

2 March 2005

PRELIMINARY RESULTS FOR THE YEAR TO 31 DECEMBER 2004

- Turnover from continuing businesses increased to £269.7m (2003: £268.3m)
- Operating profit* from continuing businesses was £17.5m (2003: £20.0m) which, when adjusted for amortisation of contract premium, gives £18.5m (2003: £21.0m)
- Loss before tax was £12.8m (2003: Profit £8.8m) after exceptional costs of £18.9m arising from restructuring costs and loss on disposal and termination of discontinued operations
- Print Management turnover grew by 6.5% to £135.8m
- Cash flow from operating activities, before exceptional cash costs, was £28.4m (2003: £38.7m)
- Net debt at 31 December 2004 was £27.6m (2003: £12.2m) following the acquisition of Dataform for £22.0m including debt assumed.
- Dividend up 10% - proposed final dividend of 3.549p per share taking proposed full year dividend to 5.324p (2003: 4.84p) per share

Commenting on the results David Jones, Chief Executive of Communisis plc, said:

“The printing industry remains highly fragmented and competitive. Communisis is targeting profitable opportunities in Continental Europe and in the UK can now be more selective with regard to the business we want to grow.

We believe our print partner approach will lead to the further development of major customer opportunities.”

* Before goodwill amortisation and exceptional items

For further information, please contact:

David Jones, Chief Executive
Communisis plc

Tel: 0113 277 0202

Mark Whiteling, Finance Director
Communisis plc

Tel: 0113 277 0202

William Clutterbuck/Michelle Jeffery
The Maitland Consultancy

Tel: 020 7379 5151

PRELIMINARY STATEMENT

Results for 2004

Communis's transformation into a contract-based print solutions business continued in 2004 against a backdrop of weak demand and further price erosion.

In the year ended 31 December 2004 turnover from continuing businesses increased to £269.7m (2003: £268.3m) including an initial contribution from the Dataform Group Limited (Dataform) acquired in September 2004. Operating profit from continuing businesses, before goodwill amortisation and exceptional items, was £17.5m (2003: £20.0m) which, when adjusted for amortisation of contract premium, gives £18.5m (2003: £21.0m). The loss before tax, after exceptional costs of £18.9m, was £12.8m (2003: Profit £8.8m) with adjusted earnings per share* of 9.04p (2003: 10.09p). Net debt increased in 2004 to £27.6m (2003: £12.2m) after the acquisition of Dataform for £22.0m including debt assumed.

Dividends

Given the Board's confidence in the strategy going forward, a 10% increase in the final dividend to 3.549p per share is proposed taking the full year dividend to 5.324p (2003: 4.84p) per share. Dividends will be paid, subject to shareholder's approval, on 22 April 2005 to shareholders on the register at the close of business on 1 April 2005.

One Organisation, One Name

Communis continued the transformation which began in early 2002 and essentially completed at the end of 2004; from a direct sales and manufacturing print business to becoming the leading print manager in the UK and Continental Europe with more than two thirds of the group's business under contract.

This had been achieved through a planned process of acquisitions, disposals, reorganisations and customer developments since 2000.

In 2004 we acquired Dataform, sold our Colour Cards businesses, and closed the Luxembourg forms and Gateshead labels plants.

Following Barclays formal endorsement of the Communis contract, including savings in excess of 20% and additional cost savings since the implementation of c-store in January 2003, we established Group Business Development mid 2004 to extend our offer to the marketplace.

By year end we had fully functional print management offices in Paris, Madrid, Frankfurt and Breda and announced a group-wide reorganisation; Print Management and Manufacturing Operations each brought together under co-ordinated responsibilities. In addition, we further emphasised our commitment to the development of world class, global procurement for the benefit of our customers.

Communis has also announced a rebranding campaign. This will take effect from the second quarter 2005 and will further endorse the 'one organisation, one name' approach by adopting the simplified Communis name throughout Europe.

