29th July 2009

International Greetings PLC ('International Greetings' or 'the Group')

Preliminary Results for the year ended 31 March 2009

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift wrap, crackers, cards, stationery and accessories, announces its Preliminary Results for the year ended 31 March 2009.

Financial Highlights

- Revenue from continuing operations increased by 13.1% to £216.9m (2008 restated: £191.7m)
- Operating profit before significant items from continuing operations increased to £4.0m (2008 restated: loss of £4.8m)
- Loss from continuing operations, before significant items and tax, £0.3m (2008 restated: loss £8.1m)
- Significant items:
  - Asset impairment costs - £11.0m
  - Cash cost - £11.4m
- Cash generated from operations of £11.9m (2008: £5.8m)
- Net debt £68.5m (2008: £64.8m)
- Principal banking facilities reviewed, resulting in continuing support from the Group's banks

Operational Highlights

- Completed the restructuring of UK Greetings division
- Growth in 'everyday' business reducing the risk of seasonality
- Introduced Group wide initiatives to drive integration, efficiencies and best practice
- Major strengthening of the Board and Senior Management teams
- New Management incentive scheme issued

Commenting on the results, Paul Fineman CEO said:

"It was a transformational year for the Group, and despite the challenging market conditions, we made excellent progress in restructuring our business. This has resulted in a stronger and more balanced income stream.

"We continue to strengthen our relationships across the globe with retailers offering outstanding value, many of whom are enjoying increasing market share.

"Following the decisive action taken this year, spearheaded by a new management team to deliver profitable growth, we are increasingly focused on continued operational improvements, enhanced margins and cash generation. I believe we can return to profitability and achieve significant further progress in 2009/10."

For further information, please contact:

International Greetings plc	Tel: 01707 630630
Paul Fineman, Chief Executive	
Sheryl Tye, Finance Director	
Arden Partners plc	Tel: 020 7398 1632
Richard Day	
Colin Smith	
Financial Dynamics	Tel: 020 7831 3113
Jonathon Brill	
Caroline Stewart	

Chairman's Statement

The difficult trading environment I referred to in our last Report continued throughout the past year. As an international manufacturing and trading business, operating across four continents, inevitably we have been affected by the recessionary pressures in the global economy and recent exchange rate volatility. Notwithstanding this, good progress has been made in the recovery plan we initiated over a year ago. Our Group is leaner, fitter and now operates much more effectively as an integrated business. Most important of all, we have strengthened our management team under the leadership of Paul Fineman.

Revenues for the year ended 31st March 2009 were up over 13% at £216.9 million (2008 restated: £191.7 million). The loss before tax for the year before significant items was £0.3 million (2008 restated: £8.1 million loss). Significant items from continuing operations were £22.4 million (2008 restated: £3.3 million) and the loss from discontinued operations was £3.9 million (2008 restated: £4.4 million loss). The total loss before tax from continuing operations was £22.8 million (2008 restated: £11.4 million loss). The basic loss per share for the year was 59.0p (2008 restated: 27.6p loss).

An interim dividend was not paid to shareholders during the year and no final dividend is proposed. When we move back to profit and reduce bank debt the Board will review the dividend policy.

After several years of acquisitive growth, we are concentrating our efforts on growing existing businesses. A plan prepared by the new team to return the business to profit has been approved by the Board and is now being implemented across the Group.

Significant achievements during the year include:

- The completion of the restructuring of the UK Greetings Division
- Integration of Glitterwrap into our US operations; divestment of Halloween Express
- Successful restructuring of our debt facilities with the support of our banks
- Reducing our dependence on Christmas trade by increasing the sale of "everyday" products
- Winning globally recognised awards for customer service and innovation from Tesco and Disney

We were delighted to appoint Paul Fineman as Chief Executive on 1st January 2009. Paul joined the Board upon the acquisition of Anker in 2005 and as Group Managing Director successfully led the restructuring of our UK Greetings Division. He took over from Nick Fisher who left the business in December. We are grateful to Nick for the contribution he made in building the business over the past 20 years.

Sheryl Tye was appointed Finance Director in September 2008, replacing Mark Collini who retired as Finance Director after 17 years with the Group. We thank Mark for all his hard work and wish him a successful future.

John Elfed Jones, my predecessor as Chairman, retired as a non executive director in March having devoted many years of service to the Group. We shall miss his wise counsel. We welcome Chris Howell as a Non-Executive director. Chris is an experienced business advisor and a former managing director of turnaround business at KPMG. We have also promoted Charles Uwakaneme to the Board as an Executive Director.

We believe strongly in the potential of our business and motivating our team is key to our success. During the year the Board approved a new share incentive scheme, which will ensure that as our business succeeds and corporate value is restored for our shareholders, our management will also benefit from their hard work and commitment.

We experienced many challenges and frustrations last year, including losing long-standing customers and suppliers whose companies failed. We were also very disappointed to make redundancies due to the restructuring of our business.

However, by the year end, the Group was a transformed business – with a new management team, significantly restructured operations and a solid platform for growth across the Group established. Our priority now is to return the business to profit and to deliver value once again for our shareholders.

We thank our employees for their hard work and commitment during another difficult year and our customers and shareholders for their continued support.

Keith James
Chairman
29 July 2009

Chief Executive's Statement

I am delighted to be reporting for the first time as Chief Executive, in what has been a very challenging and busy year for the Group as a whole. This has been by far the most transformational period we have experienced as we restructured the business during the year and refocused our strategy to establish a solid platform for growth. Our priority in doing this is to return the business to profit and deliver shareholder value.

Highlights of the year:

- Completing the restructuring of our UK Greetings division, resulting in leaner, streamlined operations aligned to the needs of our market
- Closure of our Latvian operations and the transfer of production and machinery to China, to reduce supply risk
- Completion of the integration of Glitterwrap (USA), Weltec (Holland) and Pinwheel (UK Publishing) into our existing operations
- Significant growth in everyday product lines with the value and discount retailers
- Making a number of high quality appointments across our teams

Strategy

Our strategy is to return the Group to profit within the next 12 months through decisive action to improve cash generation, reduce our debt and enhance margins.

Our restructuring plans are being implemented operationally by refocusing our product offering towards higher margin products, and creating a better balance in the business - between manufactured and imported products, customer bespoke and generic brand products, and sales of 'everyday' and Christmas products. We progressed well on achieving this objective and it is a developing long-term strategy.

We continue to make good progress in sharing best practice across the Group.

UK

Our UK businesses achieved a solid performance during the year, particularly given the challenging market conditions.

