

NEWS RELEASE

PARK GROUP PLC

11 June 2009

Preliminary Results for the Year Ended 31 March 2009

Summary

	2009	Restated 2008
Revenue from continuing operations	£250.5m	£225.1m
Profit/(loss) before tax		
- Continuing operations	£6.2m	£5.0m
- Discontinued operations	-	£(0.7)m
	£6.2m	£4.3m
Profit after tax for the period	£4.0m	£4.6m
Basic earnings per share (continuing operations)	2.44p	2.18p
Basic earnings per share (total)	2.44p	2.80p
Final dividend per share (proposed)	0.88p	0.80p
Total dividend per share	1.32p	1.20p

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 agents, our direct sales force and the internet.

Key points: Financial

- Revenue on continuing operations increased 11 per cent to £250.5 million (2008: £225.1 million)
- Profit before taxation on continuing operations increased 24 per cent to £6.2 million (2008: £5.0 million)
- Finance income up 17 per cent to £3.1 million (2008: £2.7 million)
- Earnings per share on continuing operations advanced 12 per cent to 2.44 pence (2008: 2.18 pence)
- Total dividend raised 10 per cent to 1.32 pence per share (2008: 1.20 pence per share)
- Cash balances peaked at £124 million (2008: £96 million)

Key points: Operations

- Corporate Vouchers increased sales 4 per cent, major new customers secured
- Christmas Savings delivered good growth with customer numbers up over 8 per cent at 432,000 and average order value increased 5 per cent to £374

- Continued focus on product web sites to drive consumer and corporate sales
- Online sales continue to grow strongly increasing by 161 per cent to £6 million

Peter Johnson, Chairman, commented: “I am pleased to report that Park Group has delivered another sound set of results with growth in our two principal divisions, Christmas Savings and Corporate Vouchers. It is over forty years since Park was founded and it is pleasing and reassuring to note that over the years, irrespective of economic circumstances, our customer base has remained solid and loyal.”

“While no company is immune from the current recession, we are confident that Park’s proven and profitable business model, backed by a balance sheet free of bank borrowing and a well above average dividend yield, will continue to deliver value to shareholders and customers.”

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Chairman's Statement

I am pleased to report that Park Group has delivered another sound set of results with growth in our two principal divisions, Christmas Savings and Corporate Vouchers. This encouraging performance has been achieved against a backdrop of increasingly demanding economic conditions and reflects the resilience of our business model. It is over forty years since Park was founded and it is pleasing and reassuring to note that over the years, irrespective of economic circumstances, our customer base has remained solid and loyal. While no company is immune from the current recession I am confident that Park Group has the proven strategy to continue to deliver value and service to its customers and financial returns for its shareholders.

Group revenue on continuing operations for the year to 31 March 2009 rose 11 per cent to £250.5 million (2008: £225.1 million) while profit before tax from continuing operations increased 24 per cent to £6.2 million (2008: £5.0 million). Earnings per share on continuing operations advanced 12 per cent to 2.44 pence (2008: 2.18 pence). Finance income at £3.1 million (2008: £2.7 million) benefited from the relatively high interest rates available for the first nine months of the trading year and higher cash balances. The subsequent lowering of interest rates is inevitably impacting current finance income. Park Group has no bank borrowings and generation of cash has been a feature of our financial management for many years and I am pleased to report that this has been maintained; in 2009 cash balances peaked at just over £124 million, which is £28 million (29 per cent) above last year's level. Tight financial control and the generation of cash are virtues in any business and never more so than when the external environment is difficult.

The Board recognises the importance of dividends to investors and proposes raising the final dividend by 10 per cent to 0.88 pence per share (2008: 0.80 pence per share) making a total dividend for the year of 1.32 pence per share, an increase of 10 per cent over last year's total payment of 1.20 pence per share. Shareholder approval will be sought at the Annual General Meeting on 22 September 2009 to pay the final dividend on 1 October 2009 to shareholders on the register on 28 August 2009.

It is encouraging that our share price is higher than a year ago. As shareholders are aware, the company has a progressive dividend policy and this may well be a factor in our favour particularly with private investors seeking a reliable income stream. Our dividend yield is currently close to 7 per cent, which offers shareholders excellent returns in the current climate with interest rates close to zero.

