

# TANGENT COMMUNICATIONS PLC

Tangent Communications plc (“Tangent” or the “Company”)

Results for the half-year ended 31 August 2008

18 November 2008

Tangent combines technology, marketing strategy and creativity to increase our clients’ customer engagement and revenue through direct mail, web, email, mobile and print.

## Financial Highlights

- Total revenue up 1% to £8.84m (2007: £8.74m)
- Revenue outside property sector up 26%
- Underlying operating profit down 28% to £1.01m (2007: £1.41m)
- Underlying operating margin 11.4% (2007: 16.1%)
- Underlying basic earnings per share down 35% to 0.46p (2007: 0.71p)
- Cash from operations £0.74m (2007: £1.39m)
- Net funds of £2.33m (2007: £2.31m)
- Dividend of £0.33m paid in period

## Operational Highlights

- Restructured the company into five new operational divisions and brands
- Completed work transfer programme
- Relocated London and Cheltenham offices

## Commenting on the first half-year, Nicholas Green, Joint CEO, said:

“During the first half of the year we have re-organised the business into five brands, completed our work transfer programme, relocated our businesses in London and Cheltenham and reduced our production headcount. All of our businesses traded profitably during the first half and generated positive cash flow. Whilst our exposure to the property sector has reduced short term profits, in the other parts of our business sales grew by 26%. Tangent has £2.3m in net cash and I believe that the company is better positioned today because of the changes we have made in the first half-year and in the long term will benefit from the opportunities that will arise.”

## Further Enquiries:

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Nicholas Green (Joint CEO)  
Graeme Harris (Finance Director)

**Collins Stewart**  
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These half-yearly results can also be viewed on the Tangent Communications plc website:  
[www.tangentplc.com](http://www.tangentplc.com)

# **TANGENT COMMUNICATIONS PLC**

## **Joint Chief Executives' Statement**

During the first half of the year we have re-organised the business into five brands, each of which has been specifically developed to service the identified needs of clients. We have also completed our work transfer programme, relocated our businesses in London and Cheltenham and reduced our production costs.

The group is now positioned into the following brands:

### **Tangent Communications plc ([www.tangentplc.com](http://www.tangentplc.com))**

Tangent Communications plc is the holding company, linking together all our brands and providing the confidence of a financially strong group.

### **Tangent Direct ([www.tangentdirect.co.uk](http://www.tangentdirect.co.uk))**

The Tangent Direct brand covers two business lines linked together by our large digital print facility in Newcastle and technical teams in London and Cheltenham.

Our direct communications business services two of today's fastest growing marketing disciplines. The first is local marketing, specifically helping global and national corporations to drive brand engagement, footfall and revenue at a local level. Our solution is built around a web interface that enables the customisation of highly bespoke local marketing collateral which is then printed and distributed from our facility in Newcastle.

The second discipline is data driven direct marketing. It involves the integration of customer and prospect data with creative content to produce personalised communication across digital print, email and SMS.

Both solutions are underpinned by the same proprietary technology and clients include Gala Coral, Greene King, Procter & Gamble and Wolseley.

The strength of the business is the complete service it provides. Whereas the majority of our competitors provide singular offerings, Tangent Direct offers an end to end service from design through to fulfilment. Our clients don't have to overcome the significant barrier of organising multiple businesses to work together for one objective because we cover the entire journey.

The opportunity is driven by the current economic climate. Marketers are moving spend from traditional above the line propositions such as TV and press and are under increasing pressure to deliver greater efficiency and accountability. Tangent Direct is well placed to service this need and our experience provides live case studies that clearly demonstrate cost savings for clients.

**Ravensworth ([www.ravensworth.co.uk](http://www.ravensworth.co.uk))** is our direct marketing business to the property sector. Today it is experiencing a difficult time; however the brand remains market leading and significantly bigger than all of its competitors, and the business remains profitable. Ravensworth primarily prints sales particulars for estate agents; however it is also a market leader in the production of HIP packs.

The strength of the business is its brand and its large client base. It is seen as stable and dependable by its clients compared to its smaller competitors.

The opportunity is that when the market revives some competitors are likely to have gone out of business and Ravensworth's market share will increase. As demonstrated by last year's performance, when the market revives Ravensworth is a highly profitable business (15% operating margin last year) and generates strong cash flow.