The restructuring of our UK Greetings division was completed in March 2009, on time and to plan. This involved refocusing the business on profitable product categories, enhancing our creative design capabilities and streamlining our logistical services – all of which have been underpinned by improved IT systems. Core to this is a

major cultural shift to focus on our profitability by becoming more efficient – embracing all aspects of the business from reducing waste to becoming more innovative about our processes as well as products. We are delighted that our efforts resulted in supplier performance and innovation awards from Tesco and Disney respectively, in this thirtieth year of our UK Greetings business. We are very pleased with the result to date, and this remains a key

sourced and its customer service and sales operations integrated into Anchor BV's operations.

The financial and operational management teams of Eick Pack and Artex were also re-organised to report directly into Hoomark management.

US

We saw sales improve by 31% during the year, largely due to the contribution in this year's accounts from Glitterwrap, acquired in September 2007, and our expansion into the mass market. We divested Halloween Express in April 2008 and closed the Glitterwrap party business which is shown in the accounts as a discontinued operation.

In terms of profit, our US business underperformed during the year. We have started to restructure our US operations with a focus on reducing costs and stock levels, improving cash collections and enhancing margins. We made senior management changes and I personally am going to be spending significant time in the US ensuring the restructuring achieves the same benefits as those in the UK this year.

There remains huge scope, in particular with the value and discount retailers, to grow our market share in the US.

Asia

Our two operations in Asia are our Hong Kong sourcing business and our factory in China. The Group's performance in Asia, despite the impact on the Far East supply base of the global economic downturn, was in line with expectations.

We transferred our equipment from Latvia which has enabled us to increase the range of products we are able to competitively manufacture rather than outsource, as our factory reduces the risk of relying on external suppliers.
We have the distinct ability to provide our customers with a broad range of key product categories which are produced in one location with state of the art equipment and in an enviroment that meets high quality factory standards. We were delighted for this to be acknowledged during the year by several of the world's largest retailers auditing and fully approving our factory.

We made several senior appointments to oversee our operations in Asia and believe the measures taken will improve performance in the year ahead.

Australia

Artwrap PTY, an associate in which we have a 50% share, performed in line with the projections for its first year of the three year growth strategy we devised with our co-owners. We are pleased with the continuing integration into the Group's operations.

The business experienced several challenging issues including a large Chinese supplier and large Australian retailer going into administration which resulted in £0.2 million of significant costs in that company.

During the latter end of the year we introduced Anker and Alligator products to this market and we look forward to reporting their progress.

Our customers

Even though market conditions across the globe were tough, consumer demand for our products continued to grow as we focused on the growing discount market.

During the year we significantly increased the amount of business we conduct with the value and discount retailers across all our markets. These retailers allow us to sell significant volumes supported by streamlined and efficient product development and logistics as their performance is proving resilient against challenging trading conditions. This market sector is also allowing us to accelerate our growth of 'everyday' product categories, providing more balance to Group cash flows.

We progressed our working relationships with our key customers to provide them with the best and most innovative products for their markets which was recognised by an award of "Best Greetings supplier to Tesco Papershop". This focus led to a consolidation in the number of customers supplied. This is better quality and higher margin business that will continue to be delivered through next year.

With Woolworths and several other retailers going into administration, this resulted in £3.1 million of bad debts and branded stock write offs, which is shown under significant items in the accounts. As a result, our other customers picked up market share, particularly in the greetings and stationery categories.

Our brands and licences

We have a fantastic collection of licences that still has scope to be further utilised across the Group. Traditionally this has been a focus of our UK and European operations, but we have been broadening this activity to our US, Australian and New Zealand markets.

Key licences for the Group in 2008-9 included High School Musical. We enjoy an excellent relationship with Disney and we were delighted to receive a Disney 'Consumer Products - Quality Product Award' post period end. The growing use of licences across the Group contributed to the increase in sales of 'everyday' products, including cards, gifts and bags for birthdays and occasions, making the Group less dependent on Christmas sales.

Our capital investment includes the further development of our design systems and programmes, offering an 'easy to use' digital archive to all Group companies, and providing opportunities for creating revenue for the future.

Our team

During the year we made changes at a Board and operational management level across the business. Of particular note is the appointment of Sheryl Tye as Finance Director. Sheryl was instrumental in renegotiating our banking facilities and has taken swift action to strengthen systems and structures across our finance function.

We are delighted to welcome Charles Uwakaneme to the Board, following his outstanding contribution to the restructuring of UK Greetings. Charles will be applying his considerable experience of international business to ensure we deliver synergy benefits and global strategies.

We now have an executive Board member responsible for each geographical territory, which we believe will help us in trying to encourage knowledge sharing across our operations.

We have a strong team in place with the experience and platforms across all levels of our business to grow our operations. The team is incentivised by a new share incentive scheme that will reward its hard work and success in achieving this.

The business this year has undergone a significant amount of restructuring, which has been fundamental for the future of the business. I would like to thank my colleagues for their commitment and determination to return our Group to significant profitability.

'IG Greener Greetings'

The Board feel strongly about developing our corporate responsibility position to ensure consistent standards are adopted across the Group that protect the welfare of our colleagues and ensure we are operating responsibly. However, anything that is implemented has to be compatible with our strategy, culture and policies and make commercial sense.

Amongst our new initiatives are a focus on using raw materials from sustainable and environmentally responsible sources, and increasing efficiency in the consumption of energy.

The Board and senior management team gained IOSH qualifications from a health and safety awareness course in the year. We also appointed health and safety officers in each of our operations.

There will be further development of our corporate responsibility practices and we are encouraging our colleagues to provide suggestions as to how we can help improve our social, environmental, ethical and safety standards across the Group.

Outlook

After several years of acquisitive growth, we focused on restructuring our existing operations. There are substantial opportunities to exploit synergistic benefits going forward to drive profitability – our corporate mantra is direct and to the point – 'Synergise to Maximise'.

There has been a cultural shift across our businesses. We now have a mindset that is proactive, encourages our

colleagues to work with our customers to develop our product offering and also work with other colleagues across the Group to grow our business. We are adopting industry leading practices and improving our IT systems and procedures to enable us to do this and believe that progressively the business is becoming more cohesive.

I would like to thank our banks for their support during and following our restructuring, which has enabled us to strengthen our financial standing.

I expect market conditions to remain challenging, however we are in the process of putting the business into the best possible shape to respond to market needs. We are encouraged by our performance during the inital trading months of the new financial year and the order book. We believe we can return to profit in 2009-10 as we continue to focus on integrating and consolidating our businesses to maximise our financial performance.

We now have a stronger, more stable, balanced business which is well positioned to meet the challenges of the current economic climate and further benefit from the market recovery when it happens.

Paul Fineman
Chief Executive

Financial review

Group performance

Revenues from continuing operations for the year to 31 March 2009 were up 13.1% to £216.9 million (2008: £191.7 million, restated from £194.2 million due to reclassification of a discontinued business). The strengthening of the US$ and Euro against Sterling accounted for £13.1 million (6.8%).

