

TOUCH GROUP PLC

(‘Touch Group’ or ‘the Company’)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)

Touch Group plc, the international business-to-business publishing group, today announces its unaudited preliminary results for the year ended 31 December 2008.

HIGHLIGHTS

- Revenue growth of 11%;
- Growing forward order book for 2009 – up by over 40% compared to previous year;
- Reprint revenue growth of over 100% to £627,000 (2007: £309,000);
- Gross margin improvement of 8%;
- Adjusted operating loss* more than halved from £1,241,000 in 2007 to £603,000 in 2008;
- Loss per share reduced to 0.7p per share (2007: 2.1p); and
- Loan balance reduced by 30%.

* Reported operating loss less other operating income, share based payment charges, or credits, and investment impairments. Share based payment (credits) / charges were (£230k) and £71k in 2007 and 2008 respectively.

For further information please contact:

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Shore Capital and Corporate

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CHAIRMAN'S STATEMENT

Good economic conditions	2006	Trading loss* £1,583,000
Reasonable economic conditions	2007	Trading loss* £1,241,000
Bad economic conditions	2008	Trading loss* £603,000
Worsening economic conditions	2009	We will be in profit

* Reported operating loss less other operating income, share based payment charges, or credits, and investment impairments. Share based payment (credits) / charges were (£62k), (£230k) and £71k in 2006, 2007 and 2008 respectively.

CUTTING TO THE CHASE

We address the two most important questions: **Why** this year and not previous years? **Will** profits be sustainable?

WHY THIS YEAR AND NOT PREVIOUS YEARS?

Whilst our business has been in existence since 1996, a base change took place in April 2006. Our status radically changed: instead of being the overlooked smallest subsidiary within a group of companies, as a result of divestment, Touch Briefings became the only trading entity within Touch Group. A clear strategy was established. The focus of the business was then exclusively directed to two market places – Energy and Pharma and we began the change towards building and selling content as well as advertising. We invested unstintingly in our own business. Our Information Technology is now robust, up to date and comprehensive. Our Editorial and Medical Communications Divisions are fast becoming cutting edge. The design and layout of our journals have been and are increasingly acclaimed. This strategy of internal investment and building of our business has led to the development of a library, with significant content, providing us with intellectual property, and a brand name, of increasing value, resulting in reprints being purchased at an ever increasing volume.

THE SHIFT FROM ADS TO CONTENT AND INTELLECTUAL PROPERTY MAIN SOURCES OF REVENUE

Type of Business	2006	2007	2008
Clinical Content	10%	23%	51%
Clinical Adverts	59%	45%	13%
Library Reprints	3%	5%	10%
Energy Adverts	5%	7%	9%

During this time we have invested in the long term project of building an online presence in a number of clinical communities with the intention of monetisation of high quality, must have, content. That presence has now been established.

WILL PROFITS BE SUSTAINABLE?

Our profits will be sustainable because the business that we are doing is predominantly repeat business and we are becoming part of companies' strategy rather than just a discretionary component of their spend.

IN ADDITION

We are taking into the current trading year a number of advantages that have not been available to us previously:

1. Forward bookings of £1.4million carried into 2009. This represents a 40% increase in the bookings carried forward from 2007 into 2008. As the majority of the costs related to these bookings were met in 2008, the bottom line value is equivalent to £383,000.
2. We have managed our operational costs through a combination of reorganisation and outsourcing to an extent where we expect them to be at least £200,000 less than was incurred in 2008.
3. A Compulsory Purchase Order was served on our Farringdon offices by Railtrack, the result of which means that we have to relocate our operation by summer 2009. This will enable us to break a restrictive lease and, with the accommodation that we are now looking into, will result in making a reasonable saving. We have been carefully orchestrating the proposed move. Our Commercial Director has detailed every aspect. At this moment we are scheduled to move by the beginning of June. The end result will be that we will have achieved better working conditions, better facilities and, at the same time, been able to cut our property costs, because of the current economic conditions. The move will also release a sum of £580,000 which is tied up in our current lease. The Government will meet all our moving expenses, including relocation costs and all professional fees.
4. This year we will enjoy a fully enabled and fully financed Medical Communications unit established through a combination of in-house and outsourcing, able to accept commissions and also to tender. This has quickly established itself as a line of growing revenue.
5. Our medical communities are now fully operational. Both strategy and implementation have taken a long time. In 2009 for the first time we have a clear run.

Our monetisation model is now clear and achievable. The following communities are now live, functioning as intended and enjoying growing levels of interaction from users:

- www.touchcardiology.com
- www.touchoncology.com
- www.touchendocrinology.com
- www.touchneurology.com
- www.touchrespiratory.com
- www.touchgastroenterology.com

6. The first quarter of 2009 sees the introduction of a subscription rate on our clinical journals coupled with online sales. This represents the next step in our strategy of investment in the creation and presentation of content of consistent quality in print and online, and is in response to market interest. A subscription element to our business will serve to extend the Touch brand, provide an additional revenue stream and enhance the value of our business.

