we believe this offers good value, in that they are able to utilize all the collateral and know-how acquired by Printing.com together with, and very importantly, the Company's Flyerlink software.

The Company's established Master Licence partner in New Zealand, PrintStop, continues to enjoy success with the expansion of their network of outlets, embracing the 'powered by Printing.com' insignia. The network presently stands at 46 outlets. Operations in Iceland remain at an early stage.

Grant of US Master Licence

During the year we are very pleased to have granted an additional master licence, covering the US. This licence has been granted to Raintree Graphics, a commercial printer in Jacksonville, Florida. Following training in the UK and the US, they have commenced operations with Printing.com Stores in both Jacksonville and Gainesville and 5 Bolt-on Franchises have also been granted. Whilst it is little more than two months since the first orders were taken, we remain optimistic about the potential for the development of Printing.com initially in the South East of the country and, in the fullness of time, across the US.

France and Australia

We have previously set out our intention to establish Printing.com operations in both France and Australia, with the former reliant on the Manchester Hub and the latter embracing third party production.

Following several interesting avenues of exploration, during which, and on commercial terms, an Option was taken out over Australia, our initiatives in this respect have not progressed. We have elected not to proceed and establish operations ourselves until the economic cycle improves.

The French operations are at a more advanced stage, with 10 franchises now generating regular transactions. Indeed several French franchisees are producing operational metrics that would be consistent with any accomplished franchise in the UK. It is also still our intention to open two stores in France as and when suitable opportunities arise.

We believe that the components are now in place for Printing.com to take meaningful steps forward during the present financial year and it remains our objective of progressing a management buy-out/management buy-in at a suitable juncture of the French business.

Websites by Printing.com

Over the year we have continued to invest in our 'websites solution' and believe that the offering has evolved, in terms of the functionality offered to the client and the ease of use for the Franchisee. Whilst to date this has not translated into a material revenue stream, we remain convinced of its strategic importance in terms of vending new media solutions in parallel with printed material.

PrintStop powered by Printing.com in New Zealand.

Promotional pens and embroidered clothing are among the additional items available through our network partner programme.

Network Partners

The aim of the network partner programme was to open up the Printing.com network to reputable vendors of alternative printed items, such as pens, work apparel, office products and the like. During the year, the initial pilot group was extended and now includes more than a third of the network. It is anticipated that the offering will be made available to all Franchisees during the course of the current year. Promotional items of this ilk are often an accessory to the nucleus of an advertising campaign. Thus, the timing of the launch proved unfortunate.

Whilst revenues from this initiative remain modest, we remain committed to exploring what we believe to be the inherent logic of making available more services to our franchisees, and being a 'one-stop-shop' for our clients' promotional needs.

Personalised wine and champagne available through our network partner programme.

Environment

In all aspects of Printing.com operations we seek to reduce the environmental impact of the business. This is reflected by the reaffirming of our ISO 14001 status, embracing our initiatives to increase the proportion of FSC certified papers, reduce packaging and minimise waste.

In addition, we are pleased to continue our support for the 'Tree Appeal with David Bellamy', whereby clients' orders equate to trees planted. Currently we stand on the cusp of achieving our goal of planting 50,000 trees and have recently pledged to raise this target to 100,000 trees over the coming years.

Professor David Bellamy at one of our 'Trees for Schools' planting events.

A January Sale mailer, one element of our centralised marketing activity which resulted in a record level of new clients.

Current Trading

Following on from a drop in trading levels in November 2008, trading remained 'steady' at the lower level, during the remainder of the year under review and, indeed, the subsequent two months. If trading remains at this level for the course of the current year, then TRS will be slightly below the previous year.

Compared to historic levels, a greater proportion of transactions are carried out at discounted levels, pursuant to various monthly and seasonal offers. We remain realistic and believe that these discounts are necessary for the foreseeable future to assist our Franchisees.

A Franchise talking to prospective customers at a small business exhibition.

The Company continues to attract a record level of new clients, attributable to the increased level of centralised marketing, the potency of the various promotional offers and the closure of many small local printers who were previously in competition. However, the overall yield per client has reduced and certain market segments that were previously productive, such as estate agents and recruitment companies, have declined significantly.

Printing.com has always attracted corporate clients and public sector professionals in addition to its core marketplace of small and medium sized enterprises ("SME"). These larger clients generally turn to Printing.com for low value orders. It is our belief that they are attracted to Printing.com as it is easier to transact these small orders with the Company, than via internal procurement routes.

Printing.com store signage.

Initiatives have been developed and launched to better position your Company within this corporate and public sector marketplace. Centered on the premise of not seeking to replace the existing printer, but being useful for urgent, awkward, low order values and low volumes. To this end, over one hundred training days for Franchisees have been delivered at sessions around the UK, with the objective of the entire estate being exposed to this initiative over the coming months. We are aware that this 'pitch' has been well received by managers within the marketing departments of various high profile brands and remain optimistic that it will add material revenues during the course of the year.

Tony Rafferty
Chief Executive
1 June 2009

Prepress technician inspects printing plates before releasing them for production.

FINANCIAL REVIEW

Alan Roberts – Finance Director

Total Retail Sales (TRS)

The Group's key metric of Network growth, across the UK and Ireland, is TRS, being the estimated retail price paid by the client for product sourced from the Group's Production Hub. The ongoing development of Printing.com is clearly illustrated with estimated TRS increasing by 7.0% to £26.29m (2008: £24.58m).

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 10.73% (2008: 16.44%) with 38 (2008: 29) Territory Franchises (or Group owned equivalents) contributing to this metric.

An order makes its way down the Product Carton Super Highway.

Revenue

Overall revenue increased by 7.3% from £13.48m to £14.47m. Network growth continues to be 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 8.1% from £9.01m to £9.74m. In percentage terms it remained relatively constant at 67.3% (2008: 66.9%) of revenue.

EBITDA

At £3.27m (2008: £3.67m) EBITDA decreased by 10.9%. Although TRS improved by 7%, the Group's initiative to support network marketing activity and provisions for doubtful debts led to EBITDA decreasing by £0.40m.

Franchisees promoting the Printing.com brand.

