

# **NEWS RELEASE**

## **PARK GROUP PLC ("Park" or "Park Group")**

**10 June 2010**

### **Preliminary Results for the Year Ended 31 March 2010**

#### **Summary**

Park Group plc is the UK's leading multi-redemption voucher business focussed on the corporate gift voucher and Christmas savings markets. Sales are generated through our direct sales force, agents and the internet.

#### **Financial highlights**

- Revenue increased 5 per cent to £263.2m (2009: £250.5m)
- Operating profit increased 38 per cent to £4.3m (2009: £3.1m)
- Finance income of £1.0m (2009: £3.1m)
- Profit before tax of £5.3m (2009: £6.2m)
- Proposed final dividend of 0.88p per share (2009: 0.88p per share) making a total dividend of 1.32p per share (2009: 1.32p per share) for the year
- Total cash balances peaked at £120m (2009: £124m). Year end cash balance £15.5m (2009: £12.2m) with a further £21.5m (2009: £16.5m) of monies held in trust.

#### **Operational highlights**

- Corporate voucher business operating profit increased 13 per cent to £3.2m (2009: £2.8m)
- Christmas savings business operating profit rising 40 per cent to £2.8m (2009: £2.0m)
- Continued expansion of online sales offering
- Successful introduction of flexecash®, FSA authorised prepaid card

**Peter Johnson, Chairman, commented:** "It is pleasing to report an increase in operating profit in both of our business divisions, especially given the generally difficult economic environment in which we have been operating.

Whilst our sales are predominantly earned in the second half, the current year has started well with both core businesses ahead of the comparable period 12 months earlier. Corporate vouchers are benefiting from a rise in new business and Christmas savings is seeing a steady improvement in customer numbers and order levels. In due course both divisions will be boosted by the introduction of flexecash® - our new FSA authorised prepaid card."

## **Enquiries:**

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## **Chairman's Statement**

I am delighted to report that Park Group had a positive year delivering an increase in operating profit from both business divisions. This is a sound performance especially considering the difficult economic environment in which we had to operate. These results were achieved against a backdrop of significant financial uncertainty and consumer caution caused by economic problems outside of our control. Last year I expressed confidence in the resilience of our long established business model and these results have vindicated that view.

Group revenue for the year to 31 March 2010 rose 5 per cent to £263.2m (2009: £250.5m) while operating profit increased 38 per cent to £4.3m (2009: £3.1m). The very low interest rate environment continued throughout the year and, as expected, reduced finance income to £1.0m (2009: £3.1m). Interest rates are likely to remain low for the foreseeable future. We will continue to manage our cash resources to generate optimal returns commensurate with very low risk.

Park Group currently has no bank borrowings and cash generation has been central to our financial management for many years. It is pleasing to report that our cash balances peaked at £120m. Our tight cash management and conservative approach to the business has enabled us to continue to invest in important new product development and capital investment programmes such as flexecash®, which are important for our future success.

We propose a final dividend of 0.88p per share (2009: 0.88p per share) making a total dividend for the year of 1.32p per share (2009: 1.32p per share). Shareholder approval will be sought at the annual general meeting (AGM) on 21 September 2010 to pay the final dividend on 1 October 2010 to shareholders on the register on 27 August 2010.

## **Trading Performance**

The corporate voucher business performed well with the operating profit rising 13 per cent to £3.2m (2009: £2.8m) on revenue of £107.2m (2009: £85.0m). The expansions in revenues include initial contributions from the major contract wins announced in October 2009 for Park's Love2shop high street gift voucher. Love2shop is the UK's leading multi-retailer gift voucher accepted at over 85 major retailers with over 20,000 stores across the country.

Our corporate vouchers were used by more than 5,000 clients last year, with many of our products and schemes tailored to meet individual requirements. Park's corporate vouchers help customers in a number of ways which include: recognising high-achieving employees, motivating those who need a challenge, incentivising customers and rewarding responses to activities such as research studies.

