

# 2011

Half Yearly Financial Report 30 June 2011





**“office2office plc (o2o) is a very different company to that of three years ago. We have invested in a new services division and have changed the focus of our activities. Today we provide managed services based on two key operating segments – Managed Procurement and Business Critical Services. These are geared to help our customers deliver sustainable savings through outsourcing their non-core yet essential business activities”.** Simon Moate, Chief Executive

## Contents

Financial Highlights	1
Chairman’s Statement	2 – 4
Unaudited Consolidated Income Statement	5
Unaudited Statement of Consolidated Comprehensive Income	6
Unaudited Consolidated Balance Sheet	7
Unaudited Consolidated Statement of Changes in Equity	8
Unaudited Consolidated Cash Flow Statement	9
Notes to the Interim Financial Information	10 – 17
Statement of Directors’ Responsibilities	18
Independent Review Report to office2office plc	19 – 20
Company Details	21

# Financial Highlights for the six months ended 30 June 2011

	H1 2011	H1 2010
Revenue	£99.5m	£107.7m
Profit before tax	£2.8m	£3.1m
Basic earnings per share	5.9p	6.5p
Underlying profit before tax <sup>1</sup>	£4.1m	£6.0m
Underlying earnings per share <sup>2</sup>	8.5p	12.2p
Net debt	£28.9m	£32.1m
Interim dividend payable 21 October 2011	3.6p per share	3.6p per share
	H1 2011	H1 2010

1. Profit before tax, non-recurring costs of £0.5m (2010: £2.6m), Enil share option charges (2010: £0.2m), Enil negative goodwill (2010: £0.5m) and amortisation of intangibles of £0.8m (2010: £0.6m).

2. Profit after tax (before the after tax effect of non-recurring costs, share option charges, negative goodwill and amortisation of intangibles) divided by the weighted average number of Ordinary shares in issue.

# Chairman's Statement

David Callar

In the six months to 30 June 2011 (the period) we have secured record levels of new business awards worth in excess of £50m per annum. Significant new business opportunities in both the public and private sector have been won on sustainable terms using our open book managed procurement model. In the public sector, we have been appointed for up to four years as sole provider of office products, paper and Closed Loop services to the UK Central Government and one of two office products suppliers to the London Universities Purchasing Consortium (LUPC). Private sector wins include a four year contract worth in excess of £25m per annum with the Advantia buying group to supply and distribute office products as well as a number of document management contracts secured by Business Critical Services.

Sales to the private sector remained positive across the Group and, in particular, our private sector focussed Business Critical Services activities performed well. By contrast, volumes across the public sector were weaker than expected which reduced revenues and profitability in the period. The new business wins will underpin a stronger second half with the full benefit coming through from 2012.

## Results

Revenue was £99.5m (2010: £107.7m) and gross profit £28.4m (2010: £30.9m). The overall gross margin percentage fell in the period to 28.5% (2010: 28.7%), reflecting a shortfall in public sector non-core expenditure. Distribution costs reduced to £9.3m (2010: £9.8m). Administrative expenses excluding non-recurring costs and

goodwill fell to £15.1m (2010: £15.4m). The non-recurring costs of £0.5m (2010: £2.6m) mainly related to redundancies. There was no goodwill charge in the period (2010: negative £0.5m).

Underlying profit before income tax fell to £4.1m (2010: £6.0m). Profit before income tax at £2.8m (2010: £3.1m) reflected the



lower level of non-recurring costs. Profit for the period was £2.1m (2010: £2.4m). Underlying earnings per share were 8.5p (2010: 12.2p) and basic earnings per share were 5.9p (2010: 6.5p).

Net cash generated from operations was £6.4m (2010: £0.3m) largely due to normalising working capital requirements following the integration of the acquired businesses. Net indebtedness, after payment of the 2010 final dividend of £2.8m (2010: £2.8m), fell to £28.9m (2010: £32.1m).

During the period, the Group's banking facilities were increased and the term extended. The revised facilities of £48m now mature in June 2015 with repayments due from June 2012 and are based on competitive terms, interest rates and arrangement fees.

## Review of operations

### Managed Procurement

Private sector trading performance was in line with our expectations. Public sector sales volumes have consistently fallen below our expectations since June 2010, compounded by an unfavourable product mix, and have negatively impacted the half year result. We expect this volume trend to

continue but to be largely compensated in the second half of the year by the anticipated sales volumes to be generated by the recent Central Government and LUPC awards as detailed below.

