Registered number 837205

PUBLISHING TECHNOLOGY

Publishing Technology plc

Annual Report
For the year ended 31 December 2009

Contents

The Directors submit to the members their report and accounts of the Group for the year ended 31 December 2009 Pages 2 to 12, including the business review, Chairman's statement, Chief Executive's review, financial review, corporate governance statement and Directors' remuneration report, form part of the Directors' report

Business review

The publishing industry is going through an exciting period of development, change, re-invention and potential for growth Publishing Technology is fortunate to be in position to help the industry, and our customers, capitalise on this dynamic change

Focussed as we are on the books, education and academic sectors of publishing, we are in an industry with an opportunity to grasp the huge potential of the digital revolution and achieve substantial growth At Publishing Technology, we believe we have the solutions publishers need to take full advantage of this opportunity Our systems do not just manage information assets, they give publishers a strategic tool for growth

Our systems are unique in the industry, not only in their breadth, depth and capabilities, but because they have been developed in full expectation of the shift to digital routes to market They uniquely embrace the developing digital era whilst maintaining full support for the printed product We believe that Publishing Technology's *advance*, pub2web, IngentaConnect, and Information Commerce systems (ICS) are no longer a 'nice to have' for publishers, but a 'must have'

Whilst there remains another year of intensive product development ahead of us, our business now has the core product set needed by publishers We have been working hard over the last two years to re-engineer our *advance* products on a dot net environment to eventually replace the author2reader software which has underpinned much of the print publishing world for over 25 years

There is undoubtedly a market need for our new products, which have such a fundamentally fresh approach to the challenges facing publishers Our challenge will be to develop market awareness of the latent potential within all publishers and the availability of our industry changing solutions to help them achieve this potential The difference between mere mid-term solid performance and mid-term explosive success will lie in our ability to develop this market place

The e-book wave, Apple iPad and iPhone are a visual manifestation of the change, but the transformation of publishing will lie not only in the headline grabbing e-book and electronic delivery, but the backbone of systems needed to create, market, sell, fulfil, and financially manage the deconstructed and granular product of tomorrow Publishing Technology has understood this, and has spent several years investing in constructing new systems from the ground up specifically for this brave new world

2009 Highlights

2009 was a challenging year which suffered from a reduction in capital expenditure from our publisher customers However, the business maintained revenue and gross profit levels, and there were some significant achievements in the development of some of our strategic plans A profit of £0 5m after £3 1m investment in R&D underlines the success of the integration and brings the Group to a position of profitability, stability, and enormous future potential

2009 successes

- First major digital platform sale in Japan
- Opening of business in Brazil
- Four sales of new *advance* products in the USA
- A £1 9m improvement in net profit, posting for the first time an unadjusted net profit
- High levels of recurring contract renewals and extensions
- £1m of positive cash flow

Financial highlights for the year

- Total revenues of £15 3m (2008 £15 4m)
- EBITDA of £0 9m (2008 £0 9m)
- Gross profit of £6 1m (2008 £6 1m)
- Net profit of £0 5m (2008 loss of £1 4m), after a foreign exchange loss of £0 2m (2008 foreign exchange gain of £0 2m)

Chairman's statement

Finance and Operations

Our aim for 2009 was to consolidate the operational improvements and progress made since the 2007 merger, generate revenues from the very substantial investment made since that time in new products and services and begin to develop a degree of geographic expansion

The economic turmoil of 2009 certainly delayed some of these plans, reducing capital expenditure budgets which impacted on some of the implementation revenues Nevertheless, we did succeed in opening up markets for new products and selling into new overseas regions, particularly Brazil and Japan

Whilst revenues were static, profitability and cash generation improved substantially, leading the Group to report its first ever unadjusted net profits

Following the merger in 2007, the group has invested substantially in new products and services, so while the headline revenues appear static, the group now boasts a range of world beating new products, backed by knowledgeable and experienced staff who are subject matter experts in their field

We are confident that we have the right products for our customers right now and therefore we expect to see success reflected in the coming years

In 2009 revenues were £15 3m (2008 £15 4m) and gross margin 40% (2008 40%)

The EBITDA profit in the year was £0 9m (2008 £0 9m) The profit before tax in the year was £0 3m which is after £3 1m (2008 £2 8m) invested in Research and Development, all of which was expensed through the income statement as incurred, and after a foreign exchange loss of £0 2m (2008 £0 2m gain)

The intangible assets acquired on the reverse acquisition of Ingenta plc in 2007 were fully written off in 2008 and therefore 2009 does not include any further amortisation of intangibles (2008 £1 5m) 2008 also included £0 4m of onerous lease provision not repeated in 2009 The Group generated cash of £1m in the year bringing the net cash balance at 31 December 2009 to a deficit of £1 4m (2008 £2 4m deficit)

Staff

The contribution made by all Publishing Technology staff in 2009 continues to be impressive From the front line customer support staff available 24/7, through the creativity and hard work of the research and development team to the back office support staff who geared up so successfully for our UK head office move in early 2010, everyone has delivered results in 2009

This year we welcomed a number of new employees to our expanding global team as far afield as Rio de Janeiro, Sao Paolo, California, and France as well as in our domestic markets Overall our staffing numbers increased by an average of five heads although this includes a number of changes in skill sets and focus as we put more emphasis on sales and marketing The Board wishes to thank all staff for their continued commitment to the Group

Current Trading and Prospects

Given the Group's success so far in the engineering of our new products and our commitment to continue to invest heavily in research and development, we are well positioned to capitalise on publishers' needs during the course of this year

We have a pipeline of new products coming to market, and with a more effective marketing and distribution approach, the Group's position as the provider of solutions for all publishers' needs will be reinforced

M C Rose
Chairman
19 March 2010
Publishing Technology plc

Chief Executive's review

Publishing Technology provides the broadest set of software systems and supporting services for the publishing industry Our systems support the infrastructure of a publisher (production, distribution, royalties, editorial etc) and the digital delivery of publisher products (e-commerce B2C, online research platforms, digital product marketing, online access management etc), while our PCG division provides sales & marketing consultancy services for publishers

We are unique in our field for two primary reasons

- the breadth and end to end nature of the systems and services we provide publishers, and
- our modern technology solutions, which have all been developed in the past few years, built from the bottom up for the publishing world of tomorrow, rather than legacy products manipulated to work in today's world

Our challenge is not therefore the validity of what we have to offer, but promoting the necessity of innovative change within our target community To help us achieve this, we have for 2010 embarked on a more intense marketing and PR campaign, retaining specialists in the publishing community as well as specialists in digital PR

We are also increasing our sales team and generally pushing towards greater proactive marketing and selling We are already seeing some positive benefits, and hope to see these build during 2010 This is an exciting time in our target industry, and we intend to ensure that we are an integral part of the evolution

Geographic expansion

During 2009 we obtained some positive results from our decision to focus international business expansion in Japan, Brazil and Germany We now have a small operation functioning in Brazil with a solid pipeline of opportunities, and we obtained our first major digital platform customer in Japan We intend to continue our growth in Brazil, and, following the launch of our first and ground breaking site in Japan, push hard to broaden our appeal in the academic publishing sector in Japan In Germany, we still believe the need for our digital / online products remains firm, but we found it a challenge in 2009 to convert this to sales

In Australia we have historically operated through agents However, having spent considerable time assessing the market and conducting detailed market research, we have decided now is the right time to have a greater degree of control over this market and push forward with direct sales of our *advance* product

To this end we will be incorporating a business in Australia, and we have also come to Heads of Agreement with our principal agent, Vista Computer Services Pty ("Vista"), to create a Joint Venture with the possible transfer of ownership of Vista to Publishing Technology over the next five years We feel very confident that Australia represents an interesting and profitable opportunity for Publishing Technology in the coming years

New products

Over the last three years Publishing Technology, realising that the publishing landscape was changing rapidly, invested heavily in new products, resulting in four world beating product suites -

advance

A state-of-the-art modular business solution, fully configurable and designed from the ground up to support granular product structures and evolving trends The integrated modules include, Product Manager, Contract, Rights and Royalties, Order to Cash, Relationship Manager and Information Commerce

pub2web

An online, multi-content platform which can host journals, books, manuals, conference proceedings, podcasts and more Users can search or browse across the collection and purchase content online It is a hosting platform that supports all the information that the publishers publish It is built from the ground up to showcase and connect all content, regardless of format It provides the publishers with online publishing essentials such as content conversion, discovery, authentication and customer support It delivers sophisticated functionality in e-commerce, search and browse

ICS (Information Commerce Software)
A product designed to maximise the value of an organisation's digital assets, capable of holding assets in granular form and re-constituting new products from various combinations of granular assets As an example a publisher could hold a law book broken down to chapters, paragraphs, quotes or even the table of contents and be able to sell or re-purpose each of these singly or as part of a different package increasing potential revenue from currently held assets Its intuitive, web-based interface allows simple management of complex entitlements and digital assets, facilitates the creation of new product bundles, and the application of unique pricing and special product promotions

IngentaConnect
IngentaConnect is not a new product, but it is one that is being reinvigorated by advances in the digital publishing arena The "home of scholarly publishing", ingentaconnect com hosts the content of over 270 publishers Like Pub2web, IngentaConnect is a multi content search, browse, read, annotate hosted platform, but unlike Pub2web, it operates more like a Cloud Computing or Software as a Service (SaaS) model During 2009 publishers were hesitating to invest in new digital hosting platforms, but in early 2010 we are seeing a far greater willingness to invest IngentaConnect is not only a perfect solution for large publishers to have multiple platforms for their content, but a perfect starting point for smaller publishers

Outlook

By capitalising on business improvements and efficiencies, our new products and the exciting expansion into new markets, we have a very ambitious view of our future However, for 2010 we will remain prudent in our outlook, looking to solidify our position as a profitable business and re-igniting growth following the turbulence of 2009

The industry we serve is going through a transformational phase Whilst the change is more likely to be evolutionary rather than revolutionary, the opportunities presented to Publishing Technology's businesses are nevertheless exciting and real

G M Lossius
Chief Executive Officer
19 March 2010
Publishing Technology plc

Financial review

For the year ended 31 December 2009

Overview

Financially 2009 has been a year of progress For the first time since Ingenta plc bought out BIDS from the University of Bath in 1998, the Group has recorded a net profit This is a direct consequence of the business strategy employed since the reverse acquisition of Ingenta plc by Vista International Ltd in 2007 The improvement over the last three years has seen the bottom line change from a loss of £1 6m in 2007 and a loss of £1 4m in 2008 to a profit of £0 5m in 2009

