



FEEDBACK PLC

INTERIM REPORT

CHAIRMAN'S STATEMENT

Core operating profits show a welcome improvement over those for the previous comparable period. Total operating profits were substantially impacted by a number of extraordinary items consequent upon the placing in July last year and the arrangements with the PPF and the sale of the company's freehold property in Park Road, Crowborough.

With a number of legacy issues behind us, management is now able to focus on developing our two principal businesses, Feedback Instruments and Feedback Data, both of which enjoy significant market positions. Although much remains to be done these results are encouraging and your board looks forward to the future with optimism.

Michael Burt
Chairman

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 2007 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 Company 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 2007 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.

Baker Tilly UK Audit LLP

Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

27 February 2008

FEEDBACK PLC
INTERIM REPORT
UNAUDITED CONSOLIDATED INCOME STATEMENT

	Note	6 months to 30 November 2007 £'000	Restated 6 months to 30 September 2006 £'000	Restated 14 months to 31 May 2007 £'000
Revenue		4,704.7	4,177.9	9,639.4
Cost of sales		(2,778.5)	(2,548.4)	(5,534.8)
Gross profit		1,926.2	1,629.5	4,104.6
Other operating expenses		(1,582.4)	(1,530.8)	(3,782.0)
Operating profit		343.8	98.7	322.6
Profit on sale of fixed asset		87.2	-	307.6
Reorganisation costs		(142.4)	(153.0)	(763.9)
Gain on cancellation of loan		402.7	-	-
		691.3	(54.3)	(133.7)
Finance costs		(5.1)	(232.4)	(391.2)
Profit / (loss) before tax		686.2	(286.7)	(524.9)
Tax expense		592.4	(0.3)	(2.9)
Profit /(loss) for the period attributable to the equity shareholders of the parent		1,278.6	(287.0)	(527.8)
Basic earnings/(loss) per share	2	1.80p	(2.32)p	(3.46)p
Diluted earnings/(loss) per share	2	1.73p	(2.32)p	(3.46p)

All activities are classed as continuing.

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	6 months to 30 November 2007 £'000	Restated 6 months to 30 September 2006 £'000	Restated 14 months to 31 May 2007 £'000
Fair value gains net of tax:			
- actuarial (loss)/gain on retirement benefit obligations	-	(102.0)	20.0
Currency translation differences	(39.7)	50.4	22.9
Profit / (loss) for the period	1,278.6	(287.0)	(527.8)
Total recognised income/(expense) for the period attributable to the company's equity shareholders	1,238.9	(338.6)	(484.9)

FEEDBACK PLC
INTERIM REPORT
UNAUDITED CONSOLIDATED BALANCE SHEET

	30 November 2007 £'000	Restated 30 September 2006 £'000	Restated 31 May 2007 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	35.0	39.7	59.9
Intangible assets	1,065.5	1,077.3	1,086.2
Deferred tax asset	564.9	-	-
	<u>1,665.4</u>	<u>1,117.0</u>	<u>1,146.1</u>
Current assets			
Inventories	1,279.3	885.9	1,179.5
Trade and other receivables	2,809.8	2,464.5	2,630.9
Cash and cash equivalents	1,276.9	96.2	486.4
	<u>5,366.0</u>	<u>3,446.6</u>	<u>4,296.8</u>
Non current asset held for sale	-	658.2	-
Total assets	<u><u>7,031.4</u></u>	<u><u>5,221.8</u></u>	<u><u>5,442.9</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	206.2	1,234.5	1,761.2
Share premium account	-	409.8	936.6
Revaluation reserve	-	595.6	-
Capital reserve	299.9	299.9	299.9
Retained earnings	(3,530.1)	(9,379.3)	(8,906.0)
Total equity	<u>(3,024.0)</u>	<u>(6,839.5)</u>	<u>(5,908.3)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	-	535.3	505.5
Deferred tax liabilities	298.3	323.2	325.8
Retirement benefit obligations	6,794.1	8,257.0	7,974.4
	<u>7,092.4</u>	<u>9,115.5</u>	<u>8,805.7</u>
Current liabilities			
Borrowings	385.0	1,070.8	414.8
Trade and other payables	2,578.0	1,875.0	2,130.7
	<u>2,963.0</u>	<u>2,945.8</u>	<u>2,545.5</u>
Total liabilities	<u>10,055.4</u>	<u>12,061.3</u>	<u>11,351.2</u>
Total equity and liabilities	<u><u>7,031.4</u></u>	<u><u>5,221.8</u></u>	<u><u>5,442.9</u></u>

