

**TOUCH GROUP PLC**  
(‘Touch’ or ‘the Group’)

**Unaudited Interim Report for the Six Months Ended 30 June 2008**

Touch Group plc, the international business-to-business publishing group, today announces its unaudited interim results for the six-month period ended 30 June 2008.

**Highlights**

	2007	2008	Change
Turnover increased	£2,551,000	<b>£2,905,000</b>	+ 14%
Trading loss reduced *	(£635,000)	<b>(£386,000)</b>	+ 39%
Net loss increased	(£277,000)	<b>(£386,000)</b>	(39%)
Orders carried forward increased	£1,187,000	<b>£1,465,000</b>	+ 23%

\* “Trading loss” refers to operating loss before the impact of investment impairments, share based payment charges and credits and other operating income.

**Chairman’s Statement**

- The Group traded well in the first quarter of this year, with increased sales to the comparable period in 2007. Sales for second quarter were flat in comparison. Since that time we have experienced a revival with sales steadily increasing.
- Sales orders increased by 24%.
- Gross margin increased by 10%.
- Overheads remain in line.
- Forward order book increasing.
- On 24<sup>th</sup> September 2008 the Group acquired The American Heart Hospital Journal from Wiley Periodicals Inc., one of the largest American medical publishers. The journal provides a complementary addition to the Touch Briefings portfolio, providing a clinical title in an area in which we have deep expertise and a complimentary online revenue stream.
- Consolidation of a focused, growing media business based on its strategy of providing unique publishing opportunities, operating in highly defensive economic sectors. Touch has focused on:
  - \* The two market sectors it knows best: Pharmaceutical and Energy;
  - \* Development of established relationships with clients drives this business; and
  - \* Alignment of its structure to maximise the most efficient fit with this strategy.
- Near completion of investment programme in infrastructure, operations team, systems capability and product base:
  - \* Touch IT systems are being brought to a level of maximum support and reliability, including a content management system to drive the online business and a customer relationship management system to support the sales floor; and
  - \* An experienced and stable management and operations team providing the leadership, continuity and direction that keeps the business united and efficient.
- Alignment of products and processes with market regulatory compliance requirements:



## CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007	Unaudited Year ended 31 December 2007
	Notes	£'000	£'000	£'000
Revenue	3	2,905	2,551	5,677
Cost of sales		(1,457)	(1,533)	(3,436)
<b>GROSS PROFIT</b>		<b>1,448</b>	<b>1,018</b>	<b>2,241</b>
Other operating income		-	250	450
Administrative expenses	3	(1,844)	(1,410)	(3,252)
Other operating expenses – investment impairment		-	(121)	(555)
<b>OPERATING LOSS</b>		<b>(396)</b>	<b>(263)</b>	<b>(1,116)</b>
Loss on disposal of investment	4	-	-	(1,188)
Investment revenue		31	26	60
Finance costs		(21)	(40)	(73)
<b>LOSS BEFORE TAX</b>		<b>(386)</b>	<b>(277)</b>	<b>(2,317)</b>
Tax		-	-	-
<b>LOSS FOR THE PERIOD</b>		<b>(386)</b>	<b>(277)</b>	<b>(2,317)</b>
 <b>LOSS PER SHARE</b>	 5	 <b>Pence</b>	 <b>Pence</b>	 <b>Pence</b>
Basic		(0.34)	(0.25)	(2.10)
Diluted		(0.34)	(0.25)	(2.10)

## CONSOLIDATED BALANCE SHEET

	Unaudited As at 30 June 2008	Unaudited As at 30 June 2007	Unaudited As at 31 December 2007
	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	304	306	294
Property, plant and equipment	426	492	422
Investments	149	3,721	149
	<u>879</u>	<u>4,519</u>	<u>865</u>
<b>CURRENT ASSETS</b>			
Inventories	344	194	165
Trade and other receivables	3,203	2,790	3,000
Cash and cash equivalents	905	568	1,771
	<u>4,452</u>	<u>3,552</u>	<u>4,936</u>
<b>TOTAL ASSETS</b>	<u>5,331</u>	<u>8,071</u>	<u>5,801</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(1,669)	(1,877)	(1,650)
Borrowings	(500)	(150)	(650)
	<u>(2,169)</u>	<u>(2,027)</u>	<u>(2,300)</u>
<b>NET CURRENT ASSETS</b>	<u>2,283</u>	<u>1,525</u>	<u>2,636</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	-	(500)	-
Obligations under finance leases	(25)	-	-
<b>NET ASSETS</b>	<u>3,137</u>	<u>5,544</u>	<u>3,501</u>
<b>EQUITY</b>			
Issued share capital	1,112	1,112	1,112
Share premium account	3,922	3,922	3,922
Other reserve	300	300	300
Retained (loss) / earnings	(2,197)	210	(1,833)
<b>TOTAL EQUITY</b>	<u>3,137</u>	<u>5,544</u>	<u>3,501</u>

