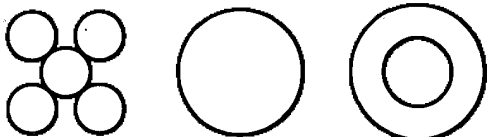
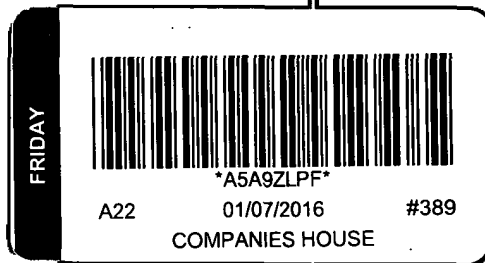


For the year ended 31 December 2015

Publishing Technology plc Annual Report



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Contents

Contents	Page
Highlights	1
Board members and management team	2
Chairman's statement	12
Group strategic report	13
Directors' report	17
Corporate governance statement	19
Directors' remuneration report	21
Independent auditor's report	22
Group Statement of Comprehensive Income	23
Group Statement of Financial Position	24
Group Statement of Changes in Equity	25
Group Statement of Cash Flows	26
Notes to the Group financial statements	27
Company Statement of Financial Position	54
Company Statement of Changes in Equity	55
Company Statement of Cash Flows	56
Notes to the Company financial statements	57

The Directors submit to the members their report and accounts of the Group for the year ended 31 December 2015. Pages 1 to 21, including the Chairman's statement, Corporate governance statement and Directors' remuneration report, form part of the Directors' report.

Highlights

- Issued 7.9 million new shares in June 2015 raising £9.1m after costs.
- The Group is debt free.
- Gross revenues up 2% to £14.6m (2014: £14.4m).
- Gross profit up 150% to £4.0m (2014: £1.6m).
- Pre-tax loss halved to £1.9m (2014: £4.0m).
- EBITDA improved to loss of £0.8m (2014: loss of £3.6m).
- Gross profit calculated after Research & Development spend of £2.5m (2014: £2.7m).
- Loss per share 11.28p (2014: 42.77p).
- Cash and cash equivalents at year end of £2.1m (2014: overdraft of £1.7m).
- Cash outflow from operations £2.6m (2014: £0.5m).
- BioOne contract with PCG renewed to the end of 2019.
- Significant restructure in the second half, reducing year-on-year costs by £1.5m.



Board Members



N W Kirton
Non Executive Director



M C Rose
Non Executive Chairman



M A Rowse
Non Executive Director



D R Montgomery
CEO



A B Moug
CFO



G S Winner
COO



J Teitelbaum
Managing Director, Vista

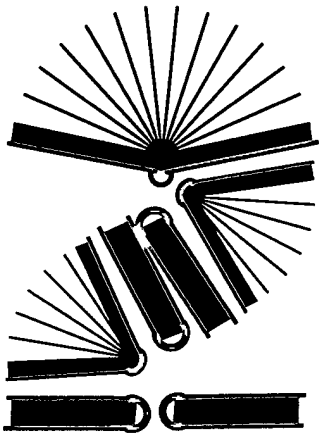


R Petway
Chief Revenue Officer



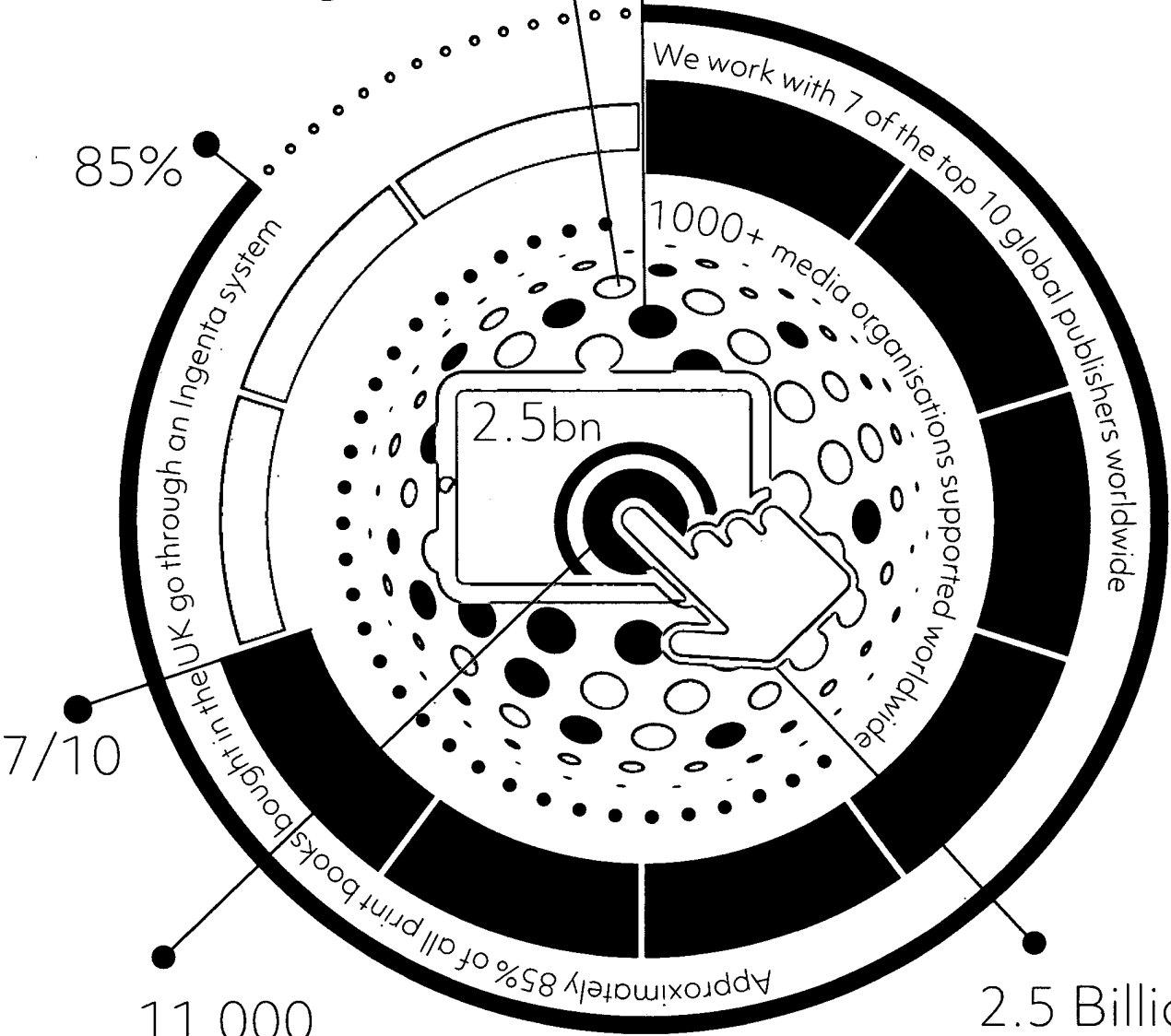
M A Scheld
Managing Director, PCG

Management Team



2 Million
2 million+ individual print periodical titles are processed via our solutions every year

22
Our clients include media organisations in 22 Countries on 6 Continents



85%

7/10

11,000

Our content platforms provide access to over ten million articles and 11,000 publications

2.5 Billion

Our digital platforms serve over 2.5 billion pages and requests per year, for over 300 publishers



Rebrand

The business will be rebranded as Ingenta on 31 March 2016, with all subsidiary trading companies renamed on that date. This Annual Report reflects the new branding and naming conventions.

The Group will trade as Ingenta from April 2016. Publishing Technology plc remains the name of the holding company and will only change to Ingenta plc if approved by shareholders at the AGM to be held in early May 2016.

The decision to rename the Company has been made for a number of reasons, one of which is that the name Publishing Technology has been difficult to build brand recognition around. Though practical, it was restrictive and had no identity.

The Board have made significant changes to the operation of the business over the past year and therefore this is the ideal time to rename and rebrand.

Ingenta is a more distinctive name and allows the business to explore new verticals and territories in which 'Publishing Technology', which implies single industry expertise, could prove a barrier. Similarly, as the business seeks to expand its partnerships with third-party vendors, an industry-specific name could inadvertently block opportunities.

The name Ingenta provides the business with a unique and detectible brand and allows the Group to bring its product and service offerings together under one brand umbrella.

Ingenta Products

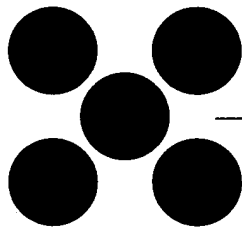
As part of the rebrand, the products will be renamed to underline that they are part of one product family, offering a suite of products and services that support publisher's print and evolving digital strategies.

Our products and services will be part of three product families: Commercial, Advertising and Content. In addition, most products can be deployed in one of two methods: Enterprise or GO!. Enterprise deployments will be product-based but allow for bespoke changes and customisations to be made to the software. GO! deploys an 'off the shelf' software package which allows the Group to sell at a lower price point with a standard implementation. GO! products have full capability with limited flexibility and are designed for publishers prepared to adapt their processes rather than customise the software. Ingenta has adopted best practices when defining the GO! offerings.

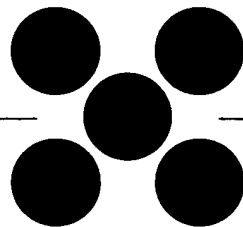
Product Family	Product	Implementation Methodology	
		Enterprise	GO!
Commercial	Ingenta Rights	•	•
	Ingenta Royalties	•	•
	Ingenta Product Manager	•	•
	Ingenta Order to Cash	•	
Advertising	Ingenta CRM	•	•
	Ingenta Traffic	•	•
	Ingenta Bookings	•	•
	Ingenta Inventory	•	•
	Ingenta Quote&Close		•
Content	Ingenta CMS	•	•
	Ingenta Connect		•
	Ingenta E-Commerce	•	

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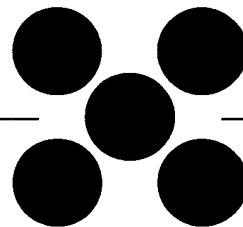
Product Map



