

14 September 2006

INTERIM RESULTS FOR THE HALF YEAR TO 30 JUNE 2006

- Adjusted profit from operations up 6% at £8.6m (2005: £8.1m) before exceptional profits of £7.3m (2005: losses of £6.1m).
- Profit before tax £14.5m (2005: £0.4m)
- Turnover from ongoing operations up 2% at £134.3m (2005: £131.8m*)
- Net debt reduced to £29.9m (2005: £38.2m), pension deficit (IFRS basis) reduced to £28.3m (2005: £38.7m)
- HSBC statement production operation successfully integrated
- Consolidation of Direct Mail activity into single centre of excellence on target for completion in Q4
- Proposed interim dividend of 1.953p (2005: 1.953p) to be paid following completion of Capital Reorganisation
- Appointment of Steve Vaughan as successor to David Jones

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

“Despite the difficult trading environment we made progress in the first half and invested in improving the business. Progress in our transactional print business is particularly encouraging and this underlines the success of our partnership approach to working with major companies.”

“After eight years as Chief Executive and in my last month with the Group I am pleased to report a solid set of results in a tough trading period, results which demonstrate the resilience and determination of the team at Communis.”

*Excluding the Datadocs business sold in May 2005

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Interim Statement 2006

Introduction

Communis continued to make progress in the first half of 2006. A strong first quarter was followed by a weaker second, particularly with regards to our Print and Direct Mail business. However, we are particularly encouraged by the progress and opportunities in our Transactional Print Services division.

Overall, first half turnover from ongoing operations was up 2% at £134.3 million (2005: £131.8 million); including a 10% decline in Print and Direct Mail but growth in our Print Management and Transactional Print divisions, including in the latter £10 million turnover from the new HSBC contract.

Adjusted profit from operations was up 6% at £8.6 million (2005: £8.1 million). Profit before tax at £14.5 million was significantly ahead of last year (£0.4 million) including exceptional property gains in the first half.

Net debt reduced to £29.9 million (2005: £38.2 million), down £6.1 million compared to 31st December 2005; after funding a £5 million share buy-back programme in the first half.

Your Board considers that the current trading and prospects for Communis are consistent with maintaining dividends at current levels. The continued deterioration in direct mail however is indicative of an impairment to the value of our investment in that business. Accordingly, in order to maintain an acceptable level of distributable reserves, we have decided to seek approval for a capital reorganisation - (see below).

An interim dividend of 1.953p (2005: 1.953p) is proposed, to be paid upon completion of the proposed capital reorganisation.

During April 2006, David Jones, Chief Executive for the past 8 years, decided to step down once a suitable successor was found. On 5th September 2006 we were pleased to announce the appointment of Steve Vaughan who will join the Board as Chief Executive on 4th October 2006.

On 1st September 2006, Peter King was appointed to the Board replacing Mark Whiting as Finance Director

Financial Review

In the half year to 30 June 2006, turnover was £134.3 million (2005: £134.9 million). Excluding the Datadocs business sold in 2005 from the comparative period, turnover from ongoing businesses rose by 2%.

Profit from operations was £15.9 million (2005: £2.0 million). The increase reflects an improvement in the underlying trading performance of our business, led by the Transactional Print business; a reduction in exceptional restructuring charges, and profits from exceptional property transactions:

	2006	2005
	£m	£m
Adjusted profit from operations	8.6	8.1
Closure of PDM Altrincham	(4.0)	-
Loss on sale of Datadocs	-	(4.9)
Other restructuring costs	(1.3)	(1.2)
Corporate transaction costs	(0.5)	-
Profit on disposal of properties	13.1	-
Profit from operations	15.9	2.0

Restructuring costs include the consolidation of support functions for the Print Management business and the continued drive to reduce overheads in our Transactional Print and business forms operations. Costs of £4 million were incurred as we consolidate direct mail operations into our PDM Leeds business and close our PDM Altrincham operation. This project is running to plan and we have taken the opportunity to make operational changes in the expanded Leeds facility that will drive further efficiency gains in 2007. As a result, we now expect this project to complete in the fourth quarter with a further £2 million of expected exceptional cost to be incurred in the second half of 2006.