### **Tangent One ([www.tangentone.com](http://www.tangentone.com))**

Tangent One is our digital agency, offering full service web marketing including websites, e-commerce, search and email marketing. Tangent One is built around Tangent's proprietary technology platform named Taobase that provides complete management and control from a single, fully customisable infrastructure. Tangent One has recently invested in a business analytics service that interrogates customer data to generate insights that can be used to produce more personalised and effective marketing messages.

## **TANGENT COMMUNICATIONS PLC**

The strength of the business is our proprietary technology that gives us absolute control over its customisation to specific client needs, and is a clear and valued point of differentiation from our competitors.

The opportunity today is driven by the combination of the current trends in marketing spend and our technology led approach. Clients are seeking more accountable solutions and are seeking lower cost options than those offered by the large traditional agencies. This combined with our in-house technical approach is opening up new and larger opportunities.

### **T/OD (Tangent On Demand) ([www.toduk.com](http://www.toduk.com))**

T/OD is our on demand digital print business that caters to the increasing demand from large organisations for more professional and customised documents to support business activity. For such organisations, in-house or traditional copier based solutions are becoming less attractive.

T/OD's strength is its heritage, with a portfolio of clients that is both long standing and market leading. In professional services these include KPMG; in retail, Monsoon; in automotive, Nissan and Ford; in fashion, Giorgio Armani, DKNY and Matthew Williamson. T/OD is also a leading supplier to the advertising industry, with clients including the WPP Group, IRIS and Saatchi & Saatchi.

Our new opportunity is its new location in London's West End. Surrounded by the agency community and fashion brands, we believe that T/OD has the most comprehensive and accessible list of on demand print services currently available in central London.

### **Tangent Labs ([www.tangentlabs.co.uk](http://www.tangentlabs.co.uk))**

Tangent Labs is the technology development centre for Tangent. In addition to developing customer solutions for Tangent Direct and Tangent One, Tangent Labs is where all the creative and technical solutions for our SAP business are developed and deployed.

The strength of the business is a combination of its proprietary technology and talented people. Innovation and vision are the key to driving new ways to deliver more efficient solutions.

The opportunity is created through a powerful and flexible framework built on open source technologies. This allows us to develop scalable, robust, enterprise-ready solutions rapidly and cost effectively.

In addition the ZUI brand ([www.zui.com](http://www.zui.com)) is owned 50% by Tangent and sits alongside Tangent Labs. ZUI markets business software solutions to large corporates.

## **Work Transfer**

Our stated objective of moving our direct marketing print to Newcastle formed a large part of our operational focus in the first half of our year. We are pleased to confirm that this was completed by September 2008 with no negative client impact. This was a significant task and we would like to thank everyone who was involved.

There will be a number of ongoing benefits to our various stakeholders:

### *Reduced costs*

By centralising our marketing digital print facility, we now have more work and all suppliers managed under one roof. In the future this will ensure we have fewer duplicated costs and an enhanced buying position with our supplier base.

### *Increased services*

Through combining our plants (London and Newcastle), we now have a larger suite of services available under one roof and, as more clients visit our facility, it will be simpler and easier to sell and deliver from our wider range of services.

## **London and Cheltenham relocation**

In October Tangent moved its sales, technology and management operation to central London. This is important as the customer-facing brands Tangent Direct, T/OD and Tangent One are now located closer to their customers and competitors. Increasing their visibility, especially when the economic climate is uncertain, is very important and confirms Tangent's commitment to the market.

## TANGENT COMMUNICATIONS PLC

In Cheltenham we closed our digital production facility, transferred the work to Newcastle and as a result reduced our space and headcount requirements. In Cheltenham we run the Tangent Direct client help-desk and templating team as well as group finance support.

### **Revenue contribution from the property sector**

Last year was an exceptional year for the residential property market and the first half of that year was further boosted by the impending introduction of Home Information Packs (HIPs) because property listings were brought forward to avoid the fee associated with HIPs.

Like-for-like property sector revenues in the first half of this year were down 32% against the same period last year. However there was a significant difference between the first and second quarters. In the first quarter like-for-like property sales declined by 21% and in the second quarter by 43%.

The impact of the drop in revenue has affected not just the top line but also the group margin. The impact on gross margin is mainly due to the increased cost of delivery. Historically the average print order from an estate agent has significantly outweighed the cost of delivery. However, now that the average print order has reduced, the impact of the delivery charge from which Tangent makes little or no margin has increased and therefore reduced the overall margin of work within the business.

