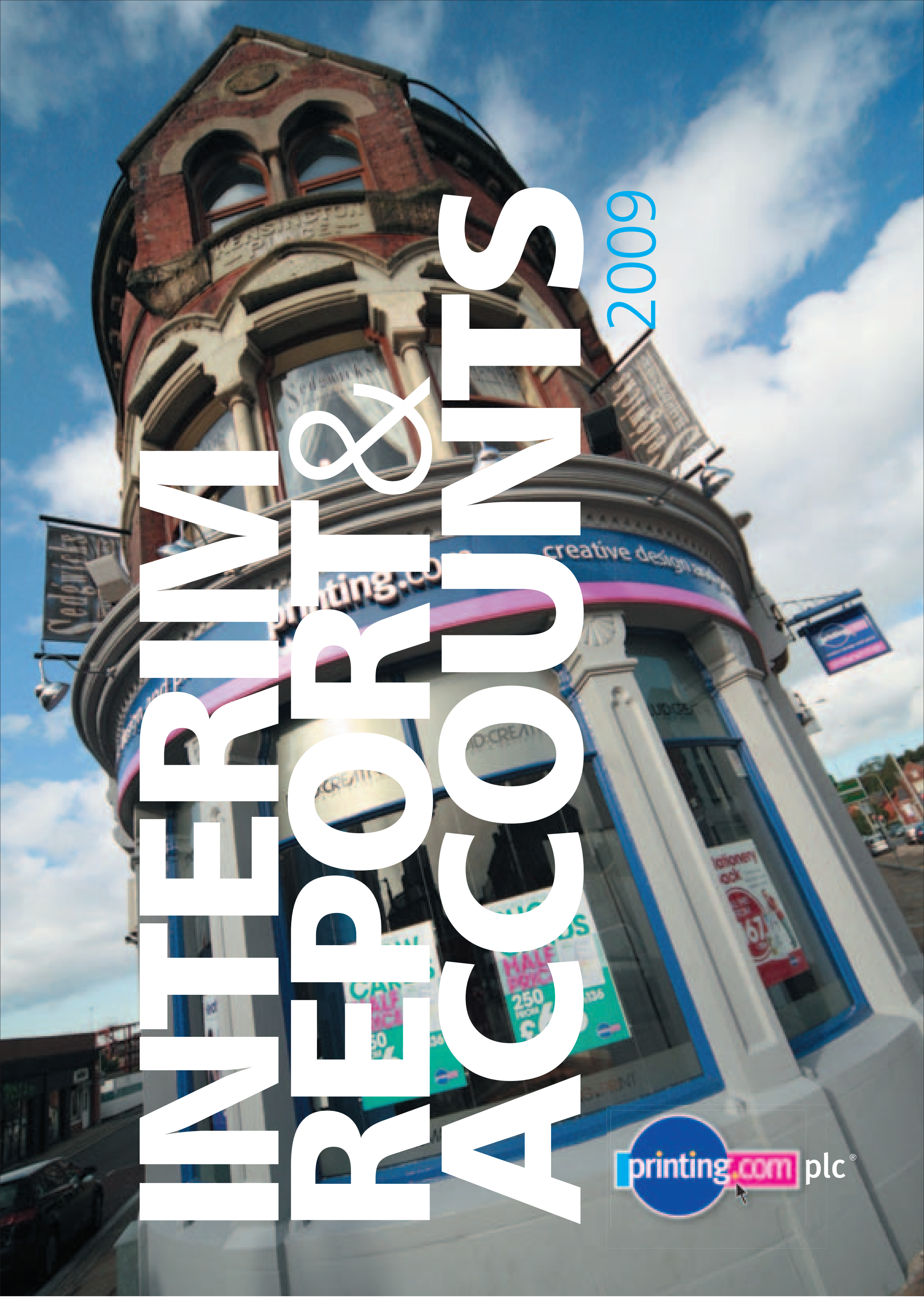
INTERIM REPORT & ACCOUNTS 2009



printing.com plc®


PLATE RELEASE CHECKS
MAGENTA

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

TRADING RESULTS, CASH AND DIVIDEND

During the Interim Period, covering the 6 months ended 30 September 2009, your Company recorded a Pre Tax Profit of **£0.87m** (2008: £1.02m); a decrease of £0.15m.

Of this decrease, £0.10m reflects some erosion of operational margin, attributable to increased discounting and promotional activity and a drop in financial income of £0.05m, due to lower interest rates and deposit balances.