Pre-Tax Profit

The Group recorded a pre tax profit of £2.06m (2008: £2.42m) being 14.2% (2008: 18.0%) of Group revenue and 7.8% (2008: 9.8%) of TRS.

Staff costs increased in the year to £3.60m (2008: £3.22m) and rose as a percentage of revenue from 23.9% to 24.9%. The increase in the number of Group Stores raised head count, staff costs and operational overhead. The depreciation and amortisation charge for the year was £1.33m (2008: £1.38m) falling slightly from last year's peak.

Interest Received and Charged

Interest received of £0.18m (2008: £0.24m) reflects interest on the cash balances held and interest charged to Franchisees on loans to them from Printing.com. Interest paid of £0.11m (2008: £0.19m) primarily on lease finance repayments.

Taxation

In the year the standard rate for tax was 28% (2008: 30%). The charge for the current year is £0.60m or 29.2% of PBT (2008: £0.79m or 32.6%).

The effective tax rate was closer to the standard rate in the period due to disallowed expenses being offset by timing differences.

Earnings Per Share (EPS)

Basic EPS achieved was 3.28p (2008: 3.64p), the weighted average number of shares used was 44,485,293. Diluted EPS achieved was 3.27p (2008: 3.51p), the weighted average number of shares used was 44,702,853. The year closed with 44,993,465 ordinary shares in issue, with 643,702 of these held in Treasury by the Group.

Cash Flow

At the year end the Group had cash balances of £3.39m (2008: £3.50m) and Net Funds (comprising cash less finance lease creditors) of £1.81m (2008: £1.08m). Operational cash inflow remained strong at £3.52m (2008: £4.06m). The most significant cash outflow being dividends paid of £1.36m (2008: £1.30m).

Capital Expenditure

The total expenditure for the year was £0.59m (2008: £1.26m). The major item was Software development and computing infrastructure £0.52m.

A potent offer given prominence in a store window.

In-store point-of-sale guides customers through our process.

Share Capital and Share Options

Third party options over 325,000 shares (0.7% of the total called up share capital) were exercised during the year and were satisfied from treasury. There were no options granted.

During the year the Company purchased 768,702 (1.7% of the total called up share capital) shares to be held in treasury for a consideration of £263,000. The maximum number of shares held by the Company during the year was 643,702 (1.4% of the total called up share capital). The shares are to be held in treasury by the Company with the intention of satisfying future exercise of share options.

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. During the year the Board reviewed its treasury policies and took the decision to split the Group's deposit reserves between a number of mainstream banks. 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 material overseas assets or liabilities and thus any currency movements have no material impact.

Alan Q. Roberts
Finance Director
1 June 2009

A Bolt-on Franchise using the Printing.com brand in tandem with their own.

Completed orders ready for shipping.

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 70.

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 41.

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 53.

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.

Les was Finance Director at Liverpool FC until January 2009, a position he took in 2000, moving from a similar post with Newcastle United FC.

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 56.

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 2009.

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 and Ireland through a chain of high street Stores (some owned but mostly franchised) and franchised Bolt-ons (outlets operated within other businesses).

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Group 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 Group'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.
- Franchises may not be able to pay debts due to the Group as a result of the current economic environment. This is especially relevant to Bolt-on Franchises where the franchise is linked to another business.
- Technological advances in systems and/or equipment which negate the Group's competitive advantage.

PROPOSED DIVIDEND

The Directors have proposed a final ordinary dividend in respect of the current financial year of £931,000/2.10p per ordinary share (2008: £896,000/2.00p 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 £896,000/2.00p per share in respect of the previous year ended 31 March 2008, together with an interim dividend in respect of the year ended 31 March 2009 of £468,000/1.05p per share.

RESEARCH AND DEVELOPMENT

All research costs are written off as incurred.

Development costs are also charged to the income statement 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 2009 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 2009 the trade creditors for the Group represented 74 days (2008: 70 days) and the Company 67 days (2008: 48 days) of the amounts invoiced by suppliers.

Directors

The following Directors have held office since 1 April 2008:

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*

P R Gunning and L A Wheatley 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, together with details of share options granted and awards made to the Directors, are included in the Report on Directors' Remuneration on pages 30 to 32.

From 1 April 2008 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.

Through the period the Group maintained it's 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 (2008: £nil).

MAJOR INTEREST IN SHARES

At 5 May 2009 the following shareholders (excluding directors) held interests in excess of 3% of ordinary share capital:

	Percentage holding	Number of ordinary shares of 1p each
Brewin Dolphin Securities Limited	8.5%	3,772,190
DWS Investments	8.3%	3,690,000
Williams de Broe	6.3%	2,777,495
Barclays Private Banking	5.5%	2,437,044
Rathbone Investment Management Limited	3.4%	1,513,761
Collins Stewart	3.2%	1,434,565

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 Friday 17 July 2009 at the Company's 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
1 June 2009

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

The Directors are responsible for preparing the Annual 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:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 7A to the Companies Act 1985, as if those requirements were to apply to the Company.

The Directors' are responsible for the maintenance and integrity of the corporate and financial information included on the Group'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 27. 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 30 to 32.
- The Audit Committee comprises R G Hardie and L A Wheatley and is chaired by L A Wheatley. Its prime tasks are to review the scope of external audit, to receive regular reports from the auditors, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

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

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

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

The Audit 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 2009 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 Group has considerable financial resources and the number of franchise outlets continues to grow. This is expected to continue due to the comparatively low level of capital required to set up a franchise under the Printing.com business model. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further information regarding the Groups business activities together with the factors likely to affect its future development, performance and position is set out in the business review on pages 3 to 15. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 17 to 21. In addition note 18 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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. Incentive payments totalling £67,000 for the financial year ended 31 March 2009 have been made.

