



PARK GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

06 December 2011

Summary	Half Year to 30.09.11 £'000	Half Year to 30.09.10 £'000	Year to 31.03.11 £'000
Customer billings	<u>48,583</u>	<u>50,911</u>	<u>297,612</u>
Revenue	46,043	50,911	279,938
Operating (loss)/profit excluding other operating income	(5,228)	(4,525)	5,619
(Loss)/profit before taxation	(4,396)	541	12,507
(Loss)/profit for the period	(3,253)	1,015	9,514
Dividend per share	0.525p	0.50p	1.70p
(Loss)/earnings per share	(1.94)p	0.61p	5.76p

Park Group plc (AIM: PKG.L, "Park" or "the Company") is one of the UK's leading multi-redemption voucher and prepaid gift card businesses focused on the corporate and consumer markets. Park's business is generally seasonal and the first half of the year is traditionally loss making with the bulk of annual revenues and profit generated in the second half.

Commenting on the results and outlook for the full year, Peter Johnson, Chairman, said:

"The second half of the year has started well in the corporate and consumer businesses with orders running ahead of the same time last year. There is no doubt that the prepaid card and our application of online technologies is transforming Park and offers exciting growth opportunities in both existing and new market areas. The outlook for Park is encouraging; the dividend increase reflects this confidence. Park is in a strong position and we anticipate another year of growth."

Summary of key points:

Financial

- Revenue £46.0m (2010: £50.9m). Impacted by timing difference and changes to the way revenue from prepaid cards is recognised
- Operating loss excluding other operating income of £5.2m (2010: loss £4.5m). Increase due to first time seasonal cost of Irish operation and full period of flexecash® operating costs
- 28 per cent uplift in finance income to £0.83m (2010: £0.65m)
- Interim dividend raised 5 per cent to 0.525p per share (2010: 0.50p)
- Total cash balances peaked at a record £152m (2010: £140m)

Operational

- Underlying strength of corporate business continuing, 8 per cent rise in customer numbers
- flexecash® prepaid card achieving rapid sales growth
- Consumer Christmas savings 2011 agents increased to 114,000 (2010: 110,000)
- Average consumer order value well ahead of last year at £417 (2010: £401)
- Online business growing strongly

Commenting on the consumer business, providing Christmas savings schemes, Mr Johnson added:

“The consumer business has experienced a busy trading period with revenue increased to £6.7m (2010: £5.8m). The level of orders placed in the first half indicates a strong outturn for the year. The level of economic activity in the UK and Ireland inevitably makes consumers cautious about committing themselves financially. Park’s savings business is popular with customers because it offers them a controlled, disciplined and structured method of preparing for the festive season by spreading expenditure over the year. The attractions of Park’s long standing Christmas savings operation is well understood and appreciated by its thousands of regular users.”

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CHAIRMAN'S INTERIM STATEMENT

Park Group has enjoyed another active trading period with sound performances across all its business divisions. The economic uncertainty referred to at the time of our annual general meeting in September remains the back drop against which we have operated with considerable success for the past three years.

The exciting transformation of our business continues apace, backed by the rapid growth of our innovative prepaid card operation, flexecash®, which is being rolled out across both our corporate and consumer divisions. Performance was also boosted by the continued expansion and development of web based trading and order taking. While conditions may remain difficult for many of our loyal customers, we are focused on delivering to them the product quality, value and service that has underpinned our reputation for many years.

Trading results

The seasonality of Park's operations means that the first half of the year, although always busy and important in terms of securing orders, is traditionally loss making, as over 80 per cent of sales are not dispatched and invoiced until the second half.

Group customer billings in the first six months amounted to £48.6m (2010: £50.9m). Revenue on continuing operations for the six months to 30 September 2011 was £46.0m (2010: £50.9m).

It is important to note that customers billings differ from revenue and reflect the flexecash® card accounting policy announced in our results statement of June 2011. Revenue from prepaid cards is recorded differently to revenue from paper vouchers and is the margin earned based on customer billings, recognised when the value loaded on the card has been redeemed. This policy has no effect on the level of margin contribution or profit but delays recognition. The reduction in revenue is largely attributable to activities with a major customer being delayed into the second half of the year, in addition to the changes to the way revenue is recognised.

