

Electronic Data Processing PLC (EDP)

Preliminary results for the year ended 30 September 2011

EDP is an IT solution provider to the UK wholesale distribution industry and a supplier of Sales Intelligence software solutions more widely.

Highlights:

- Turnover maintained at £5.6 million (2010: £5.58 million) despite tough trading conditions
- Contracted recurring revenues remain strong representing 79% of total revenue (2010:77%)
- Adjusted operating profit £689,000 (2010: £704,000), gives an underlying operating margin of 12.3% (2010: 12.6%). After eliminating one-off property charges this increases to £779,000 (operating margin: 13.9%)
- Pre-tax profit £896,000 (2010: £584,000) includes £335,000 profit on disposal of former head office
- Hosting revenues increase further and now represent 34% of total revenues (2010: 30%) as customers continue to elect to have their software delivered through the “cloud”
- Continuing commitment to R&D expenditure of £0.9 million in the year
- Strong debt-free balance sheet; cash balances of £5.1 million at 30 September 2011 (2010: £2.8 million) will be used to further develop the business
- Final dividend maintained at 2.0p per share

Michael Heller, Chairman of EDP, said:

“Signs of optimism that we saw in our markets last year have been replaced by uncertainty due to the very real prospects of the UK entering into another recessionary period. As a result, our customers remain cautious about expenditure generally. However, our business model is robust and the strength of our product offering means that we are well-placed to ride out any current uncertainties.”

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Chairman's Statement

Turnover for the year to 30 September 2011 remained steady at £5.60 million compared to £5.58 million the previous year.

Continued uncertainty in the UK economy has meant that trading conditions in the markets we address have remained extremely tough. That we have maintained our revenues against this background can be attributed to the quality of our software products.

Statutory pre-tax profit for the year was £896,000 (2010:£584,000) which included £335,000 profit on sale of property (2010: nil). Adjusted operating profit was £689,000 (2010: £704,000) giving an operating margin of 12.3% (2010: 12.6%). This underlying, "cash-based" measure of our profitability excludes non-cash IFRS charges and credits.

Once again our application hosting revenues have increased and during the year under review they represented 34% of turnover, up from 30% last year. Contracted recurring revenues, which principally relate to annual hosting fees and annual software charges, were 79% of turnover (2010: 77%).

We have maintained our total research and development expenditure at £892,000 during the year (2010: £891,000) as we have continued to enhance both of our latest software products - Quantum VS and Vecta. As previously, those elements of our development expenditure which fulfil the specific requirements under IFRS have been capitalised; the balance has been expensed through the income statement. Further details are provided in the Chief Executive's statement.

As reported, in October 2010 we completed the sale of Beauchief Hall, our former freehold head office building in Sheffield for £2.3 million. This generated a profit during the year of £335,000. In June we completed the move to smaller, more modern premises.

Working capital management and cash collections have remained of the utmost importance. Bad debts have been minimal during the year. One of our strengths is that no single customer accounts for more than 6% of our total revenues.

Net assets at 30 September 2011 were £7.3 million compared with £6.7 million at 30 September 2010. In addition to the profit on disposal of Beauchief Hall this also reflects a modest improvement of £95,000 in the position of the Group's defined benefit pension scheme.

Year-end cash balances increased to £5.1 million from £2.8 million.

The Board is proposing to maintain the final dividend at 2.0p per share giving a total for the year of 2.713p, the same as last year. If approved by shareholders, the final dividend will be paid on 10 April 2012 to those shareholders on the register at 9 March 2012. The shares will be ex-dividend on 7 March 2012.

One again I would like to thank all our members of staff and my colleagues on the Board for their contribution over another challenging year.

Signs of optimism that we saw in our markets last year have been replaced by uncertainty due to the very real prospects of the UK entering into another recessionary period. As a result, our customers remain cautious about expenditure generally. However, our business model is robust and the strength of our product offering means that we are well-placed to ride out any current uncertainties.

