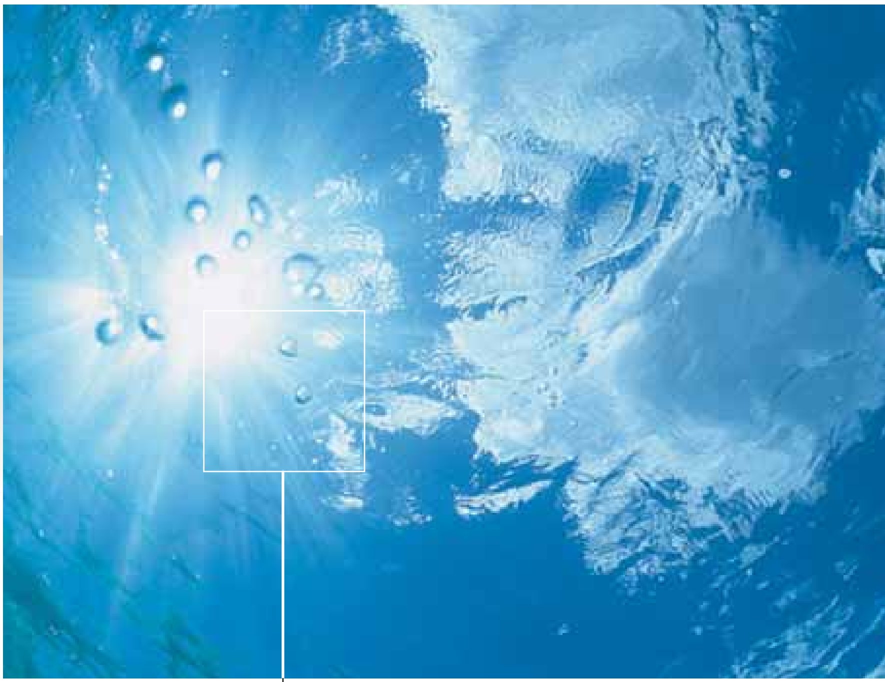


Publishing Technology plc

(formerly Ingenta plc)

Annual Report
for the year ended 31 December 2006

Publishing Technology plc (formerly Ingenta plc)

Technology and services provider to the publishing and information industries

Business overview

Ingenta provides technology and associated marketing services to publishers from whom it receives fees. The provision of Ingenta's software and services enable publishers to make their content available online under a variety of business models including subscription and pay per view. Ingenta also provides marketing services to help publishers maximise distribution of their content.

Ingenta charges recurring fees, in many cases under multi year agreements, for use of its market-leading technology and services. These are in the areas of content preparation, content enhancement, website creation, marketing services, online distribution and access management of subscription controlled content.

The services provided by Ingenta not only enable publishers to securely disseminate their content online but also to make incremental revenues from their content. In 2006 the Group worked with over 40 new publishers in addition to over 270 with whom it has existing relationships.

Ingenta's technical skills, its market leadership and its broad understanding of the issues faced by publishers attempting to distribute content and gain new online revenues are key business advantages for the Group.

Contents

Ingenta's three principal activities are as follows:

1. IngentaConnect (www.ingentaconnect.com)

2006 saw IngentaConnect add another 40 new publishers to its customer base. IngentaConnect provides online access to over 10,000 titles to those wishing to conduct academic or scientific research. IngentaConnect regularly achieves over 20 million user sessions a month. IngentaConnect enables publishers to reach an audience beyond their traditional subscriber bases, for instance it allows free access to paid-up subscribers of a publication, with other non-subscription users able to purchase individual articles on a pay per view basis.

Institutions also engage Ingenta to create online student course packs through the Group's Heron service, which launched a new course pack management system as a further service to its educational institution clients. Ingenta also operates a small number of premium services of direct benefit to institutions and users of IngentaConnect, for which there is an annual charge.

2) Information Commerce Division (ICD)

Publishers have a range of complex needs to maximise the value of the content they create in online environments. This may include increasing awareness and readership, capturing data about customers, revenue goals or cost targets for online delivery. All these aims require publishers to have flexible tools to re-bundle, re-brand and market their content online and also to create branded websites through which users can purchase and access this content.

Ingenta provides software and services to meet these needs, the core of which is a software package called Information Commerce Services (ICS), which is offered to publishers for use by them. Additionally the Group designs, develops, maintains and runs publication websites on behalf of publishers.

3) Publishers Communication Group (PCG)

Ingenta's PCG provides a range of specialised marketing and business development services to meet the needs of professional and scholarly publishers. These include services in the areas of: market intelligence for planning and marketing new products; promotions to expand awareness; and local market representation services. In addition PCG has recently introduced market segmentation and publisher consulting services.

PCG provides services to over 50 North American and European publishers with programmes delivered in over 40 countries in eight languages on their behalf.

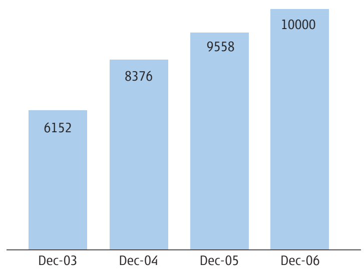
2006 Highlights

Ingenta Plc is a provider of technology and marketing services to the publishing and information industries, undertaking online delivery of professional, scholarly and research content and associated services to maximize its use in corporate, academic, and governmental institutions and their libraries.

Ingenta Plc acquired VISTA International Limited on 27 February 2007. This is more fully described in the circular dated 2 February 2007 sent to shareholders. At the Extraordinary General Meeting on 27 February 2007 the enlarged Company changed its name to Publishing Technology Plc (ticker: PTO) on the AIM market of the London Stock Exchange. Further details of the acquisition are shown in Note 32.

This Annual Report and Accounts covers 12 months of Ingenta Plc's trading to 31 December 2006 prior to the acquisition detailed above.

Highlights



Number of Electronic Publications accessible via ingentaconnect.com

- Executive focus on acquisition activities – announced and completed post year end
- IngentaConnect and PCG operations performed strongly with growth in new client acquisitions and revenues
- ICD benefited from investment of £0.5m and delivered major new software product
- IngentaConnect added 40 new publishers
- Number of Electronic Publications via IngentaConnect.com was 10,000 (2005:9,500)
- Sales in the year of £6.1m (2005: £6.6m)
- Overheads before exceptional items of £5.5m (2005: £5.6m)
- Gross profit £4.5m (2005: £4.9m) - margin steady at 74% (2005: 75%)
- Loss of £1.0m (2005: loss £0.3m) after exceptional write-downs and reorganisation provisions of £0.2m (2005: 0.1m)

25,000
institutions

175
countries worldwide

Chairman's statement

Finance and Operations

Turnover in the year was £6.1m (2005: £6.6m) and the gross margin was 74% (2005: 75%).

The loss before tax in the year was £1.3m (2005: loss £0.6m), inclusive of £1.1m (2005: £1.2m) invested in Research and Development, all of which was expensed through the profit and loss account as incurred. With the benefit of a Research and Development tax credit of £0.3m for the year (2005: £0.3m) this has resulted in a net loss for the financial year of £1.0m (2005: loss £0.3m).

The Group's net cash balance at 31 December 2006 was a deficit of £0.1m (2005: surplus £0.3m).

The Group's leading academic and research publications hosting platform, IngentaConnect *(www.ingentaconnect.com)* performed strongly and 2006 saw the release of new services for both publisher clients and end users. In addition, Ingenta's Information Commerce Division (ICD) unit completed further software deliveries. Finally the Group's Publisher Communication Group (PCG) worked with six new publishers, again demonstrating the value of the high quality services offered.