It is particularly encouraging during tough economic times that corporate entities are increasingly utilising Park's vouchers as a means to reward and incentivise staff, as reflected by the large number of new contracts we have been securing.

The Christmas savings business, of which the predominant product is the Love2shop high street gift voucher, also achieved a significant increase in operating profit, rising 40 per cent to £2.8m (2009: £2.0m). This result was achieved on revenue 6 per cent lower at £156.0m (2009: £165.5m) and reflects the level of orders announced in our interim statement in December 2009.

Park's management responded rapidly to the tough economic environment by introducing further efficiency savings, improving order processing and account management systems and lowering order processing costs. The Christmas 2010 sales campaign is going well with orders, agent and customer numbers and average order values ahead of this time last year.

### **Developments: flexecash®**

In March 2010 we announced that the UK Financial Services Authority (FSA) authorised Park to issue electronic money, which we will use to operate flexecash®, our new prepaid card. This approval is the culmination of three years of development work and over £3m of capital investment in state of the art processing systems. Initially flexecash® has been marketed in the Christmas savings business and it has now been launched into the corporate voucher market.

The flexecash® system provides a direct link between retailers' point of sale equipment and our card processing system, which helps to reduce costs compared with other solutions in the market. The potential for this prepaid card is substantial as it offers numerous new areas of application for existing and future customers.

Park's use of the internet continues to grow apace and is central to the development of the business allowing swift product innovation, expanding the range of customers we can target and reducing costs. It has changed the way we operate to an extent that was unimaginable less than a decade ago.

### **Staff**

Our performance is not achieved by accident; everyone who works at Park Group contributes to the result. Their dedication is impressive and commitment is appreciated. I would like to thank everyone for their hard work and the part they played in achieving this pleasing result.

### **Outlook**

Whilst our sales are predominantly earned in the second half, the current year has started well with both core businesses ahead of the comparable period 12 months earlier. Corporate vouchers are benefiting from a rise in new business and Christmas savings is seeing a steady improvement in customer numbers and order levels. In due course, both divisions will be boosted by the introduction of flexecash®.

Financially Park continues to be strong with significant cash resources backed by robust, well tried systems and tight control of costs. Park has a proven strategy offering an exciting and developing product range; management is looking forward with confidence and the company is well placed to deliver further shareholder value.

**Peter Johnson**  
**Chairman**  
**10 June 2010**

## Operational Review 2010

The financial performance for the year ended 31 March 2010 was creditable and delivered to shareholders a clear demonstration of the inherent strengths of the Park business model. Our aim was to ensure that we maximised our sales and marketing effort, controlled costs tightly, introduced new products and offered our large and loyal customer base a high quality service backed by first class support and administration.

Park is a dynamic business. It started out in 1967 offering a savings scheme to enable customers to purchase Christmas hampers. The company has developed over the years and today hampers form a very small part of the total product offering. A key development was the successful introduction in 1982 of gift vouchers, starting with the High Street Vouchers brand, which have become the bedrock of the business. Today Park's strength lies in the leading UK brands it has developed, which include:

- Love2shop – the multi-redemption gift voucher;
- Park – the Christmas savings business;
- Love2reward – the corporate incentive provider; and
- highstreetvouchers.com – the online gift voucher retailer

A feature of recent years has been the development of the internet and the way in which management has grasped its potential to drive the growth and expansion of Park. The impact and influence of the internet has been enormous and has led to product innovation as well as much more efficient communication with all our stakeholders. Customers can now access the company's websites at any time convenient to them to place orders, make enquiries and also receive up-to-the-minute product and delivery information. In the last three years the percentage of orders booked via the web has grown from 25 per cent to 40 per cent. Allowing customers to self serve not only saves time and money, but has also enabled Park to make significant cost savings on telephone and postal communication.