Michael Heller
Chairman
12 December 2011

Chief Executive's Statement

The year under review has been one of steady progress against a difficult economic back drop. Our latest products, following our continued investment in enhancing their capabilities and ensuring they deliver real business benefits, have been well received by our customers. Our recurring revenues are strong and we have seen record numbers of customers choosing us to host their applications ensuring that healthy margins and strong cash flows have been maintained. Furthermore we have relocated our head office and generated significant cash, which will be used to further develop the business, whilst also delivering ongoing cost savings.

Trading conditions have remained challenging, as they have been for the last few years. Macro-economic conditions in the UK are currently causing a significant degree of caution and uncertainty among SMEs in the markets that we address. Businesses generally are examining all areas of expenditure carefully in order to keep their costs down. As a result, we have continued to see downwards price pressure in our markets and we have had to follow suit but only to a limited extent as the functionality of our products allows us a degree of differentiation. The fact that we have been able to maintain our margins in a price deflationary environment is reassuring.

As reported last year we are seeing a subtle shift in our revenue model away from larger upfront charges but with strengthened on-going revenues as we see more of our revenues derived from the SaaS (software as a service) model.

Our business model is built around the strength of our recurring revenues which principally include annual software charges and periodic software hosting services which are provided under contracts which can run for up to 5 years. We have positioned the business so that these revenues cover our day to day cash operating costs. Recurring revenues accounted for 79% of our turnover up from 77% last year reflecting the change in our charging structure referred to above. Our revenues remain well spread with our largest customer representing no more than 6% of our turnover and our ten largest customers accounting for less than 30%.

We have continued to manage our costs prudently. As is typical in software businesses 69% of our overheads relate directly to our people and their direct costs of employment. At the end of the financial year we employed 69 people (2010: 76). We will be reinvesting the cost savings made following the head office move over the coming year in order to strengthen our development team and drive our product strategy forwards.

The impact of irrecoverable debts during the year has been very low. Whilst four of our smaller customers went into receivership, the level of unrecovered debts was £8,000. These customers together generated annual revenues of less than £20,000.

As ever I would like to thank my fellow Directors and all members of staff for their hard work and commitment during the year.

Operational Review

We have two main product groups – software applications for distributors and merchants, where Quantum VS is our latest product; and Vecta, our market-leading Sales Intelligence product. These products are complimentary with a number of customers using both.

All of our software products can be hosted at our IT Solution Centre or delivered using a traditional licence model. Our preference is to host our customers' applications allowing them to outsource their hardware, operating system and software applications and which provides them the benefits of effectively having their software delivered through the "cloud". The hosting service is provided in Milton Keynes from our own in-house, secure facility.

Hosting typically has lower up-front charges but stronger revenues on an on-going basis reflecting the SaaS model.

Quantum VS

Quantum VS is a fully graphicalised software application aimed specifically at distribution businesses operating across a wide variety of vertical markets including, inter alia, builders merchants, timber merchants,

suppliers of fixings and fastenings, security products and electrical wholesalers. Having completed a number of implementations over the last year we now have substantial businesses using Quantum VS and they will act as reference sites for the product. Further implementations are also currently underway.

We will shortly be making available a browser-based version of Quantum VS allowing access by users who are away from their normal workplace, via tablet computers.

Our product strategy remains to bring into this single product, all of the key functionality from our established distribution applications which have served our customers well for many years - Merchant, Charisma, Esprit and The Business Programme. This allows us to retain those customers by providing a clear upgrade path from their current applications to Quantum VS as well as providing opportunities for new business. We are gearing up our marketing activities to drive further sales of Quantum VS.

Vecta

Vecta 7 was released last year and we have received a significant number of orders from existing users wishing to upgrade as well as new business orders. Vecta 7 is browser-based, allowing users access to sales information from anywhere at any time over the internet. Enhancements made during the year include new sales pipeline management and improved CRM functionality.

The mobile version of the product which runs on a variety of hand-held devices and smart phones including iPhones, blackberries and mobile phones which use the android operating system, has been further enhanced during the year.

Whilst the mobile version has also been available on tablet computers including the iPad, we will be releasing full Vecta functionality on such devices early in the new year.