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 5.33 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 (AUDITED)

Year ended 31 March 2009:	Basic Salary £	Fees £	Benefits £	Bonuses £	2009 Total £	2009 Pension £
R G Hardie	-	30,116	-	-	30,116	-
L A Wheatley	-	20,077	-	-	20,077	-
A Rafferty	185,017	-	768	30,000	215,785	26,225
P R Gunning	128,036	-	215	22,000	150,252	10,292
A Q Roberts	80,424	-	15,650	15,000	111,074	7,305
	393,477	50,193	16,633	67,000	527,303	43,822

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

DIRECTORS' INTERESTS

At 31 March 2009, the Directors had the following beneficial interests in the Company's shares and options to subscribe for shares:

	Ordinary shares of 1p each				Share options	
	31 March 2009	31 March 2008		Exercise price	**31 March 2009**	31 March 2008
R G Hardie	**1,596,149**	1,596,149		-	**-**	-
A Rafferty	**9,162,222**	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	**-**	-		-	-	-

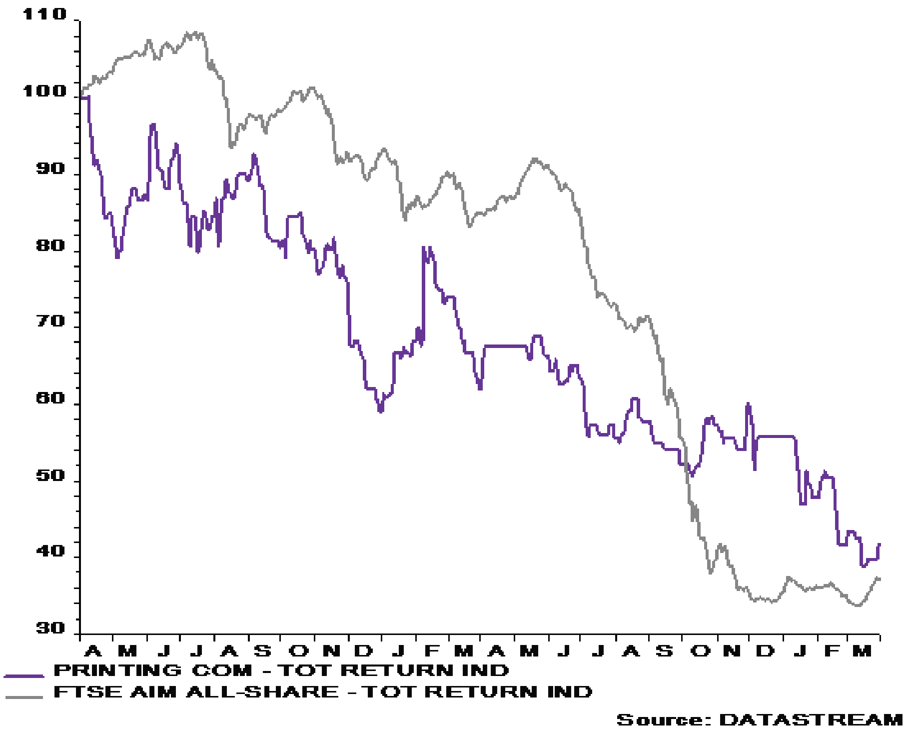
The options granted under a) have been granted under the Company's EMI scheme. These options are subject to performance criteria relating to earnings per share and are exercisable in tranches of 75,000 ordinary shares.

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

From the end of the year until 1 June 2009 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 prices of shares at 31 March 2009 was 23.50p (2008: 38.00p). The range during 2009 was 22.00p to 42.25p.



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 2009 which comprise the Consolidated 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 27.

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 and the Operating 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 2009 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 2009;
- 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
Registered Auditor
1 June 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £000	2008 £000
Revenue	3	**14,468**	13,479
Changes in inventory of finished goods and work in progress		**1**	5
Raw materials and consumables used		**(4,727)**	(4,473)
Gross profit		**9,742**	9,011
Staff costs	4	**(3,598)**	(3,218)
Other operating charges		**(2,877)**	(2,123)
Depreciation and amortisation		**(1,334)**	(1,378)
Total expenses		**(7,809)**	(6,719)
Operating profit	2,4	**1,933**	2,292
Financial income	5	**238**	316
Financial expenses	5	**(108)**	(187)
Net financing income		**130**	129
Profit before taxation		**2,063**	2,421
Taxation	6	**(603)**	(789)
Profit for the year attributable to equity holders of the Parent		**1,460**	1,632
Basic earnings per share	7	**3.28p**	3.64p
Diluted earnings per share	7	**3.27p**	3.51p

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

GROUP – YEAR ENDED 31 MARCH 2009

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
Profit for the year	-	-	-	1,460	1,460
Total recognised income and (expense)	-	-	-	1,460	1,460
Equity settled share based payments	-	-	-	-	-
Tax on equity settled share based payments	-	-	-	-	-
Own shares acquired	-	-	-	(263)	(263)
Shares issued	-	10	-	65	75
Dividends paid	-	-	-	(1,364)	(1,364)
Total movement in shareholders' funds	-	10	-	(102)	(92)
Opening shareholders' funds at 1 April 2008	450	3,871	211	2,626	7,158
Closing shareholders' funds at 31 March 2009	**450**	**3,881**	**211**	**2,524**	**7,066**

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
Dividends	-	-	-	(1,300)	(1,300)
Issue of new shares	3	38	-	-	-
Own shares acquired	-	-	-	(82)	(82)
Equity settled share based payments	-	-	-	71	71
Tax on equity share based payments	-	-	-	(11)	(11)
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	3871	211	2,626	7,158

COMPANY – YEAR ENDED 31 MARCH 2009

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
Profit for the year	-	-	1,879	1,879
Total recognised income	-	-	1,879	1,879
Equity settled share based payments	-	-	-	-
Own shares acquired	-	-	(263)	(263)
Shares issued	-	10	65	75
Dividends paid	-	-	(1,364)	(1,364)
Total movement in shareholders' funds	-	10	317	327
Opening shareholders' funds at 1 April 2008	450	3,871	1,503	5,824
Closing shareholders' funds at 31 March 2009	**450**	**3,881**	**1,820**	**6,151**

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	-	-	1,595	1,595
Equity settled share based payments	-	-	71	71
Own shares acquired	-	-	(82)	(82)
Issue of new shares	3	38	-	41
Dividends	-	-	(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

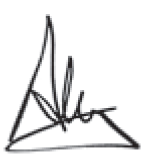
The notes on pages 40 to 62 form part of these financial statements

