



PARK GROUP PLC
(‘Park’, ‘the Company’ or ‘the Group’)

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2009

8 December 2009

| Summary | Half Year to 30.09.09 £'000 | Restated Half Year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|---|--|---|---------------------------------------|
| Revenue | 34,175 | 32,344 | 250,541 |
| Operating (loss)/profit | (4,661) | (5,334) | 3,123 |
| (Loss)/profit before taxation from continuing operations | (4,172) | (3,580) | 6,243 |
| (Loss)/profit for the period | (2,962) | (2,567) | 4,022 |
| Dividend per share | 0.44p | 0.44p | 1.32p |
| (Loss)/earnings per share | (1.79)p | (1.56)p | 2.44p |

Introduction

Park Group is the UK’s leading multi-redemption voucher business focussed on the corporate gift voucher and Christmas savings markets. The company is a leader in its field with a strong sales and service culture utilising internet technology to broaden its product offering to its very large customer base. Park's business is generally seasonal and the first half of the year is traditionally loss making with the bulk of annual revenues generated in the second half.

Financial highlights:

- Revenue on continuing operations increased 6 per cent to £34.2 million (2008: £32.3 million)
- Operating loss (before finance income and taxation) reduced by 13 per cent to £4.7 million (2008: loss £5.3 million)
- Finance income received of £0.5 million (2008: £1.8 million)
- Interim dividend held at 0.44 pence (net) per share (2008: 0.44 pence)
- Total cash balances peaked at £120 million (2008: £124 million)

Operational highlights:

- Corporate Voucher sales advance 5 per cent in period
- New business up over 30 per cent compared with the same period last year
- Christmas Savings 2009 orders 7 per cent below previous year. Orders for Christmas 2010 are well ahead of last year at this stage
- Online business continuing to grow strongly

Peter Johnson, Chairman of Park Group plc, commented:

“The Group’s performance again demonstrates the robustness of its long established, yet evolving, business model. Our corporate business continues to gain market share and early responses to our Christmas 2010 recruitment campaign are encouraging with orders well above those received at the same time last year.”

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CHAIRMAN'S STATEMENT

I am pleased to report that Park Group has delivered another satisfactory set of results. The economic climate in the period under review, the six months to 30 September 2009, has been very challenging. The Group's performance again demonstrates the robustness of its long established, yet evolving, business model. The economic conditions in the United Kingdom have been some of the toughest since Park Group was formed over 40 years ago and it is encouraging and reassuring that we have been able to deliver this sound performance for our shareholders.

Trading results

Revenue on continuing operations for the six months to 30 September 2009 increased by 6 per cent to £34.2 million (2008: £32.3 million). The first half of the year is extremely busy and important in terms of securing orders but is loss making as over 85 per cent of sales are not despatched and invoiced until the second half. The operating loss in the period before finance income and taxation reduced by 13 per cent to £4.7 million (2008: loss £5.3 million). Finance income is a key component of our performance and reflects the interest the company earns on funds invested. The amount earned in the period, £0.5 million (2008: £1.8 million), reflects the very low current interest rate environment. As a result Park Group's loss before taxation was £4.2 million (2008: £3.6 million). Total cash balances peaked at a similar level to last year at £120 million. The Company was cash positive throughout the period.

The Board is pleased to declare an interim dividend of 0.44 pence per share. It will be paid on 1 April 2010 to shareholders on the register on 5 March 2010. This payment demonstrates the Board's confidence in the business and when added to the final dividend of 0.88 pence, declared last June, represents a yield of approximately 6.3 per cent on a share price of 21 pence.

Operational review

The Corporate Voucher business, which in a full year generates around 60 per cent of Group operating profit, continues to make good progress. Sales in the six months to 30 September 2009 advanced some 5 per cent boosted by new business wins, product innovation and the strength of our customer base. In October, after the period end, we announced that the Company had won a number of new Love2shop high street gift voucher contracts. Although it will take time for these contracts to impact on our profitability it does demonstrate the effectiveness of our sales team in building the corporate voucher operation and growing market share in a highly competitive marketplace. Our marketing focus has led to a significant volume of new business, up over 30 per cent compared with the same period last year, which has offset reduced volume in the bingo and credit markets. Considerable effort is being targeted at the small and medium size enterprise sector where there is encouraging sales potential. These businesses use Park's range of vouchers for incentivising and motivating staff and customers, a key task during the current economic circumstances.

