

Under Embargo until

7:00AM 29 June 2010

@UK PLC

(“@UK” or “the Company”)

**Final Results and 2009 Report and Accounts
Notice of Annual General Meeting (“AGM”)**

The Company is pleased to announce that the Report and Accounts for the year ended 31 December 2009, extracts from which are set out below, have been posted to shareholders, together with a Notice of AGM, and are available on the website: www.ukplc.net

The AGM will take place at 10am on 20th July 2010 at 5 Jupiter House, Calleva Park, Aldermaston RG7 8NN.

Highlights:

- Revenue up from £2,172,000 to £2,295,000 – a 6% increase
- Costs reduced from £2,869,000 to £2,421,000 – a 16% reduction
- Loss before tax down from £1,522,000 to £799,000 – a 48% reduction
- Gross Margin up from 70% to 73%
- Successful placing of new shares raising £198,000 after expenses
- Period end cash £ 225,000 (31 December 2008: £553,000)

**Chairman’s Statement:
2009 a year in transition**

The position at the start of the year was that we had to turn the company around financially, strategically and in its day to day activities.

We started by raising some funds to give us a little more flexibility and successfully raised £200,000 straight after our results were announced in May.

In creating SpendInsight we had run the UK’s largest KTP (Knowledge Transfer Partnership) project with an internal research team and 2 Universities as partners. This by its nature was fairly separate to the day-to-day activities of the business and performed very well. In the early part of 2009 some areas of the organisation had issues around focus and motivation, these issues were satisfactorily resolved and as a result, we have a small, highly motivated team who are focused on creating a good customer experience for all users. We recovered our productivity from the autumn of 2009 and by the year end we had sorted out our support issues and were back to making regular improvements to our system.

Our shopping basket and checkout now have full multilingual support, and since the year end the rate of development has continued to improve.

We are aiming to release our new marketplace on the 13th of July at the Bio-diversity Summit, along with GreenInsight our green analysis system. I am leading an industry effort to create a green XML standard,

which is being launched at the Bio-diversity summit, and has attracted a high degree of interest, since it is a key building block for Carbon Accounting and other forms of green accounting.

We have made our system much more efficient, and will use the freed up resources to provide mail services. One of our growth areas has been email, and it has historically suffered from a lack of focus and investment. We have spent the last year building a new cloud based email platform, that has the same speed, security and resilience as the rest of our system, and have just completed the migration of all our email customers to the new system.

@UK PLC remains unique in providing a complete eProcurement and eCommerce solution for businesses and public bodies. The focus on eCommerce as the most effective solution for suppliers as opposed to our competitors' catalogue management approach is now widely accepted. This has naturally extended into the creation of an integrated 'source to pay' solution with banking organisations, which builds upon our 10 year heritage and relationships in this area. @UK PLC is the only marketplace that is PCI (payment card industry) compliant and as such can flow payments to suppliers securely via their websites. The combined solution is very attractive to buying organisations in the current economic climate, as the technology is fully funded by rebates from the payment process. Additionally buyers earn substantially larger cash rebates from flowing a larger portion of their spend through this payment channel. It is equally attractive to suppliers as their @UK PLC website allows them to be paid within 3 days of receipt of goods or services. Having successfully market tested the joint proposition over the past 12 months, we are now moving our sales activities to focus on maximising this channel with banking organisations.

The process of customer engagement begins with our spend analysis service SpendInsight which allows us to take their finance and procurement data and within 48 hours, analyse it and create a report which details;

- Where staff are buying the same item at different prices within an organisation.
- Where there are better priced contracts available to them.
- Benchmarked prices where they should look to renegotiate with the supplier.
- PCard business case, what level of cash rebate could they achieve from moving to the joint marketplace and payment solution today.
- A best value 'catalogue' for the organisation.

This service is chargeable and the return on investment for a customer is generally within the first few lines of identified savings. With large public sector bodies such as Local Authorities and Hospitals the identified savings are often above £1m. Identifying savings is only a first stage and these organisations then require to 'hard wire' their savings opportunities into a buying system. With the combined solution we take the optimised catalogue data and use it to populate the relevant suppliers' web sites. Working with the banking team we also engage with suppliers to ensure that they are able to take payment from this buying organisation through their web site.

We believe going forward, that this holistic solution addresses the key needs of buyers and suppliers for cashable savings on the buy side and prompt payment for suppliers, without adversely impacting the buyers cash flow, as the bank provides up to 44 days credit to the buying organisation at no cost. Suppliers receive their payment within 3 days.

Our company formation service continues to perform well, increasing its market share in difficult trading conditions. It is built upon the same infrastructure that buyers and suppliers use and we are very focused on ensuring that new companies migrate through a complete @UK PLC trading journey with a payment compliant website and visibility to corporate and public sector buyers as well as being well optimised on the net.

