

8<sup>th</sup> December 2010



## International Greetings PLC (“the Company” or “the Group”)

### Interim Results

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift wrap, crackers, cards, stationery and accessories, announces its Interim Results for the six months ended 30<sup>th</sup> September 2010 (2010 H1).

#### Financial highlights

- Sales up 13% to £104.5m (2009 H1 restated: £92.8m)
- Profit from continuing operations before tax up 110% to £2.1m (2009 H1 restated: £1.0m); no significant items in the period
- Profit after tax is £1.9m (2009 H1 restated: £0.3m)
- Operating profit was up 31% to £3.8m (2009 H1 restated: £2.9m)
- Net debt at 30<sup>th</sup> September £86.4m (2009 H1: £101.2m), down 15%
  - Increased from 31<sup>st</sup> March 2010 due to normal seasonal working capital requirements;
  - Debt reduction programme remains on-track

#### Operational highlights

- Increasing innovation and cross-selling throughout the Group businesses continues to deliver improved results
- Licences continue to perform well
  - Results benefitted from success of Toy Story 3 related product sales
- Board confident in full year outlook

Paul Fineman, Chief Executive said:

“We are pleased that we have continued to deliver on our strategy and improve the profitability and cash generation of the Group. We have a strong platform in place and there remains considerable scope for our business to continue to benefit from knowledge-sharing, cross selling and deriving efficiencies across the Group.

“We expect conditions to remain challenging, but are pleased with our progress and excited about the growth opportunities across the international markets in which we operate.”

#### For further information, please contact:

**International Greetings plc**  
Paul Fineman, Chief Executive  
Sheryl Tye, Finance Director

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**Arden Partners plc**

## **Chief Executive's Review**

### **Overview**

We made good progress in the first half of this year, continuing to deliver on our strategy and achieving results in line with management's expectations. We are pleased with the way the Group businesses are working together to improve efficiencies and innovate new products and processes.

We are progressively reducing our debt and improving the Group's ability to generate cash. We continue to drive cross-selling opportunities across our businesses and we are particularly pleased with the sales growth of our everyday greeting card products.

The Board remains confident that, despite market conditions remaining challenging, the Group is well positioned for future growth and will continue to improve shareholder value.

### **Financial Review**

Revenue from continuing operations for the period was £104.5m (2009 H1 restated: £92.8m). On a constant exchange basis, like-for-like turnover for the period increased by 6%. This was driven by growth mainly in UK and Australia.

Gross profit margin at 18.3% (2009 H1 restated: 18.2%) reflects improved margin performance in UK and USA, with price pressure in mainland Europe and slightly reduced margin in Australia. It also reflects our

As announced in the Annual Report and Accounts, in July 2010 the Board took the difficult decision to close the Eickpack business. Eickpack made losses each year since its acquisition in January 2007. The results of Eickpack are now shown as a discontinued business, and the comparatives have been restated accordingly. The results of Eickpack are shown in the Notes to the Interim Statement.

The Board will not be declaring an interim dividend (2009 H1: nil).

### **Operational Review**

Sales in the first half year have grown in line with market expectations whilst we continue to deliver on our strategy of focusing our key efforts on debt reduction, cash generation, product innovation and increasing profitability.

We have increasingly developed a cohesive and collaborative approach across all Group businesses enabling us competitively to provide our customers with high standards of products and services.

The UK saw an 8% increase in sales, caused by increased Christmas cracker sales and the commencement of contracts for the supply of Everyday greeting cards with two of the UK's leading multiple grocery chains.

Whilst US revenues were 6% down on prior year, mainly resulting from later scheduling of Christmas orders, margins were up by 4% due to the focus on more profitable sales.

Mainland Europe saw sales increasing by 8% including a strong performance in Eastern Europe, but margins were impacted through product mix sold during the period.

Artwrap continues to perform strongly, with like-for-like sales up by 21%. A 3 year contract for Everyday greeting cards has been won with a major retailer, and the business continues to innovate with online ordering for bespoke products.

Our portfolio of licences continues to provide considerable commercial appeal and as anticipated Toy Story 3 licensed products proved to be extremely successful with sales of over £2m during the period.