Exceptional property gains comprise the sale of our vacant factory property in Stourton, Leeds which generated a profit of £3.6 million and the sale and leaseback of our PDM Bath facility which generated a profit of £9.5 million.

Net finance costs (including the non-cash finance pension charge) fell to £1.4 million (2005: £1.6 million). The fall reflects a reduction in the non-cash finance pension charge from £0.5 million to £0.1 million which in turn has been driven by improvements in the expected return on the pension fund's assets, offset by an increase in interest expense of £0.2 million.

Income tax rose during the period to £1.7 million reflecting the rise in profit before tax to £14.5 million (2005: £0.4 million). The effective rate of 12% reflects the successful resolution of our claim to utilise capital losses from prior years which has enabled us to substantially reduce the tax impact of our exceptional property transaction gains.

Cash flows from operating activities improved to an inflow of £3.0 million (2005: outflow of £4.8 million) with 2005 impacted by the £10.0 million one-off cash injection into the pension fund. The net working capital outflow of £8.3 million (2005: £7.1 million) reflects the seasonal profile of our business. Proceeds from the sale of property of £21.1 million have enabled share buy backs of £5.1 million, the acquisition of the HSBC statementing business, further investment in the underlying business and resulted in a £13.1 million increase in cash and cash equivalents in the period. Overall, net debt ended the half year at £29.9 million (2005: £38.2 million).

Pension Funding

At the 30 June 2006, the gross pension deficit under IFRS was £28.3 million (December 2005: £37.7 million). The reduction reflects actuarial gains driven by a rise in the discount rate to 5.25% (December 2005: 4.8%) which in turn reflects an improvement in bond yields over the period. Your Board continues to review the ongoing affordability of the pension benefit. In the interim we have agreed with the Trustees to fund the actuarial deficit of £4.5 million (at the September 2005 valuation date) in three equal instalments to be paid in July 2006, July 2007 and January 2008. The position with regard to the IFRS deficit remains under review.

Capital Reorganisation

The carrying value of Communisis plc's investment in subsidiary businesses at 31 December 2005 was £355.9 million (2004: £375.0 million). This value is historical in that it reflects the original acquisition by the Group of Waddington plc and the Rexam Print Division. The value is dependent upon the trading prospects of the Group as well as undistributed capital and reserves in wholly owned subsidiary companies.

The deterioration in direct mail, which has led to the closure of one of our two facilities, indicates that upon completion of a 'value in use' assessment of this business, there would be a material impairment in its carrying value. This would result in a reduction in distributable reserves and, without further action, affect our ability to pay dividends.

The Board considers that the current trading performance and prospects for the Group are consistent with maintaining dividend payments at current levels. Accordingly, the Board proposes to seek shareholder approval for a capital reorganisation, being the cancellation of the company's share premium account. This would result in a capital reduction of £152.3 million and produce sufficient distributable reserves to support current dividend policy.

Subject to shareholder approval, the Company will apply to the Court for approval of the reorganisation. The Court's primary function will be to ensure that the interests of creditors are protected and the Court may require the Company to protect the interests of those creditors who do not consent.

The Board does not consider there should be any reason why this capital reorganisation should not be approved. The Company has taken legal advice and intends to apply to the Court for approval during the fourth quarter, 2006.

Operational Review

Print Management

Modest growth was achieved by our Print Management business in the first half. However, profits improved with ROS rising to 4.9% (2005: 3.5%).

