

Friday 21st December 2007

Fonebak plc

AGM Trading Statement

At the AGM of Fonebak plc, to be held at 12 noon today, Gary Stokes Chief Executive, will make the following statement:

"In this my first Annual General Meeting since joining Fonebak earlier this year I am pleased to report considerable progress and a strong start to the current financial year. 2007 saw significant advances for the Group with first the acquisition of CRC in January and then the subsequent restructuring of the core Fonebak businesses following the profit warning in March.

Within the enlarged Group a total of eight facilities have been divested since the restructuring programme started. We now have a better balance of capacity built around centres of excellence in key locations across Europe. With the first 'recovery' stage nearing completion the business is now clearly focused on its core competencies in the repair, remarketing and recycling of commercial and consumer based technology products.

Since we reported our full year results at the end of September the financial performance of the Group has been ahead of our internal plan. The strong performance in the first half of the year reflects the continued strength of our repair operations and the improving position in our end-of-life asset management activities now that the benefits of the recent restructuring are coming through.

Notwithstanding the significant progress made in the first half, the Board expects the second half to be more challenging for our UK repair operations; partly as a result of the pressures some of our clients are seeing in their own markets. The Board, as a result, expects that the Group will exceed market profit expectations for the first six months and remains confident of achieving expectations for the full year.

As we enter the next stage of our development the Group will be investing in the resources and infrastructure to support the future commercial expansion of the business. This investment includes the marketing of a more integrated value-added service model.

As part of our programme to communicate a clearer, more compelling message to our stakeholders, we are also progressing plans to re-brand the Group. Shareholders will shortly receive formal notice of our plans for a change of name; currently it is our intention for the re-launch to take place in the first quarter of 2008.

As a business we generate a healthy cash flow and our indebtedness continues to reduce. Current indebtedness is significantly below the level reported at the 2007 year end, which partly reflects our improved trading but also the continued drive to reduce our working capital. As a result, the business has sufficient funds to finance the ongoing development plans.

Looking back over the last twelve months we can reflect on a period of much progress set against difficult circumstances. It is too early to declare the recovery complete; however, it is clear that the Group is in substantially better health than it was, even a few short months ago. The foundations are now in place from which to move forward and whilst the trading environment remains tough there are clear opportunities for the Group to develop further. Progress to date is positive and the Board remain optimistic about the future."

-ENDS-

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