

For immediate release

15 September 2010

**Ideal Shopping Direct Plc
("Ideal Shopping Direct" or the "Company")**

**Interim Results
For the 26 weeks ended 4 July 2010**

Ideal Shopping Direct, the independent TV shopping and online business, today announces its interim results for the 26 weeks ended 4 July 2010. This report will be available on the Company website shortly.

Financial Highlights

- Sales increased by 19.3% to £56.6 million (2009: £47.4 million)
- Like for like sales (excluding Lead The Good Life) increased by 11.4% to £52.8m (2009: £47.4 million)
- Gross margin improved to 44.7% (2009: 40.9%)
- EBITDA of £3.8 million (2009: Loss £0.4 million)
- Profit before tax of £2.9 million (2009: Loss £1.2 million) including non underlying* income of £0.2m (2009: £0.3 million charge)
- Basic earnings per share of 6.3p (2009: 4.1p loss)
- Net cash of £13.7 million at 4 July 2010 (2009: £7.5 million at 28 June 2009)
- Interim dividend of 1.50p per ordinary share declared

Operational Highlights

- Home and Leisure category sales up 37.6% to £29.0 million (including Lead The Good Life)
- Craft division sales up 18.6% to £13.2 million
- Internet sales increased by 58.2% (£6.0 million) to £16.3 million representing 32.7% of sales
- Integration of Lead The Good Life, acquired in January 2010, continues according to plan
- New 'start up' Pets division, Animal Bargains
- Strategic review initiated to assess a range of potential options, including considering a sale of the Company. Rothschild appointed as advisors.

Current Trading

- Sales in the 8 weeks since the half year have grown 10.3% over last year resulting in sales being up 17.1% in the first 34 weeks over same period in 2009.

Paul Wright, Chairman, commented:

"The Board is pleased with an excellent set of results. We continue to make strategic progress with sales growth in our niche product categories and with internet sales. The operational gearing of our TV business is reducing as sales growth accelerates and we are optimistic for the second half year. Trading in the first eight weeks of the second half of the year has continued positively and is in line with management expectations."

* Non underlying items consist of movement in the fair value of contingent consideration, restructuring costs, strategic review costs and write off and subsequent receipt of bank deposits held.

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Notes to editors:

Ideal Shopping Direct is one of the UK's leading home shopping retailers, selling via its TV channels and the internet. Its main channel, Ideal World, is broadcast on the rapidly expanding Freeview platform as well as on Sky, Virgin Media and Freesat. It has three other channels on Sky, 'Ideal Extra', 'Ideal & More' and 'Create and Craft'. 'Create and Craft' is also on Freeview and Freesat.

'Ideal World' offers a broad selection of general merchandise with three product categories; Home & Leisure, Craft and Personal Care. 'Ideal Extra' focuses on Gardening and related outdoor product, Home and Leisure including selected Ideal World repeats. 'Ideal & More' repeats selected shows of Ideal World. 'Create and Craft' is a niche channel selling craft products.

Ideal's transactional websites www.idealworld.tv and www.createandcraft.tv carry a live web stream of the TV broadcasts and offer a wide selection of products sold on TV as well as web-only deals. www.gardenbargains.com offers a range of gardening products. www.animalbargains.com offers a range of animal related products.

For more information see www.idealshoppingdirect.co.uk

Chairman's and Chief Executive's Review

Introduction

Following successful completion of the 'back to basics' strategy our business turnaround is now complete. All significant problems have been addressed and we have seen huge improvements in all areas of the business including product offering, reduced stock holding, customer service, systems development, processes and controls and last but not least, a strengthened management team and improved culture. All these factors have combined to increase sales, improve margins and enhance our cash position. The Company is now able to focus on growth opportunities which, given our operational gearing, will have a positive impact on our future profitability.