The outlook for this part of our business remains unclear. For the months of August, September and October property sector revenue was around 50% lower than in the prior year.

### **Revenue growth outside the property sector**

Revenue from outside the property sector grew by 26% in the first half. This was driven by a number of factors.

- We are seeing a marked increase in cross selling between the different business divisions.
- A substantial amount of the work Tangent does is centred on making our clients more money. In the case of Tangent Direct the work we do is almost entirely sales promotion. In the current climate this is critical and therefore the budgets being allocated to this work are in some cases increasing.
- New projects completed by Tangent One include a global community website for Reed, a website for PNO Media, a Dutch pension fund, and an integration project for Redwood for their e-commerce site.
- The Ravensworth sales team is now integrated into Tangent Direct and has won business from financial services and luxury product sectors.

Tangent is a much more integrated company today. The new sales message and central office location puts the business on a different footing and whilst the business climate does remain challenging we are confident that we have a team that has consistently delivered sales growth and they will work hard to maintain that record.

### **Dividends and cash balances**

In August Tangent paid its maiden dividend and as part of our review process we will confirm the proposed dividend for the year ending 28 February 2009 when Tangent announces its final results for this year.

The group's cash balances during the period were spread across accounts with HSBC and HBoS and this has continued to date.

### **Outlook**

The structural and brand changes made in the first half position Tangent well to meet future opportunities. Business outside the property sector continues to grow and our brand work has provided an enormous motivational and confidence boost to our staff.

Whilst our exposure to the property sector has reduced short term profits, all business units continue to be profitable, and Tangent remains a strong, cash-generative business.

# **TANGENT COMMUNICATIONS PLC**

Nicholas Green and Timothy Green  
18 November 2008

**TANGENT COMMUNICATIONS PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

	Notes	Six months ended 31 August 2008 (Unaudited) £000	Six months ended 31 August 2007 (Unaudited) £000	Year ended 29 February 2008 (Audited) £000
<b>Revenue</b>		<b>8,843</b>	8,740	17,361
Cost of sales		<b>(4,806)</b>	(4,523)	(9,277)
<b>Gross profit</b>		<b>4,037</b>	4,217	8,084
Operating expenses		<b>(3,026)</b>	(2,810)	(5,646)
<b>Underlying operating profit</b>		<b>1,011</b>	1,407	2,438
Group restructuring expenses	2	<b>(345)</b>	-	-
Share-based payment charge	3	<b>(206)</b>	(200)	(402)
<b>Operating profit</b>		<b>460</b>	1,207	2,036
Finance income		<b>47</b>	10	58
<b>Profit before tax</b>		<b>507</b>	1,217	2,094
Tax		<b>(206)</b>	(330)	(552)
<b>Profit for the period</b>		<b>301</b>	887	1,542
<b>Earnings per share (pence)</b>	4			
Basic		<b>0.18</b>	0.58	0.98
Diluted		<b>0.17</b>	0.52	0.88
Underlying basic		<b>0.46</b>	0.71	1.24
Underlying diluted		<b>0.43</b>	0.64	1.11

The results shown above relate to continuing operations and are attributable to equity shareholders of the company.

# TANGENT COMMUNICATIONS PLC

## CONSOLIDATED BALANCE SHEET

AT 31 AUGUST 2008

	31 August 2008 (Unaudited) £000	31 August 2007 (Unaudited) £000	29 February 2008 (Audited) £000
Notes			
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets - goodwill	14,961	14,463	14,961
Property, plant and equipment	1,600	1,400	1,638
	<b>16,561</b>	<b>15,863</b>	<b>16,599</b>
<b>Current assets</b>			
Inventories	170	102	95
Trade and other receivables	4,190	3,936	4,324
Cash and cash equivalents	2,526	2,610	2,664
	<b>6,886</b>	<b>6,648</b>	<b>7,083</b>
<b>Total assets</b>	<b>23,447</b>	<b>22,511</b>	<b>23,682</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	(74)	(116)	(90)
Trade and other payables	(3,135)	(3,085)	(3,391)
Current tax liabilities	(353)	(561)	(296)
Provisions	(166)	-	(167)
	<b>(3,728)</b>	<b>(3,762)</b>	<b>(3,944)</b>
<b>Non-current liabilities</b>			
Borrowings	(118)	(181)	(149)
Provisions	-	(500)	(166)
Deferred tax	(39)	(39)	(39)
	<b>(157)</b>	<b>(720)</b>	<b>(354)</b>
<b>Total liabilities</b>	<b>(3,885)</b>	<b>(4,482)</b>	<b>(4,298)</b>
<b>Net assets</b>	<b>19,562</b>	<b>18,029</b>	<b>19,384</b>
<b>Equity</b>			
Share capital	1,702	1,618	1,660
Share premium account	-	13,165	-
Merger reserve	918	7,430	459
Other reserves	2,815	2,909	3,108
Retained earnings/(losses)	14,127	(7,093)	14,157
<b>Total equity - attributable to equity shareholders of the company</b>	<b>19,562</b>	<b>18,029</b>	<b>19,384</b>