The improvement in underlying business performance is also reflected in the cash flow for the year to 31 December 2009, with the business generating £1 4m from operations and reducing net borrowing by £1m

Revenue, gross margin and EBITDA remained constant from 2008 to 2009 and whilst this performance was not as good as the Board would have wished, the stability of the Group in a turbulent year gave substantial comfort

Operating results

Net profit for the year was £0 5m (2008 net loss £1 4m)

Revenue for the year ended 31 December 2009 was £15 3m (2008 £15 4m)

Gross profit for the year was £6 1m (2008 £6 1m) and gross margin as a percentage of revenue was 40% (2008 40%)

Sales and marketing and administrative expenses in the year were £5 6m (2008 £5 7m) This is the first year in which the Group has a profit before tax which was £0 3m (2008 £1 2m loss before tax) and a net profit for the year which was £0 5m (2008 £1 4m loss)

Taxation

A tax credit of £170K (2008 nil) is included in the results for 2009 relating to amounts received and receivable under the Research and Development tax credit scheme The claim has been prepared on the same basis as in prior years and is subject to HM Revenue and Customs' approval

The Group has unutilised tax losses at 31 December 2009 in the UK and the USA of £14 2m (2008 £12 1m) and $18 6m (2008 $15 5m) respectively The tax losses in the USA are restricted from April 2008 due to change of control rules being triggered by the issue of new shares in the parent company It was thought the U S tax losses would have been restricted to approximately $150K per annum However after further review, the Board believe the losses available will be approximately $500K per annum, allowing the Group to potentially make use of all losses brought forward

Shareholders' returns and dividends

The Directors do not recommend the payment of a dividend (2008 £nil)

Financial position and cash

Shareholders' deficit totalled £2 6m at the year end (2008 deficit £3 4m) The reduction is mainly due to the retained profit in the year and a reduction in the translation reserves created on consolidation

Cash inflow from operating activities was £1 4m (2008 £1 5m outflow) At the year end, net bank overdraft was £1 4m (2008 £2 4m), an improvement of £1m in the year

Cash absorbed by operations for capital expenditure during the year amounted to £0 2m (2008 £0 2m) A tax credit of £0 1m (2008 £0 4m) in respect of Research and Development expenditure was received in the year which related to the year ended 31 December 2008

Debtor days have remained relatively constant over the year but creditor days have once again been reduced in line with management commitment to pay all suppliers in good time Creditor days were as high as 150 days at the time of the merger in 2007 and the Board are pleased that the Group has managed to bring the creditor balance down to its current level of 64 days and are committed to ensuring continued improvement

Going concern and future funding
The accounts are prepared on a going concern basis In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including profit and cash forecasts, the continued support of the shareholders and Directors, banking facilities and management ability to affect costs and revenues

Management regularly forecast profit, financial position and cash flows for the Group The rolling forecast is normally updated ten times in the year

Having reviewed the latest forecast, management regard the forecasts to be robust Revenue streams are forecast in detail with all recurring revenue contracts individually listed and revenue is ranked by firmness from firm to prospect Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements Management have concluded that forecast costs are robust

The Group has secured an overdraft facility of £2m which will be reviewed as positive cash flows reduce the requirement Management have assured themselves that this facility is adequate for the needs of the business based on the cash flow forecasts

The major risks for future trading are the general economic downturn and how it will affect the publishing industry and academic institutions During previous downturns, these market sectors have been somewhat protected without being immune and therefore the Board are confident that the forecasts set for 2010 are achievable in the current market

Treasury
The Group's policy with regard to cash balances is to monitor short and medium term interest rates and to place cash on deposit for periods that optimise interest earned while maintaining sufficient funds to meet day-to-day requirements

The Group operates in a business which has marked seasonality in cash flows This is expected to continue and has been taken into account in assessing the working capital requirements

A B Moug C A
Chief Financial Officer
19 March 2010
Publishing Technology plc

Directors' report
For the year ended 31 December 2009

The Directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activity
The Group's principal activities are the provision of software and services for publishers, internet-based electronic delivery of published research materials, and the provision of internet-based search and access services for libraries and individual users of that material

Review of business and future developments
The Directors use a number of key performance indicators to measure the success of the business These include, but are not limited to revenue, gross margin, EBITDA and cash flow measured monthly against budget and forecast

The main business risks are not meeting revenue targets and not being able to attract the required funding for the Group's cash profile

The revenue risk is reduced by providing customer service which maintains current and recurring revenue and by continuing to develop new products which continue to attract new customers and bring in new licence and implementation revenues

The funding risk is reduced by having an agreed facility with the Group's bankers, by continuous improvement in profitability and cash flows to reduce debt and improve market and lenders' confidence, and by funding from more than one source

A review of the business, its results, key performance indicators and future direction is included in the Chairman's statement, the Chief Executive's review, the financial review, the corporate governance statement and in the business review (2009 highlights)

Going Concern
The Directors have prepared the financial statements on the going concern basis This is explained more fully in the financial review of the business set out on pages 6 and 7

Results and dividends
The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements The Directors do not recommend the payment of a dividend (2008 £nil, 2007 £nil)

Directors
The Directors of the Company who held office during the year were

Executive Directors
G M Lossius, Chief Executive Officer
A B Moug, Chief Financial Officer

Non-Executive Directors
M C Rose, *Chairman*
M A Rowse
W E Shaw
The interests of Directors in the shares of the Company at 31 December 2009 are disclosed in the Directors' remuneration report

Corporate governance
Details of corporate governance for the year to 31 December 2009 are disclosed in the corporate governance report

Research and development activities
The Group carries out research and development activities in connection with administration systems, web delivery, access control and linking technologies All costs relating to these activities are written off to the income statement as incurred The charge to the income statement was £3 1m (2008 £2 8m) in the year to 31 December 2009

Substantial shareholdings

As at 26 February 2010 the Company had been notified of the following shareholders who are interested, directly or indirectly, in three percent or more of the issued share capital of the Company

Name	Number of ordinary 10p shares	Percentage of issued ordinary share capital
M C Rose	2,458,113	29 22%
Cazenove	855,999	10 17%
Almandine	435,065	5 17%
A B Moug	402,607	4 79%
G M Lossius	400,107	4 76%
Invesco Asset Management	362,500	4 31%
B P Gibson	361,646	4 30%
M A Rowse	273,277	3 25%

Charitable and political contributions

The Group made no political contributions (2008 £nil) and made £5,400 of charitable contributions (2008 £nil) during the year

Creditor payment policy

The Group's payment policy is to negotiate with its suppliers at the time they are engaged and to abide by the terms agreed During the year ended 31 December 2009 the Group, on average, paid its trade creditors within 64 days of receipt of a valid invoice (2008 96 days, 2007 129 days) This steady reduction is in line with the Board's stated aim to be within normal terms having inherited substantial creditor debt as part of the reverse acquisition in 2007

Financial risk management

Details of the Group's financial risks are given in note 26

Employment policy

Group employees are regularly consulted by management and kept informed of matters affecting them and the overall development of the Group The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged

Directors' and officers' liability insurance

The Company, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company

Post balance sheet events

The Company entered into a fixed five year lease on a new office building in Oxford, UK on 21 January, 2010 8100 Alex Issigonis Way is the new registered office of the Company

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006

On behalf of the Board

G M Lossius
Director
19 March 2010

Corporate governance statement

The Group is committed to high standards of corporate governance It has adopted procedures to institute good governance insofar as it is practical and appropriate for an organisation of its size and nature, notwithstanding the fact that companies that have securities traded on the Alternative Investment Market ("AIM") are not required to comply with the Combined Code as appended to the Listing Rules issued by the Financial Services Authority

As the Group grows, it will regularly review the extent of its corporate governance practices and procedures At its current stage of development, the parent company does not consider it appropriate to be fully compliant with the Combined Code

Board of Directors

Board meetings are scheduled to take place at least quarterly, with additional meetings to review and approve significant transactions The Board is provided with Board papers before each Board meeting of which there were four in the year The Company Secretary's services are available to all members of the Board If required, the Directors are entitled to take independent advice and if the Board is informed in advance, the Company will reimburse the cost of the advice The appointment and removal of the Company Secretary is a decision for the Board as a whole

Non-Executive Directors are appointed on a contract with a three month notice period and the Executive Directors are appointed on a contract with a twelve month notice period All Directors are subject to re-election Each year, one third of the Directors are subject to re-election by rotation The Group does not combine the role of Chairman and Chief Executive New Directors are subject to re-election at the first AGM after their appointment

At the year end, the Board comprised the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and two other Non-Executive Directors

Remuneration Committee

The Remuneration Committee is composed of two Non-Executive Directors M C Rose (Chairman) and W E Shaw It is responsible for the terms and conditions and remuneration of the Executive Directors and senior management The Remuneration Committee may consult external agencies when ascertaining market salaries The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions

Audit Committee

The Audit Committee is comprised of two Non-Executive Directors M C Rose (Chairman) and W E Shaw It monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the Non-Executive Directors

The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and measures applicable fees with similar auditors

Relations with shareholders

The Group gives high priority to its communication with shareholders by means of an active investor relations programme This is achieved through correspondence and extensive corporate information In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports from the Group's head office or via the Financial Times Annual Report Service At the AGM the shareholders are given the opportunity to question members of the Board The notice of the AGM is sent to shareholders at least 20 business days before the meeting

Internal controls

The Board of Directors acknowledges their responsibility for the Group's system of internal control, including suitable monitoring procedures There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets

The Group's control environment is the responsibility of the Group's Directors and managers at all levels The Group's organisational structure has clear lines of responsibility Operating and financial responsibility for business units is delegated to the operational management, including key risk assessment Investment policy, acquisition and disposal proposals and major capital expenditure are authorised and monitored by the Board

The Group operates a comprehensive budgeting and financial reporting system and, as a matter of routine, compares actual results with budgets, which are approved by the Board of Directors

Management accounts are prepared for the Group on a monthly basis Material variances from budget are thoroughly investigated In addition updated forecasts are prepared, at least quarterly, to reflect actual performance and the revised outlook for the year

The Board considered the usefulness of establishing an internal audit function and decided in view of the size of the Group it was not cost-effective to establish This will be kept under review

