Dods (Group) PLC

2010 PRELIMINARY RESULTS

Financial Highlights

- Revenue at £17.7 million (2009: £25.3 million)
- EBITDA at £1.9 million (2009: £3.8 million) *
- EBITDA from retained business at £2.0 million (2009: £2.5 million) **
- Operating loss at £0.3 million (2009: operating profit £0.6 million)
- Normalised profit for the year of £1.7 million (2009: £1.4 million) ***
- Net cash of £1.3m at 31 December 2010 (2009: net debt of £6.6m)

Operating Highlights

- Strong organic growth in Digital products - now 27% of Group revenue
- Successful launch of Dods People
- Successful disposal of Education Division in March 2010

Summary of Results	2010	2009
	£'000	£'000
Revenue	17,659	25,286
Revenue from retained business**	16,110	17,335
EBITDA*	1,922	3,768
EBITDA from retained business**	2,010	2,545
Loss for the year	(1,317)	(7,785)
Normalised profit***	1,702	1,418
EPS on continuing operations (basic)	0.03p	(0.03)p

* EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets acquired through business combinations, share based payments and non-trading items.

** Retained business is excluding the sold Education Division.

*** Normalised profit is stated before amortisation of intangible assets acquired through business combinations, share based payments, discontinued operations and non-trading items and related tax.

The Group believes that these measures provide additional guidance to the statutory measures of performance of the business. These measures are not defined under adopted IFRS and therefore may not be directly comparable with other companies' adjusted profit measures.

Non-trading items are items which, in management's judgment, need to be disclosed by virtue of size, incidence or nature. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

An analyst presentation will be held at 9.30am today at the offices of Brewin Dolphin, 12 Smithfield Street, London EC1A 9BD, with coffee available from 9.00am.

Kevin Hand, Non-Executive Chairman of Dods, commented:

"Dods (Group) PLC has been successfully transformed into a highly focused political communications business – with the Dods brand being synonymous with the values of the Group; political impartiality, professional integrity, accuracy and transparency.

2010 has been a mixed year. There has been strong growth in our digital subscriptions business – high value, high margin products – and increased activity following the UK General Election and the increase in new policy being generated by the Coalition Government. At the same time, the Public Sector cuts have resulted in reduced activity within our Government-facing portfolios, with our political training businesses being particularly badly hit.

The strength of the Dods businesses is in the modern media mix of our revenues:

- 63% of Group revenue derives from Digital or Face-to-Face products
- 58% of Group revenue derives from "paid for" products
- Digital subscription revenue increased by 14% in 2010.

This sustainable and robust revenue profile, together with the opportunities created by the outsourcing of Civil Service functions as part of the "Big Society" policy provides significant growth prospects for the future.

The Board continues to be focused on maximising shareholder value – and recognises that this will be achieved by a combination of strong organic growth and, at the appropriate time, acquisitions within our core markets."

For further information, please contact:

Dods
Kevin Hand, Non-Executive Chairman 020 7593 5500
Gerry Murray, Chief Executive Officer
Rupert Levy, Finance Director

Brewin Dolphin Limited (NOMAD)
Sandy Fraser 0131 225 2566

Note to editors:

Dods (Group) PLC is a public limited company listed on the Alternative Investment Market (ticker DODS.L)

2010 Overview

In last year's Chairman's statement, I set out how the disposal of the Education Division had secured the business and aligned it with the changing economic conditions. While the general economic conditions improved in 2010, specific market factors hit the Dods business, restricting the growth of the Group.

The UK General Election provided short-term opportunities which were exploited, but the new Coalition Government imposed cuts on the Public Sector that were both deeper and quicker than had been expected. Specifically, during the period in which the Government re-assessed the overall Civil Service training budget, there was a virtual cessation of spend in this area – resulting in a vastly reduced performance in our public sector training businesses.

For the whole Group, revenue declined from £25.3m to £17.7m, but this includes the Education Division in 2009 and in the period up to its sale in March 2010. On a retained basis, the Group delivered revenues of £16.1m (2009: £17.3m). For the whole Group, earnings before interest, tax, amortisation and non-trading items (EBITDA) was £1.9 million (2009: £3.8 million), while the retained business delivered EBITDA of £2.0m (2009: £2.5m).

Non-trading items amounted to a total of £0.4m (2009: £0.2m), mainly arising from the one-off costs around the office move and some further restructuring within the business.