Our long established Christmas Savings business allows customers to plan and prepare for the festive season in a careful and controlled manner by making regular payments to spread the cost. This approach is particularly attractive to customers in times of financial strain as it provides them with the comfort that small manageable payments during the year will mean that Christmas will be paid for without the need to use expensive credit.

Park's preparations for Christmas 2009 began more than one year ago, coinciding with the onset of the global economic and banking problems. Although our customer base has been impacted, as has everyone else in the UK, it is encouraging to note the robustness of our business model and the determination of our customers to continue to plan for Christmas. The number of agents trading for Christmas 2009 has increased to 109,000 from 104,000 last year with customer numbers reducing to 402,000 from 434,000. Customer order values have remained similar to last year's average at £375. Total orders for Christmas 2009 are substantially complete and are currently 7 per cent below last year's amount. However looking further forward, early orders for Christmas 2010 are well above the comparable figure at this time last year.

New product launches continue apace as we utilise our marketing and order processing expertise to broaden our offering and reach new customer groups. Product sales direct to consumers via highstreetvouchers.com have continued to show good progress with sales increasing by 18 per cent year on year to £1.6 million during the half year. The number of orders processed in the same period increased by 67 per cent, reflecting the increased use of the site by customers wanting to send friends and family a gift.

Park has invested significantly in IT infrastructure, and the internet is at the heart of our development plans. The volume of business handled electronically is rising fast and this, linked to the immediacy of the technology, raises the level of customer service and speed of response whilst also lowering unit costs. The number of traditional telephone sales and customer service staff has been reduced as the internet provides a more efficient and flexible method of maintaining contact with agents and customers and obtaining new business. We are also enhancing our ability to communicate with customers by SMS and email.

Outlook

The business continues to perform in line with expectations; overall the slightly lower level of Christmas savings orders for 2009 has been offset by increased corporate and online voucher sales.

Our corporate business continues to gain market share and new developments in pre-paid card technology will open up new and exciting market opportunities for the group. Early responses to our Christmas 2010 recruitment campaign are encouraging with orders well above those received at the same time last year. As the economy starts to show signs of recovery the Group is well placed to deliver growth.

Peter Johnson
Chairman
8 December 2009

PARK GROUP PLC

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR
TO 30 SEPTEMBER 2009**

| | Half Year to 30.09.09 £'000 | Restated Half Year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|--|--|---|------------------------------|
| Continuing operations | | | |
| Revenue | 34,175 | 32,344 | 250,541 |
| Cost of sales | (34,878) | (33,631) | (235,535) |
| Gross (loss)/profit | (703) | (1,287) | 15,006 |
| Distribution costs | (161) | (153) | (2,479) |
| Administrative expenses | (3,797) | (3,894) | (9,404) |
| Operating (loss)/profit | (4,661) | (5,334) | 3,123 |
| Finance income | 489 | 1,754 | 3,139 |
| Finance costs | - | - | (19) |
| (Loss)/profit before taxation | (4,172) | (3,580) | 6,243 |
| Taxation | 1,210 | 1,013 | (2,221) |
| (Loss)/profit for the period attributable to equity holders of the parent | (2,962) | (2,567) | 4,022 |
| (Loss)/earnings per share (see note 3) | | | |
| - basic - total | (1.79)p | (1.56)p | 2.44p |
| - diluted - total | (1.79)p | (1.55)p | 2.43p |

PARK GROUP PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR TO 30 SEPTEMBER 2009

| | Half Year to 30.09.09 £'000 | Restated Half Year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|--|--|---|------------------------------|
| (Loss)/profit for the period | <u>(2,962)</u> | <u>(2,567)</u> | <u>4,022</u> |
| Other comprehensive income: | | | |
| Actuarial gains on defined benefit pension schemes | - | - | 1,506 |
| Deferred tax on actuarial gains on defined benefit pension schemes | <u>-</u> | <u>-</u> | <u>(422)</u> |
| Other comprehensive income for the period, net of tax | <u>-</u> | <u>-</u> | <u>1,084</u> |
| Total comprehensive income for the period | <u>(2,962)</u> | <u>(2,567)</u> | <u>5,106</u> |

