September 28, 2007
FOR IMMEDIATE RELEASE

# Publishing Technology plc reports interim results

## Improved revenues demonstrate value of the Vista International Ltd and Ingenta plc merger

Publishing Technology plc (LSE: PTO), which provides online systems, software and services to academic, journal and book publishers, has today announced its interim results for the six months to June 30, 2007.

Publishing Technology plc was formed from the merger earlier this year of Vista International Ltd and Ingenta plc.

Highlights include:

- Group revenue for the period up 22% to £6.6m (2006: £5.4m)
- EBITDA of £0.2m
- Profit of £0.1m before merger costs of £0.1m and goodwill amortisation of £0.3m due to IFRS accounting for goodwill on the acquisition of Ingenta plc
- All business units making a positive contribution to group expenses since the merger
- Substantial business wins and a strong pipeline of new business
- Cross-selling of services by Vista and Ingenta business units to each other's clients testifies to the benefits of the merger
- Anticipated stronger second half of the year due to increased high-margin revenue streams and continued cost savings

George Lossius, Chief Executive, commented:

"I am delighted to able to report an EBITDA profit for the six months to June 30, 2007, thanks to improved performances across the group and positive contributions from each business unit.

"We won several important contracts in our first half year. We signed up over 15 new publishers, including the third largest UK university press and two large US university presses, and have signed both UNICEF and the BBC as clients, the latter for a combination of our online products and sales representation.

"These new business wins demonstrate our ability to deliver the promised benefits of the merger of the Vista, Ingenta and PCG businesses, namely to cross-sell services across our print and online and sales representation business units. Integration is virtually complete, the anticipated synergies are beginning to yield gains, and we expect the merger to continue to deliver further cost savings, interest charge reductions and revenue enhancements in the second half of the year."

Martyn Rose, Chairman, commented:

"In its first six months, Publishing Technology has already begun to demonstrate the logic of combining Vista and Ingenta. We now have the skills to help publishers develop their online content and integrate it with their printed products in a single company with the scale to compete across the publishing industry. These results demonstrate that Publishing Technology has built a solid platform from which it can achieve further growth, and has the right services and management team to deliver for shareholders."

Notes to Editors:

Publishing Technology plc (www.publishingtechnology.com) provides on-line systems, software and services, and marketing and sales representation services to the publishing industry. It supplies software, consultancy and services to manage the supply chain of printed and digital products, and tools that help publishers digitise their content and earn revenues from posting it online. Clients include leading book publishers such as, Hachette, Random House, Penguin and Reed Elsevier and top corporate and academic research library clients, such as Columbia University Library, and Glaxo SmithKline's research library, and a number of multilateral institutions, such as the World Bank, the IMF, OECD and UNICEF. The company was formed in February 2007, following the merger of Vista International Ltd and Ingenta plc.

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## Chief Executive's half-year statement

The group had a turnover of £6.6m for the period, a 22% improvement on the same period in 2006 (£5.4m). All business units have made a positive financial contribution to the group since the merger, and I am pleased to be able to report an EBITDA profit of £0.2m for the first half of the year. Before merger costs and IFRS write-down provisions, the profit for the period was £0.1m.

The revenue increase was largely due to the reverse acquisition of Ingenta by Vista, which was completed in February 2007 to form Publishing Technology plc.

As a result of IFRS accounting for the reverse takeover of Ingenta plc, there will be a non-cash, goodwill on intangibles write-down of £2.4m over 36 months. The results to June 2007 reflect four months of this charge (£0.3m).

The group had a cash overdraft of £0.6m at 30 June 2007, and facilities with the Company's bankers continued to be used as needed.

Trading during the first half of the year has delivered solid results, and the successes achieved since the merger have been encouraging. We have met our cost reduction plans, have developed new revenue streams and are pleased to see the anticipated cross-selling benefits of the merger beginning to bear fruit.

