

## **Publishing Technology PLC (“Publishing Technology” or “the Company”)**

### **Proposed Placing to raise £1.1 million Issue of 76,923,060 New Ordinary Shares on conversion of Loan Notes Reorganisation of Share Capital and Notice of Extraordinary General Meeting**

Publishing Technology which designs, installs and hosts software systems for publishers and information providers is pleased to announce a proposed Placing to raise £1.1 million (before expenses) and the issue of 76,923,060 New Ordinary Shares on conversion of £0.5 million of Loan Notes.

Despite the progress made in the last year as shown in today's results, the prospects of the Group remain constrained by lack of working capital, and the Board therefore believes that it is necessary for the Company to raise additional funds to support its continued product development and promotion in its market space. The publishing industry is evolving rapidly and the Board believes that it is important to continue these developments to take full advantage of opportunities that have been created by the creation of the Publishing Technology group.

Accordingly, the Company proposes a placing of 168,230,560 Placing Shares at 0.65 pence per share to raise £1.1 million (before expenses). This includes £580,000 that has been invested in aggregate by the Directors and senior management. Of this amount, Martyn Rose, the Company's Chairman has invested £500,000. In addition, the Company has agreed with the Trustees, *inter alia*, that £500,000 of the Loan Notes will be converted into 76,923,060 New Ordinary Shares at the Placing Price and that the next repayment of £500,000 due under the Loan Notes on 31 December 2008 will be deferred to 30 June 2009, both of which will assist the Company's working capital position.

The nominal value of the Existing Ordinary Shares is 1p and they are currently trading at a discount to the nominal value. Thus the issue of shares at the Placing Price can only take place following the Reorganisation. This will require Shareholder approval at the EGM and a circular has been sent to shareholders today. In addition, Shareholder approval is required to increase the number of New Ordinary Shares which shall be in issue following the Reorganisation, to authorise the Directors to allot New Ordinary Shares, to disapply pre-emption rights with regard to the allotment of New Ordinary Shares and to amend the Company's Articles. In order to effect the Proposals, the Resolutions need to be passed. Further information in relation to the Proposals is set out below.

#### **Reasons for the Placing and Conversion and use of proceeds**

The Placing will raise approximately £0.94 million, net of expenses for the Company. As detailed above, this, together with the reduction in overall debt resulting from the Conversion and the deferral of the next repayment date under the Loan Notes will contribute to available working capital and the Company will utilise this to strengthen its balance sheet and assist in Publishing Technology's continued development.

#### **Results**

The results for the financial period ended 31 December 2007 have been announced today and can be viewed at [www.publishingtechnology.com](http://www.publishingtechnology.com). Report and accounts for the financial period ended 31 December 2007 will be sent to Shareholders in due course.

Due to the reverse acquisition of Vista International Limited on 28 February 2007, the accounts for this period cover an 18 month period, or specifically, Vista's trading prior to the acquisition from 1 July 2006 to 28 February 2007, and a further 10 months of the combined Publishing Technology businesses to 31 December 2007.

Highlights on post-merger trading include:

- Revenues have increased each quarter post merger;
- Overheads of combined businesses substantially reduced;
- Trading cash flow positive by end of period;
- Over 50 new customers during 2007 and high level of customer retention; and
- Significant impact on revenues and profits by US Dollar exchange rate weakening in 2007.

Financial highlights for full reporting period:

- EBITDA of £0.2 million;
- Total revenues of £18.4 million;
- Gross profit of £6.2 million; and
- Pre-tax loss of £1.7 million after foreign exchange losses of £0.3 million and amortisation of intangible assets of £0.8 million.

### **Current trading and prospects**

2007 saw the Company focus primarily on integration synergies and consolidation to provide the Group with a stable and growing revenue base, and overheads were reduced significantly. The Directors are particularly pleased that the expertise and relationships of the combined Publishing Technology sales team have successfully enabled realisation of new business opportunities that the separate organisations had previously lacked the authority and ability to complete.

The Directors believe that the results of this greater customer confidence in Publishing Technology are illustrated in the improvement in trading post merger, and the Board is confident that this can be carried forward into 2008 by:

- continuing to focus on increasing high-margin revenue streams;
- providing innovative products to the expanding publishing and information industries; and
- using the breadth of the Publishing Technology tools and services to differentiate the Group from its competitors.

Having completed vital integration and consolidation activities during 2007, the Directors believe that the potential for the business in the coming years is considerable and they look forward to the future with confidence.

### **The Reorganisation**

The Reorganisation will result in the sub-division of each Existing Ordinary Share of 1 p into one New Ordinary Share of 0.1 p and one Deferred "B" Share of 0.9p. The number of New Ordinary Shares in issue following the Reorganisation (but prior to the issue of the Placing Shares and Conversion Shares) will equal the number of Existing Ordinary Shares currently in issue.

After the implementation of the Reorganisation the nominal value of each New Ordinary Share will be one tenth of that of each Existing Ordinary Share but subject to that, each New Ordinary Share will have the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share has at present.