In the first half of the year, helped by our reorganised lower cost supply model, we successfully tendered to be the sole provider of office products and Closed Loop services to Central Government. The framework contract is based on sustainable terms and runs for a minimum of three years with an option to extend for a further year. It secures all of our existing office product and Closed Loop business with Government and includes additional business worth in excess of £24m per annum. The framework is mandatory for Central Government departments and includes supply to the MoD from which o2o withdrew in 2007 due to uneconomic trading terms at the time. During June we were also awarded the joint office products supply to the LUPC framework.

In addition, we announced in May 2011 that we had won a contract estimated to be in excess of £25m per annum with the buying group Advantia to supply and distribute office products to advance our customer base in the private sector.

Each of the above supply arrangements will

# Chairman's Statement

## (continued)

be implemented throughout the second half of the year.

### Business Critical Services

Business process outsourcing services performed in line with expectations in the period. Following integration last year, this business is now a key part of the Group and has secured a number of new business wins whilst also maintaining a high retention level. This business demonstrates good margin management, clear visibility on earnings and presents cross-selling opportunities across the Group which continue to develop.

The secure document destruction business was impacted by the reduction in public sector sales volumes. This business is now wholly owned by the Group and, it being a crucial part of the Closed Loop initiative, we expect to scale this activity particularly as the Central Government contract is rolled out.

### Principal risks and uncertainties

A full review of the Group's principal risks and uncertainties is included in the 2010 Annual Report. These remain unchanged but continue to be regularly monitored to ensure that any mitigating actions are prompt and appropriate.

### Outlook and dividends

From a trading perspective the reduction in Government spend will impact this year's performance although new business wins will largely offset the impact of this in the second half of the year. We are encouraged by our success in tendering and securing significant long term contracted business on sustainable terms. We believe that this, combined with ongoing improvements to our lower cost operating model, positions the Group well for the future.

Accordingly, the Board intends to hold the interim dividend at 3.6p (2010: 3.6p). This will be payable on 21 October 2011 to shareholders on the register at close of business on 23 September 2011. The payment of dividends is and will continue to be closely linked to the Group's trading performance and prospects.

### David Callear

Chairman

3 August 2011

# Unaudited Consolidated Income Statement

for the six months ended 30 June 2011

	Note	Unaudited six months ended 30 Jun 11 £000	Unaudited six months ended 30 Jun 10 £000	Audited year ended 31 Dec 10 £000
<b>Revenue</b>	4	<b>99,498</b>	107,680	207,631
Cost of sales		<b>(71,147)</b>	(76,825)	(148,817)
<b>Gross profit</b>		<b>28,351</b>	30,855	58,814
Distribution costs		<b>(9,305)</b>	(9,800)	(19,298)
Administrative expenses		<b>(15,625)</b>	(17,456)	(33,936)
<b>Operating profit</b>		<b>3,421</b>	3,599	5,580
Finance costs		<b>(594)</b>	(520)	(1,000)
<b>Profit before income tax</b>	4	<b>2,827</b>	3,079	4,580
Analysed as:				
Underlying profit before income tax*		<b>4,103</b>	6,005	11,176
Share option expense		<b>(34)</b>	(230)	(138)
Non-recurring costs	6	<b>(503)</b>	(2,572)	(5,336)
Negative goodwill		-	537	244
Amortisation of intangibles		<b>(739)</b>	(661)	(1,366)
Profit before income tax		<b>2,827</b>	3,079	4,580
Income tax expense	7	<b>(719)</b>	(721)	(234)
<b>Profit for the period</b>		<b>2,108</b>	2,358	4,346
<b>Profit attributable to:</b>				
Owners of the Company		<b>2,108</b>	2,331	4,346
Minority interest		-	27	-
		<b>2,108</b>	2,358	4,346

## Earnings per Ordinary share attributable to owners of the Company:

Basic	8	<b>5.9p</b>	6.5p	12.1p
Diluted	8	<b>5.9p</b>	6.5p	12.1p

\* Profit before income tax, non-recurring costs, amortisation of intangibles, negative goodwill and share option expense.

During the period a final dividend of 7.8p per Ordinary share was paid in respect of the year ended 31 December 2010. Subsequent to the period end, the Directors declared an interim dividend of 3.6p per Ordinary share which will be accounted for as an appropriation from retained earnings for the year to 31 December 2011.