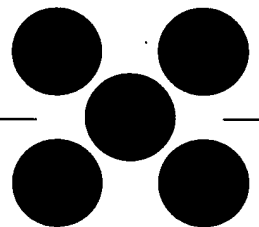
VISTA



PRODUCT
MANAGER



RIGHTS



ROYALTIES



Ingenta Commercial

System applications to support the commercial aspects of content management



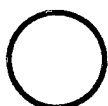
Ingenta Content

Content delivery platforms, including hosting and analytics



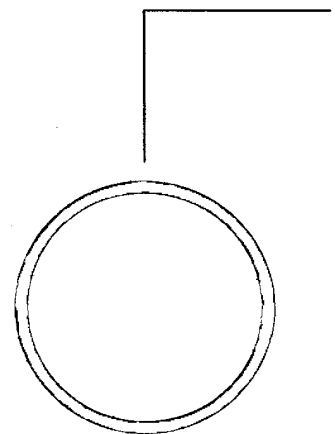
Ingenta Advertising

Ad sales management, analytics and CRM platform

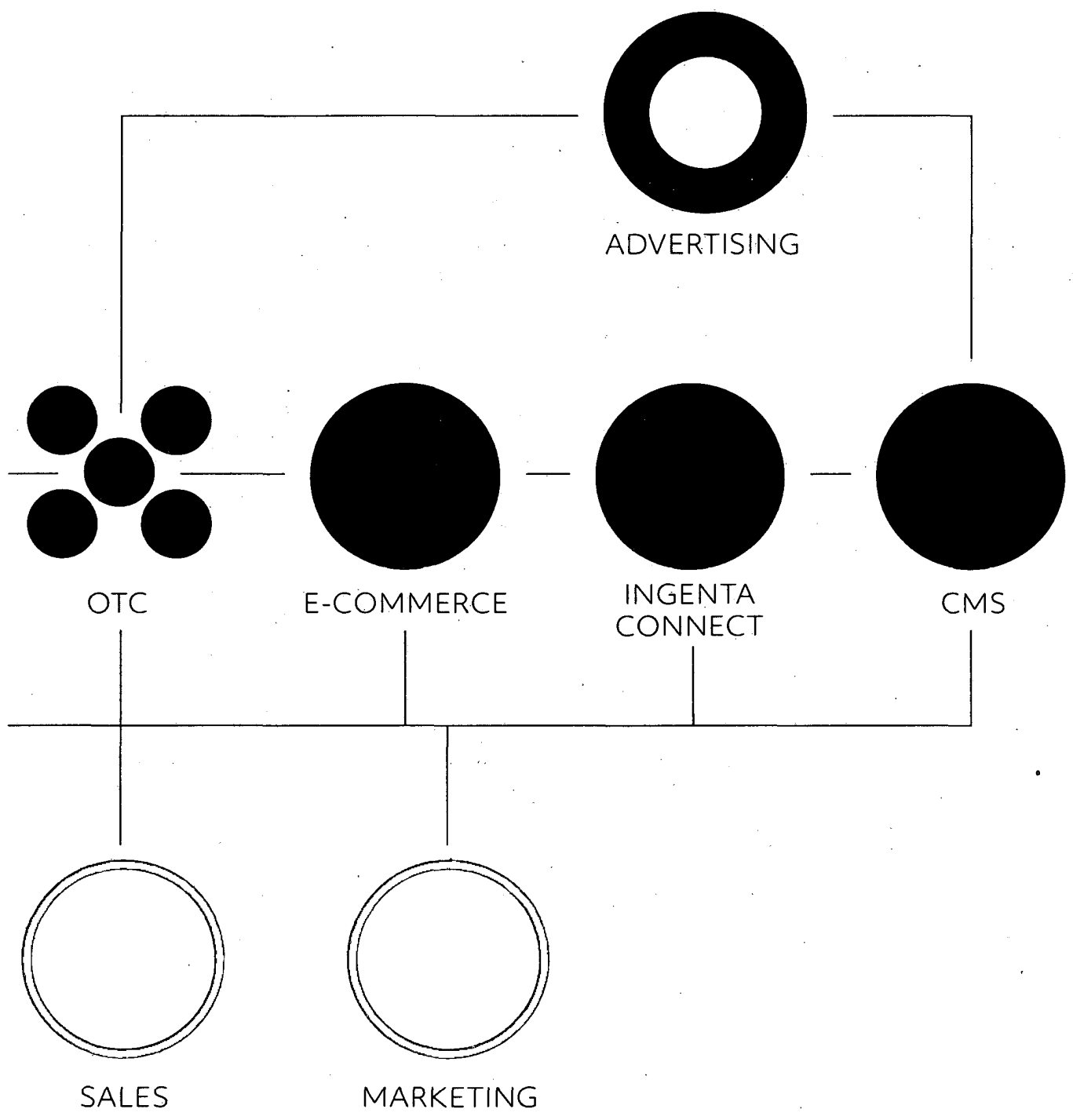


Ingenta Services

Content services to support sales and marketing strategies



RESEARCH



Commerical

The Commercial family of products (previously known as advance) enable publishers to exploit:

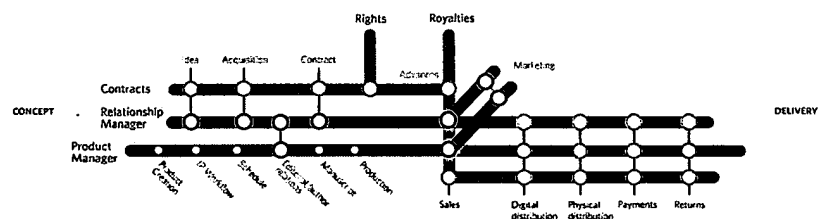
- All channels: both legacy book trade and emerging direct-to-consumer supply chains
- All paths to discovery: best-in-class metadata management, visibility and social commerce
- All revenue streams: collect micro-revenues many times over
- All business models: supporting fragments, bundles, rentals, pay-per-view, subscriptions and samples
- All content: a truly agnostic enterprise system, not a bolt-on to print-based software

The Commercial product family consists of the following solutions which can be purchased separately, in any combination, or as a complete enterprise system:

Ingenta Product Manager

Ingenta Product Manager allows content providers to retain essential control and consistency of data by improving visibility, opening lines of communication and streamlining the end-to-end lifecycle management of all types of content. The system manages assets along with editorial, production and marketing workflows with data transparency, unrivalled metadata management and a single version of the truth.

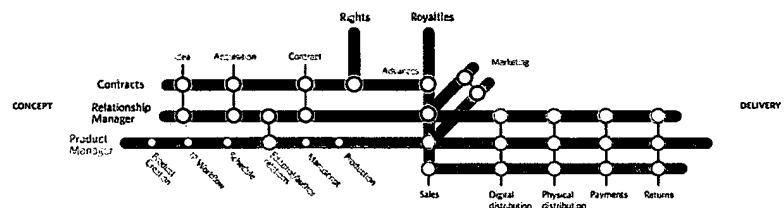
- Planning and acquisition
- Metadata management and distribution
- Scheduling and workflows
- Flexible and promotional pricing
- Profit and loss engine



Ingenta Rights

Managing electronic rights, sub-rights, fragments and permissions, Ingenta Rights ensures that content owners get the most from their assets, no matter the size, format or fine details of the transaction.

- Real-time visibility of rights inventory
- Complete tracking of expiration, publication and sales histories
- Support for chapter, image and fragment sales
- Full downstream management of rights income



In addition Ingenta Rights manages the full IP lifecycle, ensuring legal issues, from territorial rights and marketing obligations to supply chain management and insurance, are properly considered and consistently administered. Contracts management within Ingenta Rights underpins the system and enables consistency and compliance across your organisation to avoid potentially costly disputes.

Rights enables data owners and users to confidently fulfil contractual obligations, decrease operating expenses and boost revenue potential with a complete intellectual property system which leverages rights, royalties and permissions compliance with accurate cash flow forecasting, multicurrency calculations and tracking across various products and content types.



Ingenta Royalties

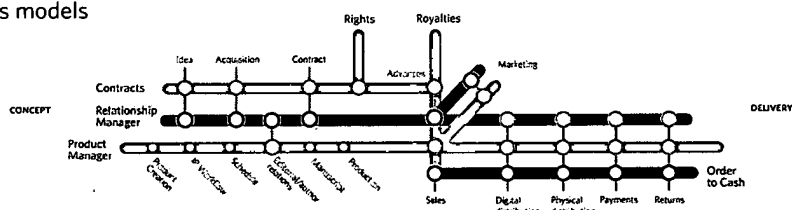
The Royalties application enables publishers to calculate complex royalties quickly, easily and with confidence, and provides authors a self-service interface. It allows publishers to better serve their authors, contributors, illustrators and other rights owners from initial contract to final payment. The Ingenta Royalties solution is considered the only system on the market able to handle the complexities and nuances of today's most creative deals.

- Complex royalty calculations for multiple payees, authors and titles with varying terms
- Support for multiple currencies and international tax reporting
- Streamlined operations and cash flow forecasting
- Improved Author Care with user-friendly interface

Ingenta Order to Cash (OTC)

The Order to Cash application allows publishers to package, market, sell and deliver content in the formats that readers demand, where and when they find it. It has the range and depth of features necessary to integrate the delivery of diverse product types and billing methods via multiple channels, including e-books, online subscriptions, social commerce, digital access, downloads and service billing, while providing full support for print and physical products.

- Print and digital pricing and business models
- Order processing and fulfilment
- Access control
- Marketing automation
- Customer service
- Infinite scalability



Advertising

Ingenta Advertising, is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, Publishers can maximise the value of their audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

Ingenta Advertising manages

- Bookings
- Packages and bundles
- Inventory management
- Finance/credit control
- CRM

User features

- Account de-duplication
- Contact management
- Reporting and dashboard
- Free text, combined and advanced searching
- Traffic and ad copy tracking
- Third-party CRM integration

Content

Our hosting services deliver a total of over 2.5 billion page views and data requests per year through our fully outsourced Ingenta Connect scholarly portal and our custom, semantically enriched, multi-format Ingenta CMS platform. These products enable publishers of any size, discipline or technical proficiency to convert, store, deliver, and monetise digital content.

Ingenta CMS

The Ingenta CMS platform is a custom hosting solution that supports and delivers all the information a data provider will publish. The result of a multi-year research and development program, our CMS solution has been built from the ground up using a powerful combination of industry standard architecture and semantic web technologies.

Ingenta CMS maximises the visibility, usage and value of publisher's content via semantic enrichment while optimising content licensing around flexible ecommerce and access controls regardless of format or type.

- Provides seamless access to all content in all its formats
- Harnesses semantic discovery and drives usage with intuitive routes into research
- Allows content to be repackaged easily to experiment with new business models
- Delivers content via desktop, tablet or smart phone
- Uses sophisticated access control

Ingenta CMS GO!

A packaged solution for publishers looking to host their own branded site using standardised technology without the cost of a fully-customised interface. Ingenta CMS GO! is delivered from the Amazon cloud and shares the same underlying technology as Ingenta CMS.

- Cost-effective mid-point solution
- Reliable performance
- Fully-branded with publisher URL
- Flexible user experience, with full responsive design
- Indexing on Ingenta Connect for additional revenue potential

Ingenta Connect

Ingenta Connect hosts content for around 300 publishers and is the home of scholarly research. Academics and students from over 25,000 registered institutions around the world have access to around 16,000 publications and conduct nearly one million downloads per month.

Our fully outsourced e-publishing package is a turn-key platform solution and a proven channel to get content online quickly, easily and affordably. On Ingenta Connect, there is a broad spectrum of cost-effective services to choose from, whether a publisher is taking content online for the first time, looking to increase revenues through online activity or thinking of creating a custom-branded website.

- Data conversion & enhancement
- Secure web hosting
- Flexible ecommerce
- Linking and distribution

Ingenta E-commerce

Ingenta E-commerce (formerly known as ICS or information Commerce Software) is a single solution that manages business models, access entitlement and cross-selling of products on multiple platforms. It can maximise existing content by creating new revenue streams at the touch of a button, allowing publishers to enhance profits from their existing intellectual property by empowering sales and marketing teams to pinpoint the needs of the digital customer, create content bundles and sell to specific customer groups whilst integrating online business models with back office legacy infrastructure.

Ingenta Service Divisions

PCG

Global Sales Representation
Telemarketing
Market Research
Customer Service
Strategic Consulting

PCG (Publishers Communication Group), is an internationally recognised sales and marketing consultancy with a presence in the US, Europe, China, India and Latin America, providing a range of services which drive publisher's sales.

Research

- Gap analysis
- Focus groups
- Surveys
- Strategic planning

Marketing

- Promotional campaigns
- Collateral materials
- Conference exhibits
- Library relations

Sales

- Local representation
- Multilingual outreach
- Lead generation
- Customer service

Vista

Vista is a heritage enterprise level product delivered through a number of managed services, including Applications Implementation Services (AIS), Applications Support and Updates (ASU), Applications Management Services (AMS) and Applications Hosting Services (AHS), all of which deliver a level of support tailored to our customer's business. These service solutions provide publishers with greater flexibility and support for the system and enables our customers to concentrate on their core business while our support services oversees and manages their business applications.

Chairman's statement

2015 developments

The most significant event in 2015 was the decision to raise equity finance to pay down all debt and provide working capital to the business. I am pleased that this was achieved in June with the issue of 7.9 million new shares at a price of 120p per share raising £9.5m before costs.

This was a natural time for us to raise additional funding as we neared the end of a significant investment cycle and looked forward to building the Group's revenues by investing in sales and marketing to reach the 'early majority' of customers.

The raising has transformed the Company's balance sheet, paying down all debt and providing working capital to complete the roll-out of the new product range.