As the market has matured we are approaching opportunities more selectively. Over the past eighteen months we have reduced our pure print buying business, as there is now substantial competition particularly at the smaller end of the market. We are pursuing contracts where we can add value in the end-to-end document management

process and where there is potential scale for us to apply our services and procurement capabilities. We leverage our position as the largest mailer in the UK, our ability to manage clients' postal requirements and our transactional business which is differentiated from the competition through its use of data.

We have recently extended our relationship with Sainsbury's into Sainsbury's Bank. A new 3 year contract has been won to supply its marketing print. This also consolidates our relationship with HBOS, the other partner in Sainsbury's Bank.

In Europe we have made progress, with the objective in the first half to improve significantly the profitability of countries in which we have invested.

The consolidation programme, basing our UK Print Management business on a single operational platform in Newcastle, has progressed well. The programme includes the migration to a single enterprise resource planning solution, offering enhanced customer support services and significant cost savings.

Print and Direct Mail

After a good start to the year our Print and Direct Mail business suffered a poor second quarter; this was due in particular to conditions in the direct mail market. At the half year turnover was down 10% at £59.5 million and ROS had deteriorated to 3.8% (2005: 7.5%).

Direct mail has suffered over-capacity for some years, exacerbated in the last two by the reduction in volume in the financial services sector. Some businesses have exited the market but there remains price pressure on direct mail packs and printed inserts. We took the decision in the first half to transfer production from our Altrincham facility and centre direct mail production in Leeds. The expected exceptional cost of £6 million will include a £4.6 million cash element and a further £1 million of capital investment will be needed to support the relocation. The cash payback is estimated at approximately one year and the exceptional cost will be funded out of exceptional property profits.

The Leeds facility will be the largest of its kind in Europe. The consolidation will not be completed until the fourth quarter with the majority of benefits realised in 2007.

In Leeds this centre of excellence for direct mail will aim to continue to increase market share but will also need to continue to reduce costs into 2007. Whilst we are the strongest player in the industry, we are subject to the same cost increase and price erosion pressures. Cost reorganisations will necessarily have to continue in the future.

Our business forms centre of excellence in Bath is also the result of a series of reorganisations over several years and is also the largest facility of its kind in the UK. This business is maintaining turnover by winning more business but at reduced prices. It also will need to drive continuously for cost efficiencies in the future. Good progress was made in this regard in the first half.

Transactional Print

The 10 year HSBC outsourcing agreement commenced on 16th January 2006. This underlined the strategic direction of our Transactional Print business, now expanded from cheques to statements and billing. The integration of the HSBC operations we acquired and the start of the contract helped Transactional Print achieve a strong first half year.

Overall turnover increased 73% to £24.4 million and profits more than doubled to £4.9 million giving ROS of 20%.

Our cheque business continues to produce solid results despite the underlying annual decline of circa 6% in the use of cheque books. This is achieved through the continuous downward pressure on our cost base and, where we can, further contract wins. We already supply 100% of the top 5 UK banks' personal cheque books but added a significant strategic win in the early part of the year. This was the 3 year contract to supply all bank drafts and cheque books to Allied Irish Bank; our first win of this kind outside the UK.

We are actively pursuing statement and billing contracts in sectors such as financial services, utilities, telecoms, retail and government. We believe our Transactional Print business provides an excellent opportunity to generate profitable growth for Communisis. Our interest is not only in data management and production of statements and billing, but also in the management of postal services, given our scale in this area.

Trading and Outlook

Communisis has produced an improved pre-tax profit and cash result for the half year. The industry trading environment, however, continues to be difficult.

Prices continue to be under pressure in business forms and direct mail and rigorous attention to costs and efficiencies is the way forward. Print Management has shown it can grow its strategic contracts. We are encouraged by progress in Transactional Print and are actively seeking new opportunities in statements and billing across multiple sectors.

We are confident that the spread of our activities should ensure further progress despite the tough market conditions.

