
@UK PLC News Announcement

@UK PLC - Strategic Review

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@UK PLC

Strategic Review

Introduction

Since the announcement of the Interim Results on 28 September 2006, the Board has been conducting a strategic review of the business of the Group, its operating structure and cost base. The Board now wishes to update Shareholders on the outcome of that review.

Board & Management Restructuring

Lyn Duncan, who founded the Group with her husband Ronald, will move to the role of Business Development Director in order to focus wholly on maximising her strong relationships within the public sector. In particular a number of additional opportunities have arisen in recent weeks within the Health Sector and Lyn will be closely involved in developing those opportunities.

The Company has commenced the search for a Chief Executive Officer.

Grant Oliver has been appointed Interim General Manager. Grant has more than 15 years' experience in the IT and Software sector, including working with the Public Sector. He has held a number of positions including that of Managing Director. He has been assisting the company in recent weeks in a consultative capacity and will continue to work on the restructuring and development of the business with the management team.

Chris Hoar, Commercial Director and Dudley George, Marketing Director, have resigned from the Board with immediate effect.

Operating Review

As indicated at the time of the Interims in September, the Public Sector is taking longer to initiate and implement e-Procurement, than originally anticipated. This has adversely affected the Company's revenue growth on both the buy-side and the supply-side. In response to these delays the Board has implemented a cost reduction programme. Employee numbers within the Company are in the process of being reduced by approximately 25 to 80. There will also be additional savings in the area of sales and marketing. Overall total savings are anticipated to amount to approximately £100,000 per month and the monthly 'cash burn' of the Group will fall to under £200,000.

As at the end of October 2006, the Group had cash and short term deposits of £4.6m.

Overall exceptional cash costs associated with the reorganisation are expected to amount to £225,000.

Current Trading

While there has been no material change in current trading since the announcement of the interim results, the improvement on the supply-side referred to at that time has continued. In total, more than 1,000 suppliers have agreed to join the @UK marketplace since the beginning of September following the recruitment and training, during July and August 2006, of the new supplier advisor team.

Further substantive progress on the supplyside will be dependent upon the success of initiatives being taken with regard to the Group's existing public sector clients. These include a sales strategy which supports buy-side customers through the whole lifecycle of implementing eProcurement, including program management, identification of early cashable savings and additional support and training and to assist buyers in realising these. This approach is expected to result in additional revenue earning opportunities within existing and prospective customers, whilst providing a strong impetus for buyers to sign up suppliers and move to electronic trading.

The Group intends to publish its Preliminary Results for the year ended 31 December 2006 by the end of March 2007 and will publish a pre-close season trading update before the end of January 2007.

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Notes to Editors:

eCommerce can be defined as the buying and selling of products and services over the internet and eProcurement as the process by which larger organisations carry out their purchasing using eCommerce. eProcurement is conducted via an eMarketplace, a secure internet platform that enables trade between one or more purchasing organisations and a variety of suppliers.

@UK is one of the UK's leading eMarketplace providers. Via the internet, @UK's software provides a secure eMarketplace enabling buyers such as local authorities, schools and hospitals to buy online from commercial suppliers ranging from large corporations to small to medium enterprises (SMEs).

The government has set up ambitious targets for public sector bodies to practise successful eProcurement. The 2004 Gershon Review identified eProcurement as a major cost-saving opportunity for the government and all public sector bodies are now in the process of identifying, adopting and implementing eProcurement solutions. Currently, there are over 1,000 public sector bodies spending over £100 billion annually on goods and services with around one million suppliers.

@UK aims to become the market leader in its field and the partner of choice for public sector bodies requiring an eMarketplace.

@UK joined AIM in December 2005, raising £8 million before expenses at an issue price of 60p. It purchased Coding International Limited, its first acquisition since becoming a quoted company, in May 2006. @UK is included in the Software and Computer Services Sector (9530). For further information please visit www.ukplc.net.

This information is provided by RNS
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