Customer feedback convinces us that this approach will lead to an increase in the level of contractual business with blue chip customers who want to partner with a print management business. Principal product areas where clients tell us they need our services include cheques, transactional and statement production, direct mail and business stationery, logistics and data services. We will increasingly offer our customers the opportunity to reduce process cost through the application of Communis' products such as c-store.

Already Communis operates the largest full print offering in Europe with Barclays Bank plc. We are committed to winning a second strategic partnership contract with a major financial institution during 2005.

Business Review

£'m	Turnover		Operating Profit**	
	2004	2003	2004	2003
Print Management	135.8	127.5	5.1	6.6

Communis Print Management turnover grew by 6.5% in 2004, a slower rate than the fast build-up following the Centurion acquisition in 2002, and following a year of significant change and refocus; a year in which profits fell back by £1.5m as we invested further in development costs to fuel future growth.

The Barclays contract began promisingly in 2004 with products such as security and operational print transitioned to Communis, further evidence that the contract encompasses not just marketing print but it involves the print and document process across the entire bank. Communis commits 40 people at Barclays locations on the supply partnership and has further staff in support within Communis sites. Over 600 people within the Bank, their creative agencies and Communis use the Barclays version of c-store which now carries separate endorsement from the Bank in respect of process cost savings. In fact the facets of this unique print partnership are taught as a case study on the executive MBA programmes at Insead Business School in France.

Turnover with Barclays had increased by 10% at year end to £56m.

Communis also created a further growth channel in operational print and logistics with the acquisition of Dataform in September 2004. Dataform complements our Centurion business and as part of Communis will go to market with the support of our business stationery facilities. The business contributed £10.6m to Communis print management turnover in 2004.

Some business was lost in the year, principally with Microsoft, Jaguar and National Trust with whom we had enjoyed excellent relations through Centurion's outstanding service and performance. However, it became clear that the competition were targeting some smaller contracts with financial deals that did not make commercial sense to us. The impact of these losses was less than £3m on turnover in 2004 and negligible on profitability.

We gained new business in the year with Nike, Eurotunnel and The Gillette Company; headquartered in Geneva. The Gillette business is being run from our Paris office. We also renewed contracts with existing customers, notably Sainsbury's and Britvic.

In the future our new business targets and successes will be with customers who are looking to obtain value from their full document print process as well as print buying. Print buying has in itself become commoditised in the UK. However, the opportunity to develop larger, more strategic business in the UK and Continental Europe is better than ever given Communis' scale, comprehensive offering and customer endorsements.

At the half year, we identified development costs of approximately £3m that we commit on an annual basis. In 2004 compared with 2003 the Print Management profits have been impacted by some £1.8m through a combination of c-store development costs, the new business development team and new European offices. These costs are in advance of major contract wins.

In 2005 we are confident of building our European base with some business already won and with Barclays work specified and under our management in Spain and in France. In the UK we are committed to develop our position within the financial services sector in the statement market as a natural extension to our business in security products and direct mail.

And last but not least, we are developing a world class procurement capability with strategic supply partners in the UK, Central and Eastern Europe, and the Far East. We are already supporting our largest contracts with supply arrangements from the most cost effective sources on an international basis. Procurement will be at the heart of our offer as will the support of our specialist manufacturing capability.

£'m	Turnover		Operating Profit**	
	2004	2003	2004	2003
Print & Direct Mail	139.3	150.5	11.5	11.4

This new definition of Communis businesses includes document services (business stationery) and the direct mail part of personalised products; that is all of the manufacturing businesses with the exception of security products which is now part of Transactional Print Services. The change is part of the Communis rebranding exercise and the clarification of our offer to the market place. The Print & Direct Mail business is predominantly print driven although there is a substantial capability in personalisation. Transactional Print Services is predominantly data driven and although initially includes our security products business, which is effectively a cheques data bureau for the major banks, it will in the future include our development of transactional, statement and allied data products.