**Consolidated Income Statement
for the half year ended 30 June 2006: unaudited**

	Note	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Continuing operations				
Revenue	1	134,310	134,948	264,785
Changes in inventories of finished goods and work in progress		508	190	(79)
Raw materials and consumables used		(66,927)	(69,639)	(140,349)
Employee benefits expense		(41,710)	(36,945)	(70,139)
Depreciation and amortisation expense		(4,015)	(4,967)	(9,233)
Other operating expenses		(19,407)	(16,695)	(32,956)
Profit on disposal of properties		13,132	-	-
Loss on sale of Datadocs operation		-	(4,865)	(4,865)
Profit from operations	1	15,891	2,027	7,164
Analysed as:				
Adjusted profit from operations		8,570	8,084	15,073
Exceptional items	3	7,321	(6,057)	(7,909)
Profit from operations		15,891	2,027	7,164
Finance revenue		165	167	252
Finance costs	2	(1,564)	(1,753)	(3,317)
Profit before taxation		14,492	441	4,099
Income tax expense	4	(1,692)	(833)	(2,014)
Profit / (loss) for the period from continuing operations		12,800	(392)	2,085
Discontinued operations				
Profit for the period from discontinued operations	1	-	494	512
Profit for the period attributable to equity holders of parent		12,800	102	2,597
Earnings per share				
On profit for the period attributable to equity holders	5			
- basic		9.07p	0.07p	1.81p
- diluted		9.07p	0.07p	1.80p
On profit /(loss) for the period from continuing operations				
- basic		9.07p	(0.27p)	1.45p
- diluted		9.07p	(0.27p)	1.45p
Dividend per share				
- paid	6	3.897p	3.549p	5.502p
- proposed		1.953p	1.953p	3.897p

Dividends paid and proposed during the period were £5.6 million and £2.7 million respectively (31 December 2005: £7.9 million and £5.6 million respectively, 1 July 2005: £5.1 million and £2.8 million respectively).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
30 June 2006: unaudited

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
ASSETS			
Non-current assets			
Property, plant and equipment	24,620	37,386	32,286
Intangible assets	177,641	174,031	173,797
Trade and other receivables	4,498	3,573	6,055
Deferred tax asset	5,591	8,200	8,417
	212,350	223,190	220,555
Current assets			
Inventories	13,716	15,222	13,089
Trade and other receivables	53,950	42,469	47,616
Cash and cash equivalents	20,955	7,300	9,778
	88,621	64,991	70,483
Non-current assets classified as held for sale	350	-	3,344
TOTAL ASSETS	301,321	288,181	294,382
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Issued capital	34,633	36,008	36,008
Share premium	152,287	152,287	152,287
Merger reserve	11,427	11,427	11,427
Capital redemption reserve	1,375	-	-
Share option reserve	752	505	602
ESOP reserve	(374)	(374)	(374)
Cumulative translation adjustment	(3)	8	(2)
Retained earnings	(47,749)	(57,510)	(56,631)
Total equity	152,348	142,351	143,317
Non-current liabilities			
Interest bearing loans and borrowings	40,575	33,500	33,500
Retirement benefit obligations	28,250	38,703	37,737
Provisions	324	1,037	408
	69,149	73,240	71,645
Current liabilities			
Interest bearing loans and borrowings	10,304	12,027	12,251
Trade and other payables	61,259	54,476	61,575
Income tax payable	5,545	6,050	5,550
Provisions	2,716	37	44
	79,824	72,590	79,420
Total liabilities	148,973	145,830	151,065
TOTAL EQUITY AND LIABILITIES	301,321	288,181	294,382

The accompanying notes are an integral part of these consolidated financial statements.