Functional reporting and risk management

The Directors and management have considered the risks facing the business and these are assessed on an ongoing basis A number of key risks including treasury management, capital expenditure, insurance, health and safety and regulatory compliance come under the direct control of the Directors Risk assessment includes review of potential mitigations and these are detailed in a risk assessment document The accounting policies cover several key risks and these are included in the notes

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the Directors is aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

On behalf of the Board

M C Rose
Chairman of the Audit Committee
19 March 2010

Directors' Remuneration report

For the Year ended 31 December 2009

The Remuneration Committee comprises M C Rose and W E Shaw who are Non-Executive Directors The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management The Remuneration Committee meets regularly in order to consider and set the annual remuneration for the Executive Directors, having regard to personal performance and industry remuneration rates In determining that policy, it considers a number of factors including

- the basic salaries and benefits available to Executive Directors of comparable companies
- the need to attract and retain Directors of an appropriate calibre, and
- the need to ensure Directors' commitment to the success of the Group

Non-Executive Directors are appointed on a contract with a three month notice period and may be awarded fees in relation to the Board and committee meetings attended Any fees awards to Non-Executive Directors are determined by the Board Non Executive Directors do not participate in the Company's share option scheme and do not receive the benefit of pension contributions

The Group made contributions to externally administered defined contribution pension schemes for two executives

The interests of the Directors at 31 December 2009 in the shares of the Company were as follows

	Number of ordinary shares of 10p in Publishing Technology plc 31 December 2009
G M Lossius	400,107
A B Moug	402,607
M C Rose	2,458,113
W E Shaw	63,089
M A Rowse	273,277

Directors' Interest

The Directors at 31 December 2009 had no interest in options over the ordinary shares of 10p each of the Company

The market price of the Company's shares at the end of the year was 92 5p and the range was between 37 5p and 97 5p

Directors' remuneration

	Salary and fees £'000s	Benefit £'000s	Sums paid to a third party for Directors' services £'000s	Pension Contributions £'000s	2009 Total £'000s	2008 Total £'000s
G M Lossius	126	11	-	19	156	186
A B Moug	113	13	-	6	132	162
M C Rose	36	-	48	-	84	88
W E Shaw	26	-	-	-	26	23
M A Rowse	-	-	25	-	25	22
					423	481

On behalf of the Remuneration Committee

M C Rose
Chairman
19 March 2010

Independent auditor's report to the members of Publishing Technology plc

We have audited the financial statements of Publishing Technology plc for the year ended 31 December 2009 which comprise the group statement of comprehensive income, the group statement of financial position, the group statement of changes in equity, the group statement of cash flows and the related notes and parent company balance sheet and related notes The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2009 and of the Group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP.

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
19 March 2010

Group Statement of Comprehensive Income
For the year ended 31 December 2009

	note	Year ended 31 Dec 09 £'000	Year ended 31 Dec 08 £'000
Revenue	2	15,262	15,351
Cost of sales		(9,119)	(9,207)
Gross profit		6,143	6,144
Sales and marketing expenses		(1,722)	(1,929)
Administrative expenses		(3,914)	(3,773)
Amortisation and impairment of intangibles	10	-	(1,494)
Other Income – rental income		-	117
Profit / (loss) from operations	4	507	(935)
Analysis of profit / (loss) from operations			
Profit before net finance costs, tax, depreciation, amortisation, impairment and foreign exchange gains and losses (EBITDA)		913	919
Depreciation		(186)	(220)
Amortisation and impairment of intangibles		-	(1,494)
Provision for onerous lease	17	-	(358)
Gain on sale of investments		-	9
Loss on sale of property, plant and equipment		-	(2)
Foreign exchange (loss) / gain		(162)	224
Restructuring costs		(58)	(13)
Profit / (loss) from operations		507	(935)
Finance income	6	-	1
Finance costs	7	(220)	(317)
Profit / (loss) before income tax		287	(1,251)
Income tax	8	213	(109)
Profit / (loss) for the year attributable to equity holders of the parent		500	(1,360)
Other comprehensive income / (expense)			
Exchange differences on translation of foreign operations		315	(940)
Total comprehensive income / (expense) for the year attributable to equity holders of the parent		815	(2,300)
Basic and diluted earnings / (loss) per share (pence)	9	5 95	(17 90)

All activities are classified as continuing
The accompanying notes form part of these financial statements

Group Statement of Financial Position
As at 31 December 2009

	note	31 Dec 2009 £000	31 Dec 2008 £000	31 Dec 2007 £000
Non-current assets				
Goodwill and other intangible assets	10	3,737	3,737	5,231
Property, plant and equipment	11	346	389	307
Available for sale investments	12	-	-	102
		4,083	4,126	5,640
Current assets				
Trade and other receivables	13	2,883	3,661	2,539
R & D tax credit receivable	8	170	-	315
Cash and cash equivalents	14	1,162	734	581
		4,215	4,395	3,435
Total assets		8,298	8,521	9,075
Equity				
Share capital	20	841	841	11,610
Share premium		-	-	20,685
Merger reserve		11,055	11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)	(38,048)
Translation reserves		(662)	(977)	(37)
Retained earnings		(8,563)	(9,063)	(7,703)
Investment in own shares	22	(4)	(4)	(7)
Total equity		(2,561)	(3,376)	(2,445)
Non-current liabilities				
Borrowings	16	1,500	500	1,000
Provisions	17	20	200	-
		1,520	700	1,000
Current liabilities				
Trade and other payables	15	6,715	6,924	7,020
Borrowings	16	2,538	4,115	3,323
Provisions	17	86	158	177
		9,339	11,197	10,520
Total liabilities		10,859	11,897	11,520
Total equity and liabilities		8,298	8,521	9,075

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2010 and were signed on its behalf by

A B Moug C A
Director

G M Lossius
Director

The accompanying notes form part of these financial statements
Registered number 837205

Group Statement of Changes in Equity

Year ended 31 December 2009

	Share capital £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Investment in own shares £'000	Total attributable to owners of parent £'000
Balance at 1 January 2009	841	11,055	(5,228)	(977)	(9,063)	(4)	(3,376)
Profit for the year	-	-	-	-	500	-	500
Exchange differences on translating foreign operations	-	-	-	315	-	-	315
Total comprehensive income for the period attributable to equity holders of the parent	-	-	-	315	500	-	815
Balance at 31 December 2009	841	11,055	(5,228)	(662)	(8,563)	(4)	(2,561)

Year ended 31 December 2008

	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Investment in own shares £'000	Total attributable to owners of parent £'000
Balance at 1 January 2008	11,610	20,685	11,055	(38,048)	(37)	(7,703)	(7)	(2,445)
Shares issued in the year	245	1,348	-	-	-	-	-	1,593
Costs associated with shares issued in the year	-	(227)	-	-	-	-	-	(227)
Other movements in the year	(11,014)	(21,806)	-	32,820	-	-	3	3
Transactions with owners	(10,769)	(20,685)	-	32,820	-	-	3	1,369
Profit for the year	-	-	-	-	-	(1,360)	-	(1,360)
Exchange differences on translating foreign operations	-	-	-	-	(940)	-	-	(940)
Balance at 31 December 2008	841	-	11,055	(5,228)	(977)	(9,063)	(4)	(3 376)

Other movements in the year to 31 December 2008 relate to a capital reduction and to sales of shares from the Employee Share Ownership Trust

Group Statement of Cash Flows
For the Year ended 31 December 2009

	note	Year ended 31 Dec 09 £'000	Year ended 31 Dec 08 £'000
Profit / (loss) before taxation		287	(1,251)
Adjustments for			
Amortisation of intangibles		-	1,494
Depreciation		186	220
Loss on sale of property, plant and equipment		-	2
Gain on sale of investments		-	(9)
Investment income		-	(1)
Interest expense		220	317
Unrealised foreign exchange differences		543	(1,306)
Decrease / (increase) in trade and other receivables		778	(1,122)
Increase in R & D tax credit receivable		(170)	-
Decrease in trade and other payables		(209)	(14)
(Decrease) / increase in provisions		(252)	181
Cash from / (used in) operations		1,383	(1,489)
Interest paid		(250)	(396)
R&D tax credit received		64	342
Net cash from / (used in) operating activities		1,197	(1,543)
Cash flows from investing activities			
Purchase of property, plant and equipment		(164)	(176)
Cash flows from sale of investments		-	109
Interest received		-	1
Net cash used in investing activities		(164)	(66)
Cash flows from financing activities			
Net proceeds from issue of share capital		-	1,093
Costs of issuing shares		-	(227)
Repayment of short term borrowings (revolving credit facility)		-	(1,500)
Net cash used in financing activities		-	(634)
Net increase / (decrease) in cash and cash equivalents		1,033	(2,243)
Cash and cash equivalents at the beginning of the year		(2,381)	(242)
Exchange differences on cash and cash equivalents		(28)	104
Cash and cash equivalents at the end of the year	23	(1,376)	(2,381)

The accompanying notes form part of these financial statements

Notes to the Group financial statements
For the Year ended 31 December 2009

General information and nature of operations
Publishing Technology plc (the "Company") and its subsidiaries (together 'the Group') is a provider of technology and supporting services to publishers and information providers The nature of the Group's operations and its principal activities are set out in the business review, Chairman's statement, Chief Executive's review, financial review and Directors' report on pages 2 to 12

The Company is incorporated in the United Kingdom under the Companies Act 2006 The Company's registration number is 837205 and its registered office is 8100 Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2HU The consolidated financial statements were authorised for issue by the Board of Directors on 19 March, 2010

1 Principal accounting policies

Going concern
The accounts are prepared on a going concern basis In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including profit and cash forecasts, the continued support of the shareholders and Directors, banking facilities and management ability to affect costs and revenues

Management regularly forecast profit, financial position and cash flows for the Group The rolling forecast is normally updated ten times in the year

Having reviewed the latest forecast, management regard the forecasts to be robust Revenue streams are forecast in detail with all recurring revenue contracts individually listed and revenue is ranked by firmness from firm to prospect Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements Management have concluded that forecast costs are robust

The Group has secured an overdraft facility of £2m which will be reviewed as positive cash flows reduce the requirement Management have assured themselves that this facility is adequate for the needs of the business based on the cash flow forecasts

The major risks for future trading are the general economic downturn and how it will affect the publishing industry and academic institutions During previous downturns, these market sectors have been somewhat protected without being immune and therefore the Board are confident that the forecasts set for 2010 are achievable in the current market