The combination of Park's Love2shop voucher and leading position in the Christmas savings and corporate voucher markets, coupled with the company's expertise in using the internet, have brought it to the threshold of a new and exciting stage in its development. The launch in May 2010 of the flexecash® prepaid card, is a natural extension of Park's business and will broaden its product offering significantly.

Prepaid cards have been in use for many years in North America where they have proved to be popular and convenient. Over the past three years Park has invested in systems and infrastructure to be ready to process our own prepaid card. We have now gained the required authorisation as an e-money issuer from the FSA.

flexecash® brings new information technology skills to Park and builds on our market knowledge, retailer and customer relationships and leading brands, while utilising the experience of our people. Early indications from selected test market customers and interest from existing and new customers has been excellent. Over time, and as sales build, we intend to expand the flexecash® concept into new business areas which should provide a potential for attractive growth over the coming years.

## **Corporate Vouchers**

Our corporate voucher division offers a large portfolio of gift cards and vouchers, which are used by an ever increasing client base as incentive and reward products. Our product range is designed to give customers the flexibility to develop schemes tailor-made to their individual requirements. We are one of the largest providers of incentive and reward solutions in the UK, and have been offering market leading reward management products now for over 20 years.

Many of our corporate customers are operating under financial constraints in the current economic climate and use our products to motivate and reward staff for achieving performance targets.

Revenue for the year to 31 March 2010 rose over 26 per cent, compared with 12 months earlier, through a combination of organic growth and some significant new customer wins. The incentive and reward sector, which comprises the majority of the division's business, advanced strongly with sales exceeding £65m, an increase of more than 13 per cent from the level of the previous year.

Overall customer numbers rose 15 per cent when compared to last year and ended the year above 5,000 for the first time in Park's history. Customer retention was 81 per cent, just ahead of last year's level, an excellent result as some customer losses are inevitable in this type of business where a proportion of incentive and marketing schemes are not repeated. This solid performance demonstrates the effectiveness of our marketing and product development programmes, which strive to deliver to customers the product innovation and excitement they need to enable them to continue offering appropriate motivation schemes to their staff.

Park Travel, our full service travel agency, which redeems our Love2travel card and now accepts the Love2shop voucher and our new flexecash® prepaid card as well as traditional payment methods for holidays, has performed well. This operation has delivered consistent growth since it was introduced and commission on holiday bookings showed a 25 per cent growth year on year.

Under the Love2reward banner we are continuously refining existing products and introducing new ones to ensure that corporate customers can offer their staff the most up-to-date voucher and reward experiences. In 2008 we launched the Love2choose gift card that gives recipients total choice and flexibility. The card can be redeemed online for our own Love2shop high street gift voucher or for individual gift cards or vouchers from retailers such as Arcadia, Currys, Debenhams, House of Fraser, John Lewis, Marks & Spencer and many more. Sales of Love2choose more than doubled in the year to 31 March 2010 reflecting the popularity of the product.

Another innovative and fast growing Park product is Virtual Incentive Points or VIP, which allows companies to run their own branded reward programme using a secure online system. VIP is ideal for employee recognition, customer loyalty and sales incentives and can offer participants everything from vouchers and experiences to holidays and home delivered gifts. Although still small VIP had an excellent year with sales close to triple the level of one year earlier.

## **Christmas Savings**

Raising operating profit by almost 40 per cent on sales below the level of the previous year was an excellent achievement. The year started with the UK economy mired in recession with few signs of early recovery, not surprisingly our many loyal customers were cautious about committing disposable income in the face of this uncertainty. Park was quick to introduce efficiency savings to counter the weak market and also refined promotional spending to carefully targeted sectors.

The number of agents for Christmas 2009 rose over 6 per cent to 109,500, which is 6,500 ahead of the figure for the previous year. At the half year we reported lower customer numbers and this trend continued through the second half, ending the year at 400,000, a fall from the previous year's level of 432,000. The average customer order value for Christmas 2009 held firm at £375, just ahead of the Christmas 2008 level. Considering the economic climate during late 2008 and early 2009 these figures are acceptable and provide a sound basis for the future. The indications for Christmas 2010 are encouraging; currently we have signed up over 116,000 agents and 425,000 customers and the average order value is currently 5.8 per cent higher than last year at the same stage.