Ingenta's understanding of the issues faced by publishers trying to reach global audiences for their content and to derive new revenues from online delivery of content, remain key business advantages for the Group.

The potential for our renamed and substantially expanded Company, Publishing Technology Plc is considerable and gives us confidence in the future.

Staff

During the year the number of people employed by Ingenta declined further, from 86 at the start of the year to 82 full time equivalent employees at the year end.

The contributions made by staff across the Group enabled Ingenta to achieve a reputation for delivering high quality services. The Board wishes to thank them for their hard work, enthusiasm and commitment.

Current Trading and Prospects

2006 saw the Group deliver operational improvements within two divisions – IngentaConnect and PCG, which are expected to continue into 2007. As indicated in the announcement of the interim results the ICD group has for some time needed additional sales distribution to achieve its potential, and corporate activity has been explored to effect this.

Shareholders will be aware that this was through the announcement on 2 February 2007 of the acquisition of VISTA International Limited, and the renaming of the Company as Publishing Technology Plc. This move is designed to enable all three of Ingenta's business units to deliver growth in 2007 and particularly to enable expanded sales of the ICD offerings.

The circular highlighted the following strengths of the combination of Ingenta and VISTA to create Publishing Technology:

- Providing opportunities to increase sales through cross-selling, particularly through VISTA's ability to sell ICD's products into its existing market place;
- Strengthening the management team of Ingenta by integration of the VISTA management team;
- Creating critical mass both in terms of the range of products and services as well as the scale of the combined businesses; and
- Obtaining cost savings from synergies and from reduction of duplicated functions and duplicated activities.

The potential for our renamed and substantially expanded Company, Publishing Technology Plc is considerable and gives us confidence in the future.

Martyn Rose
Chairman
2 April 2007

Chief Executive's review

Ingenta provides services for publishers of high value content, including market leading services in the areas of content preparation and enhancement, website creation, marketing services, online distribution and access management for subscriber controlled content. Access management in particular requires sophisticated and complex technical solutions for which Ingenta is a market leader. The use of such technology is a prerequisite for publishers wishing to exploit new and evolving e-commerce opportunities and thus derive incremental revenues from their digital content.

Ingenta continues to generate over 90% of its revenues from providing technology and marketing services to publishers, with the remaining revenues coming from institutions and end users of the Group's services.

Access management in particular requires sophisticated and complex technical solutions for which Ingenta is a market leader.

The majority of the Group's publisher revenues consist of recurring annual fees and long-term contracts derived through the following three principal activities:

40
new publishers

22m
sessions supported per month

IngentaConnect (www.ingentaconnect.com)

2006 saw IngentaConnect cement further its position as a leader in its sector, with over 10,000 research and professional publication titles. During the year, the site regularly saw over 20 million monthly user sessions from around 20,000 institutions spread across 160 countries and at an availability level in excess of 99.99%. In addition over 20,000 further titles are available for searching and delivery through fax pay per view.

IngentaConnect provides online access to the publications from over 265 publishers for those conducting academic or scientific research worldwide. During the year the Group saw 40 new publishers contract with Ingenta. With over 60 linking partners and a large number of search and discovery services pointing users towards IngentaConnect, publishers gain access to a far wider audience for their content, beyond their traditional individual subscriber bases.

Engineering activities for IngentaConnect delivered a rolling programme of new services for publishers including a market leading new facility for searchers on Google Scholar with IngentaConnect subscriptions and also a major release in September 2006 which contained certain Web 2.0 functionality. *by*Design, is a service through which publishers can add the extensive functionality of IngentaConnect to their own websites, and 2006 saw the launch of the option for publishers to have an entire publication website delivered on their own dedicated server allowing significant expansion in the level of customisation. Both these services allow paid-up subscribers of a publication to download articles for free, or non-subscribers to purchase individual articles online on a pay per view basis.

In addition, Ingenta's Heron service creates online student course packs and during the period launched a new product Pack Tracker which provides institutions with administrative and operational management of course pack creation across an entire institution. Through the Heron website, institutions can request digitisation, copyright clearance and course pack distribution services. Article pay per view through IngentaConnect and Heron together generate royalty revenues of over £1m per annum for Ingenta's publishers.

Ingenta also now provides a small number of chargeable premium services, which are of direct benefit to users of IngentaConnect. There are three products in this area, including IngentaConnect Premium, an enhanced package of user services available for a small additional fee and IngentaConnect Complete and IngentaConnect InTouch, services designed for libraries. Revenues from the IngentaConnect operation comprise set up and annual fees, as well as revenue sharing, and they contributed 65% (2005: 58%) of Group turnover during the year.

IP Publishing Ltd
Kingston Press Ltd
Future Medicine
Elsevier Science
Academic Press
Max Weber Studies
Maney Publishing

30,000
publications

CABI Publishing
Analytic Press
Taylor and Francis Ltd
Oxford University Press
Jordan Publishing
Pharmaceutical Press
World of Information
ChemTec Publishing
Brill Academic Publishers
Lawrence and Wishart
Blackwell Publishing
Core Medical Publishing
John Wiley & Sons, Ltd
World Tourism Organization
Melbourne University Press
Institute for Fiscal Studies
Australian Academic Press
Faculty of Family Planning
Swiss Chemical Society
British Institute of Radiology

266
publishers

Society of Dyers and Colourists
Clinical Ligand Assay Society
Emerald Group Publishing Limited
Royal Society of Edinburgh
Royal Society of Medicine Press
University of Wisconsin Press
Greenwich Medical Media
Academy of Political Science
Indiana University Press
Rural Sociological Society
Joint Commission Resources
Society of Glass Technology
OceanSide Publications, Inc
Institute of Physics Publishing
Chemical Society of Ethiopia
Hodder Arnold Journals
Imprint Academic
Millennium Publishing Group
Community Practitioner
University of Wales Press
Royal College of Physicians
British Trust for Ornithology
Vandenhoeck & Ruprecht
Agricultural Economics Society
Jones and Bartlett Publishers
American Statistical Association
Industrial Relations Services
American Scientific Publishers
Industrial Research Institute, Inc
Australian Nursing Federation
Royal Geographical Society
Multi-Science Publishing Co Ltd
Fundación Infancia y Aprendizaje
Southeastern Surgical Congress

Information Commerce Division (ICD)

As with our IngentaConnect operation, the core of our proposition is a set of features enabling publishers to define which kinds of user can access what content and under what licence terms. When combined with Ingenta's ability to tailor and deliver branded web pages containing the client's content, or facilities enabling the client to upload and update content within a website, these features are a key part of Ingenta's competitive advantage and are part of a product family, generally referred to as ICS. ICS also delivers both a faster time to market and an improved return on investment for publishers.

Ingenta's ICD Group designs, builds, maintains and operates websites and provides ICS as a standalone software product.

Ingenta's revenues from ICD are generated from initial and ongoing fees from the sale of software and also from the integration into, and management of, publication websites. Revenues from the ICS unit contributed 15% (2005: 28%) of Group turnover for the year.

Publishers Communication Group (PCG)

PCG provides specialised marketing and business development services to meet the needs of professional and scholarly publishers.

During the year, PCG also launched new Sales Representation services. These enable a publisher in North America or Europe to benefit from the services of their own staff in additional geographies without the burden of opening an office, hiring or day to day management of staff. In 2006 this activity enabled PCG to enter into agreements with the American Society of Microbiology, CSIRO and CABI to provide resources in both North America and Europe.

