10th December 2009

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

Interim Results

International Greetings PLC, one of the world's leading designers, innovators and manufacturers of gift wrap, stationery, crackers, cards, and accessories, announces its Interim Results for the six months ended 30th September 2009 (2009 H1).

Financial highlights

- Revenue:
  - As a result of management's focus on more profitable business, and in line with the Board's expectations, revenue from continuing operations has reduced to £93.8m (2008 H1: £99.1m)
- Business returned to profit:
  - Profit before tax from continuing operations £0.8m (2008 H1: loss of £0.6m before significant items; loss of £6.8m after significant items)
- Net debt reduced by 10.6% to £101.2m (2008 H1: £113.2m)
  - Down 19% on a constant exchange basis.
- Reduced Operating cash outflow for the half year £28.6m (2008 H1: £42.4m)

Operational highlights

- Growth in sales of everyday product lines, particularly within the value and discount retail sector
- Turnaround of US operations progressing well
- Continuing to drive operational efficiencies and Group-wide benefits and opportunities
- Board confident in full year outlook

Paul Fineman, Chief Executive said:

"Following the significant changes implemented last year we have focussed on driving operational improvements and enhancing margins, resulting in our ability to generate cash. We are encouraged by the results, and importantly we have returned the business to profit.

"We will continue to drive growth and synergies from our existing businesses by sharing best practice, and developing a Group-wide culture. We are, in particular, growing our everyday product business within the value retail sector."

Keith James, Chairman said:

"The team's dedication and hard work has enabled us to return the business to profit at the half year. While market conditions remain challenging, we are confident that the good progress we are making should continue for the rest of the year."

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Chief Executive's Review

Overview

Following the significant changes to the business last year, the first six months of this year have seen the Group return to profit sooner than the Board expected.

Whilst market conditions have remained challenging, the changes we have already made have led to a more balanced, stable business. Our order book and deliveries were strong in the period, and we benefitted in the six months from a more Group-wide culture under the mantra 'Synergise to maximise' that we expect will continue to benefit the business and increase further cross-selling opportunities across our international operations.

Financial Review

The results for the six months ended 30th September 2009 now include, from 1st August 2009, the Group's Australian business, Artwrap PTY, which had previously been accounted for as an associate (see note 5 to the Interim Financial Statements). The Group's holding in Artwrap PTY is unchanged at 50%.

Revenue from continuing operations for the period was £93.8m (2008 H1: £99.1m), including £4.8m of sales at Artwrap PTY. On a constant exchange basis, revenue for the period declined a further £4.5m. The decrease in turnover was expected due to the Group's focus on higher quality and margin business. As a result, profit before tax from continuing operations increased to £0.8m (2008 H1: loss of £0.6m before significant items; £6.8m after significant items).

Finance expenses in the period were £1.8m (2008 H1: £3.6m).

There were no significant items during the period (2008 H1: loss of £6.2m), and no discontinued operations (2008 H1: loss of £0.5m after tax, relating to the Glitterwrap party business).

Basic earnings per share for the period were 0.0p (2009 H1: loss of 10.8p).

The effective tax rate at 68% (2008 H1: 33% credit) is as a result of normal levels of taxation on the Group's profitable subsidiaries, but without the benefit of tax relief for losses in unprofitable operations.

Net debt at 30th September 2009 was down 10.6% to £101.2m (2008 H1: £113.2m). At 30th September 2009 the US$ exchange rate was $1.61, compared with $1.78 at 30th September 2008, and on a constant exchange basis net debt has reduced by 19%. The Group's banks remain supportive, and further details of the Group's banking facility are included in note 1 of the Interim Financial Statements.

Following the progress made last year in reducing our exposure to higher risk customers, trade and other receivables reduced to £59.5m (2008 H1: £80.0m). On a constant exchange basis trade receivables were down 31%.

Stock levels, another key focus area, were down 23% on a constant exchange basis. Including Artwrap PTY, stock reduced to £66.0m (2008 H1: £73.1m).

Capital expenditure in the six months was minimal at £0.7m, and deferred acquisition costs were £0.8m cash, with £1.5m in shares allotted. This allotment of 3.6m shares was successfully placed with a range of institutional shareholders, which has helped to broaden our shareholder base.

The Board will not be declaring an interim dividend (2008 H1: nil).