Customer relations and service delivery have characterised the growth and development of the business. We have hundreds of thousands of loyal customers and the manner in which we serve them is under constant review to ensure that we are in tune with their needs and that we supply them with the products and services they want and need. We regularly carry out detailed analyses of our customers and many thousands respond to our market research questionnaires, which is of great help to our marketing teams.

The demographics and characteristics of our customer base are changing and it is clear that the internet is playing a significant role in this development. Five years ago fewer than two per cent of orders were submitted online. In the year under review that figure rose to over 40 per cent and we expect it to continue to increase. Online ordering is closely correlated to our television advertising, which peaks in October and January. Park ensures that its Christmas savings product is adequately covered by web search engines by optimising the design of our websites.

Highstreetvouchers.com, our online voucher shop, has again developed well. We have introduced new products to the site and accept orders from overseas customers for delivery in the UK. In the year under review revenue increased by 31 per cent to £5.3m.

Changes online are taking Park into new areas, in addition to flexecash@. Social networking sites, which hardly existed five years ago, are now being used to allow customers to interact with Park brands in a totally different and dynamic way. Video advertising is becoming more commonplace and more people are accessing websites through their mobile phones. Park is embracing new technology and online initiatives to ensure it maintains its brand leadership and to drive its growth.

**Chris Houghton**  
**Group Managing Director**  
**10 June 2010**

## Financial Review 2010

### Profit from operations

The group's operations are divided into two operating segments:

- Corporate vouchers comprising the group's sales to businesses, offering primarily sales of the Love2shop voucher and other retailer vouchers to businesses for use as staff rewards/incentives, marketing aids and prizes; and
- Christmas savings which represents the group's sales to consumers, utilising its Christmas savings offering and consumer sales via the internet.

Where it is impractical to allocate central costs these have been separately reported.

Operating profit is detailed below:

	2010 £'000	2009 £'000	Change £'000
Corporate vouchers	3,198	2,821	377
Christmas savings	2,805	2,006	799
Central costs	(1,684)	(1,704)	20
Operating profit	<u>4,319</u>	<u>3,123</u>	<u>1,196</u>

The improvement in operating profit for the corporate voucher business has arisen as a result of increased sales of £22.15m. This sales growth has been largely achieved in the credit market where the business operates at lower margins. As a result the average operating margin has fallen to just below 3 per cent of external revenue.

With a decline in revenue of just under 6 per cent to £156.0m in the year, our Christmas savings business still managed to improve its operating profit by almost 40 per cent to £2.8m. This resulted from improved operating efficiency and a more effective promotional campaign.

### Taxation

The effective tax rate for the year was 32.9 per cent (2009: 35.6 per cent) of profit before tax.

### Earnings per share

Basic earnings per share decreased to 2.14p from 2.44p.

### Dividends

The board has maintained the final dividend of 0.88p per share. Subject to approval of the final dividend at the AGM the total dividend for 2010 will be 1.32p per share.

### Cash flows

At the end of March 2010 £15.5m (2009: £12.2m) of cash and cash equivalents was held by the group with a further £21.5m (2009: £16.5m) being held by the Park Prepayments Trustee Company Ltd. This trust holds payments received from agents in respect of orders for delivery the following Christmas. The conditions of the release of this money to the group are detailed in the trust deed, which is available at [www.getpark.co.uk](http://www.getpark.co.uk).

The total amount of cash held by the group combined with the monies held in trust peaked at almost £120m in the year. The group had no bank borrowings in the year.

The cash balance of £15.5m represents an increase of £3.3m in the year with £8.5m of cash being generated from operating activities.

### **Provisions**

At the year end provisions had increased to £30.2m from £23.6m due primarily to the increase in sales in the corporate voucher business.