The operating loss in the period before finance income and taxation was £5.2m (2010: loss £0.1m). The 2010 operating loss included a one-off profit of £4.4m arising from the settlement of Park's VAT "Fleming claim". Excluding this one-off profit, the loss increased by £0.7m to £5.2m. This reflects the inclusion, for the first time, of the seasonal loss from our Irish business, which has now been fully integrated, and the cost of the prepaid card operation, launched in June 2010, for the full six month period.

Finance income is a significant element of the Company's performance and is the interest Park earns on the cash balances it holds on behalf of customers. Our treasury management remains careful and cautious in the continuing low interest rate environment. Interest earned in the period increased by over 28 per cent to £0.83m (2010: £0.65m). This reflects the combination of our conservative approach and improved cash balances, which peaked at a record £152m (2010: £140m), strengthening the group's working capital.

Dividend

The board is pleased to declare an interim dividend of 0.525p per share (2010: 0.50p) to be paid on 10 April 2012 to shareholders on the register on 9 March 2012. In June 2011 the final dividend was increased by 36 per cent to 1.20p, demonstrating the board's confidence in the growth prospects for Park and the substantial profit contribution generated in the second half of the year.

Operational review

The corporate business, which supplies Park's incentive and reward schemes to over 5,000 customers across the £4 billion UK gift card and voucher market, delivered another solid performance. Revenue in the first half was £39.4m (2010: £45.1m).

One of our largest customers placed fewer orders than expected during the period, for delivery in the first half, and this is reflected in the figure for billings and revenue. This has been followed by higher than expected orders to date from the same customer for delivery in the second half of the year. This change in the timing of orders is not expected to affect the full year's result, but has had a disproportionate impact on the first half performance. The underlying progress of the corporate business was maintained with good growth in customer numbers, ahead by 8 per cent compared with the same period last year.

The consumer business, which focuses on providing Christmas savings schemes, experienced a very busy trading period with revenue increased to £6.7m (2010: £5.8m). It is worth noting that it is normal for first half revenue in this seasonal business to be low, as the vast majority of business is invoiced in the second half, when customers take delivery of seasonal purchases.

The level of orders placed in the first half indicates a strong outturn for the year. The level of economic activity in the UK and Ireland inevitably makes consumers cautious about committing themselves financially. Park's savings business is popular with customers because it offers them a controlled, disciplined and structured method of preparing for the festive season by spreading expenditure over the year. The attractions of Park's long standing Christmas savings operation is well understood and appreciated by its thousands of regular users.

The number of UK agents trading for Christmas 2011 has increased to 114,000 from 110,000 last year; customer numbers have increased to 415,000 from 410,000. Total orders for Christmas 2011 are substantially completed and are currently 5 per cent above last year's total. Average customer order values to date have increased to £417 from last year's average of £401. Orders for Christmas 2012 are progressing well at this early stage in both the UK and Ireland. Orders from Irish customers are in line with expectations and the introduction of our Euro Love2shop voucher has been successful, with 28 retailers with 500 branches, including many Irish retail brands, now accepting the voucher.

The rate of growth of flexecash®, our prepaid card launched last year, continues to impress and the product is securing significant new business. Since inception, Park has issued over 550,000 flexecash® cards with a total value of over £60m supplying more than 500 corporate customers. The Company is processing in excess of £1m of transactions per day in the run up to Christmas. A new feature of flexecash® is that it can be used to purchase online retailer vouchers. 19 retailers including Amazon, Hamleys and Marks & Spencer can be accessed through our more2you web site.

Our web development continues to drive the business as we utilise the latest technology to maintain our market leadership and offer customers ever broader ranges of products and services. highstreetvouchers.com, our web based gift voucher retailer, increased sales by an impressive 35 per cent to £3.7m (2010: £2.7m) as customers selected this option to purchase vouchers and gift cards for immediate use. During recent months we have developed mobile applications that enable us to communicate with and support our customers using our vouchers and prepaid cards. The first of these apps was launched in November this year.

Outlook

The second half of the year has started well in the corporate and consumer businesses, with orders running ahead of the same time last year. Overall, there is no doubt that the prepaid card and our application of online technologies is transforming Park's business and offers exciting growth opportunities in both existing and new market areas. The outlook for Park is encouraging; the dividend increase reflects this confidence. Park is in a strong position and we anticipate another year of growth.

