FINDEL PLC

29 November 2007

Findel plc ("Findel" or "the Group")

Interim Results for the six months ended 30th September 2007

Findel plc, one of the UK's leading Home Shopping and Educational Supplies businesses, today announces its Interim Results for the six months ended 30th September 2007.

Business Highlights

- Record first half of year in sales and profit
- Home Shopping Internet sales account for over 50% of divisional sales
- Strong performance from the established Home Shopping credit business
- Development of Findel Direct, benefiting from successful integration of acquired businesses
- Educational Supplies successful focus on improved service and product innovation
- Strong sales performance continues in first 34 weeks

Financial Highlights

- Sales up 33% to £298.3m (2006: £224.9m)
- Benchmark* Profit before Tax up 107% to £8.5m (2006: £4.1m)
- Profit before Tax of £2.5m (2006: loss of £23.0m)
- Group benchmark * operating margins strengthened to 6.5% (2006: 5.4%)
- Benchmark* earnings per share up 139% to 8.6p (2006: 3.6p)
- Earnings per share of 3.5p (2006: loss per share of 19.5p)
- Interim dividend up 12% at 4.70p (2006: 4.20p)
- Renewed five year banking facilities on improved terms

Keith Chapman, Chairman of Findel plc said:

"We are pleased with the Group's strong first half, achieving record sales and profit. Progress has been driven in Home Shopping with a strong performance from our long established credit business and through the integration and growth of Findel Direct. We have also seen excellent growth of sales via the internet, which now account for over 50% of divisional sales. In Educational Supplies we have focussed on doing the basics right and achieved growth despite challenging market conditions, and in Healthcare we have maximised the revenue from our existing contracts.

I believe that the recent acquisitions we have made have exciting prospects as part of the larger Findel Group and will deliver material shareholder value. I firmly believe that the Group is in the right place at the right time. We have no exposure to the high street and our home shopping retail business is balanced by a blue chip educational business. We have a strong and growing credit business, we have developed an exciting cash with order business and we have established a major, growing, presence on the internet. We continue to be excited by the prospects for the Group and I look forward to a successful outcome to the year."

- Ends -

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Chairman's Statement

The Board is pleased to report today record sales and benchmark* profit for the first six months of the financial year, while having delivered on our plans within our core markets. Progress has been driven in Home Shopping with a strong performance from our long established credit business, through the integration and growth of Findel Direct and with the growth of sales via the internet, which now account for over 50% of divisional sales. In Educational Supplies we have focussed on doing the basics right and achieved growth despite challenging market conditions, and in Healthcare we maximised the revenue from our existing contracts.

Financial Results

In the period, sales increased by 33% to £298.3m (2006: £224.9m) and benchmark* operating profit increased by 60% to £19.3m (2006: £12.1m). Benchmark* operating margins improved to 6.5% (2006: 5.4%) reflecting the more efficient utilisation of Group assets following the integration of last year's acquisitions. The Group achieved a benchmark* profit before tax in the first six months of £8.5m (2006: £4.1m), a 107% increase on the same period last year. The statutory result for the period was a profit before taxation of £2.5m (2006: loss of £23.0m). The principal difference between the benchmark* and statutory result is exceptional costs (£4.8m) which related to the previously reported integration of acquisitions made in the last financial year together with amortisation of intangible assets (£1.1m). Net finance costs rose to £10.9m (2006: £7.9m) reflecting increased borrowings to finance acquisitions and an increase in overall lending rates.

On 2nd October 2007 we announced that we had renewed our revolving credit facility for the next five years on much improved terms both in respect of interest margins and covenants. The facility increased from £200m to £250m and was oversubscribed by participating banks.

In addition to this funding, we operate a securitisation programme of £105m. This facility operates in a sector of the market which has no exposure to the US sub-prime mortgage market and has an equal standby liquidity facility through HSBC.

Dividend

The directors have declared an interim dividend of 4.70p (2006: 4.20p), an increase of 12% over last year. The interim dividend will be paid on 11th January 2008 to shareholders on the register on 14th December 2007, with an ex-dividend date of 12th December 2007.

