14th July 2010

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

Preliminary Results for the year ended 31 March 2010

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 2010.

Financial Highlights

- Revenue from continuing operations decreased by 8% to £200m (2009: £217m)
- Operating profit before exceptional items increased to £6.1m (2009 restated: £3.6m)
- Profit from continuing operations before exceptional items and tax increased to £3.0m (2009: loss £0.3m)
- Exceptional items were £2.5m (2009: £22.8m)
- Adjusted earnings per share of 3.4p (2009: loss of £0.1p)
- Basic earnings per share of 0.1p (2009: loss of 59.0p)
- Cash generated from operations of £27.4m (2009: £11.9m)
- Net debt significantly reduced to £48.8 (2009: £68.5m)
- Principal banking facilities renewed and the Group's banks continue to remain supportive

Operational Highlights

- Increased group-wide collaboration, driving efficiencies and use of best practice across our operations
- Infrastructure established for direct sales from our China based manufacturing facility in February 2010
- Sales and market share growth of our Group and licensed brands (up from 41% of revenue to 55%)
- Successful consolidation of operational sites in the UK, Europe and USA
- Customer and licensor awards for innovation and service
- Strengthened team at Board and operational level

Commenting on the results, Paul Fineman, CEO said:

"We are delighted to have met our key objectives in the year, of returning the Group to profit, significantly reducing debt and improving our ability to generate cash

"Our focus on providing great value, innovative products and excellent standards of service to our global customer base means that we are well placed to meet challenging market conditions.

"We continue to address further opportunities for improving efficiency and have created a platform for continued profitable growth."

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Chairman’s Statement

A Year of Significant Progress

I am pleased to report that we are now seeing the actions taken over the past few years bearing fruit. After two difficult years of trading during which the business was reorganised and a recovery plan put in place by our new management team, in 2010 the Group has returned to profit. At the same time the indebtedness to the Group’s bankers has been further reduced. It is particularly encouraging that this progress has been made during a time of global economic uncertainty and tough trading conditions in the markets in which we operate.

Revenues for the year ended 31 March 2010 were £200 million (2009: £217 million), reflecting our focus on more profitable sales. Profit before tax for the year, before exceptional items, was £3.0 million (2009: loss of £0.3 million). The major restructuring of the Group has now been completed, although minor restructuring continued during the year resulting in a net reduction by way of exceptional items before tax of £2.5 million (2009: £22.4 million). The basic earnings per share for the year was 0.1p (2009: basic loss per share of 59p). After removing the effect of exceptional items, this increases to 3.4p per share (2009: 1.0p loss).

The Board will review the dividend policy when it is satisfied that there is a consistent upward trend in profits and when the Group’s debt has been further reduced.

Our future plan is to grow the business organically not through acquisitions. The Board has approved a new plan which builds on the recent success and aims to deliver sustainable profitable organic growth in the years ahead. The plan is currently being implemented across the Group.

Operational achievements include:

- The consolidation of operational sites in the USA
- Establishing I.G. Europe which brings together our businesses on the continent
- Growing our business in Australia and Asia through greater intra-group cooperation
- Developing our “everyday” business thereby further reducing our dependence on the Christmas trade

We were delighted to appoint John Charlton as a Non-Executive Director on 28 April 2010. John was, until recently, Senior Vice President of American Greetings Corporation and Chief Executive of UK Greetings Limited. John’s management experience, combined with his knowledge of the greetings card and giftware markets, will be invaluable in helping the Group fulfil its potential.

The Group’s return to profit and its strengthened financial position underpin our optimism for the future success of the business. Having successfully restructured the business, Paul Fineman and his management team are now concentrating on further improving the service to our existing customers, particularly in the fields of design and delivery of products. At the same time new customers are being targeted and new products introduced to the marketplace. As the global economy slowly improves, the Group, with its spread of business across four continents, is well placed to take advantage of the potential for profitable growth.

I would like to thank all our employees for their commitment and enthusiasm in developing the business and all our customers, suppliers and shareholders for their continued support.

Keith James

Chairman

Chief Executive’s Statement

I am pleased to report that we have met our key strategic objectives for 2009/10 of returning the Group to profit, improving cash generation, and significantly reducing debt. Our focus on core activities has created a solid platform for global growth through the exploitation of the many positive opportunities that have been identified across the Group.

We will continue to deploy resources to businesses which deliver attractive profitability, whilst ensuring that appropriate attention is given to the tasks of continuously improving working capital management and operational efficiency.

Highlights during the year include:

- Returning the Group to profit (£3.0m before tax and exceptional items)
- Significantly reducing Net Debt by £20m from £68.5m to £48.8m
- Generating £27.4m of cash from operations (2009: £11.9m)
- Renewing our principal banking facilities and securing the support of the Group’s bankers
- Returning IG UK, our largest subsidiary, to profit
- Increasing group-wide collaboration, thereby driving efficiencies and the sharing of best practices
- Creating the infrastructure for direct sales from our China based manufacturing facility
- Market share growth of our Group and Licensed brands
- The consolidation of operational business units in the UK, mainland Europe and in the USA
- Winning customer and licensor awards for innovation and service

Our dedication to ever improving standards of customer service and innovative product development enabled us to strengthen and grow customer and licensor relationships. We were delighted that these efforts resulted in further industry recognition from our customers and licensors, who continue to demand exceptionally high standards. Awards received in 2009/10 included a Vendor Partner of the Year award from Target Corporation in the United States, from Alliance Boots for Best Product and from Disney Consumer Products for quality and innovation.

We continued to achieve our aim of reducing the impact of the seasonal nature of our business through the creation of a more balanced product portfolio that includes “everyday” greeting cards, stationery and associated product categories. In 2010 we will continue to improve the shape of our business, enabling us to further increase profitability and reduce debt.

UK

The UK accounted for 53% of the Group’s revenue for the year.

Whilst market conditions remained challenging, our reshaped and further integrated UK businesses met overall profit and cash generation objectives. The improved visibility of all UK subsidiary activities has resulted in greater inter-company cooperation, yielding operational efficiencies, particularly relating to logistics and administrative processes. A more cohesive approach is being adopted by our new management teams who have demonstrated the ability and experience to continue to grow their businesses profitably.

Of particular note was IG UK returning to profit. A key contributory factor for the turnaround of the business was an excellent order delivery and customer service performance. This will provide ongoing momentum in the current financial year.

Both Anker and Alligator enjoyed a profitable year. Sales growth was achieved from both Group brand and licensed products and with significant success in the discount and value markets.

Having been managed as independent businesses over many years, the integration of our gift businesses – Scoop and Gift Design, has created an entity that encompasses the best practices of each organisation in areas including product development, sourcing, sales and customer support. Additionally, operational costs have been reduced enabling the combined business to become more competitive.

On the whole, we have successfully eliminated historically unprofitable sales from our UK businesses. We will now accelerate the deployment of our teams to those core business activities with scope for profitable growth.