### **Pensions**

The group continues to operate defined benefit schemes where pensions at retirement are based on service and final salary. These schemes are now closed to future accrual of benefit arising from service with the group.

Under IAS 19 Employee Benefits the group recognises any actuarial gains or losses in each period in the Statement Of Comprehensive Income (SOCi). In the year ended 31 March 2010 the group recognised an actuarial loss in the SOCi of £2.2m (2009: gain of £1.1m) net of tax. The actuarial loss of £2.2m resulted primarily from the change in discount rates from 6.50 per cent to 5.50 per cent that were used in the valuation of scheme liabilities. The pension deficit based on the valuation performed at 31 March 2010 now amounts to £3.8m, an increase of £2.7m from the deficit of £1.1m at 31 March 2009.

In 2009/10 in addition to contributions by the company of 12.8 per cent of members' pensionable earnings (6.4 per cent by employees) a further contribution of £275,000 per annum was made. This was in response to the actuarial valuation performed as at 31 March 2007 available at the time which indicated a funding deficit of £1.6m. A further actuarial valuation as at 31 March 2010 will be completed in the next 12 months.

**Martin Stewart**  
**Group Finance Director**  
**10 June 2010**

# Park Group plc

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR TO 31 MARCH 2010

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Revenue	<b>263,186</b>	250,541
Cost of sales	<b>(246,752)</b>	(235,535)
Gross profit	<b>16,434</b>	15,006
Distribution costs	<b>(2,518)</b>	(2,479)
Administrative expenses	<b>(9,597)</b>	(9,404)
Operating profit	<b>4,319</b>	3,123
Finance income	<b>960</b>	3,139
Finance costs	<b>(5)</b>	(19)
Profit before taxation	<b>5,274</b>	6,243
Taxation	<b>(1,734)</b>	(2,221)
Profit for the period attributable to the equity holders of the parent	<b>3,540</b>	4,022
Earnings per share (see note 6)		
- basic	2.14p	2.44p
- diluted	2.14p	2.43p

## Park Group plc

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 MARCH 2010

	2010 £'000	2009 £'000
<b>Profit for the period</b>	<b>3,540</b>	<b>4,022</b>
Other comprehensive income:		
Actuarial (losses)/gains on defined benefit pension plans	(3,038)	1,506
Deferred tax on actuarial losses/(gains) on defined benefit pension plans	851	(422)
Other comprehensive income for the period, net of tax	(2,187)	1,084
<b>Total comprehensive income for the period</b>	<b>1,353</b>	<b>5,106</b>

# Park Group plc

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	As at 31.03.10 £'000	As at 31.03.09 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	1,452	1,513
Other intangible assets	3,467	1,685
Investments	2	2
Investment property	268	273
Property, plant and equipment	3,859	4,069
Deferred tax assets	483	221
	<u>9,531</u>	<u>7,763</u>
<b>Current assets</b>		
Inventories	878	690
Trade and other receivables	4,901	4,312
Cash and cash equivalents	15,479	12,207
Monies held in trust	21,457	16,508
Assets held for sale	725	725
	<u>43,440</u>	<u>34,442</u>
<b>Total assets</b>	<u>52,971</u>	<u>42,205</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(47,786)	(45,559)
Tax payable	(541)	(588)
Provisions	(30,193)	(23,603)
	<u>(78,520)</u>	<u>(69,750)</u>
<b>Non-current liabilities</b>		
Retirement benefit obligation	(3,849)	(1,067)
	<u>(3,849)</u>	<u>(1,067)</u>
<b>Total liabilities</b>	<u>(82,369)</u>	<u>(70,817)</u>
<b>Net liabilities</b>	<u>(29,398)</u>	<u>(28,612)</u>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	3,301	3,301
Share premium account	1,070	1,070
Retained earnings	(33,769)	(32,983)
<b>Total equity</b>	<u>(29,398)</u>	<u>(28,612)</u>

