
Parity Group plc

Investor Presentation

Interim Results
6 months to 30 June 2011

HEADLINES

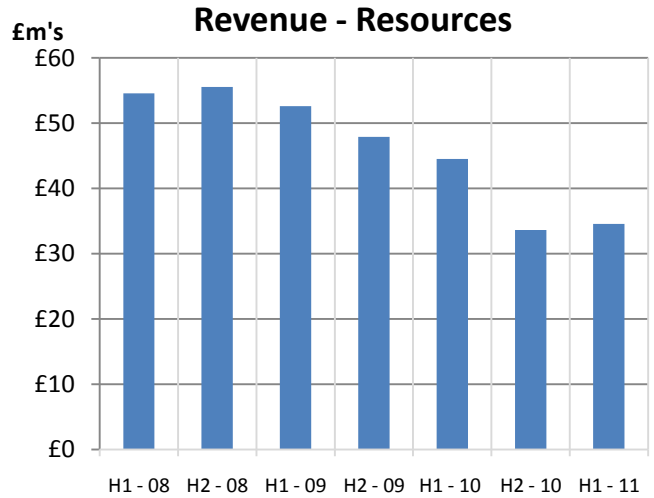
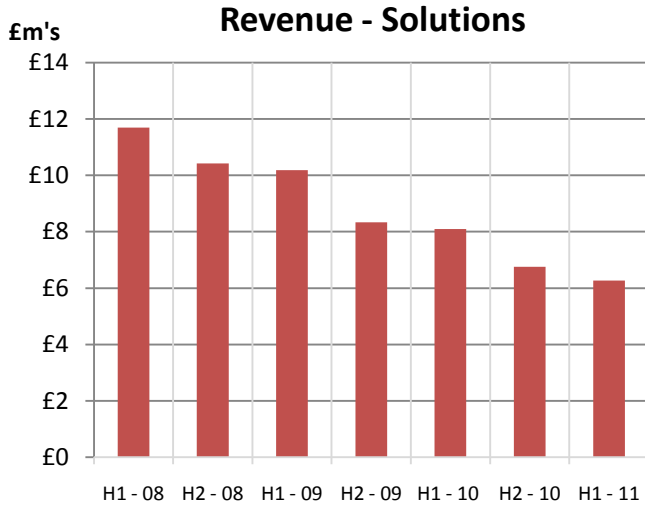
- Group revenues of £40.80 million (2010: £52.59 million); up 1% on the second half of 2010, reflecting a return to greater stability and control
- Parity Solutions returned to operating profit at £0.12 million (2010: £1.63 million loss)
- Parity Resources operating profit of £0.91 million (2010: £1.08 million)
- Group EBITDA recovered to £0.11 million (2010: £2.11 million loss)
- Placing of new equity in May 2011 raised £6.43 million net of expenses
- Positive cash at period end of £6.68 million (2010: £0.26 million)

FINANCIAL SUMMARY

	Parity Resources			Parity Solutions		
	2011:H1	2010:H2	2010:H1	2011:H1	2010:H2	2010:H1
Revenue	34,545	33,616	44,501	6,251	6,753	8,093
Depreciation	(146)	(152)	(155)	(131)	(156)	(173)
Profit/(loss)	907	937	1,104	54	(476)	(1,509)
Exceptionals	-	(68)	(25)	70	(777)	(120)

	Parity Group		
	2011:H1	2010:H2	2010:H1
Profit/(loss) from reportable segments	961	461	(405)
Investment costs	(195)	-	-
Corporate costs	(988)	(1,674)	(1,024)
Exceptional items including corporate	52	(1,123)	(1,015)
Finance income	387	380	393
Finance costs	(584)	(601)	(635)
Loss before tax (continuing activities)	(367)	(2,557)	(2,686)
Corporation tax	(55)	(38)	58
Loss after tax (continuing activities)	(422)	(2,595)	(2,628)

REVENUES



Group

- Group revenues stabilised and up 1% on H2, 2010

Resources

- Growth in private sector has compensated for decline in public sector
- New initiatives such as permanent recruitment, managed service and cross Group offerings starting to have a positive effect
- Opening of London office in second half to be closer to new markets