A dividend of 0.25 pence per share was paid to shareholders on the 11th January 2011. The Directors do not propose to recommend a final dividend for the year ending 31 December 2010, but intend, as in 2010, to declare an interim dividend following the announcement of the half-yearly results in September 2011.

Strategy

The strategy for the remaining Political Division was set out in 2009 and has continued to progress throughout 2010. Overall, the proportion of the overall revenue that is attributable to Digital and Events has continued to increase and has reached 63% in 2010 (2009: 61%). The reduction in training has slightly dampened this movement – but the revenue attributable to Digital has reached 27% (2009: 24%), with digital revenue growing by 14% and digital contribution by 16%. Paid for revenue (in the form of subscriptions, delegates or copy sales) has increased to 58% of Group revenue.

While the reduction in revenue in the latter part of the year in our political training businesses was disappointing, their strong market position has been further enhanced in the year and they are perfectly positioned to take advantage of the outsourcing policy for central government.

The rest of the Political business is now a highly focused and efficient operation, and 2010 saw a further increase in larger campaigns being run on behalf of its clients, and, in 2011 the Division will run its first “Dialogues” which allow a number of clients to work together on a particular lobbying topic.

The Board, Management and People

Following the disposal of the Education business and the hiatus caused by the approaches made by potential acquirers of the Group in the middle part of 2010, we have taken action to strengthen your Board.

I am delighted to welcome onto the Board Lord Adonis, Sir William Wells and Andrew Wilson. Lord Adonis, as a former Cabinet Minister, brings his considerable political experience and a deep knowledge of the workings of the political markets to the Board. Both Sir William Wells and Andrew Wilson bring wider corporate experience as well as Sir William’s valuable experience within the National Health Service. There is no doubt that they bring fresh talents and perspectives which will assist in our efforts to deliver growth in profits and shareholder value.

I would like to thank all of our management and staff for their continued efforts during another difficult year, and with the successful office move which was completed towards the end of the year, following the end of the lease terms on our previous offices, and has allowed the consolidation of the London businesses into one office. Their continued effort and professionalism are central to the high standing of the products in our portfolio and the ability of Dods to compete strongly in its various markets.

Outlook

The uncertainty surrounding the final outcome of the central government outsourcing process makes it difficult to be certain of the longer-term trajectory of the civil service facing part of the business. We expect greater clarity in the near future. In the meantime, our digital information products, including the new launches, continue to deliver strong growth at good margins and this will continue throughout 2011, as will the continuing trend for printed directories to migrate into digital subscriptions.

Dods remains a robust, cash-generative business, with high quality, high margin digital and event products. The Board is confident that 2011 will show continued growth in the core business and a strong overall result.

CHIEF EXECUTIVE'S BUSINESS AND FINANCIAL REVIEW

Introduction

Following the strong growth of the Political business in 2009, the 2010 results demonstrate the Group's resilience to market pressures.

While the Civil Service-facing activities were hit by the hiatus in public sector spending, the remainder of the business successfully harnessed the increased interest in the political markets, the increased amount of new legislation and the significant changes in MPs to show some notable successes.

The structure of the portfolio – and the increasing amount of high-margin, renewable digital revenue – continues to set Dods apart from its competitors.

Business Overview

The results for the year include those of the Education Division for the weeks before it was sold (and for the whole year in the comparative period). For the majority of the year, the Group was focused solely on the remaining Political Division and is now firmly established as a market-leading political communications business.

The Political Division remains in a strong position, despite the reduction in both revenue and EBITDA. Dods enjoys strong, market-leading brands and a unique product portfolio and 2010 has shown a continued strengthening of business relationships with our stakeholders and an increase in high-value deals.

An important development in the year for the long-term growth of the business has been the investment made in the IT infrastructure. This infrastructure underpins the operations of the Group and the business-critical development of digital products. The portfolio has largely been grown by acquisition and bolting together disparate systems. In 2010 we have started the process of rationalizing the systems within the Group with the aim of creating a uniform structure which will be both more resilient and also allow the agile development and launch of additional products in line with customer requirements.

This development included the creation of an improved web platform, but more importantly has led to the creation and launch of *Dods Legislation*, a unique product in the UK market which has been well received to date.

The UK General Election resulted in a number of short-term opportunities for Dods, but more importantly drove increased interest in the political market and a greater need for information. Results in our Parliament unit reflect this increase in activity. While the results in the Government unit were hit by the public sector cuts in the latter part of the year, the unit enjoyed a particular highlight in the *Civil Service Awards*, where Dods was honoured by the event being held at Buckingham Palace and hosted by the Queen and the Duke of Edinburgh. This was a wonderful event and one that further cemented our relationship with the Cabinet Office and the senior Civil Service.