Total Retail Sales (TRS), the measure that we believe best indicates transactional volumes, increased marginally by **0.1% to £13.18m** (2008: £13.17m). Turnover decreased by **0.7%** to **£7.13m** (2008: £7.18m).

Aside from the Final Dividend totalling £0.93m (paid 23 July) your Board elected to return additional funds to shareholders by means of a Special Dividend, totalling £0.89m (paid 26 June). This additional return of funds is reflected in the Company's lower net assets and cash balances.

At 30 September, the Company had cash-in-hand of **£1.79m** (2008; £2.94m). Cash generated by operating activities was **£0.99m** (2008: £1.19m). During the Period working capital increased by £0.25m, the Company paid dividends of **£1.82m** (2008: £0.89m) and made capital expenditure of **£0.40m** (2008: £0.29m), principally being the ongoing investment in its Flyerlink software. Net funds at the close of the period were **£0.58m** (2008: £0.95m).

The Directors are declaring an Interim Dividend of **1.05p** per share to be paid on 11 December 2009 to shareholders on the register at 20 November 2009.

CURRENT TRADING

Post the last update, trading has followed a similar pattern, however it remains at a level slightly below that of the previous year.

ESTATE DEVELOPMENT

Notwithstanding the difficult trading conditions, during the period, your Company was able to record a net increase of seven outlets, across the UK and Ireland.

Overall, our objective remains the expansion of the network to a level in excess of 300 outlets by the close of the current fiscal year.

	30 September 2009	**30 September 2008**	31 March 2009
Company owned Stores	**7**	**6**	7
Territory Franchise Stores	**32**	**37**	35
Bolt-on & Boutique Franchises	**251**	**228**	241
Total Outlets open and pending	**290**	**271**	283

LIKE FOR LIKE

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

Reflecting the more challenging trading conditions, like for like growth proved negative during the interim period **(2.47)%** versus growth of 16.3% for the similar period last year.

INTERNATIONAL DEVELOPMENT

Printing.com's New Zealand Master Licence partner continues to make progress albeit the limited population of the country ultimately puts a constraint on the earning potential. Our US partners, following on from their launch earlier this year, continue with their endeavours to establish Printing.com across Florida and Georgia. We remain optimistic for the potential of the Printing.com concept throughout the wider USA.

Your Company previously reported its intention to establish two directly owned outlets in France. Premises for the first outlet are on the cusp of being secured with an anticipated launch in early 2010. Across the French network, whilst still at an early stage, encouraging trading patterns continue to be established and we remain optimistic for further progress.

By mutual agreement, the Company's Master Licence in Iceland has been terminated.

NETWORK PARTNERS AND WEBSITES

These initiatives were centred on the logic for supplying additional printed products (pens, work apparel and promotional merchandise) supplied by third party producers, along with enterprise level websites.

Over the Interim Period, both of these offerings have been enhanced, additional training delivered and rolled out across the Printing.com UK network. Having made this investment, we remain optimistic that moving forward these initiatives will make a modest yet worthwhile contribution.

OUTLOOK

At the outset of the current financial year, certain forecasts suggested a return to economic growth in the UK by this juncture; recent data suggests that this has not been the case. In common with wider economic indicators, the Company's Franchisees continue to report a cautious market sentiment.

To counteract these difficult conditions, the Printing.com offering has been enhanced by more potent promotional pricing. Whilst operational efficiencies have mitigated the full impact of this strategy, some erosion of operational margin has, and continues to be, encountered.

Whilst conditions remain challenging, it is without doubt that the Printing.com model is faring better than the printing sector at large and is, to the best of our knowledge, the only printing franchise to report a growth in its estate of late. Also the confidence to pay an additional Special Dividend (during the Interim Period), coupled with your Company's absence of net debt and continued cash generation, highlights the robustness of the Printing.com business model.

Accordingly, it is appropriate for us to remain cautious in the short term but to reiterate the previous sentiment, we believe that, as and when the economic situation across the UK and Ireland improves, Printing.com will be well placed to capitalise on its position.