The rights attaching to the Deferred "B" Shares, which are set out below and for which no application for admission to trading on AIM will be made, will be minimal, thereby rendering them effectively valueless. No certificates will be issued in respect of the Deferred "B" Shares. The rights attaching to the Deferred "B" Shares can be summarised as follows:

- they will not entitle holders to receive any dividend or other distribution or to receive notice of, attend, speak at or vote at general meetings of the Company;
- on a return of assets on a winding up, they will only entitle the holder to the amounts paid up on such shares after the repayment of £10 million per New Ordinary Share;

- they will authorise the Company to appoint any person to execute on behalf of the holders of the Deferred “B” Shares a transfer of such shares to the Company, or such person as the Company may nominate as custodian, without any payment therefore and without the sanction of the holders of the Deferred “B” Shares; and
- the creation and issue of further shares which rank equally or in priority to the Deferred “B” Shares or the passing of a resolution of the Company to cancel the Deferred “B” Shares or to effect a reduction in capital shall not constitute a modification or abrogation of their rights. Only whole numbers of shares will be issued.

### Amendment to the Articles

As part of the Reorganisation, the Company’s Articles will need to be amended to include the rights of the Deferred “B” Shares as described above.

Save in respect of the Deferred “B” Shares, no further amendments to the Company’s Articles will be undertaken.

### The Placing and the Placing Agreement

Pursuant to the Placing Agreement entered into on 1 April 2008, 168,230,560 New Ordinary Shares have been conditionally placed with institutional and other investors at the Placing Price to raise net proceeds of approximately £0.94 million. The Placing Shares will, on Admission, be credited as fully paid and will have the same rights in all respects as the New Ordinary Shares arising from the Reorganisation and the Conversion Shares, including the right to receive all dividends and other distributions declared, made or paid on the New Ordinary Shares by reference to any record date following Admission.

The Placing is conditional, *inter alia*, upon:

- the approval of the Resolutions at the EGM;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- Admission.

As part of the Placing, Directors and members of the senior management team have agreed to subscribe in aggregate for 89,230,560 Placing Shares at the Placing Price, which represents £580,000 in aggregate or approximately 53 per cent. of the Placing.

### Directors’ shareholdings

The interests of the Directors in the ordinary share capital of the Company as at 1 April 2008 and as they are expected to be immediately following the Reorganisation and Admission are as follows:

	<i>Number of Existing Ordinary Shares of 1p each</i>	<i>Percentage of issued New Placing Shares</i>	<i>Conversion Shares</i>	<i>Enlarged Holding</i>	<i>Ordinary Shares</i>
Martyn Rose*	91,965,293	76,923,060	76,923,060	245,811,413	29.2
George Lossius	36,164,628	3,846,100	—	40,007,728	4.8
Alan Moug	36,414,628	3,846,100	—	40,007,728	4.8
Ward Shaw	6,308,978	—	—	6,308,978	0.7
Mark Rowse	26,558,558	769,200	—	27,327,758	3.2

\*34,591,265 Existing Ordinary Shares are held by the Trustees

### Conversion and Amendments to the Loan Notes

Under current terms, the Loan Notes can be converted into Ordinary Shares only in the months of June

and December in the years 2008, 2009 and 2010, at a rate of 26.67 Ordinary Shares for every £1.00 of Loan Notes converted in 2008 (effectively, 3.75p per share), 19.05 Ordinary Shares for every £1.00 of Loan Notes converted in 2009 (effectively, 5.25p per share) and 14.29 Ordinary Shares for every £1.00 of Loan Notes converted in 2010 (effectively, 7.00p per share). The Loan Notes are held by the Trustees of the MC Rose Settlement No. 1, a settlement of which Martyn Rose, a director of the Company, is a trustee and beneficiary.

The Company has today entered into an agreement with the Trustees providing for conversion of part of the Loan Notes and amendment of the terms of the remaining Loan Notes. The key terms of this agreement can be summarised as follows:

- the agreement is conditional on the passing of the Resolutions and completion of the Placing save for Admission;
- £500,000 of the Loan Notes will be converted, at the Placing Price, into 76,923,060 New Ordinary Shares, being the Conversion Shares;
- outstanding interest of approximately £185,000 due to the Trustees will be repaid immediately after Admission and the Trustees will waive any claim against the Company for its default in not making payments of principal and interest to date. Additionally, interest accruing from Admission will only become payable on 31 December 2008, with no interest payable in June 2008;
- the next Loan Notes conversion window, June 2008, will be deferred to December 2008;
- the conversion price applying during the conversion windows of June and December 2008, currently 3.75p per ordinary share, will be reduced to 1p per New Ordinary Share in respect of up to £1 million of the Loan Notes and any balance of the £1 million of Loan Notes not converted in December 2008, will be available for conversion at 1p per New Ordinary Share between 1 April 2009 and 30 June 2009;
- the conversion price applying during the conversion window of December 2009, currently 5.25p per ordinary share, will be reduced to 1p per New Ordinary Share in respect of up to £500,000 of Loan Notes, provided that no more than a total of £1 million of Loan Notes is converted at 1p per New Ordinary Share in the December 2008 and 1 April 2009 to 30 June 2009 and December 2009 conversion periods;
- the next repayment date of 31 December 2008, on which £500,000 is repayable, will be postponed until 30 June 2009.