Peter Johnson
Chairman
6 December 2011

PARK GROUP PLC

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR
TO 30 SEPTEMBER 2011**

	Notes	Half Year to 30.09.11 £'000	Half Year to 30.09.10 £'000	Year to 31.03.11 £'000
Billings		48,583	50,911	297,612
Revenue		46,043	50,911	279,938
Cost of sales		(46,173)	(50,749)	(259,819)
Gross (loss)/profit		(130)	162	20,119
Other operating income		-	4,418	5,506
Distribution costs		(230)	(188)	(2,548)
Administrative expenses		(4,868)	(4,499)	(11,952)
Operating (loss)/profit		(5,228)	(107)	11,125
Finance income		834	649	1,384
Finance costs		(2)	(1)	(2)
(Loss)/profit before taxation		(4,396)	541	12,507
Taxation		1,143	474	(2,993)
(Loss)/profit for the period attributable to equity holders of the parent		(3,253)	1,015	9,514
(Loss)/earnings per share	3			
- basic (p)		(1.94)	0.61	5.76
- adjusted basic (p)		(1.94)	(1.68)	3.17
- diluted (p)		(1.87)	0.61	5.53
- adjusted diluted (p)		(1.87)	(1.67)	3.05

All activities derive from continuing operations.

PARK GROUP PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR TO 30 SEPTEMBER 2011

	Half Year to 30.09.11 £'000	Half Year to 30.09.10 £'000	Year to 31.03.11 £'000
(Loss)/profit for the period	<u>(3,253)</u>	<u>1,015</u>	<u>9,514</u>
Other comprehensive income:			
Actuarial losses on defined benefit pension plans	-	-	(235)
Deferred tax on actuarial losses on defined benefit pension plans	-	-	61
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>	<u>(174)</u>
Total comprehensive income for the period	<u>(3,253)</u>	<u>1,015</u>	<u>9,340</u>

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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2011**

	As at 30.09.11 £'000	As at 30.09.10 £'000	As at 31.03.11 £'000
Assets			
Non-current assets			
Goodwill	1,407	1,452	1,407
Other intangible assets	4,285	3,443	4,519
Investments	2	2	2
Investment property	259	265	262
Property, plant and equipment	9,054	3,855	8,873
Trade and other receivables	1,177	-	1,543
Deferred tax assets	422	465	422
	<u>16,606</u>	<u>9,482</u>	<u>17,028</u>
Current assets			
Inventories	11,636	11,098	1,325
Trade and other receivables	10,473	10,846	6,587
Tax receivable	-	65	-
Cash and cash equivalents	3,242	11,258	6,808
Monies held in trust	119,498	102,191	39,607
Assets held for sale	-	725	-
	<u>144,849</u>	<u>136,183</u>	<u>54,327</u>
Total assets	<u>161,455</u>	<u>145,665</u>	<u>71,355</u>
Liabilities			
Current liabilities			
Trade and other payables	(150,066)	(136,580)	(52,123)
Tax payable	(103)	-	(2,066)
Provisions	(34,457)	(35,181)	(34,063)
	<u>(184,626)</u>	<u>(171,761)</u>	<u>(88,252)</u>
Non-current liabilities			
Retirement benefit obligation	(3,556)	(3,721)	(3,821)
	<u>(3,556)</u>	<u>(3,721)</u>	<u>(3,821)</u>
Total liabilities	<u>(188,182)</u>	<u>(175,482)</u>	<u>(92,073)</u>
Net liabilities	<u>(26,727)</u>	<u>(29,817)</u>	<u>(20,718)</u>
Equity attributable to equity holders of the parent			
Share capital	3,361	3,301	3,361
Share premium account	1,638	1,070	1,638
Retained earnings	(31,726)	(34,188)	(25,717)
Total equity	<u>(26,727)</u>	<u>(29,817)</u>	<u>(20,718)</u>