All of the above broadens our range and scope and leverages our operational base whilst, at the same time, we are concentrating on our core business: to maintain and build our medical journals and energy journals. We are taking this year month-by-month and, whilst nothing in this world at this period of time can be taken for granted, so far this year we are comfortable with our performance and we are on course to deliver profitability.

Vincent Isaacs
Executive Chairman
31 March 2009

CHIEF EXECUTIVE'S REVIEW

Touch Briefings has re-invented itself by focusing on its strengths: knowledge of the publishing industry, knowledge of the markets in which we operate, and relationships with our clients, content providers, media partners and suppliers.

To retain that focus in the current economic climate, as we grow the company into those publishing areas for which we are now ready, will call on a committed, flexible workforce, which is our greatest strength of all.

It is through focus and flexibility that Touch has come a long way since April 2006, and that it will move into profitability in 2009.

Dr. Theresa Saklatvala
Chief Executive Officer
31 March 2009

OPERATING AND FINANCIAL REVIEW

Introduction

Touch Briefings is a leading publisher of independent market intelligence and analysis, offering a comprehensive range of market-specific peer-review journals, medical communication services and online communities. It specialises in delivering in-depth scientific and technical information to international organisations. Revenues are generated through content support through educational grants and the sale of advertising space in these publications and websites.

Business Overview

The Group generated revenue of £6.3 million (2007: £5.7 million) from continuing operations and a gross margin of 48% in 2008 (2007: 40%), further evidence of campaign cost control, the leveraging of new technology for increased distribution, the strengthening brand value of our core publications and the growth in the higher margin "reprint" product line. The latter is testament to the growing value and quality of Touch Briefings' intellectual property base.

Administrative expenses for the year were £3.7 million (2007: £3.3 million). Other operating income of £450k was recognised in the prior year, being the release of a provision for the revenue share agreement with Tractrade Limited. In addition, investment impairments of £0.1 million (2007: £0.6 million) were recognised.

The operating loss for the year was £773,000 (2007: £1,116,000). The adjusted operating loss, which excludes investment impairments, other operating income, and share based payment charges, was £603,000 (2007: £1,241,000).

The loss for the period was £769,000 (2007: £2,317,000), with the prior year exceptional loss of £1.2 million being from the part-disposal of the investment in Touch Local shares.

Sixty titles were published in 2008 (2007: 66 titles), many of which are now well established brands in their respective market places

Touch Local

In 2007 the Group disposed of the majority of its 27.5% interest in Touch Local and now holds only 3.75%. This transaction brought £2.0 million of cash into the Group before expenses.

Balance Sheet and Cash Flows

As at year end the Group had net assets of £2.8 million (2007: £3.5 million); cash funds of £0.5 million (2007: £1.8million) were available. In addition there was a £0.6m rental deposit on our London Head Office, which, while not currently available for use within the Group, is expected to be released to treasury, in part at least, in mid 2009.

Interest Rate Risk

The outstanding loan balance of £450,000 (2007: £650,000) attracts a fixed rate of interest of 7% per annum, payable for the term of the loan. At 31 December 2008, the Group had drawn down £364,000 (2007: nil) on its invoice finance facility, which attracts interest equal to HSBC Bank plc's sterling base rate.

Liquidity Risk

The Group has in place an invoice finance agreement with HSBC Invoice Finance (UK) Limited, which enables the drawdown of up to 80% of sales invoices raised for published titles. The purpose of this facility is to help The Group manage the working capital requirements of its current publishing schedule.

Key Performance Indicators

As part of The Group's performance management strategy a number of key performance indicators are used. In addition the Board regularly monitors revenue mix (by stream, title and employee), cash flow and overhead commitments.

	2008	2007
Adjusted operating loss * (£'000)	(603)	(1,241)
Adjusted EPS * (pence)	(0.5)	(1.1)
Sales orders (£'000):	5,400	4,954
Revenue by type (£'000):		
- Core medical publications	4,008	3,841
- Core energy publications	581	389
- Bespoke publications	184	133
- Reprints	627	309
- Barter transactions (non-cash sales)	890	1,005
Core non-barter revenue per issue (£'000)	76	65
Total non-barter revenue per employee (£'000)	59	55
Gross profit margin (%)	47.6	39.5

* Adjusted for other operating income, investment impairments and share based payment charges and credits

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008 (Unaudited)

	31 December 2008 £'000	31 December 2007 £'000
CONTINUING OPERATIONS		
Revenue	6,290	5,677
Cost of sales	(3,296)	(3,436)
GROSS PROFIT	2,994	2,241
Other operating income	-	450
Administrative expenses	(3,668)	(3,252)
Other operating expenses – investment impairment	(99)	(555)
OPERATING LOSS	(773)	(1,116)
Loss on disposal of investment	-	(1,188)
Investment revenue	44	60
Finance costs	(40)	(73)
LOSS BEFORE TAX	(769)	(2,317)
Tax	-	-
LOSS FOR THE PERIOD	(769)	(2,317)
 LOSS PER SHARE		
Basic	(0.7)p	(2.1)p
Diluted	(0.7)p	(2.1)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2008 (Unaudited)