Hosting

We stated last year that we expected the number of customers using our hosting facility to continue to grow and it is pleasing that we now host applications for 117 customers up from 97 this time last year and, for further comparison, up from 83 a year earlier. Revenues from these customers represent 34% of our total turnover for the year compared with 30% in the year to 30 September 2010 and 23% in the previous year.

One of the principal drivers behind this increase is that Vecta 7 is exclusively offered on a hosted basis, positioning this browser-based product as a SaaS solution. As a result we continue to expect to see the number of customers electing to host their software applications with us grow.

Property

The sale of Beauchief hall, our former head office building in Sheffield, for £2.3 million was completed in October 2010. After costs the disposal generated net cash of £2.16 million of which £150,000 was received in the previous year. Having subsequently rented back Beauchief Hall on a short-term basis, we completed the move to smaller, modern offices in Sheffield City centre which are much more appropriate to the current needs of the business. The reaction to our new head office from staff, customers and other visitors has been extremely positive.

During the period that we were renting back Beauchief Hall we incurred short-term rental costs of £10,000 per month which ceased in July 2011. In addition, the move has generated annualised cost savings of £60,000.

The Group has a further four freehold properties. Other than our hosting centre in Milton Keynes, these properties are no longer required for operational purposes and are being marketed for sale or to rent.

Financial Review

Turnover for the year was marginally up at £5.60 million (2010: £5.58 million). Revenue for the second half of the financial year was £2.85 million compared with £2.75 million in the first half.

As noted above, 79% of our revenues were recurring. The remaining 21% non-recurring revenue represents sales of initial licence fees, hosting joining fees, professional services and a small amount of hardware sales.

Group profit before tax under IFRS was £896,000 (2010: £584,000) which included £335,000 profit on disposal of freehold property (2010: nil). Operating profit was £506,000 (2010: £553,000).

These results are stated after a net charge of £183,000 (2010: £151,000) relating to a number of non-cash items which arise under IFRS (principally amortisation of intangible assets, pension scheme charges and the capitalisation and amortisation of development costs). Excluding these non-cash IFRS items, our adjusted operating profit for the year was £689,000 compared with £704,000 which gives an operating margin of 12.3% (2010: 12.6%) The Board uses this cash-based measure of profit to monitor the performance of the business on a day-to-day basis.

The results were also impacted by nine months of temporary property costs totalling £90,000 whilst we relocated our head-office in June to our new leased premises. Taking these costs into account, our underlying operating profit was £779,000.

R&D expenditure during the year was £892,000 (2010: £891,000) of which £46,000 was capitalised as required by IAS 38 (2010: £27,000). The balance has been expensed through the income statement. £5,000 of amortisation has been charged in the income statement in relation to development costs previously capitalised.

Interest income was £55,000 compared with £31,000 last year; the increase reflecting higher cash balances during the year following the sale of Beauchief Hall.

The effective tax rate for the year was 17.6% (2010: 27.4%) which gave a tax charge of £158,000 (2010: £160,000). This relatively low tax rate reflects the fact that no tax was payable on the profit on sale of property due to the effects of indexation.

Basic earnings per share for the year increased to 5.89p from 3.38p last year. On a fully diluted basis, earnings per share were 5.88p (2010:3.38p).

Cash balances at 30 September 2011 were £5.15 million compared with £2.81 million. As reported above we received £2.01 million net of costs from the sale of Beauchief Hall during the year. In addition, we saw strong operating cash flows of £1.065 million. Other principal cash movements were interest received of £53,000, tax paid of £94,000 and dividends paid of £340,000. Our investment policy remains to place our cash deposits only with recognised UK-based clearing banks.

The position on the group's defined benefit pension scheme improved by £95,000 net of deferred tax, due to updated actuarial assumptions chiefly in relation to mortality rates and inflation.

Net assets were £7.3 million at 30 September 2011 compared with £6.7 million at 30 September 2010 representing net assets per share of 58.2p (2010:53.4p).