FEEDBACK PLC
INTERIM REPORT
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	6 months to 30 November 2007 £'000	Restated 6 months to 30 September 2006 £'000	Restated 14 months to 31 May 2007 £'000
Cash flows from operating activities			
Profit / (loss) before tax	686.2	(286.7)	(524.9)
<i>Adjustments for:</i>			
Cash flows in respect of exceptional reorganisation costs	-	-	30.7
Finance charges	5.1	232.4	391.2
Depreciation and amortisation	230.6	243.8	557.6
Foreign exchange difference	(39.7)	-	(46.8)
Increase in inventories	(99.8)	114.4	(179.3)
Increase in trade and other receivables	(178.9)	(848.2)	(110.0)
Increase in trade and other payables	448.3	424.7	345.3
Pension contributions paid	(734.9)	(209.0)	(486.6)
Share option charge	10.5	-	-
Loan written back	(402.7)	-	-
	<hr/>	<hr/>	<hr/>
Cash generated in operations	(75.3)	(328.6)	(22.8)
Tax paid	-	-	-
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(75.3)	(328.6)	(22.8)
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Interest received	-	-	3.7
Purchase of tangible fixed assets	(9.1)	-	(32.2)
Proceeds from sale of tangible fixed assets	-	-	50.0
Purchase of intangible assets	(175.9)	(227.7)	(504.4)
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(185.0)	(227.7)	(482.9)
	<hr/>	<hr/>	<hr/>
Cash flows from financing activities			
Issue of ordinary shares	1,085.7	-	-
Interest paid	(5.1)	(17.4)	(50.9)
Repayments bank and other loans	-	(15.0)	(32.5)
Capital element of finance leases and rental payments	(16.1)	-	(8.1)
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	1,064.5	(32.4)	(91.5)
	<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents	804.2	(588.7)	(597.2)
Cash and cash equivalents at beginning of period	87.7	684.9	684.9
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	891.9	96.2	87.7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FEEDBACK PLC**NOTES TO THE UNAUDITED INTERIM REPORT**

1. SUMMARY OF ACCOUNTING POLICIES

As explained below the group will be presenting its financial statements in accordance with IFRS for the first time in the 31 May 2008 full year financial statements. Set out below are the accounting policies that differ from the full financial statements prepared at 31 May 2007 that management expect to apply in the 31 May 2008 IFRS-compliant full year financial statements.

(a) Basis of preparation

These interim consolidated financial statements are for the six months ended 30 November 2007. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted for the year ended 31 May 2008, with the exception of IAS 19 "Employee Benefits". As disclosed in the May 2007 Annual Report and Accounts, an actuarial valuation of the Feedback Pension Scheme (a defined benefit scheme) was carried out as at 28 February 2007 and that valuation, amended to reflect payments made between February and May 2007, was used to represent the liability in the balance sheets of the Group and of the Company. The directors are of the opinion that this treatment gives a true valuation at the balance sheet date of 30th November 2007, given the successful negotiation of an agreement with the Pension Regulator and the Pension Protection Fund. Consequently, the actuarial valuation at 28 February 2007 has been used, amended to reflect payments made to the Scheme after that date, including those made under the terms of the Company Voluntary Arrangement which was approved by shareholders on 2 July 2007.

Feedback plc's consolidated financial statements were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) until 31 May 2007. UK GAAP differs in some areas from IFRS. In preparing the consolidated interim financial statements, management has amended certain accounting methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's equity and its net income and cash flows are provided in Note 4.