Mainland Europe

Europe accounted for 18% of the Group's revenue for the year.

Our European businesses delivered an overall satisfactory performance, despite difficult market conditions. Hoomark's focus on its "value" markets proved to be a successful strategy as sales growth was, overwhelmingly, achieved at entry level price points.

The establishment of IG Europe as a legal entity provides the foundation of ever-increasing cooperation and the delivery of synergy benefits by our rationalised European businesses. We have commenced the physical integration of our Weltec business within Anchor BV and are developing effective collaboration between the senior management teams across our European subsidiaries. This will enable us to identify and exploit commercial opportunities for improving results, particularly in Germany, France and Holland.

USA

USA accounted for 20% of the Group's revenue for the year.

The major improvement in the performance of our business in the US resulted from withdrawing from unprofitable sales and from achieving significant efficiencies in inventory management. This facilitated our exit from costly third party offices and warehouses in New Jersey and Kentucky. As with other Group companies, our focus on customer service ensured that sales were maximised despite overall difficult market conditions.

Our growth initiatives for the US market include the introduction of the Paper Craft™ brand of handcrafted greeting cards. This is a major new area of growth and is already gaining traction in targeted markets within the USA and throughout the globe. We have successfully introduced exciting new ranges of licensed products and are delighted to have formed a close relationship with many licensors, including one which resulted in the launch of products endorsed by one of America's best loved celebrity cooks, Paula Deen.

Additionally, we have commenced activities in new channels of distribution, including 'School Fundraising' – a market which provides income for schools via sales of consumer products. Through our cooperation with Disney Consumer Products in this market sector we have broadened and strengthened our relationship with Disney. The product of this relationship includes the introduction of "Toy Story 3" licensed gift wrap and related products to the Schools Fundraising market.

Asia

Asia accounted for 1% of the Group's third party revenue for the year. The majority of its sales are intercompany.

The reorganisation of our factory in Shenzhen, China has resulted in a 'step change' in our ability to trade directly from the factory with our major customers around the world.

Additionally, we have made significant and on-going improvements in line with our commitment to excellent standards of technical and ethical compliance. This has been recognised through several awards including the award of the Forestry Stewardship Council (FSC) accreditation.

IG Asia and Anker in Hong Kong, together with the team in our manufacturing facility in Shenzhen, have provided superb support to our businesses throughout the world and their delivery performance over the past year has been exemplary. We shall, nevertheless, continue to raise standards whilst providing great value and service to our customers.

Australia

Australia accounted for 8% of the Group's revenue for the year.

Our colleagues at Artwrap have, once again, enjoyed a year of excellent growth in both volume and profitability. Increased market share has been achieved through growing existing customer relationships and building new ones. The broad portfolio of products and licensor relationships provided to Artwrap from other IG Group businesses helped in accelerating its positive growth momentum. This proactive exploitation of the Group's synergy benefits was further enhanced by the close cooperation between our businesses in Asia and Australia, and directly contributed to establishing and maintaining Artwrap's successful growth trend.

Our Customers

Whilst ensuring that we continue to enhance our ability to create high quality, innovative products, we are conscious of the need to provide our customers with commercially viable product offers, with broad appeal. It is with this approach in mind that we have successfully grown our portfolio of customers in the value and discount market sectors which have proven to be most resilient to the global economic downturn. At the intermediate-to-premium end of the market, we continue to maintain and grow our presence profitably with our Tom Smith and Gift Wrap Company brands. These brands form the platforms from which we create bespoke products that are customised to achieve demanding Blue Chip retailer standards.

Our Brands and Licences

Our portfolio of licences is of the highest quality and provides considerable commercial appeal. As well as continuing to enjoy significant shares of available markets for those licences with enduring appeal, we also benefit from sales of newly launched licenses, and are confident that "Toy Story 3" product ranges will prove to be very successful in 2010 and beyond. We are delighted to have received the Disney Stationery Quality Product of the Year 2009 award, and believe that this reflects our collaborative approach, and our understanding of the product development demands of the market.

Environmental Responsibilities

The Board is committed to reducing carbon emissions, minimising waste and raising ethical standards throughout the Group. This stance is compatible with our business strategy and corporate culture.

Our Team

Whilst some new key appointments were made at Board and Senior Operational levels of the business during the year, we have benefited from the successful redeployment of management talent within the business. We were, as a result, better able to combat the challenges presented by the difficult market conditions and to take advantage of new business opportunities. I would like to express my thanks to all colleagues for their commitment and congratulate them for their efforts in meeting our key objectives during the year.

Outlook

We are encouraged by the progress we have made throughout the Group. We have raised standards in all services we provide and we are committed to continuously improving all aspects of our business. Our customers require, and we will continue to supply, innovative and competitive products supported by the highest possible standards of service that represent excellent value. We believe that we are increasingly capable of fulfilling these requirements.

Whilst market conditions undoubtedly remain challenging, our order book is encouraging and we are well positioned to meet our objectives and for profitable global growth.

Paul Fineman
Chief Executive

Finance Review

Group performance

Revenue from continuing operations for the year to 31 March 2010 were down, in line with expectations, by 8.0% to £200 million (2009: £217 million), due to our drive to reduce unprofitable sales. The main reduction was in the US. The inclusion of Artwrap as a subsidiary since August 1, 2009, as explained in note 8, mitigated the decrease by £15 million. The effect of US$ and Euro against sterling mitigated a further £5.8 million (2.7%).

Gross profit margin from continuing operations and before exceptional items has remained at 16.9% despite large scale clearance of slow moving stock at low margins. This increases to 17.1% when translated at constant rates.

Overheads before exceptional items have reduced year on year by £5. 3 million (2009: £4.1 million) being a reduction of 15.2% (2009 restated: 10.6%). Of the total of £9.4 million reduction over the past two years £1.7 million is as a result of foreign exchange gains. The remaining £7.7 million is the result of the restructuring carried out during 2008 and 2009.

Operating profit before exceptional items increased to £6.1 million (2009 restated: £3.5 million). After exceptional items, operating profit was £3.6 million (2009 restated: £17.5 million loss).

Exceptional items during the year amounted to £2.5 million before tax (2009: £22.4 million, excluding discontinued business).

These relate to:

- Impairment of printing equipment, fittings, and stock (total of £1.4 million) in Eickpack following a decision made after year end to close the business (see note 13)
- Following restructuring at Hatfield head office, staff numbers have significantly reduced such that the existing property is now too large for the Group's needs. This has led to a lease provision of £1.3 million and impairment of leasehold improvements of £0.3million
- £0.9 million profits recycled through the income statement from the translation reserves relating to the disposal of the Latvian companies
- Restructuring relating to the relocation of the Dutch Weltec business into Anchor BV, and in the UK the relocation of the Gift Design business into Scoop Design, incurring costs of £0.7 million, mainly in staff redundancy
- Insurance proceeds of £0.3 million relating to a fire at an Asian supplier last year

Finance expenses in the year reduced to £3.0 million (2009 restated: £5.4 million, including £1.4 million of exceptional items relating to the re-structuring of our finances). The fall in base rate interest, albeit partially mitigated by the increased margins now being charged by the bank, and our unrelenting pressure on keeping our overdraft as low as possible, have been the main causes of this 24% decrease in finance costs (before prior year exceptional charge).