In 2006, PCG grew its revenues by 25% (2005: 21% reduction). Ingenta's revenues in this area are largely fee based and represented 20% (2005: 14%) of Group turnover during the year.

Outlook

The performance of both IngentaConnect and PCG in 2006 provides confidence they can contribute to Publishing Technology in 2007. The strength of their products and the encouraging financial progress in 2006 place them in a strong position to add to forecast business growth going forward. These may include expansion of our established services into additional publisher markets and acquisitions of similar businesses to increase the Group's scale.

The combination of our ICD activities into VISTA operations is already taking place and cross selling activities are underway. These activities enable us to plan a return on the investments made to date in these ICD products and services.

As outlined in the circular of 2 February 2007, the Board is confident that there will be considerable opportunities for the Publishing Technology Group to increase revenues across its core business streams.

It is also expected that Publishing Technology will considerably improve its Group financial performance in the current financial year from already identified cost synergies. We plan that the savings will come from a reduction of the central Group functions including human resources, finance, IT support and product development and, to a lesser extent, from synergies and savings in the service delivery teams.

Simon Dessain
Chief Operating Officer
(formerly Chief Executive)
2 April 2007

Financial review

for the year ended 31 December 2006

Operating results

Turnover for the year ended 31 December 2006 was £6.1m (2005: £6.6m).

Gross profit for the period was £4.5m (2005: £4.9m) and the gross margin was 74% (2005: 75%).

Total operating costs in the year were £5.7m (2005: £5.6m). This resulted in a loss before tax of £1.3m (2005 loss: £0.6m). With the benefit of a tax credit of £0.3m (2005: £0.3m) the loss for the financial period was £1.0m (2005: loss £0.3m).

Taxation

A tax credit of £0.3m (2005: £0.3m) was included in the results for 2006 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 but is subject to HM Revenue and Customs approval.

The Group has unutilised tax losses at 31 December 2006 in the UK and the USA of £11.9m (2005: £11.5m) and $14.6m (2005: $14.5m) respectively.

Shareholders' returns and dividends

The Directors do not recommend the payment of a dividend (2005: £nil).

Balance sheet and cash

Shareholders' deficit totalled £2.5m at the year end (2005: deficit £1.6m).

Cash outflow from operating activities was reduced over the year to £0.5m (2005: outflow £1.0m).

At the year end, net bank overdraft was £0.1m (2005: £0.3m net cash). Cash absorbed by operations or for capital expenditure during the year amounted to £0.7m (2005: £1.1m). A tax credit of £0.3m (2005: £0.5m) in respect of Research and Development expenditure was received in the year.

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.

International Financial Reporting Standards

The London Stock Exchange has announced that AIM listed Groups will have to publish financial information under International Financial Reporting Standards ("IFRS") for accounting periods commencing on or after 1 January 2007. Publishing Technology Plc expects to report under IFRS for the financial year ending 31 December 2007, including the interim results for the half year to 30 June 2007.

The process of evaluating the impact of the changes that will result, both in terms of the effect on the Group's results and its financial position, is underway.

Simon Dessain
Chief Operating Officer
(formerly Chief Executive)
2 April 2007


10,000
electronic titles
21m
articles
Ingenta
Services
Overview

Directors' report

for the year ended 31 December 2006

The Directors present their report and the audited financial statements for the year ended 31 December 2006.

Principal activity

The Group's principal activities are the provision of internet-based electronic hosting and delivery services and marketing services for publishers of research material and others, and the delivery of internet-based search and access services for libraries and individual users of that material.

Review of business and future developments

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 and the Financial Review and Corporate Governance.

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 (2005: £nil).

Directors

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

Executive directors

S J F Dessain, *Chief Operating Officer*
G Lossius, *Chief Executive Officer – Appointed 27 February 2007*
A Moug, *Chief Financial Officer – Appointed 27 February 2007*

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 2006 are disclosed in the Directors' Remuneration report.

Corporate Governance

Details of Corporate Governance for the year to 31 December 2006 are disclosed in the Corporate Governance Report.

Research and development activities

The Group carries out research and development activities in connection with web delivery, access control and linking technologies. All costs relating to these activities are written off to the profit and loss account as incurred. The charge to the profit and loss account was £1.0m (2005: £1.2m).

Directors' report

for the year ended 31 December 2006

Substantial shareholdings

At 23 March 2007 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:

	Number of ordinary 1p shares	Percentage of issued ordinary share capital
Martyn Rose	91,965,293	15.4%
Cazenove Fund Management Limited	53,451,835	9.0%
Almandine LLC	39,660,493	6.7%
Alan Moug	36,414,628	6.1%
Spread Trustee Company Limited	36,339,808	6.1%
Brian Gibson	36,164,628	6.1%
George Lossius	36,164,628	6.1%
JM Finn-Private Clients	33,265,000	5.6%
Colin Bottle	29,510,460	4.9%
Mark Rowse	26,558,558	4.5%

Charitable and political contributions

The Group made no political or charitable contributions during the year (2005: £nil).

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 2006 the Group, on average, paid its trade creditors within 130 days of receipt of a valid invoice (2005: 73 days).

Financial risk management

Details of the Group's financial risks are given in the note 19.

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.

Post balance sheet events

On 27 February 2007 the Company held an Extraordinary General Meeting at which all resolutions were passed to effect the acquisition of VISTA International Limited and to change Ingenta Plc's name to Publishing Technology Plc. This is more fully described in the Circular to shareholders in respect of the above dated 2 February 2007, a copy of which is available on request from the Company's registered office.

Grant Thornton UK LLP offer themselves for re-appointment as auditor in accordance with section 385 of the Companies Act 1985.

On behalf of the Board.
Simon Dessain
Director
2 April 2007

Corporate governance

Publishing Technology Plc is an AIM Listed company and while the AIM rules do not require the Group to comply with the combined code on Corporate Governance ("The Code"), the Group agrees with the principles of The Code and adopts wherever size and resources permit.

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 extensive Board papers, usually the week before each Board meeting of which there were six 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. Following the Company's EGM on 27 February 2007 Alan Moug, Chief Financial Officer of Publishing Technology Plc assumed the role of Company Secretary.

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 Company 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 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 external auditors are independent via the segregation of audit related work from other accounting functions and measures applicable fees with similar auditors.

Relations with shareholders

The Company 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 Company 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 Company'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 subsidiary companies 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.

Corporate governance

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.

Going concern

The Board reviews trading forecasts and cash flows and examines these against available funding. The Board recognises the Group has suffered a loss for the year of £1.0m and has a net balance sheet deficit of £2.5m. These forecasts and cash flows are for the enlarged Group, including the acquisition of VISTA International Limited which was completed on 27 February 2007 and include cost savings expected to be made through synergies arising from combining the two Groups. On completion of the acquisition of VISTA, the Group's overdraft facility was increased to £1.1m by RBS the Group's bankers and the Group successfully raised £1.5m (gross) through the placing of additional shares on 27 February 2007. As a result, the Board has a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future and thus continues to adopt the going concern basis in the preparation of these financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

United Kingdom Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare 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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and

- state whether applicable United Kingdom Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper 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 1985. 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 the directors are 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.
Martyn Rose
Chairman of the Audit Committee
2 April 2007

Directors' remuneration report for the year ended 31 December 2006

Information not subject to audit

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 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;
- the need to ensure executive 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 awarded 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 one executive Director.

