

FEEDBACK PLC

("Feedback", the "Company" or the "Group")

Interim Report for the six months ended 30 November 2010

KEY POINTS

- Turnover £3.6m (2009 - £3.8m)
- (Loss)/Profit before tax (£0.12m) (2009 - profit £0.04m)
- (Loss)/Earnings per share (0.13p) (2009 - 0.02p)
- Cash and Cash Equivalents £379k (2009 - £420k)

Executive Chairman's Statement

I am pleased to be in a position to present the Group's results for the first six months of our financial year. I joined the Board on 11 February and shareholders will appreciate that I am therefore still in the process of completing my initial review of the business.

The release of funding in our global education markets continues to have significant impact on the Group's performance. The first quarter started positively but reduced in the second quarter resulting in an overall half-year performance that is below management expectation.

Despite the overall performance, the Data business is showing positive signs. Sales of existing products are up year on year and increased investment in new product development and partnerships with complimentary manufacturers promises much. The Instruments business continues to be challenged by delayed orders from its international markets and the decrease in funding available to UK educators. Our US market however has shown overall growth with strong orders, particularly towards the end of the period coming through.

Feedback has continued to invest in its future. Most visible is the rebranding but the Group has also committed to introducing a new business system before the end of the current year and continues its much-needed investment in new product development across both businesses.

I would like to express my thanks to all Feedback's staff who have continued to demonstrate their commitment to the Group throughout the period, and especially in these first few days of my appointment. Management change can be disruptive but I am pleased to report that the process has been smooth and I have been impressed by the experience and dedication of staff across the Group. I have already strengthened the executive team by appointing Mark Bird as Group Sales Director and I look forward to working with everybody in the Group to build the business that we all know it has the potential to be.

I look forward to updating Shareholders on new developments and improving results as we strengthen the Group and return the business to growth.

Nick Shepherd
Executive Chairman

17th February 2011

Enquiries:

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Executive Chairman

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Russell Cook / Carl Holmes

UNAUDITED CONSOLIDATED INCOME STATEMENT

	6 months to 30 November 2010 £'000	6 months to 30 November 2009 £'000	Year to 31 May 2010 £'000
Revenue	3,618	3,833	7,443
Cost of sales	(2,070)	(2,119)	(4,392)
Gross profit	<u>1,548</u>	<u>1,714</u>	<u>3,051</u>
Other operating expenses	(1,662)	(1,682)	(3,305)
Operating (loss)/profit	<u>(114)</u>	<u>32</u>	<u>(254)</u>
Finance costs	(4)	5	4
(Loss)/Profit before tax	<u>(118)</u>	<u>37</u>	<u>(250)</u>
Tax (expense)/credit	(18)	(12)	(191)
(Loss)/Profit for the period attributable to the equity shareholders of the parent	<u>(136)</u>	<u>25</u>	<u>(441)</u>
Other comprehensive (expense)/income			
Translation differences on overseas operations	(14)	-	28
Total comprehensive (expense)/income for the period	<u><u>(150)</u></u>	<u><u>25</u></u>	<u><u>(413)</u></u>
Basic and diluted earnings per share	2	(0.13)p	0.02p
		(0.40)p	

All amounts relate to continuing operations.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Capital Reserve £000	Retained Earnings £000	Total £000
Balance at 31 May 2009	273	633	300	2,754	3,960
Total comprehensive income for the period	-	-	-	25	25
Balance at 30 November 2009	<u>273</u>	<u>633</u>	<u>300</u>	<u>2,779</u>	<u>3,985</u>
Total comprehensive expense for the period	-	-	-	(438)	(438)
Balance at 31 May 2010	<u>273</u>	<u>633</u>	<u>300</u>	<u>2,341</u>	<u>3,547</u>
Total comprehensive expense for the period	-	-	-	(150)	(150)
Balance at 30 November 2010	<u><u>273</u></u>	<u><u>633</u></u>	<u><u>300</u></u>	<u><u>2,191</u></u>	<u><u>3,397</u></u>