**Consolidated Cash Flow Statement
for the half year ended 30 June 2006: unaudited**

	Note	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Cash flows from operating activities				
Cash generated from operations	7	2,955	(4,789)	6,408
Interest paid		(1,393)	(1,195)	(2,498)
Interest received		165	167	239
Income tax paid		(2,055)	(970)	(2,988)
Net cash flows from operating activities		(328)	(6,787)	1,161
Cash flows from investing activities				
Acquisition of subsidiary undertaking net of cash acquired		(2,275)	(1,136)	(1,137)
Proceeds from the sale of subsidiary undertakings		636	147	147
Purchases of property, plant and equipment		(1,111)	(2,523)	(3,857)
Proceeds from the sale of property, plant and equipment		21,178	4,880	3,997
Purchase of intangible assets		(1,284)	(287)	(539)
Tax on disposal of property, plant and equipment		-	-	(231)
Net cash flows from investing activities		17,144	1,081	(1,620)
Cash flows from financing activities				
Proceeds from issue of share capital		-	35	35
Purchase of own shares		(5,147)	-	-
New borrowings		13,075	10,000	10,000
Repayment of borrowings		(6,000)	(5,000)	(5,000)
Dividends paid	6	(5,600)	(5,100)	(7,907)
Net cash flows from financing activities		(3,672)	(65)	(2,872)
Net increase/(decrease) in cash and cash equivalents		13,144	(5,771)	(3,331)
Cash and cash equivalents at 1 January		6,027	9,386	9,386
Exchange rate effects		(20)	158	(28)
Cash and cash equivalents at end of period		19,151	3,773	6,027
Cash and cash equivalents consist of:				
Cash and cash equivalents		20,955	7,300	9,778
Overdrafts		(1,804)	(3,527)	(3,751)
		19,151	3,773	6,027

The accompanying notes are an integral part of these consolidated financial statements.

**Consolidated Statement of Recognised Income and Expense
for the half year ended 30 June 2006: unaudited**

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Currency translation (losses) / gains in period	(1)	108	98
Foreign currency translation difference transferred from reserves on sale of Datadocs operation	-	153	153
Exchange (losses) / gain on translation of foreign operations	(1)	261	251
Purchase of own shares	(5,147)	-	-
Actuarial gains /(losses) on defined benefit pension plans	9,756	(4,744)	(3,043)
Tax on items taken directly to equity	(2,927)	1,423	913
Net gain / (loss) recognised directly in equity	1,681	(3,060)	(1,879)
Profit for the period	12,800	102	2,597
Total recognised income and expense for the period	14,481	(2,958)	718
Attributable to:			
Equity holders of the parent	14,481	(2,958)	718

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the interim results

1 Segmental information

At 30 June 2006, the Group is organised into three main business segments: Print Management Services, Print and Direct Mail Services and Transactional Print Services.

Business segments

The segment results for the half year ended 30 June 2006 are as follows:

	Print Management Services £000	Continuing operations Print and Direct Mail Services £000	Transactional Print Services £000	Corporate expenses £000	Group £000
Revenue					
Total revenue	71,534	59,478	24,350	-	155,362
Inter-segment revenue	-	(18,956)	(2,096)	-	(21,052)
External revenue	71,534	40,522	22,254	-	134,310
Segment result before exceptional items	3,526	2,278	4,879	(2,113)	8,570
Exceptional items (Note 3)	(467)	(4,389)	(455)	(500)	(5,811)
Profit on disposal of properties	-	9,559	-	3,573	13,132
Profit from operations	3,059	7,448	4,424	960	15,891
Net finance costs					(1,399)
Profit before taxation					14,492
Income tax expense					(1,692)
Profit for the period					12,800

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. This cost is included in corporate expenses.