Trading performance

I am pleased to report that in the year to 31 March 2009 the Christmas Savings business increased revenue by 15.4 per cent to £165.5 million (2008: £143.5 million). Operating profit improved significantly rising 258.2 per cent to £2.0 million (2008: £0.6 million). Christmas Savings, which contributes 66.1 per cent of Park's total revenue and 41.6 per cent of operating profit, is based on the original Park business. It provides a managed service to hundreds of thousands of individuals and families who wish to budget for Christmas in a disciplined and structured manner using Park's 45 week prepaid instalment plan.

The Corporate Voucher business achieved further progress during the year and increased revenue by 4.2 per cent to £85.0 million (2008: £81.6 million). Operating profit was 17.9 per cent lower at £2.8 million (2008: £3.4 million). In the year we have continued to develop the infrastructure to support a growing product range and increasing customer base. The decline in operating profit for Corporate Vouchers reflects increased costs associated with that infrastructure and an adjustment to the level of provisioning associated with changes arising from consumer spending patterns in the year. This business, which is the largest multi-redemption voucher provider in the UK, has built strong relationships with many leading retailers. It sells Park's own-brand voucher, Love2shop High Street Gift Voucher, which is redeemable at over 80 national stores and attractions, as well as individual store vouchers to corporate customers who use them for incentive schemes and for sale to consumers. In 2009, the business contributed 33.9 per cent of Park's revenue and 58.4 per cent of operating profit.

Internet

Park has capitalised on the opportunities offered by the internet to provide excellent and highly responsive customer service and also to develop and launch a rapidly broadening range of products tailored to the specific interests and needs of customers. While personal service has always been our hallmark, we are embracing the opportunities offered by the internet to give customers the choice of when to place their orders and in a manner and at a time which is most convenient to them.

Our corporate web site keeps visitors and investors fully informed and updated about the company, its performance and operations. The site has all our latest news and product information, including the share price. If you register on www.parkgroup.co.uk then you will receive our stock exchange announcements promptly, direct to your computer.

Staff

A business is only as good as its people and at Park Group we have a long serving, loyal and high quality workforce. Park employs over 300 people and it is their combined effort, commitment and contribution that has enabled the company to reach and maintain its leading market position for which I thank them all.

Outlook

Trading in the current year has started steadily at broadly the same level as twelve months ago although finance income is being affected by the current low interest rate environment. Orders for Christmas 2009 are holding up well and corporate voucher sales are showing an increase year on year. We are confident that Park's proven and profitable business model, backed by a balance sheet free of bank borrowing and a well above average dividend yield, will continue to deliver value to shareholders and customers.

Peter Johnson

Chairman

11 June 2009

Operational Review 2009

This has been another year of progress for Park Group in both its business divisions. Management's focus continues to be on delivering value, innovation and service to our broad customer base while maintaining tight control over costs. General economic conditions in the UK show few signs of improvement, it is no surprise that consumers are becoming more careful and discerning with their spending. The Park product ranges, whether vouchers for corporate customers or Christmas Savings for individuals offer low risk and discretionary alternatives to cash, which we know from many years experience are attractive to customers during times of economic uncertainty.

Confidence and security are vital considerations for all of our customers. In light of this in August 2007 we demonstrated our leadership in the marketplace by providing extra safeguards by creating the Park Prepayments Trustee Company Limited to segregate customer prepayments away from the group's funds. These measures, which preceded the recent extraordinary upheaval in the banking sector, provide extra security for customers, giving them reassurance and confidence. The trust account is managed independently and conservatively with the majority of the trustee company's directors being independent of Park.

An increasing number of customers find the internet the most convenient and effective way to communicate with Park and we are investing in technology and product development to ensure that our offering matches their expectations. Our new web-based developments have been produced by our in-house design and marketing teams made up of web developers, graphic designers, search engine specialists and our marketing department. Our web offering extends across Park's businesses including Christmas Savings and Corporate Vouchers. Our online voucher shop www.highstreetvouchers.com, which sells our own gift vouchers and third party vouchers as well as "gift experiences" to the public, is attracting significant interest. Park's Love2shop High Street Gift Vouchers are redeemable across the UK in branches of over 80 stores and attractions providing customers with a very wide range of choices.

Christmas Savings

The Park budget plan helps families prepare and budget for Christmas in a controlled and careful manner ensuring that they can enjoy the Festive Season free from financial worries.

This business is recovering well from the industry wide set back in 2007 and results for the year were encouraging with good progress in revenue and operating profit. Confidence in our offering as a reliable and progressive way to prepare for Christmas, is being carefully rebuilt and we are encouraged by the growth in agent and customer numbers. The number of agents in 2008 rose over 9.5 per cent to 103,000, which is 9,000 ahead of the figure for the previous year. Customer numbers also showed a significant improvement, rising by 34,000 to 432,000. The average customer order value for Christmas 2008 was £374, which is over 5 per cent ahead of the 2007 level. These statistics are key measures of customer satisfaction and loyalty.