UNAUDITED CONSOLIDATED BALANCE SHEET

	30 November 2010 £'000	30 November 2009 £'000	31 May 2010 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,600	1,566	1,603
Intangible assets	775	636	733
Deferred tax asset	156	313	156
	<u>2,531</u>	<u>2,515</u>	<u>2,492</u>
Current assets			
Inventories	1,100	1,212	1,300
Trade receivables	1,020	1,303	1,578
Other receivables	149	174	176
Cash and cash equivalents	379	420	25
	<u>2,648</u>	<u>3,109</u>	<u>3,079</u>
Total assets	<u><u>5,179</u></u>	<u><u>5,624</u></u>	<u><u>5,571</u></u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	217	178	199
Current liabilities			
Trade payables	924	712	959
Other payables	641	749	866
	<u>1,565</u>	<u>1,461</u>	<u>1,825</u>
Total liabilities	<u>1,782</u>	<u>1,639</u>	<u>2,024</u>
Net assets	<u><u>3,397</u></u>	<u><u>3,985</u></u>	<u><u>3,547</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	273	273	273
Share premium account	633	633	633
Capital reserve	300	300	300
Retained earnings	2,191	2,779	2,341
Total equity	<u><u>3,397</u></u>	<u><u>3,985</u></u>	<u><u>3,547</u></u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	6 months to 30 November 2010 £'000	6 months to 30 November 2009 £'000	Year to 31 May 2010 £'000
Cash flows from operating activities			
(Loss)/profit before tax	(118)	37	(250)
<i>Adjustments for:</i>			
Finance charges	4	-	(4)
Depreciation and amortisation	188	212	439
Foreign exchange difference	(13)	-	28
Decrease/(increase) in inventories	200	122	34
Decrease/(increase) in trade receivables	559	396	130
Decrease in other receivables	26	49	53
(Decrease)/increase in trade payables	(35)	(33)	214
Decrease in other payables	(225)	(386)	(284)
Net cash generated from operating activities	<u>586</u>	<u>397</u>	<u>360</u>
Cash flows from investing activities			
Interest received	-	-	5
Purchase of tangible fixed assets	(35)	(21)	(122)
Purchase of intangible assets	(193)	(225)	(486)
Net cash used in investing activities	<u>(228)</u>	<u>(246)</u>	<u>(603)</u>
Cash flows from financing activities			
Interest paid	(4)	-	(1)
Net cash generated from financing activities	<u>(4)</u>	<u>-</u>	<u>(1)</u>
Net movement in cash and cash equivalents	354	151	(244)
Cash and cash equivalents at beginning of period	<u>25</u>	<u>269</u>	<u>269</u>
Cash and cash equivalents at end of period	<u><u>379</u></u>	<u><u>420</u></u>	<u><u>25</u></u>

NOTES TO THE UNAUDITED INTERIM REPORT

1. BASES OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union (“IFRS”) and expected to be effective at the year end of 31 May 2011. The accounting policies are unchanged from the financial statements for the year ended 31 May 2010.

The information set out in this interim report for the six months ended 30 November 2010 does not comprise statutory accounts within the meaning of section 434 of The Companies Act 2006. The results for the period ended 31 May 2010 are based on the published accounts for that period on which the auditors gave a report which did not contain statements under section 498 of the Companies Act 2006. The accounts for the period ended 31 May 2010 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 17 February 2011.

2. EARNINGS PER SHARE

The earnings per share for the six months ended 30 November 2010 is based on the Group loss on ordinary activities after taxation of £136,000 (2009: profit £25,000) attributed to the weighted average of 109,146,176 Ordinary Shares (2009: 109,146,746), being the weighted average number of shares in issue.

INDEPENDENT REVIEW REPORT TO FEEDBACK PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 November 2010 which comprises the Consolidated Income Statement, the Consolidated Statement of Total Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the Notes to the Unaudited Interim Report. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of meeting the requirements of the AIM Rules for Companies and for no other purpose. We do not, therefore, 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.

Directors’ Responsibilities

The interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee (“IFRIC”) pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee (“IFRIC”) pronouncements, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the interim financial 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 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.

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 interim financial report for the six months ended 30 November 2010 is not prepared, in all material respects, in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union, and the AIM Rules for Companies.

haysmacintyre

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21st February 2011