### **Current trading/outlook**

Since the period end, trading has continued in line with our expectations. The Christmas period remains an important time of year for the Group and we have continued to focus on delivering high standards of goods and services to our customers.

We expect conditions to remain challenging but are pleased with our progress and excited about the growth opportunities across the international markets in which we operate.

**Paul Fineman**  
**Chief Executive**

International Greetings PLC  
Interim Report 2010  
**Consolidated Income Statement**  
For the six months ended 30 September 2010

	<b>Unaudited six months ended 30 September 2010</b>	Unaudited six months ended 30 September 2009 restated		12 months to March 2010 restated	
	<b>£000</b>	£000	Before exceptional items £000	Exceptional items £000	Total £000
<b>Continuing operations</b>					
<b>Revenue</b>	<b>104,453</b>	92,834	198,246	-	198,246
Cost of sales	<b>(85,296)</b>	(75,894)	(164,530)	333	(164,197)
<b>Gross Profit</b>	<b>19,157</b>	16,940	33,716	333	34,049
	<b>18.3%</b>	18.2%	17.0%		17.2%
Selling expenses	<b>(7,036)</b>	(6,099)	(12,039)	(160)	(12,199)
Administration expenses	<b>(8,844)</b>	(8,678)	(16,859)	(2,181)	(19,040)
Other operating Income	<b>501</b>	712	1,643	-	1,643
Disposal of subsidiary	-	-	-	907	907
(Loss)/profit on sales of property, plant and equipment	<b>(1)</b>	-	26	-	26
<b>Operating profit/(loss)</b>	<b>3,777</b>	2,875	6,487	(1,101)	5,386
Finance expenses	<b>(1,642)</b>	(1,792)	(2,930)	-	(2,930)
Share of loss of associates (net of tax)	-	(39)	(39)	-	(39)
Profit/(loss) before tax	<b>2,135</b>	1,044	3,518	(1,101)	2,417
Income tax (charge)/credit	6	<b>(138)</b>	(649)	693	44
<b>Profit/(Loss) from continuing operations</b>	<b>1,997</b>	476	2,869	(408)	2,461
<b>Discontinued operations</b>					
Loss from discontinued operations (net of tax)	3	<b>(78)</b>	(494)	(1,263)	(1,757)
<b>Profit/(Loss) for the year</b>	<b>1,919</b>	263	2,375	(1,671)	704
Attributable to:					
Equity holders of the parent company	<b>1,563</b>	18			55
Non-controlling interests	<b>356</b>	245			649
	<b>1,919</b>	263			704
<b>Earnings per ordinary share</b> 7					
<b>Basic earnings per share</b>	<b>3.0 p</b>	0.0 p			0.1 p
<b>Diluted earnings per share</b>	<b>2.7 p</b>	0.0 p			0.1 p
Continuing operations	<b>3.1 p</b>	0.4 p			3.6 p
Discontinued operations	<b>(0.1 p)</b>	(0.4 p)			(3.5 p)
<b>Adjusted earnings per share excluding exceptional items and discontinued operations</b>	<b>3.1 p</b>	0.4 p			4.4 p

International Greetings PLC  
Interim Report 2010  
**Consolidated Statement of Comprehensive Income**  
For the six months ended 30 September 2010

	<b>Unaudited six months ended 30 September 2010 £000</b>	Unaudited six months ended 30 September 2009 restated £000	12 months to March 2010 £000
Profit for the period	<b>1,919</b>	263	704
<b>Other comprehensive income:</b>			
Recycling translation reserves on closure of subsidiary	-	-	(907)
Exchange difference on translation of foreign operations	<b>(380)</b>		

International Greetings PLC  
Interim Report 2010  
**Consolidated Statement of Changes in Equity**