2015 has seen further changes to the management team with Michael Cairns leaving the business in September 2015 and the promotion of David Montgomery to the position of CEO. The Board believes that David, with his extensive technology background, software track record and experience of working closely with our customers, is the right choice to take the Group forward.'

Results

The audited results for the year ended 31 December 2015 reflect an improving picture albeit at a slower rate of revenue growth than we would have hoped for. This was primarily due to a lack of growth in the Commercial suite of products. As a result David Montgomery's first task was to strengthen the sales team and deliver on the promise of our products.

The management team have also taken substantial steps to reduce risk in the business. In July the business implemented a cost reduction program which was followed with an additional £1.5m cost reduction exercise in the last quarter of the year which is reflected in the improved gross margin and loss for the period.

Relaunch

In tandem with the release of our Annual Report and Accounts, we will be rebranding the Group. In the last year we have completed the first phase implementations of our new product set, reached the final stage of our decade-long development cycle, and paid down all debt within the business. As a result, the Board believes we are now positioned for growth and that now is the right time to relaunch the Group with a less industry-specific identity.

The name Publishing Technology has become restrictive as we look to wider markets, particularly for our online content products. We will therefore be returning to the name Ingenta, a name known across all of our markets including China.

We will rename our trading companies and will ask shareholders to agree a change of name for the plc at the forthcoming AGM. As well as relaunching the corporate and trading identity of the business, we will be re-aligning the products under one brand umbrella, changing 'advance' to the more descriptive 'Ingenta Rights', 'Ingenta Order to Cash' etc and removing the confusing 'pub2web' name and replacing it with the more industry-agnostic 'Ingenta CMS' allowing us to target all industries and markets that deal with content.

Shareholders' returns and dividends

The Directors do not recommend the payment of a dividend (2014: £nil).

Outlook

I am very pleased with the direction the Company has taken in the last few months. The rebrand and relaunch will give us the opportunity to grow our addressable market with a more cohesive product set. The reduced cost base and the reduction in debt has placed the Group on a sounder footing for growth in 2016. David Montgomery and the team are energised and have a clear direction and strategy which is fully supported by the Board. To ensure the team are rewarded for success, the Board approved the grant of stock options to senior staff in January 2016 with vesting criteria linked directly to exceeding market expectation of profitability in each of the next three years.



M C Rose
Chairman
30 March 2016



Group strategic report

During 2015 the Company undertook an organisational restructuring program, partly in July and partly in the last quarter of the year to 31 December 2015. The business now reflects a traditional software company, with a focus on operations and business development. This replaces the previous structure, which was focused on product silos.

Business structure

David Montgomery became the CEO in September 2015 and pushed forward with the cost reduction exercise. The change of CEO and subsequent staff changes have inevitably had an effect on the smooth-running of the business in 2015, but they were necessary to ensure we had the right strategy for the future and the right skills to effect change.

The Board believes that the Group was carrying significant operational costs that were not aligned with the business needs (in both capacity and skills). Therefore, during the last quarter of 2015, £1.5m of annualised cost reductions were made. At the same time the Group built offshore capacity in India. The offshore team enables us to flex resource, extend capacity and introduce the skills required for each project.

Product strategy

The Board believes the Group was overly reliant on large enterprise sales, with an average sales cycle of more than 12 months. These sales engagements were costly and time consuming for all departments and also made it very difficult to predict revenue and resourcing requirements.

It was clear that the Group needed to introduce new products that could be sold to different market segments, with a shorter sales cycle and reduced implementation costs. The business therefore packaged the Ingenta CMS solution and launched it as a standard product in the Amazon cloud under the name Ingenta CMS GO! Using a direct marketing approach, the business targeted the mid-sized publisher market and generated a significant pipeline, already resulting in new sales, the first of which was in South Africa, opening up a new geography for the Group.

The GO! implementation methodology for Ingenta CMS will be replicated within the Commercial family of products with GO! variants of Ingenta Rights, Ingenta Royalties, and Ingenta Product Manager launching in 2016.

Product Development

Tim Cromarty joined the Group in early 2015 and runs the engineering for all products. New development techniques such as Agile have been introduced, significantly improving output. New tools such as Jira and Confluence have also been introduced to improve customer and internal communication, visibility and collaboration.

Operations

Scott Winner, previously Global Projects Director, was promoted to Chief Operating Officer (COO) during the year to 31 December 2015 and is therefore heading up all operational divisions including Research and Development, Service Delivery, Customer Services and Professional Services for all but Vista and PCG. The Group's approach to projects continues to be standardised across all products, with the ongoing development of the Project Management Office (PMO).

Business Development

Business development is in a process of change to meet the needs of a product company. New business development staff have been hired in the US and there is an open position for EVP of Business Development to head the global sales push. Randy Petway has moved to become Chief Revenue Officer responsible for enterprise sales, strategic relationships, consultancy relationships and growth strategy. Jane Tappuni, previously EVP Business Development, left the business at the end of the first quarter 2016.

The marketing team is also being strengthened with a change of focus to product marketing, rather than marketing the corporate brand, which will improve lead generation and is expected to result in growth of the sales pipeline.

Product vision

The product vision of the business can be summed up as follows:

- To architect solutions in an extensible manner, allowing them to be adapted for new market segments
- To move the product suite into the cloud, leveraging a global hosting service and enabling the Group to reach new territories beyond the reach of the current US and UK facilities
- To reach the mid-market with standardised offerings (GO! deployment methodology)
- To introduce large third-party solutions, such as the Ingenta Advertising suite

- To establish platform-based products that will allow other software vendors to consume the Group's products, white label or redistribute
- To 'soften' the products and enable them for use in other industry verticals
- To make the products cloud friendly, reduce third-party costs and improve hosting margins
- To introduce more third-party services (such as analytics), particularly for the hosted solutions, making the offering more appealing and enabling a progressive sales/up-sales approach
- To focus on quality, drive down maintenance and project work, and focus on true intellectual property
- To improve product deployment and reduce implementation costs
- To remove expensive third-party components over time, such as Oracle

Operating results

Management use a number of financial and non-financial measures and key performance indicators to monitor the health of the Group and the individual trading divisions. All elements of the Group forecast project developments, engineering works, headcount, revenue, costs, and cash flow on a monthly basis. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by probability from firm to prospect.

At the beginning of each financial year, the Board adopts a budget based on the latest forecast for the coming financial year. During the year, the Board monitors the actual results of the business against budget and prior month forecast, and monitors the latest view for the financial year against budget and prior forecast.

Having reviewed the latest forecast available for reasonableness against prior years with knowledge of expected movements, the Board has concluded that forecast for the period to 31 March 2017 are robust.

The major risks for future trading are converting sales of Ingenta CMS and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash), and generating revenue within PCG. Most of the business costs are fixed in the medium-term, being people and premises costs, and therefore there is a risk to Group profitability of more than the expected margin when budgeted revenue is not delivered as it takes time to make cost reductions. Accurate forecasting of revenue is therefore key to mitigating risk. There is also project risk of completing on time, on budget and within estimate (especially on fixed-priced elements of projects). There are other risks but they are considered small and manageable such as foreign exchange risk.

Total revenue increased by 2% in the year to £14.6m however costs of sales fell by 18% over the prior year to £9.9m which generated a gross profit of £4.0m in the year to 31 December 2015; an improvement of 151% over the year to 31 December 2014. This was mainly due to costs associated with a contract that was dealt with under the onerous contract accounting provisions in the year to 31 December 2014. There were costs associated with this contract in the year to 31 December 2015, however the majority of costs were accrued in 2014.

Sales and marketing costs in the year to 31 December 2015 were similar to the prior year, however administrative expenses were £409K higher as a result of significant restructuring costs of £400K in the year to 31 December 2015. The restructuring costs were a consequence of significant cost reductions in July and again in the last quarter of 2015.

The loss before tax for the year to 31 December 2015 of £1.9m (2014: £4.0m) includes a loss in the China JV of £100K and finance costs of £288K, being interest on the loan note, short term loans from Directors and bank interest.

The loss for the year to 31 December 2015 before interest, tax, depreciation, foreign exchange loss or gain, restructuring costs and loss on sale of fixed assets (LBITDA) was £838K, a significant improvement on the prior year and in line with market expectation. An analysis of LBITDA is included in note 5.

Taxation includes a research and development tax credit receivable for the year to 31 December 2015 of £405K (2014: £400K).

Ingenta Commercial product family (previously advance)

The Commercial product revenue also showed no change year-on-year. Revenue continued to be impacted by the onerous contract until September 2015, which had no new revenue associated with it and required significant resource to complete. The resource costs were mostly offset against the provision created in the year to 31 December 2014, but the opportunity cost of having resource locked into the onerous contract reduced the Group's ability to grow revenues for Ingenta Rights, Royalties, Product Manager and Order to Cash in the year to 31 December 2015.

There are currently nine customers live on 11 Commercial products, with a further three Order to Cash modules and one Product Manager module in implementation.

Ingenta CMS (previously pub2web)

Ingenta CMS revenue improved by £320K (18%) year-on-year as recurring hosting revenue and implementation revenue grew. The cost base within the Ingenta CMS division reduced by 15% as the Group moved some development offshore and reduced research and development spend. Overall gross contribution to Group costs from Ingenta CMS improved by £0.5m year-on-year producing a 12% gross contribution after research and development costs in the year to 31 December 2015.

Ingenta Connect

Ingenta Connect net revenue (after publisher royalties for pay-per-view sales) for the year to 31 December 2015 remained the same as the prior year at £1.4m, however the cost base was reduced by around 25% to increase contribution to Group costs to 34% in the year to 31 December 2015 (2014: 21%).

Vista

The Vista business remains core to the Group going forward. Revenue in the year to 31 December 2015 was the same as the prior year. Recurring revenue reduced year-on-year as expected with one-off time-based services work bringing annual revenue back above £7m.

Vista revenue has benefitted from an improvement in the US Dollar exchange rate, which has moved from \$1.64 / £1 in 2014 to \$1.52 / £1 in 2015. This has improved revenue by around £140K.

PCG

PCG revenue for the year to 31 December 2015 remained the same as the prior year at £2m. Costs and therefore Gross Margin before allocation of Group costs also remained in line with the prior year. During the year to 31 December 2015, the PCG division signed a new three-year contract with BioOne, extending the service to the end of 2019.

China

The Chinese joint venture (JV), Beijing Ingenta Digital Publishing Technology (BIDPT), in which the Group holds a 49% stake, maintained revenues at £1.3m in the year to 31 December 2015, although additional staff costs resulted in a loss before tax for the JV of £0.2m. The JV now has around 90 staff in the Beijing office developing and implementing solutions for around 25 Chinese publishers.

Taxation

A tax credit of £405K (2014: £400K) is included in the results for the year to 31 December 2015 relating to amounts expected to be receivable under the research and development tax credit scheme. The claim has been prepared on the same basis as in prior years and is subject to HM Revenue and Customs approval.

The Group has unutilised tax losses as at 31 December 2015 of £15.1m (2014: £14.9m) in the UK and \$16.4m (2014: \$14.8m) in the US. The tax losses in the US are restricted from April 2008 due to change of control rules being triggered by the issue of new shares in the parent Company. The Group may use a maximum of £491K per annum of the brought forward US losses for a maximum of 20 years from April 2008. The Board believes that the US legal entities have the potential to make use of \$9.9m (2014: \$8.7m) of the unutilised losses carried forward.

Funding and Going Concern

The Group raised £9.5m during the year to 31 December 2015 by issuing 7.9m new Ordinary Shares of 10p each at a price of 120p each. As a result all bank loans, bank overdrafts, loan notes and short term Director's loans were repaid in the year. There is no debt as at 31 December 2015. The rationalised cost base places the Group in a stronger position for 2016. After the raising in June 2015, the Group had cash balances of £2.6m, some of which has been used in operating activities in the second half of the year, however £2.1m remains in cash and cash equivalents as at 31 December 2015 (2014: overdraft of £1.7m).

The Board believes, after careful consideration of the forecast for the 15 months from the date of the Annual Report and accounts, that the business is adequately funded.