The interests of the Directors at 31 December 2006 in the shares of the Company were as follows:

	Number of deferred ordinary shares of 4p each 31 December 2006	Number of ordinary shares of 1p each 31 December 2006	Number of deferred ordinary shares of 4p each 31 December 2005	Number of ordinary shares of 1p each 31 December 2005
S J F Dessain	**711,355**	**1,086,355**	711,355	1,086,355
M C Rose	**6,624,028**	**1,799,593**	6,624,028	7,374,028
M A Rowse	**13,308,558**	**14,058,558**	13,308,558	14,058,558
W E Shaw[1]	**2,183,978**	**747,363**	2,183,978	2,808,978

[1] W E Shaw's interests are by reason of his controlling shareholding in 966 Corporation Inc.

In addition GM Lossius and AB Moug held 36,164,628 and 36,414,628 ordinary shares of 1p each respectively on 27 February 2007, the date they were appointed as Directors.

The interests of the other Directors at 27 February 2007 following the acquisition of VISTA International Limited were for S J F Dessain 2,086,335, M C Rose 91,965,293, M A Rowse 26,558,558 and W E Shaw 6,308,978.

Directors' remuneration report for the year ended 31 December 2006

Information subject to audit

Directors' remuneration

	Salary and fees £'000	Benefits £'000	Sums paid to a third party for Director's services £'000	Pension contributions £'000	2006 Total £'000	2005 Total £'000
Executive						
S J F Dessain	111	8	–	21	140	139
Non-Executive						
M C Rose	–	–	64	–	64	58
M A Rowse	–	–	28	–	28	68
W E Shaw	–	–	12	–	12	11
Total	111	8	104	21	244	276

The Directors did not receive, nor are they due, a bonus payment for the year ended 31 December 2006 (2005: £nil).

Directors' interests

Under the terms of an HM Revenue & Customs approved option scheme and an executive option scheme, the Directors at 31 December 2006 had an interest in options over ordinary shares of 1p each of the company, as follows:

	1 January 2006	Number of options granted in the period	Lapsed in the period	Exercised in the period	**31 December 2006**	Exercise price (p)	Date from which exercisable	Expiry date
S J F Dessain	375,000	-	-	-	**375,000**	8.75	11 Dec 2002	11 Dec 2007
S J F Dessain	300,000	-	-	-	**300,000**	9.50	23 Jan 2004	23 Jan 2014
S J F Dessain	1,500,000	-	-	-	**1,500,000**	5.00	26 Jan 2005	26 Jan 2015

Gains made by Directors on share options

No share options were exercised during 2006 (2005: £nil).

The market price of the Company's shares at the end of the financial period was 1.25p and the range of market prices during the year was between 0.75p and 2.3p.

On behalf of the Remuneration Committee

Martyn Rose

Chairman

2 April 2007

Report of the independent auditor to the members of Publishing Technology plc

We have audited the Group and parent Company financial statements (the "financial statements'') of Publishing Technology Plc (formerly Ingenta Plc) for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the Company balance sheet, the consolidated cash flow statement, and notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditor

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the 2006 Highlights, the Business Overview, the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Directors' Report, the Corporate Governance Statement, and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 December 2006 and of the Group's loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK Llp
Registered Auditors
Chartered Accountants
Oxford
2 April 2007

Consolidated Profit and Loss Account

for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	**6,067**	6,598
Cost of sales		**(1,601)**	(1,657)
Gross profit		**4,466**	4,941
Administrative expenses	3	**(5,743)**	(5,557)
Operating loss	8	**(1,277)**	(616)
Interest receivable and similar income	6	**–**	5
Interest payable and similar charges	7	**(27)**	(4)
Loss on ordinary activities before taxation	2	**(1,304)**	(615)
Tax on loss on ordinary activities	10	**283**	304
Loss for the financial period	23	**(1,021)**	(311)
Loss per 1p share			
– basic and diluted	12	**(0.5)p**	(0.2)p

All activities are classified as continuing.

The accompanying notes form part of these financial statements

Statement of Consolidated Total Recognised Gains and Losses

for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Loss for the financial period		**(1,021)**	(311)
Currency translation differences on foreign currency net investments	23	**104**	(128)
Total recognised losses for the period		**(917)**	(439)

The accompanying notes form part of these financial statements

Consolidated Balance Sheet

	Notes	£'000	31 December 2006 £'000	£'000	31 December 2005 £'000
Fixed assets					
Tangible assets	13		**209**		210
Investments	14		**103**		221
			312		431
Current assets					
Stocks	15	**7**		7	
Debtors	16	**1,839**		2,321	
Cash at bank and in hand		**542**		567	
			2,388		2,895
Creditors – amounts falling due within one year					
Deferred income		**(1,559)**		(1,904)	
Other	17	**(3,501)**		(2,915)	
			(5,060)		(4,819)
Net current liabilities			**(2,672)**		(1,924)
Total assets less current liabilities			**(2,360)**		(1,493)
Creditors – amounts falling due after more than one year	18		**(1)**		(4)
Provisions for liabilities and charges	20		**(160)**		(124)
Net liabilities			**(2,521)**		(1,621)
Capital and reserves					
Called up share capital	21		**7,510**		7,510
Share premium account	23		**20,955**		20,955
Merger reserve	23		**11,056**		11,056
Reverse acquisition reserve	23		**12,679**		12,679
Share options reserve	23		**17**		—
Profit and loss account deficit	23		**(54,738)**		(53,821)
Equity shareholders' deficit	24		**(2,521)**		(1,621)

The financial statements were approved by the board of directors on 2 April 2007 and were signed on its behalf by:

Simon Dessain
Director

Martyn Rose
Chairman

The accompanying notes form part of these financial statements.

Company Balance Sheet

	Note	£'000	31 December 2006 £'000	£'000	31 December 2005 £'000
Fixed assets					
Investments	14		**–**		–
Current assets					
Debtors	16	**668**		110	
Cash at bank and in hand		**–**		8	
			668		118
Creditors – amounts falling due within one year					
Deferred income		**–**		(292)	
Other creditors	17	**(1,551)**		(869)	
			(1,551)		(1,161)
Net current assets			**(883)**		(1,043)
Total assets less current liabilities			**(883)**		(1,043)
Net (liabilities)/assets			**(883)**		(1,043)
Capital and reserves					
Called up share capital	21		**7,510**		7,510
Share premium account	23		**20,955**		20,955
Profit and loss account deficit	23		**(29,348)**		(29,508)
Equity shareholders' funds			**(883)**		(1,043)

The financial statements were approved by the board of Directors on 2 April 2007 and were signed on its behalf by:

Simon Dessain
Director

Martyn Rose
Chairman

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Net cash outflow from operating activities	25	**(539)**	(998)
Returns on investments and servicing of finance			
Interest received		**–**	5
Interest paid on bank overdraft		**(26)**	(4)
Interest paid on finance leases		**(1)**	–
Net cash (outflow)/inflow from returns on investments and servicing of finance		**(27)**	1
Taxation		**288**	489
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(115)**	(54)
Net cash outflow from capital expenditure and financial investment		**(115)**	(54)
Acquisitions			
Deferred consideration		**(9)**	(7)
Net cash outflow from acquisitions		**(9)**	(7)
Management of liquid resources			
Sale of short term deposits		**-**	680
Net cash inflow from management of liquid resources		**-**	680
Cash (outflow)/inflow before financing		**(402)**	111
Financing			
Repayment of principal under finance leases		**(3)**	(1)
Cash outflow from financing		**(3)**	(1)
(Decrease)/increase in cash in the period	26	**(405)**	110

The accompanying notes form part of these financial statements

Notes to the Financial Statements

for the year ended 31 December 2006

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 1985 and applicable accounting standards, except as noted below in respect of the true and fair override involved in adopting reverse acquisition accounting.