Profit before exceptional items and tax was £3.0 million (2009:£0.3 million loss).

Profit before tax was £0.5 million (2009: £22.8 million loss).

Discontinued operations:

There are no discontinued operations this year (2009: £3.9 million).

As disclosed in note 13, Post Balance Sheet Events, in July 2010 the Board took the difficult decision to close the Eickpack business. Eickpack, a manufacturer of gift wrap counter rolls, based in Germany, was acquired in January 2007, and has made losses each year. At March 2010 it had gross assets of £1.5 million, which have now been impaired by £1.4 million, which is the Directors' estimate of the net provision required.In the year ended 31 March 2010, Eickpack contributed revenues of £2.5 million and incurred a loss before tax of £0.5 million.

Profit for the year was £0.7 million (2009: £28.3 million loss).

Prior Year Adjustment

During the year it was discovered that one of our Dutch subsidiaries had been overpaid for an insurance claim for a flood that occurred in June 2007, which had been fully accounted for in the year to 31 March 2008. The Group has since repaid this amount to the insurance company, and reduced the brought forward reserves as at 1 April 2008 by £0.5 million. This is further explained in note 3.

Gains and losses on foreign exchange are now shown within Administration expenses, rather than within Finance expenses. This reduced the Operating profit for the year to 31 March 2009 by £0.4 million.

Taxation

The profits of the Group this year have enabled tax losses from previous years to be recognised both against profits for this year and against foreseeable profits in the future. In addition, translation gains recycled through the Income statement from reserves on closure of our Latvian subsidiaries give rise to income outside the scope of taxation. These have given an effective tax credit of 34% (2009 charge of 7% against losses). The main segment able to use the brought forward losses is the UK. Losses in the US remain fully provided.

During the last year our European businesses were transferred to be under one Dutch holding company, IG Europe BV. As well as operational efficiencies this is likely to achieve tax efficiency within Europe.

Earnings per share and Dividends

The basic earnings per share was 0.1p (2009: basic loss per share of 59p). After removing the effect of exceptional items, the adjusted earnings per share increases to 3.4p (2009: 1.0p loss).

No dividend was paid during the year (2009: £Nil) and the Board do not propose a final dividend for the year. Our core focus continues to be on growing the profitability of the business and reducing bank debt. Dividends will be recommended as soon as the Board considers it appropriate.

Balance sheet and cashflow

Net debt at 31 March 2010 was £48.8 million (2009: £68.5 million) (see note 9).

Our year end net debt includes amounts denominated in United States Dollars of $18.9 million (2009: $52.0 million), and in Euros of € 18.1 million (2009: € 23.3 million). The year-end exchange rates were $1.51 (2009:$1.44), and € 1.12 (2009: € 1.09). Using the 2009 exchange rates our net debt at 31 March 2010 would have been £49.9 million, a reduction of 27.0% from 2009 (2009: 13.7% reduction from 2008).

We have continued to focus a great deal of attention on reducing our outstanding debtors, both to maximise cash but also to reduce our exposure to risky debts. This was made easier as the service delivery from our operating units was even better than prior years, minimising customer's late payments. Trade debtors fell from £22.4 million to £17.6 million (21%). The effect of currency translation on this reduction is minimal.

We are also continuing to reduce our stock levels. Stock fell from £51.9 million to £45.0 million, even after inclusion of £6.1 million stock held at Artwrap, which is included for the first time this year. Excluding the effect of currency and without Artwrap and the provisions for Eickpack, stock reduced by 22.3%. Reduction of stock remains a focus for the coming year.

Group cash generated from operations was £27.5 million (2009: £11.9 million).

Cash paid in respect of deferred consideration for acquisitions, accounted for £0.8 million (2009: £1.3 million) and related to the deferred consideration for Alligator which was acquired in 2006.

The Group made no new acquisitions during the year. However, in May 2007 it acquired a 50% interest in Artwrap, in Australia. The purchase agreement allowed the Group to acquire the remaining 50% interest at the Group's option. The Group had waived this option, and had accounted for the business as an associate. During the year the waiver expired, and hence from August 2009, since the option allows the Group control of the business, the Group is required to account for the business as a subsidiary. The Group results for this financial year therefore include the results of Artwrap from 1 August 2009. At the date of acquisition, Artwrap had an overdraft of £3.2m, and this is included as cash paid on acquisition of subsidiary within the Cash Flow Statement (see note 8 for details.)

The Group has kept capital expenditure at a low level being £1.8m for the year (2009:£2.2 million). It realised £0.3 million (2009: £0.9 million) from asset sales in the year.

Equity attributable to shareholders amounted to £42.6 million (2009 restated: £40.7 million).

Key performance indicators

Our Key performance indicators are: reducing debt, reducing overheads, and improving profits to regain our financial strength. On reducing debt, we are managing both working capital and our investments in fixed assets. All of these have been discussed above. Operationally we are increasing the spread of our revenue base across:

- Different territories where UK turnover has reduced from 58% to 54% this year (see note 2)
- Different products Gift wrap turnover has fallen from 40% to 37% of revenue (see note 2)
- More even phasing sales of everyday products now represent 50% of revenue, up from 44% last year
- Brands we have raised the profile of IG brands and licensed products and these have grown from 41% of our revenue to 55%.

Treasury Operations

The Group continues to receive the full support of its bankers, and has met all its bank forecasts and covenants since the facilities were negotiated in 2008. During the year part of the overdraft was transferred to a revolving credit facility. In June 2010, our facility with the Group's main bank was renewed for a further year to 30 June 2011. The Directors have confidence that the current bank facilities are sufficient to meet the Group's needs for the foreseeable future. See note 1 to the Financial Statements for further information.