Financial Results

The year on year comparison of key numbers is as follows:

£'000's	26 weeks ended 4 July 2010			26 weeks ended 28 June 2009		
	Underlying	Non Underlying	Total	Underlying	Non Underlying	Total
Sales Revenue	56,582	0	56,582	47,419	0	47,419
Gross Profit	25,266	0	25,266	19,404	0	19,404
Operating Profit / Loss	2,682	(43)	2,639	(965)	(257)	(1,222)
Profit / Loss from Continuing Operations	2,709	184	2,893	(945)	(257)	(1,202)

Total revenues have increased year on year by 19.3% during the first half of 2010, reflecting our successful turnaround, the purchase of Lead The Good Life (LTGL) in January this year and significant growth in our Craft (18.6% to £13.2 million) and Home & Leisure (37.6% to £29.0 million) categories. Excluding LTGL, total revenues increased by 11.4% during the first half of 2010 to £52.8 million.

Internet sales increased by 58.2% to £16.3 million and represented 32.7% of sales.

Gross profit margin increased to 44.7% of sales revenue, up from 40.9% for the comparative period last year, driven predominantly by Craft and LTGL growth.

Underlying overheads were 10.9% higher at £22.6 million (2009: £20.4 million) driven by the acquisition of LTGL. However, increased sales resulted in the underlying operational gearing of the group reducing to 39.9% from 43.0%.

The reported underlying profit before tax was £2.7 million compared to a loss of £0.9 million for the comparative period. Non underlying income of £0.2 million relates predominantly to an adjustment of the fair value of contingent consideration.

The reported profit after non underlying items but before tax was £2.9 million (2009: loss £1.2 million), EBITDA was £3.8 million (2009: Loss £0.4 million) and basic earnings per share for the period were 6.3p (2009: 4.1p loss).

Purchase of Lead the Good Life Ltd

Lead The Good Life Limited (LTGL) was acquired in January 2010 for a total consideration of £0.75 million cash and £4.25 million equity through the issue of 3,971,962 ordinary shares.

As part of the agreement the Group has agreed to pay the selling shareholders additional consideration of 2.056075 earn out consideration shares for every £1 of relevant profit in excess of £799,999 up to and including £1.8 million. The maximum earn out consideration is capped at £2.2 million.

The directors currently estimate that the additional consideration payable for LTGL will amount to approximately £1.0 million which will be settled by the issue of ordinary shares. The earn out position will be finalised by 30 September 2010.

The integration of the business continues according to plan.

New niche category

Continuing our strategy of specialising in niche categories Animal Bargains Ltd started trading in July to develop a direct to consumer pet / animal product business.

Cash flow and debt

The closing gross cash balances were £13.7 million (2009: £9.2 million; £7.5 million net of a mortgage paid down in December 2009). Since the start of the year a net cash inflow of £0.3 million has arisen from the following; £3.7 million cash inflows from operating activities and £0.8 million of cash acquired with the purchase of LTGL offset by £2.8 million working capital outflows; £0.8 million outflow in relation to the acquisition of LTGL; £0.4 million capital expenditure (predominantly software development) and £0.2 million income tax paid (LTGL).

Inventory

At the half year end, inventory (net of provisions) was £3.1 million, a year on year increase of only £0.1 million despite the inclusion of LTGL. This performance is driven by more effective product and supplier management.

Banking arrangements

We continue to bank with RBS who are secured by a charge and cross guarantees over the assets of the group excluding land and buildings which were valued at £6.85 million at January 2009. We remain covenant free. There are bank guarantees of £0.3 million to support trading.

Strategic Review

On 12 July 2010 the Company announced that it intended to undertake a review of its strategic options. We have since appointed Rothschild as advisors and they began their work at the end of August. We are at an early stage but as already stated, the review will include considering a sale of the business alongside other options to create value for shareholders. The Board will update shareholders should a further announcement become appropriate.

Dividend

As a mark of its confidence in the future, the Board is pleased to declare an interim dividend of 1.50p per share (2009: nil).