The segment results for the half year ended 1 July 2005 are as follows:

	Continuing operations				Discontinued operations		
	Print Management Services £000	Print and Direct Mail Services £000	Transactional Print Services £000	Corporate expenses £000	Total £000	Colour Solutions £000	Group £000
Revenue							
Total revenue	70,793	66,413	14,074	-	151,280	-	151,280
Inter-segment revenue	(580)	(13,635)	(2,117)	-	(16,332)	-	(16,332)
External revenue	70,213	52,778	11,957	-	134,948	-	134,948
Segment result before exceptional items	2,480	4,988	2,316	(1,700)	8,084	-	8,084
Exceptional items (Note 3)	(374)	(399)	(419)	-	(1,192)	-	(1,192)
Loss on sale of Datadocs operation (Note 3)	-	(4,865)	-	-	(4,865)	-	(4,865)
Segment result after exceptional items	2,106	(276)	1,897	(1,700)	2,027	-	2,027
Profit on disposal of property	-	-	-	-	-	1,048	1,048
Loss on closure of label printing operation	-	-	-	-	-	(381)	(381)
Profit / (loss) from operations	2,106	(276)	1,897	(1,700)	2,027	667	2,694
Net finance costs					(1,586)	(2)	(1,588)
Profit before taxation					441	665	1,106
Income tax expense					(833)	(171)	(1,004)
(Loss)/profit for the period					(392)	494	102

1 Segmental information (continued)

Business segments (continued)

The segment results for the year ended 31 December 2005 are as follows:

	Continuing operations				Discontinued operations		Group
	Print Management Services £000	Print and Direct Mail Services £000	Transactional Print Services £000	Corporate expenses £000	Total £000	Colour Solutions £000	
Revenue							
Total revenue	148,893	125,537	27,081	-	301,511	-	301,511
Inter-segment revenue	(2,171)	(30,263)	(4,292)	-	(36,726)	-	(36,726)
External revenue	146,722	95,274	22,789	-	264,785	-	264,785
Segment result before exceptional items	5,710	7,205	5,377	(3,219)	15,073	-	15,073
Exceptional items (Note 3)	(649)	(500)	(448)	(1,447)	(3,044)	-	(3,044)
Loss on sale of Datadocs operation (Note 3)	-	(4,865)	-	-	(4,865)	-	(4,865)
Segment result after exceptional items	5,061	1,840	4,929	(4,666)	7,164	-	7,164
Profit on disposal of property	-	-	-	-	-	1,048	1,048
Loss on closure of label printing operation	-	-	-	-	-	(418)	(418)
Profit / (loss) from operations	5,061	1,840	4,929	(4,666)	7,164	630	7,794
Net finance costs					(3,065)	(2)	(3,067)
Profit before taxation					4,099	628	4,727
Income tax expense					(2,014)	(116)	(2,130)
Profit for the year					2,085	512	2,597

2 Finance costs

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Bank loans and overdrafts	1,493	1,302	2,575
Retirement benefit related cost	71	453	744
	1,564	1,755	3,319
Continuing operations	1,564	1,753	3,317
Discontinued operations	-	2	2
	1,564	1,755	3,319

3 Exceptional items

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Profit from operations is arrived at after charging / (crediting) the following items:			
Loss on sale of Datadocs operation before goodwill write off	-	2,448	2,448
Write off of unamortised goodwill relating to sale of Datadocs operation	-	2,417	2,417
Loss on sale of Datadocs operation	-	4,865	4,865
Loss on closure of PDM Altrincham	4,001	-	-
Other restructuring costs including reorganisation and strategic review costs	1,810	1,192	3,044
Restructuring costs	5,811	1,192	3,044
Profit on disposal of properties	(13,132)	-	-
Exceptional (profit) / expense	(7,321)	6,057	7,909

4 Income tax

The tax charge on continuing operations for the period is based upon the estimated effective tax rate for the period of 11.68%.

This rate is lower than the standard rate of tax at 30% primarily due to the level of tax payable in respect of property disposals and other exceptional items together with adjustments in respect of prior years.