These consolidated interim financial statements have been prepared under the historical cost convention.

The Group changed its Accounting Reference Date from 31 March to 31 May with effect from 31 May 2007. Consequently the period under review is for the six months ended 30 November 2007, whilst the comparative figures are for the six months ended 30 September 2006 and the fourteen months ended 31 May 2007. It was not considered necessary to restate the comparative interim period to 30 November 2006 as it was impracticable to do so and given the business is not cyclical, the period to 30 November 2006 was not considered to be any more comparable.

The information set out in this interim report for the six months ended 30 November 2007 does not comprise statutory accounts within the meaning of section 240 of The Companies Act 1985. The results for the period ended 31 May 2007 are based on the published accounts for that period on which the auditors gave a report which did not contain statements under section 237(2) or (3) of the Companies Act 1985. The auditors included an emphasis of matter paragraph in relation to going concern in their report but their opinion was not qualified in this respect. The accounts for the period ended 31 May 2007 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 27 February 2008.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**(b) Research and development**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets are amortised on a straight-line basis over a period of 36 months.

(c) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

(d) Employee share options

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

FEEDBACK PLC
NOTES TO THE UNAUDITED INTERIM REPORT
4(a). RECONCILIATION OF EQUITY AT 1 APRIL 2006

	UK GAAP £'000	Adjustments £'000	IFRS £'000
ASSETS			
Non-current assets			
Property, plant and equipment	714.9	(664.9)	50.0
Intangible assets	-	1,076.3	1,076.3
	<u>714.9</u>	<u>411.4</u>	<u>1,126.3</u>
Current assets			
Inventories	1,000.3	-	1,000.3
Trade and other receivables	1,616.3	-	1,616.3
Cash and cash equivalents	805.7	-	805.7
	<u>3,422.3</u>	<u>-</u>	<u>3,422.3</u>
Non-current asset held for sale	<u>-</u>	<u>664.9</u>	<u>664.9</u>
Total assets	<u><u>4,137.2</u></u>	<u><u>1,076.3</u></u>	<u><u>5,213.5</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	1,234.5	-	1,234.5
Share premium account	409.9	-	409.9
Revaluation reserve	595.6	-	595.6
Capital reserve	299.9	-	299.9
Retained earnings	(9,794.2)	753.4	(9,040.8)
Total equity	<u>(7,254.3)</u>	<u>753.4</u>	<u>(6,500.9)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	579.0	-	579.0
Deferred tax liabilities	-	322.9	322.9
Retirement benefit obligations	8,233.0	-	8,233.0
	<u>8,812.0</u>	<u>322.9</u>	<u>9,134.9</u>
Current liabilities			
Borrowings	1,132.1	-	1,132.1
Trade and other payables	1,447.4	-	1,447.4
	<u>2,579.5</u>	<u>-</u>	<u>2,579.5</u>
Total liabilities	<u>11,391.5</u>	<u>322.9</u>	<u>11,714.4</u>
Total equity and liabilities	<u><u>4,137.2</u></u>	<u><u>1,076.3</u></u>	<u><u>5,213.5</u></u>

4(b). RECONCILIATION OF NET INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	UK GAAP £'000	Adjustments £'000	IFRS £'000
Revenue	4,177.9	-	4,177.9
Cost of sales	(2,548.4)	-	(2,548.4)
	<u>1,629.5</u>	<u>-</u>	<u>1,629.5</u>
Gross profit			
Other operating expenses	(1,509.8)	(21.0)	(1,530.8)
	<u>119.7</u>	<u>(21.0)</u>	<u>98.7</u>
Operating profit before reorganisation costs			
Reorganisation costs	(153.0)	-	(153.0)
	<u>(33.3)</u>	<u>(21.0)</u>	<u>(54.3)</u>
OPERATING PROFIT			
Finance costs	(232.4)	-	(232.4)
	<u>(265.7)</u>	<u>(21.0)</u>	<u>(286.7)</u>
Loss before tax			
Tax expense	-	(0.3)	(0.3)
	<u>(265.7)</u>	<u>(21.3)</u>	<u>(287.0)</u>
Loss for the period	<u><u>(265.7)</u></u>	<u><u>(21.3)</u></u>	<u><u>(287.0)</u></u>

