

# Extract from the Chairman's Statement

## Financial Year ended 31st December 2008

"...2008 was our first in which calendar and financial periods matched for Accord and even when it started, our ambition was to have stability, so as to end with a good, solid trading performance behind us, leaving us in a position to move positively forward with growth in 2009. The market events I have referred to made our task a very demanding one and we are pleased with what we have been able to achieve and the results that the accompanying Report and Financial Statements illustrate.

After being broadly on Budget for the first half of the year, the waters started to become ever-more choppy as uncertainty in all areas crossed the line more and more often, to turn into a failure of confidence - by Government, Finance and Business leaders and then the Public at large.

This translated into a total sales turnover for the Group of £135m, being 10% less than budgeted. However, because of our active management approach, we were generally able to anticipate and act to compensate. We were able to move our Gross Profit margin up by over ten percent, from 15.4% in 2007, to 17%. We were also able to reduce staff costs from representing almost 60% of Gross Profit, to only 53%.

Exceptional costs excluded, Accord Group achieved an EBITDA of £6.4m, almost exactly in line with Budget, translating to a margin on Gross Profit of 28%, up from 20% in the year before.

Also excluding exceptional costs, that were almost entirely a consequence of the reduction in staff (by office mergers and redundancies), the Operating Profit margin almost doubled on the previous year, to 18.9%.

Our final profit figure for the year, increased from £129,000 in 2007 (nine months) to £1.6m. We had an average headcount of 372 in 2007 and ended 2008 at 320. We have a great management team in Accord and all our operating agencies and a lot of high-quality people working for them. We have been sad to lose so many, but tremendously fortunate in having an ability to rely on those that remain, being flexible, committed and able to adjust to the changes in client needs and continue to provide exceptional service.

Coupled with what are recognised as the best IT operating systems in our field, our agencies' clients have always been able to rely on their marketing messages being delivered to all of the five thousand or more media that we supply every month.

Despite the many pressures, our Finance team have done a sterling job in a variety of areas, but nothing illustrates better the results of their efforts than a net cash inflow in the year of £8.5m, against a £5m outflow during the 9 months of 2007....

"...Like many others, the view of the Accord Board is that 2009 will be tougher-still than 2008, but we will continue to build upon the lessons experienced and learned and we aim to take the Company through to the time when things start to turn, so that once more, we can grow and expand in our chosen fields."

**Bob Walton London April 2009**