2011 Priorities

Following a difficult year in 2010, the focus of the Group is in maximising the potential of the various parts of the business. While there is uncertainty over the short-term in the training business, the strength of the portfolio remains the market-leading positions that the products enjoy.

While the training picture is expected to become clearer during the year, the remainder of the growth will again focus on digital products and the face-to-face events – which together make up more than 63% of the Group's revenue. The investment in IT infrastructure in 2010 has moved the Group forward, but it is imperative that this momentum is maintained in 2011 and 2012. This will then allow the development of additional revenue-generating products.

The remainder of the Group is expected to show good growth in 2011 and a further consolidation of our unique position in the political market.

Political Division

£'000	2010	2009
Revenue	16,110	17,335
EBITDA*	2,757	3,445

*A reconciliation between EBITDA and operating profit is provided in Schedule A.

The 2010 political landscape in the UK was transformed by the UK General Election. Following a period of hiatus under the Labour Government, the new coalition Government re-energized the market. There was a significant change in personnel within the House of Commons, a new Cabinet and therefore a real need for up to date information and information tools.

In the early part of the second half of the year, the new government announced public sector cuts which were both a little deeper than had been expected and, more importantly for Dods, were implemented faster than forecast. This had two key effects. Firstly the spend on Training within the Civil Service virtually dried up overnight – only being released at a lower level in the last couple of months of 2010. Secondly, the large corporates doing business with the Civil Service were asked to provide material repayments to the Cabinet Office in order to continue to trade with them. This resulted in a large number of our clients reconsidering their strategy for 2011, and greatly reducing their spending in the back half of 2010.

For Dods, the overall results show a 7% reduction in revenue and a 20% reduction in EBITDA. This reflects the significant downturn in our training business and a smaller decrease in the remainder of the public sector businesses. The remainder of the portfolio performed better – with the digital information products continuing to deliver strong double-digit growth at high margins.

Highlights:

- Dods businesses delivered small growth in revenue and flat EBITDA
- The UK and EU political information & intelligence businesses grew revenue by 15% and captured additional market share
- The Dods digital businesses showed overall revenue growth of 14% - and delivered an overall contribution margin of 45%
- The Dods "people" business (online and offline) grew revenue by 12%
- We remain the clear leader in EU political information & intelligence and now have a unique portfolio of products in the UK political information & intelligence market
- Dods Legislation was launched in January 2011 and will add significant revenue to the digital products in 2011

- The Civil Service Awards were held at Buckingham Palace and hosted by the Queen and the Duke of Edinburgh.

The Parliament unit was the most affected by the UK General Election. The run up to the election saw something of a hiatus as companies waited to spend money with the new Government. *The House Magazine* delivered revenue that was flat on 2009 which reflects the one-off benefit of the General Election mitigating the long-term downward trend in display advertising across all media. While Dods continues to be the leading supplier of fringe events at Party Conferences, delivering 40 such events (2009: 43) the number of roundtable events fell as the slowdown before the Election was not matched by an increase after the Election – this was offset by Briefings for new MPs. *Electus*, our recruitment business, suffered from the continued weakness in the public affairs market and the reduced amount of recruitment within the public sector.

Our Government unit has shown significant increases in the past few years, but showed a 7% reduction in revenue in 2010. While the first half of 2010 was in line with forecast, the second half showed an unexpected hiatus as the public sector cuts were announced and, more specifically, our larger customers faced demands for large repayments from the Cabinet Office. This resulted in these customers constraining their spending prior to assessing how they were intending to spend with the Civil Service for 2011 and beyond. *Civil Service World* was particularly badly affected by this – with revenue significantly below 2009 levels.

The increase in policy activity following the Election resulted in an increase in roundtable events, this area of the portfolio showing strong growth over 2009. *Civil Service Live* in July was down 14% in revenue due, in the main, to the removal of all public sector money. Nevertheless, the event was very well received, with appearances from all senior members of the new government, including the Prime Minister, the Deputy Prime Minister and the Chancellor. Due to the reduction in activity in this area in the latter half of the year, only one *Civil Service Live Regional Event* was held in 2010, being in Northern Ireland in December (2009: 2 events). The development of *Civil Service Live Network*, the social media site for the Civil Service, continued well in 2010 with revenue increasing by 63% and reaching break even.