It is therefore considered appropriate to use the going concern basis to compile these financial statements

Basis of preparation
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all years presented, except for adoption of IAS 1 (Revised 2007)

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group, but gives rise to additional disclosures The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged IAS 1 (Revised 2007) affects the presentation of the owner changes in equity and introduces a "Statement of comprehensive income" In accordance with the new standard the Group does not present a "Statement of recognised income and expenses (SORIE)", as was presented in the 2008 consolidated financial statements Further, a "Statement of changes in equity" and a "Statement of financial position" are now presented with two comparative years

The accounting policies applied have been applied consistently throughout the Publishing Technology Group The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain financial instruments

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements

Significant management judgement in applying accounting policies
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements

Revenue
The Group provides after-sales support The amount of the selling price associated with the subsequent servicing agreement is deferred and recognised as revenue over the period during which the service is performed The nature of services provided depends on the customer's use of the products Therefore management needs to make significant judgements in determining when to recognise income from after-sales services In particular, this requires knowledge of the customers and the markets in which the

Group operates The recognition is based on historical experience in the market, and management believes that after-sales-support gives rise to income recognition based on services actually performed

Contract revenue
The stage of completion of any long term contract is assessed by management by taking into consideration all information available at the reporting date In this process management makes significant judgements about milestones, actual work performed and the estimated costs to complete the work

Deferred tax assets
The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances

R&D expenditure
R&D is fully written off to the income statement as incurred The Board have taken into account the inherent risks in all R&D expenditure and specifically the expenditure being incurred by the business in the year and have concluded that the requirements of IFRS 38 to capitalise R&D expenditure have not been met

Estimation uncertainty
When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below

Impairment
An impairment loss is recognised for the amount by which an asset's or cash generating unit's carrying amount exceeds its recoverable amount To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows In the process of measuring expected future cash flows management makes assumptions about future gross profits These assumptions relate to future events and circumstances The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors

Fair value of financial instruments
Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available Details of the assumptions used are given in the notes regarding financial assets and liabilities In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date

Provisions
The amount recognised for onerous leases for which the Group is contracted is estimated based on management's past experience, the contracted costs and the future expectations of rental income

Basis of consolidation
The group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2009 Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities The Group obtains and exercises control through voting rights

Unrealised gains on transactions between the Group and its subsidiaries are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Stock options
The Group operates an Approved and an Unapproved Employee Stock Option plan No charge has been recognised during the year as the fair value of the options is not considered to be material Only material charges are recognised

Property, plant and equipment

Cost
Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment

Asset additions from the reverse acquisition of Ingenta plc in February 2007 were added at carrying amount at the date of acquisition in the consolidated accounts under reverse acquisition accounting Vista group assets remained at historic cost less accumulated depreciation

The financial statements of subsidiary companies hold assets from the Ingenta plc group at historic cost less accumulated deprecation Assets from the Vista group of companies are added at carrying value at the date of the acquisition

In 2008 the Group reallocated property, plant and equipment within the consolidated financial statements to report assets within subsidiary and consolidated accounts on the same basis Accordingly, the reallocation was made to both the cost and to the accumulated depreciation to report assets as though the Ingenta plc business was the continuing business The Group believes this gives a more reasonable view of the assets within the business The adjustment of £1 4m has been added to both cost and accumulated depreciation and therefore does not affect the underlying carrying value of property, plant and equipment

Depreciation
Depreciation is calculated using the straight - line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows

Leasehold improvements	Over the term of the lease
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate

Disposal of assets
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement

Intangible assets

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses Impairment losses are recognised immediately in the income statement and are not subsequently reversed

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal

Brands
The main economic and competitive asset of Ingenta plc at the time of its reverse acquisition was its trading name, 'Ingenta' The brand values were calculated based on the Group's valuation methodology, which is based on the 'relief from royalty approach' As the brand value arose on acquisition, the intangible asset was recognised initially at its fair value and amortised over its useful economic life of three years

Other intangibles
The Group also recognises other separately identifiable intangible assets such as customer contacts and relationships These values arose on the reverse acquisition of Ingenta plc and were recognised initially at their fair value and amortised over their useful economic life of three years

Computer software
Acquired computer software licences are capitalised on the basis of the cost incurred to bring the specific software into use These costs are amortised over their estimated useful lives which have been estimated by the Group as three years

Amortisation and impairment of intangible assets are charged to the income statement

Impairment of intangibles and property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related goodwill

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

Research and development
Research expenditure is written off in the period in which it is incurred Development expenditure is also written off, except where the Directors can demonstrate that the technical, commercial and financial viability of individual projects satisfies the criteria of IAS 38 In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit This period does not exceed five years Provision is made for any amortisation on a straight line basis

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value Financial assets and financial liabilities are measured subsequently as described below

Financial assets
The Group classifies its financial assets as 'loans and receivables' and 'available for sale' The classification depends on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets Loans and receivables are classified as 'trade and other receivables' in the balance sheet

<u>Trade receivables</u>
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate The carrying amount of the loss is recognised in the income statement within 'Sales and marketing expenses' When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against 'Sales and marketing expenses' in the income statement

Available for sale financial assets
Available for sale financial assets are non derivatives that are either designated in this category or are not classified in any other category They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date

On initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets After initial recognition, financial assets are measured at fair value, without any deduction of transaction costs

Gains and losses arising from change in the fair value of a financial asset are recognised directly in equity, except for impairment losses When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'

The fair values of quoted investments are based on current bid prices If the market for a financial asset is not active the Group establishes fair value by using valuation techniques These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs

Financial liabilities

The Group's financial liabilities include borrowing and trade and other payables

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method

Preference shares, which are redeemable on a specific date, are classified as liabilities The dividend on these preference shares is recognised in the income statement as interest expense

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non convertible bond This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds The remainder of the proceeds is allocated to the conversion option This is recognised and included in shareholders' equity, net of income tax effects

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

Equity
Share capital represents the nominal value of shares that have been issued

Share premium includes any premiums received on issue of share capital Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits Share premium and all classes of deferred shares were cancelled in the year to 31 December 2008 as part of a capital reduction (see note 20)

The translation reserve within equity relates to foreign currency translation differences arising on the translation of the Group's foreign entities

Retained earnings include all current and prior year retained profits and losses

Reserve acquisition reserve and merger reserve represent balances arising on the acquisition of Ingenta plc The IFRS 3 acquisition adjustment reflects the entries required under reverse acquisition accounting, whereby consolidated shareholders funds comprise the capital structure of the legal parent combined with the reserves of the legal subsidiary and the post acquisition reserves of the parent

Investment in own shares within equity represents the nominal value of shares held within the Vista International Employee Share Ownership Trust 1999

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Company's equity holders

Revenue
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities Revenue is shown net of value added tax, returns, rebates and discounts after elimination sales within the Group

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and specifics of each arrangement

Revenues from the processing of e-journal content and ongoing services within IngentaConnect revenue, are recognised in the period to which it relates The period is assessed by reference to when the work is carried out

Revenues from document delivery under pay per view access, clearance and digitisation services within IngentaConnect revenue, are recognised on despatch/delivery of the documents

Revenues from long term contracts within consulting services are recognised on the percentage of completion method This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the date of testing Where certain products are sold as multi element arrangements, revenue is recognised when each element is delivered to the customer based on fair value of each product element

Revenues collected or billed in advance for hosted services, managed services and support and upgrade revenue, are recorded as deferred income and recognised over the term of the contract or the period to which it relates

Revenue from sales of software licences is recognised immediately if there are no associated implementation requirements Otherwise licence revenue is recognised over the period of the implementation on a percentage complete basis

Rental income relates to the sub-letting of Units 3 and 4, Riverside Court, Bath Rental income is recognised in the period to which the rent relates

Revenue within PCG from contracts where the Group acts as sales agent is recognised when invoices are sent on behalf of the customer to subscribers The Group raises invoices on behalf of customers and collects the remittances from subscribers acting as agent and therefore no entries are made in the Group's ledgers for invoices raised Revenue from these contracts is the commission element of the sale earned when invoices are raised to subscribers Revenue is therefore accrued for invoices raised to subscribers as agent based on the percentage commission to be applied to each sale The Group invoices the customer for the Group's commission monthly in arrears when cash receipts are forwarded to the customer

Employee benefits
Pension obligations
The Group operates various pension schemes which are in the nature of defined contribution plans A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods The Group does not operate a defined benefit plan

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis The contributions are recognised as employee benefit expenses when they are due

Share-based employee remuneration
The Group operates equity-settled share-based remuneration plans for its employees None of the Group's plans feature any options for a cash settlement

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions

All share-based remuneration is ultimately recognised as an expense in profit or loss If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits The Group recognises termination benefits when it is demonstrably committed to either terminating the employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy Benefits falling due more than 12 months after the balance sheet date are discounted to their present value

Operating leases

Leases in which a significant risk and reward of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Lease incentives received are recognised in the income statement as an integral part of the total lease expense and are spread on a straight-line basis over the lease term The Group does not have any finance leases

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin

Finance cost

Financing costs comprise interest payable, the amortisation of the costs of acquiring finance and the unwinding of discounts that are recognised in the income statement Interest payable is recognised in the income statement as it accrues, using the effective interest method

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date Current tax is payable on taxable profit, which differs from profit or loss in the financial statements Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period Deferred tax liabilities are always provided for in full

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income For management's assessment of the probability of future taxable income to utilise against deferred tax assets Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably Timing or amount of the outflow may still be uncertain A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, onerous contracts Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it Provisions are not recognised for future operating losses

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole Provisions are discounted to their present values, where the time value of money is material

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset However, this asset may not exceed the amount of the related provision All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination In a business combination contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets

Foreign currency
The consolidated financial statements are presented in Sterling (GBP), which is also the functional currency of the parent company

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation The functional currency of the entities in the Group have remained unchanged during the reporting period On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date Income and expenses have been translated into the Group's presentation currency at an approximation of the average monthly rate over the reporting period Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision-maker The chief decision-maker has been identified as the Executive Board, at which level strategic decisions are made

IFRS 8 "Operating segments" was early adopted by the Group in 2008 The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes and reported in a manner which is more consistent with internal reporting provided to the chief decision-maker

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements

IFRS 3 Business Combinations (Revised 2008) (effective from 1 July 2009)
The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009