Trading

Home Shopping

Divisional sales in the first half were 59% higher at £176.5m (2006: £111.3m). Like for like sales were 9% ahead of the same period last year. Benchmark* operating profit increased by 51% to £8.6m (2006: £5.7m). Historically, at this time most of our Christmas sales have been booked and I am pleased to report that product sales in our long established credit business in the first 34 weeks to 23rd November 2007 are 7% ahead of the same period last year.

The division now has three main components: credit, cash with order and network marketing which all share a common infrastructure.

The credit business has again turned in a very strong performance. Product sales are up 11% with overall sales up 9% as financial services income follows product sales. Customer retention rates remain strong at 70%. Bad debt remains under control and within budget. Over 35% of orders are now taken over the internet. The customer base for our credit business now stands at over 1.53m.

These results have been achieved against a background of significant integration activity in the whole division. We were keen to act quickly to achieve the synergies we had identified in order to fully benefit from them in the financial year 2008/9. This integration process has been completed to plan and we are now seeing the ongoing benefits. The biggest challenge during the integration process was Kleeneze. We acquired the business at a time when its sales and distributor numbers were falling through underinvestment and poor service. We immediately conducted a thorough review of its cost structure, not only to address the fall in revenues but also to position it for future growth. Our review identified tremendous potential in this business. In order to realise this we had to move the entire operation from Bristol to Accrington. With very few key staff prepared to make the move and a demanding customer base who wanted results from us immediately it was always going to be a difficult exercise. That we achieved it in time is a credit to our entire management team and the business is now positioned for growth.

Findel Direct has a dedicated management team who control all our cash with order businesses and are responsible for the 1m customers who have actively traded in that business this year. However although the majority of common functions have been centralised, brand integrity remains firmly with customer facing management.

Among the brands Findel Direct controls: Letterbox, IWOOT, Kitbag, Cotswold and Confetti, all attract the majority of their sales on the internet. Indeed, as a whole, our Home Shopping Division now attracts over 50% of its sales over the internet. In October the division had over 5.7m visits to our sites and was ranked in the top 10 online UK retailers.

In recruitment, marketing, brand and product promotion, we are planning to make much greater use of the internet. We now have over 2.5m customers in the Home Shopping division and a very strong product offering that we can now really promote. We have an exciting opportunity for cross promotion between brands and in due course we intend utilising our financial services expertise with this customer base.

Further indication of our progress on the internet is being demonstrated by Kitbag. Kitbag is already the definitive internet site for football but we intend to develop it as a strong generic brand for all sport. To that end, Kitbag has announced two new contracts today to provide e-commerce sites. The first is with the English Cricket Board and the second with Formula One. Both organisations will have online stores designed, developed and managed by Kitbag. Formula One in particular has significant global on-line traffic with over 20m unique visits a year to its web site.

Healthcare

Divisional sales in the first half were 7% higher at £26.8m (2006: £25.1m). There was a small operating loss of £0.4m (2006: profit of £1.1m) reflecting a number of one off charges. In the first 34 weeks to 23rd November 2007 sales are 8% ahead of the same period last year.

The largest market in our Healthcare division is running Integrated Community Equipment Supply contracts for Primary Care Trusts ("PCTs") and local authorities. This is a market that is likely to undergo some change in the short to medium term as the Government is undertaking a review of the way in which patients are provided with support and services on hospital discharge. Two pilot projects are being run in Cheshire and Oldham and will be completed in the first quarter of 2008. We are closely involved with the Government sponsored working parties and are actively assisting them with a commercial view of how the industry should operate in the future.

Against this background no new tenders are being placed and so this year our focus is on maximising the revenue from our existing contracts through increased sales and contract extensions. To that end we have successfully negotiated contract extensions with a value of over £27m with South Gloucestershire, Dorset, Lincolnshire, Warwickshire and Surrey.

Our wheelchair services business, NRS Mobility Care, is performing ahead of our expectations and has recently won a contract to provide services to Heywood, Middleton and Rochdale PCTs with a number of further tender opportunities in the pipeline.