The Information unit can be split between digital products and traditional directories. The latter was flat year on year, with the ongoing migration from print to digital subscriptions continuing strongly, but being offset, in 2010, by the additional revenue generated by the *Dods Guide to the General Election* published in June.

The UK digital products showed very strong growth delivering a combined revenue increase of 13% and a 19% increase in contribution. Both *UK Information & Intelligence* and *Dods People* continued to grow significantly, and were aided by the increasing need for information following the Election. Including the *EU Information & Intelligence* business, the products now contribute more than 20% of Group revenue and nearly 40% of Group contribution. The increase in Dods' market share will be enhanced further by the recent launch of *Dods Legislation* which will provide an additional and unique service to the customers.

The European unit was unaffected by either the UK Election or the resultant UK public sector cuts, but faced a market where cuts were prevalent across all member States and where the debt crisis had a real effect on business. Overall, therefore, the flat revenue and 5% contribution growth was an encouraging sign of the strength of its position in the market. The transformation of this unit from its previous reliance on printed advertising into a mirror of the UK businesses has continued – with revenue from digital subscriptions and events increasing by 19% and representing 47% of the unit's revenue in 2010 (2009: 39%).

Parliament Magazine showed a further 5% reduction in advertising in the year, and all of the magazine products were 11% down. This was offset by the continued strong growth of the *EU Information & Intelligence* service which grew by 16% and is still a unique product in the market. A strong focus in the year was the expansion of the *European Events* portfolio. This was achieved, with an increase in revenue of 31%.

The Political Knowledge events entered 2010 on the back of 3 years of exceptional growth – a trend that continued right up until the General Election. Following the Election, the *Westminster Explained* open courses hit a brick wall, with departmental spending having been put on hold – and this did not start to return until the last two months of the year. This area saw revenues fall by 24%, which fell heavily to the bottom line. This area is the subject of a new procurement process which is looking at the outsourcing of some or all of the training of the Civil Service. Dods is actively pursuing this opportunity and believes that it is very well placed to succeed. While the scale of the opportunity has not yet been quantified, it represents a material opportunity for the medium term.

The *Westminster Briefing* conferences had a very quiet beginning to the year in the run up to the Election (and during Purdah), however the second half of the year delivered revenue growth of 13% over 2009 due to the increased activity around the new policy announcements of the coalition government. This trend is expected to continue through 2011.

We ran further Partnership Conferences with *Civil Service World* and *House Magazine* – increasing revenue by 4%. The annual events such as *The Coming Year in Parliament*, and *Regulators Conference* are now well-established in the political calendar, and we continue to develop successful new events that correspond to current topics. In 2010, for example, we ran events including *Building the Big Society* and *Improving Public Services through Collaboration*.

2010 was also a quiet year in the French political markets with no elections. *Le Trombinoscope* reported a small fall in revenue from 2009, which also reflects the continued weakness of the display advertising market.

Following the restructuring of the UK Training unit, *Fenman*, in 2009, the training products business continued at the reduced level. *Training Journal* also declined in 2010, but with a restructured team and a new website, is looking to drive some growth in 2011.

Financial Review

Revenue and Operating Results

Operating performance was mixed across the portfolio. Overall revenue fell from £25.3 million to £17.7 million and EBITDA fell from £3.8 million to £1.9 million. This decline includes the disposed Education Division.

On a retained basis, revenue fell by 7% to £16.1 million, while EBITDA of £2.0 million was 21% below 2009 (2009: £2.6 million). The loss for the year reduced significantly to £1.3 million (2009: £7.8 million). This includes the impact of the disposal in 2010 and the effect of the write down in the carrying value of the Education Division to the disposal value in 2009.

Non-trading items

Non-trading items for the year totalled £0.4 million, relating to one-off costs of the London office move, aborted deal costs and some staff costs relating to restructurings within the Group.

Taxation

The utilisation of tax losses has led to a low tax payment in the year and a net income tax credit of £0.7 million (2009: tax charge of £0.1 million) in the year. Whilst the Group continues to seek to optimise its tax position going forward, it is expected that the effective tax rate will increase.

Earnings per Share (EPS)

Normalised EPS (before non-trading items, discontinued operations, share based payments credits and amortisation of intangible assets acquired through business combinations) was 1.12 pence per share (2009: 0.93 pence per share). Basic EPS on continuing operations was 0.03 pence per share (2009: loss of 0.03 pence per share).

Dividends

A dividend of 0.25p per Share was paid to shareholders on the 11th January 2011. The Board intends to maintain its position of paying an annual dividend, and, in line with 2010, will announce the dividend policy at the time of the Interim Results in September.