The Group's principle accounting policies have remained unchanged from the previous year, apart from the adoption of FRS 20 'Share-Based Payments'. Previously the Group accounted for awards under employee share schemes under UITF Abstract 17, whereby the value of the award was based on its intrinsic value at grant date. However, FRS 20 requires the fair value of equity-settled Share-Based Payments to be determined at the date of grant and is recognised on a straight line basis over the vesting period based on the Group's estimated number of options that will eventually vest. The adoption of FRS 20 has resulted in a charge to the profit and loss account of £17,000. The comparative figure and reserves have not been restated as the effect is immaterial.

Going concern

The financial statements have been prepared on the going concern basis. The Board reviews trading forecasts and cash flows and examines these against available funding. The Board recognises the Group has suffered a loss for the year of £1.0m and has a net balance sheet deficit of £2.5m. These forecasts and cash flows are for the enlarged Group, including the acquisition of VISTA International Limited which was completed on 27 February 2007 and include cost savings expected to be made through synergies arising from combining the two Groups. On completion of the acquisition of VISTA, the Group's overdraft facility was increased to £1.1m by RBS the Group's bankers and the Group successfully raised £1.5m (gross) through the placing of additional shares on 27 February 2007. As a result, the Board has a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future and thus continues to adopt the going concern basis in the preparation of these financial statements.

Basis of consolidation

The consolidated accounts comprise the accounts of Ingenta Plc, the Company, and all its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries acquired are included in the Consolidated Profit and Loss account from the date control passes. Intra-Group balances are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to these assets and liabilities and resulting gains and losses that arise after the Group has gained control of the subsidiary, are charged to the post acquisition profit and loss account.

With effect from 25 May 2000 the Company, then named Delyn Group Plc, became the legal parent of Ingenta UK Limited and its subsidiary undertakings in a predominantly share-for-share transaction. However, certain shareholders elected to receive a total cash alternative of £3,711,305 instead of shares in Delyn Group Plc. Because of the relative values of the companies, the former Ingenta UK Limited shareholders became the majority shareholders of the enlarged Group. The substance of the combination was that Ingenta UK Limited acquired Delyn Group Plc via a reverse acquisition. Subsequent to the combination, Delyn Group Plc changed its name to Ingenta Plc.

Under the specific requirements of the Companies Act 1985 (the 'Act') and FRS 6 – 'Acquisitions and Mergers', it was necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case, the pre-combination results of the Group were those of Delyn Group Plc and its previously existing subsidiaries with the assets and liabilities of Ingenta UK Limited brought in at fair value from the date of acquisition. This approach portrayed the combination as an acquisition of Ingenta UK Limited by Delyn Group Plc. In the opinion of the Directors, this treatment failed to give a true and fair view of the substance of the combination and hence present a distorted picture of the Group, its results and financial position. The substance of the combination was that Ingenta UK Limited acquired Delyn Group Plc. Accordingly, the Directors departed from the requirements of the Act and UK GAAP and adopted reverse acquisition accounting in order to present accounts, which give a true and fair view.

At the time of first reporting this business combination, in invoking the true and fair override, the Directors note that reverse acquisition accounting as described above was endorsed by the International Accounting Standards Board and that the Urgent Issues Task Force of the UK's Accounting Standards Board had concluded that there were instances where it was right and proper to invoke the override in such a way. The effects on the consolidated financial statements as a result of adopting reverse acquisition accounting are widespread. For example, goodwill arising on consolidation under the standard method of acquisition accounting would be the difference between the fair value of consideration given to acquire the Ingenta UK Limited Group and the aggregate of the fair values of identifiable assets and liabilities acquired.

Tangible fixed assets
Fixed assets are recorded at cost.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual value on a straight-line basis over the expected useful economic lives of the assets. The principal rates used for this purpose are:

Leasehold improvements	10%
Computer equipment	33%
Fixtures, fittings and equipment	20%
Motor vehicles	25%

Stock and work in progress
Stocks and work in progress are stated at the lower of cost and net realisable value.

Fixed asset investments
Fixed asset investments are carried at cost less any provision made for impairment.

Finance and operating leases
Costs in respect of operating leases are charged on a straight-line basis over the lease term. Where fixed assets are financed by leasing agreements which transfer to the Group substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding using the sum of digits method. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful economic lives of equivalent owned assets.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. All such foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Assets and liabilities of subsidiaries in foreign currencies are translated at rates of exchange ruling at the balance sheet date and the results of foreign subsidiaries are translated at the rates ruling at the date of the transaction. The exchange differences arising on the retranslation of opening net investment in subsidiary companies, and from the retranslation of the results of those companies at average rate, are taken to reserves and are reported in the consolidated statement of total recognised gains and losses.

Turnover
Turnover, which excludes value added tax, sales between Group companies and trade discounts, is recognised as follows:

Website and software design, development and implementation services
Revenues received from these activities are recognised in accordance with FRS 5 'Reporting the Substance of Transactions' when performance of the contract gives rise to the right to consideration. Revenue relating to either royalty agreements or revenue sharing arrangements is recognised over the term of the contract and in line with performance of the contractual obligation.

Content processing, hosting and marketing services
Revenues from the processing of e-journal content are recognised in accordance with the period to which they relate. Revenue from other services is recognised upon the work being completed. Ongoing service fees are recognised over the life of the relevant agreements. Revenue collected or billed in advance of such services being performed is recorded as deferred income and recognised over the contract period. User services income (including deposit account charges) is recognised over the period to which the services relate with revenue collected or billed in advance of such services being performed, recorded as deferred income.

Document sales
Revenues from documents delivered under pay-per-view access and clearance and digitisation services are recognised on despatch/delivery of the documents.

Multi-element arrangements
The Group has certain products that are sold as multi-element arrangements. Revenue is recognised when each element is delivered to the customer based upon the fair value of each product element.

Notes to the Financial Statements

for the year ended 31 December 2006

Long-term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in work in progress as long term contract balances.

Financial instruments

The Group's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations. Cash for the purpose of the cash flow statement, comprises cash in hand, bank overdrafts and short term deposits repayable on demand.

The Group does not enter into derivative or hedging transactions. It has been, throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. When applicable, the Group places the majority of its cash on short-term deposit. The Group's objective is to minimise the risk of loss by limiting the Group's credit exposure to quality institutions maintaining a very high credit rating. The main risks arising from the Group's financial instruments are interest rate risk and foreign currency risk. Numerical disclosures relating to these risks are given in note 19.

The Group's policy in relation to interest rate risk is to monitor short and medium term interest rates and to place cash on deposit for periods that optimise the amount of interest earned while maintaining access to sufficient funds to meet day to day cash requirements.

Cost of sales

Cost of sales consists of document royalty costs and document delivery costs together with staff costs directly relating to the provision of relevant services.

Pension costs

The Group makes contributions into individual employees' personal pension plans on a defined contribution basis. The pension charge in the period represents the contributions payable into these plans. The Group provides no other post retirement benefits to its employees.

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.

Share based payments

In accordance with FRS 20, the fair value of equity-settled share-based payments to employees is determined at the date of grant and is recognised on a straight line basis over the vesting period based on the Group's estimate of options that will eventually vest. Further details are set out in note 9.