Outlook

Whilst economic conditions remain difficult, we will continue to manage the business prudently. We remain committed to delivering quality software products which will generate recurring revenues for the business for years to come. We are confident that with a well-managed, profitable, debt-free and cash generative business we are well placed to ride out any current uncertainties.

Julian Wassell
Chief Executive
12 December 2011

Consolidated Income Statement

for the year ended 30 September 2011

	2011 £'000	2010 £'000
Revenue	<u>5,600</u>	<u>5,580</u>
Gross Profit	5,272	5,258
Administrative expenses	<u>(4,766)</u>	<u>(4,705)</u>
Operating profit	506	553
Profit on disposal of property	335	-
Finance income	<u>55</u>	<u>31</u>
Profit before tax	896	584
Income tax expense	<u>(158)</u>	<u>(160)</u>
Profit for the period attributable to equity holders of the parent	<u>738</u>	<u>424</u>
Earnings per share		
- Basic	<u>5.89p</u>	<u>3.38p</u>
- Diluted	<u>5.88p</u>	<u>3.38p</u>

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2011

	2011 £'000	2010 £'000
Profit for the period	738	424
Other comprehensive income		
Foreign exchange translation difference	3	-
Actuarial gains/(losses) on defined benefit pension scheme	230	(535)
Income tax on other comprehensive income	<u>(44)</u>	<u>146</u>
Other comprehensive income for the period, net of tax	<u>189</u>	<u>(389)</u>
Total comprehensive income for the period attributable to equity holders of the parent	<u>927</u>	<u>35</u>

Consolidated Balance Sheet

at 30 September 2011

	2011 £'000	2010 £'000
Non-current assets		
Property, plant and equipment	4,451	4,375
Deferred tax asset	64	108
Intangible assets	427	529
	<u>4,942</u>	<u>5,012</u>
Current assets		
Inventories	85	91
Trade and other receivables	1,514	1,580
Cash and cash equivalents	5,149	2,811
Assets held for sale	-	1,826
	<u>6,748</u>	<u>6,308</u>
Total assets	<u>11,690</u>	<u>11,320</u>
Current liabilities		
Deferred income	(2,423)	(2,407)
Income tax payable	(157)	(95)
Trade and other payables	(1,182)	(1,321)
	<u>(3,762)</u>	<u>(3,823)</u>
Non-current liabilities		
Deferred income	(124)	(154)
Employee benefits	(228)	(364)
Deferred tax liability	(285)	(283)
	<u>(637)</u>	<u>(801)</u>
Total liabilities	<u>(4,399)</u>	<u>(4,624)</u>
Net assets	<u>7,291</u>	<u>6,696</u>
Equity		
Share capital	689	689
Share premium	119	119
Capital redemption reserve	625	625
Translation reserve	-	(3)
Treasury shares	(627)	(627)
Retained earnings	6,485	5,893
	<u>6,485</u>	<u>5,893</u>
Total equity attributable to equity holders of the parent	<u>7,291</u>	<u>6,696</u>

Consolidated Statement of Changes in Equity

for the year ended 30 September 2011

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2009	689	119	625	(3)	(627)	6,198	7,001
Profit for the period	-	-	-	-	-	424	424
Other comprehensive income:							
- actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(389)	(389)
Total comprehensive income	-	-	-	-	-	35	35
Transactions with owners:							
Dividends paid	-	-	-	-	-	(340)	(340)
Total Transactions with owners	-	-	-	-	-	(340)	(340)
Balance at 30 September 2010	689	119	625	(3)	(627)	5,893	6,696

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2010	<u>689</u>	<u>119</u>	<u>625</u>	<u>(3)</u>	<u>(627)</u>	<u>5,893</u>	<u>6,696</u>
Profit for the period	-	-	-	-	-	738	738
Other comprehensive income:							
- foreign exchange translation difference	-	-	-	3	-	-	3
- actuarial gain on defined benefit pension scheme net of tax	-	-	-	-	-	186	186
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>924</u>	<u>927</u>
Transactions with owners:							
- Share based payment transactions	-	-	-	-	-	8	8
- Dividends paid	-	-	-	-	-	(340)	(340)
Total Transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>(332)</u>
Balance at 30 September 2011	<u><u>689</u></u>	<u><u>119</u></u>	<u><u>625</u></u>	<u><u>-</u></u>	<u><u>(627)</u></u>	<u><u>6,485</u></u>	<u><u>7,291</u></u>