Operational Review

The significant changes introduced last year helped us to return the business to profit. We are creating a culture of sharing Group best practice while focussing our efforts on strengthening margin and improving cash generation. This will be an evolving change which will bring many more benefits and opportunities. However, we are pleased with progress made to date.

Our 'Synergise to maximise' mantra is creating a cohesive approach to how we do business, both within the Group operations and how we cross-sell, grow our business and provide our customers with an excellent service.

In the UK we saw the benefits of the significant restructuring that was concluded last year. Management is implementing strict performance measurement across the business to further drive efficiency, from customer service to overhead control. For example, capital investment in IT, significant changes in working practices in the UK and improved measurement of material wastage, machine and staff productivity have driven operational benefits. Our other manufacturing operations will be monitoring progress in the UK with a view to adopting similar initiatives in their businesses.

In the UK and US, a major decision to rationalise our product ranges and to work with our customers to provide products that are relevant, innovative and more profitable has worked well. The re-structuring of our US operations is beginning to deliver improved results. As well as implementing a strategy for profitable growth we have improved working capital management and overhead control. We anticipate that re-structuring will be complete mid 2010, and do not foresee significant cash restructuring costs.

In Europe we had a mixed performance. Hoomark has performed well, whilst Weltec and Anchor BV have found the first half of the year more challenging.

The performance of our customer service and manufacturing facilities in Hong Kong and China has made a big contribution to the high standards of service delivery of our UK and US businesses. During the period our China factory was awarded Forestry Stewardship Council Accreditation – a globally recognised standard that demonstrates our commitment to environmentally responsible initiatives, and an important benchmark to most major retailers.

Artwrap PTY continued to make good progress in integrating within the Group and sharing best practice. It is a great ambassador for all Group products, and has had a very successful first half in terms of increased sales and a return to an excellent level of profit.

Significant new launches and contracts won in the period, largely as a result of Group cross-selling opportunities, include:

- The launch in 2009/10 of global product ranges including everyday greeting cards and stationery products
- Expanding licensing relationships previously UK based, to the US and Australia

Further initiatives introduced across the Group to reduce costs and promote sharing of best practice include developing our design asset management system. We are investing £0.3m on rolling this capability out across the Group during the year.

Current trading/outlook

Since the period end trading has continued in line with our expectations. Christmas remains an important time of year for the Group, and we are encouraged by early indications of our customers' sales performance. However, through the Group's focus on creating more balance within the business, we have reduced, in part, the seasonality within the results.

Growth of business with the value retailers and our everyday offering continues to be strong, especially with our everyday greeting cards and stationery products. We are particularly pleased to have secured an initial 3 year commitment for the supply of greetings products to one of the UK's fastest growing value retailers.

In October, we were delighted to sign a licence with US celebrity cook Paula Deen. This licensing agreement will involve introducing to the market an extensive collection of paper based products including stationery, recipe cards, organizers, boxes and food containers. Our expertise in the licensing arena was further evidenced in November when we received an award from Disney for 'Quality Product of the Year', demonstrating our continued ability to innovate and drive sales growth.

Although we expect conditions to remain challenging, the business has been returned to profit and we are excited about the growth opportunities ahead.

International Greetings PLC
Interim Report 2009
Consolidated Income Statement
For the six months ended 30 September 2009