The rest of the increase in our revenues was driven mainly in the US, with the full year impact of the Glitterwrap acquisition, and organic growth into mass market customers.

Operating profit before significant items and discontinued operations increased to £4.0 million (2008 restated: £4.8 million loss).

After significant items, our operating loss was £17.1 million (2008 restated: £8.1 million loss).

Significant items, excluding discontinued operations, amounted to £22.4 million (2008 restated: £3.3 million), including £11.0 million of Goodwill and asset impairments mainly in the USA. The other items (£11.4 million) relate to:

- Debtors put into administration, mainly Woolworths, and several other high street names - £3.1 million
- Restructuring of operations, mainly redundancy costs in the UK Greetings Division - £3.1 million
- Financial restructuring, being additional bank facility fees, and legal and professional costs in respect of bank facility restructuring - £2.6 million
- Management restructuring - £1.6 million
- Losses from the disruption of supply of goods during peak supply period from three Asian subcontractors - £1.0 million

The Impairments of £11.0 million relate to:

- A large and high quality printing machine that was transferred at the start of the year from Latvia to China, but there is not the requirement in China to use the machine as it was intended - £1.7 million
- Goodwill acquired with the Glitterwrap acquisition - £5.7 million
- US printing and conversion machinery (and related engraving) due to the implementation of a reworked manufacturing strategy as the business focuses on more bought-in product - £3.0 million
- UK plant and machinery that is no longer in use and has no resale value - £0.6 million

One-off items are substantial due to the major restructuring that has occurred during the last year, which was essential to developing the Group's platform for future growth. We are not expecting major restructuring costs in the coming year.

Discontinued operations relate to the closure in the second half of this year of the Party goods business in the US, which was acquired as part of the Glitterwrap acquisition. We have absorbed the rest of the Glitterwrap business into our US operations. The closure costs include some staff redundancy, and provisions for the write down of the stock.

Finance expenses in the year increased to £5.8 million (2008 restated: £3.8 million). This included £1.4 million of significant items (2008: £nil) relating to the re-structuring of our finances, and net exchange rate losses of £0.4 million (2008: £0.1 million). The fall in base rate interest has mitigated the increased margins now being charged by the bank.

The loss before significant items, discontinued items, and tax was - £0.3 million (2008 restated: £8.1 million loss). The loss before tax from continuing operations was £22.8 million (2008 restated: £11.4 million loss).

We spent considerable efforts strengthening the finance teams in most of our major businesses, and have begun reviewing our financial procedures to standardise these across the Group. This has lead to prior year adjustments and reclassifications which give rise to a total reduction of £5.1 million in operating profit before significant items from that previously stated and in brought forward reserves of £1.7 million. These are further explained in Note 3.

Excluding significant items, the gross profit margin decreased slightly from 17.1% to 16.9%. At constant exchange rates, it would have been 17.0%. We are currently reviewing our USA business to refocus on higher margin products. Overheads have reduced year on year by £4.4 million (11.4% and 17.1% before currency impact) as the impact of some of the restructuring flows through.

Earnings per share and Dividends

The basic loss per share was 59.0p (2008 restated: 27.6p loss). In the light of the current trading conditions, the Board do not propose a final dividend for the year. Our core focus is on returning the business to profitability and reducing bank debt and our dividend policy will be reviewed when this is achieved.

Balance sheet and cashflow

Net debt at 31 March 2009 was £68.5 million (2008: £64.8 million). Our year end debt includes amounts denominated in currency of $52.0 million (2008: $51.3 million). The year-end exchange rate was $1.44 (2008: $1.97). Using the 2008 exchange rates, our net debt at 31 March 2009 would have been £55.9 million, a reduction of 13.7% from 2008, but the effect of the lower exchange rate at 31 March 2009 increased our reported debt position by £12.6 million.

We have focused a great deal of attention on reducing our outstanding debtors, both to maximise cash but also to reduce our exposure to high risk debts. This approach paid off in the year as, whilst we incurred significant bad debts due to our customers going into administration, the effects could have been considerably worse. Despite the increase in sales, trade debtors fell from £26.0 million to £22.4 million. If this had been calculated at 2008 exchange rates the balance would be further reduced by £2.4 million.

We are also reducing our stock levels, but this takes longer as many of our sales orders are received over 12 months before delivery so we expect to see the benefits of this going forward. Reduction of stock remains a focus for the coming year. Stock fell from £57.0 million to £51.9 million. If this had been calculated at 2008 exchange rates the balance would be reduced by a further £6.2 million. Overall our cash generated from operations was £11.9 millon (2008 : £5.8 million).

Cash paid in respect of acquisitions, accounted for £1.3 million (2008: £19.4 million) and related to the deferred [illegible] Glitterwrap and Artwrap which were both acquired in 2007.

We made no new acquisitions during the year. The disposal of our interest in Halloween Express in April 2008, yielded £1.8 million as expected.

We are not currently planning to make any further acquisitions in the coming financial year as we focus on improving our existing operations.

Capital expenditure of £2.2 million was a reduction of £5.3 million from the previous year, as we have deliberately revised our policy on capex payback requirement. We expect our capital expenditure this year to be at a similar level. We realised £0.9 million from asset sales in the year, and continue to make strong attempts to sell excess plant and machinery and surplus property at our UK factory.

Equity attributable to shareholders amounted to £41.3 million compared to £67.3 million (as restated) last year.

Consolidated income statement
year ended 31 March 2009

		2009	2009	2009	2008 restated	2008 restated	2008 restated
		Before significant items	Significant items (note 4)	Total	Before significant items	Significant items (note 4)	Total
	Note	£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue	2	216,917	-	216,917	191,709	-	191,709
Cost of sales		(180,318)	(8,360)	(188,678)	(158,948)	(4,309)	(163,257)
Gross Profit		36,599	(8,360)	28,239	32,761	(4,309)	28,452
		16.9%		13.0%	17.1%		14.8%
Selling expenses		(12,189)	(3,206)	(15,395)	(14,361)	(95)	(14,456)
Administration expenses		(22,046)	(9,431)	(31,477)	(24,248)	(3,324)	(27,572)
Other operating income		1,267	-	1,267	989	4,200	5,189
Profit/(loss) on sales of fixed assets		324	(16)	308	31	257	288
Operating profit/(loss)		3,955	(21,013)	(17,058)	(4,828)	(3,271)	(8,099)
Finance expenses		(4,402)	(1,436)	(5,838)	(3,778)	-	(3,778)
Share of profit of associates (net of tax)		120	-	120	509	-	509
Loss before tax		(327)	(22,449)	(22,776)	(8,097)	(3,271)	(11,368)
Income tax (charge)/credit		(164)	(1,453)	(1,617)	1,579	1,287	2,866
Loss from continuing operations		(491)	(23,902)	(24,393)	(6,518)	(1,984)	(8,502)
Discontinued operations							
Loss from discontinued operations (net of tax)	5	(2,649)	(1,297)	(3,946)	(1,432)	(2,964)	(4,396)
Loss for the year attributable to equity holders of the parent company		(3,140)	(25,199)	(28,339)	(7,950)	(4,948)	(12,898)
Loss per ordinary share	8						
Basic & Diluted				(59.0 p)			(27.6 p)
Continuing operations				(50.8 p)			(18.2 p)
Discontinued operations				(8.2p)			(9.4p)