# Unaudited Statement of Consolidated Comprehensive Income

for the six months ended 30 June 2011

	Unaudited six months ended 30 Jun 11 £000	Unaudited six months ended 30 Jun 10 £000	Audited year ended 31 Dec 10 £000
<b>Profit for the period</b>	<b>2,108</b>	2,358	4,346
Other comprehensive income:			
Currency translation differences	111	(150)	(37)
<b>Total comprehensive income for the period</b>	<b>2,219</b>	2,208	4,309
Total comprehensive income attributable to:			
Owners of the Company	2,219	2,181	4,309
Minority interest	-	27	-
<b>Total comprehensive income for the period</b>	<b>2,219</b>	2,208	4,309

# Unaudited Consolidated Balance Sheet

as at 30 June 2011

	Unaudited 30 Jun 11 £000	Unaudited 30 Jun 10 £000	Audited 31 Dec 10 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	60,346	61,789	61,085
Property, plant and equipment	3,281	3,317	3,168
Deferred income tax asset	1,493	1,468	1,801
	<b>65,120</b>	<b>66,574</b>	<b>66,054</b>
<b>Current assets</b>			
Inventories	6,925	8,000	5,993
Trade and other receivables	32,398	37,326	28,831
Cash and cash equivalents	1,379	3,478	3,693
	<b>40,702</b>	<b>48,804</b>	<b>38,517</b>
<b>Total assets</b>	<b>105,822</b>	<b>115,378</b>	<b>104,571</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Ordinary shares	363	363	363
Share premium account	5,009	5,009	5,009
Other reserves	270	46	159
Retained earnings	16,207	16,748	16,820
	<b>21,849</b>	<b>22,166</b>	<b>22,351</b>
Equity attributable to minority interest	-	223	-
<b>Total equity</b>	<b>21,849</b>	<b>22,389</b>	<b>22,351</b>
<b>Non-current liabilities</b>			
Borrowings	17,547	20,797	20,704
Deferred income tax liability	2,599	3,171	2,983
Provisions	743	1,394	1,061
Retirement benefit liability	635	842	778
	<b>21,524</b>	<b>26,204</b>	<b>25,526</b>
<b>Current liabilities</b>			
Trade and other payables	47,566	49,355	40,763
Borrowings	12,754	14,770	14,361
Provisions	740	772	861
Current income tax liabilities	1,389	1,888	709
	<b>62,449</b>	<b>66,785</b>	<b>56,694</b>
<b>Total liabilities</b>	<b>83,973</b>	<b>92,989</b>	<b>82,220</b>
<b>Total equity and liabilities</b>	<b>105,822</b>	<b>115,378</b>	<b>104,571</b>

The half yearly financial report was approved by the Board of Directors on 3 August 2011.

# Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Note	Ordinary shares £000	Share premium account £000	Other reserves £000	Retained earnings £000	Unaudited total £000	Minority interest £000	Unaudited total equity £000
<b>Balance at 1 January 2010</b>		363	5,009	196	17,023	22,591	196	22,787
Profit for the period		-	-	-	2,331	2,331	27	2,358
Other comprehensive income		-	-	(150)	-	(150)	-	(150)
<b>Total comprehensive income for the period ended 30 June 2010</b>		-	-	(150)	2,331	2,181	27	2,208
Net expenditure recognised directly in equity								
Employee share options:								
- value of employee services		-	-	-	210	210	-	210
- deferred tax on share options		-	-	-	(22)	(22)	-	(22)
Dividends and other appropriations:								
- Ordinary shares	10	-	-	-	(2,794)	(2,794)	-	(2,794)
		-	-	(150)	(275)	(425)	27	(398)
<b>Balance at 30 June 2010</b>		<b>363</b>	<b>5,009</b>	<b>46</b>	<b>16,748</b>	<b>22,166</b>	<b>223</b>	<b>22,389</b>