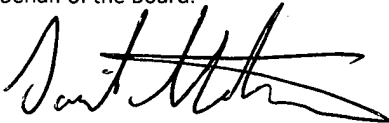
Outlook

Following a difficult year, I believe that we have made the right decisions in restructuring the business, hiring the skills we lacked, building procedures to avoid estimation errors and product implementation issues, and fixing or extracting ourselves from legacy loss-making contracts. All of this has been challenging but we have made good progress and I am confident that our products are in good shape and are fully demonstrable and deliverable, that our services are clearly understood, and that we have the right team in place to deliver real growth in revenue and profit across the business.

The Board is cautiously optimistic for the year to 31 December 2016 and the year has started with solid renewals of hosting and maintenance contracts and new sales wins for Ingenta CMS GO!, Ingenta CMS, and Ingenta Contracts and Rights.

The expectation for the year to 31 December 2016 has been balanced on achievable sales from a known pipeline within the delivery capacity of the existing team.

On behalf of the Board.



D R Montgomery
Chief Executive Officer
30 March 2016

Directors' report

For the year ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Going concern

The Directors have prepared the financial statements on the going concern basis. In assessing whether this assumption is appropriate, management have taken into account all relevant available information about the future including a revenue, profit and cash forecast, and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group and a rolling forecast is updated monthly. Revenue is forecast in detail with all revenue contracts individually listed and ranked by probability from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years in light of known changes and have concluded that forecast costs are robust.

Further details on going concern are included within note 1 to the accounts (principal accounting policies).

Directors

The Directors of the Company who held office during the year were:

Executive Directors: D R Montgomery, Chief Executive Officer (appointed 1 October 2015)
A B Moug, Chief Financial Officer
M P Cairns, (resigned 22 September 2015)

Non-Executive Directors: M C Rose, Chairman
M A Rowse
N W Kirton (appointed 18 June 2015)

The interests of Directors in the shares of the Company at 31 December 2015 are disclosed in the Directors' remuneration report.

Corporate governance

Details of corporate governance for the year to 31 December 2015 are disclosed in the corporate governance statement.

Research and development activities

The Group carries out research and development activities in connection with administration systems, web delivery, access control and linking technologies. All costs relating to these activities are charged to profit and loss within the Statement of Comprehensive Income as incurred. The charge to the Statement of Comprehensive Income was £2.5m (2014: £2.7m) in the year to 31 December 2015.

Substantial shareholdings

As at 15 March, 2016 the Company had been notified of the following shareholders who are interested, directly or indirectly, in three percent or more of the issued share capital of the Company:

Name	Number of ordinary 10p shares	Percentage of issued ordinary share capital
M C Rose	4,453,112	27.29%
Kestrel Partners LLP	3,631,600	22.25%
Miton Group plc	2,025,000	12.41%
Criseren Investments Limited	789,285	4.84%
A B Moug	601,795	3.69%

Financial risk management

Details of the Group's financial risks are given in note 25.

Employment policy

Group employees are regularly consulted by Management and kept informed of matters affecting them and the overall development of the Group. The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged.

Directors' and officers' liability insurance

The Group, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Auditor

Grant Thornton UK LLP, offer themselves for re-appointment as auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board.

D R Montgomery
Director
30 March 2016

Corporate governance statement

Corporate governance statement

The Group is committed to high standards of corporate governance. It has adopted procedures to institute good governance insofar as it is practical and appropriate for an organisation of its size and nature, notwithstanding the fact that companies that have securities traded on the Alternative Investment Market (AIM) are not required to comply with the UK Corporate Governance Code as appended to the Listing Rules issued by the Financial Services Authority.

As the Group grows, it will regularly review the extent of its corporate governance practices and procedures. At its current stage of development, the parent Company does not consider it appropriate to be fully compliant with the UK Corporate Governance Code.

Board of Directors

Board meetings are scheduled to take place every month, with additional meetings to review and approve significant transactions or strategic issues. There were 16 meetings in the year to 31 December 2015. The Board is provided with Board papers where appropriate before each Board meeting. The Company Secretary's services are available to all members of the Board. If required, the Directors are entitled to take independent advice and if the Board is informed in advance, the Group will reimburse the cost of the advice. The appointment and removal of the Company Secretary is a decision for the Board as a whole.

Non-Executive Directors are appointed on a contract with a three month notice period. One Executive Director is appointed on a contract with a twelve month notice period from the Company and a six month notice period from the Executive Director and one Executive Director is appointed on a contract with a six month notice period from both the Company and from the Executive Director. All Directors are subject to re-election. Each year, one third of the Directors are subject to re-election by rotation. The Group does not combine the role of Chairman and Chief Executive. New Directors are subject to re-election at the first AGM after their appointment.

At the year end, the Board comprised the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and two other Non-Executive Directors.

Remuneration Committee

The Remuneration Committee is composed of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It is responsible for the terms, conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Audit Committee

The Audit Committee is comprised of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It monitors the adequacy of the Group's internal controls and provides the opportunity for the external auditor to communicate directly with the Non-Executive Directors. The Audit Committee also ensures that the external auditor is independent via the segregation of audit related work from other accounting functions and non audit related services provided, and measures applicable fees with similar auditors.

Relations with shareholders

The Group gives high priority to its communication with shareholders. This is achieved through the Group's website, correspondence and extensive corporate information. In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports online, from the Group's head office or via the Financial Times Annual Report Service. At the AGM the shareholders are given the opportunity to question members of the Board. The notice of the AGM is sent to shareholders at least 21 business days before the meeting.

Internal controls

The Board of Directors acknowledges its responsibility for the Group's system of risk management and internal control, including suitable monitoring procedures. There are inherent limitations in any system of risk management and internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The Group's control environment is the responsibility of the Group's Directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for business units is delegated to the operational management, including key risk assessment. Investment policy, acquisition and disposal proposals and major capital expenditure are authorised and monitored by the Board.



The Group operates a comprehensive budgeting and financial reporting system and, as a matter of routine, compares actual results with budgets, which are approved by the Board of Directors.

Management accounts are prepared for the Group on a monthly basis. Material variances from budget are thoroughly investigated. In addition, an updated forecast is prepared monthly, to reflect actual performance and the revised outlook for the year.

The Board considered the usefulness of establishing an internal audit function and decided in view of the size of the Group, it was not cost-effective to establish. This will be kept under review.

Functional reporting and risk management

The Directors and management have considered the risks facing the business and these are assessed on an ongoing basis. The key risks are discussed in note 25. Other risks which come under the direct control of the Directors include treasury management, capital expenditure, insurance, health and safety and regulatory compliance. Risk assessment includes the review of potential mitigations. The accounting policies cover several key risks and these are included in the notes.

Statement of Directors' responsibilities

The directors are responsible for preparing the Group Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union for the Company and the Group. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's for the Company and the Group have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

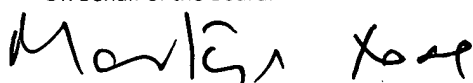
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.



M C Rose
Chairman of the Audit Committee
30 March 2016

Directors' remuneration report

For the year ended 31 December 2015.

The Remuneration Committee comprises M C Rose (Chairman), M A Rowse and N W Kirton who are Non-Executive Directors. The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management. The Remuneration Committee meets regularly in order to consider and set the annual remuneration for the Executive Directors, having regard to personal performance and industry remuneration rates. In determining that policy, it considers a number of factors including:

- the basic salaries and benefits available to Executive Directors of comparable companies,
- the need to attract and retain Directors of an appropriate calibre, and
- the need to ensure Directors' commitment to the success of the Group.

Non-Executive Directors are appointed on a contract with a three month notice period and may be awarded fees in relation to the Board and committee meetings attended. Any fee awards to Non-Executive Directors are determined by the Board. Non-Executive Directors do not participate in the Company's share option scheme and do not receive the benefit of pension contributions.

The Group made contributions to externally administered defined contribution pension schemes for three Executive Directors.

The interests of the Directors at 31 December 2015 in the shares of the Company were as follows:

	Number of ordinary shares of 10p in Publishing Technology plc 31 December 2015	Number of ordinary shares of 10p in Publishing Technology plc 31 December 2014
M C Rose	4,453,112	2,508,112
A B Moug	601,795	476,795
M A Rowse	440,277	273,277
D R Montgomery	8,400	-
N W Kirton	25,000	-

Directors' interests

The Directors at 31 December 2015 had no interests in options over the ordinary shares. The Directors had no post-employment benefits, other long-term benefits, termination benefits or share-based payments in the year.

The market price of the Company's shares at the end of the year was 129p and the price ranged in the year between 127p and 200p.

Directors' remuneration

	Salary and fees £'000	Benefits £'000	Sums paid to a third-party for Directors' services £'000	Pension Contribution £'000	Total remuneration £'000	Group National Insurance costs £'000	2015 Total cost of employment £'000	2014 Total remuneration £'000	2014 Total cost of employment £'000
D R Montgomery	40	2	-	2	44	6	50	-	-
A B Moug	129	14	-	37	180	18	198	148	164
M C Rose	36	-	48	-	84	4	88	84	88
M A Rowse	-	-	28	-	28	-	28	26	26
N W Kirton	16	-	-	-	16	2	18	-	-
M P Cairns	309	7	-	2	318	10	328	127	132
G M Lossius	-	-	-	-	-	-	-	47	51
	530	23	76	41	670	40	710	432	461

M P Cairns resigned on 22 September 2015. G M Lossius resigned on 31 March 2014.

N W Kirton was appointed on 18 June 2015. D R Montgomery was appointed on 1 October 2015.

On behalf of the Remuneration Committee.

M C Rose
Chairman
30 March 2016



Independent auditor's report to the members of Publishing Technology plc

We have audited the financial statements of Publishing Technology plc for the year ended 31 December 2015 which comprise the Group statement of comprehensive income, the Group and parent Company statement of financial position, the Group and parent Company statement of changes in equity, the Group and parent Company statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, is applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
30 March 2016



Group Statement of Comprehensive Income

For the year ended 31 December 2015

	note	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Gross revenue		14,625	14,364
Less revenue from joint venture	3	(684)	(687)
Group revenue	2	13,941	13,677
Cost of sales		(9,908)	(12,068)
Gross profit		4,033	1,609
Sales and marketing expenses		(1,494)	(1,517)
Administrative expenses		(4,055)	(3,646)
Loss from operations	5	(1,516)	(3,554)
Share of (loss) / profit from joint venture	3	(100)	20
Finance costs	7	(288)	(460)
Loss before income tax		(1,904)	(3,994)
Income tax	8	472	395
Loss for the year attributable to equity holders of the parent		(1,432)	(3,599)
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		16	(5)
Total comprehensive loss for the year attributable to equity holders of the parent		(1,416)	(3,604)
Basic and diluted loss per share (pence)	9	(11.28)	(42.77)

All activities are classified as continuing.

The accompanying notes form part of these financial statements.

Group Statement of Financial Position

As at 31 December 2015

	note	31 Dec 15 £'000	31 Dec 14 £'000	31 Dec 13 £'000
Non-current assets				
Goodwill and other intangible assets	10	3,737	3,737	3,737
Property, plant and equipment	11	239	363	349
Investments accounted for using the equity method	3	198	298	278
		<u>4,174</u>	<u>4,398</u>	<u>4,364</u>
Current assets				
Trade and other receivables	12	4,234	4,377	5,971
Research and Development tax credit receivable	8	405	400	240
Cash and cash equivalents	13	8,807	2,790	1,235
		<u>13,446</u>	<u>7,567</u>	<u>7,446</u>
Total assets		<u>17,620</u>	<u>11,965</u>	<u>11,810</u>
Equity				
Share capital	19	1,632	841	841
Share Premium		8,294	-	-
Merger reserve		11,055	11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)	(5,228)
Translation reserve		(887)	(904)	(898)
Retained earnings		(11,239)	(9,807)	(6,208)
Investment in own shares	21	(1)	(6)	(7)
Total equity		<u>3,626</u>	<u>(4,049)</u>	<u>(445)</u>
Non-current liabilities				
Borrowings	15	-	1,500	1,500
Finance leases	17	69	134	72
		<u>69</u>	<u>1,634</u>	<u>1,572</u>
Current liabilities				
Trade and other payables	14	7,195	8,811	7,454
Borrowings	15	6,730	5,569	3,229
		<u>13,925</u>	<u>14,380</u>	<u>10,683</u>
Total liabilities		<u>13,994</u>	<u>16,014</u>	<u>12,255</u>
Total equity and liabilities		<u>17,620</u>	<u>11,965</u>	<u>11,810</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2016 and were signed on its behalf by:

A B Moug C.A.