Consolidated statement of changes in equity
year ended 31 March 2009

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity holders of the parent company
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2008 as restated	2,353	3,006	15,533	1,340	(125)	(1,485)	46,679	67,301
Effective changes in fair value of cash flow hedge (net of tax)	-	-	-	-	125	-	-	125
Exchange adjustment	-	-	-	-	-	1,707	-	1,707
Net income recognised directly in equity	-	-	-	-	125	1,707	-	1,832
Loss for the year	-	-	-	-	-	-	(28,339)	(28,339)
Total income and expense recognised for the year	-	-	-	-	125	1,707	(28,339)	(26,507)
Dividends paid	-	-	-	-	-	-	-	-
Equity settled share based payments	-	-	-	-	-	-	19	19
Impairment	-	-	(1,045)	-	-	-	1,045	-
Shares issued	72	-	397	-	-	-	-	469
Balance at 31 March 2009	2,425	3,006	14,885	1,340	-	222	19,404	41,282

The amount of the merger reserve that relates to the Glitterwrap investment has been transferred to retained earnings due to the impairment of the Goodwill, as explained in note 7.

year ended 31 March 2008 restated

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity holder of the parent company
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2007 previously reported	2,317	2,515	13,416	1,340	-	(2,997)	65,246	81,837
Prior year adjustment (note 3)	-	-	-	-	-	-	(886)	(886)
Balance at 1 April 2007 restated	2,317	2,515	13,416	1,340	-	(2,997)	64,360	80,951
Effective changes in fair value of cash flow hedge (net of tax)	-	-	-	-	(125)	-	-	(125)
Exchange adjustment	-	-	-	-	-	1,512	-	1,512

Merger reserve
The merger reserve comprises the premium on shares issued in relation to business combinations.

Capital redemption reserve

The capital redemption reserve comprises amounts transferred from retained earnings in relation to the redemption of preference shares.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

Consolidated balance sheet
as at 31 March 2009

	Note	2009 £000	2008 restated £000
Non-current assets			
Property, plant and equipment	6	**39,722**	42,871
[illegible]	[illegible]	[illegible]	[illegible]

Consolidated cash flow statement
as at 31 March 2009

	Note	2009 £000	2008 restated £000
Cash flows from operating activities			
Loss for the year		**(28,339)**	(12,898)
Adjustments for:			
Depreciation	6	**5,058**	5,938
Impairment of tangible fixed assets	6	**4,441**	821
Amortisation of intangible assets	7	**387**	221
Impairment of intangible assets	7	**5,763**	-
Negative goodwill recognised		**-**	(189)
Financial expenses – continuing operations		**5,838**	3,778
Financial expenses – discontinued operations		**150**	83
Foreign exchange losses		**(409)**	(70)
Share of profit of associates - continuing operations		**(120)**	(509)
Share of loss of associates - discontinued operations		**-**	899
Impairment on discontinued associate included within assets held for sale		**-**	3,969
Income tax credit - discontinued operations		**-**	(1,743)
Income tax charge/(credit) - continuing operations		**1,617**	(2,866)
Profit on sale of property, plant and equipment		**(308)**	(288)

Notes

1. Accounting policies
International Greetings PLC is a company incorporated in the UK.

The Group financial statements consolidate those of the Company and its subsidiariies (together referred to as the "Group") and equity account for the Group's interest in associates.

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 IFRSs).
The accounting policies set out on pages 22 to 29 in the Annual Report and Accounts for the year ended 31 March 2008 have been applied consistently to all periods presented in this statement.

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 those 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

this standard is to change the way operating segments are presented in the Financial Statements. The standard requires disclosure of segment information based on the internal reports regularly reviewed by Management in order to assess each segment's performance and to allocate resources to them. This standard will be adopted for the year ending 31 March 2010. Currently the Group presents segment information in respect of its geographical segments which is not dissimilar to the way it reports on the business internally (see note 2).

- Amendments to IFRS 2 'Share based payment – Vesting Conditions and Cancellations' (mandatory for years commencing on or after 1 January 2009). The impact of these amendments is to change the definition of vesting conditions in IFRS 2 to clarify that vesting conditions are limited to service conditions and performance conditions. Conditions other than service or performance conditions are considered non-vesting conditions. Therefore, if all vesting conditions are met, then the entity will recognise the grant date fair value of the equity-settled share-based payment as compensation cost even if the counterparty does not become entitled to the share-based payment due to a failure to meet a non-vesting condition. This standard will be adopted for the year ending 31 March 2010.

- Revised IAS 1 'Presentation of Financial Statements' (mandatory for years commencing on or after 1 January 2009). The impact of this revision is to prescribe the basis of presentation of general purpose Financial Statements. The amendments require companies to present both a Statement of Changes In Equity (SOCIE) and either a statement of comprehensive income or an income statement accompanied by a statement of other comprehensive income. Previously companies were required to present only one of either a Statement of Recognised Income and Expenses (SORIE) or a SOCIE. This standard will be adopted for the year ending 31 March 2010. Currently the Group presents a SOCIE only.

2. Segmental information

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

Geographical analysis

The results below are allocated based on the region in which the businesses are located; this reflects the Group's management and internal reporting structure. The disclosure has been extended in the current year with appropriate comparative changes in that the UK, Europe and Asia are now reported separately. There is no financial impact of this change apart from the disaggregation of the prior year segments. Details of prior year adjustments are given in note 3.