BALANCE SHEETS

AT 31 MARCH 2009

	Note	**Group 2009 £000**	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Non-current assets					
Property, plant and equipment	8	**4,328**	5,217	**-**	-
Investments in subsidiaries	9	**-**	-	**574**	574
Intangible assets	9	**1,283**	1,139	**-**	-
Deferred tax assets	10	**2**	25	**-**	-
Other receivables	12	**253**	470	**1,000**	1,008
Total non-current assets		**5,866**	6,851	**1,574**	1,582
Current assets					
Inventories	11	**110**	109	**-**	-
Trade and other receivables	12	**3,313**	3,210	**3,517**	3,368
Cash and cash equivalents	13	**3,391**	3,502	**1,091**	898
Total current assets		**6,814**	6,821	**4,608**	4,266
Total assets		**12,680**	13,672	**6,182**	5,848
Current liabilities					
Other interest-bearing loans and borrowings	14	**(689)**	(804)	**-**	-
Trade and other payables	15	**(1,887)**	(1,759)	**(22)**	(20)
Current tax payable	6	**(370)**	(377)	**-**	-
Accruals and deferred income	15	**(1,057)**	(1,094)	**(9)**	(4)
Other liabilities	15	**(165)**	(182)	**-**	-
Total current liabilities		**(4,168)**	(4,216)	**(31)**	(24)
Non-current liabilities					
Other interest-bearing loans and borrowings	14	**(889)**	(1,613)	**-**	-
Deferred tax liabilities	10	**(557)**	(685)	**-**	-
Total non-current liabilities		**(1,446)**	(2,298)	**-**	-
Total liabilities		**(5,614)**	(6,514)	**(31)**	(24)
Net assets		**7,066**	7,158	**6,151**	5,824
Equity attributable to equity holders of the parent					
Share capital	17	**450**	450	**450**	450
Share premium	17	**3,881**	3,871	**3,881**	3,871
Merger reserve	17	**211**	211	**-**	-
Retained earnings	17	**2,524**	2,626	**1,820**	1,503
Total equity		**7,066**	7,158	**6,151**	5,824

These financial statements were approved by the board of directors on 1 June 2009 and were signed on its behalf by:



A Q Roberts
Director

CASH FLOW STATEMENTS

FOR YEAR ENDED 31 MARCH 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash flows from operating activities					
Profit for the year		**1,460**	1,632	**1,879**	1,595
Adjustments for:					
Depreciation, amortisation and impairment		**1,334**	1,378	**-**	-
Financial income		**(238)**	(316)	**(2,036)**	(1,812)
Financial expense		**108**	187	**-**	-
Gain on sale of property, plant and equipment		**2**	-	**-**	-
Equity settled share-based payment expenses		**-**	71	**-**	-
Foreign exchange gains		**61**	75	**-**	
Taxation		**603**	789	**(43)**	32
Operating cash flow before changes in working capital and provisions		**3,330**	3,816	**(200)**	(185)
Decrease/(increase) in trade and other receivables		**114**	269	**(7)**	(1)
Increase in inventories		**(1)**	(5)	**-**	-
Increase/(decrease) in trade and other payables		**76**	(17)	**7**	(17)
Cash generated from Operations		**3,519**	4,063	**(200)**	(203)
Tax paid		**(715)**	(344)	**-**	(4)
Net cash inflow/(outflow) from operating activities		**2,804**	3,719	**(200)**	(207)
Cash flows from investing activities					
Proceeds from sale of plant and equipment		**9**	150	**-**	-
Interest received		**177**	241	**36**	49
Acquisition of plant and equipment	8	**(70)**	(235)	**-**	-
Capitalised development expenditure	9	**(522)**	(530)	**-**	-
Dividends received		**-**	-	**2,000**	1,763
Net cash (outflow)/inflow from investing activities		**(406)**	(374)	**2,036**	1,812
Cash flows from financing activities					
Proceeds from the issue of share capital	17	**65**	41	**75**	41
Repurchase of own shares	17	**(263)**	(82)	**(263)**	(82)
Interest paid		**(108)**	(187)	**-**	-
Payment of finance lease liabilities		**(839)**	(1,165)	**-**	-
Inter company transfers		**-**	-	**(91)**	(1,132)
Dividends paid	17	**(1,364)**	(1,300)	**(1,364)**	(1,300)
Net cash (outflow)/inflow from financing activities		**(2,509)**	(2,693)	**(1,643)**	(2,473)
Net increase/(decrease) in cash and cash equivalents		**(111)**	652	**193**	(868)
Exchange losses on cash and cash equivalents		**-**	(5)	**-**	-
Cash and cash equivalents at start of year		**3,502**	2,855	**898**	1,766
Cash and cash equivalents at 31 March	13	**3,391**	3,502	**1,091**	898

1. ACCOUNTING POLICIES

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.

The Group has considerable financial resources and the number of franchise outlets continues to grow. This is expected to continue due to the comparatively low level of capital required to set up a franchise under the Printing.com business model. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further information regarding the Groups business activities together with the factors likely to affect its future development, performance and position is set out in the business review on pages 3 to 15. The financial position of the Group, its cash flows , liquidity position and borrowing facilities are described on pages 17 to 21. In addition note 18 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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 1 June 2009.

The financial statements have been drawn up for the year ended 31 March 2009 and all references to financial year refer to this period. The comparative financial information presented represents the 363 day period ended 31 March 2008.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements. 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.

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. 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 23:

Note 9	Intangibles
Note 12	Trade and other receivables
Note 16	Share option schemes

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

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

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. Cost is based on the first-in first-out principle and is valued at purchased cost. 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.

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 three year period (2008: five years).

Revenue

Revenue represents the invoiced amount, net of Value Added Tax, of goods sold and services provided to customers outside the Group and is recognised as follows:

- For printing services revenue is recognised on completion of the print run at the fair value of the consideration receivable net of any discounts or commissions as the risks and rewards of the inventory pass to the Franchisee upon completion of printing.
- Licence fees are receivable as an initial fee raised at the start of the franchise agreement and a secondary fee payable annually on the anniversary of the agreement.