George Hardie
Chairman
10 November 2009

Tony Rafferty
Chief Executive
10 November 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Note	**Unaudited Six months to 30 September 2009 £000**	Unaudited Six months to 30 September 2008 £000	Year ended 31 March 2009 £000
Revenue		**7,131**	7,177	14,468
Changes in stocks of finished goods		**8**	11	1
Raw materials and consumables used		**(2,417)**	(2,377)	(4,727)
Gross profit		**4,722**	4,811	9,742
Staff costs		**(1,866)**	(1,882)	(3,598)
Other operating charges		**(1,300)**	(1,289)	(2,877)
Depreciation and amortisation		**(684)**	(669)	(1,334)
Operating profit		**872**	971	1,933
Financial income		**37**	110	238
Financial expenses		**(39)**	(61)	(108)
Net financing (expense)/ income		**(2)**	49	130
Profit before tax		**870**	1,020	2,063
Taxation	4	**(244)**	(303)	(603)
Profit for the period		**626**	717	1,460
Other comprehensive income for the period		–	–	–
Total comprehensive income for the period		**626**	717	1,460
Basic earnings per share	5	1.41p	1.61p	3.28p
Diluted earnings per share	5	1.41p	1.59p	3.27p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Unaudited 30 September 2009 £000	Unaudited 30 September 2008 £000	31 March 2009 £000
Non-current assets			
Property, plant and equipment	**4,044**	4,759	4,328
Intangible assets	**1,279**	1,213	1,283
Deferred tax assets	**2**	25	2
Other receivables	**192**	355	253
Total non-current assets	**5,517**	6,352	5,866
Current assets			
Inventories	**128**	120	110
Trade and other receivables	**3,715**	3,476	3,313
Cash and cash equivalents	**1,786**	2,937	3,391
Total current assets	**5,629**	6,533	6,814
Total assets	**11,146**	12,885	12,680
Current liabilities			
Other interest-bearing loans and borrowings	**(679)**	(727)	(689)
Trade and other payables	**(2,291)**	(2,005)	(1,887)
Current tax payable	**(273)**	(311)	(370)
Accruals and deferred income	**(834)**	(968)	(1,057)
Other liabilities	**(95)**	(151)	(165)
Total current liabilities	**(4,172)**	(4,162)	(4,168)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(531)**	(1,256)	(889)
Deferred tax liabilities	**(577)**	(678)	(557)
Total non-current liabilities	**(1,108)**	(1,934)	(1,446)
Total liabilities	**(5,280)**	(6,096)	(5,614)
Net assets	**5,866**	6,789	7,066
Equity			
Share capital	**450**	450	450
Share premium	**3,881**	3,871	3,881
Merger reserve	**211**	211	211
Retained earnings	**1,324**	2,257	2,524
Total equity	**5,866**	6,789	7,066

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total £000
Opening shareholders' funds at 1 April 2008	450	3,871	211	2,626	7,158
Profit for the period	–	–	–	717	717
Dividends paid	–	–	–	(892)	(892)
Total recognised income and (expense)	–	–	–	(175)	(175)
Equity settled share based payments	–	–	–	(2)	(2)
Own shares acquired	–	–	–	(257)	(257)
Shares issued from Treasury	–	–	–	65	65
Total movement in shareholders' funds	–	–	–	(369)	(369)
Closing shareholders' funds at 30 September 2008	**450**	**3,871**	**211**	**2,257**	**6,789**
Opening shareholders' funds at 1 October 2008	450	3,871	211	2,257	6,789
Profit for the period	–	–	–	743	743
Dividends paid	–	–	–	(472)	(472)
Total recognised income and (expense)	–	–	–	271	271
Equity settled share based payments	–	–	–	2	2
Own shares acquired	–	–	–	(6)	(6)
Shares issued	–	10	–	–	10
Total movement in shareholders' funds	–	–	–	267	277
Closing shareholders' funds at 31 March 2009	**450**	**3,881**	**211**	**2,524**	**7,066**
Opening shareholders' funds at 1 April 2009	450	3,881	211	2,524	7,066
Profit for the period	–	–	–	627	627
Dividends paid	–	–	–	(1,818)	(1,818)
Total recognised income and (expense)	–	–	–	(1,191)	(1,191)
Foreign Exchange Differences	–	–	–	(9)	(9)
Total movement in shareholders' funds	–	–	–	(1,200)	(1,200)
Closing shareholders' funds at 30 September 2009	**450**	**3,871**	**211**	**1,334**	**5,866**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Unaudited Six months to 30 September 2009 £000	Unaudited Six months to 30 September 2008 £000	Year ended 31 March 2009 £000
Cash flows from operating acivities			
Profit for the year	**626**	717	1,460
Adjustments for:			
Depreciation, amortisation and impairment	**684**	669	1,334
Financial income	**(37)**	(110)	(238)
Financial expense	**39**	61	108
Exchange gain	**–**	–	61
Gain on sale of property, plant and equipment	**–**	–	2
Taxation	**244**	303	603
Operating profit before changes in working capital and provisions	**1,556**	1,640	3,330
(Increase)/ decrease in trade and other receivables	**(342)**	(151)	114
Increase in inventories	**(18)**	(11)	(1)
Increase in trade and other payables	**111**	89	76
Cash generated from the operations	**1,307**	1,567	3,519
Tax paid	**(321)**	(376)	(715)
Net cash inflow from operating activities	**986**	1,191	2,804
Cash flows from investing activities			
Interest received	**37**	110	177
Acquisition of property, plant and equipment	**(197)**	(40)	(70)
Capitalised development expenditure	**(199)**	(247)	(522)
Sale of property, plant and equipment	**–**	–	9
Net cash outflow from investing activities	**(359)**	(177)	(406)
Cash flows from financing activities			
Proceeds from the issue of share capital	**–**	65	65
Purchase of own shares	–	(257)	(263)
Interest paid	**(38)**	(61)	(108)
Payment of finance lease liabilities	**(368)**	(434)	(839)
Advances on finance leases	**–**	–	–
Payment of equity dividend	**(1,818)**	(892)	(1,364)
Net cash outflow from financing activities	**(2,224)**	(1,579)	(2,509)
Net decrease in cash and cash equivalents	**(1,597)**	(565)	(111)
Exchange differences on cash and cash equivalents	**(8)**	–	–
Cash and cash equivalents at start of period	**3,391**	3,502	3,502
Cash and cash equivalents at end of period	**1,786**	2,937	3,391