The Primary Care business has been re-launched with a new catalogue and fully transactional website. Product innovation is a key focus in this business and we were pleased to have been recently awarded first prize in the Independent Living Design Award for 2007.

Educational Supplies

Divisional sales in the first half were 8% higher at £95.1m (2006: £88.4m). Benchmark* operating profit increased by 129% to £11.2m (2006: £4.9m). Sales have continued this upward trend and in the first 34 weeks to 23rd November 2007 are 7% ahead of the same period last year.

This is a very strong performance in a flat trading environment where The British Educational Supplies Association reports that over 50% of its members are suffering falling sales.

Our strategy, which focuses on product innovation and the provision of premium service for our customers, is paying dividends and we are gaining profitable market share. The main drivers of growth have been the curricular brands within primary schools and all sports offerings, the very areas where the government has recently announced substantial additional funding. With our strong brand representation in these areas we confidently predict continued growth, in particular in sport which will continue to be a key focus in the run up to the 2012 Olympics.

Online sales for the Education division have grown to £5m, a strong improvement but still a modest proportion of the division's total. We continue to invest in this efficient method which we believe will be central to the provision of Educational supplies in the future.

Internationally we have continued to make progress and have secured business with a number of foreign Ministries of Education, both on turnkey solutions working with local suppliers on sustainable projects, and on product specific bids fulfilling an international requirement. Three new contracts have been awarded which together will account for over £16m of sales to be delivered over the next 3 years.

Following the extensive reorganisation 18 months ago, this division has focussed on the basics of innovative product development and the provision of good reliable service. An indication of our success with this strategy is that service levels today are consistently over 95%, which is optimal for a business of this nature. In a market where funding remains difficult it is essential that we develop the right product, we produce it at a competitive price and we provide all round top quality service. By supporting our industry leading brands in this way we will continue to profitably grow market share. It is also worth remembering that we are the largest operator by far in a highly fragmented market and as such the natural consolidator within that market. As we have demonstrated in the past we will seek to boost organic growth with acquisitions where we can see value added opportunities for our shareholders.

Prospects
I believe that the acquisitions that we have made over the last 12 months will significantly enhance shareholder value. I am confident that we bought well. We acquired fundamentally good businesses some of which were in distressed situations, but all of them are businesses that will benefit from being in the Findel portfolio and add to strong organic growth.

I firmly believe that Findel is in the right place at the right time. We have no exposure to the high street. Home shopping retail is balanced by a blue chip educational business. We have a strong and growing credit business, we have developed an exciting cash with order business and we have a major presence on the internet. We continue to be excited by the prospects for the Group and look forward to a successful outcome for the full year.

K Chapman
Chairman
29 November 2007

** Benchmark results are defined as being before the results of businesses sold or terminated in the period, amortisation of acquired intangibles, net restructuring charges and other one off exceptional items, profits and losses on sale of investments, profits and losses on sales of businesses, share option expenses and net fair value remeasurement adjustments to financial instruments.*