**TANGENT COMMUNICATIONS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

	Notes	Six months ended 31 August 2008 (Unaudited) £000	Six months ended 31 August 2007 (Unaudited) £000	Year ended 29 February 2008 (Audited) £000
<b>Net cash inflow from operations</b>				
Cash generated from operations	6	743	1,387	2,552
Interest paid		(8)	(17)	(29)
Tax paid		(160)	(115)	(591)
<b>Net cash inflow from operating activities</b>		<b>575</b>	<b>1,255</b>	<b>1,932</b>
<b>Investing activities</b>				
Payment of contingent consideration		(167)	-	(167)
Purchase of property, plant and equipment		(251)	(152)	(635)
Sale of property, plant and equipment		25	2	27
Interest received		55	27	87
Acquisition of subsidiary, net of cash acquired		-	(5,480)	(5,479)
<b>Net cash used in investing activities</b>		<b>(338)</b>	<b>(5,603)</b>	<b>(6,167)</b>
<b>Financing activities</b>				
Dividends paid	5	(329)	-	-
Repayment of borrowings		(46)	(147)	(206)
Proceeds from issue of shares, net of costs		-	5,771	5,771
<b>Net cash (used in)/inflow from financing activities</b>		<b>(375)</b>	<b>5,624</b>	<b>5,565</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(138)</b>	<b>1,276</b>	<b>1,330</b>
Cash and cash equivalents at beginning of period		2,664	1,334	1,334
<b>Cash and cash equivalents at end of period</b>		<b>2,526</b>	<b>2,610</b>	<b>2,664</b>

**TANGENT COMMUNICATIONS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Retained earnings /(losses) £000	Total equity £000
<b>Six months ended 31 August 2008</b>						
At 1 March 2008	1,660	-	459	3,108	14,157	19,384
Equity dividend	-	-	-	-	(329)	(329)
Share based payment charge	-	-	-	206	-	206
Issue of shares (note 8)	42	-	458	(500)	-	-
Profit for the period	-	-	-	-	301	301
At 31 August 2008	1,702	-	917	2,814	14,129	19,562
<b>Six months ended 31 August 2007</b>						
At 1 March 2007	1,118	7,860	7,022	2,208	(7,980)	10,228
Share based payment charge	-	-	-	200	-	200
Issue of shares	500	5,594	408	-	-	6,502
Share issue costs	-	(289)	-	-	-	(289)
Contingent consideration	-	-	-	501	-	501
Profit for the period	-	-	-	-	887	887
At 31 August 2007	1,618	13,165	7,430	2,909	(7,093)	18,029
<b>Year ended 29 February 2008</b>						
At 1 March 2007	1,118	7,860	7,022	2,208	(7,980)	10,228
Share based payment charge	-	-	-	402	-	402
Issue of shares	542	5,594	867	(501)	-	6,502
Share issue cost	-	(289)	-	-	-	(289)
Contingent consideration	-	-	-	999	-	999
Capital restructuring	-	(13,165)	(7,430)	-	20,595	-
Profit for the period	-	-	-	-	1,542	1,542
At 29 February 2008	1,660	-	459	3,108	14,157	19,384

## NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 AUGUST 2008

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### 1 Basis of preparation

This consolidated half-yearly financial information, which is condensed and unaudited for the half-year ended 31 August 2008, has been prepared in accordance with the accounting policies which the group expects to adopt in its next annual report and is consistent with those adopted in the consolidated financial statements for the year ended 29 February 2008. These accounting policies are based on the EU-adopted International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that the group expects to be applicable at that time. This consolidated half-yearly information for the half-year ended 31 August 2008 have been prepared in accordance with IAS 34: Interim Financial Reporting, as adopted by the EU and under the historical cost convention.