For the six months ended 30 September 2010

	Share capital	Share premium and capital redemption reserve	Merger reserves	Hedging reserves	Trans-lation reserve	Retained earnings	Share-holder equity	Non-cont-rolling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2010</b>	<b>2,608</b>	<b>4,346</b>	<b>16,216</b>	-	<b>362</b>	<b>19,071</b>	<b>42,603</b>	<b>3,354</b>	<b>45,957</b>
Profit for the period	-	-	-	-	-	1,563	1,563	356	1,919
Other comprehensive (loss)/income	-	-	-	-	(436)	-	(436)	56	(380)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	<b>(436)</b>	<b>1,563</b>	<b>1,127</b>	<b>412</b>	<b>1,539</b>
Equity settled share based payment	-	-	-	-	-	49	49	-	49
Shares issued (note 5)	74	-	948	-	-	-	1,022	-	1,022
<b>At 30 September 2010</b>	<b>2,682</b>	<b>4,346</b>	<b>17,164</b>	-	<b>(74)</b>	<b>20,683</b>	<b>44,801</b>	<b>3,766</b>	<b>48,567</b>

For the six months ended 30 September 2009 restated

	Share capital	Share premium and capital redemption reserve	Merger reserves	Hedging reserves	Trans-lation reserve	Retained earnings	Share-holder equity	Non-cont-rolling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2009 restated</b>	<b>2,425</b>	<b>4,346</b>	<b>14,885</b>	-	<b>152</b>	<b>18,934</b>	<b>40,742</b>	-	<b>40,742</b>
Profit for the period	-	-	-	-	-	18	18	245	263
Other comprehensive (loss)/income restated	-	-	-	(111)	590	-	479	-	479
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	<b>(111)</b>	<b>590</b>	<b>18</b>	<b>497</b>	<b>245</b>	<b>742</b>
Equity settled share based payment	-	-	-	-	-	37	37	-	37
Impairment transferred from merger reserve to other comprehensive income	-	-	(1,331)	-	-	1,331	-	-	-
Shares issued	182	-	1,331	-	-	-	1,513	-	1,513
Acquisition in the period	-	-	-	-	-	-	-	2,385	2,385
<b>At 30 September 2009 restated</b>	<b>2,607</b>	<b>4,346</b>	<b>14,885</b>	<b>(111)</b>	<b>742</b>	<b>20,320</b>	<b>42,789</b>	<b>2,630</b>	<b>45,419</b>

For the year ended 31 March 2010 restated

	Share capital	Share premium and capital redemption reserve	Merger reserves	Hedging reserves	Trans-lation reserve	Retained earnings	Share-holder equity	Non-cont-rolling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2009</b>	<b>2,425</b>	<b>4,346</b>	<b>14,885</b>	-	<b>152</b>	<b>18,934</b>	<b>40,742</b>	-	<b>40,742</b>
Profit for the year	-	-	-	-	-	55	55	649	704
Other comprehensive income	-	-	-	-	210	-	210	537	747
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>210</b>	<b>55</b>	<b>265</b>	<b>1,186</b>	<b>1,451</b>
Equity settled share based payment	-	-	-	-	-	82	82	-	82
Shares issued	182	-	1,331	-	-	-	1,513	-	1,513
Options exercised	1	-	-	-	-	-	1	-	1
Acquisition in the year	-	-	-	-	-	-	-	2,168	2,168
<b>At 31 March 2010</b>	<b>2,608</b>	<b>4,346</b>	<b>16,216</b>	-	<b>362</b>	<b>19,071</b>	<b>42,603</b>	<b>3,354</b>	<b>45,957</b>

International Greetings PLC  
Interim Report 2010  
**Consolidated Balance Sheet**  
as at 30 September 2010