PARK GROUP PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30.09.09 £'000 | Restated As at 30.09.08 £'000 | As at 31.03.09 £'000 |
|--|-------------------------------------|--|-------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | 1,513 | 1,513 | 1,513 |
| Other intangible assets | 2,902 | 1,097 | 1,685 |
| Investments | 2 | 2 | 2 |
| Investment property | 270 | 279 | 273 |
| Property, plant and equipment | 4,033 | 4,135 | 4,069 |
| Deferred tax assets | 221 | 1,357 | 221 |
| | <u>8,941</u> | <u>8,383</u> | <u>7,763</u> |
| Current assets | | | |
| Inventories | 8,597 | 7,022 | 690 |
| Loans and receivables | - | 26 | - |
| Trade and other receivables | 4,684 | 5,539 | 4,312 |
| Current tax assets | 1,194 | 1,112 | - |
| Cash and cash equivalents | 5,700 | 18,733 | 12,207 |
| Monies held in trust | 85,721 | 84,328 | 16,508 |
| Assets held for sale | 725 | 725 | 725 |
| | <u>106,621</u> | <u>117,485</u> | <u>34,442</u> |
| Total assets | <u>115,562</u> | <u>125,868</u> | <u>42,205</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | (124,209) | (136,324) | (45,559) |
| Current tax liabilities | - | - | (588) |
| Provisions | (23,365) | (22,464) | (23,603) |
| | <u>(147,574)</u> | <u>(158,788)</u> | <u>(69,750)</u> |
| Non-current liabilities | | | |
| Retirement benefit obligation | (996) | (2,659) | (1,067) |
| | <u>(996)</u> | <u>(2,659)</u> | <u>(1,067)</u> |
| Total liabilities | <u>(148,570)</u> | <u>(161,447)</u> | <u>(70,817)</u> |
| Net liabilities | <u>(33,008)</u> | <u>(35,579)</u> | <u>(28,612)</u> |
| Shareholders' equity | | | |
| Share capital | 3,301 | 3,301 | 3,301 |
| Share premium account | 1,070 | 1,070 | 1,070 |
| Retained earnings | (37,379) | (39,950) | (32,983) |
| Total equity attributable to equity holders of the parent | <u>(33,008)</u> | <u>(35,579)</u> | <u>(28,612)</u> |

PARK GROUP PLC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Half Year to 30.09.09 £'000 | Half Year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|--|--|-----------------------------------|------------------------------|
| Cash flows from operating activities (note 4) | | | |
| Cash (used in)/generated from operations | (3,072) | 12,667 | 6,982 |
| Interest received | 181 | 1,475 | 3,132 |
| Interest paid | - | - | (19) |
| Tax (paid)/received | (573) | 764 | (56) |
| Net cash (used in)/generated from operating activities | <u>(3,464)</u> | <u>14,906</u> | <u>10,039</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of other intangible assets | - | - | 24 |
| Proceeds from sale of property, plant and equipment | - | - | 11 |
| Purchase of intangible assets | (1,344) | (192) | (988) |
| Purchase of property, plant and equipment | (215) | (88) | (303) |
| Additions to assets held for sale | - | (25) | (25) |
| Net cash used in investing activities | <u>(1,559)</u> | <u>(305)</u> | <u>(1,281)</u> |
| Cash flows from financing activities | | | |
| Dividends paid to shareholders | (1,484) | (1,298) | (1,981) |
| Net cash used in financing activities | <u>(1,484)</u> | <u>(1,298)</u> | <u>(1,981)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(6,507)</u> | <u>13,303</u> | <u>6,777</u> |
| Cash and cash equivalents at beginning of period | <u>12,207</u> | <u>5,430</u> | <u>5,430</u> |
| Cash and cash equivalents at end of period | <u>5,700</u> | <u>18,733</u> | <u>12,207</u> |
| Cash and cash equivalents comprise: | | | |
| Cash | <u>5,700</u> | <u>18,733</u> | <u>12,207</u> |