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited As at 30 June 2008	Unaudited As at 30 June 2007	Unaudited As at 31 December 2007
	£'000	£'000	£'000
Operating loss for the period	(396)	(263)	(1,116)
<b>Adjustments for</b>			
Depreciation of property, plant and equipment	49	49	86
Amortisation of intangibles	30	7	58
Investment impairment	-	121	555
Share based payment charge / (credit)	24	(229)	(230)
Operating cash flows before movements in working capital	<u>(293)</u>	<u>(315)</u>	<u>(647)</u>
Increase in inventories	(179)	(94)	(65)
(Increase) / decrease in receivables	(203)	59	(151)
Increase / (decrease) in payables	6	(718)	(915)
<b>Cash flows from operating activities</b>	<b>(669)</b>	<b>(1,068)</b>	<b>(1,778)</b>
<b>Investing activities</b>			
Interest received	31	26	60
Interest and similar expenses paid	(21)	(40)	(73)
Disposal of investments	-	-	1,950
Acquisition of plant, property and equipment	(8)	(3)	(11)
Acquisition of intangible assets	(40)	-	-
<b>Net cash (used in) / from investing activities</b>	<b>(38)</b>	<b>(17)</b>	<b>1,926</b>
<b>Financing activities</b>			
Repayment of borrowings	(150)	(25)	(50)
Capital lease repayments	(9)	(17)	(22)
<b>Net cash used in financing activities</b>	<b>(159)</b>	<b>(42)</b>	<b>(72)</b>
Net (decrease) / increase in cash and cash equivalents	<b>(866)</b>	<b>(1,127)</b>	<b>76</b>
Cash and cash equivalents at beginning of period	<u>1,771</u>	<u>1,695</u>	<u>1,695</u>
<b>Cash and cash equivalents at period end</b>	<b><u>905</u></b>	<b><u>568</u></b>	<b><u>1,771</u></b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

These accounts comply with relevant accounting standards and have been prepared on a consistent basis using the accounting policies set out in the Annual Report and Accounts 2007.

### 2. NATURE OF INFORMATION

The interim accounts for the six months ended 30 June 2008 and the comparative figures for the six months ended 30 June 2007 are not audited by the Company's auditors.

The financial statements for the twelve months ended 31 December 2007 have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors on such accounts was unqualified and did not contain any statement under sections 237(2) or 237(3) of the Companies Act 1985.

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business Segments

The revenue and operating loss of the Group are derived solely from continuing operations. The directors consider that the business operates within one business segment, that of multimedia marketing.

Included within administrative expenses is a share based payment charge of £24,000 (2007 – credit £229,000)

#### Geographical Segments

	Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007	Unaudited As at 31 December 2007
<b>Revenue by destination:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rest of Europe	1,518	718	1,930
U.S.A	1,130	1,333	2,782
United Kingdom	129	352	738
Rest of World	128	148	227
	<hr/> <b>2,905</b>	<hr/> <b>2,551</b>	<hr/> <b>5,677</b>
<b>Operating loss by destination:</b>			
Rest of Europe	(194)	(175)	(344)
U.S.A	(145)	(324)	(496)
United Kingdom	(41)	272	(236)
Rest of World	(16)	(36)	(40)
	<hr/> <b>(396)</b>	<hr/> <b>(263)</b>	<hr/> <b>(1,116)</b>
<b>Segment assets:</b>			
All United Kingdom	<b>5,331</b>	<b>8,071</b>	<b>5,801</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

### 4. PROFIT ON DISPOSAL OF SUBSIDIARIES

There were no exceptional items in the six months to 30 June 2008, nor the six months to 30 June 2007. The loss on part disposal of the Touch Local business is reflected in the full year results to 31 December 2007.

### 5. LOSS PER SHARE

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

	Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007	Unaudited As at 31 December 2007
	£'000	£'000	£'000
The calculation of basic and diluted earnings per share is based on the following data:			
<b>Earnings:</b>			
Earnings for the purposes of basic and diluted earnings per share	(386)	(277)	(2,317)
<b>Number of shares:</b>	Shares	Shares	Shares
Weighted average number of shares for the purposes of basic and diluted earnings per share	111,191,921	111,191,921	111,191,921

Some 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.

### 6. AVAILABILITY OF ACCOUNTS

Copies of these interim results are available from Touch Group plc, Cardinal Tower, 12 Farringdon Road, London, EC1M 3NN. Alternatively a downloadable version is available from the following web address:

**[www.touchbriefings.com/reports.htm](http://www.touchbriefings.com/reports.htm)**.