Liquidity and Capital Resources

Interest payable during the year amounted to £0.4 million (2009: £0.6 million). This decrease reflects the repayment of all debt following the sale of the Education business.

During the year, underlying cash conversion was in line with expectations. The Group generated £1.7 million (2009: £3.4 million) of cash from its operating activities.

Dods took out a £250,000 loan to fund an element of the Office Move in the year. At the year end, this loan stood at £219,000. At the year-end, the Group had net cash of £1.3 million (2009: net debt of £6.6 million).

Derivatives and Other Instruments

In 2010, Dods' financial instruments comprised bank loans, cash deposits and other items such as normal receivables and payables. The main purpose of these financial instruments is to finance the Group's day-to-day operations.

During 2010, the Company entered into certain derivative transactions in order to manage the financial risk exposures arising from the Group's activities such as interest rate, liquidity and foreign currency risks. The Group's policy is that no speculative trading in derivatives is permitted.

Capital Restructuring

The Capital Reduction proposed in the accounts for the Year Ended 31 December 2009 was approved at the AGM in June 2010. The Capital Reduction was completed in July 2010.

Dods (Group) PLC

2010 PRELIMINARY RESULTS

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2010

	Note	Audited 2010 £'000	Audited 2009 £'000
Revenue		**16,110**	17,335
Cost of sales		**(10,760)**	(11,028)
Gross profit		**5,350**	6,307
Administrative expenses:			
Non-trading items	2	**(382)**	(178)
Amortisation of intangible assets acquired through business combinations		**(1,339)**	(1,349)
Net administrative expenses		**(3,907)**	(4,213)
Total administrative expenses		**(5,628)**	(5,740)
Operating (loss) / profit		**(278)**	567
Finance income		**8**	14
Financing costs		**(448)**	(569)
(Loss) / profit before tax		**(718)**	12
Income tax credit / (charge)	3	**762**	(59)
Profit / (loss) after tax from continuing operations		**44**	(47)
Results from discontinued operations	4	**(1,361)**	(7,738)
Loss for the year attributable to equity holders of parent company		**(1,317)**	(7,785)
Loss per share			
Basic	5	**(0.87)p**	(5.12)p
Diluted	5	**(0.87)p**	(5.12)p
Earnings / (loss) per share on continuing operations			
Basic	5	**0.03p**	(0.03)p
Diluted	5	**0.03p**	(0.03)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	Audited 2010 £'000	Audited 2009 £'000
Loss for the year	**(1,317)**	(7,785)
Exchange differences on translation of foreign operations	**(18)**	(3)
Other comprehensive loss for the year	**(18)**	(3)
Total comprehensive loss for the year attributable to equity holders of parent company	**(1,335)**	(7,788)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2010

	Note	**Audited 2010 £'000**	Audited 2009 £'000
Goodwill		**18,906**	18,906
Intangible assets		**14,660**	15,720
Property, plant and equipment		**835**	132
Non-current assets		**34,401**	34,758
Inventories		**111**	123
Trade and other receivables		**2,693**	2,797
Derivative financial instruments		**-**	35
Cash		**1,486**	428
Income tax receivable		**35**	-
Assets classified as held for sale		**-**	10,733
Current assets		**4,325**	14,116
Interest bearing loans and borrowings	6	**(125)**	(2,130)
Income tax payable		**-**	(311)
Trade and other payables		**(4,484)**	(4,077)
Liabilities classified as held for sale		**-**	(1,359)
Current liabilities		**(4,609)**	(7,877)
Net current (liabilities) / assets		**(284)**	6,239
Total assets less current liabilities		**34,117**	40,997
Interest bearing loans and borrowings	6	**(94)**	(4,880)
Deferred tax liability		**(1,805)**	(2,601)
Non-current liabilities		**(1,899)**	(7,481)
Net assets		**32,218**	33,516
Equity attributable to equity holders of parent company			
Issued capital		**15,200**	15,200
Share premium		**-**	30,816
Other reserves		**409**	409
Retained profit / (deficit)		**16,609**	(12,927)
Translation reserve		**-**	18
Total equity		**32,218**	33,516