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

	UK	Europe	USA	Asia	Eliminations	Group
	£000	£000	£000	£000	£000	£000
Year ended 31 March 2009						
Continuing operations						
Revenue – external	126,114	34,211	43,143	13,449	-	216,917
– intra segment	2,530	2,544	-	7,090	(12,164)	-
Total segment revenue	128,644	36,755	43,143	20,539	(12,164)	216,917
Segment result before significant items and discontinued operations	2,346	1,871	(686)	111	313	3,955
Significant items	(8,612)	(707)	(9,837)	(1,857)	-	(21,013)
Segment result from continuing operations	(6,266)	1,164	(10,523)	(1,746)	313	(17,058)
Pre-tax loss from discontinued operations	-	-	(3,946)	-	-	(3,946)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Group
Pre-tax loss from discontinued operations	3,946
Net finance expenses	(5,838)
Share of profit of associates	120
Income tax	(1,617)
Loss from continuing operations year ended 31 March 2009	(24,393)

	UK	Europe	USA	Asia	Eliminations	Group
Balances at 31 March 2009						
Continuing operations						
Segment assets	86,304	28,396	28,882	18,219	(6,377)	155,424
Investment in associate	3,086	-	-	-	-	3,086
Segment assets from continuing operations	89,390	28,396	28,882	18,219	(6,377)	158,510

	UK £000	Europe £000	USA £000	Asia £000	Eliminations £000	Group £000
Year ended 31 March 2008 restated						
Revenue – external	119,693	33,460	33,050	5,506	-	191,709
– intra segment	5,395	7,197	-	8,469	(21,061)	-
Total segment revenue	125,088	40,657	33,050	13,975	(21,061)	191,709
Segment result before significant items and discontinued operations	(10,509)	2,748	(274)	2,068	1,139	(4,828)
Significant items	1,731	(4,087)	(1,039)	(11)	135	(3,271)
Segment result from continuing operations	(8,778)	(1,339)	(1,313)	2,057	1,274	(8,099)
Pre-tax loss from discontinued operations	(1,238)	-	(4,901)	-	-	(6,139)
Segment result	(10,016)	(1,339)	(6,214)	2,057	1,274	(14,238)
Pre-tax loss from discontinued operations						6,139
Net finance expenses						(3,778)
Share of profit of associates						509
Income tax						2,866
Loss from continuing operations year ended 31 March 2008						(8,502)
Balances at 31 March 2008 restated						
Segment assets	84,528	40,909	37,523	18,811	(1,671)	180,100
Segment liabilities	(30,250)	(40,575)	(38,155)	(4,055)	236	(112,799)
Capital expenditure						
- property, plant and equipment	2,954	2,815	1,205	321	-	7,295
- intangible	11	61	83	-	-	155
Depreciation	2,732	1,979	827	400	-	5,938
Amortisation	72	68	81	-	-	221
Impairment of fixed assets	420	401	-	-	-	821

Geographical analysis of turnover by destination

	2009 £000	2008 restated £000
UK	**97,642**	94,198

3. Prior year adjustments and reclassifications

a) During the year the Group has conducted a detailed review of the application of its accounting policies in respect of inventory valuation and provisioning. During the course of this review material errors were discovered in two of the operating companies. These companies operate standard costing systems for

The effect of the prior year adjustments and reclassifications are detailed below:

	2008 previously stated				2008 restated
	Before significant items	Note a) Inventory	Note b) Party discontinued	Note c) i) & ii) Changes in disclosure	Before significant items
	£000	£000	£000	£000	£000
Continuing operations					
Revenue	194,168	-	(2,459)	-	191,709
Cost of sales	(148,366)	(860)	1,521	(11,243)	(158,948)
Gross Profit	45,802 23.6%	(860)	(938)	(11,243)	32,761 17.1%
Selling expenses	(16,041)	-	688	992	(14,361)
Administration expenses	(30,096)	-	200	5,648	(24,248)
Other operating Income	617	-	-	372	989
Profit on sales of fixed assets	-	-	-	31	31
Operating profit/(loss)	282	(860)	(50)	(4,200)	(4,828)
Finance expenses	(3,861)	-	83	-	(3,778)
Share of profit of associates (net of tax)	509	-	-	-	509
(Loss)/profit before tax	(3,070)	(860)	33	(4,200)	(8,097)
Income tax credit/(charge)	1,591	-	(12)	-	1,579
(Loss)/profit from continuing operations	(1,479)	(860)	21	(4,200)	(6,518)
Discontinued operations					
Loss from discontinued operations (net of tax)	(1,411)	-	(21)	-	(1,432)
Loss for the year attributable to equity holders of the parent company	(2,890)	(860)	-	(4,200)	(7,950)

	Significant items £000	Note a) Inventory £000	Note b) Party discontinued £000	Note c) i) & ii) Changes in disclosure £000	Significant items restated £000
Continuing operations					
Revenue	-	-	-	-	-
Cost of sales	(4,309)	-	-	-	(4,309)
Gross Loss	(4,309)	-	-	-	(4,309)
Selling expenses	(95)	-	-	-	(95)
Administration expenses	(3,324)	-	-	-	(3,324)
Other operating income	257	-	-	3,943	4,200
Profit on sales of fixed assets	-	-	-	257	257
Operating (loss)/profit	(7,471)	-	-	4,200	(3,271)
Finance expenses	-	-	-	-	-
Share of profit of associates (net of tax)	-	-	-	-	-
(Loss)/profit before tax	(7,471)	-	-	4,200	(3,271)
Income tax credit	1,287	-	-	-	1,287
(Loss)/profit from continuing operations	(6,184)	-	-	4,200	(1,984)
Discontinued operations					
Loss from discontinued operations (net of tax)	(2,964)	-	-	-	(2,964)
(Loss)/profit for the year attributable to equity holders of parent company	(9,148)	-	-	4,200	(4,948)

Impact on Earnings per share
The above changes had the following effect on earnings per share:

	2008 previously stated	Note a) Inventory	Note b) Party discontinued	Note c) Changes in disclosure	2008 restated
Adjusted basic loss per share excluding significant items and discontinued operations	(3.2p)	(1.9p)	0.1p	(8.9p)	(13.9p)
Loss per share on significant items	(13.2p)	0.0p	0.0p	8.9p	(4.3p)
Loss per share on discontinued operations	(9.3p)	0.0p	(0.1p)	0.0p	(9.4p)
Basic loss per share	(25.7p)	(1.9p)	0.0p	0.0p	(27.6p)
Diluted loss per share	(25.7p)	(1.9p)	0.0p	0.0p	(27.6p)

Balance Sheet	2008 previously stated £000	Note a) Inventory £000	Note b) Party discontinued £000	Note c) iii) Engravings £000	2008 restated £000
Assets					
Property, plant and equipment	43,485	-	-	(614)	42,871
Intangible assets	35,544	-	-	-	35,544
Investments in associates	3,106	-	-	-	3,106
Deferred tax assets	4,169	-	-	-	4,169
Inventory	56,990	(2,049)	-	2,081	57,022
Income tax receivable	918	303	-	-	1,221
Trade and other receivables	33,779	-	-	(1,467)	32,312
Cash and cash equivalents	2,137	-	-	-	2,137
Assets classified as held for sale	1,718	-	-	-	1,718
Total assets	181,846	(1,746)	-	-	180,100
Equity					
Share capital	2,353	-	-	-	2,353
Share premium	3,006	-	-	-	3,006
Reserves	15,263	-	-	-	15,263
Retained earnings brought forward	60,463	(886)	-	-	59,577
Loss for the year	(12,038)	(860)	-	-	(12,898)
Retained earnings carried forward	48,425	(1,746)	-	-	46,679
Total equity attributable to equity holders of the parent company	69,047	(1,746)	-	-	67,301
Total liabilities	112,799	-	-	-	112,799
Total equity and liabilities	181,846	(1,746)	-	-	180,100