	Unaudited six months ended 30 September 2009	Unaudited six months ended 30 September 2008 restated			12 months to 31 March 2009		
		Before significant items	Significant items	Total	Before significant items	Significant items	Total
	£000	£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue	**93,754**	99,084	-	99,084	216,917	-	216,917
Cost of sales	**(76,756)**	(82,229)	(2,477)	(84,706)	(180,318)	(8,360)	(188,678)
Gross Profit	**16,998**	16,855	(2,477)	14,378	36,599	(8,360)	28,239
	18.1%	17.0%		14.5%	16.9%		13.0%
Selling expenses	**(6,153)**	(5,387)	(958)	(6,345)	(12,189)	(3,206)	(15,395)
Administrative expenses	**(8,848)**	(10,429)	(1,631)	(12,060)	(22,455)	(9,431)	(31,886)
Other operating income	**712**	496	-	496	1,267	-	1,267
Profit/(loss) on sales of property, plant and equipment	**-**	21	199	220	324	(16)	308
Operating profit/(loss)	**2,709**	1,556	(4,867)	(3,311)	3,546	(21,013)	(17,467)
Finance expenses	**(1,839)**	(2,258)	(1,379)	(3,637)	(3,993)	(1,436)	(5,429)
Share of post-tax (loss)/profit of associate	**(39)**	126	-	126	120	-	120
Profit/(loss) before tax	**831**	(576)	(6,246)	(6,822)	(327)	(22,449)	(22,776)
Income tax (charge)/credit	**(568)**	718	1,549	2,267	(164)	(1,453)	(1,617)
Profit/(loss) from continuing operations	**263**	142	(4,697)	(4,555)	(491)	(23,902)	(24,393)
Discontinued operations							
Loss from discontinued operations (net of tax)	**-**	(544)	-	(544)	(2,649)	(1,297)	(3,946)
Profit/(loss) for the period	**263**	(402)	(4,697)	(5,099)	(3,140)	(25,199)	(28,339)
Attributable to:							
Equity holders of the parent company	18			(5,099)			(28,339)
Non-controlling interests	245			-			-
	263			(5,099)			(28,339)
Earnings/(loss) per ordinary share Basic & Diluted	**0.0 p**			(10.8 p)			**(59.0 p)**
Continuing operations	**0.0 p**			(9.6 p)			**(50.8 p)**
Discontinued operations	**-**			(1.2p)			**(8.2p)**

International Greetings PLC
Interim Report 2009
Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2009

	Unaudited six months ended 30 September 2009	Unaudited six months ended 30 September 2008 restated	12 months to 31 March 2009
	£000	£000	£000
Profit/(loss) for the period	263	(5,099)	(28,339)
Other comprehensive income:			
Exchange difference on translation of foreign operations	585	1,818	1,707
Net (loss)/gain on cash flow hedges	(154)	605	178
Income tax credit/(charge)	43	(173)	(53)
	(111)	432	125
Other comprehensive income for the period, net of tax	474	2,250	1,832
Total comprehensive income/(loss) for the period, net of tax	737	(2,849)	(26,507)
Attributable to:			
Equity holders of the parent company	492	(2,849)	(26,507)
Non-controlling interests	245	-	-
	737	(2,849)	(26,507)

International Greetings PLC
Interim Report 2009

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009	**Share capital and reserves**	**Merger reserve**	**Hedging reserve**	**Trans-lation reserve**	**Retained earnings**	**Total equity attributable to equity holders of the parent company**	**Non-controlling interests**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2009	**6,771**	**14,885**	**-**	**222**	**19,404**	**41,282**	**-**	**41,282**
Profit for the period	**-**	**-**	**-**	**-**	**18**	**18**	**245**	**263**
Other comprehensive (loss)/income	**-**	**-**	**(111)**	**585**	**-**	**474**	**-**	**474**
Total comprehensive (loss)/income for the period	**-**	**-**	**(111)**	**585**	**18**	**492**	**245**	**737**
Equity settled share based payments	**-**	**-**	**-**	**-**	**37**	**37**	**-**	**37**
Impairment	**-**	**(1,331)**	**-**	**-**	**1,331**	**-**	**-**	**-**
Shares issued	**182**	**1,331**	**-**	**-**	**-**	**1,513**	**-**	**1,513**
Non-controlling interests in subsidiary consolidated	**-**	**-**	**-**	**-**	**-**	**-**	**2,171**	**2,171**
Exchange difference on non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**214**	**214**
Balance at 30 September 2009	**6,953**	**14,885**	**(111)**	**807**	**20,790**	**43,324**	**2,630**	**45,954**

For the six months ended 30 September 2008	Share capital and reserves £000	Merger reserve £000	Hedging reserve £000	Tran-slation reserve £000	Retained earnings £000	Total equity attributable to equity holder of the parent company £000	Non-controlling interests £000	Total £000
Balance at 1 April 2008	6,699	15,533	(125)	(1,485)	48,425	69,047	-	69,047
Prior year adjustment (note 7)	-	-	-	-	(1,746)	(1,746)	-	(1,746)
Balance at 1 April 2008 restated	6,699	15,533	(125)	(1,485)	46,679	67,301	-	67,301
Loss for the period	-	-		-	(5,099)	(5,099)	-	(5,099)
Other comprehensive income	-	-	432	1,756	-	2,188	-	2,188
Prior year adjustment (note 7)	-	-	-	62	-	62	-	62
Total comprehensive income/(loss) for the period	-	-	432	1,818	(5,099)	(2,849)	-	(2,849)
Balance at 30 September 2008	6,699	15,533	307	333	41,580	64,452	-	64,452