IFRS 9 Financial instruments (effective from 1 January 2013)
The IASB aims to replace IAS 39 Financial instruments recognition and measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013 IFRS 9 is the first part of Phase 1 of this project The main phases are

Phase 1 Classification and Measurement
Phase 2 Impairment methodology
Phase 3 Hedge accounting

In addition, a separate project is dealing with derecognition

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes

Annual Improvements 2009
The IASB has issued Improvements for International Financial Reporting Standards 2009 Most of these amendments become effective in annual periods beginning on or after 1 January 2010 These amendments are not expected to have a material impact on the Group's financial statements

2 Revenue
An analysis of the Group's revenue is as follows

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Sales of services		
Licences	541	519
Consulting Services	2,476	3,844
Hosted services	1,376	827
Managed Services	2,564	2,644
Support and Upgrade	2,764	2,449
IngentaConnect	3,217	3,447
Course Packs	222	310
PCG	2,102	1,311
	15,262	15,351

A geographical analysis of the Group's revenue is as follows

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Sales of services		
UK	7,851	7,524
USA	6,186	6,078
Rest of the World	1,225	1,749
	15,262	15,351

Revenue is allocated to geographic locations based on the location of the customer

3 Business segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines requirements for the disclosure of financial information of an entity's operating segments IFRS 8 follows the management approach, which is the basis for decision making within the Group

The Board consider the Group on a business unit basis Reports by Business Unit are used by the chief decision-maker in the Group Significant operating segments are Publishing Technology operations, Scholarly online, and Publisher Communications Group ("PCG") This split of business segments is based on the products and services each offer

Publishing Technology operations provides publishing management systems, Scholarly online provides Ingenta-Connect and Pub2web online products, and PCG provides consultancy service in sales and marketing expertise to publishers

The reported operating segments derive their revenues from the revenue streams reported in the revenue analysis in note 2 All revenues are derived from trade with external parties

Property, plant and equipment is held in both the UK (£151K, 2008 £172K) and the USA (£195K, 2008 £217K)

Revenue from customers who contribute greater than 10% of total Group revenue

No customers in the year contributed more than 10% of revenue (2008 One)

The Group's operations are located in the United Kingdom and North America Any transactions between business units are on normal commercial terms and conditions

Segment information by Business Unit is presented below

Year to 31 December 2009	Publishing Technology Operations £'000	Scholarly Online £'000	Publisher Communications Group £'000	Consolidated £'000
External sales	9,128	4,032	2,102	15,262
Segment result (EBITDA)	812	434	294	1,540
Depreciation	(93)	(93)	-	(186)
Unallocated corporate expenses				(685)
Foreign exchange gain				(162)
Operating loss				507
Investment income				-
Finance costs				(220)
Profit before tax				287
Tax				213
Profit after tax				500

Other information	Publishing Technology Operations £'000	Scholarly Online £'000	Publisher Communications Group £'000	Consolidated £'000
Capital additions	82	72	10	164
Balance sheet				
Assets				
Attributable Goodwill	-	2,661	1,076	3,737
Segment assets	2,580	1,106	753	4,439
Unallocated corporate assets				122
Consolidated total assets				8,298
Liabilities				
Segment liabilities	2,992	1,911	259	5,162
Unallocated corporate liabilities				5,697
Consolidated total liabilities				10 859
Total equity and liabilities				8,298

Refer to note 10 for the estimates used in valuation of cash generating units

Year to 31 December 2008	Publishing Technology Operations £'000	Scholarly Online £'000	Publisher Communications Group £'000	Consolidated £'000
External sales	9,709	4,331	1,311	15,351
Segment result (EBITDA)	1,186	133	26	1,345
Depreciation	(110)	(110)	-	(220)
Unallocated corporate expenses				(432)
Foreign exchange gain				224
Amortisation and impairment of intangibles				(1,494)
Provision for onerous lease				(358)
Operating loss				(935)
Investment income				1
Finance costs				(317)
Loss before tax				(1,251)
Tax				(109)
Loss after tax				(1,360)

Other information	Publishing Technology Operations £'000	Scholarly Online £'000	Publisher Communications Group £'000	Consolidated £'000
Capital additions	75	101	-	176
Balance sheet				
Assets				
Attributable Goodwill	-	2,661	1,076	3,737
Segment assets	1,846	1,000	660	3,506
Unallocated corporate assets				1,278
Consolidated total assets				8,521
Liabilities				
Segment liabilities	2,987	2,291	661	5,939
Unallocated corporate liabilities				5,958
Consolidated total liabilities				11,897
Total equity and liabilities				8,521

4 Profit / (loss) from operations

Profit / (loss) from operations has been arrived at after charging / (crediting)

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Research and development costs	3,094	2,813
Net foreign exchange losses / (gains)	162	(224)
Depreciation of property, plant and equipment		
- owned assets	186	220
Operating lease rentals		
- land and buildings	553	578
- other	185	200
Amortisation of intangible assets (note 10)	-	747
Impairment of intangible assets (note 10)	-	747
Provision for onerous lease	-	358
Loss on sale of property, plant and equipment	-	(2)
Gain on sale of investments	-	9
Auditor's remuneration	85	115

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below

	Year ended 31 Dec 09 £'000	Year ended 31 Dec 08 £'000
Fees payable to the Group's auditor for		
The audit of the parent company and consolidated financial statements	20	40
For other services		
The audit of the Company's subsidiaries pursuant to legislation	50	60
Taxation services	15	15
	85	115

A description of the work of the Audit Committee is set out in the corporate governance statement on page 10 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor

5 Staff numbers and costs

	Year ended 31 Dec 09	Year ended 31 Dec 08
	Average number	Average number
Staff numbers		
Operations	119	121
Sales and marketing	30	23
Administration	10	10
	159	154

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	8,246	8,033
Social security costs	554	588
Contribution to defined contribution plans	369	361
Other staff costs	385	314
Staff costs	9,554	9,296
Remuneration in respect of Directors was as follows		
Non-Executive Director fees	135	133
Executive Directors' emoluments	263	323
Company pension contributions to money purchase schemes	25	25
	423	481
Remuneration of the highest paid Director (aggregate emoluments)	156	186

Further information on Directors' remuneration is provided in the Directors' remuneration report

Key management personnel within the business are considered to be the Board of Directors Pension contributions of £19K were paid in respect of the highest paid Director (2008 £19K) There are two (2008 two) Directors included in the money purchase pension schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees The assets of the scheme are held separately from those of the Group in an independently administered fund

The total cost charged to income of £369K (2008 £361K) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans As at 31 December 2009, contributions of £41K (2008 £42K) due in respect of the current reporting period were included in the balance sheet for payment in January 2010

The Group operates an Unapproved Employee Stock Option plan No charge has been recognised during the year as the fair value of the options is not considered to be material

6 Finance income

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Interest income	-	1

7 Finance costs

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Interest payable		
- Interest on bank overdraft and loans	90	184
- Other loans	130	133
	220	317

Interest on other loans payable relates to the convertible loan note Further details are provided in note 16

8 Tax

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Analysis of charge in year		
Current tax		
- Current Research and Development tax credit - UK	170	-
- Adjustment to prior year charge	43	(109)
Taxation	213	(109)

The Group has unutilised tax losses at 31 December 2009 in the UK and the USA of £14 2m (2008 £12 1m) and $18 6m (2008 $15 5m) respectively These losses are still to be agreed with the tax authorities in the UK and USA

It was thought the U S tax losses would have been restricted to approximately $150K per annum, however after further review, the Board believe the losses available will be approximately $500K per annum, allowing the Group to potentially make use of all losses brought forward

The differences are explained below

Reconciliation of tax expense	Year ended 31 Dec 09 £'000	Year ended 31 Dec 08 £'000
Profit / (loss) on ordinary activities before tax	287	(1,251)
Tax at the UK corporation tax rate of 28% (2008 28 5%)	80	(357)
Income not subject to corporation tax		
Property, plant and equipment	-	(10)
Others	-	(11)
Expenses not deductible for tax purposes	28	423
Additional deduction for R&D expenditure	(159)	(266)
Utilisation of UK losses	(88)	-
Unrelieved UK losses carried forward	125	130
Utilisation of US losses	(17)	-
Unrelieved US losses carried forward	88	112
Effect of foreign tax rates	24	(32)
Difference in timing of allowances	(250)	11
Adjustment to tax charge in respect of prior years	(44)	109
Total taxation	(213)	109

United Kingdom Corporation tax is calculated at 28% (2008 28 5%) of the estimated assessable profit for the Year

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions A deferred tax asset has not been recognised in relation to tax losses due to uncertainty over their recoverability

9 Earnings per share

Basic earnings / (loss) per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year

For diluted earnings / (loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares Since the interest net of tax and other changes in income or expense per ordinary share obtainable on conversion of the convertible loan is greater than basic earnings per share for continuing operations there is no dilutive impact And, since all outstanding options have an exercise price in excess of the average market rate in the year there is no dilutive impact from options granted

	Year ended 31 Dec 2009 £'000	Year ended 31 Dec 2008 £'000
Attributable profit / (loss)	500	(1,360)
Weighted average number of ordinary shares ('000)	8,414	7,596
Earnings / (loss) per share (basic and dilutive) arising from both total and continuing operations	5 95p	(17 90) p

All potential ordinary shares including options and conditional shares are anti-dilutive

10 Intangible assets

	Goodwill	Trademarks and licences	Customer relationships	Brand	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 31 December 2007	3,737	1,824	128	290	5,979
As at 31 December 2008	3,737	1,824	128	290	5,979
As at 31 December 2009	3,737	1,824	128	290	5,979
Amortisation and impairment					
As at 31 December 2007	-	608	43	97	748
Amortisation and impairment charge	-	1,216	85	193	1,494
As at 31 December 2008	-	1,824	128	290	2,242
As at 31 December 2009	-	1,824	128	290	2,242
Net book Value					
As at 31 December 2007	3,737	1,216	85	193	5,231
As at 31 December 2008	3,737	-	-	-	3,737
As at 31 December 2009	3,737	-	-	-	3,737

Goodwill on the reverse acquisition of Ingenta plc is reviewed at the end of each financial period for impairment

Deferred tax has not been provided for in relation to the above intangible assets on the basis that the Group has sufficient tax losses available to offset any taxable gain that might arise in the future

At the year end management carried out an impairment review of goodwill attached to each business unit Following that review it is of the opinion that no impairment has taken place In its review of other assets Management is also of the opinion that the carrying value of such assets is reasonably stated and that no impairment has occurred