Director

D R Montgomery

Director

The accompanying notes form part of these financial statements.
Registered number: 837205

Publishing Technology plc

Annual Report

For the year ended 31 December 2015



Group Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Investment in own shares £'000	Total attributable to owners of parent £'000
Balance at 1 January 2015	841	-	11,055	(5,228)	(903)	(9,807)	(7)	(4,049)
Employee Share Ownership Trust transactions	-	-	-	-	-	-	6	6
Share issue	791	8,294	-	-	-	-	-	9,085
Transactions with owners	1,632	8,294	-	-	-	-	6	9,091
Loss for the year	-	-	-	-	-	(1,432)	-	(1,432)
Other comprehensive expense: Exchange differences on translating foreign operations	-	-	-	-	16	-	-	16
Total comprehensive expense for the year	-	-	-	-	16	(1,432)	-	(1,416)
Balance at 31 December 2015	1,632	8,294	11,055	(5,228)	(887)	(11,239)	(1)	3,626

For the year ended 31 December 2014

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Retained earnings £'000	Investment in own shares £'000	Total attributable to owners of parent £'000
Balance at 1 January 2014	841	-	11,055	(5,228)	(898)	(6,208)	(7)	(445)
Profit for the year	-	-	-	-	-	(3,599)	-	(3,599)
Other comprehensive expense: Exchange differences on translating foreign operations	-	-	-	-	(5)	-	-	(5)
Total comprehensive (expense) / income for the year	-	-	-	-	(5)	(3,599)	-	(3,604)
Balance at 31 December 2014	841	-	11,055	(5,228)	(903)	(9,807)	(7)	(4,049)

Group Statement of Cash Flows

For the year ended 31 December 2015

	note	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Loss before taxation		(1,904)	(3,994)
Adjustments for			
Share of loss / (profit) from joint venture		100	(20)
Depreciation		233	227
Loss on disposal		3	-
Interest expense		288	460
Unrealised foreign exchange differences		16	(5)
Decrease in trade and other receivables		143	1,593
(Decrease) / increase in trade and other payables		(1,494)	1,269
Cash outflow from operations		(2,615)	(470)
Research and Development tax credit received		467	251
Tax paid		-	(16)
Net cash outflow from operating activities		467	(235)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9)	(13)
Net cash used in investing activities		(9)	(13)
Cash flows from financing activities			
Interest paid		(425)	(433)
(Repayment) / Proceeds from short term borrowings		(2,550)	401
Payment of finance lease liabilities		(146)	(95)
Costs associated with share raising		(396)	-
Share raising proceeds		9,487	-
Net cash from / (used in) financing activities		5,970	(127)
Net increase / (decrease) in cash and cash equivalents		3,813	(375)
Cash and cash equivalents at the beginning of the year	13	(1,729)	(1,345)
Exchange differences on cash and cash equivalents		(7)	(9)
Cash and cash equivalents at the end of the year	13, 22	2,077	(1,729)

The accompanying notes form part of these financial statements.

Notes to the Group financial statements

For the Year ended 31 December 2015

General information and nature of operations

Publishing Technology plc (the 'Company') and its subsidiaries (together the 'Group') is a provider of content management, advertising and Commercial enterprise solutions and services to publishers, information providers, academic libraries and institutions. The nature of the Group's operations and its principal activities are set out in the Chairman's statement and Group Strategic report.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The Company's registration number is 837205 and its registered office is 8100 Alec Issigonis Way, Oxford, OX4 2HU. The consolidated financial statements were authorised by the Board of Directors for issue on 30 March, 2016.

1. Principal accounting policies

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including revenue, profit and cash forecast and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust.

As at 31 December 2015 the Group had net current liabilities of £0.5m (2014: liabilities of £6.8m), of which £3.6m (2014: £3.6m) relates to deferred income which will be recognised in the year ending 31 December 2016.

The Group does not have the need for an overdraft facility and has positive cash balances of £2.1m as at 31 December 2015 (2014: £1.7m overdrawn). Management have assured themselves that cash is sufficient for the needs of the business based on the cash flow forecast.

The Company redeemed all of the loan note in 2015 with receipts from the equity placing and open offer.

The major risks for future trading are the uptake of new generation products Ingenta CMS and the Commercial product suite (Ingenta Rights, Royalties, Product Manager and Order to Cash), which to some extent is reliant on the macro-economy and the willingness of data providers to commit to capital expenditure projects. There is a strong sales pipeline for all new generation products which gives the Board confidence that the forecast for 2016 is achievable. It is therefore considered appropriate to use the going concern basis to compile these financial statements.

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

The accounting policies applied have been applied consistently throughout the Publishing Technology Group. The financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Significant management judgements in applying accounting policies

The following are the significant management judgements used in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Contract revenue

The stage of completion of any long term contract is assessed by management by taking into consideration all information available at the reporting date. In this process management makes significant judgements about milestones, actual work performed and the estimated costs to complete the work.

Support revenue

The Group provides after-sales support. The amount of the selling price associated with the subsequent servicing agreement is deferred and recognised as revenue over the period during which the service is performed. The nature of services provided depends on the customer's use of the products. Therefore management needs to make significant judgements in determining when to recognise income from after-sales services. In particular, this requires knowledge of the customers and the markets in which the Group operates. The recognition is based on historical experience in the market, and management believes that after-sales-support gives rise to income recognition based on services actually performed.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.



Research and development expenditure

Research and development expenditure is fully written off to the Statement of Comprehensive Income as costs are incurred. The Board have taken into account the inherent risks in all research and development expenditure and specifically the expenditure being incurred by the business in the year and have concluded that the requirements of IAS 38 to capitalise development expenditure have not been met.

Estimation uncertainty

When preparing the financial statements management make a number of estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed on the previous page.

Impairment

An impairment loss is recognised for the amount by which an asset's, or cash generating unit's, carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset, or cash-generating unit, and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. See note 10 for details of the review.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 December 2015. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where

necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The acquisition cost is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer and excludes any transaction costs. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Investments in joint ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as investment in joint ventures. The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Stock options

The Group operates an Executive Management Incentive (EMI) Stock Option plan. No charge has been recognised during the year as the fair value of the options is not considered to be material. Only material charges are recognised.

Property, plant and equipment

Cost

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.



Depreciation

Depreciation is calculated using the straight - line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows:

Leasehold improvements	Over the term of the lease
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Disposal of assets

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss within the Statement of Comprehensive Income.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Impairment of intangibles and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related goodwill.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset

and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The Group classifies its financial assets as 'loans and receivables' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group assesses at the date of each Statement of Financial Position whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the Statement of Financial Position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method; less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. The loss is recognised in the Statement of Comprehensive Income within 'Sales and marketing expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Sales and marketing expenses' in the Statement of Comprehensive Income.

Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either designated in this category or are not classified in any other category. They are included in non current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date.

On initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. After initial recognition, financial assets are measured at fair value, without any deduction of transaction costs.

Gains and losses arising from changes in the fair value of a financial asset are recognised in other comprehensive income, except for impairment losses. When securities classified as available for sale are



sold or impaired, the accumulated fair value adjustments recognised in equity are reclassified from equity to profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Financial liabilities

The Group's financial liabilities include borrowing and trade and other payables.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised within profit or loss within the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Share capital represents the nominal value of shares that have been issued.

The translation reserve within equity relates to foreign currency translation differences arising on the translation of the Group's foreign entities.

Retained earnings include all current and prior year retained profits and losses.

Reverse acquisition reserve and merger reserve represent balances arising on the acquisition of Ingenta plc in 2007. The IFRS 3 acquisition adjustment reflects the entries required under reverse acquisition accounting, whereby consolidated shareholders' funds comprise the capital structure of the legal parent combined with the reserves of the legal subsidiary and the post acquisition reserves of the parent.

Investment in own shares within equity represents the cost of shares held within the Employee Share Ownership Trust (ESOT).

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into account the type of customer, type of transaction and specifics of each arrangement.

Revenues from the processing of e-journal content and ongoing services within Ingenta Connect are recognised in the period to which they relate. The period is assessed by reference to when the work is carried out.

Revenues from document delivery under pay-per-view access, clearance and digitisation services within Ingenta Connect revenue, are recognised on despatch/delivery of the documents.

Revenues from long term contracts within professional services are recognised on the percentage of completion method. This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end. Where certain products are sold as multi element arrangements, revenue is recognised when each element is delivered to the customer based on the fair value of each product element which is assessed as being the selling price of the product when sold separately.

Revenues collected or billed in advance for hosted services, managed services and support and upgrade revenue, are recorded as deferred income and recognised over the term of the contract or the period to which it relates.

Revenue from sales of software licences is recognised immediately if there are no associated implementation requirements. Otherwise licence revenue is recognised over the period of the implementation on a percentage complete basis. Software licences can only be sold without associated implementation where they are additional licences within the existing install base.

Revenue within PCG from contracts where the Group acts as sales agent is recognised when invoices are sent on behalf of the customer to subscribers. The Group raises invoices on behalf of customers and collects the remittances from subscribers acting as agent and therefore no entries are made in the Group's ledgers for invoices raised. Revenue from these contracts is the commission element of the sale earned when invoices are raised to subscribers being PCG's obligations under the agreement. Revenue is therefore accrued for invoices raised to subscribers as agent based on the percentage commission to be applied to each sale. The Group invoices the customer for the Group's

commission monthly in arrears when cash receipts are forwarded to the customer.

Employee benefits

Pension obligations

The Group operates various pension schemes which are by nature defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group does not operate a defined benefit plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Employee Share Ownership Trust (ESOT)

As the company is deemed to have control of the ESOT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The ESOT's assets (other than investments in the company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOT's investment in the company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

The depreciation methods and useful lives for assets held under finance leases are described under "Property, Plant and Equipment" above. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

Leases in which a significant risk and reward of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised within profit or loss within the Statement of Comprehensive Income as an integral part of the total lease expense and are spread on a straight-line basis over the lease term.

Operating expenses

Operating expenses are recognised within profit or loss within the Statement of Comprehensive Income upon utilisation of the service or at the date of their origin.

Finance costs

Financing costs comprise interest payable, the amortisation of the costs of acquiring finance and the unwinding of discounts that are recognised within profit or loss within the Statement of Comprehensive Income. Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

Income taxes

The tax expense recognised within profit or loss within the Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws



that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third-party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination contingent liabilities are

recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Foreign currency

The consolidated financial statements are presented in Sterling (GBP), which is also the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at an approximation of the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

IFRS 8 "Operating segments" requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes and reported in a manner which is more consistent with internal reporting provided to the chief operating decision-maker.

Standards, amendments and interpretations to existing standards that are in issue but not effective for periods commencing on 1 January 2015 and have not been adopted early by the Group

New standards and interpretations currently in issue (as at 29 July 2015) but not effective based on EU mandatory effective dates, for accounting periods commencing on 1 January 2015 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018). Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information.



- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018). IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.
- Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.