	Note	Ordinary shares £000	Share premium account £000	Other reserves £000	Retained earnings £000	Unaudited total £000	Minority interest £000	Unaudited total equity £000
<b>Balance at 1 January 2011</b>		363	5,009	159	16,820	22,351	-	22,351
Profit for the period		-	-	-	2,108	2,108	-	2,108
Other comprehensive income		-	-	111	-	111	-	111
<b>Total comprehensive income for the period ended 30 June 2011</b>		-	-	111	2,108	2,219	-	2,219
Net expenditure recognised directly in equity								
Employee share options:								
- value of employee services		-	-	-	25	25	-	25
- deferred tax on share options		-	-	-	(12)	(12)	-	(12)
Proceeds received from employee share option saving scheme		-	-	-	64	64	-	64
Dividends and other appropriations:								
- Ordinary shares	10	-	-	-	(2,798)	(2,798)	-	(2,798)
		-	-	111	(613)	(502)	-	(502)
<b>Balance at 30 June 2011</b>		<b>363</b>	<b>5,009</b>	<b>270</b>	<b>16,207</b>	<b>21,849</b>	<b>-</b>	<b>21,849</b>

# Unaudited Consolidated Cash Flow Statement

for the six months ended 30 June 2011

	Note	Unaudited six months ended 30 Jun 11 £000	Unaudited six months ended 30 Jun 10 £000	Audited year ended 31 Dec 10 £000
<b>Cash flows from operating activities</b>				
Cash generated from operations	9	6,409	267	5,037
Interest paid		(568)	(520)	(1,000)
Income tax paid		(127)	(192)	(1,369)
Net cash generated from/(used in) operating activities		5,714	(445)	2,668
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(504)	(246)	(411)
Acquisition of subsidiaries, including overdrafts		-	(788)	(838)
Net cash used in investing activities		(504)	(1,034)	(1,249)
<b>Cash flows from financing activities</b>				
Finance lease principal payments		(233)	(213)	(446)
Repayment of borrowings		(2,500)	(2,500)	(2,500)
Arrangement fee on re-financing		(675)	-	-
Acquisition of minority interest		-	-	(569)
Proceeds received from employee share option saving scheme		64	-	-
Dividends paid to Company's shareholders	10	(2,798)	(2,794)	(4,085)
Dividends paid to minority interests		-	-	(240)
Net cash used in financing activities		(6,142)	(5,507)	(7,840)
Net decrease in cash and cash equivalents		(932)	(6,986)	(6,421)
Cash, cash equivalents and bank overdrafts at 1 January		(7,859)	(1,438)	(1,438)
<b>Cash, cash equivalents and bank overdrafts at period end</b>		<b>(8,791)</b>	<b>(8,424)</b>	<b>(7,859)</b>
<b>Net debt at period end comprises:</b>				
		£000	£000	£000
Cash, cash equivalents and bank overdrafts		(8,791)	(8,424)	(7,859)
Finance leases		(780)	(1,165)	(1,013)
Bank loans		(19,351)	(22,500)	(22,500)
<b>Net debt at period end</b>		<b>(28,922)</b>	<b>(32,089)</b>	<b>(31,372)</b>

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 1. General information

office2office plc (the Company) and its subsidiaries (the Group) provide managed procurement and business critical services. The Group operates in the United Kingdom and Republic of Ireland. The Company is a public limited company incorporated and domiciled in the United Kingdom and its shares are listed on the London Stock Exchange. The address of its registered office is St Crispins, Duke Street, Norwich, NR3 1PD.

The half yearly financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 were approved by the Board of Directors on 23 March 2011 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The half yearly financial report has been reviewed, not audited and was approved for issue by the Directors on 3 August 2011.

## 2. Basis of preparation

This half yearly financial report for the six months ended 30 June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half yearly financial report should be read in

conjunction with the annual report and financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Group had net current liabilities as at 30 June 2011. The Group has traded profitably since the balance sheet date with the profits generated contributing to the funding of the Group's working capital requirements. In addition, the Group meets its day-to-day working capital requirements through sufficient and appropriate credit facilities that are committed until June 2015. The Group's forecasts indicate that it is able to operate within the level of its current facilities for the foreseeable future. Accordingly, the Directors, having made appropriate enquiries, consider it reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the half yearly financial report.

## 3. Accounting policies

The accounting policies applied are consistent with those of the annual report and financial statements for the year ended 31 December 2010, as described in the Annual Report and Accounts. The new standards that became applicable for the preparation of the 31 December 2011 annual report and financial statements (subject to EU endorsement) are either not relevant to the Group or relate to modifications in disclosures not applicable in the half yearly financial report.

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 4. Segmental information

IFRS 8, 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The operating segments are identified on the basis of internal reports regularly reviewed by the Board of Directors, the Board of Directors being the chief operating decision-maker, in order to allocate resources to the segments and to assess their respective performance.