The information relating to the half-year ended 31 August 2008 and 31 August 2007 is unaudited and does not constitute statutory financial statements as defined in Section 240 of the Companies Act 1985. It has, however, been reviewed by the auditors and their report is set out at the end of this document. The comparative figures for the year ended 29 February 2008 have been extracted from the consolidated financial statements, on which the auditors gave an unqualified opinion and did not include a statement under section 237 (2) or (3) of the Companies Act 1985. The annual report and accounts for the year ended 29 February 2008 have been filed with the Registrar of Companies.

The half-yearly report was approved by the board of directors on 18 November 2008.

The half-yearly report is available on Tangent's website [www.tangentplc.com](http://www.tangentplc.com) and is being sent to shareholders. Further copies are available at the Tangent Communications plc registered office, 84-86 Great Portland Street, London W1W 7NR.

### 2 Group restructuring

The board committed to restructuring and relocating the businesses of Tangent during the period. The changes have all been completed as at the date of this half-yearly report. The restructuring included the consolidation of all long run and local marketing printing operations and fulfilment facilities within Tangent's Newcastle site.

This consolidation was achieved through the transfer to Newcastle of Tangent's local marketing printing operations from London and the production and fulfilment facilities from Cheltenham. The changes were accompanied by relocations of Tangent's London and Cheltenham employees to new premises in London and in Cheltenham.

The Tangent Labs team was refocused to become a central technology resource that can be better utilised for the benefit of all businesses in the group.

To reflect the new business structure specific new brands have been created for the group and for each business in the group.

The costs of restructuring are not part of the normal operating expenses of Tangent and they have therefore been separately identified in the income statement and excluded from underlying operating profit. The restructuring expenses are set out below:

	<b>£000</b>
Employee redundancies	183
Property relocations	162
	<b>345</b>

**NOTES TO THE FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

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**3 Share options and share-based payment charge**

The total share-based payment charge for the period was £206,000 which relates principally to the share options granted to directors in September 2005. This charge has been excluded from underlying operating profit as there is no related cash flow and it results in no reduction in equity attributable to shareholders.

The movements in share options and the corresponding weighted average exercise prices (WAEP) are summarised below:

	<i><b>Number</b></i> <i><b>000</b></i>	<i><b>WAEP</b></i> <i><b>Pence</b></i>
At 1 March 2008	14,871	5.19
Share options granted	771	1.00
Share options lapsed	(332)	9.69
At 31 August 2008	15,310	5.30

For the share options outstanding at 31 August 2008 exercise prices ranged between 1p and 13.25p per share and the weighted average remaining contractual life was 6.93 years. No options were exercised in the period.

The fair value of share options granted in the period was calculated using a Black-Scholes option pricing model. The volatility, measured as the standard deviation of expected share price return, is based on statistical analysis of the Tangent share price since July 2005 which resulted in an assumed volatility of 25%. The other key inputs were a risk free interest rate of 5.0%, a dividend yield of 4%, a performance condition discount of 85% and an expected life of 5 years.

**NOTES TO THE FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

**4 Earnings per share**

The calculation of the basic and diluted earnings per share is based on the following:

	<i>Six months ended 31 August 2008</i>	<i>Six months ended 31 August 2007</i>	<i>Year ended 29 February 2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Profit attributable to shareholders	<b>301</b>	887	1,542
Group restructuring expenses	<b>345</b>	-	-
Tax credit on restructuring expenses	<b>(86)</b>	-	-
Share based payments	<b>206</b>	200	402
Underlying profit attributable to shareholders	<b>766</b>	1,087	1,944
<i>Weighted average number of shares:</i>	<i>Number 000</i>	<i>Number 000</i>	<i>Number 000</i>
For basic earnings per share	<b>165,127</b>	153,161	156,996
Adjustment for options outstanding	<b>6,850</b>	9,578	9,417
Adjustment for contingent shares	<b>4,158</b>	8,342	8,325
For diluted earnings per share	<b>176,135</b>	171,081	174,738
<i>Earnings per share:</i>	<i>Pence per share</i>	<i>Pence per share</i>	<i>Pence per share</i>
Basic	<b>0.18</b>	0.58	0.98
Underlying basic	<b>0.46</b>	0.71	1.24
Diluted	<b>0.17</b>	0.52	0.88
Underlying diluted	<b>0.43</b>	0.64	1.11

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. Tangent has two categories of dilutive potential ordinary shares: share options and shares contingently issuable as consideration for an acquisition.

