

Feedback plc

Update on Pension Scheme and Current Trading

As previously reported, as at 30 September 2006 the Company had an FRS 17 liability on its pension scheme of £8,257,000. Based on a provisional actuarial valuation of the fund, carried out at 31 March 2006, there is a deficit of £17,100,000 on a buy-out basis. The Directors are in regular contact with the pension fund trustees and have continued to take appropriate professional advice with a view to addressing the pension scheme deficit. The process is not yet complete and the outcome remains uncertain. Nevertheless the Board believes that it should provide an update to shareholders.

The Board and its professional advisers are currently working on a proposal which is intended to address the pension scheme deficit. Whilst the actual terms of the proposal are yet to be agreed, the Board expects that the Company will need to undertake an equity fund raising as part of the process.

The Group is currently operating within its banking facilities which the directors have agreed with the Group's bankers to the normal renewal date of 31 March 2007. The Directors remain of the view that there is no reason why the overdraft facilities will not be renewed after that date.

Update on current trading

The Board is pleased to announce that the current order book at each of the Group's subsidiaries is ahead of their expectations and the Group has experienced an improved trading performance during the current financial year.

Restructuring and the relocation of all operations onto one site, in preparation for the move to a new building following the sale of the freehold premises in Crowborough has hindered output. However the Board considers that the move to more appropriate accommodation will benefit the Group.

Preference Shares

Under the terms of the Articles of Association of the Company, the Company is required to redeem the Preference Shares on 31 March 2007 ("Redemption Date"). The Company will this week be notifying holders of Preference Shares that it is currently unable to lawfully redeem any of the Preference Shares on the Redemption Date due to the continued lack of distributable reserves.

A further announcement will be made in due course.

1 March 2007

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