The goodwill reported in the Group accounts arises from the reverse acquisition of Ingenta plc in 2007 During 2008, the Group restructured to create global business units These are Scholarly online, PCG and Publishing Technology operations This has impaired the value of the 'Ingenta' brand Therefore, in 2008, the intangible brand asset was amortised by £608K and impaired by £608K

The Group believes the net intangible assets associated with customer contacts and software were inextricably linked to the Ingenta brand and were therefore also impaired at 31 December 2008 As a result, in 2008 these intangible assets were amortised by £139K and impaired by £139K

	Year ended 31 Dec 09	Year ended 31 Dec 08
Gross carrying amount	£'000	£'000
Balance as at 1 January 2009	3,737	3,737
Accumulated impairment	-	-
Balance as at 31 December 2009	3,737	3,737

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Scholarly division	2,661	2,661
PCG	1,076	1,076
Balance as at 31 December 2009	3,737	3,737

The recoverable amounts of the cash generating units were determined based on value in use calculations for the next five years which management believe will reflect the minimum period during which the business will benefit from the resulting cash generation

Projections are based on the latest 12 month forecast for each business unit and cash flows have been extrapolated to the full review period, applying growth rates which management believe are prudent in the prevailing economic conditions Much of the revenue is regarded as recurring and unlikely to be adversely affected by technological change Where applicable, management have assumed a forecast growth rate of 2% (2008 2%) A number of revenue streams represent what is considered to be "cutting edge" technology and likely to achieve a higher level of growth and this has been reflected accordingly

Management's key assumptions include stable profit margins based on past experience in this market which management see as the best available information to forecast this market

Management have sensitised their review by applying a range of discount factors, however they consider 17% will reflect the Group's cost of capital during the review period (2008 8%)

Apart from the considerations described in determining value in use, management are not aware of any reasonable changes in key assumptions that would necessitate changes in key estimates

11 Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 31 December 2007	371	319	1,995	2,685
Additions	-	12	164	176
Exchange differences	-	61	173	234
Disposals	-	(180)	(855)	(1,035)
At 31 December 2008	371	212	1,477	2,060
Additions	3	-	161	164
Exchange differences	-	(18)	(40)	(58)
At 31 December 2009	374	194	1,598	2,166
Accumulated depreciation and impairment				
At 31 December 2007	243	239	1,896	2,378
Leasehold impairment charge	49	-	-	49
Charge for the year	40	18	113	171
Exchange differences	-	21	87	108
Eliminated on disposals	-	(180)	(855)	(1,035)
At 31 December 2008	332	98	1,241	1,671
Charge for the year	26	19	141	186
Exchange differences	(1)	(9)	(27)	(37)
At 31 December 2009	357	108	1,355	1,820
Carrying amount				
At 31 December 2009	17	86	243	346
At 31 December 2008	39	114	236	389
At 31 December 2007	128	80	99	307

12 Available for Sale Investments

	As at 31 Dec 09 £'000	As at 31 Dec 08 £'000	As at 31 Dec 07 £'000
Investments in -			
Bidz Com	-	-	30
Dynamic Diagrams	-	-	72
	-	-	102

Investments in Bidz com and Dynamic Diagrams were sold during the year to 31 December 2008

13 Trade and other receivables

Trade and other receivables comprise the following

	As at 31 Dec 09	As at 31 Dec 08	As at 31 Dec 07
	£'000	£'000	£'000
Trade receivables – gross	2,132	2,487	1,771
Allowance for credit losses	(19)	(73)	(93)
Trade receivables - net	2,113	2,414	1,678
Other receivables	56	57	610
Accrued income	594	887	382
Financial assets	2,763	3,358	2,288
Prepayments	120	303	251
Non financial assets	120	303	251
Trade and other receivables	2,883	3,661	2,539

All amounts are short term The Directors consider that the carrying amount of trade and other receivables approximates their fair value

Trade receivables at the balance sheet date comprise amounts receivable from the sale of goods and services of £2 1m (2008 £2 5m £1 8m, 2007)

Trade receivables are pledged as security against the Group's overdraft facility

The average credit period taken on sales of goods is 49 days (2008 43 days, 2007 45 days)

All of the Group's trade and other receivables have been reviewed for indicators of impairment Certain trade receivables were found to be individually impaired and an allowance for credit losses of £19K (2008 £73K, 2007 £93K) has been recorded accordingly within "other expenses" in profit This allowance has been determined by reference to expected receipts

The movement in the allowance for credit losses can be reconciled as follows

	Year ended 31 Dec 09	Year ended 31 Dec 08
	£'000	£'000
Balance as at 1 January 2009	73	93
Amounts written off (uncollectable)	(54)	(20)
Balance as at 31 December 2009	19	73

An analysis of unimpaired trade receivables that are past due is given in note 26

14 Cash and cash equivalents

	As at 31 Dec 09	As at 31 Dec 08	As at 31 Dec 07
	£'000	£'000	£'000
Cash at bank and in hand			
- GBP	36	421	16
- USD	567	162	431
- EUR	558	150	133
Cash in hand – GBP	1	1	1
	1,162	734	581
Bank Overdraft			
- GBP	(2,538)	(3,113)	(823)
- USD	-	(2)	-
	(2,538)	(3,115)	(823)
Net cash and cash equivalents	(1,376)	(2,381)	(242)

Net cash and cash equivalents is used for the statement of Group cash flows The net carrying value of cash and cash equivalents is considered a reasonable approximation of fair value

15 Trade and other payables

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 64 days (2008 96 days 2007 129 days)

The Directors consider that the carrying amount of trade payables approximates to their fair value

Payables falling due within one year

	As at 31 Dec 09	As at 31 Dec 08	As at 31 Dec 07
	£'000	£'000	£'000
Trade payables	1,165	1,365	1,646
Accruals	378	1,007	893
Other payables	1,572	1,387	328
Financial liabilities	3,115	3,759	2,867
Deferred income	2,606	2,176	3,343
Social security and other taxes	994	989	810
Non financial liabilities	3,600	3,165	4,153
Trade and other payables	6,715	6,924	7,020

Amounts due relating to Directors of the Company or other related parties are disclosed within related parties transactions (note 25)

16 Borrowings

	As at 31 Dec 09	As at 31 Dec 08	As at 31 Dec 07
	£'000	£'000	£'000
Bank overdrafts	2,538	3,115	823
Revolving credit facility	-	-	1,500
Convertible loan note	1,500	1,500	2,000
	4,038	4,615	4,323
On demand or within one year	2,538	4,115	3,323
In the second year	1,500	500	500
In the third to fifth years inclusive	-	-	500
Less Amount due for settlement within 12 months (shown under current liabilities)	2,538	4,115	3,323
Amount due for settlement after 12 months	1,500	500	1,000

	Year ended 31 Dec 09	Year ended 31 Dec 08	Year ended 31 Dec 2007
Interest rates	%	%	%
Bank overdrafts	2 5% - 2 75% above base	2 25% - 2 5% above base	2 25% above base
Convertible Loan Note	8%	8%	8%
Convertible Loan Note – default interest	4%	4%	-

The revolving credit facility of £1 5 million was secured on the assets of the Group This facility was repaid on 11 January 2008 The facility carried an interest rate at 2 25% above base per annum

As at 31 December 2009, the Group has an overdraft facility of £2m (2008 £2 5m, 2007 £2 45m), at an interest rate of 2 75% above base Bank overdrafts are repayable on demand During 2009, £0 9m of overdraft facility was underwritten by guarantees from Directors and shareholders (2008 £1 65m) The average effective interest rate on bank overdrafts approximates 3 5% (2008 7%, 2007 8%) per annum

The Directors are of the opinion that the carrying value of the bank overdrafts is a reasonable approximation of their fair value

The convertible loan is a compound financial instrument with characteristics of both debt and equity Management consider the fair value of the equity element of the convertible loan to be immaterial and have therefore accounted for the loan entirely as financial liability

All borrowings are measured at amortised cost

Convertible loans

The base interest rate on the convertible loan note issued by Publishing Technology is 8% If the Group does not pay any sum payable under this Instrument within 14 days of its due date, the balance for the time being outstanding is subject to default interest Default interest is set at 4% above the base interest rate

Interest is accrued and paid half yearly in arrears on 30 June and 31 December

The noteholder may elect during conversion periods to convert all or part of the loan note into shares

The noteholder did not convert any of the loan note during 2009 and the Company did not redeem any of the loan Therefore £1m of the £1 5m total convertible is accruing interest of 12% per annum The Company will continue to pay interest at 12% on the £1m until redemption is made The conversion window for this £1m of loan notes has passed and they may not now be converted under the current convertible loan agreement The noteholders of the £1m loan notes have undertaken not to accept any repayment before April 2011

The remaining £500,000 maybe converted during June 2010 or December 2010 at a conversion ratio of 1,429 shares for every £10,000 of loan notes which equates to a price of £7 per share If this tranche of the convertible loan note is not converted, then it is repayable on 31 December 2010

17 Provisions

	Reorganisation	Onerous lease	Total
	£'000	£'000	£'000
At 31 December 2007	123	54	177
Utilisation of provision	(123)	(54)	(177)
Provided in the year	-	358	358
At 31 December 2008	-	358	358
Utilisation of provision	-	(252)	(252)
At 31 December 2009	-	106	106

The provision for onerous lease is in respect of a property which was sub-let until the tenant went into liquidation in February 2009 This gave rise to a liability for rent, rates, service charge and dilapidations until the end of the current lease in February 2011

The Directors have not used any discounted cash flow in valuing the provision for onerous lease The lease terminates in February 2011, therefore any discounting would be immaterial

Provisions are expected to be used within two years

	£'000
Expected to be used	
Within 12 months	86
Within 2 years	20
	106

18 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008 28%, 2007 28%) The movement on the deferred tax account is as shown below

Subject to agreement with HMRC, the Group has unrealized losses in the UK of £14 2m (2008 £12 1m) The Group also has unused losses in the USA of $18 6m (2008 $15 5m), these losses have yet to be agreed with the US tax authorities The US tax losses have become restricted under US change of control laws subsequent to the capital raising in April 2008 however the Directors believe all losses will be able to be used albeit at a slower rate

No deferred tax asset has been recognised in respect of the losses (2008 £Nil, 2007 £Nil) due to the uncertainty relating to the realisation of these amounts