Current Trading

Trading in the first 8 weeks of the second half year to 29 August 2010 is in line with management expectations, increasing by 10.3%. This brings sales growth in the first 34 weeks of the year to 17.1%. The core Ideal Shopping business grew by 6.9% and 10.2% for the 8 and 34 weeks respectively whilst LTGL sales grew by 23.5% and 58.7% for the 8 and 34 weeks respectively. We maintained a strong cash position of £13.0 million at 29 August 2010. Many other retailers remain cautious about consumer confidence, but we are optimistic that we can continue to grow sales with our unique multi channel business model.

Paul Wright
Chairman

Mike Hancox
Chief Executive

15 September 2010

Independent Review Report to Ideal Shopping Direct Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the 26 weeks ended 4 July 2010 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cashflows, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

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 UK. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the 26 weeks ended 4 July 2010 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

S J Purkess

for and on behalf of KPMG Audit Plc

Chartered Accountants

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15 September 2010

Condensed consolidated statement of comprehensive income
For the 26 week period ended 4 July 2010

	26 weeks ended 04-Jul-10		26 weeks ended 28-Jun-09		53 weeks ended 03-Jan-10	
	Underlying £'000 (unaudited)	Total £'000 (unaudited)	Underlying £'000 (unaudited)	Total £'000 (unaudited)	Underlying £'000 (audited)	Total £'000 (audited)
Sales revenue	56,582	56,582	47,419	47,419	103,336	103,336
Cost of sales	(31,316)	(31,316)	(28,015)	(28,015)	(60,831)	(60,831)
Gross profit	25,266	25,266	19,404	19,404	42,505	42,505
Distribution costs	(2,103)	(2,103)	(2,209)	(2,209)	(4,247)	(4,247)
Administrative expenses	(20,370)	(20,413)	(18,022)	(18,279)	(36,740)	(36,938)
Other expenses	(111)	(111)	(138)	(138)	(287)	(287)
Operating profit / loss	2,682	2,639	(965)	(1,222)	1,231	1,033
Finance costs	-	-	(24)	(24)	(46)	(46)
Finance income	27	27	44	44	76	76
Adjustment to fair value of contingent consideration	-	227	-	-	-	-
Profit / Loss from continuing operations before taxation	2,709	2,893	(945)	(1,202)	1,261	1,063
Taxation		(790)		-		-
Profit / Loss from continuing operations and for the period		2,103		(1,202)	1,261	2,107
Total comprehensive income for the period attributable to owners of the Group		2,103		(1,202)	1,261	2,107
Earnings per share						
From continuing operations:						
Basic		6.3p		(4.1)p		7.1p
Diluted		5.9p		(4.0)p		7.1p

Non underlying items consist of movement in the fair value of contingent consideration, restructuring costs, strategic review costs and write off and subsequent receipt of bank deposits held.

Non Underlying items incurred during the year are disclosed in note 5.

Condensed consolidated statement of financial position
As at 4 July 2010

	26 weeks ended 04-Jul-10 £'000 (unaudited)	26 weeks ended 28-Jun-09 £'000 (unaudited)	53 weeks ended 03-Jan-10 £'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	7,909	8,229	8,113
Intangible assets	3,898	3,065	3,011
Goodwill	5,419	-	-
Deferred tax assets	1,313	-	1,402
Total non-current assets	18,539	11,294	12,526
Current assets			
Inventories	3,065	2,991	2,419
Trade and other receivables	6,702	4,152	3
Current tax assets	-	-	6,033
Cash and cash equivalents	13,663	9,193	13,379
Total current assets	23,430	16,336	21,834
Total assets	41,969	27,630	34,360
Equity			
Share Capital	1,014	895	895
Share premium	4,458	314	327
Other reserves	1,763	1,754	1,780
Retained earnings	11,070	4,811	8,549
Total equity attributable to shareholders of Ideal Shopping Direct Plc	18,305	7,774	11,551
Liabilities			
Current liabilities			
Provisions	481	269	669
Trade and other payables	21,457	17,779	21,978
Borrowings	-	339	-
Current tax liabilities	418	115	24
Contingent consideration	983	-	-
Total current liabilities	23,339	18,502	22,671
Non-current liabilities			
Borrowings	-	1,354	-
Deferred tax liabilities	325	-	138
Total non-current liabilities	325	1,354	138
Total liabilities	23,664	19,856	22,809
Total equity and liabilities	41,969	27,630	34,360