Customer confidence has been affected by current economic conditions in particular the deterioration of high street retailing and lower job security. It is therefore particularly encouraging to report that order figures for Christmas 2009 are close to the level of a year ago. It is especially pleasing to note that the 2009 customer recruitment campaign was our most successful ever bringing in over 45,000 new accounts. This compares favourably to the previous record of 36,000. So far this year we have received orders from 119,000 agents with 416,000 customers (2008: 103,000 agents and 432,000 customers). The average customer order value for Christmas 2009 is currently some 3.0 per cent above last year's level at this stage.

Sales within the Christmas Savings businesses continue to be dominated by vouchers and in particular our own Love2shop High Street Gift Voucher which accounts for 80.8 per cent of total revenue. While hampers are now a small part of the Park operation in revenue terms, they remain an attractive, higher margin contributor to the overall group result.

Our marketing effort continues to capitalise on harnessing the internet not only to extend our product range and service but also to offer customers fast, accurate and up to date information at any time. Online orders in 2008 amounted to £64 million or 39 per cent of the total and we expect the proportion of orders received this way to continue to increase. The use of the internet, particularly when linked to our targeted use of television advertising, has led to a broader, more national distribution of customers and we are now serving areas of the United Kingdom which previously could not be served economically.

Corporate Vouchers

Park sells its own vouchers marketed under the Love2reward brand, as well as individual store vouchers to corporate customers who use them for incentive schemes and for sale to consumers. Revenue for the year to 31 March 2009 rose 4.2 per cent reversing the decline of the previous year. This strong performance was underpinned by the key incentive and reward sector, where our own brands achieved sales of £57.8 million, an increase of 12 per cent from the level of the previous year. Overall client numbers rose very substantially to 4,354, an increase of 23 per cent over 2008. These new signings span a diverse range of businesses.

Love2choose, part of the Love2reward product range, was launched in June 2008 and is a gift card that can be exchanged online exclusively through our www.love2choose.co.uk web site for an extensive range of vouchers and gift cards from our own Love2shop as well as Marks & Spencer, John Lewis and many other major retailers. A wide range of customers are already using the card for many different types of incentive schemes ranging from recognising staff for long service to paying bonuses for outstanding performance through to rewarding third party sales and customer loyalty.

Retaining clients year on year is a key measure of our corporate performance as it reflects on all aspects of our service. In the year under review we retained over 91 per cent of our 250 largest clients while the overall customer retention level increased to a creditable 82 per cent. It is unrealistic to expect to retain all customers each year and our sales force is very active in seeking new business while maintaining strong relations with existing customers. In 2009 new business sales were 67 per cent ahead of the previous year and enquiries were also well ahead.

The internet is central to the Corporate Voucher business and 30 per cent of clients now transact with us purely online through our buying portals, we expect this figure to rise significantly over the coming years. Our challenge is to maintain personal contact with our customers, which is vital for the success of any long term commercial relationship, whilst still providing them with the opportunity to transact business electronically.

Online

In support of its core businesses Park is building its online capabilities dealing direct with customers. This operation is small but fast growing with 2009 sales reaching £6 million, an increase of just under 161 per cent on last year. Revenue is dominated by www.highstreetvouchers.com with the addition of the Love2play web site featuring a range of experience days and online links with charities, we anticipate good growth in the future. The online magazine, www.myparkmag.co.uk, now attracts over 700,000 unique visitors each month, up from 325,000 in 2007, its year of launch. This web site contains television news, features and celebrity gossip as well as reader offers and advertising from third party suppliers. Stories on the site appear prominently on the major search engines, which raises the profile and visibility of the company among its core customer groups.

The low cost online service complements our main businesses and offers customers a 24-hour opportunity to place orders and redeem vouchers. It is a higher margin operation and reflects management's determination to provide customers with a range of order processing options.

Financial Review 2009

Profit from continuing operations

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

- Corporate vouchers comprising the group's b2b 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 b2c offering, primarily being the Christmas savings businesses and consumer sales via the internet.