Over the past year we have been balancing a number of activities; including cost cutting to ensure that the business is viable with the current level of earnings and equally a hard appraisal of what we are good at and should focus our growth activities around.

As can be seen from the highlighted numbers the cost cutting exercise has been successful and we continue to trim costs as necessary. The team is smaller but very focused on delivering value to our customers and we believe that our quality of customer engagement has increased over the past 12 months. In our business re-appraisal we concluded that we must focus on what we are best at, which is creating innovative technology and use channel partners to take it to market. Post flotation we were 'all things to all men' and attempting to drive major change within public sector bodies, whilst deploying technology and engaging with suppliers. In this we had a similar level of success to our competitors who were engaged in the same range of activities, however for all organisations in the eProcurement space the traditional business model has not delivered the revenues anticipated. So change is necessary.

We continue to sell direct and service our customers in the traditional way, but we are increasingly working with partners who have large numbers of existing clients who can be upgraded to a wider solution including eMarketplace, Spend Analysis, eCommerce and ePayment. This change will allow us to sell and deliver our solutions globally and we are in dialogue with potential partners and customers in a number of overseas markets. The marketplace and eCommerce platform have been substantially re-written over the course of the last 12 months to become multi-lingual on top of the existing multi-currency, in order to support this planned activity.

We have a clear strategy for growth and have put the building blocks in place. Over the course of 2010 we anticipate that additional revenues will come from working with channel partners and broadening our reach into new markets, along with our new Green and Email services.

Financial Results

In the year ended 31 December 2009, @UK PLC achieved revenue of £2,295,000, an increase of 6% compared to the previous year (£2,172,000).

Sales of web and eCommerce services, including coding, recorded an increase of 24% to £1,132,000 in the year ended 31 December 2009 compared to £910,000 in the prior year. This reflects the launch of our spend analysis service. Revenue from company formation services decreased by 6% to £1,182,000 in the year ended 31 December 2009 compared to £1,262,000 in the prior year, reflecting the slow-down in new company formations during the recession.

As a result of the increase in web and eCommerce gross margin rose to 73% from 70% and operating expenses before exceptional items and share based payments reduced from £2,869,000 to £2,421,000.

Loss before taxation (adjusted for exceptional items and share based payments) in 2009 was £799,000 compared to £1,522,000 in the prior year.

£10,000 was credited as the "cost" calculated under IFRS 2 of share options granted to employees (2008: credit of £13,000). An exceptional cost of £69,219 was incurred in making reductions in staff costs.

The overall loss for 2009 was £721,000, compared to £1,340,000 in the prior year.

At 31 December 2009 the Group had cash of £225,000 (2008: £553,000).

Operational review

Our focus over the past year has been to create a lean and effective company with a clear strategic direction.

Strategy

Our strategy is to focus on our core technical strength and to increasingly use channel partners to take our products to market. A core channel for us is with banking partners where we believe that payment provides the final compelling piece in the eProcurement jigsaw. In the UK, payment within 3 days is a very attractive option for all suppliers of goods and services, especially in the current economic environment. We are currently working to extend the marketplace within Europe and also to increase our focus on providing eProcurement services to large European multi-nationals. There has been a substantial amount of work done to the marketplace technology over the course of the last 12 months to make the entire system multi-lingual as well as multi-currency. This is now complete and we hope to have our first non UK marketplace up and running later this year.

We announced our belief that @UK PLC with around 1 million logins was the number 1 cloud platform in the UK. We now have over 10,000 applications on our platform, and are well placed to leverage this strong position. We are seeking partners for our Cloud Platform, and believe that continuing to build the number of applications that have been created on our platform along with our user base will help keep us in the forefront of this seismic step change in software development and applications delivery.

The sectors that we have seen the most growth in are Spend Analysis and email, so we have created a new Green Analysis service GreenInsight, and improved our marketing with the SpendInsight.com website. We have created a new cloud based email hosting service, this takes advantage of significant improvements in our overall system efficiency, and has made major advances in spam removal, and we are about to start marketing.

Marketplace and procurement

We believe we have a world leading solution and that our platform is able to create everything from Company Formations through to eProcurement. However, we have had issues in realising the potential from the UK public sector. One of the key delays in implementing our eMarketplace has been the long sales cycle with public sector organisations who are increasingly looking for cashable savings from eProcurement rather than the traditional ROI based on process efficiencies. Through our work with Barclaycard we have developed a complete Source-to-Pay model which not only identifies cashable savings, but also provides revenues from the use of electronic payment methods. By engaging with a buying organisation (public or private sector) through spend analysis we are able to use their purchasing data to create a compelling case for adopting the complete solution. In large organisations we regularly identify savings opportunities of over £1m and by further analysing their data we can create a case to move a substantial portion of their spend onto an embedded purchasing card within the marketplace. The rebates from this move can be into 6 figures and suppliers benefit by being paid in 3 days. @UK PLC is unique in being able to offer this complete service and the payment element is only possible because of our eCommerce heritage, where @UK PLC suppliers have a fully PCI (payment card industry) compliant web site which can securely take payments via an internet merchant account.