Condensed consolidated statement of cashflows

	26 weeks ended 04-Jul-10 £000 (unaudited)	26 weeks ended 28-Jun-09 £000 (unaudited)	53 weeks ended 03-Jan-10 £000 (audited)
Cash flows from operating activities			
Profit / (Loss) for the period	2,103	(1,202)	2,107
Depreciation	354	392	748
Amortisation of intangible assets	530	443	930
Loss on disposal	(4)	4	-
Equity settled share-based payment transactions	111	138	287
Income tax credit	790	-	(1,044)
Net finance (income) / expense	(27)	(20)	(30)
Adjustment to fair value of contingent consideration	(227)	-	-
Operating cash flows before changes in working capital and provisions	3,630	(245)	2,998
Change in inventories	(486)	881	1,453
Change in trade and other receivables	(365)	386	(1,496)
Change in trade and other payables	(1,735)	(387)	3,829
Change in provisions	(188)	(534)	(134)
Cash generated from operations	856	101	6,650
Interest paid	-	-	(46)
Income tax (paid)\received	(183)	1,321	1,297
Net cash flows from operating activities	673	1,422	7,901
Cash flows from investing activities			
Acquisition of property, plant and equipment	(158)	(51)	(291)
Acquisition of intangible assets	(245)	(206)	(648)
Acquisition of subsidiary, net of cash acquired	(4,275)	-	-
Proceeds from sale of property, plant and equipment	12	-	13
Interest received	27	20	76
Net cash flows from investing activities	(4,639)	(237)	(850)
Cash flows from financing activities			
Proceeds from issue of share capital	4,250	-	13
Repayment of bank loans	-	(170)	(1,863)
Payment of finance lease liability	-	-	-
Dividends paid	-	(221)	(221)
Net cash flows from financing activities	4,250	(391)	(2,071)
Net increase in cash and cash equivalents from continuing operations	284	794	4,980
Net increase in cash and cash equivalents	284	794	4,980
Cash and cash equivalents at the beginning of the period	13,379	8,399	8,399
Cash and cash equivalents at the end of the period	13,663	9,193	13,379

Consolidated statement of changes in equity

For the six months ended 4 July 2010	Share capital	Share premium	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Balance at 3 January 2010	895	327	1,780	8,549	11,551
Profit / (loss) for the period	-	-	-	2,103	2,103
Total comprehensive income for the period	-	-	-	2,103	2,103
Issue of shares	119	4,131	-	-	4,250
Share based payment transactions	-	-	(17)	418	401
Total transactions with owners	119	4,131	(17)	418	4,651
Balance at 4 July 2010	1,014	4,458	1,763	11,070	18,305
For the six months ended 28 June 2009	Share capital	Share premium	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Balance at 28 December 2008	895	314	1,666	5,963	8,838
Profit / (loss) for the period	-	-	-	(1,202)	(1,202)
Total comprehensive income for the period	-	-	-	(1,202)	(1,202)
Share based payment transactions	-	-	88	50	138
Total transactions with owners	-	-	88	50	138
Balance at 28 June 2009	895	314	1,754	4,811	7,774

Notes:

1. Basis of preparation

These condensed consolidated Group interim financial statements are for the 26 weeks ended 4 July 2010. The annual consolidated financial statements of the Group have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and under the historical cost convention, except they have been modified to include the revaluation of certain non-current assets, financial assets and liabilities. The measurement bases and the principal accounting policies of the Group are set out in note 8.