# Park Group plc

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2009	3,301	1,070	(32,983)	(28,612)
<b>Total comprehensive income for the period</b>				
Profit	-	-	3,540	3,540
Other comprehensive income				
Actuarial losses on defined benefit pension plans	-	-	(3,038)	(3,038)
Deferred tax on actuarial losses on defined benefit pension plans	-	-	851	851
Total other comprehensive income	-	-	(2,187)	(2,187)
<b>Total comprehensive income for the period</b>	-	-	1,353	1,353
<b>Transactions with owners, recorded directly in equity</b>				
Equity settled share based payment transactions	-	-	40	40
Dividends	-	-	(2,179)	(2,179)
<b>Total contributions by and distribution to owners</b>	-	-	(2,139)	(2,139)
Balance at 31 March 2010	<u>3,301</u>	<u>1,070</u>	<u>(33,769)</u>	<u>(29,398)</u>
Balance at 1 April 2008	3,301	1,070	(36,083)	(31,712)
<b>Total comprehensive income for the period</b>				
Profit	-	-	4,022	4,022
Other comprehensive income				
Actuarial gains on defined benefit pension plans	-	-	1,506	1,506
Deferred tax on actuarial gains on defined benefit pension plans	-	-	(422)	(422)
Total other comprehensive income	-	-	1,084	1,084
<b>Total comprehensive income for the period</b>	-	-	5,106	5,106
<b>Transactions with owners, recorded directly in equity</b>				
Equity settled share based payment transactions	-	-	41	41
Dividends	-	-	(2,047)	(2,047)
<b>Total contributions by and distribution to owners</b>	-	-	(2,006)	(2,006)
Balance at 31 March 2009	<u>3,301</u>	<u>1,070</u>	<u>(32,983)</u>	<u>(28,612)</u>

# Park Group plc

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	2010 Total	2009 Total
	£'000	£'000
<b>Cash flows from operating activities</b>		
Cash generated from operations (note 7)	8,782	6,982
Interest received	942	3,132
Interest paid	(5)	(19)
Tax paid	(1,193)	(56)
<b>Net cash generated from operating activities</b>	<u>8,526</u>	<u>10,039</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of other intangible assets	-	24
Proceeds from sale of property, plant and equipment	2	11
Purchase of other intangible assets	(2,070)	(988)
Purchase of property, plant and equipment	(281)	(303)
Additions to assets held for sale	-	(25)
<b>Net cash used in investing activities</b>	<u>(2,349)</u>	<u>(1,281)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(2,905)	(1,981)
<b>Net cash used in financing activities</b>	<u>(2,905)</u>	<u>(1,981)</u>
<b>Net increase in cash and cash equivalents</b>	<u>3,272</u>	<u>6,777</u>
Cash and cash equivalents at beginning of period	<u>12,207</u>	<u>5,430</u>
Cash and cash equivalents at end of period	<u>15,479</u>	<u>12,207</u>
Cash and cash equivalents comprise:		
Cash	<u>15,479</u>	<u>12,207</u>

**(1) Basis of preparation**

The group and company financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards as adopted by the EU (adopted IFRS).

The group's business activities, together with factors likely to affect its future development, performance and position are set out on pages 4 to 6 of the business review. The financial position of the group, its cash flows and liquidity position are described on pages 4 to 6 of the business review.

The group's forecasts and projections, taking into account reasonably possible changes in trading performance and customer behaviour, show that the group has sufficient financial resources (without requiring bank borrowings) to fund the business for the foreseeable future despite the group's net liabilities. The group continues to trade profitably and has no bank borrowings. Accordingly the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value. The accounting policies have, unless otherwise stated, been applied consistently to all periods and by all group entities.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**(2) Changes to International Financial Reporting Standards**

New Standards and Interpretations applicable for the year

- IFRS 7 'Improving Disclosures about Financial Instruments' – applied to these financial statements
- IFRS 8 'Operating Segments' – applicable to these financial statements but has no material impact
- Amendments to IAS 1 'Presentation of Financial Statements' – applied to these financial statements
- IAS 38 'Intangible Assets' – this was early adopted in the prior year financial statements
- IFRIC 13 'Customer Loyalty Programmes' – applicable to these financial statements but has no material impact.