5 Earnings per share

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Basic and diluted earnings per share is calculated as follows:			
Profit / (loss) attributable to equity holders of the parent – continuing operations	12,800	(392)	2,085
Profit attributable to equity holders of the parent – discontinued operations	-	494	512
Profit attributable to equity holders of the parent	12,800	102	2,597
	Half year ended 30 June 2006 Thousands	Half year ended 1 July 2005 Thousands	Year ended 31 December 2005 Thousands
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	141,047	143,702	143,710
Effect of dilution:			
Share options	-	568	244
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	141,047	144,270	143,954

309,628 (1 July 2005 and 31 December 2005: 309,628) shares were held in trust at 30 June 2006.

5 Earnings per share (continued)

Earnings per share from continuing operations before exceptional items

Profit from continuing operations before exceptional items and attributable to equity holders of the parent is derived as follows:

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Profit / (loss) after taxation from continuing operations after exceptional items	12,800	(392)	2,085
Exceptional items (Note 3)	(7,321)	6,057	7,909
Taxation on exceptional items	486	(358)	(913)
Profit after taxation from continuing operations before exceptional items	5,965	5,307	9,081
Adjusted earnings per share			
Basic	4.23p	3.69p	6.32p
Diluted	4.23p	3.68p	6.31p

6 Dividends paid and proposed

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Declared and paid during the period			
Amounts recognised as distributions to equity holders in the period:			
Final dividend of the year ended 31 December 2004 of 3.549p per share	-	5,100	5,100
Interim dividend of the year ended 31 December 2005 of 1.953p per share	-	-	2,807
Final dividend of the year ended 31 December 2005 of 3.897p per share	5,600	-	-
	5,600	5,100	7,907
Proposed for approval by the Board (not recognised as a liability as at period end)			
Interim equity dividend on ordinary shares for 2006 of 1.953p (31 December 2005 3.897p, 1 July 2005 1.953p) per share	2,706	2,807	5,600

7 Cash generated from operations

	Half year ended 30 June 2006 £000	Half year ended 1 July 2005 £000	Year ended 31 December 2005 £000
Continuing operations			
Profit before taxation	14,492	441	4,099
Adjustments for:			
- depreciation and amortisation	4,015	4,967	9,233
- amortisation of contract premium payment	500	500	1,000
- excess of Income Statement pension charge over contributions paid	948	842	1,286
- loss on sale of Datadocs operation	-	4,865	4,865
- restructuring costs	5,811	1,192	3,044
- profit on sale of property, plant & equipment	(13,140)	(13)	(49)
- share-based payment charge	150	143	240
- net finance costs	1,399	1,586	3,065
Additional contribution to the defined benefit pension plan	-	(10,000)	(10,000)
Cash effect of restructuring continuing operations	(1,827)	(1,961)	(2,942)
Changes in working capital:			
(Increase) / decrease in inventories	(627)	(773)	1,361
(Increase) / decrease in trade and other receivables	(6,379)	1,247	(5,101)
Decrease in trade and other payables	(2,387)	(8,535)	(3,926)
Cash inflow / (outflow) from operating activities on continuing operations	2,955	(5,499)	6,175
Discontinued operations			
Profit before tax	-	665	628
Adjustments for:			
- profit on sale of property, plant & equipment	-	(1,048)	(1,048)
- share-based payment charge	-	3	3
- net finance costs	-	2	2
Changes in working capital:			
Decrease in trade and other receivables	-	3,635	3,327
Decrease in trade and other payables	-	(2,547)	(2,679)
Cash inflow from operating activities on discontinued operations	-	710	233
Cash generated from operations	2,955	(4,789)	6,408

8 Additional information

The figures for the year ended 31 December 2005 do not constitute the company's statutory accounts as defined in section 240 of the Companies Act 1985.

The auditors' report on those accounts, which have been filed with the Registrar of Companies, was unqualified and did not contain any statement under section 237 (2) or (3) of the Companies Act 1985.

The financial information for the half year ended 30 June 2006 and for the equivalent period in 2005 has not been audited or reviewed. It has been prepared on the basis of the accounting policies as set out in the 2005 Annual Report and Accounts.