Ideal Shopping Direct plc, a public limited company, is the Group's ultimate parent. It is incorporated and domiciled in the UK. The address of Ideal Shopping Direct Plc's registered office, which is also its principal place of business;

Ideal Home House
Newark Road
Peterborough
PE1 5WG

Ideal Shopping Direct Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange

The financial statements set out in these statements in respect of the year to 3 January 2010 do not constitute the Company's financial statements for the year. The statutory financial statements for the year ended 3 January 2010 have been delivered to the Registrar of Companies and the auditors report thereon was unqualified and did not contain statements under section 434 of the Companies Act 2006. The financial statements for the 26 weeks ended 4 July 2010 and the 26 weeks to 28 June 2009 do not constitute statutory statements and are unaudited.

2. Segmental reporting

At 4 July 2010 the Group was organised into Home & Leisure, Craft and Personal Care business segments, all operating within the UK. Income segment results for the 26 weeks to 4 July 2010 are as follows;

Segmental revenue

Continuing operations	Home & Leisure £000	Craft £000	Personal Care £000	Other £000	Eliminations £000	Total £000
Revenue						
- from external customers	28,978	13,208	11,612	2,784	-	56,582
- from other segments	4,514	1,017	1,322	-	(6,853)	-
	33,492	14,225	12,934	2,784	(6,853)	56,582

Income segment results for the 26 weeks to 28 June 2009 are as follows;

Segmental revenue

Continuing operations	Home & Leisure £000	Craft £000	Personal Care £000	Other £000	Eliminations £000	Total £000
Revenue						
- from external customers	21,063	11,134	12,832	2,390	-	47,419
- from other segments	2,183	1,062	1,449	-	(4,694)	-
	23,246	12,196	14,281	2,390	(4,694)	47,419

Income segment results for the 53 weeks to 3 January 2010 are as follows;

Segmental revenue

Continuing operations	Home & Leisure £000	Craft £000	Personal Care £000	Other £000	Eliminations £000	Total £000
Revenue						
- from external customers	48,367	23,977	25,105	5,887	-	103,336
- from other segments	3,996	3,144	2,848	-	(9,988)	-
	52,363	27,121	27,953	5,887	(9,988)	103,336

3. Share issues

On 18th January 2010 Ideal Shopping Direct Plc acquired Lead the Good Life Limited, as part of the consideration 3,971,962 3p ordinary shares were issued.

During the period under review no share options were granted. No share options granted under the Company's share based compensation plan have been exercised.

4. Earnings per share

To calculate the diluted earnings per share figure, the weighted average of dilutive employee share options expected to vest have been added. The number represents management's best estimate at the balance sheet date, which is also used for calculating employee remuneration expense relating to share based payment transactions.

	26 weeks ended 4 July 2010	26 Weeks ended 28 June 2009	53 weeks ended 3 January 2010
Reconciliation of average number of shares used for basic and diluted earnings per share			
Weighted average number of ordinary shares used for basic earnings per share	33,350,931	29,669,505	29,673,467
Weighted average number of dilutive shares under option	2,480,427	143,078	14,349
Weighted average number of ordinary shares for diluted earnings per share	35,831,358	29,812,583	29,687,816

5. Non Underlying items

The following Non Underlying items were incurred during the interim period under review:

	26 Weeks ended 04-Jul-10 £'000	26 Weeks ended 28-Jun-09 £'000	53 Weeks ended 03-Jan-10 £'000
<i>Included in administrative expenses:</i>			
Business strategic review	104	-	-
Acquisition costs	6	-	164
VAT prior year claim	(12)	-	-
Restructuring costs	(16)	257	254
Bank deposit (recovery)	(39)	-	(236)
Adjustment to the fair value of contingent consideration	(227)	-	-
Legal and professional fees in respect of restructuring	-	-	16
	(184)	257	198

6. Dividends

The Directors are declaring an interim dividend for 2010 of 1.50p per share (2009: nil).

