

5 September 2000

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2000

communisis plc, the information management and communications business, announces its interim results for the six months to 30 June 2000.

HIGHLIGHTS

- Group now focused into 5 divisions following acquisitions of Waddington plc and the printing division of Rexam plc
- Non core disposal programme well advanced
- Revenues £74m, operating profit from continuing operations £6.8 million
- Return on sales 9.1%
- New name to reflect new strategy
- Gearing reduced

Commenting on the results Stuart Wallis, Chairman of communisis plc, said:

"There are encouraging signs that the group can develop significant trading relationships with its customer base especially in the financial services sector."

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Chairman's Statement

Substantial progress post-acquisitions

Following the acquisitions of Waddington plc (Waddington) and the Printing Division of Rexam plc (RPD) for respectively £289m and £85m early in the financial year, your company has embarked on the major re-focussing of its activities as promised.

The integration of the core Waddington and RPD businesses has been successfully achieved creating five trading divisions that together constitute the information management and communications business identified in the strategic review undertaken post acquisition.

Major disposal programme underway

The Food Services Division of Waddington was sold for £142m, a price at the very top end of expectations. Pharmaceutical Packaging has recovered from the stock and sales volume problems of 1999 both in the USA and UK markets. Disposal of the Pharmaceutical Packaging companies is therefore proceeding in the light of improved controls and market stability.

Other more peripheral disposals have also been achieved including Cartonmaster, Essex Business Forms and Johnsen & Jorgensen. Others remain in the disposal process and it is anticipated that the majority will be completed by the current year end. This includes also the original John Mansfield Group timber business which continues to make a modest profit, particularly satisfying after many years of difficult conditions.

In a further concentration on our core business it has been decided to reduce manufacturing capability in commercial printing with the sale of Howitt and Rexam Envelopes.

Significant reduction in borrowings

Net debt immediately post acquisitions stood at £242m and to date all gross proceeds have been applied to reduce borrowings. It is anticipated that completion of the disposal programme will see a further substantial reduction especially when combined with strict working capital controls and modest capital expenditure demands of £1.2m.

Interim results and present trading

The continuing divisions had a satisfactory first half year with operating profits of £6.8m on sales of £74.3m, a return on sales (ROS) of 9%. Operating profits by division are disclosed in the accounts. The period included five months of ex Waddington and two months ex RPD.

Actions to date have seen an improvement in operating margins, closer to our initial target of 10% ROS. The streamlining of manufacturing capacity linked to the reduction in commercial printing will benefit margins in Document Services and Security Products during the course of next year. The cost reduction programme will create a "one off" exceptional charge in the second half of the year.

To date there are encouraging signs that the group can develop significant trading relationships with its customer base especially in the financial services sector. A major customer win to supply strategic product in Security Products has supported the concept of an information management and communications business. Part of this process involved the name change to communisis plc signalling a break with the past traditional printing and packaging emphasis.

Dividend Policy

The Board continues to review dividend policy and we will update shareholders at the year end after further progress with the disposal programme and second half trading.

SM Wallis

Chairman

5 September 2000