Sheryl Tye
Finance Director

Consolidated Income Statement

year ended 31 March 2010

	Note	2010 Before exceptional items £000	2010 Exceptional items (note 5) £000	2010 Total £000	2009 restated Before exceptional items £000	2009 restated Exceptional items (note 5) £000	2009 restated Total £000
Continuing operations							
Revenue	2	**200,152**	**-**	**200,152**	216,917	-	216,917
Cost of sales		**(166,353)**	**(920)**	**(167,273)**	(180,318)	(8,360)	(188,678)
Gross Profit		**33,799**	**(920)**	**32,879**	36,599	(8,360)	28,239
		16.9%		**16.4%**	16.9%		13.0%
Selling expenses		**(12,159)**	**(160)**	**(12,319)**	(12,189)	(3,206)	(15,395)
Administration expenses		**(17,222)**	**(2,326)**	**(19,548)**	(22,455)	(9,431)	(31,886)
Other operating income		**1,643**	**-**	**1,643**	1,267	-	1,267
Disposal of subsidiary		**-**	**907**	**907**	-	-	-
Profit/(loss) on sales of property, plant and equipment		**26**	**-**	**26**	324	(16)	308
Operating profit/(loss)		**6,087**	**(2,499)**	**3,588**	3,546	(21,013)	(17,467)
Finance expenses		**(3,024)**	**-**	**(3,024)**	(3,993)	(1,436)	(5,429)
Share of (loss)/profit of associates (net of tax)		**(39)**	**-**	**(39)**	120	-	120
Profit/(loss) before tax		**3,024**	**(2,499)**	**525**	(327)	(22,449)	(22,776)
Income tax (charge)/credit		**(649)**	**828**	**179**	(164)	(1,453)	(1,617)
Profit/(loss) from continuing operations		**2,375**	**(1,671)**	**704**	(491)	(23,902)	(24,393)
Discontinued operations							
Loss from discontinued operations (net of tax)		**-**	**-**	**-**	(2,649)	(1,297)	(3,946)
Profit /(loss) for the year		**2,375**	**(1,671)**	**704**	(3,140)	(25,199)	(28,339)
Attributable to:							
Owners of the Parent Company				**55**			(28,339)
Non-controlling interests				**649**			-
Earnings per ordinary share	11						
Basic & Diluted earnings/(loss) per share				**0.1 p**			(59.0 p)
Continuing operations				**0.1 p**			(50.8 p)
Discontinued operations				**-**			(8.2p)
Adjusted earnings/(loss) per share excluding exceptional items and discontinued operations		**3.4p**			(1.0p)		

Consolidated Statement of Comprehensive Income
year ended 31 March 2010

	2010	2009 restated
	£000	£000
Profit / (loss) for the year	**704**	(28,339)
Other comprehensive income:		
Recyling translation reserves on closure of subsidiary	**(907)**	-
Exchange difference on translation of foreign operations	**1,654**	1,637
Net gain on cash flow hedges (net of tax)	**-**	125
Other comprehensive income for period, net of tax	**747**	1,762
Total comprehensive income / (loss) for the period, net of tax	**1,451**	(26,577)
Attributable to:		
Owners of the Parent Company	**265**	(26,577)
Non-controlling interests	**1,186**	-
	1,451	(26,577)

Consolidated Statement of Changes in Equity

year ended 31 March 2010

	Share capital	Share premium and capital redemption reserve	Merger reserves	Hedging reserves	Translation reserve	Retained earnings	Share - holder equity	Non - controlling interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008 previously reported	2,353	4,346	15,533	(125)	(1,485)	46,679	67,301	-	67,301
Prior year adjustment (note 3)	-	-	-	-		(470)	(470)	-	(470)
At 1 April 2008 restated	2,353	4,346	15,533	(125)	(1,485)	46,209	66,831	-	66,831
Loss for the year	-	-	-	-	-	(28,339)	(28,339)	-	(28,339)
Other comprehensive income (restated)	-	-	-	125	1,637	-	1,762	-	1,762
Total comprehensive loss for the year	-	-	-	125	1,637	(28,339)	(26,577)	-	(26,577)
Equity settled share based payment	-	-	-	-	-	19	19	-	19
Transfer from merger reserve to retained earnings	-	-	(1,045)	-	-	1,045	-	-	-
Shares issued	72	-	397	-	-	-	469	-	469
At 31 March 2009 restated	**2,425**	**4,346**	**14,885**	**-**	**152**	**18,934**	**40,742**	**-**	**40,742**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**55**	**55**	**649**	**704**
Other comprehensive income	**-**	**-**	**-**	**-**	**210**	**-**	**210**	**537**	**747**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**210**	**55**	**265**	**1,186**	**1,451**
Equity settled share based payment	**-**		**-**	**-**	**-**	**82**	**82**	**-**	**82**
Shares issued	**182**	**-**	**1,331**	**-**	**-**	**-**	**1,513**	**-**	**1,513**
Options exercised	**1**		**-**	**-**	**-**	**-**	**1**	**-**	**1**
Acquisition in the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,168**	**2,168**
At 31 March 2010	**2,608**	**4,346**	**16,216**	**-**	**362**	**19,071**	**42,603**	**3,354**	**45,957**

Merger reserve

The merger reserve comprises premium on shares issued in relation to business combinations. The amount of the merger reserve that relates to the Glitterwrap investment has been transferred to retained earnings due to the previous impairment of the goodwill in that business, as explained in note 7.

Capital redemption reserve

The capital redemption reserve comprises amounts transferred from retained earnings in relation to the redemption of preference shares. For ease of presentation the amount of £1,340,000 has been included within the column of Share Premium and capital redemption reserve, in the balances at both the beginning and end of each year, with no movements.

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
at 31 March 20010

	Note	As at 31 March 2010	As at 31 March 2009 restated	As at 01 April 2008 restated
		2010	2009	2008
		£000	£000	£000
Non-current assets				
Property, plant and equipment	6	**34,199**	39,722	42,871
Intangible assets	7	**33,139**	30,380	35,544
Investments in associates	8	**-**	3,086	3,106
Deferred tax assets		**3,501**	3,070	4,354
Total non-current assets		**70,839**	76,258	85,875
Current assets				
Inventory		**44,911**	51,913	57,022
Income tax receivable		**-**	-	1,221
Trade and other receivables		**21,421**	28,464	32,312
Cash and cash equivalents	9	**2,045**	2,060	2,137
Assets classified as held for sale		**-**	-	1,718
Total current assets		**68,377**	82,437	94,410
Total assets		**139,216**	158,695	180,285
Equity				
Share capital		**2,608**	2,425	2,353
Share premium		**3,006**	3,006	3,006
Reserves		**17,918**	16,377	15,263
Retained earnings		**19,071**	18,934	46,209
Equity attributable to owners of the Parent Company		**42,603**	40,742	66,831
Non-controlling interests		**3,354**	-	-
Total equity		**45,957**	40,742	66,831
Non-current liabilities				
Loans and borrowings	10	**9,397**	11,143	1,815
Deferred income		**2,979**	3,801	4,752
Provisions		**1,722**	1,067	1,345
Other financial liabilities		**253**	1,205	2,834
Total non-current liabilities		**14,351**	17,216	10,746
Current liabilities				
Bank overdraft	9	**3,038**	47,435	64,898
Loans and borrowings	10	**38,455**	11,996	193
Deferred income		**821**	952	954
Provisions		**467**	-	510
Income tax payable		**26**	494	59
Trade and other payables		**21,422**	26,356	21,698
Other financial liabilities		**14,679**	13,504	14,396
Total current liabilities		**78,908**	100,737	102,708
Total liabilities		**93,259**	117,953	113,454
Total equity and liabilities		**139,216**	158,695	180,285