Initial fees relate to specific services provided at the start of the franchise agreement (training and set-up) as well as the right to ongoing use in the initial period of the Printing.com brand and network and for territory franchisees their entitlement to the territory. Revenue in relation to the services provided at the start of the franchise agreement is recognised on completion of the services as detailed in the franchise agreement and represents the fair value of the services provided. The element of the fee in relation to ongoing use of the Printing.com brand and network is spread over the period to the anniversary of the licence agreement (normally a twelve month period) representing the period over which the rights are made available.

Secondary fees primarily relate to the ongoing use for the renewal period of the Printing.com brand and network and for territory franchisees preserving their entitlement to the territory. The element of the fee in relation to ongoing use of the Printing.com brand and network and entitlement to the territory is spread over the period to the next anniversary date of the licence agreement (normally a twelve month period) representing the period over which the rights are made available.

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.

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 2007, 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 that subsidiary company.

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 exchange rates at the date of transaction. 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:

The following Adopted IFRSs that have been endorsed were available for early application but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material affect on the financial statements unless otherwise indicated:

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.

Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly-controlled entity or associate
Amendments to IAS 23 – Borrowing costs
Amendments to IFRIC 13 – Customer Loyalty Programmes
Amendments to IAS 1 – Presentation of Financial Statements: A revised presentation
Amendments to IFRS 2 – Share based payments: Vesting conditions and cancellations
Amendments to IAS 39 and IFRS 7 – Reclassification of financial instruments

2. REVENUE

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 2009 £000	Revenue 2008 £000	**Total Assets 2009 £000**	Total Assets 2008 £000	**Capital expenditure 2009 £000**	Capital expenditure 2008 £000
United Kingdom	**13,372**	12,738	**5,672**	6,767	**585**	1,186
Republic of Ireland	**708**	684	**319**	356	**-**	5
Rest of the world	**388**	57	**112**	35	**7**	68
	14,468	13,479	**6,103**	7,158	**592**	1,259

Analysis by type

	2009 £000	2008 £000
Sale of goods	**13,275**	12,571
Services rendered	**1,105**	856
Royalties	**88**	52
Total Revenue	**14,468**	13,479

3. PROFIT BEFORE TAXATION AND AUDITORS' REMUNERATION

Included in profit are the following:

	2009 £000	2008 £000
Operating lease rentals	**317**	257
Amortisation of intangible assets	**378**	312
Depreciation	**956**	1,066
Profit on foreign currency transactions	**61**	75

Auditors' remuneration:

	2009 £000	2008 £000
Audit of these financial statements	**28**	23
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**8**	7
Other services relating to taxation	**31**	41

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.

4. 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 2009	Group 2008	**Company 2009**	Company 2008
Administration	**15**	14	**2**	2
Sales and distribution	**34**	29	**-**	-
Production	**64**	63	**-**	-
	113	106	**2**	2

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

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Wages and salaries	**3,192**	2,842	**52**	49
Share based payments (see note 16)	**-**	27	**-**	-
Social security costs	**329**	284	**5**	5
Other pension costs	**77**	65	**-**	-
	3,598	3,218	**57**	54

Key management remuneration:

	2009 £000	2008 £000
Key managements' emoluments	**527**	409
Share based payments (see note 17)	**-**	18
Company contributions to money purchase pension plans	**44**	37
Amounts paid to third parties in respect of managers' services	**-**	-
	571	464

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 30 to 32.

The aggregate of emoluments for the highest paid Director was £216,000 (2008: £166,000), and Company pension contributions of £26,000 (2008: £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 (2008: 3).

5. FINANCE INCOME AND EXPENSE

	2009 £000	2008 £000
Bank interest income	**74**	105
Other interest	**103**	136
	177	241
Net foreign exchange gain	**61**	75
Financial income	**238**	316
Interest expense on financial liabilities	**108**	173
Other interest expense	**-**	14
Financial expenses	**108**	187

6. TAXATION

Recognised in the income statement

	2009 £000	2008 £000
Current tax expense		
Current year	**742**	808
Foreign tax	**8**	4
Adjustments for prior years	**(42)**	(290)
	708	522
Deferred tax expense		
Origination and reversal of temporary differences	**(108)**	31
Movement due to change in tax rate	**-**	(49)
Adjustments for prior years	**3**	285
Total tax in income statement	**603**	789

Reconciliation of effective tax rate

	2009 £000	2008 £000
Profit for the period	**2,063**	2,421
Total tax expense	**(603)**	(789)
Profit after taxation	**1,460**	1,632
Tax using the UK corporation tax rate of 28% (2008: 30%)	**578**	726
Permanent differences	**42**	54
Overseas tax losses not recognised	**1**	4
Effect of equity settled share based payments	**-**	8
Deferred tax on shares	**23**	51
Adjustments in respect of prior periods – current tax	**(42)**	(290)
Adjustments in respect of prior periods – deferred tax	**3**	285
Movement due to change in tax rate	**-**	(49)
Total tax expense	**603**	789

7. EARNINGS PER SHARE

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

	2009 £000	2008 £000
Profit after taxation for the financial year	**1,483**	1,632

Weighted average number of shares.	2009 No. of shares	2008 No. of shares
For basic earnings per ordinary share	**44,485,293**	44,892,441
Exercise of share options	**216,330**	1,654,969
For diluted earnings per ordinary share	**44,701,623**	46,547,410

8. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 3 April 2007	546	7,193	779	8,518
Additions	28	610	91	729
Disposals	-	(480)	(294)	(774)
Effect of movement in foreign exchange	-	-	4	4
Balance at 31 March 2008	574	7,323	580	8,477
Balance at 1 April 2008	574	7,323	580	8,477
Additions	-	(37)	107	70
Disposals	(15)	(56)	-	(71)
Effect of movements in foreign exchange	-	-	4	4
Balance at 31 March 2009	**559**	**7,230**	**691**	**8,480**
Depreciation and impairment				
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
Balance at 1 April 2008	252	2,628	380	3,260
Depreciation charge for the year	57	795	104	956
Disposals	(15)	(49)	-	(64)
Balance at 31 March 2009	**294**	**3,374**	**484**	**4,152**

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Net book value				
At 3 April 2007	349	5,135	216	5,700
At 31 March and 1 April 2008	322	4,695	200	5,217
At 31 March 2009	**265**	**3,856**	**207**	**4,328**

Leased plant, machinery and fixture & fittings

At 31 March 2009 the net carrying amount of leased plant, machinery and fixture & fittings was £2,498,000 (2008: £3,363,000). The lease obligations are secured by the leased equipment.