NOTES (forming part of the interim financial statements)

1. BASIS OF PREPARATION

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

The Group financial statements are authorised for issue by the Board of Directors on 10 November 2009. European Union law (EULAW) (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS). The financial statements have been prepared on the basis of the recognition and measurement requirements of EU-IFRS that are endorsed by the EU and effective at 30 September 2009.

These financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 March 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2009.

a) DETERMINATION AND PRESENTATION OF OPERATING SEGMENTS

As of 1 April 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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

b) PRESENTATION OF FINANCIAL STATEMENTS

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 April 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 30 September 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3. SEGMENTAL ANALYSIS

In adopting IFRS 8 – Operating Segments for the first time, the Group has disclosed two reportable segments, being Printing services and Franchise income. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the CEO, which reviews revenues by segment, but margin, operating costs and assets at a consolidated level.

	Printing services £000	**Franchise Income £000**	**Total £000**
Period ended 30 September 2008			
Segment revenues	6,672	505	7,177
Operating expenses			(6,206)
Results from operating activities			971
Net finance costs			49
Profit before tax			1,020
Tax			(303)
Profit for the period			**717**
Assets			
Unallocated assets			6,789

3. SEGMENTAL ANALYSIS (CONTINUED)

	Printing services £000	Franchise Income £000	Total £000
Period ended 30 September 2009			
Segment revenues	6,620	511	7,131
Operating expenses			(6,259)
Results from operating activities			872
Net finance costs			(2)
Profit before tax			870
Tax			(244)
Profit for the period			**626**
Assets			
Unallocated assets			5,866

4. TAXATION

The tax charge is based on the base tax rate of 28% (six month period ended 30 September 2008: 29.7%).

5. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue, being 44,349,763 (period ended 30 September 2008:44,597,883; year ended 31 March 2009: 44,485,293).

The diluted earnings per share takes the weighted average number of ordinary shares in issue during the period and adjusts this for dilutive impact of share options existing at the period end. The diluted weighted average number of shares in the period ended 30 September 2009 was 44,529,385 (period ended 30 September 2008: 45,148,821; year ended 31March 2009: 44,701,623). The profit used in the diluted earnings per share is based on profit after taxation.

INDEPENDENT REVIEW REPORT TO PRINTING.COM PLC

INTRODUCTION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2009 which comprises Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Shareholders' equity, the Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

DIRECTORS' RESPONSIBILITIES

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

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

OUR RESPONSIBILITY

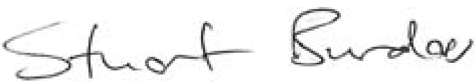
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.



Stuart Burdass
for and on behalf of KPMG Audit Plc
Chartered Accountants
St James' Square
Manchester, M2 6DS
10 November 2009

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