Consolidated Cash Flow Statement
year ended 31 March 2010

	Note	2010 £000	2009 restated £000
Cash flows from operating activities			
Profit/(loss) for the year		**704**	(28,339)
Adjustments for:			
Depreciation	6	**4,543**	5,058
Impairment of tangible fixed assets	6	**1,094**	4,441
Amortisation of intangible assets	7	**287**	387
Impairment of intangible assets	7	**-**	5,763
Finance expenses - continuing operations		**3,024**	5,429
Finance expenses - discontinued operations		**-**	150
Share of profit of associates - continuing operations		**39**	(120)
Recycling of translation reserves on closure of subsidiary	5	**(907)**	-
Income tax (credit)/charge - continuing operations	4	**(179)**	1,617
Profit on sales of property, plant and equipment		**(26)**	(308)
Equity settled share - based payment		**82**	19
Operating Profit/(loss) before changes in working capital and provisions		**8,661**	(5,903)
Change in trade and other receivables		**7,288**	7,856
Change in inventory		**13,524**	6,858
Change in trade and other payables		**(2,181)**	4,889
Change in provisions and deferred income		**169**	(1,779)
Cash generated from operations		**27,461**	11,921
Tax (paid)/received		**(372)**	1,862
Interest and similar charges paid		**(3,421)**	(5,429)
Net cash inflow from operating activities		**23,668**	8,354
Cash flow from investing activities			
Proceeds from sale of property plant and equipment		**306**	944
Acquisition of subsidiary, including overdrafts acquired	8	**(3,918)**	(469)
Acquisition of shares in associates		**-**	(781)
Acquisition of intangible assets	7	**(646)**	(453)
Acquisition of property plant and equipment	6	**(1,121)**	(1,725)
Receipts from sales of investments		**-**	1,796
Dividends received from associates		**-**	166
Net cash outflow from investing activities		**(5,379)**	(522)
Cash flows from financing activities			
Proceeds from issue of share capital		**1**	-
Repayment of borrowings		**(3,064)**	(470)
Payment of finance lease liabilities		**(12)**	(52)
New bank loans raised		**28,732**	20,390
Net cash inflow from financing activities		**25,657**	19,868
Net increase in cash and cash equivalents		**43,946**	27,700
Cash and cash equivalents at 1 April		**(45,375)**	(62,761)
Effect of exchange rate fluctuations on cash held		**436**	(10,314)
Cash and cash equivalents at 31 March	9	**(993)**	(45,375)

Notes to the Financial Statements

1 Accounting policies

International Greetings plc is a public limited company, incorporated and domiciled in England and Wales. The Company's ordinary shares are listed on AIM.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account for the Group's interest in associates prior to gaining control of the former associate during 2009/2010. The Parent Company Financial Statements present information about the Company as a separate entity and not about its Group.

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Parent Company Financial Statements in accordance with UK GAAP.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group Financial Statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in the policies below.

Going Concern basis

The Financial Statements have been prepared on the going concern basis, not with standing the net current liabilities of £10.5 million (2009 restated: £18.3 million).

As in previous years, the Group relies primarily on short term debt facilities for its working capital needs. Details of the maturity of the Group's financial liabilities are set out in note 10.

The Board has prepared a working capital forecast which shows that the borrowing requirement of the Group increases steadily over the period from July 2010 and peaks in September 2010, due to the seasonality of the business, before then reducing. Over this period, due to production lead times, the orders for pre - Christmas delivery have largely been received and therefore the principal sensitivities considered in the forecasts relate to the exchange rate between the US dollar and Sterling for both trade and borrowing requirements.

Additionally, the bank have also confirmed that, subject to the on demand nature of the facility, a) it is their present intention that the facility will be made available until 30 June 2011 when the continued availability and level of facilities will be reviewed; and b) assuming that the business continues to perform in line with expectations, that the facility will be renewed (at a level adequate to meet the Group's funding requirement). The Directors consider that this will enable the Company and the Group to continue to meet their liabilities as they fall due for payment.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Measurement convention

The Financial Statements are prepared on the historical cost basis except that financial instruments used for hedging are stated at their fair value.

Changes in accounting policies

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Group's 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. These Standards were all effective for the year commencing 1 January 2009.

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. Additional disclosures about each of these segments are shown in note 2, 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 Segmental information

The Group has one material business activity being the design, innovation and manufacture of gift wrap, crackers, cards, stationery and gift accessories.

For management purposes the Group is organised into five geographic business units.

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 the inclusion of Australia pursuant to the acquisition of Artwrap, which was previously accounted for as an associate. The Chief Operating Decision Maker is the Executive Board.

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.

Financial performance of each segment is measured on operating profit. Interest expense or revenue and tax are managed on a Group basis and not split between reportable segments.

Segment assets are all non-current and current assets, excluding Deferred tax and income tax receivable. Where cash is shown in one segment, which nets under the Group's banking facilities, against overdrafts in other segments, the movement to net the two are shown in the eliminations column. Similarly inter segment receivables and payables are eliminated in the eliminations column.

	UK	Europe	USA	Asia	Australia	Eliminations	Group
	£000	£000	£000	£000		£000	£000
Year ended 31 March 2010							
Continuing operations							
Revenue – external	**107,060**	**35,027**	**40,839**	**1,933**	**15,293**	**-**	**200,152**
– intra segment	**3,070**	**1,621**	**50**	**6,292**	**-**	**(11,033)**	**-**
Total segment revenue	**110,130**	**36,648**	**40,889**	**8,225**	**15,293**	**(11,033)**	**200,152**
Segment result before exceptional items and discontinued operations	**4,111**	**651**	**415**	**(1,062)**	**1,930**	**42**	**6,087**
Exceptional items	**(1,508)**	**(1,778)**	**175**	**158**	**-**	**454**	**(2,499)**
Segment result from continuing operations	**2,603**	**(1,127)**	**590**	**(904)**	**1,930**	**496**	**3,588**
Net finance expenses							**(3,024)**
Share of loss of associates							**(39)**
Income tax							**179**
Profit from continuing operations for the year ended 31 March 2010							**704**
Balances at 31 March 2010							
Continuing operations							
Segment assets	**93,578**	**24,740**	**17,416**	**8,320**	**7,516**	**(12,354)**	**139,216**
Segment liabilities	**(43,774)**	**(23,186)**	**(39,359)**	**162**	**(2,121)**	**15,019**	**(93,259)**
Capital expenditure							
- property, plant and equipment	**681**	**283**	**34**	**71**	**52**	**-**	**1,121**
- intangible	**456**	**6**	**8**	**-**	**176**	**-**	**646**
Depreciation	**1,983**	**1,123**	**750**	**602**	**85**	**-**	**4,543**
Amortisation	**123**	**39**	**125**	**-**	**-**	**-**	**287**
Impairment of property, plant and equipment	**327**	**767**	**-**	**-**	**-**	**-**	**1,094**

2 **Segmental information** (continued)