FEEDBACK PLC
NOTES TO THE UNAUDITED INTERIM REPORT
4(c). RECONCILIATION OF EQUITY AT 30 SEPTEMBER 2006

	UK GAAP £'000	Adjustments £'000	IFRS £'000
ASSETS			
Non-current assets			
Property, plant and equipment	697.9	(658.2)	39.7
Intangible assets	-	1,077.3	1,077.3
	<u>697.9</u>	<u>419.1</u>	<u>1,117.0</u>
Current assets			
Inventories	885.9	-	885.9
Trade and other receivables	2,464.5	-	2,464.5
Cash and cash equivalents	96.2	-	96.2
	<u>3,446.6</u>	<u>-</u>	<u>3,446.6</u>
Non-current asset held for sale	<u>-</u>	<u>658.2</u>	<u>658.2</u>
Total assets	<u><u>4,144.5</u></u>	<u><u>1,077.3</u></u>	<u><u>5,221.8</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	1,234.5	-	1,234.5
Share premium account	409.8	-	409.8
Revaluation reserve	595.6	-	595.6
Capital reserve	299.9	-	299.9
Retained earnings	(10,111.5)	732.2	(9,379.3)
Total equity	<u>(7,571.7)</u>	<u>732.2</u>	<u>(6,839.5)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	535.3	-	535.3
Deferred tax liabilities	-	323.2	323.2
Retirement benefit obligations	8,257.0	-	8,257.0
	<u>8,792.3</u>	<u>323.2</u>	<u>9,115.5</u>
Current liabilities			
Borrowings	1,070.8	-	1,070.8
Trade and other payables	1,853.1	21.9	1,875.0
	<u>2,923.9</u>	<u>21.9</u>	<u>2,945.8</u>
Total liabilities	<u>11,716.2</u>	<u>345.1</u>	<u>12,061.3</u>
Total equity and liabilities	<u><u>4,144.5</u></u>	<u><u>1,077.3</u></u>	<u><u>5,221.8</u></u>

FEEDBACK PLC
NOTES TO THE UNAUDITED INTERIM REPORT

4(d). RECONCILIATION OF NET INCOME FOR THE PERIOD ENDED 31 MAY 2007

	UK GAAP £'000	Adjustments £'000	IFRS £'000
Revenue	9,639.4	-	9,639.4
Cost of sales	(5,534.8)	-	(5,534.8)
	<u>4,104.6</u>	<u>-</u>	<u>4,104.6</u>
Gross profit	4,104.6	-	4,104.6
Other operating expenses	(3,779.0)	(3.0)	(3,782.0)
	<u>325.6</u>	<u>(3.0)</u>	<u>322.6</u>
Operating profit	325.6	(3.0)	322.6
Profit on sale of fixed asset	307.6	-	307.6
Reorganisation costs	(763.9)	-	(763.9)
	<u>(130.7)</u>	<u>(3.0)</u>	<u>(133.7)</u>
Finance costs	(391.2)	-	(391.2)
Loss before tax	(521.9)	(3.0)	(524.9)
Tax expense	-	(2.9)	(2.9)
Loss for the period	<u>(521.9)</u>	<u>(5.9)</u>	<u>(527.8)</u>