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Audited Share Capital £'000	Audited Share Premium £'000	Audited Merger Reserve £'000	Audited Retained Earnings £'000	Audited Translation Reserve £'000	Audited Total Shareholders' Funds £'000
At 1 January 2009	15,200	30,816	409	(5,117)	21	**41,329**
Total comprehensive income						
Loss for the year	-	-	-	(7,785)	-	**(7,785)**
Other comprehensive income						
Currency translation differences	-	-	-	-	(3)	**(3)**
Share based payment charge	-	-	-	(25)	-	**(25)**
At 1 January 2010	15,200	30,816	409	(12,927)	18	**33,516**
Capital reduction	-	(30,816)	-	30,816	-	**-**
Total comprehensive income						
Loss for the year	-	-	-	(1,317)	-	**(1,317)**
Other comprehensive income						
Currency translation differences	-	-	-	-	(18)	**(18)**
Share based payment charge	-	-	-	37	-	**37**
	15,200	**-**	**409**	**16,609**	**-**	**32,218**

At an Annual General Meeting of the Company held on 16 June 2010, the members of the Company resolved that the Company's share premium account be cancelled.

Following the passing of the resolution an application was made to the Companies Court, Chancery Division, High Court of Justice to approve the capital reduction. The capital reduction was confirmed by the Court on 14 July 2010 and became effective when the order of the Court and minute on reduction of capital and cancellation of share premium account was registered at Companies House on 27 July 2010.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2010

	Note	**Audited 2010 £'000**	Audited 2009 £'000
Loss for the year		**(1,317)**	(7,785)
Depreciation of property, plant and equipment		**121**	109
Amortisation of intangible assets acquired through business combinations		**1,339**	1,349
Amortisation of other intangible assets		**403**	355
Results from discontinued operations		**1,361**	7,738
Share based payments charge / (credits)		**37**	(12)
Net finance costs		**440**	555
Income tax (credit) / charge		**(762)**	59
Cash flow relating to restructuring provisions		**(382)**	(178)
Operating cash flows before movements in working capital		**1,240**	2,190
Change in inventories		**12**	100
Change in receivables		**150**	730
Change in payables		**682**	815
Cash generated by operations		**2,084**	3,835
Income tax paid		**(381)**	(408)
Net cash from operating activities		**1,703**	3,427
Cash flows from investing activities			
Interest and similar income received		**8**	14
Proceeds from sale of property, plant and equipment		**-**	5
Acquisition of property, plant and equipment		**(824)**	(70)
Acquisition of other intangible assets		**(682)**	(262)
Net cash used in investing activities		**(1,498)**	(313)
Cash flows from financing activities			
Interest and similar expenses paid		**(561)**	(684)
Repayment of borrowings		**(7,041)**	(2,130)
New term loan		**250**	-
Net cash used in financing activities		**(7,352)**	(2,814)
Net (decrease)/increase in cash and cash equivalents in continuing operations		**(7,147)**	300
Opening cash and cash equivalents		**(369)**	(676)
Effect of exchange rate fluctuations on cash held		**17**	7
Closing cash and cash equivalents in continuing operations		**(7,499)**	(369)
Cash flows from discontinued operations			
Net cash (decrease) / increase from operating activities		**(390)**	1,031
Net cash from investing activities		**8,578**	(1,006)
Net increase in cash		**8,188**	25
Opening cash and cash equivalents		**797**	772
Closing cash and cash equivalents in discontinued operations		**8,985**	797
Closing cash	7	**1,486**	428

Notes to the preliminary announcement
31 December 2010

1 Basis of Preparation

The Group financial statements consolidate those of Dods PLC and its subsidiaries (together referred to as the "Group"). The financial statements have been prepared on the basis of the accounting policies set out on pages 10 to 15 of the Dods (Group) PLC Interim Report for 2010 which have been consistently applied.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 December 2010 or 2009. The financial information for 2009 is derived from the statutory accounts for 2009 which have been delivered to the registrar of companies. The auditor has reported on the 2009 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2010 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

As required by EU law (IAS regulation EC 1606/2002) the Group's accounts have been prepared in accordance with International Financial Reporting Standards endorsed by the International Accounting Standards Board (IASB) as adopted by the EU ("Adopted IFRS").

2 Non-trading items

	2010 £'000	2009 £'000
Redundancy and people related costs	**217**	178
Abortive deal costs	**38**	-
Office move costs	**127**	-
	382	178

Redundancy and people related costs represent the effect of a Group initiative to reduce costs.