7. Post year end acquisition of subsidiary

Group and Company

Post year end, on 18 January 2010 the Group obtained control of Lead the Good Life Limited, a gardening products retailer by acquiring 100 percent of the shares and voting interests in the company.

Taking control of Lead the Good Life Limited will enable the Group to increase profitability by the introduction of a high margin, low returns niche 'category, together with business growth opportunities via database, website and gardening club development.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	£'000
Cash	750
Equity instruments (3,971,962 ordinary shares)	4,250
Contingent consideration	1,210
	6,210

The fair value of the ordinary shares issued was based on the average closing mid market share price of the Group between 20 November 2009 and 17 December 2009 of £1.07 per share.

Contingent consideration

The Group has contracted to pay the selling shareholders additional consideration of 2.056075 earn out consideration shares for every £1 of relevant profit in excess of £799,999 up to and including £1,800,000 for the financial year to 30 June 2010. In the 2009 Financial Statements the Group disclosed a provisional contingent consideration of £1,540,000 based on forecasts prepared by Lead the Good Life management. Subsequent to the Group publishing this report, it became apparent that the forecasts were overly optimistic and the fair value of the contingent consideration was therefore reduced to £1,210,000. The Board believes this more accurately represents its fair value at the acquisition date.

Identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	449
Intangible assets	722
Inventories	160
Trade and other receivables	303
Cash and cash equivalents	725
Loans and borrowings	-
Deferred tax liabilities	(161)
Contingent liabilities	-
Trade and other payables	(1,407)
Total net identifiable assets	791

Goodwill

Goodwill has been recognised as a result of the acquisition as follows:	£'000
Total consideration transferred	6,210
Less value of identifiable assets	(791)
Goodwill	5,419

The goodwill will be attributable mainly to the intrinsic value of future earnings potential of Lead The Good Life and synergies obtained by integrating the Company into the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Transactions separate from the acquisition

The Group incurred acquisition-related costs of £169,500 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in non underlying items as administrative expenses in the Group's consolidated statement of

comprehensive income. £163,500 of the costs were incurred during the financial period ended 3 January 2010 and £6,000 during the current period.

The fair value of the £1,210,000 contingent consideration has been updated as at 4 July 2010 to reflect current trading and share price. This has led to a reduction in fair value to £982,600. This movement has been included in non underlying items in the Condensed Consolidated Statement of Comprehensive Income in line with IFRS 3 (2008).

8. Principal accounting policies

The following principal accounting policies have been applied consistently and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 3 January 2010.

Use of estimates and judgements

The preparation of financial statements, in conformity with adopted IFRSs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the directors in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Revenue

Revenue represents the total invoice value (which includes postage & packing), excluding value added tax, of goods sold. The total invoice value equates to the fair value of consideration receivable. Revenue is recognised for the sale of goods on dispatch to the customer. Provision is made for the impact of anticipated returns. Agency fees are earned on sold airtime, this revenue is recognised at the point that the sold airtime is broadcast.

Accounting for business combinations

The Group has adopted early IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring in the financial year starting 29 December 2008. All business combinations occurring on or after 29 December 2008 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

The Group has applied the acquisition method for the business combination disclosed in note 7.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which controls

is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Non Underlying Items

Non Underlying items consist of movement in the fair value of contingent consideration, restructuring costs, strategic review costs and write off and subsequent receipt of bank deposits held.

Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

9. Taxation

Current tax is the tax currently payable based on taxable profit for the year together with any adjustments to tax payable in respect of prior years.

Deferred tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are provided in full, with no discounting.

Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Tax losses available to be carried forward are assessed for recognition as a deferred tax asset

Current and deferred tax assets and liabilities are calculated at tax rates ruling at balance sheet date that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

	26 weeks ended 4 July 2010	26 Weeks ended 28 June 2009	53 weeks ended 3 January 2010
	£000	£000	£000
Current tax expense/(credit)			
Current year	393	-	24
Adjustments for prior periods	(5)	-	(115)
Total current tax	388	-	(91)
Deferred tax expense			
Origination and reversal of temporary differences	402	-	(953)
Total deferred tax	402	-	(953)
Total income tax credit	790	-	(1,044)

Reconciliation of effective tax rate						
	4 July 2010	4 July 2010	28 June 2009	28 June 2009	3 Jan 2010	3 Jan 2010
	%	£000	%	£000	%	£000
Profit/(loss) for the period		2,103		(1,202)		2,107
Total income tax debit / (credit)		790		-		(1,044)
Profit/(loss) excluding income tax		2,893		(1,202)		1,063
Income tax using the Group's domestic tax rate	28.00%	810	28.00%	(337)	28.00%	298
Adjustment in respect of prior periods	(0.18%)	(5)	-	-	(10.82%)	(115)
Non-deductible expenses	2.76%	80	(4.16%)	50	9.31%	99
Adjustment to fair value of consideration	(2.20%)	(64)	-	-	-	-
Recognition of assets to be carried forward	(1.07%)	(31)	-	-	(89.66%)	(953)
Utilisation of unrecognised losses brought forward	-	-	-	-	(35.09%)	(373)
Unrecognised losses carried forward	-	-	(23.84%)	287	-	-
Total income tax credit	27.31%	790	-	-	(98.26%)	(1,044)

The tax rate applicable to the Group was 28% resulting in an effective tax rate for the period of 28.0% (2009: 28.0%).

(a) Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:						
Group						
Recognised deferred tax assets and liabilities						
	4 July 2010		28 June 2009		3 Jan 2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	£000	£000	£000	£000	£000	£000
Non-current assets						
Other intangible assets	111	-	108	-	111	-
Property, plant and equipment		(159)		(131)		(138)
Tax losses carried forward	427	-	-	-	855	-
Current assets						
Inventories	65	-	13	-	45	-
Non-current liabilities						
Pension and other employee obligations	-	-	6	-	-	-
Current liabilities			4			
Other liabilities	-	(166)	-	-	-	-
Share based payments	710	-	-	-	391	-
Total	1,313	(325)	131	(131)	1,402	(138)
Unrecognised deferred tax assets						
Deferred tax assets have not been recognised in respect of the following items:						
		4 July 2010		28 June 2009		3 Jan 2010
		£000		£000		£000
Tax losses		-		1,177		-

(b) Movement in temporary differences during the year:

Group

Recognised deferred tax assets and liabilities

	At 3 January 2010	Recognised in profit or loss	Recognised directly in equity	At 4 July 2010
	£000	£000	£000	£000
Intangible assets	111	-	-	111
Property, plant and equipment	(138)	(4)	(17)	(159)
Inventories	45	20	-	65
Other Liabilities	-	(21)	(145)	(166)
Losses	855	(428)	-	427
Share based payments	391	31	288	710
	1,264	(402)	126	988

	At 29 December 2008 £000	Recognised in profit or loss £000	Recognised directly in equity £000	At 28 Jun 2009 £000
Intangible assets	108	-	-	108
Property, plant and equipment	(131)	-	-	(131)
Inventories	13	-	-	13
Retirement benefit obligations	6	-	-	6
Other Liabilities	4	-	-	4
	-	-	-	-

	At 29 December 2008 £000	Recognised in profit or loss £000	Recognised directly in equity £000	At 3 January 2010 £000
Intangible assets	108	3	-	111
Property, plant and equipment	(131)	(7)	-	(138)
Inventories	13	32	-	45
Retirement benefit obligations	6	(6)	-	-
Other Liabilities	4	(4)	-	-
Losses	-	855	-	855
Share based payments	-	80	311	391
	-	953	311	1,264