	UK £000	Europe £000	USA £000	Asia £000	Australia £000	Eliminations £000	Group £000
Year ended 31 March 2009 restated							
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 exceptional items and discontinued operations	2,122	1,633	(686)	164	-	313	3,546
Exceptional items	(8,612)	(707)	(9,837)	(1,857)	-	-	(21,013)
Segment result from continuing operations	(6,490)	926	(10,523)	(1,693)	-	313	(17,467)
Pre-tax loss from discontinued operations	-	-	(3,946)	-	-	-	(3,946)
Segment result	(6,490)	926	(14,469)	(1,693)	-	313	(21,413)
Pre-tax loss from discontinued operations							3,946
Net finance expenses							(5,429)
Share of profit of associates							120
Income tax							(1,617)
Loss from continuing operations year ended 31 March 2009							(24,393)
Balances at 31 March 2009 restated							
Segment assets	85,281	28,379	27,026	18,219	-	(3,296)	155,609
Investment in associate	3,086	-	-	-	-	-	3,086
Segment assets from continuing operations	88,367	28,379	27,026	18,219	-	(3,296)	158,695
Segment assets from discontinued operations	-	-	-	-	-	-	-
Segment assets	88,367	28,379	27,026	18,219	-	(3,296)	158,695
Segment liabilities	(46,096)	(28,269)	(49,261)	(1,145)	-	6,818	(117,953)
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 property, plant and equipment	600	51	2,121	1,669	-	-	4,441
Impairment of intangible assets	-	68	5,695	-	-	-	5,763

2 **Segmental information** (continued)

The Group's information about its segmental assets (Non-current assets, excluding deferred tax assets and other financial assets) and revenue by customer destination are detailed below:

Geographical information

	Non-current assets		Revenue by destination	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
UK	**41,241**	45,765	**81,818**	97,642
USA	**7,856**	9,169	**53,761**	65,744
Europe	**14,105**	15,106	**45,957**	49,276
Rest of the world	**4,136**	3,148	**18,616**	4,255
	67,338	73,188	**200,152**	216,917

	2010	2009
	£000	£000
Gift Wrap	**74,551**	87,617
Books & Stationery	**34,251**	37,200
Greetings Cards	**18,148**	14,000
Bags & Boxes	**15,744**	18,600
Crackers	**14,322**	16,600
Albums and Frames	**10,367**	10,649
Other	**32,769**	32,251
Total	**200,152**	216,917

(1) Capital expenditure consists of additions of property, plant and equipment, intangible assets and goodwill.

(2) No single customer accounts for over 10% of total revenue.

(3) Eliminations on the balance sheet consist of inter-segment balances, and cash and bank borrowing adjustments between segments, and deferred tax assets of £3,501,000 (2009: 3,070,000), income tax payable of £26,000 (2009: £494,000).

(4) No operating segment has been aggregated in determining reportable segments.

3 Prior year adjustments and reclassifications

Income Statement

Gain/loss on foreign exchange has been reclassified from Finance expenses to Administrative expenses as Directors consider this a more appropriate classification. The reclassification has decreased the 2009 profit before interest and tax, and correspondingly, the finance expense by £409,000. There is no impact on profit before tax.

Balance Sheet

During the year local management discovered that an overpayment had been made by one of our insurers in respect of an insurance claim which a Dutch subsidiary had submitted in respect of storm damage to its factory in 2007. We have been in contact with the relevant insurer and in April 2010 repaid that element of the claim, plus the interest totalling £725,000.

All the costs and proceeds of the claim were accounted for in the Financial Statements for the year ended 31 March, 2008. With the related tax credit of £185,000, the net reduction to reserves, when translated at 1 April, 2008 is £470,000. There is no impact on the earnings per share for the year (2009: Nil). At March 31, 2009, this is retranslated to be an adjustment of £540,000, and the related £70,000 adjustment has been deducted from the translation reserve in the Consolidated Statement of Comprehensive Income, and added to current liabilities.

Finance lease liabilities have been moved from within 'Bank loans and overdrafts' to 'Other financial liabilities'. These amounts are not material.

The changes in the 2008 and 2009 balance sheets are shown below:

	2009 previously stated £000	2008 previously stated £000	Insurance £000	2009 restated £000	2008 restated £000
Non-current assets					
Deferred tax assets	2,885	4,169	185	3,070	4,354
Other non-current assets	73,188	81,521	-	73,188	81,521
Total non-current assets	76,073	85,690	185	76,258	85,875
Total current assets	82,437	94,410	-	82,437	94,410
Total assets	158,510	180,100	185	158,695	180,285
Equity					
Share capital and share premium	5,431	5,359	-	5,431	5,359
Reserves	16,447	15,263	(70)	16,377	15,263
Retained earnings	19,404	46,679	(470)	18,934	46,209
Total equity attributable to the owners of the Parent Company	41,282	67,301	(540)	40,742	66,831
Total non-current liabilities	17,216	10,746	-	17,216	10,746
Total current liabilities	100,012	102,053	725	100,737	102,708
Total liabilities	117,228	112,799	725	117,953	113,454
Total equity and liabilities	158,510	180,100	185	158,695	180,285

Bank loans and borrowings

Bank loans and borrowings in the prior year have been rotated to separate the Asset Backed Loan that had previously been included has an element of the overdraft.

4 Taxation

Recognised in the Income Statement	2010	2009
	£000	£000
Current tax expenses		
Current year - UK corporation tax	-	(30)
Current year - foreign tax	569	295
Adjustments for prior years	(643)	(458)
	(74)	(193)
Deferred tax expense		
Original and reversal of temporary differences	79	(49)
Adjustments in respect of previous periods	(184)	1,859
	(105)	1,810
Total tax in Income Statement	(179)	1,617

Reconciliation of effective tax rate	2010	2009
	£000	£000
Profit/(loss) before tax	525	(22,776)
Tax using the UK corporation tax rate of 28% (2009:28%)	147	(6,377)
Expenses not deductible for corporation tax purposes	349	369
Goodwill impairment not tax deductible	-	2,159
Recycle of translation gain on closure of subsidiary	(262)	-
Tax losses on which deferred tax has not been recognised	479	5,690
Non-taxable income	(80)	(13)
Differences between the accounting and tax cost of capital assets disposed	-	(100)
Tax credit on loss carry back at 30%	-	(1)
Differences between UK and overseas tax rates	15	(1,511)
Under/(over) provided in prior years	(827)	1,401
Total tax in Income Statement	(179)	1,617