3 Taxation

	2010 £'000	2009 £'000
Current tax		
Current tax on income for the year at 28%	**52**	573
Adjustments in respect of prior periods	**(18)**	(11)
	34	562
Double taxation relief	**-**	(1)
Overseas tax		
Current tax expense on income for the year at 28%	**-**	1
Total current tax expense	**34**	562
Deferred tax		
Origination and reversal of temporary differences	**(796)**	(500)
Benefit from previously unrecognised tax losses / losses utilised	**-**	(3)
Total deferred tax income	**(796)**	(503)
Total income tax (credit) / charge	**(762)**	59

The effect of non-trading items charged during the year is to increase the tax charge by £107,000 (2009: £50,000).

The credit to the income statement in respect of deferred tax of £796,000 (2009: £503,000) is stated after recording a deferred tax asset of £nil (2009: £3,000) in respect of tax losses.

Included within the tax credit to the income statement is £nil of tax-related goodwill written off on the impairment of the education division (2009: £1,613,000), which is included in the results of discontinued operations.

The tax charge for the period differs from the standard rate of corporation tax in the UK of 28%. The differences are explained below:

Income tax reconciliation	**2010**	2009
	£'000	£'000
(Loss) / profit before tax	**(718)**	12
Notional tax charge at standard rate of 28%	**(201)**	3
Effects of:		
Expenses not deductible for tax purposes	**1,417**	607
Accelerated capital allowances and temporary differences	**(2,091)**	(527)
Adjustments to tax charge in respect of prior periods	**(18)**	(11)
Difference between UK and French tax rates	**9**	(10)
Other	**(2)**	-
Losses for the year not relieved	**124**	-
Recognition of previously unrecognised tax losses	**-**	(3)
Total income tax (credit) / expense	**(762)**	59

4 Discontinued operations

Discontinued operations relates to the results of the Education Division, which was sold on 19 March 2010. The Education Division included Letts Educational Ltd, Leckie & Leckie Ltd and the division Lonsdale which was held within Dods (Group) PLC. Results attributable to this business were as follows:

	2010	2009
	£'000	£'000
Revenue	**1,549**	7,951
Cost of sales	**(1,109)**	(4,452)
Gross profit	**440**	3,499
Non-trading items	**-**	(398)
Amortisation of intangible assets acquired through business combinations	**(142)**	(1,003)
Impairment of goodwill and intangible assets	**-**	(9,171)
Other administrative expenses	**(560)**	(2,382)
Operating loss	**(262)**	(9,455)
Net finance costs	**-**	2
Loss before tax	**(262)**	(9,453)
Related income tax	**-**	84
Deferred tax credit arising from intangible assets impaired	**-**	1,631
Loss on sale of discontinued operations (net of tax)	**(1,099)**	-
Loss for the period	**(1,361)**	(7,738)
Basic loss per share	**(0.90)p**	(5.09)p
Diluted loss per share	**(0.90)p**	(5.09)p

Effect of disposal on the financial position of the Group

	2010
	£'000
Cash received (less transaction costs)	**8,472**
Less: assets/liabilities disposed of:	
Property, plant and equipment	**(140)**
Intangible assets (excluding goodwill)	**(5,908)**
Inventories	**(3,235)**
Trade and other receivables	**(1,241)**
Cash and cash equivalents	**(68)**
Trade and other payables	**1,021**

Loss on disposal	**(1,099)**

5 (Loss) / earnings per share

	2010	2009
	£'000	£'000
Loss attributable to shareholders	**(1,317)**	(7,785)
Add: non-trading items, net of tax	**275**	128
Add: amortisation of intangible assets acquired through business combinations	**1,339**	1,349
Add: results from discontinued operations	**1,361**	7,738
Add / (deduct): share based payment charge / (credit)	**44**	(12)
Normalised profit attributable to shareholders	**1,702**	1,418

Weighted average number of shares	**2010 Ordinary Shares**	2009 Ordinary Shares
In issue during the year – basic	**151,998,453**	151,998,453
Dilutive potential ordinary shares	**-**	-
In issue during the year – diluted	**151,998,453**	151,998,453
Loss per share – basic	**(0.87) p**	(5.12) p
Loss per share – diluted	**(0.87) p**	(5.12) p
Normalised earnings per share (as above) - basic	**1.12 p**	0.93 p
Normalised earnings per share (as above) - diluted	**1.12 p**	0.93 p
Earnings per share on continuing operations		
Earnings / (loss) per share – basic	**0.03 p**	(0.03) p
Earnings / (loss) per share – diluted	**0.03 p**	(0.03) p

6 Interest bearing loans and borrowings

	2010	2009
	£'000	£'000
Borrowings are repayable as follows:		
On demand or within one year	**125**	2,130
Between one and two years	**94**	2,130
Between two and five years	**-**	2,750
	219	7,010
Less: Amounts due for settlement within 12 months	**(125)**	(2,130)
Amount due for settlement after 12 months	**94**	4,880

			Audited 2010 £'000	Audited 2009 £'000
Borrowings are taken out in the following currencies:				
	Interest	Principal		
Sterling	Floating linked to LIBOR	£13,400,000	**-**	7,010
Sterling	LIBOR plus 3.5%	£250,000	**219**	-
Total			**219**	**7,010**

The weighted average interest rate paid on the bank loans was 5.7% (2009: 5.8%).