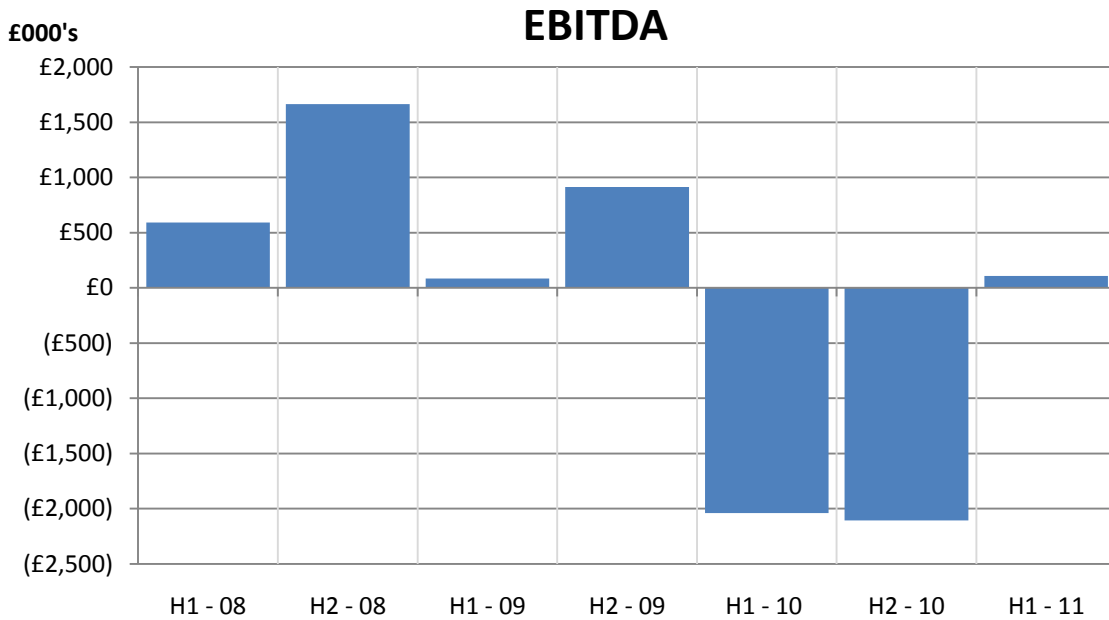
Systems

- Exiting loss-making fixed price contracts has reduced revenue but improved performance
- Initial focus was on existing and recent clients to secure profitable revenue streams
- New Business Intelligence initiatives generating interest

Talent Management

- Marketing of graduate programmes in GB commences

EBITDA



- Group EBITDA recovers
- Both Resources and Solutions return operating profits
- Exit from loss making contracts improves performance
- Cost savings achieved in 2010 have significant effect
- More cost savings identified for 2011
- Investment costs

FURTHER COST SAVING INITIATIVES

In house IT

- Transition away from outsource to internal management will cost £0.5 million but achieve at least this in ongoing annual savings
- Transition to be completed by December 2011
- Improved flexibility, robustness and performance will also result

Excess Leasehold Office Space

- Excess space has been made available in Wimbledon Bridge House
- Active marketing is leading to serious interest
- Potential ongoing savings of £350,000 per annum