PARK GROUP PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 April 2011	3,361	1,638	(25,717)	(20,718)
Total comprehensive income for the period				
Loss	-	-	(3,253)	(3,253)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(3,253)</u>	<u>(3,253)</u>
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions	-	-	100	100
Dividends	-	-	(2,856)	(2,856)
Total contributions by and distribution to owners	<u>-</u>	<u>-</u>	<u>(2,756)</u>	<u>(2,756)</u>
At 30 September 2011	<u>3,361</u>	<u>1,638</u>	<u>(31,726)</u>	<u>(26,727)</u>
At 1 April 2010	3,301	1,070	(33,769)	(29,398)
Total comprehensive income for the period				
Profit	-	-	1,015	1,015
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>1,015</u>	<u>1,015</u>
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions	-	-	20	20
Dividends	-	-	(1,454)	(1,454)
Total contributions by and distribution to owners	<u>-</u>	<u>-</u>	<u>(1,434)</u>	<u>(1,434)</u>
At 30 September 2010	<u>3,301</u>	<u>1,070</u>	<u>(34,188)</u>	<u>(29,817)</u>

At 1 April 2010	3,301	1,070	(33,769)	(29,398)
Total comprehensive income for the period				
Profit	-	-	9,514	9,514
Other comprehensive income				
Actuarial losses on defined benefit pension plans	-	-	(235)	(235)
Tax on other comprehensive income	-	-	61	61
Total other comprehensive income	-	-	(174)	(174)
Total comprehensive income for the period	-	-	9,340	9,340
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions	-	-	165	165
Share options exercised	60	568	-	628
Dividends	-	-	(1,453)	(1,453)
Total contributions by and distribution to owners	60	568	(1,288)	(660)
At 31 March 2011	3,361	1,638	(25,717)	(20,718)

PARK GROUP PLC

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR TO 30 SEPTEMBER 2011**

	Half Year to 30.09.11 £'000	Half Year to 30.09.10 £'000	Year to 31.03.11 £'000
Cash flows from operating activities			
Cash used in operations	(762)	(2,979)	(485)
Interest received	556	240	970
Interest paid	(2)	(1)	(2)
Tax paid	(820)	(115)	(1,347)
Net cash used in operating activities	<u>(1,028)</u>	<u>(2,855)</u>	<u>(864)</u>
Cash flows from investing activities			
Proceeds from sale of assets held for sale	235	-	10
Purchase of other intangible assets	(206)	(210)	(1,518)
Purchase of property, plant and equipment	(463)	(235)	(5,474)
Net cash used in investing activities	<u>(434)</u>	<u>(445)</u>	<u>(6,982)</u>
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	-	-	628
Dividends paid to shareholders	(2,104)	(921)	(1,453)
Net cash used in financing activities	<u>(2,104)</u>	<u>(921)</u>	<u>(825)</u>
Net decrease in cash and cash equivalents	<u>(3,566)</u>	<u>(4,221)</u>	<u>(8,671)</u>
Cash and cash equivalents at beginning of period	<u>6,808</u>	<u>15,479</u>	<u>15,479</u>
Cash and cash equivalents at end of period	<u>3,242</u>	<u>11,258</u>	<u>6,808</u>
Cash and cash equivalents comprise:			
Cash	<u>3,242</u>	<u>11,258</u>	<u>6,808</u>

PARK GROUP PLC

UNAUDITED SEGMENTAL REPORTING FOR THE HALF YEAR TO 30 SEPTEMBER 2011

	Half Year to 30.09.11 £'000	Half Year to 30.09.10 £'000	Year to 31.03.11 £'000
Continuing operations			
Revenue			
Consumer	6,681	5,820	168,416
Corporate	39,362	45,091	111,522
External revenue	46,043	50,911	279,938
Consumer	-	-	-
Corporate	5,452	4,401	136,300
Elimination	(5,452)	(4,401)	(136,300)
Inter-segment revenue	-	-	-
Consumer	6,681	5,820	168,416
Corporate	44,814	49,492	247,822
Elimination	(5,452)	(4,401)	(136,300)
Total revenue	46,043	50,911	279,938
Results			
Consumer	(3,758)	(3,165)	4,470
Consumer – other operating income	-	4,490	4,416
Corporate	(749)	(519)	3,934
All other segments	(721)	(841)	(2,785)
All other segments – other operating income	-	(72)	1,090
(Loss)/profit before interest	(5,228)	(107)	11,125

NOTES TO THE ACCOUNTS

(1) Basis of preparation

The financial information in this interim report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and the AIM rules of the London Stock Exchange and on the basis of the accounting policies described in Park Group plc's annual report & accounts for the year ended 31 March 2011. These accounting policies have been based on the current standards and interpretations expected to be effective at 31 March 2012. The group does not expect there to be a significant impact on the results from standards, amendments or interpretations which are available for early adoption but which have not yet been adopted.