The Sterling loan of £250,000 represents a loan taken out in 2010 with Bank of Scotland to finance the fit-out costs of the new office premises at 21 Dartmouth Street. The last repayment is due in December 2012.

The Sterling loan of £13,400,000 (balance outstanding at 31 December 2009: £7,010,000) represents two loans taken out in 2006 to finance the acquisition of Monitoring Services Limited and Political Wizard Limited. These loans were repaid in full on 19 March 2010, subsequent to the sale of the Education Division.

In connection with the Group's banking and borrowing facilities with the Bank of Scotland, the Company and its UK subsidiary undertakings have entered into a cross guarantee, which gives a fixed and floating charge over the assets of the UK trading companies of the Group.

The Group estimates the fair value of its loans to be the same as their carrying amount.

At 31 December 2010, the Group had available £nil (2009: £2,000,000) of undrawn facilities under its working capital facility. The Group negotiated and confirmed an overdraft facility of £300,000 with the Bank of Scotland during January 2011.

7 Net cash at bank and in hand

	At 1 January 2010	**Cash flow**	**Reclassification**	**Exchange movement**	**At 31 December 2010**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	428	1,041	-	17	**1,486**
Debt due within one year	(2,130)	2,130	(125)	-	**(125)**
Debt due after one year	(4,880)	4,661	125	-	**(94)**
	(6,582)	**7,832**	**-**	**17**	**1,267**

Cautionary statement

This press release may contain forward-looking statements based on current expectations or beliefs, as well as assumptions about future events. In that regard, such statements are:

- inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future; and
- not a guarantee of future performance and are subject to factors that could cause the actual results to differ materially from those expressed or implied.

The Dods (Group) PLC 2010 Annual Report and Financial Statements are being posted to shareholders in May 2011 and will be available to the public upon request at the Company's registered office: 21 Dartmouth Street, London, SW1H 9BP.

Copies of recent announcements, including this Preliminary Results announcement, and additional information on Dods, can be found at www.Dodsgroupplc.com.

Schedule A (Unaudited)

Reconciliation between operating profit and non-statutory performance measure

The following tables reconcile operating profit as stated in the income statement to EBITDA, a non-statutory measure which the Directors believe is the most appropriate measure in assessing the performance of the Group.

EBITDA is defined by the Directors as being earnings before interest, tax, depreciation, amortisation of assets acquired through business combinations, and non-trading items. Plate cost amortisation is included within cost of sales of the Education Division as management believes this is an appropriate classification.

Year ended 31 December 2010	**Operating Profit**	Depreciation*	Amortisation and impairment of intangible assets	Non-trading Items**	**EBITDA**
	£'000	£'000	£'000	£'000	**£'000**
Political					
Political	**705**	488	1,135	337	**2,665**
Learning	**(163)**	17	204	34	**92**
	542	505	1,339	371	**2,757**
Head Office	**(820)**	17	-	56	**(747)**
Results from continuing operations	**(278)**	**522**	**1,339**	**427**	**2,010**
Education (discontinued)	**(262)**	32	142	-	**(88)**
	(540)	**554**	**1,481**	**427**	**1,922**

Year ended 31 December 2009	**Operating Profit**	Depreciation*	Amortisation and impairment of intangible assets	Non-trading Items**	**EBITDA**
	£'000	£'000	£'000	£'000	**£'000**
Political					
Political	**1,663**	430	1,219	17	**3,329**
Learning	**(107)**	17	130	76	**116**
	1,556	447	1,349	93	**3,445**
Head Office	**(989)**	16	-	73	**(900)**
	567	**463**	**1,349**	**166**	**2,545**
Education (discontinued)	**(9,455)**	119	10,174	385	**1,223**
	(8,888)	**582**	**11,523**	**551**	**3,768**

* including amortisation of software shown within intangibles.
** including share based payments charges/(credits) and profit on disposal of subsidiary undertaking.