Condensed Financial Statements

Condensed Income Statement

	Notes	**6 months to 30 Sept 2007 Unaudited £000**	6 months to 30 Sept 2006 Unaudited £000	Year to 31 March 2007 Audited £000
Revenue	**3**			
From ongoing businesses		**298,295**	224,855	555,424
From terminated businesses		**-**	3,842	31,354
		298,295	228,697	586,778
Cost of sales		**(154,284)**	(124,356)	(304,067)
Gross profit		**144,011**	104,341	282,711
Trading costs		**(124,624)**	(94,929)	(216,446)
Share of result of associate		**(88)**	315	990
Amortisation of intangible assets		**(1,133)**	(519)	(1,637)
Negative goodwill arising on acquisitions in the period		**246**	-	7,787
Exceptional items	**4**	**(4,833)**	(7,851)	(18,775)
Loss on disposal of businesses		**-**	(16,350)	(19,496)
Share-based payment expense		**(197)**	(113)	(309)
Operating profit/(loss)	**3**	**13,382**	(15,106)	34,825
Finance income		**3,292**	3,045	6,966
Finance costs		**(14,154)**	(10,930)	(24,332)
Profit/(loss) before tax				
Benchmark		**8,476**	4,107	56,038
Losses from terminated businesses		**-**	(2,162)	(6,066)
Amortisation of intangible assets		**(1,133)**	(519)	(1,637)
Negative goodwill arising on acquisitions in the period		**246**	-	7,787
Exceptional items		**(4,833)**	(7,851)	(18,775)
Loss on disposal of businesses		**-**	(16,350)	(19,496)
Share-based payment expense		**(197)**	(113)	(309)
Derivative remeasurements		**(39)**	(103)	(83)
Total profit/(loss) before tax		**2,520**	(22,991)	17,459
Profit/(loss) before tax		**2,520**	(22,991)	17,459
Income tax credit/(expense)	**5**	**428**	6,536	(1,393)
Profit/(loss) for the period		**2,948**	(16,455)	16,066
Attributable to:				
Equity holders of the parent		**2,948**	(16,354)	16,198
Minority interest		**-**	(101)	(132)
		2,948	(16,455)	16,066
Earnings per share	**6**			
Basic		**3.52p**	(19.53)p	19.33p
Benchmark		**8.56p**	3.60p	50.17p
Diluted		**3.46p**	(19.28)p	19.09p

All results relate to continuing operations

Condensed Statement of Recognised Income and Expense

	6 months to 30 Sept 2007 Unaudited £000	6 months to 30 Sept 2006 Unaudited £000	Year to 31 March 2007 Audited £000
Currency translation differences	**(197)**	(391)	(663)
Net expense recognised directly in equity	**(197)**	(391)	(663)
Profit/(loss) for the period	**2,948**	(16,455)	16,066
Total recognised income and expense for the period	**2,751**	(16,846)	15,403
Attributable to:			
Equity holders of the parent	**2,751**	(16,745)	15,535
Minority interest	**-**	(101)	(132)
	2,751	(16,846)	15,403

Condensed Balance Sheet

	Notes	30 Sept 2007 Unaudited £000	30 Sept 2006 Unaudited £000	31 March 2007 Audited £000 (Restated)
ASSETS				
Non-current assets				
Goodwill		**66,152**	51,329	65,290
Other intangible assets		**78,760**	40,935	78,207
Property, plant and equipment		**78,794**	64,293	70,451
Investments in associates		**6,224**	10,639	6,312
		229,930	167,196	220,260
Current assets				
Inventories		**126,225**	94,587	102,008
Trade and other receivables		**289,788**	259,325	247,566
Current tax recoverable		**-**	1,238	-
Derivative financial instruments		**309**	127	274
Cash and cash equivalents		**3,608**	14,275	7,624
		419,930	369,552	357,472
Assets held for resale	**10**	**3,000**	1,100	-
Total assets		**652,860**	537,848	577,732
LIABILITIES				
Current liabilities				
Trade and other payables		**132,146**	116,654	97,837
Current tax liabilities		**4,918**	-	2,227
Obligations under finance leases		**513**	533	522
Bank overdrafts and loans		**46,637**	55,446	33,000
Derivative financial instruments		**202**	-	127
Provisions		**-**	-	1,681
		184,416	172,633	135,394
Non-current liabilities				
Bank loans		**327,402**	244,570	289,211
Obligations under finance leases		**212**	725	464
Deferred tax liabilities		**14,980**	9,215	15,009
Retirement benefit obligation		**13,209**	16,861	14,876
		355,803	271,371	319,560
Total liabilities		**540,219**	444,004	454,954
NET ASSETS		**112,641**	93,844	122,778

Condensed Balance Sheet (continued)

	30 Sept 2007 Unaudited £000	30 Sept 2006 Unaudited £000	31 March 2007 Audited £000 (Restated)
EQUITY			
Capital and reserves			
Share capital	**4,250**	4,248	4,250
Capital reserves	**51,043**	50,591	50,846
Hedging and translation reserves	**(602)**	(132)	(404)
Retained earnings	**57,950**	39,056	68,086
Equity attributable to equity holders of the parent	**112,641**	93,763	122,778
Minority interest	**-**	81	-
Total equity	**112,641**	93,844	122,778