19 Operating lease arrangements

The Group as lessee
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	As at 31 Dec 09	As at 31 Dec 08	As at 31 Dec 07
	£'000	£'000	£'000
Land and buildings			
Within one year	80	452	578
In the second to fifth years inclusive	404	401	944
	484	853	1,522
Other			
Within one year	30	154	190
In the second to fifth years inclusive	250	100	250
	280	254	440

Operating leases for Land & Buildings represent contracts on the following offices Bath, UK, Oxford, UK, Borehamwood, UK, Somerset, New Jersey, USA, Cambridge, and Massachusetts, USA

Other Operating leases represent car leases, photocopier leases and sundry equipment leases

The Group's operating lease agreements do not contain any contingent rent clauses None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt

After the balance sheet date, the Group signed a new lease on a new office building in Oxford, UK, for a fixed term of five years from 21 January, 2010 There is no capital commitment as at 31 December 2009 as a result of this move The average annual rent over the period of the lease, taking into account the negotiated rent free period is £109K per annum

20 Share Capital

	As at 31 Dec 09 £'000	As at 31 Dec 08 £'000	As at 31 Dec 07 £'000
Authorised			
12,000,000 ordinary shares of 10p each	1,200	1,200	-
936,207,420 ordinary shares of 1p each	-	-	9,362
141,207,420 deferred shares of 4p each	-	-	5,648
	1,200	1,200	15,010
Issued and fully paid			
8,413,610 ordinary shares of 10p each	841	841	-
596,207,420 ordinary shares of 1p each	-	-	5,962
141,207,420 deferred shares of 4p each	-	-	5,648
	841	841	11,610

Share issues

On 25 April 2008 each existing ordinary share of 1p each in the authorised share capital of the Company was subdivided into 10 ordinary shares of 0 1p each and every 10 ordinary shares were then consolidated and converted into one deferred "B" share of 0 9p and one interim ordinary share of 0 1p

On the same date, the authorised share capital of the Company was increased from £15,010,371 to £15,274,164 by the creation of 263,793,000 interim ordinary shares of 0 1p each Of these, 245,154,000 were purchased at 0 65p per share, the remainder remained as authorized but unissued

On 24 July 2008 the interim ordinary shares of 0 1p each in the capital of the Company were consolidated into new ordinary shares of 10p each on the basis of 1 new ordinary share for every 100 interim ordinary shares

On 29 October 2008, the Company reduced its capital by Special Resolution as confirmed by an Order of the High Court of Justice, Chancery Division As a result, both classes of deferred shares and the share premium account were cancelled eliminating the deficit on reserves

The authorised capital of the Company is £1 2m divided into 12,000,000 ordinary shares of 10p each of which 8,413,610 ordinary shares of 10p each are issued All issued shares are fully paid up The remainder of the Company's authorised share capital is unissued

21 Share options

The Group has an approved and an executive option scheme The executive option scheme relates to options granted to a former Director and certain senior management The approved option scheme is an H M Revenue & Customs approved scheme available to eligible Directors and employees The total number of options outstanding over ordinary shares of 10p each that have been granted and have not lapsed at 31 December 2009 were as follows (2008 65,093, 2007 71,494)

Number of Shares	Grant Date	Exercise Price £	Expiry Date
1,057	4 January 2000	70	4 January 2010
731	1 August 2000	280	1 August 2010
318	13 November 2000	280	13 November 2010
2,249	12 October 2001	111	12 October 2011
65	17 April 2002	150	17 April 2012
7,100	21 January 2003	5 25	21 January 2013
500	30 June 2003	11 75	30 June 2013
4,254	21 January 2004	9 5	21 January 2014
100	2 August 2004	6	2 August 2014
100	22 November 2004	3 25	22 November 2014
2,500	4 October 2005	1 95	4 October 2015
1,000	30 March 2006	2 157	30 March 2016
19,974			

These options are exercisable from the first, second and third anniversaries of the date of grant

The reduction in options from 2008 year end is due to 1,619 options having expired on the tenth anniversary of their grant date and 43,500 options which failed to become exercisable on non performance of related targets No charge has been made for the year under IFRS 2 as the Directors do not consider there is a material impact on the reported result

Share options are exercisable up to 10 years after grant If a recipient ceases to be an eligible employee within 3 years of the grant date, the options lapse after one month unless the employee ceases to be an eligible employee by reason of redundancy, retirement, injury, disability or death in which case the options lapse after twelve months

22 Investment in own shares

	Publishing Technology Shares held in trust Number	Nominal value £'000	Cost £'000
At 31 December 2007	363,398	36,340	7
Beneficial shares removed from trust in the year	(19,425)	(1,943)	-
Shares sold in the year	(7,162)	(716)	-
Options exercised and shares removed from the trust	(115,122)	(11,512)	(3)
At 31 December 2008	221,689	22,169	4
Beneficial shares removed from trust in the year	(603)	(60)	-
Shares sold in the year	(13,195)	(1,320)	-
Options exercised and shares removed from the trust	(2,773)	(277)	-
At 31 December 2009	205,118	20,512	4

Investment in own shares relates to shares held by the Spread Trustee Company Limited as trustees of the Vista International Limited 1998 Employee Share Ownership Trust The trust holds shares in which employees have a beneficial interest and over which employees hold fully vested options to purchase

The Group is deemed to have control of the assets, liabilities, income and costs of the trust

23 Notes to the cash flow statement

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value Refer to note 14 'cash and cash equivalents'

24 Contingent liabilities

There were no contingent liabilities at 31 December 2009, 31 December 2008 or 31 December 2007

25 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on pages 12

	Year ended 31 Dec 09 £'000	Year ended 31 Dec 08 £'000
Short term employee benefits	423	481

Directors' transactions

The amounts outstanding with Directors as at 31 December 2009 relate to amounts due from Publishing Technology plc to Directors in connection with invoiced travel expenses and invoiced Non-Executive Directors fees

	As at 31 Dec 09 £'000	As at 31 Dec 08 £'000	As at 31 Dec 07 £'000
Amounts outstanding with Directors	25	28	27

There have been no loans, quasi-loans or other transactions with Directors or other key management personnel in the year to 31 December 2009 other than those detailed in this note

Convertible loan note

The noteholder of the £1 5m convertible loan notes is a trust in which M C Rose, the Non Executive Chairman of the Group, is a trustee Interest of £130K was accrued in the year to 31 December 2009, of which £70K was outstanding as at 31 December 2009

26 Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities The main types of risk are foreign currency risk, interest rate risk, market risk, credit risk and liquidity risk

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets The Group does not actively trade in financial assets for speculative purposes nor does it write options The most significant financial risks are currency risk, interest rate risk and certain price risks

Foreign currency sensitivity
The Group trades in Sterling (GBP), US Dollars (USD) and Euros (EUR) Most of the Group's transactions are carried out in Sterling Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily in USD, through the trading divisions in the USA (Publishing Technology Inc and Publishers Communications Group Inc) The Group does not borrow or invest in USD other than an intercompany loan denominated in USD between Vista International Ltd and Vista North America Holdings Ltd, the currency movement on which offsets within the Group income statement

In order to mitigate the Group's foreign currency risk, non GBP cash flows are monitored and excess USD and EUR not required for foreign currency expenditure are translated into GBP on an on-going basis The Group is a net importer of USD being cash flow positive in the USA by approximately $2 5m per annum No further hedging activity is undertaken The Group does not enter into forward exchange contracts

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows

	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2009		
Financial assets	1,589	-
Financial liabilities	(1,248)	-
Total exposure	341	-
31 December 2008		
Financial assets	1,711	-
Financial liabilities	(1,459)	-
Total exposure	252	-

The following table illustrates the sensitivity of profit / (loss) and equity with regard to the Group's financial assets and financial liabilities and the USD / GBP exchange rate "all other things being equal" Transactions in EUR are immaterial and therefore movements of the EUR / GBP exchange rate have not been analysed

It assumes a + / - 10% change of the USD / GBP exchange rate for the year ended 31 December 2009 (2008 10%) This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months The sensitivity analysis is based on the Group foreign currency financial instruments held at each reporting date

If GBP had strengthened against USD by 10% (2008 10%) then this would have had the following impact

	Profit / loss for the year USD £'000	Equity USD £'000
31 December 2009	(94)	(143)
31 December 2008	(15)	(151)

If GBP had weakened against USD by 10% (2008 10%) then this would have had the following impact

	Profit / loss for the year USD £'000	Equity USD £'000
31 December 2009	115	175
31 December 2008	16	166

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing Long term borrowings are therefore usually at fixed rates At 31 December 2009, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates Other borrowings (being the convertible loans see note 16) are at fixed interest rates

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of + / - 1% These changes are considered to be reasonably possible based on market movements and current market conditions The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates, All other variables are held constant

	Loss for the year £'000		Equity £'000	
	+ 1%	- 1%	+1%	-1%
31 December 2009	(37)	37	(37)	37
31 December 2008	(44)	44	(44)	44
31 December 2007	(65)	88	(65)	88

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below

	2009 £'000	2008 £'000	2007 £'000
Cash and cash equivalents	1,162	734	581
Trade and other receivables	2,883	3,661	2,539
	4,045	4,395	3,120

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls Where available at reasonable cost, external credit ratings and reports on customers are used The Group's policy is only to deal with creditworthy customers

The Group's management considers that the financial assets above that are not impaired or past due for each of the reporting dates under review are of good credit quality

None of the Group's financial assets are secured by collateral or other credit enhancements

Some of the unimpaired trade receivables are past due at the reporting date Financial assets past due but not impaired can be shown as follows

	2009 £'000	2008 £'000	2007 £'000
Not more than 3 months	2,004	2,154	280
More than 3 months but less than 6 months	64	167	745
More than 6 months but not more than 1 year	64	145	412
More than 1 year	-	21	334
	2,132	2,487	1,771

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from any single customer or group of customers having the same characteristics Trade receivables consist of a large number of customers in different sectors of the market and geographical locations Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2008 £nil, 2007 £nil)

The credit risk for cash and cash equivalents is considered negligible, since the funds are held with banks supported by the UK government

Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day to day business Liquidity needs are monitored in various time bands Short term cash flow is monitored daily using known daily inflows and outflows for cash flows within 8 to 12 weeks Medium term cash flows within 12 months are monitored using monthly rolling forecast cash flows Longer term cash flows are monitored using higher level management strategy documents Net cash requirements are compared to borrowing facilities in order to determine headroom or any shortfalls This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period