Research and development

Expenditure on research and development is written off to the profit and loss account as incurred.

Liquid resources

Cash held on short-term deposit is included within cash.

Notes to the Financial Statements

for the year ended 31 December 2006

2 Segmental reporting

The Group's turnover and loss on ordinary activities before taxation are derived entirely from its principal activities as set out in the business overview.

The analysis of turnover by geographical area and principal business activities, and of loss on ordinary activities before taxation and net assets / (liabilities) by geographical area is set out below. The analysis of loss on ordinary activities before taxation and net assets / (liabilities) by principal business activities is not shown as the Directors believe that such disclosure would be prejudicial to the interests of the business.

Turnover	Sales by destination 2006 £'000	Sales by origin 2006 £'000	Sales by destination 2005 £'000	Sales by origin 2005 £'000
United Kingdom	2,779	3,490	3,113	4,109
USA	2,380	2,577	2,538	2,489
Rest of World	908	–	947	–
Total	6,067	6,067	6,598	6,598
Ingenta Connect		3,961		3,828
Information Commerce Division		923		1,826
Publishers Communication Group		1,183		944
Total		6,067		6,598

Loss on ordinary activities before taxation	2006 £'000	2005 £'000
United Kingdom	(1,386)	(697)
USA	82	82
Total	(1,304)	(615)

Net liabilities	2006 £'000	2005 £'000
United Kingdom	(348)	(745)
USA	(2,173)	(876)
Total	(2,521)	(1,621)

Notes to the Financial Statements

for the year ended 31 December 2006

3 Administrative costs

	2006 £'000	2005 £'000
Administrative costs:		
Technical services	**1,068**	1,130
Software development	**1,220**	1,229
Depreciation of tangible fixed assets	**89**	252
Sales and marketing expenses	**1,716**	1,621
Other administration costs	**1,384**	1,394
	5,477	5,626
Exceptional items		
– reduction in deferred consideration	**9**	(69)
– impairment of fixed asset investments	**97**	–
– reorganisation costs	**160**	–
	5,743	5,557

A provision for reorganisation costs in relation to the closure of the office in Providence, USA has been made at 31 December 2006 (note 20).
A provision for impairment has been made to write down trade investments to their recoverable value at 31 December 2006 (note 14).

4 Directors' emoluments

	2006 £'000	2005 £'000
Aggregate emoluments	**119**	129
Pension contributions to money purchase schemes	**21**	21
Compensation for loss of office	**–**	50
Sums paid to a third party for the services of Directors	**104**	76
	244	276

Retirement benefits are accruing to one executive director (2005: one) under a money purchase pension scheme.

Emoluments payable to the highest paid director are as follows:

	2006 £'000	2005 £'000
Aggregate emoluments	**119**	118
Pension contributions to money purchase schemes	**21**	21
	140	139

The detailed numerical analysis of Directors' remuneration and share options is included in the audited section of the Directors' remuneration report and forms part of these financial statements.

5 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period was:

By activity	2006 Number	2005 Number
Technical services	25	28
Software development	23	31
Sales and marketing	29	26
Administration	8	8
	85	93

Staff costs (for the above persons)	2006 £'000	2005 £'000
Wages and salaries	2,984	3,347
Social security costs	298	448
Pension costs	300	278
	3,582	4,073

6 Interest receivable and similar income

	2006 £'000	2005 £'000
Bank interest receivable	–	5

7 Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable on bank overdraft	26	4
Finance leases	1	–
	27	4

Notes to the Financial Statements

for the year ended 31 December 2006

8 Operating loss

	2006 £'000	2005 £'000
Operating loss is stated after charging:		
Depreciation charge for the period on tangible fixed assets:		
– owned assets	**87**	251
– leased assets	**2**	1
Loss on disposal of fixed assets	**21**	–
Fees payable to the Company's Auditor for the audit of the Company's financial statements	**20**	20
Fees payable to the Company's Auditor for other services:		
– the audit of the Company's subsidiaries pursuant to legislation	**42**	46
– tax services	**11**	8
– other services	**1**	3
Research and development	**1,124**	1,212
Operating lease charges:		
– plant and machinery	**2**	3
– land and buildings	**181**	411

9 Share based payments

Share options subject to equity-settled share-based payments are set out in note 22. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Application of the fair value measurement results in a charge to administrative expenses for the year ending 31 December 2006 of £17,000 (2005: nil)

10 Tax on loss on ordinary activities

	2006 £'000	2005 £'000
UK corporation tax on the results for the year at 30% (2005: 30%)	**–**	–
Current period research and development tax receivable	**245**	250
Adjustment in respect of prior year research and development tax credit	**38**	54
Total current tax	**283**	304

The Group has unutilised tax losses in the UK and the USA of £11.9m (2005: £11.5m) and $14.6m (2005: $14.5m) respectively available to set-off against future trading profits in those regions. These have yet to be agreed with the tax authorities.

The differences between the tax charge and the standard rate of corporation tax are explained below:

	2006 £'000	2005 £'000
Loss on ordinary activities before tax	**(1,304)**	(615)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	**(391)**	(185)
Effects of:		
Permanent differences	**32**	3
Deferred tax movement not recognised	**52**	(178)
Tax losses surrendered for research and development	**307**	360
Research and development tax credit	**245**	250
Adjustment in respect of prior year research and development tax credit	**38**	54
Total current tax	**283**	304

Notes to the Financial Statements

for the year ended 31 December 2006

11 Result for the financial year

As permitted by section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's profit for the period was £160,000 (2005: £5,957,000 loss).

12 Loss per share

The basic loss per share has been calculated by dividing the loss for the financial period by the weighted average number of ordinary shares of 186,207,420 (2005: 186,207,420) in issue during the period. The Company had no dilutive ordinary shares in either period which would serve to increase the loss per ordinary share and there is therefore no difference between the loss per ordinary share and the diluted loss per ordinary share.

13 Tangible fixed assets

Group	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2006	403	3,031	481	14	3,929
Additions	72	25	18	–	115
Disposals	(104)	(151)	(19)	–	(274)
Exchange adjustments	–	(121)	(30)	–	(151)
At 31 December 2006	**371**	**2,784**	**450**	**14**	**3,619**
Depreciation					
At 1 January 2006	321	2,941	443	14	3,719
Charge for the year	20	42	27	–	89
Disposals	(83)	(151)	(19)	–	(253)
Exchange adjustments	–	(117)	(28)	–	(145)
At 31 December 2006	**258**	**2,715**	**423**	**14**	**3,410**
Net book value					
At 31 December 2006	**113**	**69**	**27**	**–**	**209**
At 31 December 2005	82	90	38	–	210

The net book value of tangible fixed assets includes an amount of £4,000 (2005: £7,000) in respect of assets held under finance leases.

The Company did not hold any tangible fixed assets during the year ended 31 December 2006 (2005: nil).

Notes to the Financial Statements

for the year ended 31 December 2006

14 Fixed asset investments

Group	Trade Investments £'000
Cost	
At 1 January 2006	21
Exchange adjustments	(21)
At 31 December 2006	**200**
Net book value	
Provision for impairment	(97)
At 31 December 2006	**103**
At 31 December 2005	221

A provision for impairment has been made to write down trade investments to their recoverable value.