There were no adopted IFRSs available for early application which would be expected to have a material effect on the financial statements.

**(3) Accounting policies**

The financial information in this preliminary announcement has been prepared in accordance with the accounting policies described in the annual report and accounts for the year ended 31 March 2009. The annual report and accounts for the year ended 31 March 2009 can be found on our website at [www.parkgroup.co.uk](http://www.parkgroup.co.uk).

#### (4) Segmental analysis

The amount included within the central costs/elimination column with respect to revenue reflects vouchers sold by the corporate voucher segment to the Christmas savings segment. They have been included in central costs/elimination so as to show the total revenue for both segments.

Central costs are those items relating to the corporate activities of the group which it was felt could not be reasonably allocated to either business segment.

	Christmas savings £'000	Corporate vouchers £'000	Central costs/ Elimination £'000	2010 Total £'000	Christmas savings £'000	Corporate vouchers £'000	Central costs/ Elimination £'000	2009 Total £'000
<b>Revenue</b>								
External revenue	155,983	107,203	-	263,186	165,486	85,055	-	250,541
Inter-segment revenue	-	124,362	(124,362)	-	-	132,658	(132,658)	-
<b>Total revenue</b>	<b>155,983</b>	<b>231,565</b>	<b>(124,362)</b>	<b>263,186</b>	<b>165,486</b>	<b>217,713</b>	<b>(132,658)</b>	<b>250,541</b>

Inter-segment sales are entered into under normal arm's length commercial terms and conditions.

#### Result

Segment operating profit/(loss)	2,805	3,198	(1,684)	4,319	2,006	2,821	(1,704)	3,123
Finance income				960				3,139
Finance costs				(5)				(19)
Profit before taxation				5,274				6,243
Taxation				(1,734)				(2,221)
Profit				3,540				4,022

#### (5) Taxation

	2010 £'000	2009 £'000
Charge for the year – current and deferred	1,734	2,221

#### (6) Earnings per share

The calculation of basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £3,540,000 (2009: £4,022,000) and on the weighted average number of shares, calculated as follows:

	2010	2009
Basic eps - weighted average number of shares	165,064,410	165,064,410
Diluting effect of employee share options	590,942	385,902
Diluted eps – weighted average number of shares	165,655,352	165,450,312

**(7) Reconciliation of net profit to net cash inflow from operating activities**

	<b>2010</b>	2009
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Net profit for the period attributable to equity holders of the parent	<b>3,540</b>	4,022
Adjustments for:		
Tax on operations	<b>1,734</b>	2,221
Interest income	<b>(960)</b>	(3,139)
Interest expense	<b>5</b>	19
Depreciation and amortisation	<b>784</b>	909
Impairment of goodwill	<b>61</b>	-
(Profit)/loss on sale of property, plant and equipment and other intangibles	<b>(2)</b>	2
Decrease in loans and receivables	<b>-</b>	187
(Increase)/decrease in inventories	<b>(188)</b>	338
(Increase)/decrease in trade and other receivables	<b>(571)</b>	2,201
Increase/(decrease) in trade and other payables	<b>2,954</b>	(492)
Increase/(decrease) in provisions	<b>6,590</b>	(105)
(Increase)/decrease in monies held in trust	<b>(4,949)</b>	828
Decrease in retirement benefit obligation	<b>(256)</b>	(50)
Share-based payments	<b>40</b>	41
Net cash inflow from operating activities	<b>8,782</b>	6,982

**(8)** The annual report will be posted to shareholders on 28 July 2010 and the AGM of the company will be held in Birkenhead on Tuesday 21 September 2010.