Condensed Cash Flow Statement

	6 months to 30 Sept 2007 Unaudited £000	6 months to 30 Sept 2006 Unaudited £000	Year to 31 March 2007 Audited £000
Operating activities			
Operating profit/(loss)	**13,382**	(15,106)	34,825
Adjustments for:			
Depreciation of property, plant and equipment	**4,776**	4,114	8,384
Amortisation of intangible assets	**1,133**	519	1,637
Negative goodwill arising on acquisitions in the period	**(246)**	-	(7,787)
Loss on disposal of businesses	**-**	16,350	19,496
Share-based payment expense	**197**	113	309
Gain on disposal of property, plant and equipment	**(58)**	(1,198)	(1,188)
Pension contributions less income statement charge	**(1,410)**	(1,022)	(2,843)
Share of result of associate	**88**	(315)	(990)
Operating cash flows before movements in working capital	**17,862**	3,455	51,843
(Increase) in inventories	**(22,711)**	(9,308)	(4,191)
(Increase) in receivables	**(41,281)**	(25,661)	(6,483)
Increase/(decrease) in payables	**31,525**	36,437	(6,229)
Cash generated from operations	**(14,605)**	4,923	34,940
Income taxes recovered/(paid)	**2,527**	1,685	(1,729)
Interest paid	**(12,629)**	(7,614)	(15,751)
Net cash from operating activities	**(24,707)**	(1,006)	17,460
Investing activities			
Interest received	**364**	640	740
Proceeds on disposal of property, plant and equipment	**116**	47	2,183
Purchases of property, plant and equipment	**(10,966)**	(5,952)	(14,131)
Acquisition of subsidiaries	**(7,273)**	(6,336)	(43,221)
Net cash used in investing activities	**(17,759)**	(11,601)	(54,429)
Financing activities			
Dividends paid	**(13,083)**	(11,904)	(15,425)
Repayments of obligations under finance leases	**(261)**	(280)	(518)
Proceeds on issue of shares	**-**	102	165
New bank loans raised	**31,887**	43,000	54,472
Movement on securitisation loan	**3,191**	398	5,039
Net cash from financing activities	**21,734**	31,316	43,733

Condensed Cash Flow Statement (continued)

	6 months to 30 Sept 2007 Unaudited £000	6 months to 30 Sept 2006 Unaudited £000	Year to 31 March 2007 Audited £000
Net (decrease)/increase in cash and cash equivalents	**(20,732)**	18,709	6,764
Cash and cash equivalents at the beginning of the period	**(904)**	(6,798)	(6,798)
Effect of foreign exchange rate changes	**(34)**	(82)	(870)
Cash and cash equivalents at the end of the period	**(21,670)**	11,829	(904)

Notes to the condensed financial statements

1. General Information

The condensed financial statements have been approved by the board, but have not been reviewed or audited by the auditors.

The financial information for the year ended 31 March 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain a statement under either s237(2) or s237(3) of the Companies Act 1985.

Risks and Uncertainties

There are a number of risks and uncertainties that could impact the performance of the Group over the remaining six months of the financial year. These include the following:

The Home Shopping division is significantly impacted by movements in interest rates and the state of the wider consumer credit market. Any adverse movement in interest rates could have a consequent adverse impact on the performance of the Home Shopping division.

The Home Shopping industry is witnessing increased penetration of the market by internet based businesses challenging the historical dominance of catalogue based home shopping businesses. The Home Shopping division has responded to this challenge and is fully e-enabled, leaving it well placed to respond.

The Educational Supplies division is influenced by government spending on Education. Any downward movement in government spending on Education may adversely impact the performance of the Educational Supplies division.

The Healthcare business is reliant on a small number of contracts for substantially all of its revenues. There can be no guarantee that each of the contracts will be successfully renewed when the current contract terms expire. However, the business is the market leader within the industry, and thereby it is well placed to renew its current contracts and successfully bid for any new contracts that are put to tender.