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

Operating profit from continuing operations is detailed below:

	2009	2008	Change
	£'000	Restated £'000	£'000
Corporate vouchers	2,821	3,438	(617)
Christmas savings	2,006	560	1,446
Unallocated	(1,704)	(1,638)	(66)
Operating profit	<u>3,123</u>	<u>2,360</u>	<u>763</u>

This year within the Corporate voucher business we have continued to develop the infrastructure to support a growing product range and increasing customer base. The decline in operating profit for Corporate vouchers reflects increased costs associated with that infrastructure and an adjustment to the level of provisioning associated with changes arising from consumer spending patterns in the year.

The improvement in operating profit for Christmas savings results from the increase in revenue of £22m in the year.

Prior year adjustment

The results for 2008 have been restated to reflect the guidance issued in respect of accounting for brochure and stationery costs as part of IAS 38 issued by the IASB in May 2008. This has had the impact of reducing operating profit in 2008 by £131,000, and reducing retained earnings as at 31 March 2008 by £769,000.

Discontinued operations

The loss before tax of £0.7m in 2008 (profit after tax £1.0m), arose from the closure of the loan broking business and lending business last year. No profit or loss arose in 2009 from these businesses.

Taxation

The effective tax rate for the year on continuing operations was 35.6 per cent (2008: 28.6 per cent) of profit before tax.

The increase in the tax rate from last year is due in part to the creation of a deferred tax liability of £544,000 as a result of the abolition of Industrial Buildings Allowances.

Earnings per share

Basic earnings per share from continuing operations increased to 2.44p from 2.18p.

Dividends

The board has recommended an increase in the final dividend of 10 per cent to 0.88 pence per share. Upon approval of the final dividend at the annual general meeting (AGM), the total dividend for 2009 will be 1.32 pence per share.

Cash flows

At the end of March 2009 £12.2m of cash was held by the group with a further £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.

The total amount of cash held by the group combined with the monies held in trust peaked at just over £124m in the year. The group had no bank borrowings in the year.

The cash balance of £12.2m represents an increase of £6.8m in the year with £10.0m of cash being generated from operating activities. The reduction in cash balances in 2008 arose as a result of the establishment of the trust in August 2007.

Pensions

The company continues to operate defined benefit schemes where pensions at retirement are based on service and final salary.

Under IAS 19 the group recognises any actuarial gains or losses in each period in the Statement Of Recognised Income and Expense (SORIE). In the year ended 31 March 2009 the group recognised an actuarial gain in the SORIE of £1.1m (2008: £220,000 loss) net of tax. The pension deficit based on the valuation performed at 31 March 2009 now amounts to £1.1m, a reduction of £1.5m from the deficit of £2.6m at 31 March 2008.

In 2008/9 contributions were increased for the company to 12.8 per cent of members' pensionable earnings and to 6.4 per cent for employees with a further contribution of £275,000 per annum. 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.

Park Group plc

CONSOLIDATED INCOME STATEMENT FOR THE YEAR TO 31 MARCH 2009

	2009 £'000	Restated 2008 £'000
Continuing Operations		
Revenue	250,541	225,069
Cost of sales	<u>(235,535)</u>	<u>(211,336)</u>
Gross profit	15,006	13,733
Distribution costs	(2,479)	(2,409)
Administrative expenses	<u>(9,404)</u>	<u>(8,964)</u>
Operating profit	3,123	2,360
Finance income	3,139	2,688
Finance costs	<u>(19)</u>	<u>(18)</u>
Profit before taxation	6,243	5,030
Taxation	<u>(2,221)</u>	<u>(1,438)</u>
Profit from continuing operations	4,022	3,592
Discontinued Operations		
Profit from discontinued operations	-	1,021
Profit for the period attributable to equity holders of the parent	<u>4,022</u>	<u>4,613</u>
Earnings per share (see note 7)		
- basic – continuing operations	2.44p	2.18p
- basic - total	2.44p	2.80p
- diluted – continuing operations	2.43p	2.17p
- diluted - total	2.43p	2.78p

Park Group plc

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR TO 31 MARCH 2009

	2009	Restated
	£'000	2008 £'000
Profit for the period	4,022	4,613
Actuarial gains/(losses) on defined benefit pension scheme	1,506	(306)
Deferred tax on actuarial (gains)/losses on defined benefit pension scheme	(422)	86
Net gains/(losses) not recognised in income statement	1,084	(220)
Total recognised income for the period attributable to equity holders of the parent	5,106	4,393
Effect of change in accounting policy		
Effect of change in accounting policy on:		
Retained earnings	(769)	
	4,337	