	31 December 2008 £'000	31 December 2007 £'000
Retained loss for the financial year	(769)	(2,317)
TOTAL RECOGNISED INCOME AND EXPENSE RELATING TO THE YEAR	(769)	(2,317)

CONSOLIDATED BALANCE SHEET

As at 31 December 2008 (Unaudited)

	31 December 2008 £'000	31 December 2007 £'000
NON-CURRENT ASSETS		
Intangible assets	425	294
Property, plant and equipment	434	422
Investments	50	149
	<u>909</u>	<u>865</u>
CURRENT ASSETS		
Inventories	312	165
Trade and other receivables	3,162	3,000
Cash and cash equivalents	531	1,771
	<u>4,005</u>	<u>4,936</u>
TOTAL ASSETS	<u>4,914</u>	<u>5,801</u>
CURRENT LIABILITIES		
Trade and other payables	(1,645)	(1,650)
Borrowings	(450)	(650)
	<u>(2,095)</u>	<u>(2,300)</u>
NET CURRENT ASSETS	<u>1,910</u>	<u>2,636</u>
NON-CURRENT LIABILITIES		
Obligations under finance leases	(18)	-
	<u>(2,113)</u>	<u>(2,300)</u>
TOTAL LIABILITIES	<u>(2,113)</u>	<u>(2,300)</u>
NET ASSETS	<u>2,801</u>	<u>3,501</u>
EQUITY		
Share capital	1,112	1,112
Share premium account	3,922	3,922
Merger reserve	300	300
Retained (loss)/earnings	(2,533)	(1,833)
TOTAL EQUITY	<u>2,801</u>	<u>3,501</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008 (Unaudited)

	31 December 2008 £'000	31 December 2007 £'000
Cash flows from operating activities	(1,130)	(1,778)
Investing activities		
Interest received	44	60
Disposal of investments	-	1,950
Acquisition of plant, property and equipment	(98)	(11)
Acquisition of intangible assets	(219)	-
Net cash (used in)/from investing activities	(273)	1,999
Financing activities		
Interest and similar expenses paid	(40)	(73)
Repayment of borrowings	(200)	(50)
New invoice debt finance acquired	364	-
New finance lease borrowings acquired	56	-
Repayment of obligations under finance leases	(17)	(22)
Net cash from/(used in) financing activities	163	(145)
Net (decrease)/increase in cash and cash equivalents	(1,240)	76
Cash and cash equivalents at beginning of year	1,771	1,695
Cash and cash equivalents at year end	531	1,771

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1 BASIS OF PREPARATION

The financial information set out in the preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, but is derived from those accounts. While the financial information in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The IFRS accounting policies applied in respect of the current and prior years have previously been disclosed.

2 LOSS ON PART-DISPOSAL OF INVESTMENT

The loss, in the prior year of £1.2 million was from the part disposal of the investment in Touch Local Limited ("Local") on 17 December 2007. Touch Group plc received £2.0 million cash and retained a minority interest of 3.75% of the shares of Local. The investment was subsequently impaired in full. The cost of disposal amounted to £50,000.

NOTES TO THE PRELIMINARY ANNOUNCEMENT (CONTINUED)

3 LOSS PER ORDINARY SHARE

	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
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The calculation of the basic and diluted earnings per share is based on the following:

Earnings

Earnings for the purpose of basic and diluted earnings per share

	<u>(769)</u>	<u>(2,317)</u>
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Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share

	<u>111,191,921</u>	<u>111,191,921</u>
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Share options granted to employees could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

4 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	31 December 2008 £'000	31 December 2007 £'000
Operating loss for the year:	(773)	(1,116)
Adjustments for		
Depreciation of property, plant and equipment	86	86
Amortisation of intangibles	88	58
Investment impairment	99	555
Share based payment charge/(credit)	71	(230)
Operating cash flows before movements in working capital	<u>(429)</u>	<u>(647)</u>
Increase in inventories	(146)	(65)
Increase in receivables	(526)	(151)
Decrease in payables	(29)	(915)
Net cash from operating activities	<u>(1,130)</u>	<u>(1,778)</u>

5 ANNUAL REPORT AND FINANCIAL STATEMENTS 2008

The audited Annual Report and Financial Statements for the financial year ended 31 December 2008 will be sent to shareholders and published at www.touchbriefings.com/reports.htm toward the end of April 2009.

Copies of this announcement may be obtained from the Company's Registered Office at Cardinal Tower, 12 Farringdon Road, London, EC1M 3NN.