2. Revenue

An analysis of the Group's revenue (excluding revenue of the equity accounted investment) is detailed below by activity across the Group's operating units:

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Licences	52	347
Consulting Services	2,717	2,323
Hosted Services	3,519	3,280
Managed Services	3,001	3,015
Support and Upgrade	2,613	2,683
PCG	2,039	2,029
	13,941	13,677

An analysis of the Group's revenue (excluding revenue of the equity accounted investment) by business division is as follows:

	Year ended 31 Dec 15			Year ended 31 Dec 14		
	Recurring revenue £'000	Non Recurring revenue £'000	Total Revenue £'000	Recurring revenue £'000	Non Recurring revenue £'000	Total Revenue £'000
Vista applications division	5,776	1,238	7,014	5,831	1,200	7,031
Commercial products division	305	605	910	388	523	911
Content products division	3,278	700	3,978	3,041	665	3,706
Marketing Communications Division (PCG)	958	1,081	2,039	881	1,148	2,029
	10,317	3,624	13,941	10,141	3,536	13,677

A geographical analysis of the Group's revenue (excluding revenue of the equity accounted investment) is as follows:

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
UK	5,459	6,707
USA	6,978	5,216
Rest of the World	1,504	1,754
	13,941	13,677

Revenue is allocated to geographical locations based on the location of the customer.

3. Joint venture

The Group holds a 49% voting and equity interest in Beijing Ingenta Digital Publishing Technology Ltd (BIDPT) which was purchased during the year to 31 December 2012.

This investment is accounted for under the equity method. BIDPT has a reporting date of 31 December. The shares are not publicly listed on a stock exchange and hence published price quotes are not available.

Certain financial information on BIDPT is as follows:

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000
Assets	1,571	1,390
Liabilities	(1,164)	(766)
	Year ended 31 Dec 15	Year ended 31 Dec 14
Revenues	1,395	1,403
(Loss) / profit	(205)	42
Revenue attributable to the Group	684	687
(Loss) / profit attributable to the Group	(100)	20
Changes in equity accounted investments	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Cost of 49% investment in BIDPT	298	278
Retained (loss) / profit attributable to the Group	(100)	20
Investment book value	198	298

Dividends are subject to the approval of at least 51% of all shareholders of BIDPT. The Group has received no dividends.

4. Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments: IFRS 8 follows the management approach, which is the basis for decision making within the Group.

The Board consider the Group on a business division basis. Reports by business division are used by the chief decision-maker in the Group. Significant operating segments are: Commercial products; Content products; Vista; and PCG. This split of business segments is based on the products and services each offer.

Commercial products are enterprise level publishing management systems. Content products help content providers sell their content online, PCG provides consultancy services in sales and marketing to publishers, and Vista provides services to support the heritage *author2reader* publishing management system.

The reported operating segments derive their revenues from the revenue streams reported in the revenue analysis in note 2. A further discussion of revenue streams within each division is included on pages 4 to 11. All revenues are derived from trade with external parties.

Property, plant and equipment is held in the UK £156K (2014: £222K), the USA £83K (2014: £136K), Brazil £nil (2014: £4K) and Australia £nil (2014: £1K)

One customer contributed more than 10% of revenue (2014: one). The Group's operations are located in the United Kingdom, North America, Brazil, India, China and Australia. Any transactions between business divisions are on normal commercial terms and conditions.



Segment information by business unit is presented below.

Year to 31 December 2015	Commercial products £'000	Vista £'000	Content products £'000	PCG £'000	Consolidated £'000
External sales	909	7,014	3,979	2,039	13,941
Segment result (EBITDA)	(4,135)	3,682	(445)	60	(838)
Depreciation	(18)	(137)	(78)	-	(233)
Unallocated corporate expenses					(3)
Restructuring					(400)
Foreign exchange loss					(42)
Operating loss					(1,516)
Share of profit from equity accounted investment					(100)
Finance costs					(288)
Loss before tax					(1,904)
Tax					472
Loss after tax					(1,432)
<hr/>					
Other information	Commercial products £'000	Vista £'000	Content products £'000	PCG £'000	Consolidated £'000
Capital additions	36	36	36	1	109
<hr/>					
Statement of Financial Position					
Assets					
Attributable Goodwill	-	-	2,661	1,076	3,737
Segment assets	4,318	4,318	3,701	1,510	13,847
Unallocated corporate assets					36
Consolidated total assets					17,620
<hr/>					
Liabilities					
Segment liabilities	2,073	2,073	1,777	821	6,744
Unallocated corporate liabilities					7,250
Consolidated total liabilities					13,994
<hr/>					
Total equity and liabilities					17,620

Year to 31 December 2014	Commercial products £'000	Vista £'000	Content products £'000	PCG £'000	Consolidated £'000
External sales	911	7,031	3,706	2,029	13,677
Segment result (EBITDA)	(5,441)	3,252	(947)	7	(3,129)
Depreciation	(18)	(136)	(73)	-	(227)
Unallocated corporate expenses					(91)
Restructuring					(88)
Foreign exchange profit					(19)
Operating profit					(3,554)
Share of profit from equity accounted investment					20
Finance costs					(460)
Profit before tax					(3,994)
Tax					395
Profit after tax					(3,599)

Other information	Commercial products £'000	Vista £'000	Content products £'000	PCG £'000	Consolidated £'000
Capital additions	78	77	76	1	233

Statement of Financial Position					
Assets					
Attributable Goodwill	-	-	2,661	1,076	3,737
Segment assets	2,410	2,410	2,066	687	7,573
Unallocated corporate assets					655
Consolidated total assets					11,965
Liabilities					
Segment liabilities	2,053	2,053	1,472	898	6,476
Unallocated corporate liabilities					9,538
Consolidated total liabilities					16,014
Total equity and liabilities					11,965

Refer to note 10 for the estimates used in valuation of cash generating units.



5. Loss from operations

Loss from operations has been arrived at after charging:

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Research and development costs	2,535	2,652
Net foreign exchange loss	42	19
Depreciation of property, plant and equipment		
- owned assets	74	145
- assets under finance leases	159	83
Operating lease rentals:		
- land and buildings	316	295
- other	69	72
Auditor's remuneration	73	73
Restructuring costs	400	88

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below.

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Fees payable to the Group's auditor for:		
The audit of the parent Company and consolidated financial statements	20	20
For other services:		
The audit of the accounts of the subsidiaries pursuant to legislation	35	35
Taxation compliance services	18	18
	73	73

A description of the work of the Audit Committee is set out in the corporate governance statement on page 19 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

An analysis reconciling the loss from operations to LBITDA is provided below.

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Loss from operations	(1,516)	(3,554)
Add back:		
Depreciation	233	227
Loss on disposal of fixed assets	3	-
Restructuring costs	400	88
Foreign exchange losses	42	19
LBITDA before loss on disposal of fixed assets, foreign exchange losses and restructuring costs	(838)	(3,220)

6. Staff numbers and costs

	Year ended 31 Dec 15 Average number	Year ended 31 Dec 14 Average number
Staff numbers:		
Operations	119	132
Sales and marketing	32	29
Administration	12	11
	<u>163</u>	<u>172</u>
Staff numbers exclude contractors		
	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Their aggregate remuneration comprised:		
Wages and salaries	8,609	9,027
Social security costs	990	974
Contribution to defined contribution plans	393	386
Health Insurance	439	465
Other staff costs	20	26
Total staff costs	<u>10,451</u>	<u>10,878</u>
Remuneration in respect of Directors was as follows:		
Non-Executive Director fees	128	110
Executive Directors' emoluments	328	296
Compensation to directors for loss of office	175	-
Company pension contributions to money purchase schemes	39	26
	<u>670</u>	<u>432</u>
Remuneration of the highest paid Director (aggregate emoluments)	318	148

Further unaudited information on Directors' remuneration is provided in the Directors' remuneration report. Key management personnel within the business are considered to be the Board of Directors. Pension contributions of £37K were paid in respect of the highest paid Director (2014: £14K). There are two (2014: one) Directors in a money purchase pension scheme.

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The total cost charged to income of £393K (2014: £386K) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2015, contributions of £37K (2014: £43K) due in respect of the current reporting period were included in the Statement of Financial Position for payment in January 2016.

The Group operates an Unapproved Employee Stock Option plan. No charge has been recognised during the year as the cumulative fair value of the options is not considered to be material.

7. Finance costs

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Interest payable:		
Interest on bank overdraft and loans	105	214
Interest on finance leases	21	25
Interest on other loans	162	221
	<u>288</u>	<u>460</u>

Interest on other loans relates to the loan note and the short term loans. Further details are provided in note 15.

8. Tax

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Analysis of credit in the year		
Current tax:		
Current research and development tax credit - UK	405	400
Current year State tax - US	-	(15)
Adjustment to prior year charge - UK	67	10
	472	395
Taxation	472	395

The Group has unutilised tax losses at 31 December 2015 in the UK and the USA of £15.1m (2014: £14.9m) and \$16.4m (2014: \$14.8m) respectively. These losses are still to be agreed with the tax authorities in the UK and USA.

The US tax losses are restricted to \$491K per annum as a result of change of control legislation. Losses carried forward from the change of control in April 2008 are restricted and must be used within 20 years. The Board believes the Group will be able to make use of \$9.9m (2014: \$8.7m) of the total unutilised losses at 31 December 2015.

No deferred tax has been recognised in accordance with advice from US tax accountants on the basis that the US losses are restricted and there is uncertainty on the value of losses which will be able to be used.

The differences are explained below:

Reconciliation of tax expense	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Loss on ordinary activities before tax	(1,904)	(3,994)
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	(386)	(859)
Expenses not deductible for tax purposes	5	3
Additional deduction for Research and Development expenditure	(307)	(468)
Surrender of losses Research and Development tax credit refund	143	315
Unrelieved UK losses carried forward	50	31
Utilisation of US losses	-	(65)
Difference in timing of allowances	12	(61)
Adjustment to tax charge in respect of prior years	(67)	(10)
Unrelieved China losses carried forward	20	(4)
Unrelieved Brazilian losses carried forward	3	5
Unrelieved Australian losses carried forward	-	1
Unrelieved US losses carried forward	55	717
Total taxation	(472)	(395)

United Kingdom Corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. A deferred tax asset has not been recognised in relation to tax losses due to uncertainty over their recoverability.

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. None (2014: none) of the potential ordinary shares from options are dilutive because the Group holds enough unallocated shares within the Employee Share Ownership Trust ('ESOT') to fulfil their exercise. As a result, no diluted Earnings per share has been calculated for the year ended 31 December 2015. For the year ended 31 December 2014, almost all outstanding options have an exercise price in excess of the average market price in the year, therefore there is no material dilutive impact from options granted and the basic and diluted earnings per share figures are the same.

	Year ended 31 Dec 2015 £'000	Year ended 31 Dec 2014 £'000
Attributable loss	(1,432)	(3,599)
Weighted average number of ordinary shares ('000)	12,696	8,414
Loss per share (basic and diluted) arising from both total and continuing operations	(11.28p)	(42.77p)

10. Intangible assets

As at 31 December 2015, 31 December 2014 and 31 December 2013, intangible assets consisted of goodwill. The cost and net book value of goodwill is £3.7m in each of the reported years.

At the year end, management carried out an impairment review of goodwill attached to each business unit. Following that review, management are of the opinion that no impairment has taken place. In its review of other assets, management is also of the opinion that the carrying value of such assets is reasonably stated and that no impairment has occurred. The goodwill reported in the Group accounts arises from the reverse acquisition of Ingenta plc in 2007 and is reviewed at the end of each financial period for impairment.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units (CGU's), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Content Products Division	2,661	2,661
Marketing Communications Division (PCG)	1,076	1,076
Total goodwill	3,737	3,737

The recoverable amounts of the cash generating units were determined based on value in use calculations for the next five years which management believe will reflect the minimum period during which the business will benefit from the resulting cash generation.

The value in use calculation is based on the latest 5 year forecast for the Group. Much of the revenue is regarded as recurring and unlikely to be adversely affected by technological change. Where applicable, management have assumed a forecast cost base growth rate of 1-2% (2014: 2-5%). The Ingenta CMS GO! revenue stream represents a new offering based on the Ingenta CMS platform. These revenues are starting from zero so will not have percentage growth rates that can be applied to historical data.