	Note	Unaudited as at 30 September 2010 £000	Unaudited as at 30 September 2009 restated £000	As at 31 March 2010 £000
<b>Non-current assets</b>				
Property, plant and equipment		32,404	36,766	34,199
Intangible assets		33,047	31,468	33,139
Deferred tax assets		3,456	3,168	3,501
<b>Total non-current assets</b>		<b>68,907</b>	<b>71,402</b>	<b>70,839</b>
<b>Current assets</b>				
Asset for resale		780	-	-
Inventory		63,465	66,014	44,911
Trade and other receivables		67,537	59,462	21,421
Cash and cash equivalents	4	1,911	2,568	2,045
<b>Total current assets</b>		<b>133,693</b>	<b>128,044</b>	<b>68,377</b>
<b>Total assets</b>		<b>202,600</b>	<b>199,446</b>	<b>139,216</b>
<b>Equity</b>				
Share capital		2,682	2,607	2,608
Share premium		3,006	3,006	3,006
Reserves		18,430	16,856	17,918
Retained earnings		20,683	20,320	19,071
<b>Total equity attributable to equity holders of the parent company</b>		<b>44,801</b>	<b>42,789</b>	<b>42,603</b>
Non-controlling interests		3,766	2,630	3,354
<b>Total equity</b>		<b>48,567</b>	<b>45,419</b>	<b>45,957</b>
<b>Non-current liabilities</b>				
Loans and borrowings	4	8,602	10,345	9,397
Deferred income		2,704	3,525	2,979
Provisions		1,722	1,368	1,722
Other financial liabilities		44	-	253
<b>Total non-current liabilities</b>		<b>13,072</b>	<b>15,238</b>	<b>14,351</b>
<b>Current liabilities</b>				
Bank overdraft	4	7,174	66,290	3,038
Loans and borrowings	4	72,509	27,156	38,455
Deferred income		619	751	821
Provisions		260	-	467
Income Tax payable		686	779	26
Trade and other payables		45,112	30,783	21,422
Other financial liabilities		14,601	13,030	14,679
<b>Total current liabilities</b>		<b>140,961</b>	<b>138,789</b>	<b>78,908</b>
<b>Total liabilities</b>		<b>154,033</b>	<b>154,027</b>	<b>93,259</b>
<b>Total equity and liabilities</b>		<b>202,600</b>	<b>199,446</b>	<b>139,216</b>

International Greetings PLC  
Interim Report 2010  
**Consolidated Cash Flow Statement**  
For the six months ended 30 September 2010

	Unaudited as at 30 September 2010	Unaudited as at 30 September 2009 restated	12 months to 31 March 2010 restated
Note	£000	£000	£000
<b>Cash flows from operating activities</b>			
Profit for the period	1,919	263	704
Adjustments for:			
Depreciation	2,118	2,305	4,543
Impairment of tangible fixed assets	-	-	1,094
Amortisation of intangible assets	177	73	287
Financial expenses - continuing operations	1,642	1,792	2,930
Financial expenses - discontinued operations	3 26	47	94
Share of loss of associates - continuing operations	-	39	39
Recycling of translation reserves on closure of subsidiary	-	-	(907)
Income tax (credit)/charge - continuing operations	138	568	(44)
Income tax credit - discontinued operations	3 -	-	(135)
Loss/(profit) on sales of property, plant and equipment	1	10	(26)
Equity settled share-based payment	49	37	82
<b>Operating profit before changes in working capital and provisions</b>	<b>6,070</b>	<b>5,134</b>	<b>8,661</b>
Change in trade and other receivables	(45,955)	(31,942)	7,288
Change in inventory	(18,589)	(7,459)	13,524
Change in trade and other payables	24,498	6,058	(2,181)
Change in provisions and deferred income	(684)	(440)	169
<b>Cash used from operations</b>	<b>(34,660)</b>	<b>(28,649)</b>	<b>27,461</b>
Tax received/(paid)	357	(134)	(372)
Interest and similar charges paid	(1,552)	(1,597)	(3,421)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(35,855)</b>	<b>(30,380)</b>	<b>23,668</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property plant and equipment	14	25	306
Acquisition of subsidiary, including overdrafts acquired	-	(3,918)	(3,918)
Acquisition of intangible assets	(288)	(251)	(646)
Acquisition of property for resale	(780)	-	-
Acquisition of property plant and equipment	(1,186)	(458)	(1,121)
<b>Net cash outflow from investing activities</b>	<b>(2,240)</b>	<b>(4,602)</b>	<b>(5,379)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	-	1
Repayment of borrowings	(471)	(527)	(3,064)
Payment of finance lease liabilities	(29)	(12)	(12)
New bank loans raised	34,541	15,154	28,732
New finance leases	74	-	-
<b>Net cash inflow from financing activities</b>	<b>34,115</b>	<b>14,615</b>	<b>25,657</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,980)</b>	<b>(20,367)</b>	<b>43,946</b>
Cash and cash equivalents at beginning of period	(993)	(45,375)	(45,375)
Effect of exchange rate fluctuations on cash held	(290)	2,020	436
<b>Cash and cash equivalents at end of period</b>	<b>4 (5,263)</b>	<b>(63,722)</b>	<b>(993)</b>

## **1 Accounting policies**

### **Basis of preparation**

The financial information contained in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited.

