

RNS Number : 5578P
Publishing Technology PLC
05 October 2011

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Publishing Technology announces internal funding of the cash cycle

Publishing Technology plc ("Publishing Technology" or the "Company") announces that it has accepted unsecured loans in aggregate of £500K from its Directors and from certain senior managers in the Company (together the "Directors' loans") which for the purposes of the AIM Rules for Companies (the "AIM Rules") constitute a related party transaction.

As was the case last year, the Directors' loans have been granted to assist the Company meet its potential peak funding requirement of £1.75m during the last quarter of 2011. This will be met through £1.25m from a recently arranged overdraft facility with HSBC, the Company's new banking provider, and the Directors' loans.

The Directors' loans are expected to be repaid on 31 January 2012 or sooner if cash flow allows. The loans taken in Q4 2010 were repaid before the year end.

The loans will carry a coupon of 12% per annum. The Board believes this to be cheaper than any available alternative funding and underlines the Directors' confidence in the Company.

Positive cash flow during the year end annual renewal season when the Company receives approximately £3m of cash from annually recurring contracts should give the Company positive cash reserves during January 2012 when the £1.25m overdraft facility will not need to be used and the Directors loans' will be repaid.

Furthermore, the Board considers that the expected positive cash flow in 2012 should allow it to begin to redeem the formerly convertible loans, amounting to £1.5m with a coupon of 12% per annum, with a view to eliminating these by early 2013.

Arbuthnot Securities Limited, the Company's nominated adviser, considers that the terms of the Directors' loans are fair and reasonable insofar as the Company's shareholders are concerned.

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