In the period we also showcased our solutions at National Social Service Conferences. The boundary between Health and Local Government is changing as NHS Primary Care Trusts and Local Authorities increase collaboration. Our work in Social Services and our positioning as the only leading marketplace in both sectors leaves us well placed to take advantage of these changes. Within the NHS we are on the N3 network and are accredited to hold patient data securely, this along with our PCI compliance allows us to support the 'self managed care' agenda where we can hold a virtual card for each individual, within the marketplace, which can be used to buy elements of a care package securely and with controls.

As part of a greater focus on marketing and clearly communicating with all of our customers we have created new websites for SpendInsight, and Company Formations and are working on a new company website which will showcase our suppliers and help them to maximise their revenues both in the UK and overseas.

SpendInsight

During the year our Spend Analysis software SpendInsight was used to analyse approximately 25% of NHS Spend for London Procurement Programme (LPP) and LPP was our main channel to market during the year. LPP had a change of management at the end of 2009 and the project within London stalled, however the solution had already been taken up by other NHS bodies and the NHS continues to form a key element of our SpendInsight revenues for 2010.

Our R&D Team has continued to enhance SpendInsight, our Spend Analysis solution. SpendInsight provides detailed product item information through a fully automated Artificial Intelligence engine. This significantly reduces the cost and time to produce the information, differentiating our solution in the market. As one of only 8 suppliers on the OGC Buying Solutions Framework and with over £60bn of public sector spend analysed, we are well placed to capitalise on this opportunity. Since the year end we have launched a new website to promote SpendInsight, and make the product more accessible. We are working with a range of partners who add value to our offering by helping clients realise the savings identified by the analysis.

Company Formations

The overall company formation market was still down at the start of the year and recovered from a low base in the second half of the year. Given this, we believe the 6% fall in revenues in our Company Formation business was a commendable result. It was helped by the fact that a significant proportion of our revenues come from associated services such as registered office. There are signs that the fall in the overall market has ended with an 11.7% increase in the number of companies formed in the second half of 2009 compared with the same period in 2008.

Since the year end we have launched a new website for our Company Formations Business to improve its marketing and take advantage of the rebound in the company formation market.

We have also passed a significant milestone in 2010 with the 200,000th company formation using our system.

eCommerce, hosting, domains and email

Our eCommerce revenues held steady over the year with growth in email and hosting, despite no investment in these areas. We increasingly moved our eCommerce offerings upwards towards supported services for enterprise customers. As part of a fundamental review of how we sell our eCommerce services we have clearly separated our 'click and build' eCommerce from the provision of enterprise solutions such as 'SiteGenerator Enterprise edition' and 'CatalogueMaster'. The 'click and build' element of our portfolio will now be accessed through the @UK PLC marketplace directly where the value proposition will be clear from simply browsing the live marketplace.

A separate web site will articulate the range of enterprise solutions to a corporate audience, as their requirements are different to those of smaller merchants and any project is a mixture of technology deployment and systems integration.

We now have considerable overcapacity in our London data centre and have upgraded our email services for small and large companies. This has been a growth area for us and in the current economic climate we

believe that there is a good opportunity to migrate larger organisations from expensive in-house platforms to the @UK PLC email service. Equally we can use some of this capacity to increase our hosting business, although our key focus remains on selling our own bundled eCommerce, hosting and security.

Green offerings and commitment

Our development of GreenInsight, and e2class means that we have an opportunity to take a lead on product level carbon analysis and accounting. It was a key part of our desire to make a significant difference to our customers, since our target is to achieve a reduction in our customers use of resources that is at least 10x greater than our use of resources, and the first step is a quick and cost effective way to measure both sides use of resources, that flows automatically out of our spend analysis.

Ethical and Environmental business is a growth area, and is set to grow more rapidly as we come out of the recession. We intend to re-launch GreenInsight and e2class (ethical and environmental classification) at the business of bio-diversity summit in London on the 13th of July, at the same time that BASDA Green XML is launched. BASDA Green XML will allow main stream finance systems to make use of our green data in a fully integrated manner.

Our intention is to provide carbon footprint data for all the products on our system, and to allow buyers to offset the carbon footprint associated with all their purchases, at the time of purchase.

We are also publishing our corporate and social responsibility report on our website.

Share issue

When releasing our 2008 results in April last year we announced the Board's intention to raise £150,000 through a placing of new ordinary shares to provide additional working capital for the company. This fundraising was completed with the issue of 15,000,000 shares at 1p. Following announcement of that placing the Board received some further expressions of interest in subscribing for new shares so a further £50,000 was raised in May 2009 through the issue of 5,000,000 ordinary shares at 1p.

People

On behalf of the Board I would like to thank all our employees for their hard work and effort during the year.