The Group interim report has been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial information for the year ended 31 March 2010 is extracted from the statutory accounts of the Group for that financial year and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) of the Companies Act 2006.

### **Restatement**

The comparative balances as at 30 September 2009 have been restated due to a prior year adjustment relating to 2007 as described in the Report and Accounts for the year ended March 31, 2010. The effect of the restatement is to increase current liabilities by £718,000, deferred tax assets by £183,000, and reduce translation reserves by £65,000, and retained earnings by £470,000.

Bank loans and borrowings in the prior period have been restated to separate the Asset Backed Loan that had previously been included as an element of the overdraft.

### *Discontinued operation*

The comparatives for the 6 months to 30 September 2009 and year to 31 March 10 have been restated to remove the results of a business that was discontinued in July 10. See Note 3 for further details.

### **Going concern basis**

### **IAS 27 Consolidated and Separate Financial Statement (revised January 2008)**

The revised Standard no longer restricts the allocation to non-controlling interest of losses incurred by a subsidiary to the amount of the minority equity investment in the subsidiary. Any future partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill, nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be remeasured to fair value, which will impact the gain or loss recognised on disposal. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

## **2. Segmental information**

Segmental information is presented in respect of the Group's geographical segments which are the primary basis of segmental reporting.

### **Geographical analysis**

The results below are allocated based on the region in which the businesses are located; this reflects the Group's management and internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Intra-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	UK £000	Europe £000	USA £000	Asia £000	Australia £000	Elim- inations £000	Group £000
<b>Six months ended 30 September 2010</b>							
Continuing operations							
Revenue – external	57,428	11,635	22,575	1,288	11,527	-	104,453
– intra segment	1,327	1,034	-	6,605	-	(8,966)	-
<b>Total segment revenue</b>	<b>58,755</b>	<b>12,669</b>	<b>22,575</b>	<b>7,893</b>	<b>11,527</b>	<b>(8,966)</b>	<b>104,453</b>
<b>Segment result from continuing operations</b>	<b>2,419</b>	<b>816</b>	<b>262</b>	<b>(765)</b>	<b>1,077</b>	<b>(32)</b>	<b>3,777</b>
Pre-tax loss from discontinued operations	-	(78)	-	-	-	-	(78)
<b>Segment result</b>	<b>2,419</b>	<b>738</b>	<b>262</b>	<b>(765)</b>	<b>1,077</b>	<b>(32)</b>	<b>3,699</b>
Pre-tax loss from discontinued operations							78
Net finance expenses							(1,642)
Income tax							(138)
<b>Profit from continuing operations six months ended 30 September 2010</b>							<b>1,997</b>
<b>Balances at 30 September 2010</b>							
<b>Continuing operations</b>							
<b>Segment assets</b>	<b>134,096</b>	<b>30,887</b>	<b>13,272</b>	<b>24,632</b>	<b>13,209</b>	<b>(13,496)</b>	<b>202,600</b>
<b>Segment liabilities</b>	<b>(70,528)</b>	<b>(29,615)</b>	<b>(46,299)</b>	<b>(16,805)</b>	<b>(6,252)</b>	<b>15,466</b>	<b>(154,033)</b>
Capital expenditure							
- property, plant and equipment	637	132	38	211	168	-	1,186
- asset for resale	-	-	780	-	-	-	780
- intangible	121	-	61	-	106	-	288
Depreciation	899	444	413	285	74	3	2,118
Amortisation	100	15	38	-	24	-	177
Impairment of property, plant and equipment	3	-	-	-	-	(3)	-

