14 January, 2013

Publishing Technology plc
("Publishing Technology" or "the Company")

Trading Update

Publishing Technology plc (LSE: PTO), the AIM quoted world-leading provider of content solutions that transform the publishing business, announces that it expects its results for the year ended 31 December 2012 to be in line with market expectations. This has been a year in which the Company has strengthened the position of its new products with revenue from both ***Pub2web*** and ***advance*** growing significantly.

Publishing Technology combines unmatched publishing industry knowledge, global reach and a perpetual support model with its ***advance*** suite of enterprise software tailored for the publishing market, the suite of online content solutions comprising the ***ingentaconnect*** scholarly portal and the ***pub2web*** digital content hosting platform, and the Publishers Communication Group (***PCG***) sales and marketing consultancy, to offer the publishing industry's only full spectrum of solutions to help publishers move their content forward into the digital age.

The Company is reaching the end of the current research and development cycle for the ***advance*** and ***Pub2web*** which are due for completion in 2013, and has begun to make significant sales from these products. One notable deal is with HarperCollins, a subsidiary of NewsCorp, to implement ***advance*** Product Manager, unifying editorial, marketing and business data around the world, widening the reach of HarperCollins print and digital publications in its core target markets. The system will support the entire global portfolio of HarperCollins publications which demonstrates how the industry is endorsing this new generation of enterprise products.

The research and development expenditure of roughly £3m per annum in each of the last few years has been written off in the period in which it was incurred leaving no capitalised development expenditure to impact future profits.

Our strategy has been to invest heavily in the next generation of publishing software whilst maintaining excellent customer relations with existing customers on mature products. As a result, not only are revenues from new products incremental to profitability, but our mature products and services have grown modestly while maintaining their healthy margins.

Our newly formed joint venture in China continues to develop and while it will not produce a profit in 2012, our agreement with the largest import & export organisation, CNPIEC, has been ground breaking.

Publishers Communication Group (PCG), maintained margins and high customer satisfaction in its "Full Service Representation" division where sales of Bloomsbury's Churchill archive in particular were ahead of forecast.

The outlook for 2013 is for a continued improvement in revenues from our new products and services, a small decline in mature product revenue and further strides toward profitability in China, coupled with a declining rate of investment in research and development.

George Lossius, CEO at Publishing Technology, commented:

“Sales of our new generation products continue to grow apace, with a steady stream of new business implementations adding to our incremental recurring revenue base. After many years of investment, the increasing confidence of the market in our products underlines our confidence that we have the right strategy. At the same time, the decline in our mature products and services has been slower than we had anticipated which has allowed our profits to hold up during these years of investment.”

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