FEEDBACK PLC
NOTES TO THE UNAUDITED INTERIM REPORT
4(e). RECONCILIATION OF EQUITY AT 31 MAY 2007

	UK GAAP £'000	Adjustments £'000	IFRS £'000
ASSETS			
Non-current assets			
Property, plant and equipment	59.9	-	59.9
Intangible assets	-	1,086.2	1,086.2
	<u>59.9</u>	<u>1,086.2</u>	<u>1,146.1</u>
Current assets			
Inventories	1,179.5	-	1,179.5
Trade and other receivables	2,630.9	-	2,630.9
Cash and cash equivalents	486.4	-	486.4
	<u>4,296.8</u>	<u>-</u>	<u>4,296.8</u>
Total assets	<u><u>4,356.7</u></u>	<u><u>1,086.2</u></u>	<u><u>5,442.9</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	1,761.2	-	1,761.2
Share premium account	936.6	-	936.6
Revaluation reserve	-	-	-
Capital reserve	299.9	-	299.9
Retained earnings	(9,653.5)	747.5	(8,906.0)
Total equity	<u><u>(6,655.8)</u></u>	<u><u>747.5</u></u>	<u><u>(5,908.3)</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	505.5	-	505.5
Deferred tax liabilities	-	325.8	325.8
Retirement benefit obligations	7,974.4	-	7,974.4
	<u>8,479.9</u>	<u>325.8</u>	<u>8,805.7</u>
Current liabilities			
Borrowings	414.8	-	414.8
Trade and other payables	2,117.8	12.9	2,130.7
	<u>2,532.6</u>	<u>12.9</u>	<u>2,545.5</u>
Total liabilities	<u><u>11,012.5</u></u>	<u><u>338.7</u></u>	<u><u>11,351.2</u></u>
Total equity and liabilities	<u><u>4,356.7</u></u>	<u><u>1,086.2</u></u>	<u><u>5,442.9</u></u>

4(f). RECONCILIATION OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	UK GAAP £'000	Adjustments £'000	IFRS £'000
Cash flows from operating activities			
Loss before tax	(265.7)	(21.0)	(286.7)
<i>Adjustments for:</i>			
Finance charges	232.4	-	232.4
Depreciation and amortisation	17.0	226.8	243.8
Decrease in inventories	114.4	-	114.4
Increase in trade and other receivables	(848.2)	-	(848.2)
Increase in trade and other payables	402.8	21.9	424.7
Pension contributions paid	(209.0)	-	(209.0)
	<u>(556.3)</u>	<u>227.7</u>	<u>(328.6)</u>
Cash used in operations	(556.3)	227.7	(328.6)
Tax paid	-	-	-
	<u>(556.3)</u>	<u>227.7</u>	<u>(328.6)</u>
Cash flows from investing activities			
Purchase of intangible assets	-	(227.7)	(227.7)
	<u>-</u>	<u>(227.7)</u>	<u>(227.7)</u>
Net cash used in investing activities	-	(227.7)	(227.7)
Cash flows from financing activities			
Interest paid	(17.4)	-	(17.4)
Repayments bank and other loans	(15.0)	-	(15.0)
	<u>(32.4)</u>	<u>-</u>	<u>(32.4)</u>
Net cash used in financing activities	(32.4)	-	(32.4)
Net decrease in cash and cash equivalents	(588.7)	-	(588.7)
Cash and cash equivalents at beginning of period	684.9	-	684.9
	<u>96.2</u>	<u>-</u>	<u>96.2</u>
Cash and cash equivalents at end of period	<u><u>96.2</u></u>	<u><u>-</u></u>	<u><u>96.2</u></u>