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009	Share capital and reserves £000	Merger reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity attributable to equity holders of the parent company £000
Balance at 1 April 2008	6,699	15,533	(125)	(1,485)	46,679	67,301
Loss for the year	-	-	-	-	(28,339)	(28,339)
Other comprehensive income	-	-	125	1,707	-	1,832
Total comprehensive income/(loss) for the year	-	-	125	1,707	(28,339)	(26,507)
Equity settled share based payments	-	-	-	-	19	19
Impairment	-	(1,045)	-	-	1,045	-
Shares issued	72	397	-	-	-	469
Balance at 31 March 2009	6,771	14,885	-	222	19,404	41,282

Share capital and reserves

The following amounts have been merged for easier presentation:
Capital redemption reserve, which has been unchanged at £1,340,000 since 1 April 2008;
Share premium, which has been unchanged at £3,006,000 since 1 April 2008; and
Share capital, which at 1 April 2008 and 30 September 2008 this balance was £2,353,000; at 31 March 2009 this balance was £2,425,000; and at 30 September 2009 this balance was £2,607,000.

3,642,268 ordinary shares were issued on 24 September 2009 at 41.56p (nominal value at 5p) as deferred consideration for the purchase of Glitterwrap. The merger reserve relating to the Glitterwrap investment has been transferred to retained earnings in line with the impairment of goodwill made for the year ended 31 March 2009.

International Greetings PLC
Interim Report 2009
Consolidated Balance Sheet
as at 30 September 2009

	Unaudited as at 30 September 2009	Unaudited as at September 2008 Restated	12 months to 31 March 2009
	£000	£000	£000
Non-current assets			
Property, plant and equipment	**36,766**	40,480	39,722
Intangible assets	**31,468**	35,876	30,380
Investments in associates	**-**	3,217	3,086
Deferred tax assets	**2,985**	5,376	2,885
Total non-current assets	**71,219**	84,949	76,073
Current assets			
Inventory	**66,014**	73,083	51,913
Income tax receivable	**-**	385	-
Trade and other receivables	**59,462**	80,008	28,464
Cash and cash equivalents	**2,568**	36	2,060
Derivative financial instruments	**-**	427	-
Total current assets	**128,044**	153,939	82,437
Total assets	**199,263**	238,888	158,510
Equity			
Share capital	**2,607**	2,353	2,425
Share premium	**3,006**	3,006	3,006
Reserves	**16,921**	17,513	16,447
Retained earnings	**20,790**	41,580	19,404
Equity attributable to equity holders of the parent company	**43,324**	64,452	41,282
Non-controlling interests	**2,630**	-	-
Total equity	**45,954**	64,452	41,282
Non-current liabilities			
Loans and borrowings	**10,345**	8,632	11,156
Deferred income	**3,525**	4,276	3,801
Provisions	**1,368**	1,345	1,067
Other financial liabilities	**-**	924	1,192
Total non-current liabilities	**15,238**	15,177	17,216
Current liabilities			
Bank overdraft	**92,360**	104,147	58,351
Loans and borrowings	**1,086**	442	1,091
Deferred income	**751**	953	952
Provisions	**-**	512	-
Income tax payable	**779**	34	494
Trade and other payables	**30,783**	34,641	26,356
Derivative financial instruments	**413**	-	-
Other financial liabilities	**11,899**	18,530	12,768
Total current liabilities	**138,071**	159,259	100,012
Total liabilities	**153,309**	174,436	117,228
Total equity and liabilities	**199,263**	238,888	158,510

International Greetings PLC
Interim Report 2009
Consolidated Cash Flow Statement
For the six months ended 30 September 2009