The Board considers the business from a service perspective. The Group is organised into two main business segments:

- Managed Procurement; and
- Business Critical Services.

The business units of each reportable segment, Banner Business Services and Accord in respect of Managed Procurement and Banner Managed Communication and Banner Document Services in respect of Business Critical Services, do not qualify as reportable segments as decisions about the allocation of resources and the assessment of performance are not made at this level.

The Board assesses the performance of the operating segments based on a measure of adjusted earnings before interest, income tax and amortisation (adjusted EBITA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs. Other information provided to the Board, except as noted below, is measured in a manner consistent with that in the financial statements.

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 4. Segmental information (continued)

	Managed Procurement £000	Business Critical Services £000	Total £000
<b>Six months ended 30 June 2011</b>			
Revenue	68,186	31,312	99,498
Adjusted EBITA	7,016	2,875	9,891
<b>Six months ended 30 June 2010</b>			
Revenue	76,522	31,158	107,680
Adjusted EBITA	9,210	2,299	11,509
<b>Total assets</b>			
30 June 2011	50,920	55,551	106,471
30 June 2010	53,666	61,712	115,378

A reconciliation of total adjusted EBITA to profit before income tax is provided as follows:

	Six months ended 30 Jun 11 £000	Six months ended 30 Jun 10 £000
Adjusted EBITA for reportable segments	9,891	11,509
Group costs	(5,194)	(4,984)
Finance costs	(594)	(520)
Underlying profit before income tax	4,103	6,005
Share option expense	(34)	(230)
Exceptional and non-recurring costs	(503)	(2,572)
Negative goodwill	-	537
Amortisation	(739)	(661)
<b>Profit before income tax</b>	<b>2,827</b>	<b>3,079</b>

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 5. Seasonality

The Group operates in markets where no significant seasonal or cyclical variations in sales are experienced during the financial year.

## 6. Non-recurring costs

The amounts recognised as non-recurring costs are as follows:

	Six months ended 30 Jun 11 £000	Six months ended 30 Jun 10 £000	Year ended 31 Dec 10 £000
Compensation payments	407	1,064	1,832
Transaction costs in respect of business combinations	43	100	201
Business and strategic review costs	53	1,408	3,303
	<b>503</b>	<b>2,572</b>	<b>5,336</b>

Compensation payments relate to amounts paid to ex-employees of Group companies. Non capitalised costs in respect to business combinations, or aborted business combinations are costs incurred which did not qualify to be capitalised. Business and strategic review costs relate to costs incurred by the Group in relation to management's commitment to improve operational efficiency. These costs are considered to be exceptional in nature and not reflective of the underlying operating performance of the Group.

## 7. Income taxes

Income tax expense is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year, as adjusted to reflect estimated disallowable expenses. The estimated average annual tax rate used for the six month period to 30 June 2011 of 25.4% (30 June 2010: 23.4%) is based on the prevailing current tax rate of 27% (six months ended 30 June 2010: 28%) as adjusted for the estimated impact of expenses permanently disallowable for income tax and other permanent differences.

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 8. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares held by the employee benefit trust which do not qualify for receipt of dividends.

	Six months ended 30 Jun 11	Six months ended 30 Jun 10	Year ended 31 Dec 10
Profit attributable to equity holders of the Company (£000)	2,108	2,331	4,346
Weighted average number of Ordinary shares in issue (thousands)	35,912	35,805	35,828
<b>Basic earnings per share (pence per share)</b>	<b>5.9</b>	<b>6.5</b>	<b>12.1</b>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. The Company has one category of dilutive potential Ordinary shares, being share options. For share options, a calculation is undertaken to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 Jun 11	Six months ended 30 Jun 10	Year ended 31 Dec 10
Profit attributable to equity holders of the Company (£000)	2,108	2,331	4,346
Weighted average number of Ordinary shares in issue (thousands)	35,912	35,805	35,828
Adjusted for share options (thousands)	10	62	80
Weighted average number of Ordinary shares for diluted earnings per share (thousands)	35,922	35,867	35,908
<b>Diluted earnings per share (pence per share)</b>	<b>5.9</b>	<b>6.5</b>	<b>12.1</b>

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 8. Earnings per share (continued)

### (c) Underlying earnings per share

Underlying earnings per share is calculated by dividing profit on ordinary activities after tax (before the after tax effect of non-recurring costs, share option expense, amortisation of intangibles and negative goodwill relating to acquisitions) by the weighted average number of Ordinary shares in issue during the period excluding Ordinary shares held by the employee benefit trust.