Dividend policy

The Board is not recommending the payment of a dividend for 2009. In the immediate future, the Board is committed to building the Group's business and accordingly all the Group's financial resources are being applied to this end. In the longer term, the Directors intend to adopt a progressive dividend policy appropriate to the Group's financial performance.

Summary and outlook

We believe that the cost cutting and business refocusing activities of the past year have left us in a good position to capitalise on opportunities both in the UK and overseas. We manage cash very tightly and have a strong pipeline of opportunities, a baseline of recurring revenues, as well as a predictable company formations revenue stream.

While this is a time of great economic uncertainty, the @UK PLC portfolio of service offerings is aimed clearly at helping our clients save money and maximise revenues. In our relationship with the banks we have a very compelling offering that will deliver our joint services to our customers at low or no cost and realise immediate cashable savings. We believe that this is very attractive to both public and private sector organisations and delivering this remains our focus for 2010 and beyond.

Ronald Duncan
Chairman
28 June 2010

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

		2009	2008
	Notes	£	£
Revenue	4	2,295,404	2,172,278
Cost of sales		(623,655)	(643,005)
Gross profit		1,671,749	1,529,273
Administrative expenses		(2,420,640)	(2,868,938)
Share based payments	21	9,577	12,672
Operating loss before exceptional item	5	(739,314)	(1,326,993)
Exceptional items	5	(69,219)	(228,079)
Operating loss		(808,533)	(1,555,072)
Investment income	8	12,710	40,915
Finance costs	9	(2,696)	(7,554)
Loss on ordinary activities before taxation		(798,519)	(1,521,711)
Income tax expense	10	77,645	181,330
Loss for the year attributable to equity shareholders of the parent		(720,874)	(1,340,381)
Loss per share			
Basic and diluted	11	1.4p	3.5p

Revenue and operating loss for the year all derive from continuing operations.

The Group had no other comprehensive income in 2008 or 2009 consequently the loss for the year is equal to the total comprehensive income for the year.

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2009

	Notes	Group		Company	
		2009 £	2008 £	2009 £	2008 £
Assets					
Non-current assets					
Goodwill	12	—	—	—	—
Other intangible assets	13	1,751	16,847	1,751	16,847
Property, plant and equipment	14	88,791	228,794	88,791	228,317
Investments	15	—	—	31,377	31,377
		90,542	245,641	121,919	276,541
Current assets					
Trade and other receivables	16	481,618	534,971	458,820	500,589
Cash and cash equivalents	17	225,130	553,376	191,493	550,529
		706,748	1,088,347	650,313	1,051,118
Total assets		797,290	1,333,988	772,232	1,327,659
Liabilities					
Current liabilities					
Trade and other payables	18	(547,396)	(540,685)	(495,843)	(503,279)
Current tax liabilities		—	—	—	—
Financial liabilities - borrowings	19	(12,500)	(12,500)	(12,500)	(12,500)
		(559,896)	(553,185)	(508,343)	(515,779)
Non current liabilities					
Financial liabilities - borrowings	19	(30,842)	(42,300)	(62,219)	(849,965)
		(30,842)	(42,300)	(62,219)	(849,965)
Total liabilities		(590,738)	(595,485)	(570,562)	(1,365,744)
Total net assets		206,552	738,503	201,670	(38,085)
Shareholders' equity					
Called up share capital	20	577,798	377,798	577,798	377,798
Share premium account	20	10,112,381	10,113,881	10,112,381	10,113,881
Other reserve		630,030	630,030	—	—
Share-based payment reserve		55,004	64,581	55,004	64,581
Accumulated losses		(11,168,661)	(10,447,787)	(10,543,513)	(10,594,345)
Total equity attributable to equity shareholders of the parent		206,552	738,503	201,670	(38,085)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Group		Company	
	2009	2008	2009	2008
Notes	£	£	£	£
Cash flows from operating activities				
Loss before taxation	(798,519)	(1,521,711)	(26,813)	(1,506,241)
Adjustments for:				
Finance income (net)	(10,013)	(33,361)	(10,274)	(33,361)
Depreciation of property, plant & equipment	156,168	253,645	155,694	252,488
Amortisation of other intangible assets	15,096	30,079	15,096	30,079
Share based payments	(9,577)	(12,672)	(9,577)	(12,672)
Goodwill impairment provision	—	96,274	—	—
Provision against investment	—	—	—	30,094
Loss on disposal of fixed assets	—	25,057	—	25,057
Waiver of amount owed to Group undertaking	—	—	(776,290)	—
Changes in working capital				
Trade and other receivables	(75,054)	(44,824)	(84,733)	7,435
Trade and other payables	6,711	(45,620)	(9,305)	(42,900)
Net cash used by operations	(715,188)	(1,253,133)	(746,202)	(1,250,021)
Tax received	206,054	—	206,054	—
Net cash outflow from operating activities	(509,134)	(1,253,133)	(540,148)	(1,250,021)
Cash flows from investing activities				
Interest received	12,710	40,915	12,710	40,915
Interest paid	(2,696)	(7,554)	(2,472)	(7,554)
Purchase of intangible assets	—	—	—	—
Purchase of property, plant and equipment	(16,168)	(7,855)	(16,168)	(6,781)
Proceeds from sale of property, plant and equipment	—	2,314	—	2,314
Cash inflow/(outflow) from investing activities	(515,288)	27,820	(546,078)	28,894
Cash flows from financing activities				
Issue of ordinary shares	198,500	—	198,500	—
Repayment of borrowings	(11,458)	(12,500)	(11,458)	(12,500)
Net cash outflow from financing	187,042	(12,500)	187,042	(12,500)
Net decrease in cash and cash equivalents	(328,246)	(1,237,813)	(359,036)	(1,233,627)
Cash and cash equivalents at beginning of period	553,376	1,791,189	550,529	1,784,156
Cash and cash equivalents at end of period	225,130	553,376	191,493	550,529