## 2 Segmental information *continued*

	UK £000	Europe £000	USA £000	Asia £000	Australia £000	Elim- inations £000	Group £000
Six months ended 30 September 2009 restated							
Revenue – external	52,713	11,441	22,862	1,001	4,817	-	92,834
– intra segment	2,463	704	-	5,198	-	(8,365)	-
<b>Total segment revenue</b>	<b>55,176</b>	<b>12,145</b>	<b>22,862</b>	<b>6,199</b>	<b>4,817</b>	<b>(8,365)</b>	<b>92,834</b>
Segment result from continuing operations	1,289	832	(350)	343	742	19	2,875
Pre-tax loss from discontinued operations	-	(213)	-	-	-	-	(213)
Segment result	1,289	619	(350)	343	742	19	2,662
Pre-tax loss from discontinued operations							213
Net finance expenses							(1,792)
Share of loss of associates							(39)
Income tax							(568)
Profit from continuing operations six months ended 30 September 2009							476
Balances at 30 September 2009 restated							
Segment assets from continuing operations	125,962	32,101	28,945	24,909	12,137	(26,472)	197,582
Segment assets from discontinued operations	-	1,864	-	-	-	-	1,864
Segment assets	125,962	33,965	28,945	24,909	12,137	(26,472)	199,446
Segment liabilities	(81,114)	(32,648)	(46,683)	(9,367)	(6,879)	22,664	(154,027)
Capital expenditure							
- property, plant and equipment	250	153	23	32	-	-	458
- intangible	243	8	-	-	-	-	251
Depreciation	1,019	554	402	309	21	-	2,305
Amortisation	48	3	22	-	-	-	73
Year ended 31 March 2010 restated							
Continuing operations							
Revenue – external	107,060	33,121	40,839	1,933	15,293	-	198,246
– intra segment	3,070	1,043	50	6,292	-	(10,455)	-
<b>Total segment revenue</b>	<b>110,130</b>	<b>34,164</b>	<b>40,889</b>	<b>8,225</b>	<b>15,293</b>	<b>(10,455)</b>	<b>198,246</b>
Segment result before exceptional items and discontinued operations	4,111	1,051	415	(1,062)	1,930	42	6,487
Exceptional items	(1,508)	(380)	175	158	-	454	(1,101)
Segment result from continuing operations	2,603	671	590	(904)	1,930	496	5,386
Pre-tax loss from discontinued operations	-	(1,757)	-	-	-	-	(1,757)
Segment result	2,603	(1,086)	590	(904)	1,930	496	3,629
Pre-tax loss from discontinued operations							1,757
Net finance expenses							(2,930)
Share of loss of associates							(39)
Income tax							44
Profit from continuing operations year ended 31 March 2010							2,461

Balances at 31 March 2010							
Segmental assets from continuing operations	93,578	24,578	17,416	8,320	7,516	(12,354)	139,054
Segmental assets from discontinued operations	-	162	-	-	-	-	162
<b>Segment assets</b>	<b>93,578</b>	<b>24,740</b>	<b>17,416</b>	<b>8,320</b>	<b>7,516</b>	<b>(12,354)</b>	<b>139,216</b>
Segment liabilities	(43,774)	(23,186)	(39,359)	162	(2,121)	15,019	(93,259)
<b>Capital expenditure</b>							
- property, plant and equipment	681	283	34	71	52	-	1,121
- intangible	456	6	8	-	176	-	646
Depreciation	1,983	1,123	750	602	85	-	4,543
Amortisation	123	39	125	-	-	-	287
Impairment of property, plant and equipment	327	767	-	-	-	-	1,094

### 3 Discontinued operation

As noted in the Annual Report and Accounts, in July 2010, the Board took the difficult decision to close the Eickpack counter-rolls business that was bought in 2007, resulting in the businesses becoming a discontinued operation. The results of Eickpack are presented below:

	<b>6 months ended 30 September 2010 £000</b>	<b>6 months ended 30 September 2009 £000</b>	<b>12 months to 31 March 2010 £000</b>
Revenue	391	920	1,906
Cost of sales	(338)	(862)	(3,076)
Gross profit/(loss)	53	58	(1,170)
Selling expenses	(336)	(16)	(120)
Administration expenses	(336)	(16)	(336)
Finance expenses	(336)	(16)	(336)
Income tax credit	-	-	135
Loss for the period from discontinued operation	(336)	(16)	(336)
<b>The tax credit/(expense) is analysed as follows:</b>			
On profit/(loss) on ordinary activities for the year	-	-	-
On the loss on discontinuance	-	-	135
	-	-	135