Consolidated Cash Flow Statement

for the year ended 30 September 2011

	2011 £'000	2010 £'000
Cash flows from operating activities		
Profit for the period	738	424
Adjustments for:		
Depreciation	223	226
Amortisation	148	142
Net profit on disposal of property, plant and equipment	(335)	(13)
Transfer of inventory from property, plant and equipment	12	26
Pension charge	94	48
Finance income	(55)	(31)
Income tax expense	158	160
Change in inventories	6	(4)
Change in receivables	68	(385)
Change in payables	11	252
Change in deferred income	(14)	(36)
Equity settled share-based payment transactions	8	-
Balance on translation reserve transferred to operating profit	3	-
	<hr/>	<hr/>
Cash received from operations	1,065	809
Interest received	53	33
Income taxes paid	(94)	(118)
	<hr/>	<hr/>
Net cash from operating activities	1,024	724
Cash flows from investing activities		
Purchase of property, plant and equipment	(311)	(166)
Purchase of intangible assets	-	(6)
Development expenditure	(46)	(27)
Deposit received on sale of freehold property	-	150
Proceeds from sale of property, plant and equipment	2,011	43
	<hr/>	<hr/>
Net cash generated by / (used in) investing activities	1,654	(6)
Cash flows from financing activities		
Dividends paid	(340)	(340)
	<hr/>	<hr/>
Net cash used in financing activities	(340)	(340)
Net increase in cash and cash equivalents	2,338	378
Cash and cash equivalents at beginning of period	2,811	2,433
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>5,149</u>	<u>2,811</u>

Notes

1. Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2010 or 2011 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information has been prepared on a basis consistent with that presented in the 30 September 2010 financial statements.

2. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRS and under the historical cost basis except as described elsewhere in note 2.

Basis of consolidation

The consolidated financial information incorporates the accounts of Electronic Data Processing PLC and all its subsidiaries. Such accounts are all made up to 30 September 2011.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial information of subsidiaries is included in the consolidated financial information from the date that control commences until the date that control passes.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information.

Revenue

Revenue represents the fair value of the consideration received or receivable from the sale of goods and services, less amounts relating to future periods and excluding value added tax and transactions between Group Companies. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

The Group's software revenues are broken down into initial licence fees, upfront hosting charges and recurring software usage charges. Initial licence fees are recognised as revenue in full on delivery of the software following receipt of a non-cancellable contract as the Group considers that at this point all of the significant risks and rewards of ownership of the licence have been transferred to the customer. Upfront hosting charges are recognised as revenue on provision of access to the Group's servers following receipt of a signed non-cancellable contract. Recurring software usage charges are recognised evenly over the period to which they relate.

Other software related revenues are mainly from the provision of professional services including implementation, training and consultancy. This revenue is recognised when the services have been performed. Sales of computer equipment are recognised on delivery to customers and equipment maintenance charges are recognised evenly over the period to which they relate.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses. Land is not depreciated. The Directors assess the residual values and useful economic lives of the properties on an annual basis. Depreciation is provided so as to write off the cost, or deemed cost, less the estimated residual value of each asset in equal instalments over its estimated useful life from the time it becomes operational, at the following rates:

Freehold property	- 1 to 2 per cent
Motor vehicles	- 20 to 33 per cent
Equipment, fixtures and fittings	- 15 to 25 per cent

Employee benefits - pensions

The Group operates both defined contribution and defined benefit pension schemes. The premiums relating to defined contribution schemes are charged to the Income Statement in the period in which they accrue.

The Group's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses occur when the actual returns on scheme assets differ from those previously expected by the actuary. All actuarial gains and losses as at 1 October 2004, being the date of transition to IFRS, were recognised in full.