9. INTANGIBLE ASSETS AND INVESTMENTS

Group	Domain Name £000	Software £000	Development costs £000	Customer lists £000	Other £000	Total £000
Cost						
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
Balance at 1 April 2008	337	1,410	260	146	9	2,162
Acquisitions – internally developed	-	-	79	-	-	79
Acquisitions – externally purchased	-	225	-	213	5	443
Disposals	-	(238)	-	-	-	(238)
Balance at 31 March 2009	**337**	**1,397**	**339**	**359**	**14**	**2,446**
Amortisation and impairment						
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
Balance at 1 April 2008	133	839	22	29	-	1,023
Amortisation for the year	16	232	63	66	1	378
Disposals	-	(238)	-	-	-	(238)
Balance at 31 March 2009	**149**	**833**	**85**	**95**	**1**	**1,163**
Net book value						
At 3 April 2007	221	590	110	-	-	921
At 31 March and 1 April 2008	204	571	238	117	9	1,139
At 31 March 2009	**188**	**564**	**254**	**264**	**13**	**1,283**

Amortisation and impairment charge

The amortisation charge of £378,000 (2008: £312,000) is recognised in the income statement within depreciation and amortisation expenses. An impairment charge of nil (2008: £nil) was recognised during the year.

Impairment testing

Customer lists in intangible assets relate to the value placed upon customer lists of four Stores purchased during the year. Applying IAS36 these intangible assets are being amortised over three years and tested annually on a store by store basis for impairment.

9. INTANGIBLE ASSETS AND INVESTMENTS (CONTINUED)

Company

	Shares in subsidiary undertakings £000	Total £000
Cost		
Balance at 3 April 2007	503	503
IFRIC 8 share based payment adjustment	71	71
Balance at 31 March 2008	574	574
Balance at 1 April 2008	574	574
IFRIC 8 share based payment adjustment	-	-
Balance at 31 March 2009	**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

10. DEFERRED TAX ASSETS AND LIABILITIES – GROUP

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 £000	Assets 2008 £000	**Liabilities 2009 £000**	Liabilities 2008 £000
Property, plant and equipment	**-**	-	**557**	685
Other	**(2)**	(2)	**-**	-
Employee benefits	**(23)**	**-**	**-**	-
Tax (assets)/liabilities	**(2)**	(25)	**557**	685

Movement in deferred tax during the year

	31 March 2008 £000	Prior year adjustment £000	Recognised in income £000	Recognised in equity £000	31 March 2009 £000
Property, plant and equipment	685	3	(131)	-	**557**
Employee benefits	(23)	-	23	-	**-**
Provisions	-	-	-	-	**-**
Other timing differences	(2)	-	-	-	**(2)**
	660	3	(108)	-	**555**

10. DEFERRED TAX ASSETS AND LIABILITIES – GROUP (CONTINUED)

Movement in deferred tax during the prior year

	31 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

Company

The Company had no deferred tax assets or liabilities as at 31 March 2009 (2008: £nil).

11. INVENTORIES

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Raw materials and consumables	**107**	106	**-**	-
Work in progress	**3**	3	**-**	-
	110	109	**-**	-

Raw materials, consumables and changes in work in progress recognised as cost of sales in the year amounted to £(1,000) (2008: £(5,000)). There were no inventory write-offs in the year (2008: nil).

12. TRADE AND OTHER RECEIVABLES

	Group 2009 £000	**Group 2008 £000**	**Company 2009 £000**	**Company 2008 £000**
Other receivables due from subsidiary companies	**-**	-	**3,502**	3,360
Trade receivables and prepayments	**3,083**	2,888	**-**	-
Interest receivable	**19**	20	**-**	-
Other receivables	**211**	302	**15**	8
	3,313	3,210	**3,517**	3,368

At 31 March 2009 trade receivables are shown net of an allowance for doubtful debts of £349,000 (2008: £36,000).

Other receivables represent loans receivable from franchisees and are stated net of an impairment provision of £40,000 (2008: £125,000).

An analysis of impairment losses recognised in the year is given in note 18.

Trade and other receivables denominated in currencies other than sterling comprise £268,000 (2008: £133,000) of Trade receivables and £6,000 (2008: £38,000) of other receivables denominated in Euro.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Other receivables due from subsidiary companies	-	-	1,000	1,008
Other receivables	253	470	-	-

13. CASH AND CASH EQUIVALENTS

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash and cash equivalents	3,391	3,502	1,091	898

Cash denominated in currencies other than Sterling comprise £187,000 (2008: £210,000) denominated in Euro.

14. 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 18.

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Non current liabilities				
Finance lease liabilities	889	1,613	-	-
Current liabilities				
Current portion of finance lease liabilities	689	804	-	-

Finance lease liabilities

Group	Minimum lease payments 2009 £000	Interest 2009 £000	Principal 2009 £000	Minimum lease payments 2008 £000	Interest 2008 £000	Principal 2008 £000
Less than one year	756	67	689	912	108	804
Between one and five years	922	33	889	1,713	100	1,613
	1,678	100	1,578	2,625	208	2,417

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.

15. Trade and other payables

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Other trade payables	**1,886**	1,759	**22**	20
Accruals and deferred income	**1,057**	1,094	**9**	4
Other liabilities	**165**	182	**-**	-
	3,108	3,035	**31**	24

Other trade payables denominated in currencies other than Sterling comprise £20,000 (2008: £24,000) denominated in Euro.

16. 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 £77,000 (2008: £65,000).

Share-based payments – Group employees

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 2,415,000 shares under option, during the year no options were exercised. The weighted average share price at the date of exercise of share options exercised during the prior year was 49.88p.