Turnover in Print & Direct Mail fell by 7.5% in 2004, however profits were maintained and the margin improved. The largest reduction in turnover was in Benelux business stationery where we closed the Luxembourg plant and centred a reduced sales base on our remaining facility in Holland. The reduction in sales was £4m, 23%, although losses halved in the year. The reorganisation was complete by year end.

In the UK our business stationery turnover fell 3% to £45.7m, a significant improvement in the decline last year which was over 14%. Prices remained under pressure but the acquisition of Dataform brought additional volume as did new business wins in the second half year. In the future the UK will develop as an important supplier of base stationery products to Transactional Print. Profits improved in the second half and overall at £3.2m were comparable with 2003.

Direct Mail turnover fell 8% in the year to £82.4m and this was almost entirely due to the last quarter which saw a reduction in client mailing volumes, in particular from the credit card banks. This effect was experienced by the industry at large but is not considered to indicate a structural change nor a trend. The loss of some £6m turnover in such a short period impacted profitability. However, with significant improvements in productivity, the overall year on year profit reduction was only £0.4m and the operating margin improved to 10.8%.

£'m	Turnover		Operating Profit**	
	2004	2003	2004	2003
Transactional Print Services	30.4	29.8	5.1	6.0

Transactional Print Services initially comprises the security products cheque and credits business. Despite the long term decline in the use of cheques in the UK, turnover grew by 2% in 2004. Business gains in the year included 100% of Barclays cheques, an increase to 100% with HSBC and with the addition of Bank of Scotland, an increase to 100% with HBOS. In addition we have 100% contracts with Lloyds TSB and RBS/Natwest.

Overall profits reduced in the year due to lower prices and the loss of productivity in the first half as the new contracts were absorbed. Nonetheless the operating margin remains at a healthy 16.9%.

The nature of the business, strategic to our customers and with our market position, gives Communis an unrivalled foundation to develop further strategic partner positions with not only the UK but also the European Banks.

Effectively a data bureau for the banks, the cheque business is the link to other data critical and secure products such as statements. We intend to invest in this area of activity.

The Board

In July Denise Moran, Group Business Development Director, joined the Board as executive director responsible for sales and marketing. Denise has over 20 years experience in the direct marketing and printing industries.

Aidan Hughes resigned from his position as Finance Director in August. The Board would like to thank him for his contribution to the business. He was replaced by Mark Whiting who joined us from Tibbett & Britten Group PLC.

People

Communis continues its training and development strategy to ensure that leadership and performance levels are of the highest standard.

Members of the Executive Management Committee attend the Cranfield Business Leaders programme and the management tier below the EMC has undertaken a 3-module programme developed by Bray Leino Training.

To ensure common standards of excellence are taught to all customer-facing staff, to date more than 160 account management and customer service staff have been through a relationship management programme developed with the help of experts, KL Consultants.

Promoting excellence in production is the aim of the Lean Manufacturing training taking place at our two largest plants in Leeds and Midsomer Norton.

Communis believes that this focus on development gives us a real edge in terms of performance and retaining talent in the business. By offering an opportunity for personal growth it also aims to make Communis attractive to the best people in the industry.

Pension Plan

In December 2004 we announced our intention to inject a one-off cash contribution of £10m into the Communis pension plan in early 2005. This contribution is intended to significantly reduce the size of the funding deficit in the pension plan (estimated at £21.2m at December 31 2004 on a basis consistent with the latest actuarial valuation) and is anticipated to occur during the first half of 2005. This contribution will be financed by a new £10m debt facility which we intend to enter into in conjunction with making the cash contribution into the pension plan.

International Accounting Standards

The group has been preparing for the adoption of International Financial Reporting Standards ("IFRS") as its primary basis of accounting and will apply the new accounting rules for the first time in its interim financial results for the period to 1 July 2005. These preparations are substantially complete and we are currently finalising the impact on the group in conjunction with our auditors.