The Group recognises actuarial gains and losses arising subsequent to 1 October 2004 directly into equity through Other Comprehensive Income in the period they occur. All other movements in the pension asset or liability are recognised in the Income Statement for the relevant period.

3. Segmental Analysis

The Group has identified its reportable segment based on the financial reports that internally are provided to the Group's Chief Operating Decision Maker ("CODM"). In line with its management structure, the Executive Directors collectively make the key operating decisions and review internal monthly management accounts and budgets as part of this process. Accordingly, the Executive Directors collectively are considered to be the CODM.

The information reported regularly to the CODM presents the Group as a single segment supplying software and related services to customers operating in similar markets. The Group's software products share a common sales, development and implementation resource. Consequently the Group has determined that there is one operating segment and therefore one reportable segment, Software.

Segment performance is measured based on segment profit before tax and IAS 19 defined benefit pension scheme adjustments

	Software	Software
	2011	2010
	£'000	£'000
Revenue - external customers	5,600	5,580
Profit		
Adjusted operating profit	689	704
Profit on disposal of property	335	-
Segment non-cash net IFRS charges	(89)	(103)
Interest revenue	55	31
Segment profit before tax	990	632
Defined benefit pension scheme charge	(94)	(48)
Consolidated profit before tax	896	584

Other segment items

Interest revenue	55	31
Depreciation and amortisation	371	368
Capital expenditure	311	172

Geographical analysis

Geographical segment revenues, based on the geographical location of customers, are as follows:

	2011	2010
	£'000	£'000
Revenue by destination		
United Kingdom	5,485	5,431
USA	46	76
Malaysia	19	20
Republic of Ireland	14	18
France	13	-
South Africa	16	18
Germany	4	17
Canada	3	-
	<u>5,600</u>	<u>5,580</u>

All of the Group's non-current assets are located in the United Kingdom.

4. Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent of £738,000 (2010: £424,000) by 12,530,976 (2010: 12,530,976) being the weighted average number of shares in issue during the year.

Basic earnings per share is 5.89p (2010: 3.38p).

For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one class of dilutive potential ordinary share which is share options granted to employees under its Enterprise Management Incentive Share Option Plan. These shares have been included in the diluted earnings per share calculation.

Diluted earnings per share is calculated by dividing the profit after tax of £738,000 (2010: £424,000) by 12,550,793 (2010: 12,530,976) being the weighted average number of shares in issue adjusted for the effects of all dilutive potential ordinary shares.

Diluted earnings per share is 5.88p (2010: 3.38p).

5. Dividends paid and proposed

The following dividends were declared and paid during the year:

Final dividend for 2010	- 2.000p	(2009: 2.000p)
Interim dividend for 2011	- 0.713p	(2010: 0.713p)

2011	2010
£'000	£'000

251	251
89	89

340	340
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Proposed for approval by shareholders at the AGM

Final dividend for 2011	- 2.000p	(2010 : 2.000p)
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251	251
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6. Share Capital

	Ordinary shares of 5p each			
	2011	2010	2011	2010
	Number	Number	£'000	£'000
Allotted, called up and fully paid: At 1 October and 30 September	13,784,073	13,784,073	689	689
Less: held in Treasury	(1,253,097)	(1,253,097)	(63)	(63)
Issued share capital excluding treasury shares	<u>12,530,976</u>	<u>12,530,976</u>	<u>626</u>	<u>626</u>

Each holder of an ordinary share is entitled to one vote for each share held at all meetings of shareholders and will be entitled to any dividends declared by the Board of Directors with the exception of treasury shares which do not carry any voting or dividend rights.

Treasury shares

	Ordinary shares of 5p each			
	2011	2010	2011	2010
	Number	Number	£'000	£'000
Market purchases (Apr 2009 - 50p)	<u>1,253,097</u>	<u>1,253,097</u>	<u>627</u>	<u>627</u>

This preliminary announcement was approved by the Board of Directors on 12 December 2011.