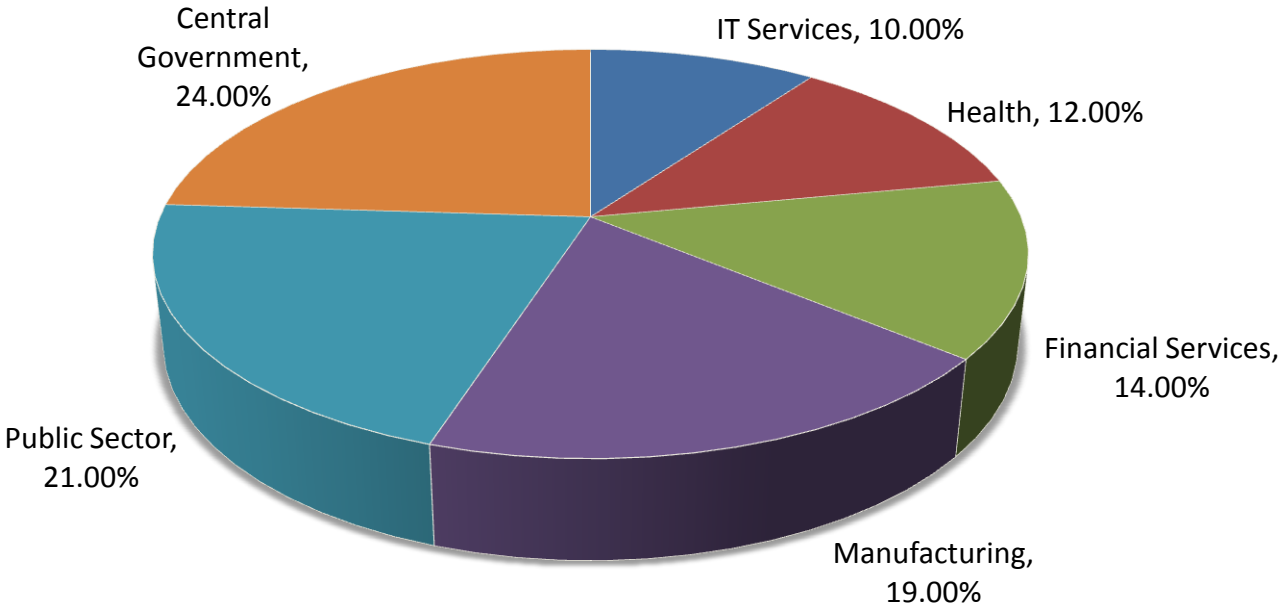
CASH – BALANCE SHEET

	2011: H1	2010: H1
Loss adjusted for non cash movements	183	(3,149)
Working capital movement	(1,635)	8,144
Purchase of tangible assets	(9)	(50)
Disposal of investments	123	-
Net cash from issue of ordinary shares	6,467	-
Net movement in invoice financing	1,443	(4,636)
Interest paid	(136)	(175)
Tax paid	(3)	-
Cash at beginning of the period	245	128
Cash at end of the period	6,678	262

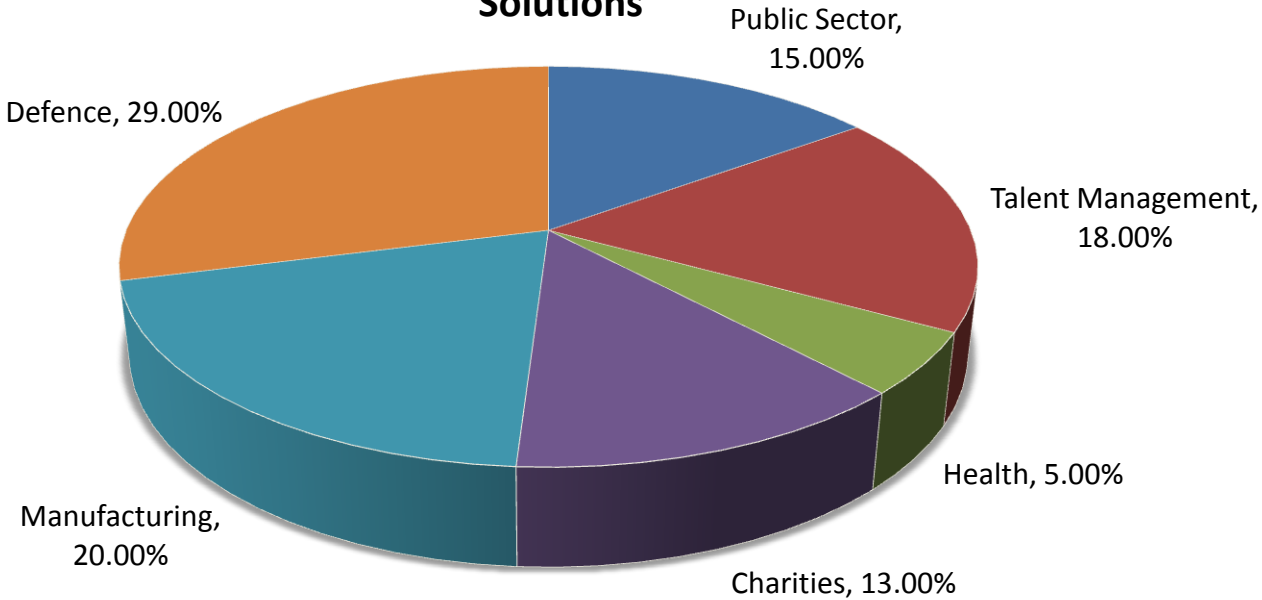
- All 2010 deferred payments cleared
- New invoice discounting facility working well
- Placing of new equity in May 2011 raised £6.43 million net of expenses
- Positive cash at period end of £6.68 million
- Payment of old pension fund deficit - suspended between November 2010 and December 2011.

REVENUE SPLIT BY SECTOR

Resources



Solutions



PLANS – Second half of 2011

Further consolidation, cost-saving and strategic activities

Systems Division

- Extend partnership with Microsoft
- Niche focus on Cloud/Business Intelligence
- Increase consultancy and emerging technology skills

Resources Division

- New City office to grow commercial business

Talent Management

- Create IP from existing graduate selection, training and placement offerings; whilst continuing marketing to university and corporate partners
- Win first orders in GB universities

Emerging Technology

- Set up Technology Lab
- First steps in the market opportunity provided by the convergence of digital media and emerging technology