Park Group plc

GROUP BALANCE SHEET AS AT 31 MARCH 2009

	As at 31.03.09	As at 31.03.08 As restated
	£'000	£'000
Assets		
Non-current assets		
Goodwill	1,513	1,513
Other intangible assets	1,685	1,079
Investments	2	2
Investment property	273	279
Property, plant and equipment	4,069	4,324
Deferred tax assets	221	1,248
	<u>7,763</u>	<u>8,445</u>
Current assets		
Inventories	690	1,028
Loans and receivables	-	187
Trade and other receivables	4,312	5,047
Current tax assets	-	972
Cash and cash equivalents	12,207	5,430
Monies held in trust	16,508	17,336
Assets held for sale	725	700
	<u>34,442</u>	<u>30,700</u>
Total assets	<u>42,205</u>	<u>39,145</u>
Liabilities		
Current liabilities		
Trade and other payables	(45,559)	(44,526)
Current tax liabilities	(588)	-
Provisions	(23,603)	(23,708)
	<u>(69,750)</u>	<u>(68,234)</u>
Non-current liabilities		
Retirement benefit obligation	(1,067)	(2,623)
	<u>(1,067)</u>	<u>(2,623)</u>
Total liabilities	<u>(70,817)</u>	<u>(70,857)</u>
Net liabilities	<u>(28,612)</u>	<u>(31,712)</u>
Shareholders' equity		
Share capital	3,301	3,301
Share premium account	1,070	1,070
Retained earnings	(32,983)	(36,083)
Total equity attributable to equity holders of the parent	<u>(28,612)</u>	<u>(31,712)</u>

Park Group plc

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009 Total	2008 Total
	£'000	£'000
Cash flows from operating activities		
Cash generated from/(utilised in) operations (note 8)	6,982	(6,944)
Interest received	3,132	2,614
Interest paid	(19)	(18)
Tax paid	(56)	(98)
Net cash generated from/(used in) operating activities	<u>10,039</u>	<u>(4,446)</u>
Cash flows from investing activities		
Proceeds from sale of non-core property	-	128
Proceeds from sale of other intangible assets	24	-
Proceeds from sale of property, plant and equipment	11	11
Purchase of property, plant and equipment	(303)	(376)
Purchase of other intangible assets	(988)	(98)
Additions to assets held for sale	(25)	-
Net cash used in investing activities	<u>(1,281)</u>	<u>(335)</u>
Cash flows from financing activities		
Dividends paid to shareholders	(1,981)	(1,981)
Net cash used in financing activities	<u>(1,981)</u>	<u>(1,981)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,777</u>	<u>(6,762)</u>
Cash and cash equivalents at beginning of period	<u>5,430</u>	<u>12,192</u>
Cash and cash equivalents at end of period	<u>12,207</u>	<u>5,430</u>
Cash and cash equivalents comprise:		
Cash	<u>12,207</u>	<u>5,430</u>

(1) Basis of preparation

The group 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 financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2009 or 2008 but is derived from these accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their report 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 237(2) or (3) of the Companies Act 1985.

The directors are of the opinion that the accounts should be prepared on a going concern basis. The group continues to trade profitably and has no bank borrowings. Its business model results in a positive working capital cycle which generates sufficient cash flows to fund the business despite the group's net liabilities. The directors have reviewed current performance and prepared cash flow forecasts for the next 12 months. The realisation of these forecasts may be affected by a number of factors, including changes in customer behaviour; however, the directors are confident that the group has adequate resources (without requiring any bank borrowings) to continue its operations for the foreseeable future.

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 set out below 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

The following adopted IFRSs were available for early application but have not been applied by the group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 8 Operating Segments was issued in November 2007 and is effective for accounting periods beginning on or after 1 January 2009. This new standard replaces IAS 14 Segmental Reporting and requires segmental information to be presented on the same basis that management uses to evaluate performance of its reporting segments in its management reporting. The adoption of IFRS 8 will have no impact upon the results or net assets of the group.
- IFRIC 13 'Customer Loyalty programmes' (effective for periods beginning on or after 1 July 2008).
- Revised IAS 23 'Borrowing Costs' (effective for the year commencing on or after 1 January 2009).
- Revised IAS 1 'Presentation of Financial Statements' (effective for the periods beginning on or after 1 January 2009).
- Amendments to IFRS 2 'Share based payment – Vesting Conditions and Cancellations' (effective for the period beginning on or after 1 January 2009).

(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 2008 as amended by the following change in accounting policy. The Annual Report and Accounts for the year ended 31 March 2008 can be found on our website at www.parkgroup.co.uk. The 2009 accounts will expand on our existing policies and provide further information on how we apply those policies. The additional text is below.