Save as summarised above, the terms of the Loan Notes will remain unaltered.

Given that Martyn Rose is a substantial shareholder and a Director, the amendment of the terms of the existing Loan Notes is a related party transaction under the AIM Rules.

Application will be made to the London Stock Exchange for the New Ordinary Shares in issue arising from the Reorganisation, the Placing Shares and the Conversion Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares in issue arising from the Reorganisation, the Placing Shares and the Conversion Shares will commence on 28 April 2008. No application has been or is being made for these shares to be admitted to any other recognised investment exchange.

### **Working capital**

In the opinion of the Directors having made due and careful enquiry (but without having engaged the Company's auditors to test or report on their findings), taking into account the bank and other facilities available to the Group, the reduction in debt arising on the Conversion and the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

### **Extraordinary General Meeting**

An Extraordinary General Meeting to consider the Proposals will be held at 44 Southampton Buildings, London WC2A 1AP at 11am on 25 April 2008.

**For further information please contact:**

**Publishing Technology PLC**

George Lossius/Alan Moug 01865 397800

**FinnCap, nominated adviser and broker**

Geoff Nash/Rose Herbert 020 7600 1658

**The Communication Group plc**

Richard Evans 020 7630 1411 / 0775 108 7291  
Kit Bingham 020 7630 1411 / 0788 074 8672

**PLACING STATISTICS**

Placing Price	0.65p
Number of Placing Shares, the subject of the Placing	168,230,560
Number of New Ordinary Shares issued pursuant to partial conversion of the Loan Notes	76,923,060
Number of New Ordinary Shares in issue following the Placing, Conversion and Reorganisation	841,361,040
Market capitalisation of the Company at the Placing Price	£5.5 million
Estimated net proceeds receivable by the Company	£0.94 million

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Latest time and date for receipt of Forms of Proxy	11am on 23 April 2008
Extraordinary General Meeting	11am on 25 April 2008
Record Date for the Reorganisation	25 April 2008
Admission and dealings in the issued New Ordinary Shares, the Placing Shares and Conversion Shares commence and CREST accounts credited (where applicable)	8am on 28 April 2008
Issue of share certificates in respect of the Placing Shares and Conversion Shares (where applicable)	By 6 May 2008

## DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended) or the Companies Act 2006 (as amended), as applicable
“Admission”	the admission of the issued New Ordinary Shares, the Placing Shares and the Conversion Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies or the AIM Rules for Nominated Advisers as the context may require, issued by the London Stock Exchange governing the operation of AIM
“Articles”	the articles of association of the Company for the time being
“Company” or “Publishing Technology”	Publishing Technology PLC
“Conversion”	the conditional conversion of £500,000 nominal amount of Loan Notes into the Conversion Shares
“Conversion Shares”	76,923,060 New Ordinary Shares to be issued at the Placing Price pursuant to the Conversion
“Deferred “B” Share”	a deferred share of 0.9p in the capital of the Company, arising pursuant to the Reorganisation
“Deferred Shares of 4p”	existing deferred shares of 4p each in the capital of the Company
“Directors” or “the Board”	the directors of Publishing Technology
“EGM”	the extraordinary general meeting of the Company to be held at 44 Southampton Buildings, London WC2A 1AP at 11am on 25 April 2008 to consider the Resolutions
“Existing Ordinary Shares” or “Existing Shares”	the 596,207,420 ordinary shares of 1 p each in issue
“FinnCap”	JM Finn Capital Markets Limited which is regulated and authorised by the FSA and who is acting as the Company’s nominated adviser (as defined in the AIM Rules) and broker
“Group”	the Company and its subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“Loan Notes”	the £2m of secured convertible loan notes issued to the MC Rose Settlement No. 1 pursuant to a loan note instrument dated 2 February 2007
“New Ordinary Shares”	new issued and unissued ordinary shares of 0.1p each in the capital of the Company, arising pursuant to the Reorganisation
“Placing”	the conditional placing by FinnCap on behalf of the Company of the Placing Shares at the Placing Price, in accordance with the Placing Agreement

“Placing Price”	0.65 pence per New Ordinary Share
“Placing Agreement”	the conditional agreement dated 1 April 2008 made between the Company and FinnCap
“Placing Shares”	the 168,230,560 New Ordinary Shares to be issued at the Placing Price pursuant to the Placing
“Proposals”	the Reorganisation, the Conversion and the Placing as described in this document
“Registrars”	Capita Registrars
“Reorganisation”	the proposed reorganisation of the share capital of the Company
“Resolutions”	the resolutions to be proposed at the EGM as set out in the EGM Notice
“Shareholder”	a holder of Existing Ordinary Shares
“Trustees”	Martyn Rose and James Sykes as the trustees of the MC Rose