5 Exceptional items

	Cost of sales £'000	Selling expenses £'000	Admin expenses £'000	Profit or loss on disposal £'000	Finance expenses £'000	Total £'000
2010 Continuing operations						
Impairment in respect of restructuring of operational activities:						
Fixed assets within German subsidiary (note a)	**622**	**-**	**145**	**-**	**-**	**767**
Impairment of stock at German subsidiary (note a)	**631**	**-**	**-**	**-**	**-**	**631**
Leasehold improvements and fittings at Hatfield Head office (note b)	**-**	**-**	**327**	**-**	**-**	**327**
Total impairments	**1253**	**-**	**472**	**-**	**-**	**1725**
Other costs						
Restructuring of operational activities						
- lease provision (note b)	**-**	**-**	**1,300**	**-**	**-**	**1,300**
- redundancies (note c)	**-**	**160**	**554**	**-**	**-**	**714**
Recycling of translation reserve on closure of subsidiary (note d)	**-**	**-**	**-**	**(907)**	**-**	**(907)**
Asia supplier disruption - insurance proceeds (note e)	**(333)**	**-**	**-**	**-**	**-**	**(333)**
	920	**160**	**2,326**	**(907)**	**-**	**2,499**
Income tax charge						**(828)**
						1,671
2009 Continuing operations						
Impairment 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 credit						1,453
						23,902

Year ended 31 March 2010

(a) As explained in note 13, since the year end, the Group have taken the decision to close its German subsidiary, and have hence impaired fixed assets, being printing equipment and fittings totalling £767,000 to the Directors' estimate of its fair value on sale less costs of sale, which net to £Nil. In addition, the Group has reviewed the carrying value of the related inventory and have provided a further £631,000. All other assets and liabilities are deemed sufficiently provided.

(b) During the year the Group announced the relocation of its IG UK design studio from the Hatfield head office to the IG UK site in Wales. A lease provision in respect of the Hatfield offices was therefore made of £1.3million, of which £200,000 was utilised during the year to 31 March, 2010. In addition, the leasehold improvements and fittings have been impaired to the Directors' estimate of fair value on sale less cost of sale, being an impairment of £327,000.

(c) During the year the Board took the decision to relocate the operations of the Weltec business in Holland into Anchor BV and, in the UK, to relocate the Gift Design business into Scoop Design. These, and other minor restructuring, incurred costs of £714,000 mainly in staff redundancy, and some equipment operational contracts.

(d) In early 2008 the Group decided to close the Latvian business, with the final few staff leaving and the premises shut during this current year. The Latvian companies are now in administration and hence, in accordance with IAS 21 the element of the translation reserve relating to that business has been recycled through the Income Statement (£907,000).

5 Exceptional items (continued)

(e) In relation to the fire incurred at one of our Asia suppliers last year (see below), the Group has submitted an insurance claim. To date we have received an interim payment of £158,000, and the Directors are virtually certain of receiving an additional payment of at least £175,000, which has been recognised as a receivable in these Financial Statements.

Year ended 31 March 2009

In the US we closed our Party business, and the Board impaired the goodwill acquired on Glitterwrap leading to a charge to the income statement of £5.7 million, and we also impaired some property, plant and equipment totalling £5.3 million across the Group.

The restructuring and refocusing the business in the UK and Latvia was largely completed by March 2009, incurring £2.6 million of staff redundancy costs, and a further £0.5 million on write downs of stock transferred from Latvia and the disposal and relocation of assets.

Due to the difficult economic climate in 2009 the Group experienced a number of mainly UK based high street retailers going into administration, causing £3.1 million of inventory and debtors to be written off.

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 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.

A disruption of supply of goods from Asian subcontractors during the peak supply period cost the Group £1.0 million. One supplier suffered a fire and two experienced severe financial difficulties. The costs relate to incremental expenditure incurred by switching to alternative suppliers and for air freight to customers.

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

6 Property, plant and equipment

	Freehold	Leasehold	Plant and equipment	Fixtures and fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
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 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
Balance at 1 April 2009	**22,183**	**7,324**	**48,092**	**8,189**	**876**	**86,664**
Additions	**220**	**-**	**286**	**589**	**26**	**1,121**
Acquisition through business combinations	**-**	**-**	**129**	**100**	**68**	**297**
Disposals	**(392)**	**(31)**	**(624)**	**(639)**	**(234)**	**(1,920)**
Transfers between categories, and to intangibles	**(22)**	**1,455**	**1,545**	**(3,620)**	**231**	**(411)**
Effect of movements in foreign exchange	**(223)**	**(312)**	**(784)**	**(299)**	**21**	**(1,597)**
Balance at 31 March 2010	**21,766**	**8,436**	**48,644**	**4,320**	**988**	**84,154**
Depreciation and impairment						
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 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)
Balance as at 1 April 2009	**(6,536)**	**(370)**	**(33,220)**	**(6,075)**	**(741)**	**(46,942)**
Depreciation charge for the year	**(894)**	**(349)**	**(2,387)**	**(742)**	**(171)**	**(4,543)**
Disposals	**231**	**31**	**540**	**616**	**222**	**1,640**
Impairment	**-**	**(290)**	**(622)**	**(182)**	**-**	**(1,094)**
Transfers between categories, and to intangibles	**3**	**(1,389)**	**(1,151)**	**2,804**	**(28)**	**239**
Effect of movements in foreign exchange	**25**	**(15)**	**509**	**230**	**(4)**	**745**
Balance at 31 March 2010	**(7,171)**	**(2,382)**	**(36,331)**	**(3,349)**	**(722)**	**(49,955)**
Net book value						
At 31st March 2009	15,647	6,954	14,872	2,114	135	39,722
At 31st March 2010	**14,595**	**6,054**	**12,313**	**971**	**266**	**34,199**

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.

7 Intangible assets

	Goodwill	Computer software	Other intangibles	Total
	£000	£000	£000	£000
Cost				
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
Balance at 1 April 2009	**38,892**	**1,839**	**471**	**41,202**
Acquisitions through business combinations	**1,023**	**-**	**18**	**1,041**
Reclassified to / from property plant and machinery	**-**	**411**	**-**	**411**
Additions	**-**	**646**	**-**	**646**
Disposals	**-**	**(65)**	**-**	**(65)**
Effect of movements in foreign exchange	**1,043**	**(13)**	**5**	**1,035**
Balance at 31 March 2010	**40,958**	**2,818**	**494**	**44,270**
Amortisation and impairment				
Balance at 1 April 2008	(2,489)	(883)	(53)	(3,425)
Amortisation for the year	-	(338)	(49)	(387)
Impairments	(5,705)	-	(58)	(5,763)
Disposals	-	-	71	71
Effect of movements in foreign exchange	(1,179)	(132)	(7)	(1,318)
Balance at 31 March 2009	(9,373)	(1,353)	(96)	(10,822)
Balance at 1 April 2009	**(9,373)**	**(1,353)**	**(96)**	**(10,822)**
Amortisation for the year	**-**	**(239)**	**(48)**	**(287)**
Reclassified to / from property plant and machinery	**-**	**(239)**	**-**	**(239)**
Disposals	**-**	**65**	**-**	**65**
Effect of movements in foreign exchange	**135**	**17**	**-**	**152**
Balance at 31 March 2010	**(9,238)**	**(1,749)**	**(144)**	**(11,131)**
Net book value				
At 31 March 2009	29,519	486	375	30,380
At 31 March 2010	**31,720**	**1,069**	**350**	**33,139**

8 Acquisition of subsidiaries

Cash paid on acquisition	2010
	£000
Deferred consideration of Alligator (note a)	750
Overdraft acquired on the change of control in Artwrap (note b)	3,168
Total cash outlay	3,918

a) On 6 April 2006, the Group acquired 100% of the issued share capital of Alligator Books Ltd ("Alligator"), a publisher and distributor of children's books and stationery. Initial consideration of £2,569,000 (including costs) was paid, £2,319,000 in cash and £250,000 by the issue of 62,703 new ordinary shares. During the year ended 31 March 2008 a payment of £3,350,000 was made, £1,850,000 in cash and £1,500,000 by the issue of 366,505 new ordinary shares.