	<b>6 months ended 30 September 2010 £000</b>	<b>6 months ended 30 September 2010 £000</b>	<b>12 months March 2010 £000</b>
Operating cash flows	(336)	(16)	(336)
Investing cash flows	-	(336)	(16)
Finance cash flows	-	-	-
Net cash outflow	(336)	(336)	(336)
	<b>Basic</b>		
	<b>Diluted</b>		
			<b>(33.1 p)</b>
			<b>(3.2 p)</b>

#### 4 Cash, loans and borrowings

	<b>As at 30 September 2010 £000</b>	As at 30 September 2009 £000	As at 31 March 2010 £000
Secured bank loan (short term)	<b>(1,042)</b>	(1,086)	(1,070)
Secured bank loan (long term)	<b>(8,602)</b>	(10,345)	(9,397)
Assets backed loan	<b>(22,999)</b>	(26,070)	(8,760)
Revolving credit facilities	<b>(48,468)</b>	-	(28,625)
<b>Total loans</b>	<b>(81,111)</b>	(37,501)	(47,852)
Cash and bank deposit	<b>1,911</b>	2,568	2,045
Bank overdraft	<b>(7,174)</b>	(66,290)	(3,038)
Cash and cash equivalents per Cash Flow Statement	<b>(5,263)</b>	(63,722)	(993)
<b>Net debt as used in the Chief Executive's Review</b>	<b>(86,374)</b>	(101,223)	(48,845)

#### 5 Business Combination

On 4 September 2007, the Group acquired 100% of the issued share capital of Glitterwrap Inc, a supplier of giftware and party products based in the USA. Initial consideration was £1,295,000, plus attributable costs of £178,000. Deferred consideration was paid during the year ended 31 March 2009 of £938,000, and during the year ended 31 March 2010 of £1,513,000. At 31 March 2010, the deferred consideration payable was £1,043,000 at the exchange rate prevailing at that date. On 3rd September 2010, the Company paid the remaining deferred consideration by issuing 1,492,000 shares at 68.58p per share.

The goodwill recognised on Glitterwrap was impaired in full during the year ended 31 March 2009 due to the economic conditions and the revised manufacturing strategy for the US.

#### 6. Income tax

The major components of income tax expense in the interim report are:

	<b>Six months ended 30 September 2010 £000</b>	Six months ended 30 September 2009 £000	12 months ended 30 March 2010 £000
<b>Current income tax</b>			
Current income tax (charge)/credit	<b>(243)</b>	431	(74)
<b>Deferred tax</b>			
Relating to origination and reversal of temporary differences	<b>105</b>	137	(105)
<b>Income tax (charge)/credit</b>	<b>(138)</b>	568	(179)

Taxation for the six months to 30 September is based on the effective rate of taxation, which is estimated to apply in each country for the year ending 31 March 2011.

## 7 Earnings per share

	<b>As at 30 September 2010</b>	As at 30 September 2009	As at 31 March 2010
Adjusted basic earnings per share excluding exceptional items and discontinued operations	<b>3.1 p</b>	0.4 p	4.4 p
Loss per share on exceptional items	-	-	(0.8 p)
Loss per share on discontinued operations	<b>(0.1 p)</b>	(0.4 p)	(3.5 p)
Basic earnings per share	<b>3.0 p</b>	0.0 p	0.1 p
Diluted earnings per share	<b>2.7 p</b>	0.0 p	0.1 p

The basic earnings per share is based on the profit of £1,563,000 (2009: £18,000) and a weighted average number of ordinary shares in issue of 52,371,295 (2009: 48,676,872) calculated as follows:

Weighted average number of shares in thousands of shares	<b>September 2010</b>	September 2009	March 2010
Issued ordinary shares at start of period	<b>52,150</b>	48,498	48,498
Shares issued in respect of acquisitions	<b>221</b>	179	1,876
Shares issued in respect of exercising of share options	-	-	1
Weighted average number of shares at the end of the period	<b>52,371</b>	48,677	50,375

Total number of options, over 5p ordinary shares, in issue as at 30 September 2010 was 6,222,556. The average number in issue during the period was 6,222,556.