Company	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2006 and 31 December 2006	12,749	14,092	26,841
Provision for impairment			
At 1 January 2006 and 31 December 2006	12,749	14,092	26,841
Net book value at 31 December 2005 and 31 December 2006	–	–	–

Group

Details of subsidiary undertakings, which have all been consolidated in these financial statements, are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the Group	Proportion of nominal value of issued shares held by the Company	Nature of business
Ingenta UK Limited	England and Wales	Ordinary	–	100%	Online publications service
CatchWord Limited	England and Wales	Ordinary Preference	– –	100% 100%	Online publications service
Ingenta Inc	USA	Ordinary	100%	–	Online publications service
UnCover Inc	USA	Ordinary	100%	–	Online publications service
PCG Inc	USA	Ordinary	100%	–	Marketing Consultancy
Ingenta US Holdings Inc	USA	Ordinary	–	100%	Holding Company
BIDS Limited	England and Wales	Ordinary	100%	–	Dormant
Panorama Homes Limited	England and Wales	Ordinary	–	100%	Non-trading

15 Stock and work in progress

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Work in progress	7	7	–	–

16 Debtors

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Trade debtors	**1,457**	1,637	**–**	–
Amounts owed by Group undertakings	**–**	–	**664**	–
Corporation tax	**245**	250	**–**	–
Other debtors	**75**	182	**1**	27
Prepayments and accrued income	**62**	252	**3**	83
	1,839	2,321	**668**	110

The corporation tax debtor relates to a Research and Development tax credit.

17 Other Creditors – amounts falling due within one year

	Group 2006 £'000	2005 £'000	Company 2006 £'000	2005 £'000
Bank overdraft	**634**	254	**–**	–
Trade creditors	**1,293**	932	**94**	64
Amounts owed to Group undertakings	**–**	–	**1,375**	729
Other taxation and social security	**389**	319	**–**	–
Finance leases	**2**	2	**–**	–
Other creditors	**24**	–	**–**	–
Accruals	**364**	419	**82**	76
Customer deposits	**795**	980	**–**	–
Deferred consideration for acquisitions	**–**	9	**–**	–
	3,501	2,915	**1,551**	869

The bank overdraft is secured by a fixed and floating charge over the Group's assets, bears interest at 2.25% over the London Inter Bank Offer Rate (LIBOR) and is repayable on demand.

At 31 December 2006, the unutilised net bank overdraft facility was £457,000 and is subject to annual review. The Group's bankers recognise the seasonal nature of the Group's cash flows and supported the Group though it was in technical breach of covenant terms attached to the facility.

18 Other Creditors – amounts falling due after more than one year

	Group 2006 £'000	2005 £'000	Company 2006 £'000	2005 £'000
Finance leases	**1**	4	**–**	–
	1	4	**–**	–

An analysis of the maturity of finance lease obligations is given in note 19.

Notes to the Financial Statements

for the year ended 31 December 2006

19 Financial instruments

Details of the Group's objectives with respect to financial instruments are given in note 1 to the financial statements. There have been no significant changes in these objectives from the prior year and before the approval of the financial statements. The numerical disclosures in this note deal with the financial assets and liabilities defined in FRS 25 as financial instruments.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term debtors and creditors

Except with respect to disclosures regarding currency risk, short-term debtors and creditors have been excluded from the disclosures.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. The amounts shown in the balance sheet are net of any allowances for doubtful debts estimated by the directors. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Interest rate risk profile of financial liabilities

	Floating rate 2006 £'000	Fixed rate 2006 £'000	Total 2006 £'000	Floating rate 2005 £'000	Fixed rate 2005 £'000	Total 2005 £'000
Overdraft	634	–	634	254	–	254
US Dollar finance leases	–	3	3	–	6	6
Total	634	3	637	254	6	260

The finance leases had a weighted average annualised rate of interest of 13% (2005: 13%).
The overdraft has a weighted average annualised rate of interest of 7.38% (2005: 5.71%).

Maturity of financial liabilities

The Group has undrawn committed overdraft facility of £457,000 available at 31 December 2006. Subsequent to the year end the Group overdraft facility was increased to £1,100,000.

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term creditors, was as follows:

Group	Overdraft 2006 £'000	Finance leases 2006 £'000	Other financial liabilities 2006 £'000	Total 2006 £'000	Overdraft 2005 £'000	Finance leases 2005 £'000	Other financial liabilities 2005 £'000	Total 2005 £'000
Within one year	634	2	–	636	254	2	9	265
One to two years	–	1	–	1	–	4	–	4
	634	3	-	637	254	6	9	269

Interest rate risk profile of financial assets

During the year there were no excess cash balances that attracted interest other than for immediate access.

Currency exposures

The Group has three principal functional currencies, sterling, US dollars and Euros. The table below shows the extent to which the Group operations have net monetary assets in currencies other sterling. Foreign exchange differences on re-translation of these net assets are charged to the profit and loss account.

Group	US dollars 2006 £'000	Euros 2006 £'000	Total 2006 £'000	US dollars 2005 £'000	Euros 2005 £'000	Total 2005 £'000
Functional currency of Group operation:						
Sterling	**234**	**73**	**307**	67	1	68

Fair value

The Directors consider that the fair values of the financial instruments of Ingenta Plc are not significantly different from their book value.

20 Provision for liabilities and charges

Group	Onerous lease £'000	Reorganisation £'000	Vacant property £'000	Total £'000
Cost				
At 1 January 2006	91	–	33	124
Utilised	(91)	–	(33)	(124)
Provided	63	97	–	160
At 31 December 2006	**63**	**97**	**–**	**160**

The provisions for the onerous lease and reorganisation cost are in respect of the planned closure of the office in Providence in the forthcoming financial year.

Deferred taxation

Deferred taxation not recognised is as follows:

Group	Amount not recognised 2006 £'000	2005 £'000
Tax effect of timing differences:		
Excess of depreciation over capital allowances	**(334)**	(423)
Losses	**(3,593)**	(3,494)
	(3,927)	(3,917)

Company	Amount not recognised 2006 £'000	2005 £'000
Tax effect of timing differences:		
Excess of depreciation over capital allowances	**(138)**	(151)
	(138)	(151)

A deferred tax asset has not been recognised in respect of these losses or accelerated capital allowances due to there being insufficient certainty regarding its recovery.

Notes to the Financial Statements

for the year ended 31 December 2006

21 Called up share capital

Company	2006 £'000	2005 £'000
Authorised		
335,170,320 ordinary shares of 1p each	**3,352**	3,352
141,207,420 deferred ordinary shares of 4p each	**5,648**	5,648
	9,000	9,000
Allotted and called up and paid up		
186,207,420 ordinary shares of 1p each	**1,862**	1,862
141,207,420 deferred ordinary shares of 4p each	**5,648**	5,648
	7,510	7,510

Share issues

No shares were issued in the year.

Authorised share capital

The authorised share capital of the Company is £9,000,000 divided into 335,170,320 ordinary shares of 1p each and 141,207,420 deferred shares of 4p each.

Rights of deferred ordinary shareholders

The deferred shares of 4p each shall not entitle the holder to receive notice or attend or vote at any general meeting of the Company. Upon return of capital (whether on winding up or otherwise) the repayment of the amount paid up on such deferred shares will only be repaid after repayment of the capital paid up on the ordinary shares together with payment of £10,000,000 on each ordinary share.