Finally, each of the Group's trading divisions are dependent on third party carriers to distribute the Group's products. The Group employs several carriers so as to spread this risk such that over dependence on a single carrier is avoided to the maximum extent possible.

The Group has a comprehensive system of risk management installed within all parts of its business to mitigate these risks as far as is possible.

Business Seasonality

Sales within the Home Shopping business segment are more heavily weighted towards the second half of the financial year, with approximately 60%-65% of annual sales occurring during that period. As described within the Chairman's statement, Home Shopping sales have increased by 59% during the first half of the financial year.

2. Accounting Policies

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with IAS 34 "Interim Financial Reporting".

The same accounting policies, presentation and methods of computation are followed in the preparation of the condensed financial statements as were applied in the Group's latest annual audited financial statements.

Change in accounting policies

In the current financial year, the Group will adopt IFRS 7 "Financial Instruments: Disclosures" for the first time. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on the half-yearly financial report. Full details of the change will be disclosed in our annual report for the year ended 31 March 2008.

3. Segmental analysis

For management purposes, the Group is currently organised into three operating divisions: Home Shopping, Educational Supplies and Healthcare. These divisions are the basis on which the Group reports its primary segment information.

Previously, the Group reported a fourth business segment: the Services segment. Following the disposal and closure of the larger part of the Services business segment in the prior year, the remaining activities have been incorporated in the Home Shopping business segment.

Segment information about these businesses is presented below.

	6 months to 30 Sept 2007 £000	Ongoing businesses £000	Terminated businesses £000	6 months to 30 Sept 2006 £000
Revenue				
Home Shopping	**176,462**	111,324	3,095	114,419
Educational Supplies	**95,061**	88,433	747	89,180
Healthcare	**26,772**	25,098	-	25,098
	298,295	224,855	3,842	228,697
Result				
Home Shopping	**8,583**	5,742	(2,518)	3,224
Educational Supplies	**11,191**	4,932	144	5,076
Healthcare	**(387)**	1,112	-	1,112
Share of result of associate	**(88)**	315	-	315
	19,299	12,101	(2,374)	9,727
Amortisation of intangible assets	**(1,133)**			(519)
Negative goodwill arising on acquisitions in the period	**246**			-
Exceptional items	**(4,833)**			(7,851)
Loss on disposal of businesses	**-**			(16,350)
Share-based payment expense	**(197)**			(113)
Operating profit/(loss)	**13,382**			(15,106)
Finance income	**3,292**			3,045
Finance costs	**(14,154)**			(10,930)
Profit/(loss) before tax	**2,520**			(22,991)
Income tax credit/(expense)	**428**			6,536
Profit/(loss) after tax	**2,948**			(16,455)

	Ongoing businesses £000	Terminated businesses £000	Year to 31 March 2007 £000
Revenue			
Home Shopping	338,363	29,954	368,317
Educational Supplies	168,224	1,400	169,624
Healthcare	48,837	-	48,837
	555,424	31,354	586,778
Result			
Home Shopping	48,377	(6,193)	42,184
Educational Supplies	22,719	(486)	22,233
Healthcare	1,848	-	1,848
Share of result of associate	990	-	990
	73,934	(6,679)	67,255
Amortisation of intangible assets			(1,637)
Negative goodwill arising on acquisitions in the period			7,787
Exceptional items			(18,775)
Loss on disposal of businesses			(19,496)
Share-based payment expense			(309)
Operating profit			34,825
Finance income			6,966
Finance costs			(24,332)
Profit before tax			17,459
Income tax expense			(1,393)
Profit after tax			16,066

Share of result of associate relates to the Home Shopping business segment. Amortisation of intangible assets relates to the Home Shopping segment (£653,000); Educational Supplies segment (£465,000) and the Healthcare segment (£15,000). Segment information relating to the Exceptional items is discussed in note 4. Share-based payment expenses cannot be allocated to a specific business segment.

After allocation of these items, the segmental results are as follows: Home Shopping, profit of £3,690,000; Educational Supplies, profit of £10,291,000; and Healthcare, loss of £402,000 leaving unallocated expenses of £197,000.