PARK GROUP PLC

UNAUDITED SEGMENTAL REPORTING FOR THE HALF YEAR TO 30 SEPTEMBER 2009

| | Half Year to 30.09.09 £'000 | Restated Half Year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|-------------------------------|--|---|------------------------------|
| Continuing operations | | | |
| Revenue | | | |
| Christmas Savings | 4,257 | 3,890 | 165,486 |
| Corporate Vouchers | 29,918 | 28,454 | 85,055 |
| External revenue | 34,175 | 32,344 | 250,541 |
| Christmas Savings | - | - | - |
| Corporate Vouchers | 3,184 | 2,418 | 132,658 |
| Elimination | (3,184) | (2,418) | (132,658) |
| Inter-segment revenue | - | - | - |
| Christmas Savings | 4,257 | 3,890 | 165,486 |
| Corporate Vouchers | 33,102 | 30,872 | 217,713 |
| Elimination | (3,184) | (2,418) | (132,658) |
| Total revenue | 34,175 | 32,344 | 250,541 |
| Results | | | |
| Christmas Savings | (3,488) | (4,202) | 2,006 |
| Corporate Vouchers | (443) | (461) | 2,821 |
| Unallocated | (730) | (671) | (1,704) |
| (Loss)/profit before interest | (4,661) | (5,334) | 3,123 |

Note: Elimination of revenue represents intra-group sales of vouchers, sold by the Corporate Voucher business to the Christmas Savings business.

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 2009. These accounting policies have been based on the current standards and interpretations expected to be effective at 31 March 2010. 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 2009 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and is unaudited. The comparative figures for 2008 were subject to a review opinion. A copy of the group's statutory accounts for the year ended 31 March 2009, on which the auditors gave an unqualified opinion and did not make a statement under section 237 of the Companies Act 1985, has been filed with the Registrar of Companies.

(2) Taxation

The taxation credit for the six months to 30 September 2009 has been calculated using an overall effective tax rate of 29.0 per cent (half year to 30 September 2008 – 28.3 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.

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

| | Half year to 30.09.09 £'000 | Restated Half year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|---|--|---|------------------------------|
| Earnings | | | |
| Total (loss)/earnings for period | (2,962) | (2,567) | 4,022 |
| | | | |
| | Half year to 30.09.09 | Half year to 30.09.08 | Year to 31.03.09 |
| Weighted average number of shares | | | |
| Basic eps – weighted average number of shares | 165,064,410 | 165,064,410 | 165,064,410 |
| Diluting effect of employee share options | 579,705 | 376,250 | 385,902 |
| Diluted eps – weighted average number of shares | 165,644,115 | 165,440,660 | 165,450,312 |

(3) Earnings per share (continued)

| | Half year to 30.09.09 | Restated Half year to 30.09.08 | Year to 31.03.09 |
|--|--------------------------|--------------------------------------|---------------------|
| Basic (loss)/earnings per share | | | |
| Weighted average number of shares in issue | 165,064,410 | 165,064,410 | 165,064,410 |
| Total (pence) | (1.79) | (1.56) | 2.44 |
| | | | |
| | Half year to 30.09.09 | Restated Half year to 30.09.08 | Year to 31.03.09 |
| Diluted (loss)/earnings per share | | | |
| Weighted average number of shares in issue | 165,644,115 | 165,440,660 | 165,450,312 |
| Total (pence) | (1.79) | (1.55) | 2.43 |

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

| | Half year to 30.09.09 £'000 | Restated Half year to 30.09.08 £'000 | Year to 31.03.09 £'000 |
|--|-----------------------------------|---|------------------------------|
| Net (loss)/profit | (2,962) | (2,567) | 4,022 |
| Adjustments for: | | | |
| Tax on continuing operations | (1,210) | (1,013) | 2,221 |
| Interest income | (489) | (1,754) | (3,139) |
| Interest expense | - | - | 19 |
| Depreciation and amortisation | 381 | 443 | 909 |
| Loss on sale of other intangibles and property, plant and equipment | - | - | 2 |
| Decrease in loans and receivables | - | 161 | 187 |
| (Increase)/decrease in inventories | (7,907) | (5,994) | 338 |
| (Increase)/decrease in trade and other receivables | (64) | 1,026 | 2,201 |
| Increase/(decrease) in trade and other payables | 78,681 | 90,545 | (492) |
| Decrease in provisions | (238) | (1,244) | (105) |
| (Increase)/decrease in monies held in trust | (69,213) | (66,993) | 828 |
| (Decrease)/increase in retirement benefit obligation | (71) | 36 | (50) |
| Share-based payments | 20 | 21 | 41 |
| | | | |
| Net cash (outflows)/inflows from operating activities | (3,072) | 12,667 | 6,982 |

(5) Approval

This statement was approved by the board on 7 December 2009.

(6) 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 15 December 2009. 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.