Although management have determined the value in use calculations based on the next five year forecast management recognise that a period in excess of five years is relevant in determining the value in use and consider that an average growth percentage of 2% would be applicable after year five. Management consider that extrapolating using this growth percentage would increase the value in use and therefore no impairment would result. Cash generated by Online over the review period is projected to be £4.1m, therefore £1.5m in excess of the carrying value of its allocated Goodwill with no other associated material assets held which will generate the future cash flows. Similarly, cash generated by PCG is projected to be £1.6m, therefore £0.5m in excess of its allocated Goodwill.

Management assumptions include stable profit margins based on past experience in this market which the management see as the best available information for the market. Management consider a discount factor of 20% will reflect the CGU's cost of capital during the review period (2014: 17%) and that this is applicable to both cash-generating units.



11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2014	25	255	1,709	1,989
Additions	-	-	233	233
Exchange differences	-	12	42	54
At 31 December 2014	25	267	1,984	2,276
Additions	-	12	97	109
Retirements	(2)	(2)	-	(4)
Exchange differences	-	9	36	45
At 31 December 2015	23	286	2,117	2,426
Accumulated depreciation and impairment				
At 1 January 2014	15	187	1,438	1,640
Charge for the year	4	26	197	227
Exchange differences	-	9	37	46
At 31 December 2014	19	222	1,672	1,913
Charge for the year	1	20	212	233
Exchange differences	-	8	33	41
At 31 December 2015	20	250	1,917	2,187
Carrying amount				
At 31 December 2015	3	36	200	239
At 31 December 2014	6	45	312	363
At 31 December 2013	10	68	271	349

Assets held under finance leases with a net book value of £188K (2014: £296K) are included in property, plant and equipment and £159K (2014: £83K) of depreciation was charged on these assets in the year, see note 18 for further details.

12. Trade and other receivables

Trade and other receivables comprise the following:

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Trade receivables - gross	3,256	3,774	4,456
Allowance for credit losses	(18)	(188)	(26)
Trade receivables - net	3,238	3,586	4,430
Other receivables	96	58	58
Accrued income	588	514	1,253
Financial assets (loans and receivables)	3,922	4,158	5,741
Prepayments	312	219	230
Non-financial assets	312	219	230
Trade and other receivables	4,234	4,377	5,971

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables at the reporting date comprise amounts receivable from the sale of goods and services of £3.3m (2014: £3.8m, 2013: £4.5m).

The average credit period taken on sales of goods is 64 days (2014: 65 days, 2013: 59 days).

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be individually impaired and an allowance for credit losses of £18K (2014: £188K, 2013: £26K) has been recorded accordingly within "sales and marketing" in the statement of comprehensive income. This allowance has been determined by reference to expected receipts.

The movement in the allowance for credit losses can be reconciled as follows:

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Balance as at 1 January	188	26
Amounts written off (collected)	(188)	-
Additional allowance in year	18	162
Balance as at 31 December	18	188

13. Cash and cash equivalents

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Cash at bank and in hand:			
Cash at bank:			
- GBP	5,758	20	41
- USD	1,371	1,627	942
- EUR	1,612	1,070	248
- BRL	-	5	3
- CNY	65	67	-
Cash in hand - GBP	1	1	1
	<u>8,807</u>	<u>2,790</u>	<u>1,235</u>
Bank Overdraft - GBP	(6,730)	(4,519)	(2,580)
	<u>2,077</u>	<u>(1,729)</u>	<u>(1,345)</u>

'Net cash and cash equivalents' is used for the Statement of Group Cash Flows. The net carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

14. Trade and other payables

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 46 days (2014: 52 days, 2013: 49 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Payables falling due within one year:

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Trade payables	415	843	689
Accruals	694	1,062	791
Finance lease liabilities	170	155	92
Other payables	1,817	2,618	1,250
Financial liabilities at amortised cost	<u>3,096</u>	<u>4,678</u>	<u>2,822</u>
Deferred income	3,594	3,585	3,969
Social security and other taxes	505	548	663
Non-financial liabilities	4,099	4,133	4,632
Trade and other payables	<u>7,195</u>	<u>8,811</u>	<u>7,454</u>

Included within other payables is an accrual of £175K related to restructuring.

15. Borrowings

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Bank overdrafts (note 13)	6,730	4,519	2,580
Short term loans	-	1,050	649
Loan note	-	1,500	1,500
	6,730	7,069	4,729
On demand or within one year (shown under current liabilities)	6,730	5,569	3,229
In the second year	-	1,500	1,500

Bank overdrafts are wholly offset as at 31 December 2015 by positive bank balances held in accounts with the same bank. Interest is only charged on the net balance (if negative) of all accounts held in UK bank accounts.

	Year ended 31 Dec 15 %	Year ended 31 Dec 14 %	Year ended 31 Dec 13 %
Interest rates:	%	%	%
Bank overdrafts	4%	4%	3.25- 4%
	above base	above base	above base
Short term loans	12%	12%	12%
Loan Note	8%	8%	8%
Loan Note - default interest	4%	4%	4%

The facility with HSBC has consisted of an overdraft which has varied from £1.5m to £3.5m during the year to 31 December 2015. At the year-end there was no consolidated overdraft facility in place. Individual accounts may be overdrawn as long as they are offset by positive balances in other Group bank accounts with the Group's bankers.

As at 31 December 2015, there was no overdraft facility (2014: £3.0m, 2013: £2.0m). During the year, the average effective interest rate on bank overdrafts approximates to 4.5% (2014: 4.5%, 2013: 3.75%) per annum.

The Directors are of the opinion that the carrying value of the bank overdrafts is a reasonable approximation of their fair value.

The loan notes were debt instruments.

The short term loans were loans received from Directors, employees and related parties. Amounts due relating to Directors of the Company or other related parties are disclosed within related parties transactions (note 24).

All borrowings are measured at amortised cost.

Loan note

The Group redeemed the loan note and paid all interest to redemption on 15 June 2015.

Prior to redemption, the Group was in default under the loan agreement and the loan note was therefore accruing interest at 12% per annum. Interest was accrued and paid half yearly in arrears on 30 June and 31 December. The base interest rate on the loan note was 8%, however the loan note agreement stipulated that if the Group did not pay any sum payable under the agreement within 14 days of its due date, the balance owing would be subject to default interest. Default interest was set at 4% above the base interest rate.

16. Deferred tax

Subject to agreement with HM Revenue and Customs, the Group has unrealised losses in the UK of £15.1m (2014: £14.9m). The Group also has unutilised losses in the USA of \$16.4m (2014: \$14.8m), these losses have yet to be agreed with the US tax authorities. The US tax losses have become restricted under US change of control laws subsequent to the capital raising in April 2008 and the Directors believe a further \$9.9m (2014: \$8.7m) will be able to be used going forward but that these are inherently uncertain. As a result the Board believe conditions for the recognition of a deferred tax asset have not been met and consequently no deferred tax asset is recognised in respect of the losses (2014: £Nil, 2013: £Nil).

17. Finance lease arrangements

The Group as lessee

Elements of the Group's IT equipment are held under finance lease arrangements. As at 31 December 2015, the net carrying amount of equipment under finance lease arrangements was £188K (2014: £296K). Finance lease liabilities are secured by the related assets. Future minimum finance lease payments are as follows:

Year ended 31 December 2015	< 1 year £'000	1 - 5 years £'000	5 years £'000	Total £'000
Lease payments	183	74	-	257
Finance charges	(13)	(5)	-	(18)
Net present value	170	69	-	239
Year ended 31 December 2014	< 1 year £'000	1 - 5 years £'000	5 years £'000	Total £'000
Lease payments	170	147	-	317
Finance charges	(15)	(13)	-	(28)
Net present value	155	134	-	289

The lease agreements include fixed payments and a purchase option at the end of the three year lease. The agreement is non cancellable and does not contain any further restrictions.



18. Operating lease arrangements

The Group as lessee

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Land and buildings			
Minimum lease payments due within one year	274	338	359
Minimum lease payments due in the second to fifth years inclusive	899	894	450
Minimum lease payments due after the fifth year	148	297	-
	1,321	1,529	809
Other			
Minimum lease payments due within one year	63	72	39
Minimum lease payments due in the second to fifth years inclusive	2	59	62
	65	131	101

Operating leases for Land and Buildings represent contracts on the following offices: Oxford, UK; Bath, UK; Somerset, NJ, USA, New Brunswick, NJ, USA; and Boston, MA, USA. Other Operating leases represent car leases, photocopier leases and sundry equipment leases.

The Group's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

19. Share capital

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Issued and fully paid:			
16,319,609 (2014: 8,413,610) ordinary shares of 10p each	1,632	841	841

Share issues

During the year, the company issued 7,905,999 ordinary shares of 10p each at an issue price of 120p per share raising £9.5m before costs. A reconciliation of the movements in share capital is shown within the Group and Company Statements of Changes in Equity.



20. Share options

The Group had an approved option scheme, which was an HM Revenue and Customs approved scheme, available to eligible Directors and employees. As at 31 December 2015, no options are outstanding which have been granted and not exercised or lapsed. (2014: 5,100, 2013: 8,844).

The change from 31 December 2014 is due to options lapsing as they reached the 10th anniversary of the grant date during the year, due to staff ceasing to be eligible employees or due to options lapsing due to criteria for their vesting not being met. No charge has been made for the year under IFRS 2 as the Directors do not consider there is a material impact on the reported result.

The approved option scheme is now out with the operative period of 10 years from adoption date as set down in the scheme rules. Therefore no more options will be granted under this approved scheme and it was closed before 31 December 2015.

21. Investment in own shares

	Publishing Technology Shares held in trust Number	Treasury Shares Number	Nominal value £	Cost £
At 31 December 2013	216,662	2,172	21,883	6,550
At 31 December 2014	203,319	-	20,332	6,081
At 31 December 2015	30,322	-	3,032	907

Investment in own shares relates to shares held by the Spread Trustee Company Limited as trustees of the Vista International Limited 1998 Employee Share Ownership Trust. The trust holds shares in which employees have a beneficial interest and over which employees hold fully vested options to purchase.

The Group is deemed to have control of the assets, liabilities, income and costs of the trust.

22. Notes to the cash flow statement

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Refer to note 13 'cash and cash equivalents'. The initial recognition of finance lease liabilities are non-cash transactions excluded from the statement of cash flows.

23. Contingent liabilities

There were no contingent liabilities at 31 December 2015, 31 December 2014 or 31 December 2013.



24. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on page 21.

	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Short term employee benefits	463	432

Directors' transactions

The amounts outstanding as at 31 December 2015 relate to amounts due from Publishing Technology plc to Directors in connection with invoiced Non-Executive fees. The amounts outstanding as at 31 December 2014 and 31 December 2013 also relate to amounts due from Publishing Technology plc to Directors in connection with short term loans to the Group and interest on short term loans to the Group.

	As at 31 Dec 15 £'000	As at 31 Dec 14 £'000	As at 31 Dec 13 £'000
Amounts outstanding with Directors	184	1,095	613

Short term loans

£200K was borrowed from Directors in March 2015 and £200K in May 2015.
All short term loans were repaid in full with interest on 15 June 2015.

All short term loans had an interest rate of 12% per annum.

Loan notes

The Loan note was redeemed on 15 June 2015.

Prior to redemption, the note holder of the £1.5m loan notes was a trust in which M C Rose, the Non Executive Chairman of the Group, is a trustee. Interest of £83K was accrued and paid in the year to 31 December 2015.

There have been no other loans, quasi-loans or other transactions with Directors or other key management personnel in the year to 31 December 2015 other than those detailed in this note.

Joint venture transactions

The joint venture loan to the business totals £110K (2014: £110K)

25. Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities. The main types of risk are foreign currency risk, interest rate risk, market risk, credit risk and liquidity risk.

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively trade in financial assets for speculative purposes nor does it write options. The most significant financial risks are currency risk, interest rate risk and certain price risks.