4. Exceptional items

	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Aborted transaction costs	**-**	(1,582)	(1,632)
Warehouse reorganisation costs	**-**	(7,450)	(11,243)
Restructuring costs	**(4,833)**	-	(7,207)
Profit on land sale	**-**	1,181	1,307
	(4,833)	(7,851)	(18,775)

Restructuring costs relate to the Home Shopping business segment (£4,152,000) and the Educational Supplies business segment (£681,000). These costs arise from the ongoing integration of the Group's cash with order division, the initial phase of which commenced in the previous year, and the integration of the Philip & Tacey educational supplies business acquired in April 2007.

5. Taxation

Income tax for the six month period is a credit at 17% of profit before tax. This reflects a one off credit to the income statement arising as a result of the revaluation of the Group's deferred tax liability. This follows from a change to the main rate of corporation tax applicable from 30% to 28% effective from April 2008 and announced in the Budget 2007 and is based on the estimated effective tax rate for the full year.

6. Earnings per share

	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Net profit/(loss) attributable to equity holders of the parent for the purposes of basic and diluted earnings per share	**2,948**	(16,354)	16,198
Losses from terminated businesses (net of tax)	-	1,513	4,246
Amortisation of intangible assets (net of tax)	**794**	519	1,147
Negative goodwill arising on acquisitions in the period	**(246)**	-	(7,787)
Exceptional items (net of tax)	**3,504**	5,736	13,654
Loss on disposal of businesses (net of tax)	**-**	11,445	14,312
Share-based payment expense and derivative remeasurements (net of tax)	**177**	152	275
Benchmark earnings	**7,177**	3,011	42,045
Weighted average number of shares	**83,853,899**	83,745,230	83,799,565
Dilutive share options	**1,336,054**	1,077,045	1,059,781
Adjusted weighted average number of shares	**85,189,953**	84,822,275	84,859,346
Earnings per share – basic	**3.52p**	(19.53)p	19.33p
Earnings per share – benchmark	**8.56p**	3.60p	50.17p
Earnings per share – diluted	**3.46p**	(19.28)p	19.09p

7. Dividends

	6 months to 30 Sept 2007 £000	6 months to 30 Sept 2006 £000	Year to 31 March 2007 £000
Amounts recognised as distributions to equity holders in the period			
Final dividend for the year ended 31 March 2007 of 15.60p (2006: 14.20p) per share	**13,083**	11,904	11,904
Interim dividend for the year ended 31 March 2007 of 4.20p (2006: 3.80p) per share	**-**	-	3,521
	13,083	11,904	15,425

The proposed interim dividend of 4.70 pence per ordinary share in respect of the year ending 31 March 2008 was approved by the board on 21 November 2007. In accordance with IFRS it has not been included as a liability as at 30 September 2007.

8. Bank overdrafts and loans

During the period, the Group renewed its revolving credit facilities with its syndicate of banks for a further 5 year term. On renewal, the facilities were extended from £200m to £250m.

9. Acquisition of subsidiaries

On 2 April 2007, the Group acquired the entire issued share capital of Synergy Managed Equipment Services Limited ("SMES") for consideration of £1,494,000. The transaction has been accounted for by the purchase method of accounting.

The following table sets out the provisional fair values of the net assets acquired and the resultant goodwill arising on the acquisition. These values will be finalised within the hindsight period set out within IFRS 3 'Business Combinations' as further evidence becomes available.

	Book Value £000	Fair Value £000
Net assets acquired		
Intangible assets – customer relationships	-	589
Property, plant & equipment	124	124
Inventories	232	232
Trade and other receivables	361	361
Cash and cash equivalents	15	15
Trade and other payables	(429)	(429)
Current tax liabilities	(91)	(91)
Deferred tax liabilities	-	(165)
	212	636
Goodwill		858
Total consideration		1,494
Satisfied by:		
Cash		1,400
Directly attributable costs		94
		1,494
Net cash outflow arising on acquisition:		
Cash consideration		1,494
Cash and cash equivalents acquired		(15)
		1,479

The goodwill arising on the acquisition of SMES is attributable to the staff acquired with the business, the anticipated profitability of the business and the anticipated future operating synergies from the combination, all of which are specifically excluded in the identification of intangible assets on acquisition by the relevant accounting standards.