**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Share capital	Share premium	Other reserve	Share based payments reserve	Accumulated losses	Shareholders' equity
Group	£	£	£	£	£	£
At 31 December 2007	377,798	10,113,881	630,030	77,253	(9,107,406)	2,091,556
Share based payments	—	—	—	(12,672)	—	(12,672)
Retained loss for the year	—	—	—	—	(1,340,381)	(1,340,381)
At 31 December 2008	377,798	10,113,881	630,030	64,581	(10,447,787)	738,503
Shares issued in the year	200,000	(1,500)	—	—	—	198,500
Share based payments	—	—	—	(9,577)	—	(9,577)
Retained loss for the year	—	—	—	—	(720,874)	(720,874)
At 31 December 2009	577,798	10,112,381	630,030	55,004	(11,168,661)	206,552
Company						
At 31 December 2007	377,798	10,113,881		77,253	(9,266,213)	1,302,719
Share based payments	—	—		(12,672)	—	(12,672)
Retained loss for the year	—	—		—	(1,328,132)	(1,328,132)
At 31 December 2008	377,798	10,113,881		64,581	(10,594,345)	(38,085)
Shares issued in the year	200,000	(1,500)		—	—	198,500
Share based payments	—	—		(9,577)	—	(9,577)
Retained profit for the year	—	—		—	50,832	50,832
At 31 December 2009	577,798	10,112,381		55,004	(10,543,513)	201,670

The other reserve arises because shares issued on the acquisition of subsidiaries have been recorded at par value and no share premium recognised.

EXTRACTS FROM THE NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.3 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Goodwill has been tested for impairment by comparing the amount of goodwill against future forecast results including cash flows expected to be generated in the future by the appropriate asset, cash-generating unit, or business segment.
- The fair value of share-based payments is measured using a binomial model which inherently makes use of significant estimates and assumptions concerning the future applied by the directors.

4. Revenue – Segmental Analysis

The Group has adopted IFRS 8 "Operating Segments" in the current period. The Groups operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors. The Group's main reportable segments are Company Formation and web and eCommerce services. These are managed from one operating platform and cannot be readily separated, so all management decisions in connection with these segments are taken to ensure the relevant skill sets are in place to maximise the return from these resources.

The Chief Operating Decision Maker, which is taken to be the Board of Directors, evaluates the performance and resource requirements of these segments in unison to ensure maximum efficiencies within the business. Resources are shared; in particular technical support and research and development advances are shared between the two in the form of improvements and refinements being made to the underlying platform that hosts them.

The Directors consider the most beneficial method of splitting these segments to provide useful information to users of the accounts is to provide details down to the Gross Profit level only. From then on any further detail would necessitate arbitrary cost allocation that they do not use in managing the business and is not considered meaningful in terms of how resources are actually utilised. Similarly, any split of the balance sheet assets would involve arbitrary allocation.

Coding International is the Company's 100% trading subsidiary and so these results are extracted from that company's own accounts that are published separately and consolidated into these results in accordance with statutory requirements. Details of the balance sheet for Coding International Limited can be obtained from those accounts.

The revenue recognised and Gross profit attributable between reportable segments is shown below:

	2009				2008			
	Company Formation Services	Web and eCommerce services	Coding International Limited	Total	Company Formation Services	Web and eCommerce services	Coding International Limited	Total
	£	£	£	£	£	£	£	£
Revenue	1,182,482	830,255	282,667	2,295,404	1,262,289	663,492	246,497	2,172,278
Cost of Sales	(536,005)	(87,650)	—	(623,655)	(526,842)	(99,481)	(16,682)	(643,005)
Gross Profit	646,477	742,605	282,667	1,671,749	735,447	564,011	229,815	1,529,273

All of the revenue derives from services provided in the United Kingdom and no single customer is responsible for greater than 10% of the Group's revenues.