FEEDBACK PLC
NOTES TO THE UNAUDITED INTERIM REPORT
4(g). RECONCILIATION OF CASH FLOWS FOR THE PERIOD ENDED 31 MAY 2007

	UK GAAP £'000	Adjustments £'000	IFRS £'000
Cash flows from operating activities			
Loss before tax	(521.9)	(3.0)	(524.9)
<i>Adjustments for:</i>			
Cash flows in respect of exception reorganisation costs	30.7	-	30.7
Finance charges	391.2	-	391.2
Depreciation and amortisation	63.1	494.5	557.6
Foreign exchange difference	(46.8)	-	(46.8)
Increase in inventories	(179.3)	-	(179.3)
Increase in trade and other receivables	(110.0)	-	(110.0)
Increase in trade and other payables	332.4	12.9	345.3
Pension contributions paid	(486.6)	-	(486.6)
Cash used in operations	(527.2)	504.4	(22.8)
Tax paid	-	-	-
Net cash used in operating activities	(527.2)	504.4	(22.8)
Cash flows from investing activities			
Interest received	3.7	-	3.7
Purchase of tangible fixed assets	(32.2)	-	(32.2)
Proceeds from sale of tangible fixed assets	50.0	-	50.0
Purchase of intangible assets	-	(504.4)	(504.4)
Net cash used in investing activities	21.5	(504.4)	(482.9)
Cash flows from financing activities			
Interest paid	(50.9)	-	(50.9)
Repayments bank and other loans	(32.5)	-	(32.5)
Capital element of finance leases and rental payments	(8.1)	-	(8.1)
Net cash used in financing activities	(91.5)	-	(91.5)
Net decrease in cash and cash equivalents	(597.2)	-	(597.2)
Cash and cash equivalents at beginning of period	684.9	-	684.9
Cash and cash equivalents at end of period	87.7	-	87.7

5. UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 months to 30 November 2007 £'000	Restated 6 months to 30 September 2006 £'000	Restated 14 months to 31 May 2007 £'000
Profit attributable to shareholders	1,278.6	(287.0)	(527.8)
Other recognised gains and losses relating to the period	(39.7)	(51.6)	42.9
Issue of shares	1,634.9	-	-
Conversion of preference shares	-	-	1,053.4
Preference share issue costs	-	-	24.1
Change in share-based payment reserve	10.5	-	-
	<u>2,884.3</u>	<u>(338.6)</u>	<u>592.6</u>
Movement in period	2,884.3	(338.6)	592.6
Opening shareholders' funds	(5,908.3)	(6,500.9)	(6,500.9)
	<u>(3,024.0)</u>	<u>(6,839.5)</u>	<u>(5,908.3)</u>
Closing shareholders' funds	(3,024.0)	(6,839.5)	(5,908.3)

6. POST BALANCE SHEET EVENTS

As noted in the 31 May 2007 accounts, after lengthy and complex negotiations with the Trustees of the Feedback Pension Scheme, The Pensions Regulator and the Pension Protection Fund (PPF) an agreement was reached whereby responsibility for the deficit was assumed by the PPF in return for certain conditions being met. A formal Company Voluntary Arrangement (CVA) was announced under which all creditors other than the PPF were to be paid in full. As part of this agreement, the Group would pay the PPF £1,200,000 (£700,000 from the proceeds of a £1,400,000 placing and £500,000 after vacation of the Park Road premises) plus provide shares totalling 18% of the enlarged share capital after restructuring. The CVA and restructuring was agreed at meetings of shareholders and creditors held on 2 July 2007. The £700,000 payment and the issue of shares was made to the PPF during July 2007.

Legal completion of the sale of the Park Road premises took place on 21 December 2007 and on the same day the final payment of £500,000 was made to the Pension Protection Fund (PPF). The company was formally released from the CVA on 11 February 2008. The following pro-forma Balance Sheet is for illustrative purposes only. If the above events had taken place on 30 November 2007 the table shows how the Balance Sheet would have changed.

	Unaudited Actual 30 November 2007 £'000	Unaudited Pro-forma 30 November 2007 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	35.0	35.0
Intangible assets	1,065.5	1,065.5
Deferred tax asset	564.9	564.9
	<u>1,665.4</u>	<u>1,665.4</u>
Current assets		
Inventories	1,279.3	1,279.3
Trade and other receivables	2,809.8	1,817.6
Cash and cash equivalents	1,276.9	1,413.3
	<u>5,366.0</u>	<u>4,510.2</u>
Total assets	<u>7,031.4</u>	<u>6,175.6</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	298.3	298.3
Retirement benefit obligations	6,794.1	-
	<u>7,092.4</u>	<u>298.3</u>
Current liabilities		
Borrowings	385.0	29.2
Trade and other payables	2,578.0	2,578.0
	<u>2,963.0</u>	<u>2,607.2</u>
Total liabilities	<u>10,055.4</u>	<u>2,905.5</u>
NET (LIABILITIES)/ASSETS	<u>(3,024.0)</u>	<u>3,270.1</u>