Outlook

With a five year programme of business transformation essentially complete Communis will rebrand in 2005 to the effect that all group companies will have one name and operate as one company. During this period of rapid change Communis has been responding to deteriorating market conditions in terms of price erosion and manufacturing over-capacity. The printing industry remains highly fragmented and competitive.

Communis is targeting profitable opportunities in Continental Europe and in the UK we are being more selective with regard to the business we want to grow. We can offer our customers bigger savings and greater productivity through managing their data, processes and through leveraging our global procurement capabilities.

We believe the Communis print partner approach will lead to the further development of major customer opportunities.

* Before goodwill amortisation and exceptional items

** Before amortisation of contract premium, goodwill amortisation and exceptional items

Communis plc

Consolidated Profit and Loss Account

for the year ended 31 December 2004

		2004 £000	As Restated (Note 9) 2003 £000
Turnover	Note 1		
Continuing operations		269,664	268,268
Discontinued operations		<u>15,943</u>	<u>32,412</u>
		285,607	300,680
Operating costs		(285,427)	(290,111)
Operating profit	Note 1		
Continuing operations ¹		18,455	21,020
Amortisation of contract premium payment		<u>(1,000)</u>	<u>(1,000)</u>
Continuing operations ²		17,455	20,020
Discontinued operations ²		<u>(303)</u>	<u>1,750</u>
		17,152	21,770
Goodwill amortisation – continuing operations		(9,682)	(9,617)
Goodwill amortisation – discontinued operations		-	(316)
Exceptional items – continuing operations	Note 2	(6,787)	(1,268)
Exceptional items – discontinued operations	Note 2	(503)	-
Operating profit deriving from continuing operations		986	9,135
Operating profit deriving from discontinued operations		<u>(806)</u>	<u>1,434</u>
Operating profit		180	10,569
Non-operating exceptional items			
Loss on termination of discontinued operation	Note 2	(4,850)	-
Loss on sale of discontinued operations	Note 2	<u>(6,805)</u>	<u>-</u>
(Loss) / profit before interest		(11,475)	10,569
Net interest payable	Note 3	<u>(1,323)</u>	<u>(1,737)</u>
(Loss) / profit before taxation		(12,798)	8,832
Taxation	Note 4	<u>(561)</u>	<u>(5,170)</u>
(Loss) / profit attributable to shareholders		(13,359)	3,662
Ordinary dividends	Note 5	<u>(7,650)</u>	<u>(6,933)</u>
Loss retained for the financial year		<u>(21,009)</u>	<u>(3,271)</u>
Earnings per ordinary share	Note 6		
Basic		(9.30p)	2.55p
Diluted		(9.30p)	2.54p
Adjusted earnings per ordinary share			
- before goodwill amortisation and exceptional items			
Basic		9.04p	10.09p
Diluted		9.02p	10.05p
Dividend per ordinary share	Note 5	5.324p	4.84p

¹ Before amortisation of contract premium payment, goodwill amortisation and exceptional items.

² Before goodwill amortisation and exceptional items.

The accompanying notes are an integral part of this consolidated profit and loss account.

There is no difference between the reported loss (2003: loss) retained for the financial year and that which would have been reported on a historical cost basis.