5. Operating loss

	2009	2008
	£	£
This is stated after the following:		
Staff costs (see note 7)	1,313,604	1,375,361
Depreciation of property, plant and equipment (see note 14)	156,168	253,645
Amortisation of other intangible assets	15,096	30,079
Research and development costs	258,769	277,671
Exceptional items		
– reorganisation costs (see note below)	69,219	131,805
– provision for impairment of goodwill	—	96,274
	69,219	228,079

Reorganisation costs represent the costs incurred in reducing staff numbers and in 2008 the loss on disposal of assets when vacating offices.

6. Auditors remuneration

Amounts payable to Menzies LLP in respect of audit and non-audit services

	2009	2008
	£	£
Audit of Company and consolidated accounts	20,600	20,000
Audit of subsidiaries	1,550	1,500
Other services relating to:		
Taxation	1,550	1,500

7. Employees

	2009	2008
	£	£
Staff costs including directors comprised:		
Wages and salaries	1,195,469	1,244,055
Pension	—	—
Social security costs	127,712	144,248
Share based payments	(9,577)	(12,672)
	1,313,604	1,375,631

	2009	2008
	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	12	11
Technical and delivery	21	25
Sales and marketing	4	1
	37	37

Directors remuneration

	2009	2008
	£	£
Emoluments for qualifying services:		
RJ Duncan	103,125	87,500
HL Duncan	91,875	76,250
DJ Holloway (appointed 1 October 2008)	16,667	5,000
WJ Aiken (resigned 30 September 2008)	—	58,731
JL Connell (resigned 31 March 2008)	—	6,250
BR Fisher (resigned 30 May 2008)	—	15,000
GA Oliver (appointed 30 January 2007, resigned 31 March 2008)	—	30,000
M Tobin (resigned 31 March 2008)	—	6,250
31 December 2009	211,667	284,981

All of the payments above relate to salary or fees. None of the Directors receives any benefits or is accruing benefits under a Company pension scheme.

In addition to the payments shown above, in 2008 GA Oliver received £60,000 and WJ Aiken received £40,000 as compensation for loss of office and in lieu of notice.

8. Investment income

	2009	2008
	£	£
Interest on short term deposits	2,402	40,915
Other interest	10,308	—
	12,710	40,915

9. Finance costs

	2009	2008
	£	£
Interest on borrowings	2,696	4,753
Other interest	—	2,801
	2,696	7,554

10. Taxation

	2009	2008
	£	£
R&D tax credit	50,000	178,409
Adjustment in respect of prior years	27,645	2,921
Tax credit for the year	77,645	181,330
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(798,519)	(1,521,711)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008: 28%)	(223,585)	(426,079)
Effects of:		
Expenses not deductible for tax purposes	2,292	5,104
Share based payments	(2,682)	(3,548)
Capital allowances less than/(in excess) of depreciation	25,285	50,811
Loss on disposal of fixed assets	—	7,024
R&D tax credit claim in respect of current year	7,143	(8,333)
R&D tax relief claim in respect of prior years	(27,645)	(128,409)
Other adjustment in respect of prior years	—	(2,921)
Carry forward of tax losses	141,547	325,031
	145,940	244,749
Total tax credit	(77,645)	(181,330)

The Group has estimated tax losses of £10,100,000 (2008: £9,700,000) available for carry forward against future trading profit. No deferred tax asset has been recognised in respect of the losses given the uncertainty regarding available future taxable profits.

11. Loss per share

The calculations for loss per share are based on the weighted average number of shares in issue during the year 51,245,575 (2008: 37,779,822) and the following losses:

	2009	2008
	£	£
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	(720,874)	(1,340,381)
Add back:		
Exceptional reorganisation costs	69,219	228,079
Share-based payments	(9,577)	(12,672)
Adjusted earnings	(661,232)	(1,124,974)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. The company has made a loss and the potential share options are therefore anti-dilutive.

The basic and diluted loss per share calculated on the adjusted earnings is 1.3p (2008: 3.0p).

12. Goodwill

	Cost	Provision for impairment	Carrying value
	£	£	£
Group			
1 January 2008	96,274	—	96,274
Impairment provision		(96,274)	(96,274)
31 December 2008 and 2009	96,274	(96,274)	—

13. Other intangible assets

Group and Company	Computer software £
Cost:	
1 January 2008	90,237
Additions	—
1 January 2009	90,237
Additions	—
31 December 2009	90,237
Amortisation:	
1 January 2008	43,311
Charge for the year	30,079
1 January 2009	73,390
Charge for the year	15,096
31 December 2009	88,486
Carrying value at 1 January 2008	46,926
Carrying value at 1 January 2009	16,847
Carrying value at 31 December 2009	1,751