	Unaudited six months to 30 September 2009 £000	Unaudited six months to 30 September 2008 Restated £000	12 months to 31 March 2009 £000
Cash flows from operating activities			
Profit/(loss) for the period	**263**	(5,099)	(28,339)
Adjustments for:			
Depreciation and impairment of tangible fixed assets	**2,305**	4,581	9,499
Amortisation and impairment of intangible assets	**73**	101	6,150
Financial expenses - continuing operations	**1,839**	3,634	5,429
Financial expenses - discontinued operations	**-**	3	150
Share of loss/(profit) of associates - continuing operations	**39**	(126)	(120)
Gain on discontinued associate included within assets held for sale	**-**	(77)	-
Income tax credit - discontinued operations	**-**	(334)	-
Income tax charge/(credit) - continuing operations	**568**	(2,267)	1,617
Profit on sales of property, plant and equipment	**10**	(220)	(308)
Equity settled share-based payment	**37**	-	19
Operating profit/(loss) before changes in working capital and provisions	**5,134**	196	(5,903)
Change in trade and other receivables	**(31,942)**	(41,394)	7,856
Change in inventory	**(7,459)**	(15,211)	6,858
Change in trade and other payables	**6,058**	13,575	4,889
Change in provisions and deferred income	**(440)**	477	(1,779)
Cash (used in)/generated from operations	**(28,649)**	(42,357)	11,921
Tax (paid)/received	**(134)**	(3,613)	1,862
Interest and similar charges (paid)/received	**(1,597)**	861	(5,429)
Net cash (outflow)/inflow from operating activities	**(30,380)**	(45,109)	8,354
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	**25**	750	944
Acquisition of subsidiary, including overdrafts acquired	**(3,918)**	(485)	(469)
Acquisition of shares in associates	**-**	(781)	(781)
Acquisition of intangible assets	**(251)**	(107)	(453)
Acquisition of property plant and equipment	**(458)**	(1,203)	(1,725)
Receipts from sales of investments	**-**	1,796	1,796
Dividends received from associates	**-**	-	166
Net cash outflow from investing activities	**(4,602)**	(30)	(522)
Cash flows from financing activities			
Change in borrowings	**(527)**	54	(470)
Payment of finance lease liabilities	**(12)**	(39)	(52)
New bank loans raised	**-**	6,990	10,224
Net cash (outflow)/inflow from financing activities	**(539)**	7,005	9,702
Net (decrease)/increase in cash and cash equivalents	**(35,521)**	(38,134)	17,534
Cash and cash equivalents at beginning of period	**(56,291)**	(62,761)	(62,761)
Effect of exchange rate fluctuations on cash held	**2,020**	(3,216)	(11,064)
Cash and cash equivalents at end of period	**(89,792)**	(104,111)	(56,291)

	As at 30 September 2009 £000	As at 30 September 2008 £000	As at 31 March 2009 £000
Cash and cash equivalents per balance sheet	**2,568**	36	2,060
Bank overdrafts	**(92,360)**	(104,147)	(58,351)
Cash and cash equivalents per cash flow statement	**(89,792)**	(104,111)	(56,291)

Notes to the interim report

1 Accounting policies

Basis of preparation

The financial information contained in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited.

The Group interim report has been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial information for the year ended 31 March 2009 is extracted from the statutory accounts of the Group for that financial year and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The report of the auditors 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 interim report has been prepared on the going concern basis notwithstanding the net current liabilities at 30 September 2009 of £10.0 million. The Directors believe this to be appropriate because as in previous years, the Group relies primarily on a short term facility for its working capital needs and its principal bank has confirmed, without prejudice to the on demand nature of the facility, and assuming the business performs in line with expectations, that sufficient of the current facility will be renewed on 31 July 2010. The Directors consider that this will enable the company to continue to meet its liabilities as they fall due for payment. As with any company placing reliance on external entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of this interim report, they have no reason to believe it will not do so.

The interim report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009, except for the adoption of new Standards and Interpretations as of 1 April 2009, noted below:

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations

The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 8 Operating Segments

This Standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard has resulted in Australia being reflected as a distinct operating segment following the consolidation of Artwrap Pty Limited into the Group. Additional disclosures about each of these segments are shown in Note 3, including revised comparative information.

IAS 1 Revised Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2 Seasonality of operations

Due to the seasonal nature of the business, higher bank borrowings are usually expected in September and October in relation to the payment for the increased purchases of raw materials in production for the goods, and finished goods to be sold during the peak Christmas season. Higher sales are mainly attributed to the increased demand for gift wrap and crackers during Christmas.

3 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. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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.