Change in accounting policy

During the year, the policy on season specific catalogue costs, agents' stationery costs and other costs which had been prepaid as they related to the following year's sales, was changed. This followed publication of the IASB's "Improvements to International Financial Reporting Standards 2008" which clarified that this type of expense should be recognised when the entity has access to the goods. This is effective for periods beginning on or after 1 January 2009 with early adoption permitted.

The change has had the following effect on the consolidated financial statements:

	2009	2008
	£'000	£'000
Income Statement		
(Decrease)/increase in cost of sales	(216)	131
Increase/(decrease) in pre-tax profit	216	(131)
(Decrease)/increase in tax	(61)	37
Increase/(decrease) in basic earnings per share	0.10p	(0.05)p
Balance Sheet		
Decrease in prepayments	852	1,068
Increase/(decrease) in retained earnings	155	(769)

(4) Segmental analysis

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

Unallocated costs consist primarily of central costs 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	Unallocated/ Elimination £'000	2009 Total £'000	Christmas savings £'000	Corporate vouchers £'000	Unallocated/ Elimination £'000	Restated 2008 Total £'000
Continuing operations								
Revenue								
External revenue	165,486	85,055	-	250,541	143,450	81,619	-	225,069
Inter-segment revenue	-	132,658	(132,658)	-	-	101,846	(101,846)	-
Total revenue	165,486	217,713	(132,658)	250,541	143,450	183,465	(101,846)	225,069

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

Result								
Segment operating profit/(loss)	2,006	2,821	(1,704)	3,123	560	3,438	(1,638)	2,360
Finance income				3,139				2,688
Finance costs				(19)				(18)
Profit before taxation				6,243				5,030
Taxation				(2,221)				(1,438)
Profit from continuing operations				4,022				3,592
Discontinued operations								
Total revenue			-	-			708	708
Results								
Segment result			-	-			(707)	(707)
Loss before taxation				-				(707)
Taxation				-				1,728
Profit from discontinued operations				-				1,021

(5) Discontinued operations

	2009	2008
	£'000	£'000
Revenue	-	708
Expenses	-	(1,415)
Loss before taxation	-	(707)
Taxation	-	1,728
Profit from discontinued operations	-	1,021

In the prior year discontinued operations comprised the result of our Cash Reserve and Imagine Finance businesses.

Cash flows from discontinued operations

	2009	2008
	£'000	£'000
Net cash flows from operating activities	-	(160)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
	-	(160)

(6) Taxation

	2009	Restated 2008
	£'000	£'000
Charge for the year – current and deferred	2,221	1,438
Tax credit on discontinued operations	-	(1,728)
Tax charge/(credit)	<u>2,221</u>	<u>(290)</u>

The credit for the prior year reflects the benefit of a previously unrecognised tax loss arising from the home collected credit business, previously not expected to be recovered.

(7) Earnings per share

The calculation of basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £4,022,000 (2008: £3,592,000) in respect of continuing operations and the profit on ordinary activities after taxation of £4,022,000 (2008: £4,613,000) in respect of total operations, and on the weighted average number of shares, calculated as follows:

	2009	2008
Basic eps - weighted average number of shares	165,064,410	165,064,410
Diluting effect of employee share options	385,902	622,260
Diluted eps – weighted average number of shares	<u>165,450,312</u>	<u>165,686,670</u>

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

	2009	2008
	Total	Total as restated
	£'000	£'000
Net profit for the period attributable to equity holders of the parent	4,022	4,613
Adjustments for:		
Tax on continuing operations	2,221	1,438
Tax on discontinued operations	-	(1,728)
Interest income	(3,139)	(2,688)
Interest expense	19	18
Depreciation and amortisation	909	1,245
Loss/(profit) on sale of property, plant and equipment and other intangibles	2	(1)
Profit on sale of other assets held for sale	-	(13)
Decrease in loans and receivables	187	1,195
Decrease/(increase) in inventories	338	(581)
Decrease in trade and other receivables	2,201	7
(Decrease)/increase in trade and other payables	(492)	5,131
(Decrease)/increase in provisions	(105)	1,631
Decrease/(increase) in monies held in trust	828	(17,336)
(Decrease)/increase in retirement benefit obligation	(50)	71
Share-based payments	41	54
Net cash inflow/(outflow) from operating activities	<u>6,982</u>	<u>(6,944)</u>

(9) The annual report will be posted to shareholders on 24 July 2009 and the Annual General Meeting (AGM) of the Company will be held in Birkenhead on Tuesday 22 September 2009.