	Six months ended 30 Jun 11	Six months ended 30 Jun 10	Year ended 31 Dec 10
Profit attributable to owners of the Company (£000)	2,108	2,331	4,346
Non-recurring costs (net of tax)	370	1,852	3,842
Share option expense	34	230	138
Amortisation of intangibles (net of tax)	543	483	984
Negative goodwill relating to acquisitions	-	(537)	(244)
Underlying profit attributable to owners of the Company (£000)	3,055	4,359	9,066
Weighted average number of Ordinary shares in issue (thousands)	35,912	35,805	35,828
<b>Underlying earnings per share (pence per share)</b>	<b>8.5</b>	<b>12.2</b>	<b>25.3</b>

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 9. Cash generated from operations

	Six months ended 30 Jun 11 £000	Six months ended 30 Jun 10 £000	Year ended 31 Dec 10 £000
Profit before income tax	2,827	3,079	4,580
Adjustments for:			
Amortisation of intangible assets	739	661	1,366
Negative goodwill	-	(537)	(244)
Depreciation of property, plant and equipment	391	409	804
Interest and similar charges payable	594	520	1,000
Share option expense	25	210	135
(Increase)/decrease in inventories	(932)	(1,212)	795
Increase in trade and other receivables	(3,567)	(13,275)	(4,780)
Increase in trade payables and provisions	6,332	10,412	1,381
<b>Total net cash inflow from operations</b>	<b>6,409</b>	<b>267</b>	<b>5,037</b>

# Notes to the Interim Financial Information

for the six months ended 30 June 2011

## 10. Dividends

	Six months ended 30 Jun 11 £000	Six months ended 30 Jun 10 £000	Year ended 31 Dec 10 £000
Amounts recognised as a distribution in the period in respect of:			
Ordinary shares – final dividend 2010 –7.8p per share	<b>(2,798)</b>	-	-
Ordinary shares – interim dividend 2010 –3.6p per share	-	-	(1,292)
Ordinary shares – final dividend 2009 –7.8p per share	-	(2,794)	(2,794)
	<b>(2,798)</b>	(2,794)	(4,086)

The Directors have declared, post 30 June 2011, an interim dividend of 3.6p per Ordinary share, payable on 21 October 2011 to shareholders on the register at the close of business on 23 September 2011. This dividend has not been included as a liability as at 30 June 2011.

# Statement of Directors' Responsibilities

The Directors confirm that the interim financial information included in the half yearly financial report has been prepared in accordance with IAS 34 as adopted by the European Union and that the Chairman's Statement includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- An indication of the important events that have occurred during the first six months and their impact on the half yearly financial report, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months of the year and any material changes in the related party transactions described in the last annual report.

The Directors of office2office plc are listed in the Annual Report and Accounts for the year ended 31 December 2010, since when there have been no changes. A list of current Directors is maintained on the office2office plc website: [www.office2office.co.uk](http://www.office2office.co.uk).

By order of the Board

**Simon Moate**  
Chief Executive

**Mark Cunningham**  
Finance Director

3 August 2011

## Forward-looking statements

Certain statements in this half yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

# Independent Review Report to office2office plc

## Introduction

We have been engaged by the Company to review the interim financial information in the half yearly financial report for the half-year ended 30 June 2011, which comprises the consolidated income statement, statement of consolidated comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes to the interim financial information. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

## Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2 to the interim financial information, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The interim financial information as included in the half yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the interim financial information in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Review Report to office2office plc

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information in the half yearly financial report for the half-year ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Norwich

3 August 2011

## Notes:

- (a) The maintenance and integrity of the office2office plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half yearly report since it was initially presented on the web site.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

# Company Details

## Directors

### D J Callear

Chairman

### J L Cohen

Senior independent non-executive Director

### C M Batterham

Independent non-executive Director

### S R Moate

Chief Executive

### M A Cunningham

Finance Director

### S A McKeever

Chief Operating Officer

## Company Secretary and Registered Office

### D J Rodwell

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## Website

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**Registered In England and Wales**  
04083206

## Advisers

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
The Atrium  
St Georges Street  
Norwich  
NR3 1AG

### Broker

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London  
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### Financial advisers

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Leeds  
LS1 5NR

### Registrars

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Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire  
HD8 0LA

### Solicitors

Macfarlanes LLP  
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EC4A 1LT





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