14. Property, plant and equipment

Group	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2008	308,098	667,275	975,373
Additions	—	7,855	7,855
Disposals	(52,550)	—	(52,550)
1 January 2009	255,548	675,130	930,678
Additions	—	16,168	16,168
31 December 2009	255,548	691,298	946,846
Depreciation:			
1 January 2008	107,963	365,455	473,418
Disposals	(25,179)	—	(25,179)
Charge for the year	62,099	191,546	253,645
1 January 2009	144,883	557,001	701,884
Disposals	—	—	—
Charge for the year	46,338	109,830	156,168
31 December 2009	191,221	666,831	858,052
Carrying value at 1 January 2008	200,135	301,820	501,955
Carrying value at 1 January 2009	110,665	118,129	228,794
Carrying value at 31 December 2009	64,327	24,464	88,791

14. Property, plant and equipment (continued)

Company	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2008	307,240	664,913	972,153
Additions	—	6,781	6,781
Disposals	(52,550)	—	(52,550)
1 January 2009	254,690	671,694	926,384
Additions	—	16,168	16,168
Disposals			
31 December 2009	254,690	687,862	942,552
Depreciation:			
1 January 2008	107,664	363,094	470,758
Disposals	(25,179)	—	(25,179)
Charge for the year	62,016	190,472	252,488
1 January 2009	144,501	553,566	698,067
Disposals			
Charge for the year	45,862	109,832	155,694
31 December 2009	190,363	663,398	853,761
Carrying value at 1 January 2008	199,576	301,819	501,395
Carrying value at 1 January 2009	110,189	118,128	228,317
Carrying value at 31 December 2009	64,327	24,464	88,791

15. Investments

Company	£
Subsidiary undertakings (at cost):	
1 January 2008 and 2009 and 31 December 2009	61,771
Provision for impairment:	
1 January 2008	—
Charge in the year ended 31 December 2008	30,394
1 January and 31 December 2009	30,394
Carrying value at 1 January 2008	61,771
Carrying value at 1 January and 31 December 2009	31,377

The investments represent the Company's 100% holding in the ordinary shares of @Software PLC and its wholly owned subsidiary Software Limited (incorporated in the United Kingdom; non-trading) and Coding International Limited (incorporated in the United Kingdom; provides coding services for use in procurement). As Coding International Limited's balance sheet showed net liabilities provision was made for impairment in the value of the investment in 2008.

16. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Prepayments and accrued income	97,672	101,869	93,590	90,105
Amounts owed by related undertakings	—	—	22,868	12,764
Taxation recoverable	50,000	178,409	50,000	178,409
Other receivables	16,321	22,663	17,926	22,363
Trade receivables	317,625	232,031	274,436	196,948
	481,618	534,971	458,820	500,589

The Group's financial assets are fairly short term in nature. The directors consider that the carrying value of trade and other receivables approximates to the fair value.

A provision of £96,733 was made in 2008 against amounts due from Coding International Limited included within amounts owed by related undertakings above.

17. Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group		Company	
	31 December	1 January	31 December	1 January
	2009	2008	2009	2008
Cash at bank and in hand	225,130	43,100	191,493	40,253
Money market deposits	—	510,276	—	510,276
	225,130	553,376	191,493	550,529

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

18. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade creditors	135,881	151,393	123,470	139,542
Other taxation and social security	117,097	88,011	101,885	79,779
Other creditors	8,495	5,963	8,495	5,913
Accruals and deferred income	285,923	295,318	261,993	278,045
	547,396	540,685	495,843	503,279

The Group's financial liabilities are fairly short term in nature. In the opinion of the directors the book values equate to their fair value

19. Borrowings

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Non current:				
Bank loan	30,842	42,300	30,842	42,300
Amounts owed to Group undertakings	—	—	31,377	807,665
	30,842	42,300	62,219	849,965
Current:				
Bank loan	12,500	12,500	12,500	12,500
	12,500	12,500	12,500	12,500
Analysis of maturity of bank loan				
Amounts payable within one year	12,500	12,500	12,500	12,500
Amounts payable within one to two years	12,500	12,500	12,500	12,500
Amounts payable within two to five years	18,342	29,800	18,342	29,800
Amounts payable after five years	—	—	—	—
	43,342	54,800	43,342	54,800

The bank loan is repayable by instalments until 2013 and bears interest at a rate of 2½% over the banks base rate. The bank loan is secured by a fixed and floating charge over the Company's assets. The amount owed to Group undertakings has no fixed repayment schedule.

20. Share capital and share premium

	Number of shares	Ordinary shares £	Share premium £
At 1 January 2008 and 2009	37,779,822	377,798	10,113,881
Shares issued in connection with fund-raising	20,000,000	200,000	(1,000)
At 31 December 2009	57,779,822	577,798	10,112,881

The total authorised number of ordinary shares is 250 million (2008: 250 million) with a par value of 1p each.

During 2009 20,000,000 ordinary shares were issued at 1p in order to raise additional working capital for use within the business.