The final consideration of £750,000 in cash was paid on 1 July 2009.

b) Consolidation of Artwrap Pty Ltd

On 3 October 2007, the Group acquired 50% of the ordinary shares in Artwrap Pty Ltd ('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 option is not considered by the Directors to hold material value.

The fair values of the identifiable assets and liabilities of Artwrap, which were the same as the book values, as at 1 August 2009, the date of consolidation were:

	Fair value and book value on 1 August 2009
	£000
Intangible assets	18
Property, plant and equipment	297
Deferred tax assets	282
Inventory	6,809
Trade and other receivables	2,009
	9,415
Bank overdrafts	(3,168)
Trade and other payables	(1,911)
	(5,079)
Net assets	4,336
50% interest on consolidation	2,168
Goodwill arising on consolidation	1,023
Total cost of investment	3,191

9 Cash and cash equivalents/bank overdrafts

	2010	2009 restated
	£000	£000
Cash and cash equivalents	**2,045**	2,060
Bank overdrafts	**(3,038)**	(47,435)
Cash and cash equivalents per Cash Flow Statement	**(993)**	(45,375)

9 Cash and cash equivalents/bank overdrafts (continued)

Net Debt

	2010 £000	2009 £000
Cash and cash equivalents	**2,045**	2,060
Bank loans and overdrafts (note 10)	**(3,038)**	(47,435)
Net Debt as used in the Financial Review	**(993)**	(45,375)

10 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2010 £000	2009 restated £000	2008 restated £000
Non-current liabilities			
Secured bank loans (see below)	**9,397**	11,143	1,612
Other loans	**-**	-	203
	9,397	11,143	1,815
Current liabilities			
Asset backed loan	**8,760**	10,916	-
Revolving credit facilities	**28,625**	-	-
Current portion of secured bank loans (see below)	**1,070**	1,080	193
Bank loans and borrowings	**38,455**	11,996	193

The Asset backed loans are secured on the inventory and receivables in the larger business units within the UK and Europe business segments.

The revolving credit facilities were put in place during the year to replace part of the overdraft with the principal bank. It is secured on the assets of the Group, in the same way as the bank overdraft above. The interest rate is 2.5% over LIBOR. The facilities are drawn for periods from one day up to 6 months.

11 Earnings per share

	2010	2009
Adjusted earnings/(loss) per share excluding exceptional items and discontinued operations	**3.4p**	(1.0p)
Loss per share on exceptional items	**(3.3p)**	(49.8p)
Loss per share on discontinued operations	**-**	(8.2p)
Basic earnings/ (loss) per share	**0.1p**	(59.0p)
Diluted earnings / (loss) per share	0.1p	(59.0p)

The basic earnings per share is based on the profit attributable to the owners of the Parent Company of £55,000 (2009: £28,339,000 loss) and the weighted average number of ordinary shares in issue of 50,375,104 (2009: 48,017,616) calculated as follows:

Weighted average number of shares in thousands of shares	2010	2009
Issued ordinary shares at 1 April	**48,498**	47,057
Shares issued in respect of acquisitions	**1,876**	959
Shares issued in respect of exercising of share options	**1**	2
Weighted average number of shares at 31 March	**50,375**	48,018

Adjusted basic loss per share excludes exceptional items charged of £2,499,000 (2009 restated: £22,449,000), the tax relief attributable to those items of £828,000 (2009: £1,453,000 charge), and the loss on discontinued operations (net of tax) of £Nil (2009 : £3,946,000).

12 Related parties

Identity of related parties

During the year ended 31 March 2010 the Group made sales of goods of £193,000 (2009: £266,000) to AB Alrick Hedlund. AB Alrick Hedlund is under the ultimate control of the Hedlund family. The Group also made sales of goods of £148,000 (2009: £119,000) to Hedlunds Pappers Industri AB. SA Hedlund is a director of Hedlunds Pappers Industri AB which is under the ultimate control of the Hedlund family. The Group made sales of goods of £36,000 (2009: £Nil) to Festive Productions Limited, a subsidiary undertaking of Malios AG, a company under the ultimate control of the Hedlund family. The Group made no purchase of goods from Festive Productions Limited in the year (2009: £225,000). The Group also made sales of goods of £3,000 to Mrs L Hedlund, who is the wife of Mr SA Hedlund.

At 31 March 2010, AB Alrick Hedlund owed the Group £6,000 (2009: £60,000). Hedlunds Pappers Industri AB owed the Group £2,000 (2009: £115,000). Festive Productions Limited owed the Group £11,000 (2009: £nil).

The above trading takes place in the ordinary course of business and on normal commercial terms.

Other related party transactions

Directors of the Company and their immediate relatives have an interest in 55 percent (2009: 55 percent) of the voting shares of the Company. The shareholdings of Directors are shown in the Director's report, no shares were issued to Directors during the year (2009: Nil).

13 Post balance sheet events

Subsequent to the year end, in July 2010, the Board took the difficult decision to close the Eickpack business that it bought in 2007. It has made losses since its acquisition, and despite investing extra management time over the last year, and further sales resource during this calendar year, there are insufficient indicators that a sustained improvement will be made. Since this closure occurred after the year end, it is not disclosed as a discontinued operation in these financial statements, but does require the Board to reconsider the carrying value of the assets. As a result it has impaired the property, plant and equipment and stock by £1.4million.

The results to 31 March 2010 have included the following in respect of Eickpack: Revenue of £2.5 million, Gross profit of £0.1 million, Operating loss of £0.4 million, Finance expense of £0.1 million, Loss before tax of £0.5 million, and Exceptional Items of £1.4 million.

14. Preliminary information

The financial information in the preliminary statement of results does not constitute the Group's statutory accounts for the year ended 31 March 2010, but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the year ended 31 March 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006. The financial statements, and this preliminary statement, of the Group for the year ended 31 March 2010 were authorised for issue by the Board of Directors on 14 July 2010 and the balance sheet was signed on behalf of the Board by S. Tye and P. Fineman.

The statutory accounts have been delivered to the Registrar of Companies in respect of the year ended 31 March 2009. The report of the auditors was unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.