4. Significant items

	Cost of sales	Selling expenses	Admin expenses	Other operating income	Profit or loss on disposal	Finance expenses	Total
	£000	£000	£000	£000	£000	£000	£000
2009 Continuing operations							
Impairments in respect of restructuring of operational activities:							
US goodwill	-	-	5,695	-	-	-	5,695
US fixed assets	2,121	-	-	-	-	-	2,121
US engravings	911	-	-	-	-	-	911
Latvian printing press	1,669	-	-	-	-	-	1,669
UK fixed assets	600	-	-	-	-	-	600
	5,301	-	5,695	-	-	-	10,996
Other costs							
Restructuring of operational activities	1,693	277	1,067	-	16	-	3,053
Debtors in administration	252	2,889	-	-	-	-	3,141
Financial restructuring	-	-	1,220	-	-	1,417	2,637
Restructuring of management functions	157	-	1,416	-	-	-	1,573
Asia supplier disruption	957	40	33	-	-	19	1,049
	8,360	3,206	9,431	-	16	1,436	22,449
Income tax charge							1,453
							23,902
2008 Continuing operations restated							
UK restructuring	1,507	95	1,085	-	-	-	2,687
Latvia closure	1,988	-	1,185	-	-	-	3,173
Integration of acquisitions	814	-	735	-	-	-	1,549
Aborted acquisition costs	-	-	319	-	-	-	319
Profit on disposal of property, plant and equipment	-	-	-	-	(257)	-	(257)
Insurance proceeds - compensation for loss of gross profit due to a fire in 2005 (see note 3)	-	-	-	(4,200)	-	-	(4,200)
	4,309	95	3,324	(4,200)	(257)		3,271
Income tax credit							(1,287)
							1,984

The Group incurred the following significant items in respect of continuing operations:

Year ended 31 March 2009

The restructuring and refocusing of the business in the UK and Latvia, which was started last year, was completed in March 2009, on time and to plan. Some restructuring also took place in our US operations with a focus on reducing costs and enhancing margins.

Impairment

- As a result of the closure of the Party business, and the current performance of the US business, the Board has fully impaired the goodwill acquired on Glitterwrap, leading to a charge to the income statement of £5.7 million (see note 7 for details of this calculation).
- US printing and conversion machinery (£2.1 million) and related engraving for cylinders (£0.9 million) have also been impaired as the business focuses on a revised manufacturing strategy.
- A large and high quality printing machine was transferred during the year from Latvia to China, however as there is no longer the requirement in China to use the machine as it was originally intended, the asset has been impaired down to its value in use by £1.7 million.

- As a result of the restructuring of UK Greetings division plant and machinery that is no longer in use and is estimated to have no resale value, was impaired by £0.6 million.

Other costs

- As a result of restructuring the manufacturing activities, mainly in the UK Greetings Division, £2.6 million of staff redundancy costs were incurred. A further £0.5 million was incurred on write downs of stock transferred from Latvia and the disposal and relocation of assets
- Due to the current economic climate the Group has experienced an unprecedented number of mainly UK based high street retailers going into administration. This cost the Group £3.1 million of which £1.8 million was in respect of the collapse of Woolworths. This includes a write down of Woolworths branded stock of £0.3 million.
- To restructure its Bank financing the Group incurred substantial additional bank facility fees and related charges of £1.4 million, with a further £1.2 million being incurred on advisors to both the Bank and the Board.
- The Group has restructured the Board and strengthened the senior financial management both centrally and at an operating company level. The Group incurred termination fees of £1.2 million, just under half of which relate to Directors with a further £0.4 million incurred in respect of recruitment costs and interim senior management.
- The disruption of supply of goods from Asian subcontractors during the peak supply period cost the Group £1.0 million. The costs relate to incremental expenditure incurred by switching to alternative suppliers and for air freight to customers. One supplier suffered a fire and two experienced severe financial difficulties. The Group is currently in the process of submitting an insurance claim in relation to the fire.

Income Tax

The income tax charge for the year of £1,453,000 (2008: £1,287,000 credit) is due to a provision of £1,708,000 against US losses bought forward due to the restructuring of US manufacturing activities. This is offset by £255,000 of net credits from the other business segments.

Year ended 31 March 2008

UK restructuring costs relate primarily to the integration of the Group's UK Christmas gift wrap, cracker and cards operations into one division and rationalisation changes in order to maintain competitveness. The costs consist primarily of losses on impairment and disposal of property, plant and equipment, stock write-downs and personnel-related costs.

Lativa closure costs relate to the closure of the Group's Latvian production facility and the resulting transfer of equipment and production to other parts of the Group. The costs consist primarily of losses on impairment and disposal of property, plant and equipment, and stock write-downs, machinery relocation and personnel-related costs.

The costs of integration of acquisitions relate to the integration of Glitterwrap, Pinwheel and Weltec into the Group's existing operations. The costs consist primarily of range rationalisation and personnel-related costs.

5. Discontinued operations

US Party Business

As part of the acquisition of Glitterwrap in 2007 the Group obtained a party tableware and accessory operation "Party". Although part of the same legal entity, this was a separate business. At the beginning of October 2008 management took the decision to discontinue Party as it was not seen to be a core activity of the Group, was underperforming and was unlikely to perform in future. The significant item relates primarily to inventory write downs of £565,000, staff termination costs and property closure expenditure. During the year ended 31 March 2009 the business had cash outflows from operating activities of £2,149,000 *(2008: 2,090,000)* and cash outflows from financing activities of £52,000 *(2008:£254,000).*

	2009 US Party business	2008 UK seasonal retail	2008 Associate investment in Halloween Express	2008 US Party business	2008 Total
	£000	£000	£000	£000	£000
Revenue	**2,206**	580	-	2,459	3,039
Expenses	**(4,855)**	(1,311)	-	(2,492)	(3,803)
Loss before significant items	**(2,649)**	(731)	-	(33)	(764)
Share of associate	-	-	(899)	-	(899)
Income tax credit	-	219	-	12	231
Profit after tax before significant items	**(2,649)**	(512)	(899)	(21)	(1,432)
Significant items (net of tax)	**(1,297)**	(355)	(2,609)	-	(2,964)
Loss for the year	**(3,946)**	(867)	(3,508)	(21)	(4,396)

Year ended 31 March 2008

UK seasonal retail and internet

This division had been established during the course of 2007, but was discontinued when it did not meet expectations.
During the year ended 31 March 2008, this division had cash outflows from operating activities of £715,000 and cash outflows from financing activities of £15,000.