22 Share options

The Company has an Approved and an Executive option scheme. The Executive option scheme relates to options granted to certain Directors and Senior Management. The Approved option scheme is an HM Revenue & Customs approved scheme available to eligible Directors and employees. The total number of options outstanding over ordinary shares of 1p each that had been granted and had not lapsed at 31 December 2006 were as follows:

Number of shares	Exercise price p	Grant date	Expiry date
52,740	14.00	15 March 1999[1]	15 March 2009
7,155	14.00	30 July 1999	30 July 2009
17,172	70.00	23 December 1999[1]	23 December 2009
72,981	70.00	4 January 2000[1]	4 January 2010
31,429	280.00	1 August 2000[1]	1 August 2010
1,785	280.00	13 November 2000[1]	13 November 2010
102,647	111.00	12 October 2001[1]	12 October 2011
375,000	8.75	11 December 2002[2]	11 December 2007
530,000	5.25	21 January 2003[1]	21 January 2013
30,000	11.75	30 June 2003[1]	30 June 2013
427,495	9.50	21 January 2004	21 January 2014
10,000	5.00	2 August 2004	2 August 2014
10,000	3.25	22 November 2004	22 November 2014
1,500,000	5.00	25 January 2005[2]	25 January 2015
600,000	2.77	31 May 2005[2]	31 May 2015
790,000	1.95	4 October 2005	4 October 2015
100,000	2.157	30 March 2006[1]	30 March 2016
400,000	2.150	30 March 2006[1]	30 March 2016
800,000	2.16	30 March 2006[12]	30 March 2016
6,058,404			

[1] The options are exercisable from the first, second and third anniversaries from the date of grant.
[2] These options are subject to conditions relating to the performance as measured by profit related targets.

23 Reserves

Group	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Share options reserve £'000	Profit and loss account £'000
At 1 January 2006	20,955	11,056	12,679	–	(53,821)
Net exchange adjustments	–	–	–	–	104
Share based payment charge	–	–	–	17	–
Loss for the year	–	–	–	–	(1,021)
At 31 December 2006	**20,955**	**11,056**	**12,679**	**17**	**(54,738)**

Company	Share premium £'000	Profit and loss account £'000
At 1 January 2006	20,955	(29,508)
Profit for the year	–	160
At 31 December 2006	**20,955**	**(29,348)**

Notes to the Financial Statements

for the year ended 31 December 2006

24 Reconciliation of movements in shareholders' deficit

Group	2006 £'000	2005 £'000
Loss for the year	**(1,021)**	(311)
Net exchange adjustments	**104**	(128)
Share based payment	**17**	–
Net decrease in shareholders' funds	**(900)**	(439)
Opening shareholders' deficit	**(1,621)**	(1,182)
Closing shareholders' deficit	**(2,521)**	(1,621)

25 Cash flow from operating activities

Reconciliation of operating loss to net cash outflow from operating activities:

	Continuing operations	
Group	2006 £'000	2005 £'000
Operating loss	**(1,277)**	(616)
Depreciation charge	**89**	252
Loss on disposal of fixed asset	**21**	–
Impairment of fixed asset investments	**97**	–
Share based payment charge	**17**	–
Decrease in debtors	**477**	160
Increase/(decrease) in creditors	**2**	(455)
Increase/(decrease) in provisions and other reserves	**35**	(339)
Net cash outflow from continuing operations	**(539)**	(998)

26 Reconciliation of net cash flow to movement in net (debt)/funds/

Group	2006 £'000	2005 £'000
(Decrease)/increase in cash in the year	**(405)**	110
Cash used to decrease liquid resources	**–**	(680)
Finance lease repayments	**3**	1
Change in net debt resulting from cash flows	**(402)**	(569)
New finance leases	**–**	(6)
Movement in net debt in the year	**(402)**	(575)
Net funds at beginning of the year	**308**	883
Net (debt)/funds at end of the year	**(94)**	308

Notes to the Financial Statements

for the year ended 31 December 2006

27 Analysis of net funds/(debt)

Group	At 1 January 2006 £'000	Cash flow £'000	**At 31 December 2006 £'000**
Cash in hand and at bank	567	(25)	**542**
Bank overdraft	(254)	(380)	**(634)**
	313	(405)	**(92)**
Finance leases	(5)	3	**(2)**
Total	308	(402)	**(94)**

28 Financial commitments

Group

At 31 December 2006, the Group had lease agreements in respect of annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2006 £'000	**Other 2006 £'000**	Land and buildings 2005 £'000	Other 2005 £'000
Within one year	**40**	**3**	195	3
One to two years	**–**	**–**	99	–
Two to five years	**201**	**–**	–	–
After five years	**149**	**–**	149	–
	390	**3**	443	3

Company

At 31 December 2006, the Company had lease agreements in respect of annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2006 £'000	Land and buildings 2005 £'000
Within one year	**–**	159
Within two to five years	**152**	–
After five years	**149**	149
	301	308

Notes to the Financial Statements

for the year ended 31 December 2006

29 Related party transactions

During the year ended 31 December 2006, the Group did not enter into any related party transactions with Directors other than sums paid to third parties for Directors' services as disclosed in the Remuneration Committee Report.

30 Capital Commitments

The Group and Company had no capital commitments at 31 December 2006 (2005: nil).

31 Contingent liabilities

The Group and the Company had no contingent liabilities at 31 December 2006 (2005: nil).

32 Post balance sheet events

On 27 February 2007 Publishing Technology Plc acquired the entire issued share capital of VISTA International Limited, a specialist supplier of software solutions to the publishing sector. The consideration comprised 260,000,000 1p new Publishing Technology ordinary shares at a subscription price of 1p each and £2m convertible loan notes in exchange for 100% of the issued share capital and outstanding loan notes in VISTA International Limited.

On the same date as the acquisition of VISTA International Limited the Group raised £0.8m net of expenses through the issue of 150,000,000 1p new ordinary shares at a price of 1p each.

Further details are provided in the circular dated 2 February 2007 sent to shareholders which is available from the Registered Office on request.

Directors and advisors

Executive Director

Simon Dessain, *Chief Operating Officer (formerly Chief Executive)*

Directors appointed on 27 February 2007

George Lossius, *Chief Executive Officer*

Alan Moug, *Chief Financial Officer*

Non-Executive Directors

Martyn Rose, *Chairman*

Mark Rowse

Ward Shaw

Company Secretary

Alan Moug

Registered Office

Unipart House
Garsington Road
Oxford
OX4 2GQ

Registered number: 837205

Auditor

Grant Thornton UK LLP
Registered Auditors
1 Westminster Way
Oxford
OX2 0PZ

Bankers

The Royal Bank of Scotland Plc
48 Haymarket
London
SW1Y 4SE

Registrars

Capita IRG Plc
The Registry
PO Box 25
34 Beckenham Road
Beckenham
Kent
BR3 4BR

Nominated Advisor

Collins Stewart Limited
9th Floor
88 Wood Street
London
EC2V 7QR

Solicitors

Stringer Saul LLP
17 Hanover Square
London W1S 1HU

Ingenta

Registered no: 837205

www.ingenta.com

Oxford

Ingenta plc
Unipart House, Garsington Road
Oxford OX4 2GQ
United Kingdom

Tel: +44 (0)1865 397800
Fax: +44 (0)1865 397801

Providence

Ingenta Inc
111R Chestnut Street
Providence RI 02903
USA

Tel: +1 401 331 2014
Fax: +1 401 331 2015

Bath

Ingenta plc
1 Riverside Court
Lower Bristol Road
Bath BA2 3DZ
United Kingdom

Tel: +44 (0)1225 361000
Fax: +44 (0)1225 361155

Cambridge

Publishers Communication Group (PCG)
875 Massachusetts Avenue
7th Floor
Cambridge MA 02139
USA

Tel: +1 (617) 497 6514
Fax: +1 (617) 354 6875