Six months ended 30 September 2009	UK £000	Europe £000	USA £000	Asia £000	Australia £000	Eliminations £000	Group £000
Revenue – external	52,713	12,361	22,862	1,001	4,817	-	93,754
– intra segment	2,463	938	-	5,198	-	(8,599)	-
Total segment revenue	55,176	13,299	22,862	6,199	4,817	(8,599)	93,754
Segment operating profit/(loss)	1,289	666	(350)	343	742	19	2,709
Net finance expenses							(1,839)
Share of post-tax loss of associates							(39)
Income tax charge							(568)
Profit for six months ended 30 September 2009							263
Balances at 30 September 2009							
Segment assets	125,962	33,782	28,945	24,909	12,137	(26,472)	199,263
Segment liabilities	(81,114)	(31,930)	(46,683)	(9,367)	(6,879)	22,664	(153,309)
Capital expenditure							
- property, plant and equipment	250	153	23	32	-	-	458
- intangible	243	8	-	-	-	-	251
Depreciation	1,019	554	402	309	21	-	2,305
Amortisation	48	3	22	-	-	-	73

3 Segmental information *continued*

Six months ended 30 September 2008	UK £000	Europe £000	USA £000	Asia £000	Australia £000	Eliminations £000	Group £000
Continuing operations							
Revenue – external	62,199	12,239	17,241	7,405	-	-	99,084
– intra segment	3,196	2,267	-	5,970	-	(11,433)	-
Total segment revenue	65,395	14,506	17,241	13,375	-	(11,433)	99,084
Segment operating (loss)/ profit before significant items and discontinued operations	(310)	729	124	852	-	161	1,556
Significant items	(2,131)	(1,735)	-	(1,001)	-	-	(4,867)
Segment operating (loss)/profit from continuing operations	(2,441)	(1,006)	124	(149)	-	161	(3,311)
Post-tax loss from discontinued operations	-	-	(544)	-	-	-	(544)
Segment operating loss	(2,441)	(1,006)	(420)	(149)	-	161	(3,855)
Post-tax loss from discontinued operations							544
Net finance expenses							(3,637)
Share of post-tax profit of associates							126
Income tax credit							2,267
Loss from continuing operations six months ended 30 September 2008							(4,555)

Balances at 30 September 2008	UK £000	Europe £000	USA £000	Asia £000	Eliminations £000	Group £000
Segment assets	143,087	34,143	50,436	29,188	(21,183)	235,671
Investment in associates	3,217	-	-	-	-	3,217
Segment assets	146,304	34,143	50,436	29,188	(21,183)	238,888
Segment liabilities	(96,892)	(35,256)	(52,220)	(9,047)	18,979	(174,436)
Capital expenditure						
- property, plant and equipment	103	545	285	270	-	1,203
- intangible	107	-	-	-	-	107
Depreciation	1,310	763	628	277	-	2,978
Amortisation	46	55	-	-	-	101
Impairment of fixed assets	-	-	-	1,603	-	1,603

3 Segmental information *continued*

Year ended 31 March 2009	UK £000	Europe £000	USA £000	Asia £000	Eliminations £000	Group £000
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 operating profit/(loss) before significant items and discontinued operations	2,122	1,633	(686)	164	313	3,546
Significant items	(8,612)	(707)	(9,837)	(1,857)	-	(21,013)
Segment operating (loss)/profit from continuing operations	(6,490)	926	(10,523)	(1,693)	313	(17,467)
Post-tax loss from discontinued operations	-	-	(3,946)	-	-	(3,946)
Segment operating (loss)/profit	(6,490)	926	(14,469)	(1,693)	313	(21,413)
Post-tax loss from discontinued operations						3,946
Net finance expenses						(5,429)
Share of post-tax profit of associates						120
Income tax charge						(1,617)
Loss from continuing operations year ended 31 March 2009						(24,393)
Balances at 31 March 2009						
Segment assets	86,293	28,396	28,882	18,219	(6,366)	155,424
Investment in associates	3,086	-	-	-	-	3,086
Segment assets	89,379	28,396	28,882	18,219	(6,366)	158,510
Segment liabilities	(46,217)	(27,753)	(49,261)	(1,309)	7,312	(117,228)
Capital expenditure						
- property, plant and equipment	519	515	266	425	-	1,725
- intangible	145	218	90	-	-	453
Depreciation	2,502	1,003	980	573	-	5,058
Amortisation	105	2	280	-	-	387
Impairment of fixed assets	600	51	2,121	1,669	-	4,441
Impairment of intangible assets	-	68	5,695	-	-	5,763