Halloween Express

On 27 July 2007, the Group acquired 50% of the issued share capital of Halloween Express Inc, a franchise retailer of Halloween products based in the USA. Initial consideration of £1,373,000 was paid through a combination of cash and the issue of 119,948 new ordinary shares.

During the year ended 31 March 2008 further sums totalling £5,514,000 were paid to Halloween Express in order to fund its operations. The Group's share of the associate's losses was £899,000, net of tax.

The carrying value of the investment was written down to the recoverable amount of £1,718,000 and was sold in April 2008.

The UK seasonal retail significant items related to the closure of the operation and consisted primarily of stock write-downs and personnel related costs. The Halloween Express significant item related to the write-down of the Group's investment in the associate. The tax credits in relation to the significant items were £152,000 and £1,360,000 respectively.

6. Property, plant and equipment

	Land and buildings		Plant and	Fixtures	Motor	Total
	Freehold	Leasehold	equipment restated	and fittings	Vehicles	restated
	£000	£000	£000	£000	£000	£000
Cost						
Balance at 1 April 2007	17,888	6,430	42,098	5,073	1,876	73,365
Acquisitions through business combinations	-	-	11	573	-	584
Additions	2,271	497	4,090	344	93	7,295
Disposals	(173)	(33)	(2,671)	(155)	(531)	(3,563)
Transfer to stock	-	-	(1,886)	-	-	(1,886)
Effect of movements in foreign exchange	959	85	1,691	147	41	2,923
Balance at 31 March 2008	20,945	6,979	43,333	5,982	1,479	78,718
Balance at 1 April 2008	**20,945**	**6,979**	**43,333**	**5,982**	**1,479**	**78,718**
Additions	**300**	**257**	**879**	**280**	**9**	**1,725**
Disposals	**(174)**	**(2,106)**	**(1,185)**	**(304)**	**(672)**	**(4,441)**
Transfers between fixed asset categories	**-**	**-**	**(219)**	**219**	**-**	**-**
Effect of movements in foreign exchange	**1,112**	**2,194**	**5,284**	**2,012**	**60**	**10,662**
Balance at 31 March 2009	**22,183**	**7,324**	**48,092**	**8,189**	**876**	**86,664**
Depreciation and impairment						
Balance at 1 April 2007	(4,872)	(971)	(21,845)	(3,141)	(986)	(31,815)
Depreciation charge for the year	(779)	(412)	(3,352)	(1,005)	(390)	(5,938)
Disposals	-	33	1,546	347	411	2,337
Impairment	-	-	(821)	-	-	(821)
Transfer to stock	-	-	1,272	-	-	1,272
Effect of movements in foreign exchange	(41)	(22)	(748)	(48)	(23)	(882)
Balance at 31 March 2008	(5,692)	(1,372)	(23,948)	(3,847)	(988)	(35,847)
Balance as at 1 April 2008	**(5,692)**	**(1,372)**	**(23,948)**	**(3,847)**	**(988)**	**(35,847)**
Depreciation charge for the year	**(856)**	**(295)**	**(2,864)**	**(839)**	**(204)**	**(5,058)**
Disposals	**118**	**1,737**	**1,183**	**261**	**506**	**3,805**
Impairment	**-**	**(30)**	**(4,398)**	**(11)**	**(2)**	**(4,441)**
Transfers between fixed asset categories	**-**	**-**	**38**	**(38)**	**-**	**-**
Effect of movements in foreign exchange	**(106)**	**(410)**	**(3,231)**	**(1,601)**	**(53)**	**(5,401)**
Balance at 31 March 2009	**(6,536)**	**(370)**	**(33,220)**	**(6,075)**	**(741)**	**(46,942)**
Net book value						
At 31 March 2008	15,253	5,607	19,385	2,135	491	42,871
At 31 March 2009	**15,647**	**6,954**	**14,872**	**2,114**	**135**	**39,722**

Depreciation is charged to either cost of sales, selling costs or administration costs within the income statement depending on the department to which the assets relate.

Leased plant and machinery
The net book value of property, plant and equipment included an amount of £25,000 *(2008: £348,000)* in respect of assets held under finance leases.

Impairment
The 2008 impairment relates to the write down of plant and equipment following the closure of the Group's production facility in Latvia. The impairment in 2009 relates to a) £1.7 million in respect of further write down of printing equipment following the closure of the Group's production facility in Latvia and the transfer of equipment to China where there is not longer the requirement to use the machine as intended and b) £0.6 million in respect of plant and equipment that is no longer in use in the UK, and has no resale value.

Additionally due to a change in production strategy all the US assets were the subject of an impairment review. This led to an impairment of printing and conversion equipment of £2.1 million. Details of the value

in use calculation is given in note 7. The losses have been included within cost of goods sold in the income statement within significant items.

Security

At 31 March 2009 freehold properties with a carrying amount of £15,647,000 (2008: £8,729,000) are subject to a fixed charge.

7. Intangible assets

	Goodwill £000	Computer software £000	Other intangibles £000	Total £000
Cost				
Balance at 1 April 2007	30,642	1,047	-	31,689
Acquisitions through business combinations	5,840	-	737	6,577
Adjustment in respect of previous acquisitions	788	-	-	788
Additions	-	155	-	155
Disposals	-	-	(205)	(205)
Effect of movements in foreign exchange	(35)	-	-	(35)
Balance at 31 March 2008	37,235	1,202	532	38,969
Balance at 1 April 2008	**37,235**	**1,202**	**532**	**38,969**
Additions	**-**	**453**	**-**	**453**
Disposals	**-**	**-**	**(71)**	**(71)**
Effect of movements in foreign exchange	**1,657**	**184**	**10**	**1,851**
Balance at 31 March 2009	**38,892**	**1,839**	**471**	**41,202**
Amortisation and impairment				
Balance at 1 April 2007	(2,489)	(715)	-	(3,204)
Amortisation for the year	-	(168)	(53)	(221)
Effect of movements in foreign exchange	-	-	-	-
Balance at 31 March 2008	(2,489)	(883)	(53)	(3,425)
Balance at 1 April 2008	**(2,489)**	**(883)**	**(53)**	**(3,425)**
Amortisation for the year	**-**	**(338)**	**(49)**	**(387)**
Impairment	**(5,695)**	**-**	**(68)**	**(5,763)**
Disposals	**-**	**-**	**71**	**71**
Effect of movements in foreign exchange	**(1,189)**	**(132)**	**3**	**(1,318)**
Balance at 31 March 2009	**(9,373)**	**(1,353)**	**(96)**	**(10,822)**
Net book value				
At 31 March 2008	34,746	319	479	35,544
At 31 March 2009	**29,519**	**486**	**375**	**30,380**

Impairment

The impairment in the year primarily relates to the goodwill acquired on the acquisition of Glitterwrap, within the USA segment, see note 4 for further details. The aggregate carrying amounts of goodwill allocated to each segment are as follows:

	2009 £000	2008 £000
UK segment		
Anker International Plc	**16,410**	16,410
Alligator Books Ltd	**6,445**	6,445
Multiple UK units without significant goodwill	**2,745**	2,745
Total UK segment	**25,600**	25,600
US segment		
Glitterwrap	**-**	5,103
Hysil Manufacturing Inc	**-**	116
Total US segment	**-**	5,219
European segment		
Hoomark Gift-wrap Partners BV	**2,528**	2,528
Multiple European units without significant goodwill	**1,391**	1,399
Total European segment	**3,919**	3,927
Total goodwill	**29,519**	34,746

Impairment testing for cash generating units containing goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. For the purposes of impairment testing, goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to the business unit, or group of business units, that are expected to benefit from the synergies of the combination (see table above), which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is referred to below as a cash generating unit. This has changed from the previous year, where the cash generating units were deemed to be the subsidiary on the acquisition of which the goodwill arose. During the year the businesses have begun to work more closely with each other, exploiting the synergies that arise. The recoverable amounts of cash generating units are determined from the higher of value in use and fair value less costs to sell.

The Group prepares cash flow forecasts for each cash generating unit derived from the most recent financial budgets for the following two years. The key assumptions in these are sales, margins achievable and overhead costs which are reviewed and approved by the Board. The Group then extrapolates cash flows for the following years into perpetuity based on a conservative estimate of market growth of 2% (2008: 3%).

The cash generating units within UK, Europe and Asia, used a pre-tax discount rate of 13% (2008:15%) which is derived from a prudent estimate of the Group's future average weighted cost of capital adjusted to reflect the market assessment of the risks specific to their estimated cashflows over the same period. The cash generating unit for USA used a discount rate of 16% (2008: 15%) to represent the higher risk within that business given its recent performance, and forthcoming change in manufacturing strategy.

Each of the cash generating units' values in use were determined to be higher than fair value less costs to sell, thus these were used as the recoverable amounts. In all businesses except for the USA the carrying value of the goodwill was supported by the recoverable amount.

With the closure of the Party business, and the required change in manufacturing strategy in the USA the recoverable amount was not able to support the tangible and intangible fixed assets by £7.8 million. The impairment was first allocated against the Goodwill held, being an impairment of £5.7 million, and the balance to tangible fixed assets, being £2.1 million (note 7).

The conclusions were not considered to be sensitive to a 10% change in either the discount rate or the growth rate.

8. Earnings per share

	2009	2008 restated
Adjusted basic loss per share excluding significant items and discontinued operations	**(1.0p)**	(13.9p)
Loss per share on significant items	**(49.8p)**	(4.3p)
Loss per share on discontinued operations	**(8.2p)**	(9.4p)
Basic loss per share	**(59.0p)**	(27.6p)
Diluted loss per share	**(59.0p)**	(27.6p)

The basic loss per share is based on the loss of £28,339,000 *(2008 restated: £12,898,000 loss)* and the weighted average number of ordinary shares in issue of 48,017,616 *(2008: 46,799,068)* calculated as follows:

Weighted average number of shares In thousands of shares	2009	2008
Issued ordinary shares at 1 April	**47,057**	46,331
Shares issued in respect of acquisitions	**959**	460
Shares issued in respect of exercising of share options	**2**	8
Weighted average number of shares at 31 March	**48,018**	46,799

Adjusted basic loss per share excludes significant items charged of £22,449,000 *(2008 restated: £3,271,000)* the tax charge attributable to those items largely as a result of writing off previous year's tax losses in the US of £1,453,000 *(2008: £1,287,000 credit)*, and the loss on discontinued operations (net of tax) of £3,946,000 *(2008 restated: £4,396,000)*.
Share options have not been included in the calculation of fully diluted earnings per share for 2008 because their inclusion would be anti-dilutive. There were no share options exercisable at 31 March 2009.
The instruments which could potentially dilute the basic earnings per share but were not included because they were anti-dilutive are as follows:

	2009	2008
Number of shares		
Share options	-	254,794

9. Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy with regard to liquidity has historically been to ensure adequate access to funds by maintaining appropriate levels of short-term overdraft facilities, which are reviewed on a regular basis. For 2009 onwards the Group's policy was to introduce an element of longer term borrowing and correspondingly reduce its short term overdraft facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 March 2009 Financial instrument	Nominal interest rate	Carrying Amount £000	Contractual Cash flows £000	1 year or Less £000	1-2 years £000	2-5 years £000	More than 5 Years £000
Non-derivative financial liabilities							
Secured bank loans – Sterling	**5.00%**	**1,864**	**(2,315)**	**(421)**	**(439)**	**(1,455)**	**-**
Secured bank loans – US Dollar	**2.10%**	**2,204**	**(2,388)**	**(319)**	**(360)**	**(1,019)**	**(690)**
Secured bank loans – Euros	**4.00%**	**8,155**	**(10,864)**	**(688)**	**(674)**	**(1,940)**	**(7,562)**
Total secured bank loans		**12,223**	**(15,567)**	**(1,428)**	**(1,473)**	**(4,414)**	**(8,252)**
Finance leases							
- Sterling leases	**9.00%**	**24**	**(31)**	**(14)**	**(14)**	**(3)**	**-**
Other financial liabilities		**13,881**	**(13,903)**	**(12,711)**	**(1,192)**	**-**	**-**
Trade and other payables		**26,356**	**(26,356)**	**(26,356)**	**-**	**-**	**-**
Bank overdrafts	**2.39%-6.25%**	**58,351**	**(58,351)**	**(58,351)**	**-**	**-**	**-**
Derivative financial liabilities							
Financial liabilities at fair value through the income statement		**79**	**(6,000)**	**(6,000)**	**-**	**-**	**-**
		110,914	**(120,208)**	**(104,860)**	**(2,679)**	**(4,417)**	**(8,252)**

31 March 2008 Financial instrument	Nominal interest rate	Carrying amount £000	Contractual Cash flows £000	1 year or less £000	1-2 years £000	2-5 years £000	More than 5 years £000
Non-derivative financial liabilities							
Secured bank loans – US Dollar	2.26%	1,805	(1,845)	(197)	(201)	(591)	(856)
Other loans		203	(244)	-	-	(244)	-
Finance leases							
- Sterling leases	7%-9%	76	(79)	(50)	(29)	-	-
Other financial liabilities		16,321	(16,500)	(13,574)	(2,066)	(860)	-
Trade and other payables		21,698	(21,698)	(21,698)	-	-	-
Bank overdraft	2.65% - 5.55%	64,898	(64,898)	(64,898)	-	-	-
Derivative financial liabilities							
Financial liabilities at fair value through the hedging reserve		411	(7,230)	(7,230)	-	-	-
		105,412	(112,494)	(107,647)	(2,296)	(1,695)	(856)