Communis plc

Consolidated Balance Sheet

As at 31 December 2004

	2004 £000	As Restated (Note 9) 2003 £000
Fixed assets		
Goodwill	165,488	161,576
Tangible assets	43,448	54,169
	<hr/>	<hr/>
	208,936	215,745
	<hr/>	<hr/>
Current assets		
Stocks	15,982	19,225
Debtors	54,143	51,608
Cash at bank and in hand	12,963	18,139
	<hr/>	<hr/>
	83,088	88,972
	<hr/>	<hr/>
Creditors (amounts falling due within one year)		
Borrowings	(11,077)	(15,296)
Other creditors	(78,656)	(77,173)
	<hr/>	<hr/>
	(89,733)	(92,469)
	<hr/>	<hr/>
Net current liabilities	(6,645)	(3,497)
	<hr/>	<hr/>
Total assets less current liabilities	202,291	212,248
	<hr/>	<hr/>
Creditors (amounts falling due after one year)		
Borrowings	(29,500)	(15,000)
	<hr/>	<hr/>
Provisions for liabilities and charges	(6,009)	(8,597)
	<hr/>	<hr/>
Net assets	166,782	188,651
	<hr/>	<hr/>
Capital and reserves		
Called up share capital	35,999	35,977
Share premium account	152,261	152,256
Merger reserve	11,427	11,365
Other reserve	(374)	(374)
Profit and loss account	Note 7 (32,531)	(10,573)
	<hr/>	<hr/>
Equity shareholders' funds	166,782	188,651
	<hr/>	<hr/>

The accounts were approved by the Board on 2 March 2005 and signed on its behalf by:

D E A Jones
M A Whiting

Directors

The accompanying notes are an integral part of this consolidated balance sheet.

Communis plc

Consolidated Cash Flow Statement

for the year ended 31 December 2004

		2004 £000	2004 £000	As restated (Note 9) 2003 £000	As restated (Note 9) 2003 £000
Net cash inflow from operating activities	Note 8		18,332		34,103
Returns on investments and servicing of finance					
Interest paid		(1,634)		(1,784)	
Interest received		351		172	
			(1,283)		(1,612)
Taxation paid			(5,217)		(5,715)
Capital expenditure					
Purchase of tangible fixed assets		(8,347)		(5,859)	
Sale of tangible fixed assets		1,557		1,564	
			(6,790)		(4,295)
Acquisitions and disposals					
Acquisition of subsidiary undertaking		(16,804)		-	
Disposal of subsidiary undertaking		7,996		-	
			(8,808)		-
Equity dividends paid			(7,184)		(6,520)
Financing					
Issue of ordinary shares		7		-	
New loans		22,000		-	
Repayment of loans		(12,500)		(2,854)	
Repayment of loans assumed on acquisition		(4,216)		-	
			5,291		(2,854)
(Decrease) / increase in cash			(5,659)		13,107
Reconciliation to net debt					
(Decrease) / increase in cash in the year			(5,659)		13,107
(Increase) / decrease in debt in the year			(9,500)		2,854
Change in net debt from cash flow			(15,159)		15,961
Currency translation differences			(298)		37
Movement in net debt in the year			(15,457)		15,998
Net debt at 1 January			(12,157)		(28,155)
Net debt at 31 December			(27,614)		(12,157)

The accompanying notes are an integral part of this consolidated cash flow statement.

Communis plc

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2004

	2004	As restated (Note 9) 2003
	£000	£000
(Loss) / profit attributable to shareholders	(13,359)	3,662
Currency translation differences	(949)	1,116
Total gains and losses relating to the year	(14,308)	4,778
Prior year adjustment for UITF Abstract 38 (Note 9)	(256)	
Total gains and losses recognised since last annual report	(14,564)	

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 31 December 2004

	2004	As restated (Note 9) 2003
	£000	£000
(Loss) / profit attributable to shareholders	(13,359)	3,662
Ordinary dividends	(7,650)	(6,933)
New share capital issued	22	-
Share premium on new share capital issued	5	-
Merger reserve arising on issue of new share capital	62	-
Currency translation differences	(949)	1,116
	(21,869)	(2,155)

Equity shareholders' funds at 1 January as previously reported	188,907	191,150
Prior year adjustment for UITF Abstract 38 (Note 9)	(256)	(344)

Equity shareholders' funds at 1 January as restated	188,651	190,806
Equity shareholders' funds at 31 December as restated	166,782	188,651