During 2009 the number of options granted under the @UK PLC Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	2009		2008	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 January 2009	955,786	44.3p	2,308,304	32.4p
Options granted during the year	3,155,795	1.75p	—	—
Options lapsed during the year	(1,028,326)	8.2p	(1,352,518)	24.0p
At 31 December 2009	3,083,255	12.8p	955,786	44.3p

The options at 31 December 2009 are as follows:

Number of options under grant	Subscription price per share	Exercise period
500,000	45p	December 2008 to December 2015
202,460	63p	January 2009 to January 2016
2,380,795	1.75p	August 2012 to August 2019

21. Share based payments

The Group has a share option scheme under which the Remuneration Committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed option price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. The scheme allows for performance criteria or market conditions to be attached to the options, but this has not generally been done. Options are valued using the Black Scholes option pricing model. The fair value of options granted and the assumptions used in the calculations are as follows:

Grant Date	31 January 2006	30 June 2006	26 June 2007	28 August 2009	15 September 2009
Share price at grant date	63p	61.5p	13p	1.6p	1.6p
Exercise price	63p	61.5p	13p	1.75p	1.75
Number of employees	31	20	2	37	1
Shares originally under option	644,121	270,895	367,000	2,930,795	225,000
Vesting period (years)	3	3	3	3	3
Expected volatility	31%	31%	100%	90%	90%
Expected life (years)	4	4	4	4	4
Risk free rate	4.30%	4.78%	4.78%	2.45%	2.45%
Rate ceasing employment before vesting (total)	57%	98%	50%	25%	100%
Fair value per option	£0.15	£0.15	£0.06	£0.003	£0.003

No dividends were assumed. The expected volatility is based on the historical volatility of the Company's shares to the extent information was available and of the shares of similar entities. In addition to the grant above on 8 December 2005, options over 500,000 shares were also granted to former directors of the Company at an exercise price of 45p per share. As part of the terms of their compensation for loss of office in 2006 they were allowed to retain those options. These were valued at the date on which the directors ceased to be employees and the value written off as it was in respect of past services.

22. Financial instruments

	2009	2008
	£	£
Financial assets		
Floating rate interest bearing – cash	225,130	553,376
Financial liabilities		
Floating rate interest bearing – bank loan (see note 19)	43,342	54,800

There is no material difference between the book value of financial assets and liabilities noted above, and the fair value.

The main objective of the Groups treasury policy is to protect post-tax cash flows of the business from the adverse effects of financial risks.

The Groups financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The Group has no undrawn borrowing facilities. The Group is not exposed to significant foreign exchange risk.

The Group does not enter into instruments for speculative purposes. The Group is exposed to credit risk predominantly from trade receivables and cash and cash equivalents held with banks. The group's exposure to bad debts is reduced as its major customers tend to be public sector bodies.

The Group finances its operations through funds raised from share issues. The Group is exposed to falling interest rates, but has considered the potential impact of the risk of falling interest rates and do not consider this to have a material impact on the results. The Group uses a combination of fixed and floating deposits for its cash balances. The Group has not hedged the exposure to interest rate fluctuations through the use of derivative instruments. Funds on deposit bear interest rates related to LIBOR.

23. Financial commitments

	2009	2008
	£	£
Group		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	36,333	47,751
– between one and two years	—	28,600
– over two years	—	—
	36,333	76,351
Company		
Future commitments under non-cancellable operating leases:		
Land and buildings, with expiry date		
– within one year	12,500	23,918
– between one and two years	—	—
	12,500	23,918

24. Related party transactions

Mr RJ Duncan and Mrs HL Duncan are the landlords of a property which is occupied by the Group. The annual rent is currently £24,000. Isabella M Deas Limited, a company owned by Mr Duncan's parents and in which he has a minority interest, is the landlord of a second property which is occupied by the Group. The annual rent is currently £24,000.

At the end of the year Mrs HL Duncan was owed £7,520 for expenses incurred. At the end of the year Mr RJ Duncan owed £4,838 in respect of services provided by the Company. This balance, which represents principal, was also the maximum balance outstanding.

During the year the Company's dormant subsidiary Software Limited waived £776,288 of the balance due to it by the Company as a reorganisation of intercompany balances.

There is no party which has Ultimate control of the Group.

Key management compensation

	2009	2008
	£	£
Short term employee benefits	321,667	390,814
Share based payment remuneration	584	3,915
Compensation for loss of office and in lieu of notice	—	100,000
31 December 2009	322,251	494,729

Share based payment remuneration represents the value of options granted to key management valued as described in note 21.

NOTE TO THE ANNOUNCEMENT

The extracts set out above do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 in respect of the accounts for the year to 31 December 2009 or by Section 240 of the Companies Act 1985 in respect of the accounts for the year to 31 March 2009.

Approved for Release 28 June 2010



By Ronald Duncan Director