4 Earnings per share

	As at 30 September 2009	As at 30 September 2008 restated	As at 31 March 2009
Adjusted basic earnings/(loss) per share excluding significant items and discontinued operations	0.0p	0.3p	(1.0p)
Loss per share on significant items	-	(9.9p)	(49.8p)
Loss per share on discontinued operations	-	(1.2p)	(8.2p)
Basic earnings/(loss) per share	0.0p	(10.8p)	(59.0p)
Diluted earnings/(loss) per share	0.0p	(10.8p)	(59.0p)

The basic earnings per share is based on the profit of £18,000 (2008: loss of £5,099,000) and a weighted average number of ordinary shares in issue of 48,676,872 (2008: 47,056,685) calculated as follows:

Weighted average number of shares in thousands of shares	**September 2009**	September 2008	March 2009
Issued ordinary shares at start of period	48,498	47,057	47,057
Shares issued in respect of acquisitions	179	-	959
Shares issued in respect of exercising of share options	-	-	2
Weighted average number of shares at the end of the period	**48,677**	47,057	48,018

There were no share options exercisable at 30 September 2009. Total number of options, over 5p ordinary shares, in issue as at 30 September 2009 was 6,182,556. The average number in issue during the period was 5,962,442.

5 Business combination
(a) Consolidation of Artwrap Pty Limited

On 3 October 2007, the Group acquired 50% of the ordinary shares in Artwrap Pty Limited ('Artwrap'), a designer and distributor of gift wrap and greetings products based in Australia. Initial consideration of £1,701,000 was paid in October 2007 and deferred consideration of £781,000 was paid in August 2008.

The purchase agreement contained an option for the Group to buy any of the remaining 50% of its share. Previously the Group had waived all rights to this option. However, this waiver expired on 31 July 2009, and accordingly from 1 August 2009, Artwrap has been consolidated as a subsidiary and the remaining 50% interest is shown as a non-controlling interest. Previously, Artwrap had been recorded as an associate of the Group.

The fair value of the identifiable assets and liabilities of Artwrap as at 1 August 2009, the date of consolidation were:

	Preliminary fair value and book value recognised on 1 August 2009 £000
Intangible assets	18
Property, plant and equipment	298
Deferred tax assets	282
Inventory	6,809
Trade and other receivables	2,008
	9,415
Bank overdrafts	(3,168)
Trade and other payables	(1,906)
	(5,074)
Net assets	4,341
50% interest on consolidation	2,171
Goodwill arising on consolidation	876
Total cost of investment (see below)	3,047

From 1 August 2009, Artwrap has contributed, net of the amount of non-controlling interest, £245,000 profit after tax to the Group.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of Artwrap with those of the Group.

The investment in associates are as follows:

	2009 £000
At 1 April 2009	3,086
Loss for the period to 31 July 2009, net of tax	(39)
Transfer 50% interest in associates into investment in subsidiary (see above)	(3,047)
At 30 September 2009	-

(b) Deferred consideration paid to Glitterwrap Inc.
On 4 September 2007, the Group acquired 100% of the issued share capital of Glitterwrap Inc, a supplier of giftware and party products based in the USA. Initial consideration of £1,295,000 was paid, £635,000 in cash and £660,000 by the issue of 232,024 new ordinary shares. During the year ended 31 March 2008, Glitterwrap was merged into the operations of International Greetings USA Inc.

During the year ended 31 March 2009 a payment of £938,000 was made, £469,000 in cash and £469,000 by the issue of 1,438,359 new ordinary shares.

On 24 September 2009, deferred consideration of £1,513,854 was paid by the issue of 3,642,268 new ordinary shares at 41.56p per share. At 30 September 2009, the future deferred consideration payable was £763,927 at the exchange rate prevailing at that date, to be payable in August 2010, with £327,312 of this payable by shares. The Dollar values payable remain the same and the difference is due to both the appreciation of Sterling against the US Dollar from March 2009 to September 2009, and the unwinding of the fair value discount factor.

