



16 October 2009

**1 pm plc**  
**("1pm" or the "Company")**

**Trading Statement**

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1pm plc (the "Company") announces that during September it terminated an usually high number of lease agreements the majority of which resulted from customer bankruptcies. In the event of bankruptcy of a customer, it is the Company's policy to write-off immediately any amounts due as bad debt. Therefore in September the Company has written off bad debt amounting to approximately £95,000. The Directors can attribute no particular reason as to why the level of lease terminations and bad debt have been so high in September, there having been no requirement for any bad debt write-offs in the three previous months. While the Directors are disappointed by this development the loan agreements affected are relatively long-standing and large and more significantly predate the company's decision earlier this year to reduce its average deal size. The Directors remain confident that the company's underwriting criteria is robust and that the reduction in average deal size will increasingly reduce the Company's exposure to large individual bad debts.

Overall trading in the first four months of the year has been mixed. Income is up 12% on the equivalent period last year but gross profit (before bad debt write-offs) is down principally due to general increase in bad debt provisioning that has been applied since the beginning of the year. Levels of new business have also been somewhat lower than anticipated. Initially the Directors believe this is due to the effects of the reduced level of funding available referred to in the announcement of 12 March 2009, which took longer to unwind than expected following the June fundraising. More recently, demand over the August holiday period has proved weaker than expected and has been below the level experienced in August last year. Pleasingly, demand in September has increased significantly compared to August although it remained below originally budgeted levels.

It is too early in the current year to comment on the likely outcome for the year especially as trading performance is expected to be second half weighted. However, although income and the average value of the overall loan book for the year are expected to continue to increase, the incidence of September's bad debt write-offs means that it is now unlikely that the Company will report a profit for the year.

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