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 options outstanding at the year end have an exercise price of 32.5p and an average contractual life of 5.33 years.
The number and weighted average exercise prices of employee share options are as follows:

	Weighted average exercise price 2009	**Number of options 2009**	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the period	**32.5p**	**2,415,000**	31.46p	2,561,965
Forfeited during the period	**32.5p**	**(215,000)**	-	-
Exercised during the period	**-**	**-**	14.29p	(146,965)
Granted during the period	**-**	**-**	-	-
Lapsed during the period	**-**	**-**	-	-
Outstanding at the end of the period	**32.5p**	**2,200,000**	32.5p	2,415,000

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 is £0.1232.

The total expense recognised for the period arising from share based payments in respect of employees was £nil (2008: £27,000).

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 weighted average share price at the date of exercise of share options exercised during the period was 20.00p (2008: 20.00p).

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

	Weighted average exercise price 2009	**Number of options 2009**	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the period	37.97p	2,865,000	36.95p	3,032,233
Forfeited during the period	32.46p	(430,000)	-	-
Exercised during the period	20.00p	(325,000)	20.00p	(100,000)
Granted during the period	-	-	-	-
Lapsed during the period	62.50p	(50,000)	25.94p	(67,233)
Outstanding at the end of the period	**41.86p**	**2,060,000**	37.97p	2,865,000

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 is £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 is £0.2499.

The total expenses recognised for the period arising from share based payments in respect of franchisees was £nil (2008: £44,000).

17. SHARE CAPITAL

Share capital - Group and Company

	Ordinary shares 2009	Ordinary shares 2008
In thousands of shares		
On issue at 31 March 2008	**44,993**	44,747
Issued for cash	**-**	246
On issue at 31 March 2009 – fully paid	**44,993**	44,993
Shares held in Treasury by the Company	**(644)**	(200)
Shares on the market	**44,349**	44,793

Authorised		
66,999,370 (2008: 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 (2008: 44,993,465 ordinary shares of £0.01 each	**450**	450
63 deferred shares of £0.10 each	**-**	-
	450	450

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 purchased 768,702 £0.01 ordinary shares, to be held in Treasury, for a consideration of £263,000 an average of 34.14p per share. In the prior year the Company purchased 200,000 £0.01 ordinary shares, to be held in treasury, for a consideration of £82,000 an average of 41p per share.

The third party option over 325,000 shares exercised in the period was satisfied from Treasury Shares for a consideration of £65,000 (20p per share). In the prior 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 32.5p.

The total cost of treasury shares held at 31 March 2009 was £280,000 (2008: £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 28.81 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.

17. SHARE CAPITAL (CONTINUED)

Dividends

	2009 £000	2008 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that yea	**896**	850
Interim dividends paid in respect of the current year	**468**	450
Total dividend paid in the year	**1,364**	1,300

After the balance sheet date dividends of £931,000, 2.10p per qualifying ordinary share (2008: £896,000/2.00p per qualifying ordinary share) were proposed by the Directors. The dividends have not been provided for.

Special Dividend

The Directors are declaring a Special dividend of 2.00p per qualifying ordinary share, amounting to £887,000, payable on 26 June 2009 to shareholders on the register as at 12 June 2009.

18. FINANCIAL INSTRUMENTS

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

The Group's policy during the financial year ended 31 March 2009 and 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.

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 franchisees as shown below.

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

	31 March 2009 Gross £000	31 March 2009 Impairment £000	31 March 2008 Gross £000	31 March 2008 Impairment £000
Not past due	**2,185**	**-**	2,359	-
Past due 0 – 30 days	**426**	**-**	390	-
Past due 31 – 90 days	**290**	**-**	187	-
Past due 90 days and over	**834**	**(389)**	641	(161)
	3,735	**(389)**	3,577	(161)

18. FINANCIAL INSTRUMENTS (CONTINUED)

Impairment

	£000
Balance at 3 April 2007	168
Impairment loss recognised	(151)
Increase in impairment allowance	144
Balance at 31 March 2008	161
Impairment loss recognised	(185)
Increase in impairment allowance	413
Balance at 31 March 2009	**389**

Company

The Company did not have either trade receivables or other receivables 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.

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

31 March 2009

	Carrying amount £'000	**Contractual cash flows £'000**	**6 months or less £'000**	**6-12 months £000**	**1-2 years £000**	**2-5 years £000**	**5 years £000**
Finance lease liabilities	1,578	1,678	361	396	719	202	-
Trade and other payables	3,108	3,108	3,108	-	-	-	-
	4,686	**4,786**	**3,469**	**396**	**719**	**202**	**-**

31 March 2008

	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6-12 months £000	1-2 years £000	2-5 years £000	5 years £000
Finance lease liabilities	2,417	2,625	476	436	792	921	-
Trade and other payables	3,035	3,035	3,035	-	-	-	-
	5,452	5,660	3,511	436	792	921	-

18. 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 %	**2009 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	**3.36%**	**3,131**	**3,131**	**-**	**-**	**-**
Finance lease liabilities*	**5.96%**	**1,578**	**689**	**688**	**201**	**-**
		4,709	**3,820**	**688**	**201**	**-**

	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	-

* 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 %	**2009 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	**3.77%**	**1,091**	**1,091**	**-**	**-**	**-**

	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	-	-	-

18. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (continued).

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

	Group Carrying amount 2009 £000	Group Carrying amount 2008 £000	**Company Carrying amount 2009 £000**	Company Carrying amount 2008 £000
Variable rate instruments				
Cash	**3,131**	3,307	**1,091**	898
Other receivables from franchises	**504**	898	**-**	-
	3,635	4,205	**1,091**	898

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**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Group	**36**	42	**(36)**	(42)
Company	**11**	9	**(11)**	(9)

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 2009		31 March 2008	
	Euro £000	**GBP £000**	Euro £000	GBP £000
Trade receivables and prepayments	**268**	**3,164**	133	2,791
Cash and cash equivalents	**187**	**3,204**	210	3,292
Trade payables	**(20)**	**(1,866)**	(24)	(1,735)
	435	**4,502**	319	4,348

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 2009, 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 £5,000 (2008: £4,000) with an equal adjustment to equity.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

	Carrying amount 2009 £000	**Fair value 2009 £000**	Carrying amount 2008 £000	Fair value 2008 £000
Trade receivables	**3,083**	**3,083**	2,888	2,888
Other receivables from franchises	**464**	**464**	772	772
Cash	**3,391**	**3,391**	3,502	3,502
Trade payables	**(1,887)**	**(1,887)**	(1,759)	(1,759)
Finance lease liability	**(1,578)**	**(1,742)**	(2,417)	(2,772)
Net exposure	**3,474**	**3,310**	2,986	2,631

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 payables 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 of interest at the reporting date. The market rate of interest for finance leases is determined by reference to similar lease agreements.

19. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

		Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Plant and machinery	Less than one year	**5**	22	**-**	-
	Between one and five years	**1**	6	**-**	-
Land and buildings	Less than one year	**307**	227	**-**	-
	Between one and five years	**884**	677	**-**	-
	More than five years	**190**	120	**-**	-
		1,387	1,052	**-**	-

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

Group

During the year £317,000 (2008: £257,000) was recognised as an expense in the income statement in respect of operating leases.

20. CAPITAL COMMITMENTS

Group and Company

The Group and Company have no commitments to incur capital expenditure at the year end (2008:£nil).

21. CONTINGENCIES

Group

The Group no longer have guaranteed loans made by the Royal Bank of Scotland plc to Franchisees. As at 31 March 2009 the loans totalled £Nil (2008: £6,000).

Company

The Company has no contingencies at the year end (2008: £Nil).

22. RELATED PARTIES

The Company receives dividends from its subsidiary Printing.com Europe Limited. In the year ended 31 March 2009 a £2,000,000 dividend was received (2008: £1,763,000). Total sales to subsidiary undertakings were £Nil (2008: £Nil) and total expenses incurred from subsidiary undertakings were £Nil (2008: £Nil) The amounts outstanding at the year-end from subsidiary undertakings are shown in note 12.

Transactions with key management personnel

Directors of the Company control 26.52 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 30 to 32 and note 5.

23. ACCOUNTING ESTIMATES AND JUDGEMENTS

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. In estimating the bad debt provision management will consider the level of debt over 90 days overdue, agreement and compliance with payment plans and the ability to offset the risk against related payables and the territory franchise.

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.

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 2008 were maintained. A detailed assessment of option holders ability to meet non-market based considerations is performed at each balance sheet date. See note 16 for further details.

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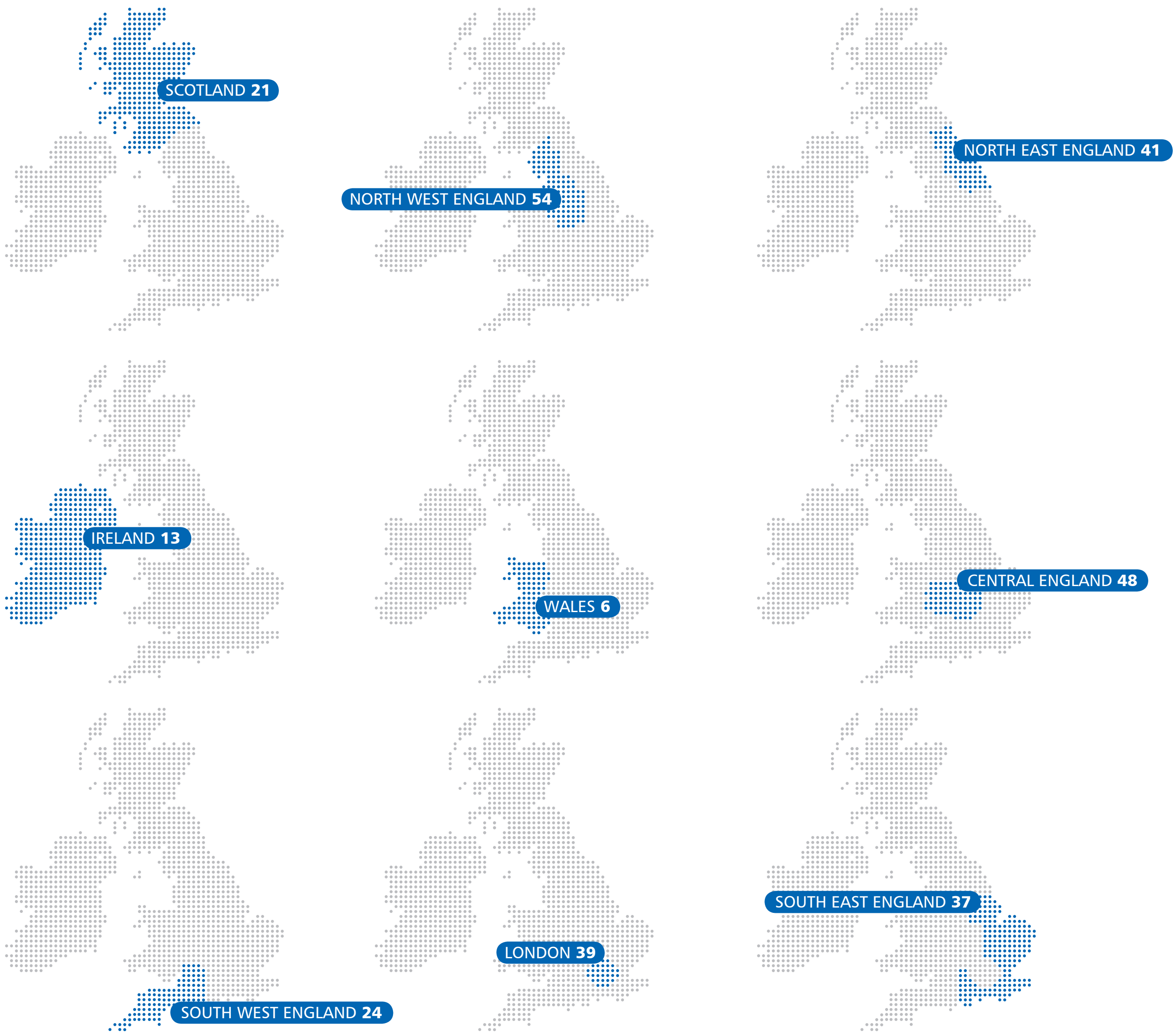

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