6 Income tax

The major components of income tax expense in the interim report are:

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	12 months to 31 March 2009 £000
Current income tax			
Current income tax charge/(credit)	**431**	87	(193)
Deferred tax			
Relating to origination and reversal of temporary differences	**137**	(2,354)	1,810
Income tax charge/(credit)	**568**	(2,267)	1,617

Taxation for the six months to 30 September is based on the effective rate of taxation, which is estimated to apply in each country for the year ending 31 March 2010.

7 Restatement of comparative information

As a result of prior year adjustments made in the financial statements for the year ended 31 March 2009, certain comparatives for the period to 30 September 2008 are required to be restated. These are shown as follows:

	2008 Previously stated £000	Note a) Party business discontinued £000	Note b) Changes in disclosure £000	2008 Restated £000
Continuing operations				
Revenue	100,503	(1,349)	(70)	99,084
Cost of sales	(79,910)	1,285	(6,081)	(84,706)
Gross profit	20,593	(64)	(6,151)	14,378
Selling expenses	(10,055)	855	2,855	(6,345)
Administrative expenses	(15,655)	167	3,428	(12,060)
Other operating income	628	-	(132)	496
Profit on sales of fixed assets	220		-	220
Operating (loss)/profit	(4,269)	958	-	(3,311)
Finance expenses	(3,634)	(3)	-	(3,637)
Share of profit of associates (net of tax)	126	-	-	126
(Loss)/profit before tax	(7,777)	955	-	(6,822)
Income tax credit/(charge)	2,630	(363)	-	2,267
(Loss)/profit from continuing operations	(5,147)	592	-	(4,555)
Profit/(loss) from discontinued operations (net of tax)	48	(592)	-	(544)
Loss for the year attributable to equity holders of the parent company	(5,099)	-	-	(5,099)

7 Restatement of comparative information *continued*

	2008 Previously stated	Note a) Party business discontinued	2008 Restated
Adjusted basic (loss)/earnings per share excluding significant items and discontinued operations	(1.0p)	1.3p	0.3p
Loss per share on significant items	(9.9p)	0.0p	(9.9p)
Earnings/(loss) per share on discontinued operations	0.1p	(1.3p)	(1.2p)
Basic and diluted loss per share	(10.8p)	0.0p	(10.8p)

Balance Sheet	2008 Previously stated £000	Note b) Engravings £000	Note c) Inventory £000	2008 Restated £000
Assets				
Property, plant and equipment	41,034	(554)	-	40,480
Intangible assets	35,876	-	-	35,876
Investment in associates	3,217	-	-	3,217
Deferred tax assets	5,376	-	-	5,376
Inventory	72,862	2,208	(1,987)	73,083
Income tax receivable	82	-	303	385
Trade and other receivables	81,662	(1,654)	-	80,008
Cash and cash equivalents	36	-	-	36
Derivative financial instruments	427	-	-	427
Total assets	240,572	-	(1,684)	238,888
Equity				
Share capital	2,353	-	-	2,353
Share premium	3,006	-	-	3,006
Reserves	17,451	-	62	17,513
Retained earnings brought forward	48,425	-	(1,746)	46,679
Loss for the year	(5,099)	-		(5,099)
Retained earnings carried forward	43,326	-	(1,746)	41,580
Total equity attributable to equity holders of the parent company	66,136	-	(1,684)	64,452
Total liabilities	174,436	-	-	174,436
Total equity and liabilities	240,572	-	(1,684)	238,888

a) In order to comply with IFRS the discontinued Party business has been removed from continuing operations for both years, and shown separately. The September 2008 discontinued business included the final changes for the discontinued Halloween Express associate which was sold in April 2008.
b) The Board has re-categorised between overheads and cost of sales to show all distribution costs, and all costs of design and production of stock within cost of sales.
Engravings used in the printing machines were not reported consistently across the Group, with amounts included in fixed assets, inventory or prepayments. The Group now shows all its engravings within inventory as work in progress due to its short but variable useful life. The prior year comparative has been adjusted to reflect this with £554,000 moving from fixed assets and £1,654,000 moving from prepayments.
c) Material errors regarding stock valuation in two of the operating companies mean that at 30 September 2008, the inventory was overstated by £1,987,000, with an impact on opening reserves of £1,746,000 net of tax and reserves of £62,000 being the exchange difference on translation. There was no effect on the income statement for the period.