SMES contributed £1,749,000 of revenue and £207,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. Had the acquisition been completed on the first day of the current financial period, this contribution, and consequently Group revenues and Group profit attributable to equity holders of the parent, would have been unchanged.

On 3 April 2007, the Group acquired the entire issued share capital of Philograph Publications Limited ("Philograph") for consideration of £1,378,000. The transaction has been accounted for by the purchase method of accounting.

The following table sets out the provisional fair values of the net assets acquired and the resultant goodwill arising on the acquisition. These values will be finalised within the hindsight period set out within IFRS 3 'Business Combinations' as further evidence becomes available.

	Book Value £000	Fair Value £000
Net assets acquired		
Intangible assets – brand names	-	1,097
Property, plant & equipment	2,089	2,089
Inventories	1,329	1,329
Trade and other receivables	634	634
Cash and cash equivalents	(1,416)	(1,416)
Trade and other payables	(1,802)	(1,802)
Deferred tax liabilities	-	(307)
	834	1,624
Negative goodwill		(246)
Total consideration		1,378
Satisfied by:		
Cash		1,316
Directly attributable costs		62
		1,378
Net cash outflow arising on acquisition:		
Cash consideration		1,378
Cash and cash equivalents acquired		1,416
		2,794

The negative goodwill arising on the transaction has been written back to the income statement in accordance with IFRS 3 'Business Combinations'.

Philograph contributed £4,158,000 of revenue and £459,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. Had the acquisition been completed on the first day of the current financial period, this contribution, and consequently Group revenues and Group profit attributable to equity holders of the parent, would have been unchanged.

During the period, adjustments have been made to the carrying value of inventories (£357,000) and payables (£250,000) acquired in the prior year, as permitted by the hindsight provisions of IFRS 3 'Business Combinations'. These adjustments have increased goodwill by £607,000 and have been reflected in the Group's results by restating the amounts reported in the Condensed Balance Sheet at 31 March 2007.

10. Assets held for sale

On 5 September 2007, the Group acquired certain trade and assets of Choices UK Group ("Choices") for cash consideration of £3,000,000, on behalf of its associate Webb Group Limited ("Webb group"). This business will be legally transferred into the Webb group and, consequently, is classified as held for sale at the balance sheet date.

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, are not discussed in this note.

During the period to 30 September 2007, Group purchases from its associate, on normal commercial terms amounted to £nil (30 September 2006: £nil; 31 March 2007: £0.01m) and in the same period the Group supplied goods and services to its associate of £5.20m (30 September 2006: £3.45m; 31 March 2007: £7.10m). At 30 September 2007 the Group indebtedness to its associate was £nil (30 September 2006: £nil; 31 March 2007: £nil) and that of its associate to the Group was £8.50m (30 September 2006: £5.85m; 31 March 2007: £6.25m).

The Group has a trading relationship with Herbert Walker & Son (Printers) Limited, a commercial printing company which is controlled by Mr K Chapman, a director. During the period to 30 September 2007, Group purchases from Herbert Walker, on normal commercial terms amounted to £0.24m (30 September 2006: £0.31m; 31 March 2007: £0.72m) and in the same period the Group supplied goods and services to Herbert Walker of £0.07m (30 September 2006: £0.07m; 31 March 2007: £0.07m). At 30 September 2007 the Group indebtedness to Herbert Walker was £0.09m (30 September 2006: £0.16m; 31 March 2007: £0.02m) and that of Herbert Walker to the Group was £0.03m (30 September 2006: £0.03m; 31 March 2007: £0.03m).

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed financial statements have been prepared in accordance with IAS 34;

(b) the interim Chairman's statement and condensed financial statements include a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim Chairman's statement and condensed financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

P E Jolly	C D Hinton
Chief Executive Officer	Group Finance Director
29 November 2007	29 November 2007