A calculation is performed for the share options to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares from this calculation is compared with the number of shares that would have been issued assuming the exercise of the options and the difference is deemed to be the number of dilutive shares attributable to share options.

The estimated number of shares that will be issued in the future as purchase consideration for current subsidiaries is deemed to be the number of dilutive shares issuable as consideration for acquisitions.

**NOTES TO THE FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

**5 Dividends**

Equity dividends on ordinary shares were paid as follows:

	<i>Six months ended</i> <b>31 August 2008</b> £000	<i>Six months ended</i> 31 August 2007 £000	<i>Year ended</i> 29 February 2008 £000
Maiden dividend for the year ended 29 February 2008 of 0.2 pence per share	<b>329</b>	-	-

The Tangent employee share ownership trust holds 1,428,340 shares and it has waived its right to receive dividends.

The dividend for the year ended 29 February 2008 was approved by shareholders at the annual general meeting on 24 July 2008 and was paid on 22 August 2008.

**6 Cash generated from operations**

	<i>Six months ended</i> <b>31 August 2008</b> £000	<i>Six months ended</i> 31 August 2007 £000	<i>Year ended</i> 29 February 2008 £000
Profit before tax for the period	<b>507</b>	1,217	2,094
Depreciation	<b>270</b>	249	487
Profit on sale of plant and equipment	<b>(7)</b>	-	(18)
Net interest income	<b>(47)</b>	(10)	(58)
Share based payment charge	<b>206</b>	200	402
(Increase)/decrease in inventories	<b>(75)</b>	17	24
Decrease/(increase) in trade and other receivables	<b>134</b>	144	(243)
(Decrease)/increase in trade and other payables	<b>(245)</b>	(430)	136
Cash generated from operations	<b>743</b>	1,387	2,552

**7 Analysis of net funds**

	<i>At 1 March 2008</i> £000	<i>Cash flows</i> £000	<i>At 31 August 2008</i> £000
Cash	2,664	(138)	<b>2,526</b>
Finance leases	(239)	46	<b>(193)</b>
Net funds	2,425	(92)	<b>2,333</b>

**NOTES TO THE FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

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**8 Share capital**

The movements in share capital during the period was as follows:

	<i>Number of ordinary shares 000</i>	<i>Nominal value £000</i>
At 1 March 2008	165,967	1,660
Issue of shares	4,167	42
At 31 August 2007	170,134	1,702

On 6 August 2008 Tangent issued 4,166,667 ordinary shares of 1p each, at the contractual value of 12p per share, as part of the deferred consideration for the marketing technology company C360 UK Limited, which Tangent acquired on 11 July 2006.

## COMPANY INFORMATION

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Directors	Piers Caldecote Nicholas Green Timothy Green Graeme Harris Greg Jackson Paul Murray	Non-executive chairman Joint chief executive Joint chief executive Finance director Executive director Non-executive director
Company secretary	Graeme Harris	
Company number	3967805	
Registered office	84-86 Great Portland Street London W1W 7NR	
Website	<a href="http://www.tangentplc.com">www.tangentplc.com</a>	
Nominated adviser and broker	Collins Stewart Europe Limited 88 Wood Street London EC2V 7QR	
Solicitors	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH	
	Rosenblatt St Andrew House 18-20 St Andrew Street London EC4A 3AF	
Auditors	UHY Hacker Young LLP Quadrant House 17 Thomas More Street London E1W 1YW	
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA	
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR	

## **INDEPENDENT REVIEW REPORT BY THE AUDITORS TO TANGENT COMMUNICATIONS PLC**

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### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the half-year ended 31 August 2008 which comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and related notes. 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 information in the condensed set of financial statements.

### **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 AIM Rules For Companies.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this 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 condensed set of financial statements in the half-yearly 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 half-yearly financial report for the half-year ended 31 August 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules For Companies.

UHY Hacker Young LLP  
Chartered Accountants  
London

18 November 2008

### **Notes**

1. The maintenance and integrity of the Tangent Communications plc website 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 interim report or the auditors' review report since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.