The recent success in acquiring the BBC Monitoring contract is a testimony to the success of the business integration. The sales process was run by the Ingenta sales team, for new online systems to be provided by Vista, with sales representation acting on behalf of BBC Monitoring provided by PCG, using Vista's back office publishing systems to manage subscriptions and billing.

Highlights for each of Publishing Technology's principal business units are as follows:

## VISTA

Vista, which operates mainly in Europe and North America, provides management and administration systems that help publishers manage the supply chain for their printed and digital products. In the UK, it is estimated that over 80% of all books sold on the High Street are processed through a Vista system.

Compared to the same period last year, there has been a 6% reduction in revenues to £5.1m, a change that can be materially attributed to the US Dollar exchange rate fall which has had a negative impact on revenues whilst having less effect on profits.

In 2007, Vista entered the market for providing online publishing platforms for publishers and now looks after systems for five publishers. Vista uses Ingenta systems but also has an exclusive partnership agreement with Impelsys to support the delivery of publishing platforms for content rich publications.

Additional business developments within Vista during the period include:

- Signed UNICEF as a client for Vista's publishing platform
- Signed a revenue share deal with BBC Monitoring to provide digital platform for their collation of materials from 3,000 global news sources
- Systems successfully supported the distribution of the seventh and final edition of the Harry Potter series

## Ingenta

Ingenta provides online publishing platforms that enable publishers to reach an audience for their digital content. It provides electronic access to some 11,000 individual publications on behalf of nearly 300 publishers.

The market for online publishing delivery platforms is high growth and increasingly competitive. However, Ingenta continues to demonstrate its technology leadership and commitment to customer service, and additional revenue opportunities continue to materialise, such as new high-margin advertising revenue streams.

Since the merger, IngentaConnect has added 12 new publishers to its platform, one of which, Manchester University Press is the third largest university press in the UK. Publishing Technology now provides systems and services to all three of the largest University Presses.

Ingenta is greatly increasing the volume of content managed on its systems, a 10% increase to date is due in part to the uploading of 50,000 articles dating back to 1890, on behalf of Brill, the academic publisher.

During the remainder of 2007, Ingenta's IT infrastructure will be substantially upgraded to improve performance in line with growing usage and to benefit from savings associated with a smaller and more efficient infrastructure.

Since the merger, compared to the same period last year revenues have remained static, but cost savings and operational efficiencies associated with the merger have allowed Ingenta to report positive EBITDA for the period.

## Publishers Communication Group (PCG)

Publishers Communication Group (PCG), which represents 17% of group revenue (2005: 14%) continues to enhance its reputation as a high quality provider of marketing, sales, customer service and research services to academic publishers. During the period the unit worked with six new publishers and further expanded its European presence as a result of increased demand. PCG will also be supporting BBC Monitoring, having been contracted to provide the sales representation to promote the online products.

PCG's business has grown significantly in this period, and reported a 100% increase in telemarketing calls from Q1 of 2007 to Q2 2007 as well as a considerable increase in activities in Europe.

George Lossius
September 26, 2007

**UNAUDITED INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2007**

**Condensed Consolidated Income Statement**
**for the period ended 30 June 2007**

| | Note | Six months ended 30 June 2007 £'m | 30 June 2006 £'m |
|---|---|---|---|
| Revenue | | 6.6 | 5.4 |
| Cost of sales | | (1.6) | (3.6) |
| **Gross profit** | | 5.0 | 1.8 |
| Sales and marketing expenses | | (0.4) | (0.4) |
| Administrative expenses | | (4.8) | (1.4) |
| **Operating profit/(loss)** | | (0.2) | - |
| Interest income | | 0.1 | - |
| Finance costs | | (0.3) | (0.3) |
| **Profit/(loss) on ordinary activities before taxation** | | (0.4) | (0.3) |
| Tax on (profit)/loss on ordinary activities | | 0.1 | 0.2 |
| **Profit/(loss) on ordinary activities after taxation** | | (0.3) | (0.1) |
| **Dividends paid** | | - | - |
| **Retained profit/(loss) for the period** | | (0.3) | (0.1) |
| **Earnings per share** | 1 | | |
| Basic | | 0.0 | 0.0 |
| Diluted | | 0.0 | 0.0 |


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**Consolidated Statement of Recognised Income & Expense**
**For the period ended 30 June 2007**

| | Six months ended 30 June 2007 £'m | 30 June 2006 £'m |
|---|---|---|
| Exchange differences on translation of foreign operations | 0.2 | - |
| Tax on items taken directly to equity | - | - |
| **Net income recognised directly in equity** | 0.2 | - |
| **Profit/(loss) for the period** | (0.3) | (0.1) |
| **Total recognised income and expense for the period** | (0.1) | (0.1) |

**Condensed Consolidated Balance Sheet**
**At 30 June 2007**

| | Note | 30 June 2007 £'m | 31 December 2006 £'m |
|---|---|---|---|
| Intangible assets | | 6.5 | 1.9 |
| Property, plant & equipment | | 0.4 | 0.2 |
| Investments | | 0.1 | - |
| Deferred tax assets | | - | - |
| **Total non-current assets** | | 7.0 | 2.1 |
| Inventories | | - | - |
| Trade & other receivables | | 3.1 | 3.2 |
| Non-current assets held for sale | | - | - |
| Cash & cash equivalents | | (0.6) | (0.1) |
| **Total current assets** | | 2.5 | 3.1 |
| **Total assets** | | 9.5 | 5.2 |
| Current liabilities | | 7.7 | 6.1 |
| Non-current liabilities | | 3.4 | 2.5 |
| Deferred tax liabilities | | - | - |
| Provisions for liabilities and charges | | - | - |
| **Total liabilities** | | 11.1 | 8.6 |
| **Net assets** | | (1.6) | (3.4) |

| | | 30 June 2007 £'m | 31 December 2006 £'m |
|---|---|---|---|
| Called up share capital | 2 | 1.9 | - |
| Share premium account | 3 | - | - |
| Own shares held | | - | - |
| Capital redemption reserve | 3 | 0.8 | 0.8 |
| Share option reserve | | - | - |
| Merger Difference | | - | - |
| Reverse Acquisition Reserve | | - | - |

| | | | |
|---|---|---|---|
| Translation reserve | | - | - |
| Retained earnings | 3 | (4.3) | (4.2) |
| **Total equity** | | (1.6) | (3.4) |

**Condensed Consolidated Cash Flow Statement**
**For the period ended 30 June 2007**

| | Six months ended 30 June 2007 £'m | 30 June 2006 £'m |
|---|---|---|
| Cash generated from operations | (1.1) | 0.3 |
| Other operating cash flows (net) | - | - |
| **Net cash from operating activities** | (1.1) | 0.3 |
| | | |
| Purchases of property, plant & equipment | (0.2) | - |
| Proceeds on disposal of property, plant & equipment | - | - |
| Other investing cash flows (net) | 1.2 | - |
| **Net cash used in investing activities** | 1.0 | - |
| | | |
| Repayments of borrowings | (0.4) | (0.3) |
| Other financing cash flows (net) | - | - |
| **Net cash used in financing activities** | (0.4) | (0.3) |
| **Net (decrease) / increase in cash & cash equivalents** | (0.5) | - |
| **Cash & cash equivalents at 1 January** | (0.1) | (0.1) |
| Effect of foreign exchange rate changes | - | - |
| **Cash & cash equivalents at 30 June** | (0.6) | (0.1) |

**Notes to the Unaudited Interim Report**
**for the 6 months ended 30 June 2007**

- **Accounting policies**

The accounting policies set out in the appendix have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements and in preparing an opening IFRS Balance sheet at 1 July 2005 for the purposes of the transition to EU Adopted IFRS.

Details of the effect of transition to IFRS and details of the accounting policies applied are set out in the appendix to this report.

- **Transition to EU Adopted IFRS**

The Group is preparing its financial statements in accordance with EU Adopted International Financial Reporting Standards (IFRS) for the first time and consequently has applied IFRS 1.

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 July 2005 have not been restated.
- Fair value or revaluation as deemed cost – At the date of transition, fair value has been used as deemed cost for property, plant and equipment assets previously measured at fair value.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 July 2005.
- Share-base payment – the Group has applied the requirements of IFRS 2 Share-based payments to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

- **Basis of preparation**

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities. The measurement bases are more fully described in the accounting policies in the appendix.

Ingenta Plc acquired VISTA International Limited (VISTA) on 27 February 2007. 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.  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.

As a result of the issuance of the Ordinary shares, the shareholders of VISTA International Limited obtained control of Ingenta Plc. Accordingly the transaction was accounted for as a reverse acquisition in accordance with IFRS 3 "Business Combinations".

The consolidated financial statements prepared following the reverse acquisition are issued under the name of the Publishing Technology plc, but they are a continuance of the financial statements of VISTA.  Because such consolidated financial statements represent a continuation of the financial statements of VISTA:

- the assets and liabilities of VISTA have been recognised and measured in these consolidated financial statements at their pre-combination carrying amounts.
- the retained earnings and other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of VISTA immediately before the business combination.
- the amount recognised as issued equity instruments in these consolidated financial statements has been determined by adding to the issued equity of VISTA immediately before the business combination the cost of the combination determined as described in the following paragraphs.  However, the equity structure appearing in those consolidated financial statements (the number and type of equity instruments issued) reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the combination.

These consolidated financial statements prepared following the reverse acquisition reflect the fair values of the assets and liabilities of the Company (the acquiree for accounting purposes).

Since as of the date of the acquisition, the fair value of the Company's identifiable assets approximates their carrying value, the excess of the purchase price over the carrying value of the net assets acquired together with the direct transaction costs incurred has been recorded as reduction of additional paid-in capital.

## 1. Earnings per share
**From continuing and discontinued operations**

The calculation of the basic and diluted earnings per share is based on the following data:

| **Earnings** | **Six months ended** | |
|---|---|---|
| | **30 June 2007** | **30 June 2006** |
| | **£'m** | **£'m** |
| Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent | (0.3) | (0.1) |
| Earnings for the purposes of diluted earnings per share | (0.3) | (0.1) |

| **Number of Shares** | | |
|---|---|---|
| | **30 June 2007** | **30 June 2006** |
| | **Number** | **Number** |
| | **millions** | **millions** |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 462.0 | 260.0 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | 0.0 | 0.0 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 462.0 | 260.0 |

## 2. Share Capital & Reserves

| | Share capital Account £'m | Capital redemption reserve £'m |
|---|---|---|
| **Balance at 1 January 2006** | 0.0 | 0.7 |
| Shares issued in the period | - | - |
| Share redeemed in the period | - | - |
| **Balance at 30 June 2006** | 0.0 | 0.7 |
| **Balance at 1 January 2007** | 0.0 | 0.7 |
| Shares issued in the period | 2.4 | - |
| Reverse acquisition movement | (0.5) | - |
| **Balance at 30 June 2007** | 1.9 | 0.7 |

## 3. Retained earnings

| | £ |
|---|---|
| **Balance at 1 January 2006** | (4.1) |
| Net (loss)/profit for the period | (0.1) |
| Loss on sale of own shares | - |
| **Balance at 30 June 2006** | (4.2) |
| **Balance at 1 January 2007** | (4.2) |
| Net (loss)/profit for the period | (0.1) |
| Loss on sale of own shares | - |
| **Balance at 30 June 2007** | (4.3) |

## 4. Segment information

Below an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

The Group comprises the following business segments:

Vista
Ingenta
Publishers Communication Group

| | Segmental revenue Six months ended | | Segment result Six months ended | |
|---|---|---|---|---|
| | **30 June 2007 £'m** | **30 June 2006 £'m** | **30 June 2007 £'m** | **30 June 2006 £'m** |
| Vista | 4.9 | 5.4 | 0.1 | 0.0 |
| Ingenta | 1.3 | - | 0.1 | - |
| Publishers Communication Group | 0.4 | - | 0.0 | - |
| | 6.6 | 5.4 | 0.2 | 0.0 |
| Unallocated corporate expenses | | | 0.0 | 0.0 |
| Operating profit | | | 0.2 | 0.0 |

## 5. Related party transactions

There were no significant related party transactions for this or the comparative period

## 6. Contingencies and commitments

There were no contingencies and commitments at the end of  this or the comparative period

**7. Post balance sheet events**

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the financial statements for the interim period.



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## Appendix to the Unaudited Interim Report for the 6 months ended 30 June 2007

### Explanation of transition to IFRS

This is the first year that the company will present its financial statements under IFRS. The following disclosures are required in the year of transition.

The last financial statements under UK GAAP were for the period ended 30 June 2006 and the date of transition to IFRS was 1 July 2005.

**Reconciliation of equity at 1 July 2005 (date of transition to IFRS)**

| Note | UK GAAP £'m | Effect of transition to IFRS £'m | IFRS £'m |
|---|---|---|---|
| Intangible assets | 4.3 | (2.4) | 1.9 |
| Property, plant & equipment | 0.1 | - | 0.1 |
| Investments | - | - | - |
| Deferred tax assets | - | - | - |
| **Total non-current assets** | 4.4 | (2.4) | 2.0 |
| Inventories | - | - | - |
| Trade & other receivables | 2.2 | - | 2.2 |
| Non-current assets held for sale | - | - | - |
| Cash & cash equivalents | 1.6 | - | 1.6 |
| **Total current assets** | 3.8 | - | 3.8 |
| **Total assets** | 8.2 | (2.4) | 5.8 |
| Current liabilities | 5.5 | - | 5.5 |
| Non-current liabilities | 4.3 | - | 4.3 |
| Deferred tax liabilities | - | - | - |
| Provisions for liabilities and charges | - | - | - |
| **Total liabilities** | 9.8 | - | 9.8 |
| **Net assets** | (1.6) | (2.4) | (4.0) |
| Called up share capital | - | - | - |
| Share premium account | - | - | - |
| Own shares held | - | - | - |
| Capital redemption reserve | - | - | - |
| Share options reserve | - | - | - |
| Translation reserve | - | - | - |
| Retained earnings | (1.6) | (2.4) | (4.0) |
| **Total equity** | (1.6) | (2.4) | (4.0) |



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**Notes to the reconciliation of equity at 1 July 2005**

The Group has utilised the IFRS1 first-time exemption whereby the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS.

These have been included in retained earnings under UK GAAP, and therefore no further adjustment is required at the date of transition.

Subsequently, such translation differences will be recognised in a separate translation reserve.
The adjustments to retained earnings are as follows:

| | **£'m** |
|---|---|
| Impairment of goodwill | 2.4 |

**Reconciliation of equity at 30 June 2006 (date of last UK GAAP financial statements)**

| Note | UK GAAP £'m | Effect of transition to IFRS £'m | IFRS £'m |
|---|---|---|---|
| Intangible assets | 4.0 | (2.1) | 1.9 |
| Property, plant & equipment | 0.1 | - | 0.1 |
| Investments | - | - | - |
| Deferred tax assets | - | - | - |
| **Total non-current assets** | 4.1 | (2.1) | 2.0 |
| Inventories | - | - | - |
| Trade & other receivables | 2.5 | - | 2.5 |
| Non-current assets held for sale | - | - | - |
| Cash & cash equivalents | 0.5 | - | 0.5 |
| **Total current assets** | 3.0 | - | 3.0 |
| **Total assets** | 7.1 | (2.1) | 5.0 |
| Current liabilities | 5.5 | - | 5.5 |
| Non-current liabilities | 2.9 | - | 2.9 |
| Deferred tax liabilities | - | - | - |
| Provisions for liabilities and charges | - | - | - |
| Total non-current liabilities | 2.9 | - | 2.9 |
| **Total liabilities** | 8.4 | - | 8.4 |
| **Net assets** | (1.3) | (2.1) | (3.4) |
| Called up share capital | - | - | - |
| Share premium account | - | - | - |
| Own shares held | - | - | - |
| Capital redemption reserve | 0.8 | - | 0.8 |
| Share options reserve | - | - | - |
| Translation reserve | - | - | - |
| Retained earnings | (2.1) | (2.1) | (4.2) |
| **Total equity** | (1.3) | (2.1) | (3.4) |


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**Notes to the reconciliation of equity at 30 June 2006**

Design and development internally-generated intangible assets recognised under IFRS and amortised over their estimated useful lives.

The Group has utilised the IFRS1 first-time exemption whereby the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS.
These have been included in retained earnings under UK GAAP, and therefore no further adjustment is required at the date of transition.

Subsequently, such translation differences have been recognised in a separate translation reserve.

The adjustments to retained earnings are as follows:

| | £ |
|---|---|
| Impairment of goodwill | 2.4 |
| Write back of goodwill amortisation | (0.3) |
| | 2.1 |

**Reconciliation of profit or loss for six months ended 30 June 2006 (interim comparative period)**

| Note | UK GAAP £'m | Effect of transition to IFRS £'m | IFRS £'m |
|---|---|---|---|
| Revenue | 5.4 | - | 5.4 |
| Cost of sales | (3.6) | - | (3.6) |
| **Gross profit** | 1.8 | - | 1.8 |
| Sales and marketing expenses | (0.4) | - | (0.4) |
| Administrative expenses | (1.6) | 0.2 | (1.4) |
| **Operating (loss)/profit** | (0.2) | 0.2 | - |
| Interest income | - | - | - |
| Finance costs | (0.3) | - | (0.3) |
| **Profit on ordinary activities before taxation** | (0.5) | 0.2 | (0.3) |
| Tax on loss on ordinary activities | 0.2 | - | 0.2 |
| **Profit on ordinary activities after taxation** | (0.3) | 0.2 | (0.1) |
| **Dividends paid** | - | - | - |
| **Retained profit for the period** | (0.3) | 0.2 | (0.1) |
| Items recognised directly in equity during the period | - | - | - |
| Retained earnings movement in the period | (0.3) | 0.2 | (0.1) |

**Notes to the reconciliation of profit or loss for six months ended 30 June 2006**

Design and development internally-generated intangible assets that are expensed under UK GAAP are recognised under IFRS and amortised over their useful lives

## Appendix to the Unaudited Interim Report
## for the 6 months ended 30 June 2007

### Details of significant accounting policies

### Basis of preparation

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved where Publishing Technology plc has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.
The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Intra-Group balances are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities and contingent liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.
Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition.
The results of subsidiaries acquired or disposed of during the period are included in the consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on the cost of assets less any residual value over their estimated useful lives, using the straight-line method, as follows:

| | |
|---|---|
| • Leasehold improvements | over lease term |
| • Computer equipment | 33% |
| • Fixtures, fittings and equipment | 20% |
| • Motor vehicles | 20-25% |
| • Office equipment | 33% |

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable asset and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.
Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter.
On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

### Internally generated intangible assets - Research & Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally generated intangible asset arising from the group's development is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their respective useful lives, from the date at which they are available for use, using the straight-line method.
Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

## Impairment

At each Balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
Recoverable amount is the higher of fair value less costs to sell and value in use.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.
An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.
A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Inventory

Inventory is stated at the lower of cost and net realisable value.
Cost comprises of the direct material costs of purchase, and where applicable, the direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.
Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

## Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are included in the balance sheet at fair value, or, if lower, at the present value of the minimum lease payments, each determined at inception of the lease less depreciation and impairment losses.
These assets are depreciated over the shorter of the asset's useful life and the lease term.
The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Leases where the third party lessor retains substantially all the risks and rewards of ownership are classified as operating leases.
Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

### Foreign currencies

Transactions in foreign currencies are translated into sterling (the functional currency of the Group) at the rates of exchange ruling at the date of the transaction.
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year.
All such foreign exchange differences are taken to the profit and loss account in the year in which they arise.
Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.
On consolidation, the assets and liabilities of subsidiaries in foreign currencies are translated at rates of exchange ruling at the balance sheet date.
Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.
Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.
The Group has elected to treat goodwill and fair value adjustment arising on acquisitions before the date of transition to IFRS as sterling denominated assets and liabilities.

## Revenue Recognition

Revenue, which excludes value added tax, sales between Group companies, trade discounts and other sales related taxes, is recognised as follows:

*Revenue on the sale of hardware*
Hardware revenue is recognised when delivery of the hardware takes place, when the risks and rewards of ownership are transferred.

*Licences and software sales*
Licences and sales of standard software packages and sales of bespoke software are recognised as revenue in accordance with the percentage completed.

*Support and maintenance of software*
Revenue from contracts for the support and maintenance of software is recognised on a straight-line basis over the term of the contract.

*Website and software design, development and implementation services*
Revenues received from these activities are recognised 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 in accordance with the provisions of the contract.
Ongoing service fees are recognised in revenue on a straight-line basis 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 on a straight-line basis over the contract period.
User services revenue (including deposit account charges) is recognised on a straight-line basis 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.

### Long-term contracts

Revenue 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 revenue exceeds payments on account is recognised within receivables. The costs on long-term contracts not yet recognised in the income statement less related foreseeable losses and payments on account are recognised in work in progress as long term contract balances.

### Financial instruments

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial period to which it relates.
*Trade receivables*
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.
*Financial liabilities and equity*
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.
*Borrowings*
Bank and other loans are raised for support of long term funding of the Group's operations. They are recognised at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
*Convertible loan notes*
Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component,

representing the embedded option to convert the liability into equity of the group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

*Trade Payables*

Trade payables are not interest bearing and are stated at their nominal value.

*Equity Instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

*Risk management*

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.

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.

## Cash and cash equivalents

Cash and cash equivalents comprise cash balances at the bank, cash in hand and cash on short-term deposits. Cash for the purpose of the cash flow statement, comprises cash in hand, bank overdrafts and short term deposits repayable on demand.

## Retirement benefit 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 has no further payment obligations once the contributions have been paid.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is appropriate.

## Short-term employee benefit costs

The undiscounted amount of short-term benefits attributable to services that have been rendered in the period are recognised as an expense, unless specifically required or permitted within the scope of IFRS reporting to be included in the cost of an asset.
Any difference between the amount of cost recognised and cash payments made is treated as a liability or prepayment as appropriate.

## Employee share option trust

The company is deemed to have control of the assets, liabilities, income and costs of the Vista International Limited 1998 Employee Share Ownership Trust (ESOT).
The borrowings of the ESOT, which have been guaranteed by the company, are included borrowings with the net financing costs of the ESOT being shown as finance charges in the income statement.
All dividends in respect of these shareholdings have been waived.

## Taxation

The charge for current tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.
Deferred tax liabilities are recognised for taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.
Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.
Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Share based payments

The Group issues share options to its employees. The group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.
The Group issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, updated at each Balance sheet date.

### Dividends

Dividends are recognised as a liability in the period in which they are declared.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the

effect is material, provisions are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

## Non-current assets held for sale

On initial classification as held for sale, non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation.
Gains and losses on subsequent re-measurement are also included in profit or loss during the relevant period.


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