Communis plc

Notes to final results

	Turnover		Operating profit before goodwill amortisation and exceptional items		Return on sales		Assets employed	
	2004	2003	2004	2003	2004	2003	2004	2003
	£000	£000	£000	£000	%	%	£000	£000
1. Segment information								
Continuing operations								
Print Management	135,783	127,508	5,047	6,639	3.7	5.2	5,127	4,325
Print & Direct Mail	139,266	150,498	11,523	11,389	8.3	7.6	28,695	30,524
Transactional Print Services	30,415	29,776	5,141	6,034	16.9	20.3	6,272	7,041
Central Costs	-	-	(3,256)	(3,042)	-	-	2,528	(1,715)
	<u>305,464</u>	<u>307,782</u>	<u>18,455</u>	<u>21,020</u>	<u>-</u>	<u>-</u>	<u>42,622</u>	<u>40,175</u>
Amortisation of contract premium	-	-	(1,000)	(1,000)	-	-	-	-
Less inter segment sales	(35,800)	(39,514)	-	-	-	-	-	-
Continuing operations	<u>269,664</u>	<u>268,268</u>	<u>17,455</u>	<u>20,020</u>	<u>6.5</u>	<u>7.5</u>	<u>42,622</u>	<u>40,175</u>
Discontinued operations								
Color Solutions	15,943	32,412	(303)	1,750	(1.9)	5.4	1,695	18,548
	<u>285,607</u>	<u>300,680</u>	<u>17,152</u>	<u>21,770</u>	<u>6.0</u>	<u>7.2</u>	<u>44,317</u>	<u>58,723</u>
Total return on assets employed on continuing operations before goodwill amortisation and exceptional items							41.0%	49.8%
Total return on assets employed before goodwill amortisation and exceptional items							38.7%	37.1%
By location of customer:								
Continuing operations								
United Kingdom	255,067	250,237						
Continental Europe	13,982	17,532						
North America	615	499						
	<u>269,664</u>	<u>268,268</u>						
Discontinued operations								
United Kingdom	10,244	13,958						
Continental Europe	3,147	10,843						
North America	2,552	6,395						
Rest of World	-	1,216						
	<u>15,943</u>	<u>32,412</u>						
	<u>285,607</u>	<u>300,680</u>						

Notes to final results

1. Segment information (continued)

	Turnover		Operating profit before goodwill amortisation and exceptional items		Assets employed	
	2004 £000	2003 £000	As restated (Note 9)		As restated (Note 9)	
			2004 £000	2003 £000	2004 £000	2003 £000
By origin:						
Continuing operations						
United Kingdom	256,154	250,919	18,883	21,338	40,527	36,428
Continental Europe	13,510	17,349	(1,428)	(1,318)	2,095	3,747
	<u>269,664</u>	<u>268,268</u>	<u>17,455</u>	<u>20,020</u>	<u>42,622</u>	<u>40,175</u>
Discontinued operations						
United Kingdom	10,272	10,023	(724)	(21)	1,695	5,274
Continental Europe	3,119	14,498	274	1,698	-	7,674
North America	2,552	7,891	147	73	-	5,600
	<u>15,943</u>	<u>32,412</u>	<u>(303)</u>	<u>1,750</u>	<u>1,695</u>	<u>18,548</u>
	<u>285,607</u>	<u>300,680</u>	<u>17,152</u>	<u>21,770</u>	<u>44,317</u>	<u>58,723</u>

Assets employed reconcile to the consolidated balance sheet as follows:

Assets employed	44,317	58,723
Goodwill	165,488	161,576
Net debt	(27,614)	(12,157)
Current and deferred taxation	(10,309)	(14,857)
Dividends	(5,100)	(4,634)
Net assets	<u>166,782</u>	<u>188,651</u>