The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value. In addition this interim financial report does not comply with IAS34 Interim Financial Reporting, which is not currently required to be applied under AIM rules.

The directors are of the opinion that the financial information should be prepared on a going concern basis, in the light of current trading and the forecast positive cash balances for the foreseeable future.

The financial information included in this interim financial report for the six months ended 30 September 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. A copy of the group's statutory accounts for the year ended 31 March 2011, on which the auditors gave an unqualified opinion and did not make a statement under section 498 of the Companies Act 2006, has been filed with the registrar of companies.

(2) Taxation

The taxation credit for the six months to 30 September 2011 has been calculated using an overall effective tax rate of 26.0 per cent which has been applied to the taxable income (half year to 30 September 2010 – 29.0 per cent).

(3) Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Adjusted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders, before taking into account other operating income, by the appropriate number of shares as detailed above for both basic and diluted calculations.

The calculation of basic and diluted earnings per share is based on the following figures:

	Half year to 30.09.11 £'000	Half year to 30.09.10 £'000	Year to 31.03.11 £'000
(Loss)/earnings			
(Loss)/earnings before other operating income	(3,253)	(2,770)	5,244
Other operating income	-	3,785	4,270
Total (loss)/earnings for period	(3,253)	1,015	9,514
	Half year to 30.09.11	Half year to 30.09.10	Year to 31.03.11
Weighted average number of shares			
Basic eps – weighted average number of shares	168,030,990	165,064,410	165,251,345
Diluting effect of employee share options	6,314,457	598,616	6,889,894
Diluted eps – weighted average number of shares	174,345,447	165,663,026	172,141,239
	Half year to 30.09.11	Half year to 30.09.10	Year to 31.03.11
Basic (loss)/earnings per share			
Weighted average number of shares in issue	168,030,990	165,064,410	165,251,345
Total (p)	(1.94)	0.61	5.76
	Half year to 30.09.11	Half year to 30.09.10	Year to 31.03.11
Diluted (loss)/earnings per share			
Weighted average number of shares in issue	174,345,447	165,663,026	172,141,239
Total (p)	(1.87)	0.61	5.53
Adjusted earnings per share			
	Half year to 30.09.11	Half year to 30.09.10	Year to 31.03.11
Basic (loss)/earnings per share			
Weighted average number of shares in issue	168,030,990	165,064,410	165,251,345
Total (p)	(1.94)	(1.68)	3.17
	Half year to 30.09.11	Half year to 30.09.10	Year to 31.03.11
Diluted (loss)/earnings per share			
Weighted average number of shares in issue	174,345,447	165,663,026	172,141,239
Total (p)	(1.87)	(1.67)	3.05

(4) Prior period customer billings

The difference between the prior period revenue as stated in the interim report for September 2010, and the revenue after applying the updated revenue recognition policy, is immaterial. Therefore no adjustment has been made.

(5) Reconciliation of net (loss)/profit to net cash outflow from operating activities

	Half year to 30.09.11 £'000	Half year to 30.09.10 £'000	Year to 31.03.11 £'000
Net (loss)/profit	(3,253)	1,015	9,514
Adjustments for:			
Tax	(1,143)	(474)	2,993
Interest income	(834)	(649)	(1,384)
Interest expense	2	1	2
Depreciation and amortisation	724	476	932
Impairment of goodwill	-	-	45
Profit on sale of assets held for sale	-	-	(1,090)
Increase in inventories	(10,311)	(10,220)	(447)
Increase in trade and other receivables	(3,476)	(5,536)	(1,011)
Increase in trade and other payables	97,191	88,262	4,339
Increase in provisions	394	4,988	3,870
Increase in monies held in trust	(79,891)	(80,734)	(18,150)
Decrease in retirement benefit obligation	(265)	(128)	(263)
Share-based payments	100	20	165
Net cash outflow from operating activities	(762)	(2,979)	(485)

(6) Approval

This statement was approved by the board on 5 December 2011.

(7) Reports

A copy of this announcement will be available on the Company's website from today www.parkgroup.co.uk and will be mailed to shareholders on 10 January 2012. Copies will also be available for members of the public at the Company's registered office – Valley Road, Birkenhead CH41 7ED and also at the offices of the Company's registrars, Computershare Investor Services PLC, P O Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH.