

Touch Group plc (‘The Group’)

Equity Disposal

Touch Group plc the international business-to-business publishing group, today announces that it has entered into an agreement with its former wholly owned subsidiary Touch Local Limited (‘Touch Local’) pursuant to which Touch Local has agreed, on a conditional basis, to repurchase the majority of the 27.5 per cent minority shareholding that the Group holds in Touch Local, for a cash consideration of £2 million (the ‘Transaction’). Following completion of the Transaction the Group will retain a number of shares in the capital of Touch Local equal to 3.75 per cent of Touch Local’s issued share capital. It is expected that completion of the Transaction will take place on 17 December 2007.

The decision to dispose of the majority of the Group’s shares in Touch Local results from the Board’s determination to focus efforts and resources on growing the Group’s publishing business. Whilst the Board remains supportive of Touch Local’s business model and prospects it recognises that a disposal at this time brings about three key advantages to the Group and its shareholders:

1. The Transaction enables the Group to access further funds to support the growth of its core business without having to dilute existing shareholders or increase operational gearing.
2. We have been successful in continuing the development of Touch Briefings into a recognised advertising channel, which our clients increasingly contract for ahead of time. Whilst this new business model has a greater requirement for working capital to support longer lead times, this move from one-off sales to long-term relationship management across the business and its product mix will contribute significantly to securing the future business potential of Touch Briefings with a view to providing both stability and growth potential for the future.
3. The Transaction will enable the Group to install the latest server technology and upgrade its Customer Relationship Management, Document Management, Content Management and Telephone systems. Whilst the investment is considerable the Board believes that the related increases in efficiency and operating margin will exceed the cost, even within the first year.

Vincent Isaacs, Chairman, commented:

‘I am delighted to announce this transaction, which brings to completion our transformation at a corporate level into a focussed business-to-business publishing company and provides shareholders with greater clarity with which to assess the business moving forward. The Transaction provides cash to fund our investment plans to support our ongoing organic growth and allows us to focus on the task of building a world class publishing business in our chosen sectors where we already enjoy an enviable reputation for content quality and delivery.’

Further information required by Schedule Four of the AIM Rules:

Touch Local owns a network of local search directories and websites in the UK. As at 30 June 2007, the carrying value of Group’s investment in Touch Local was £3.5 million. The sale will have the effect of reducing Touch Group’s net assets by £1.2 million. No income was derived from the investment in Touch Local during the year ended 31 December 2006 and during the six month period ended 30 June 2007.

For further information:

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