Notes

- The segments shown in the above disclosure have been changed to reflect the group reorganisation. Comparatives have been restated accordingly.
- The above segment information shows operating profit before goodwill amortisation of £9,682,000 (2003: £9,933,000) which cannot be allocated by segment, operating exceptional items of £7,290,000 (2003: £1,268,000) and non-operating exceptional items of £11,655,000 (2003: £Nil).
- The operating exceptional items relate to costs in the following segments: Print Management £330,000 (2003: £127,000); Print & Direct Mail £5,914,000 (2003: £908,000), Transactional Print Services £543,000 (2003: £Nil); Color Solutions £503,000 (2003: £Nil) and Central £Nil (2003: £233,000) (See Note 2(a)).
- Discontinued operations include the disposal of the Colour Cards businesses in March 2004 and the closure of the Labels printing operation in December 2004.
- The non-operating exceptional items relate to costs in the Color Solutions segment £11,655,000 (2003: £Nil) (See Note 2(b)).
- The contract premium payment to Barclays Bank PLC is being amortised over the life of the contract. The directors consider that this will benefit all the continuing segments of the business.

Notes to final results

	2004 £000	2003 £000
2. Exceptional items		
(a) Operating profit is arrived at after charging the following exceptional items:		
Continuing operations		
Reorganisation and restructuring costs	6,787	1,035
Long term incentive plan	-	233
	<hr/>	<hr/>
	6,787	1,268
Discontinued operations		
Stock loss from flood damage	503	-
	<hr/>	<hr/>
	7,290	1,268
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Exceptional items on continuing operations in 2004 and 2003 comprise reorganisation and restructuring costs principally relating to the Document Services Europe business and 2003 includes a residual charge relating to the final payment under the long term incentive plan. The tax effect of these items are detailed in Note 4.

	2004 £000	2003 £000
(b) Loss before tax is arrived at after charging the following exceptional items:		
Discontinued operations		
Loss on closure of label printing operation	4,472	-
Write off of unamortised goodwill relating to the closure of the label printing operation	378	-
	<hr/>	<hr/>
	4,850	-
Loss on sale of Colour Cards businesses	2,059	-
Write off of unamortised goodwill relating to sale of Colour Cards businesses	4,746	-
	<hr/>	<hr/>
	6,805	-
	<hr/>	<hr/>
	11,655	-
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The exceptional costs incurred in relation to the closure of the label printing operation in December 2004 principally comprise redundancy costs and loss on disposal of fixed assets. The tax effect of these items are detailed in Note 4.

	2004 £000	2003 £000
3. Net interest payable		
Interest payable on bank loans and overdrafts	1,658	1,894
Amortisation of issue costs of bank loans	16	15
	<hr/>	<hr/>
	1,674	1,909
Interest receivable	(351)	(172)
	<hr/>	<hr/>
	1,323	1,737
	<hr/>	<hr/>

Communis plc

Notes to final results

	2004 £000	2003 £000
4. Taxation		
The charge based on the (loss) / profit for the year comprises:		
Current tax		
UK corporation tax at 30% (2003: 30%)	4,022	5,262
Adjustments in respect of prior periods	(1,531)	(10)
	<hr/>	<hr/>
	2,491	5,252
Overseas taxation	(313)	360
Adjustments in respect of prior periods	(46)	-
	<hr/>	<hr/>
Total current tax charge for the year	2,132	5,612
Deferred taxation		
Origination and reversal of timing differences	(868)	522
Adjustments in respect of prior periods	(703)	(964)
	<hr/>	<hr/>
Tax on (loss) / profit on ordinary activities	561	5,170
	<hr/>	<hr/>
Tax credit included above attributable to exceptional operating items	(939)	(380)
	<hr/>	<hr/>
Tax credit included above attributable to exceptional non-operating items	(1,342)	-
	<hr/>	<hr/>
	2004 £000	2003 £000
5. Dividends		
Ordinary		
Interim of 1.775p per share (2003: 1.613p)	2,550	2,299
Proposed final of 3.549p per share (2003: 3.227p)	5,100	4,634
	<hr/>	<hr/>
	7,650	6,933
	<hr/>	<hr/>