The Group maintains borrowing facilities to meet its liquidity requirements for the medium term forecast period (1 year)

As at 31 December 2009, the Group's liabilities have contractual maturities (including interest payments where applicable) as summarised below

	Current £'000		Non-current £'000	
31 December 2009	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Convertible loans	80	80	1,593	-
Bank borrowings	2,538	-	-	-
Trade and other payables	4,109	-	-	-
Total	6,727	80	1,593	-

This compares to the Group's financial liabilities in the previous reporting period as follows

31 December 2008	Current £'000 Within 6 months	Current £'000 6 to 12 months	Non-current £'000 1 to 5 years	Non-current £'000 Later than 5 years
Convertible loans	640	540	580	-
Bank borrowings	3,115	-	-	-
Trade and other payables	4,748	-	-	-
Total	8,503	540	580	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities

An analysis of the Group's financial assets is set out below

	As at 31 December 2009			As at 31 December 2008		
	Loans and receivables £'000	Non financial assets £'000	Total for financial position heading £'000	Loans and receivables £'000	Non financial assets £'000	Total for financial position heading £'000
Trade receivables	2,113	-	2,113	2,414	-	2,414
Other receivables	56	-	56	57	-	57
Prepayments and accrued income	594	120	714	887	303	1,190
Cash and cash equivalents	1,162	-	1,162	734	-	734
	3,925	120	4,045	4,092	303	4,395

An analysis of the Group's financial liabilities is set out below

	As at 31 December 2009			As at 31 December 2008		
	Other financial liabilities £'000	Non financial liabilities £'000	Total for financial position heading £'000	Other financial liabilities £'000	Non financial liabilities £'000	Total for financial position heading £'000
Trade payables	1,165	-	1,165	1,365	-	1,365
Social security and other taxes	-	994	994	-	989	989
Other payables	1,572	-	1,572	1,387	-	1,387
Accruals	378	-	378	1,007	-	1,007
Deferred income	-	2,606-	2,606	-	2,176	2,176
Bank overdrafts	2,538	-	2,538	3,115	-	3,115
Convertible loan note	1,500	-	1,500	1,500	-	1,500
Provisions	-	106	106	-	358	358
	7,153	3,706	10,859	8,374	3,523	11,897

27 Capital management policies and procedures

The Group's capital management objectives are

- To ensure the Group's ability to continue as a going concern, and
- To provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus the convertible loan less cash and cash equivalents The Group's goal in capital management is to maintain a capital to overall financing ratio of 1 6 to 1 4

The Group sets the amount of capital in proportion to its overall financing structure, i e equity and financial liabilities other than its convertible loan The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt

Capital for the reporting periods under review is summarised as follows

	2009 £'000	2008 £'000	2007 £'000
Total equity	(2,561)	(3,376)	(2,445)
Convertible loan	1,500	1,500	2,000
Revolving credit facility	-	-	1,500
Cash and cash equivalents	1,376	2,381	242
Capital	315	505	1,297
Total equity	(2,561)	(3,376)	(2,445)
Borrowings	4,038	4,615	4,323
Overall financing	1,477	1,239	1,878
Capital to overall financing ratio	0 21	0 41	0 69

Company Balance Sheet
As at 31 December 2009 and 31 December 2008

	note	2009 £'000	2008 £'000
Investments	3	3,068	3,068
Current assets			
Debtors	4	2,627	3,756
		2,627	3,756
Creditors - amounts falling due within one year	5	525	2,551
Convertible debt	10	-	1,000
Other creditors		525	1,551
Net current assets		2,102	1,205
Total assets less current liabilities		5,170	4,273
Creditors - amounts falling due after more than one year	6, 10	1,500	500
Convertible debt	10	1,500	500
Net assets		3,670	3,773
Capital and reserves			
Called up share capital	8	841	841
Retained earnings	9	2,829	2,932
Equity shareholders' funds		3,670	3,773

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2010 and were signed on its behalf by

A B Moug C A
Director

G M Lossius
Director

Registered number 837205

The accompanying notes form part of these financial statements

Notes to the Company financial statements

1 Accounting Policies

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom A summary of the principal Company accounting policies, which have been applied consistently, is set out below

Investments
Investments held as fixed assets are stated at cost less any provision for impairment in value

Borrowings
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Going concern
The Directors have prepared the financial statements on the going concern basis which assumes that the parent company and its subsidiaries will continue in operational existence for the foreseeable future

The Directors have prepared trading projections to April 2011 which have been used to assess the feasibility of the going concern assumption On the basis of the trading projections the Directors believe that the Group will be able to continue in operational existence for the foreseeable future

It is therefore considered appropriate to use the going concern basis to compile these financial statements (refer to the Group financial review on pages 6 and 7)

Share options
The Company has an Approved and an Executive option scheme The Company has not recognised a share based payment charge within its accounts as the charge is not deemed material for the year

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date

Transactions in foreign currencies during the year are recorded at the daily spot rate

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

2 Loss for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent company's loss for the year was £103K (2008 loss of £85K)

An audit fee in respect of the parent of £20K was paid in respect of the parent company audit (2008 £40K) Tax fees for the Group of £15K (2008 £15K) have been borne by the subsidiary companies

The Company employed two Executive Directors (2008 two) and the Non Executive Chairman The costs of these employees and the fees for the other Non-Executive Directors were borne by the subsidiaries

3 Investments

	2009	2008
	£'000	£'000
Cost		
Subsidiary undertakings	3,068	3,068

Details of subsidiary undertakings, in which the Company holds majority shareholdings and which have all been consolidated in the group financial statements, are as follows

Company	Country of registration	Holding	Proportion held	Nature of the business
Vista International Limited	England	Ordinary shares	100%	Holding Company
Vista Computer Services Limited	England	Ordinary shares	100%	Dormant
Vista Holdings Limited	England	Ordinary shares	100%	Dormant
Vista North America Holdings Limited	England	Ordinary shares	100%	Non Trading Holding Company
Vista Computer Services LLC	USA	Ordinary shares	100%	Dormant
Publishing Technology (Europe) Limited	England	Ordinary shares	100%	Publishing software and services
Ingenta Limited	England	Ordinary shares	100%	Dormant
Catchword Limited	England	Ordinary shares	100%	On line publication services
		Preference shares	100%	
Publishing Technology Inc	USA	Ordinary shares	100%	Publishing software and services
Uncover Inc	USA	Ordinary shares	100%	Dormant
PCG Inc	USA	Ordinary shares	100%	Marketing & Sales Consultancy
Ingenta US Holdings Inc	USA	Ordinary shares	100%	Holding Company
BIDS Limited	England	Ordinary shares	100%	Dormant
Panorama Homes Limited	England	Ordinary shares	100%	Dormant

4 Debtors

	2009 £'000	2008 £'000
Amounts owed by subsidiary undertakings	2,627	3,756

Amounts falling due within one year and included in the above are amounts owed by subsidiary undertakings (£2 6m)

5 Creditors amounts falling due within one year

	2009 £'000	2008 £'000
Convertible debt		
Convertible loans	-	1,000
Other creditors		
Trade creditors	64	-
Amounts due to subsidiary undertakings	-	1,208
Bank overdraft	427	197
Social security and other taxes	14	14
Accruals	20	132
	525	1,551

6 Creditors amounts falling due after one year

	2009 £'000	2008 £'000
Convertible debt		
Convertible loan	1,500	500

7 Deferred taxation

Provision is made for deferred taxation, using the full provision method, on all material timing differences Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain

8 Share Capital

	2009 £'000	2008 £'000
Authorised		
12,000,000 ordinary shares of 10p each	1,200	1,200
Issued and fully paid		
8,413,610 ordinary shares of 10p each	841	841

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company See note 20 to the consolidated financial statements for details of movement in share capital during the year

9 Equity and Reserves

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 31 December 2008	841	2,932	3,773
Retained loss for the year	-	(103)	(103)
At 31 December 2009	841	2,829	3,670

10 Borrowings

	2009	2008
	£'000	£'000
Bank overdraft	427	197
Convertible loan note	1,500	1,500
	1,927	1,697
On demand or within one year	427	1,197
In the second year	1,500	500
In the third to fifth years inclusive	-	-

	2009	2008
	%	%
Interest rates		
Revolving credit facility	2 25% - 2 75% above base	2 25% - 2 5% above base
Convertible loan note	8%	8%
Convertible loan note – default interest	4%	4%

Bank overdrafts are repayable on demand Overdrafts of £427K (2008 £197K) have been secured by a charge over the Group's assets The average effective interest rate on bank overdrafts approximates 3 5% (2008 7%) per annum

The convertible loan is a compound financial instrument with characteristics of both debt and equity Management consider the fair value of the equity element of the convertible loan to be immaterial and have therefore accounted for the loan entirely as financial liability

Convertible loans

The base interest rate on the convertible loan note issued by Publishing Technology is 8% If the Group does not pay any sum payable under this Instrument within 14 days of its due date, the balance for the time being outstanding is subject to default interest Default interest is set at 4% above the base interest rate

Interest is accrued and paid half yearly in arrears on 30 June and 31 December

The noteholder may elect during conversion periods to convert all or part of the loan note into shares
The noteholder did not convert any of the loan note during 2009 and the Company did not redeem any of the loan Therefore £1m of the £1 5m total convertible is accruing interest of 12% per annum The Company will continue to pay interest at 12% on the £1m until redemption is made The conversion window for this £1m of loan notes has passed and they may not now be converted under the current convertible loan agreement The noteholders of the £1m loan notes have undertaken not to accept any repayment before April 2011

The remaining £500,000 maybe converted during June 2010 or December 2010 at a conversion ratio of 1,429 shares for every £10,000 of loan notes which equates to a price of £7 per share If this tranche of the convertible loan note is not converted, then it is repayable on 31 December 2010

Related party transactions

The noteholder of the £1 5m convertible loan notes is a trust in which M C Rose, the Non Executive Chairman of the Group, is a trustee Interest of £130K was accrued in the year to 31 December 2009, of which £70K was outstanding as at 31 December 2009 and paid in January 2010 Related party transactions are detailed in note 25 to the consolidated accounts

The Company has taken advantage of exemptions under FRS8, not to disclose transactions with other members of the Group

Directors and advisers

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A B Moug C A , Chief Financial Officer

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M A Rowse
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