Communis plc

Notes to final results

	2004	As restated (Note 9) 2003
	£000	£000
6. Earnings per share		
Earnings per share are calculated as follows:		
(Loss) / profit after taxation	(13,359)	3,662
	_____	_____
Earnings per share		
Basic	(9.30p)	2.55p
Diluted	(9.30p)	2.54p
Earnings per share excluding goodwill amortisation and exceptional items are also presented in order to give an indication of the underlying performance of the group and are calculated as follows:		
(Loss) / profit after taxation	(13,359)	3,662
Goodwill amortisation	9,682	9,933
	_____	_____
(Loss) / profit after taxation excluding goodwill amortisation	(3,677)	13,595
Exceptional items (Note 2)	18,945	1,268
Taxation on exceptional items (Note 4)	(2,281)	(380)
	_____	_____
Profit after taxation excluding goodwill amortisation and exceptional items	12,987	14,483
	_____	_____
Earnings per share excluding goodwill amortisation and exceptional items		
Basic	9.04p	10.09p
Diluted	9.02p	10.05p

Calculations of basic earnings per share are based on the average number of ordinary shares in issue during the year of 143,625,325 (2003: 143,595,378) after deducting shares held in trust of 309,628 (2003: 309,628). There is no dilution arising in respect of the standard earnings per share calculation as the dilutive shares reduce the loss per share. The adjusted diluted earnings per share are calculated on a weighted average number of shares of 143,950,970 (2003: 144,067,919) after the effect of dilutive share options of 325,645 shares (2003: 472,541).

	£000
7. Profit and loss account	
Profit and loss account at 1 January 2004 as previously reported	(10,691)
Prior year adjustment for UITF Abstract 38 (Note 9)	118
Profit and loss account at 1 January 2004 as restated	(10,573)
Retained loss for the financial year	(21,009)
Currency translation differences	<u>(949)</u>
Profit and loss account at 31 December 2004	<u>(32,531)</u>

Communis plc

Notes to final results

		As restated (Note 9)
	2004	2003
	£000	£000
8. Reconciliation of operating profit to cash inflow from operating activities		
Operating profit	180	10,569
Depreciation	10,147	10,826
Amortisation of contract premium	1,000	1,000
Goodwill amortisation	9,682	9,933
Exceptional items	7,290	1,268
	<hr/>	<hr/>
	28,299	33,596
Profit on sale of tangible fixed assets	(91)	(356)
Increase in stocks	(370)	(557)
(Increase) / decrease in debtors	(141)	723
Increase in creditors	680	5,255
Other cash movements	(10,045)	(4,558)
	<hr/>	<hr/>
Net cash inflow from operating activities	18,332	34,103
	<hr/>	<hr/>

Other cash movements include the cash effect of restructuring costs recognised as exceptional items in current and prior years of £8,205,000 (2003: £1,505,000), payments in respect of the long term incentive plan of £Nil (2003: £1,213,000), and the cash utilisation of the provision for business disposals of £1,840,000 (2003: £1,840,000).

9. Urgent Issues Task Force (UITF) Abstract 38 'Accounting for ESOP trusts' has been adopted for the first time in these accounts in line with the adoption timescale laid down in the Abstract; the UITF requires that the investment in Communis plc shares held by the ESOP trust be reclassified as a deduction from shareholders' funds within other reserves.

The change in policy has been accounted for as a prior year adjustment and previously reported figures have been restated accordingly.

The effect on the 2003 financial statements has been to increase profit after tax by £88,000 and to reduce net assets at 31 December 2003 by £256,000.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2004 or 2003, but is derived from those accounts. Statutory accounts for the year ended 31 December 2003 have been delivered to the Registrar of Companies and those for the year ended 31 December 2004 will be delivered following the company's Annual General Meeting.

The auditors have reported on those accounts; their reports were unqualified and did not contain statements under S 237(2) or (3) of the Companies Act 1985.

The accounting policies and presentation of the financial information set out above is consistent with those in the company's statutory accounts.

The date of the Annual General Meeting is 15 April 2005.