Foreign currency sensitivity

The Group trades in Sterling (GBP), US Dollars (USD) and Euros (EUR). Most of the Group's transactions are carried out in Sterling and US Dollars. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily in USD, through the trading divisions in the USA (Publishing Technology Inc. and Publishers Communication Group Inc.). The Group does not borrow or invest in USD

Publishing Technology plc

Annual Report

For the year ended 31 December 2015



other than an intercompany loan denominated in USD between Vista International Ltd and Vista North America Holdings Ltd, the currency movement on which offsets within the Group statement of comprehensive income.

In order to mitigate the Group's foreign currency risk, non GBP cash flows are monitored and excess USD and EUR not required for foreign currency expenditure are translated into GBP on an on-going basis. The Group is a net importer of USD being cash flow positive in the USA by approximately \$2.5m per annum. No further hedging activity is undertaken. The Group does not enter into forward exchange contracts.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2015		
Financial assets	2,212	-
Financial liabilities	(1,545)	-
Total exposure	667	-
31 December 2014		
Financial assets	1,528	-
Financial liabilities	(2,538)	-
Total exposure	(1,010)	-

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD / GBP exchange rate "all other things being equal". Transactions in EUR are immaterial and therefore movements of the EUR / GBP exchange rate have not been analysed.

It assumes a + / - 10% change of the USD / GBP exchange rate for the year ended 31 December 2015 (2014: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group foreign currency financial instruments held at each reporting date.

If GBP had strengthened against USD by 10% (2014: 10%) then this would have had the following impact:

	Profit for the year USD £'000	Equity USD £'000
31 December 2015	(40)	(202)
31 December 2014	261	(130)

If GBP had weakened against USD by 10% (2014: 10%) then this would have had the following impact:

	Profit for the year USD £'000	Equity USD £'000
31 December 2015	49	246
31 December 2014	(319)	159

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Long term borrowings are therefore usually at fixed rates. At 31 December 2015 the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings (being the loans see note 15) are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of + / - 1%. These changes are considered to be reasonably possible based on market movements and current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year £'000		Equity £'000	
	+ 1%	- 1%	+1%	-1%
31 December 2015	(17)	39	(17)	39
31 December 2014	(24)	51	(24)	51
31 December 2013	(30)	30	(30)	30

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015 £'000	2014 £'000	2013 £'000
Cash and cash equivalents (note 13)	8,807	2,790	1,235
Trade receivables - net (note 12)	3,238	3,586	4,430
	12,045	6,376	5,665

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and reports on customers are used. The Group's policy is only to deal with creditworthy customers.

The Group's management considers that the financial assets above that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Some of the unimpaired trade receivables are past due at the reporting date. Financial assets not impaired can be shown as follows:

	2015 £'000	2014 £'000	2013 £'000
Not more than 3 months	2,742	3,026	4,100
More than 3 months but less than 6 months	308	558	214
More than 6 months but not more than 1 year	154	142	107
More than 1 year	52	48	35
	3,256	3,774	4,456

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from any single customer or group of customers having the same characteristics. Trade receivables consist of a large number of customers in different sectors of the market and geographical locations.

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2014: £nil, 2013: £nil).

The credit risk for cash and cash equivalents is considered negligible, since the funds are held with various reputable banks.



Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day to day business. Liquidity needs are monitored in various time bands. Short term cash flow is monitored daily using known daily inflows and outflows for cash flows within 8 to 12 weeks. Medium term cash flows within 12 months are monitored using monthly rolling forecast data. Longer term cash flows are monitored using higher level management strategy documents. Net cash requirements are compared to cash balances and forecast in order to determine headroom or any shortfalls. This analysis shows if available cash is expected to be sufficient over the lookout period of 15 months to March 2017.

The Group maintains sufficient cash balances and enters into finance lease arrangements to meet its liquidity requirements for the medium term forecast period (1 year).

As at 31 December 2015, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current £'000		Non-current £'000	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2015:				
Bank borrowings (note 15)	6,730	-	-	-
Finance lease obligations	91	91	75	-
Trade and other payables (note 14)	2,926	-	-	-
Total	9,747	91	75	-

This compares to the Group's financial liabilities in the previous reporting period as follows:

	Current £'000		Non-current £'000	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
31 December 2014:				
Loans	90	90	1,500	-
Bank borrowings (note 15)	4,519	-	-	-
Short term loans	1,050	-	-	-
Finance lease obligations	86	86	145	-
Trade and other payables (note 14)	4,523	-	-	-
Total	10,268	176	1,645	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date. Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities. An analysis of the Group's assets is set out below:

	As at 31 December 2015			As at 31 December 2014		
	Loans and receivables £'000	Non-financial assets £'000	Total for financial position heading £'000	Loans and receivables £'000	Non-financial assets £'000	Total for financial position heading £'000
Trade receivables	3,238	-	3,238	3,586	-	3,586
Other receivables	96	-	96	58	-	58
Prepayments and accrued income	588	312	900	514	219	733
Cash and cash equivalents	8,807	-	8,807	2,790	-	2,790
	12,729	312	13,041	6,948	219	7,167



An analysis of the Group's liabilities is set out below:

	As at 31 December 2015			As at 31 December 2014		
	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total for financial position heading £'000	Financial liabilities at amortised cost £'000	Non-financial liabilities £'000	Total for financial position heading £'000
Trade payables	415	-	415	843	-	843
Social security and other taxes	-	505	505	-	548	548
Finance leases	-	239	239	-	289	289
Other payables	1,817	-	1,817	2,618	-	2,618
Accruals	694	-	694	1,062	-	1,062
Deferred income	-	3,594	3,594	-	3,585	3,585
Bank overdrafts	6,730	-	6,730	4,519	-	4,519
Short term loans	-	-	-	1,050	-	1,050
Loan note	-	-	-	1,500	-	1,500
	9,656	4,338	13,994	11,592	4,422	16,014

26. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus any loan notes less cash and cash equivalents. The Group's goal in capital management is a capital to overall financing ratio of 1:6 to 1:4.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities other than loan notes. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2015 £'000	2014 £'000	2013 £'000
Total equity	3,726	(4,049)	(445)
Loan notes	-	1,500	1,500
Short term loans	-	1,050	-
Cash and cash equivalents	(2,077)	1,729	1,345
Capital	1,649	230	2,400
Total equity	3,726	(4,049)	(445)
Borrowings	6,730	7,069	4,729
Overall financing	10,456	3,020	4,284
Capital to overall financing ratio	0.16	0.08	0.56

27. Post balance sheet events

The Board approved the grant of stock options to senior staff in January 2016 with vesting criteria linked directly to exceeding market expectation of profitability in each of the next three years. In total 526,000 options were granted at an exercise price of 127p each.



Company Statement of Financial Position

As at 31 December 2015

	note	31 Dec 15 £'000	31 Dec 14 £'000
Non current assets			
Investments	3	6,177	6,236
Current assets			
Cash and cash equivalents		5,785	-
Total assets		11,962	6,236
Equity			
Called up share capital	5	1,632	841
Share premium account		8,294	-
Retained earnings		1,909	2,054
Total equity		11,835	2,895
Current liabilities			
Trade and other payables	4	127	1,841
Non-current liabilities			
Borrowings	6	-	1,500
Total liabilities		127	3,341
Total equity and liabilities		11,962	6,236

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2016 and were signed on its behalf by:

A B Moug C.A.
Director

D R Montgomery
Director

Registered number: 837205

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	841	-	2,054	2,895
Share issue	791	8,294	-	9,085
Transactions with owners	791	8,294	-	9,085
Loss for the year	-	-	(145)	(145)
Total comprehensive income / (expense) for the year	791	8,294	(145)	8,940
Balance at 31 December 2015	1,632	8,294	(1,909)	11,835

For the year ended 31 December 2014

	Share capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	841	-	2,199	3,040
Loss for the year	-	-	(145)	(145)
Total comprehensive (expense) for the year	-	-	(145)	(145)
Balance at 31 December 2014	841	-	2,054	2,895

Company Statement of Cash Flows

For the year ended 31 December 2015

	note	Year ended 31 Dec 15 £'000	Year ended 31 Dec 14 £'000
Loss before taxation		(145)	(145)
Adjustments for			
Decrease / (increase) in trade and other receivables		59	(286)
(Decrease) / increase in trade and other payables		(148)	155
Cash outflow from operations		(234)	(276)
Cash flows from financing activities			
Costs associated with share raising		(396)	-
Share raising proceeds		9,481	-
(Repayment of) / Proceeds from short term borrowings		(2,550)	401
Net cash from financing activities		6,535	401
Net increase in cash and cash equivalents		6,301	125
Cash and cash equivalents at the beginning of the year		(516)	(641)
Cash and cash equivalents at the end of the year		5,785	(516)

The accompanying notes form part of these financial statements.

Notes to the Company financial statements

1. Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with IFRS. The Company has elected to adopt the standard for the year ended 31 December 2015 for the first time.

Changes in accounting policies

The Company has adopted IFRS for the first time this year. The Company has elected to adopt the transition provisions as per IFRS 1 'First-time Adoption of International Financial Reporting Standards' with a transition date of 1 January 2015.

A summary of the principal Company accounting policies, which have been applied consistently, is set out below.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. Intercompany loans are long term in nature and have been classified as investments. The Directors do not believe the investments have been impaired based on the findings of the wider impairment review detailed in note 10 of the Group accounts.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including a profit and cash forecast, the continued support of the shareholders and Directors, banking facilities and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust. (refer to the Group Strategic report on page 13 and the Group accounting policies).

Share options

The Company operates an Executive Management Incentive (EMI) Stock Option plan. The Company has not recognised a share based payment charge within its accounts as the charge is not deemed material for the year.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are recorded at a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

Deferred taxation

Provision is made for deferred taxation, using the full provision method, on all material timing differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Loss for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's loss for the year was £145K (2014: £145K).

An audit fee of £20K was paid in respect of the parent Company audit (2014: £20K). Tax fees for the Group of £18K (2014: £18K) have been borne by the subsidiary companies.

The Company employed two Executive Directors (2014: two), one Non Executive Director (2014: none) and the Non Executive Chairman. The costs of these employees and the fees for the other Non-Executive Director were borne by the subsidiaries.



3. Investments

	2015 £'000	2014 £'000
Cost		
At 1 January	6,236	3,270
Intercompany loans transferred from receivables	-	2,966
Movement in intercompany loans	(59)	-
At 31 December	6,177	6,236

Investments are investments in subsidiary and joint venture undertakings.

Details of subsidiary undertakings, in which the Company holds majority shareholdings and investments in which the Company holds significant interest and which have been consolidated and disclosed respectively in the Group financial statements, are as follows:

Company	Country of registration	Holding	Proportion held	Nature of the business
Catchword Limited	England	Ordinary shares	100%	Dormant
		Preference shares	100%	
Ingenta Limited	England	Ordinary shares	100%	Dormant
Ingenta US Holdings Inc.	USA	Ordinary shares	100%	Holding Company
Publishers Communication Group Inc.	USA	Ordinary shares	100%	Marketing and Sales Consultancy
Publishing Technology (Europe) Limited	England	Ordinary shares	100%	Publishing software and services
Publishing Technology Inc.	USA	Ordinary shares	100%	Publishing software and services
Publishing Technology do Brasil LTDA	Brazil	Ordinary shares	100%	Publishing software and services
Publishing Technology Australia Pty Ltd	Australia	Ordinary Shares	100%	Publishing software and services
Vista Computer Services Limited	England	Ordinary shares	100%	Dormant
Vista Computer Services LLC	USA	Ordinary shares	100%	Dormant
Vista Holdings Limited	England	Ordinary shares	100%	Dormant
Vista International Limited	England	Ordinary shares	100%	Holding Company
Vista North America Holdings Limited	England	Ordinary shares	100%	Non Trading Holding Company
Uncover Inc.	USA	Ordinary shares	100%	Dormant
Beijing Ingenta Digital Publishing Technology Limited	China	Ordinary shares	49%	Publishing software and services

4. Trade and other payables

Amounts falling due within one year	2015 £'000	2014 £'000
Other creditors:		
Bank overdraft (note 6)	-	516
Short term loans (note 6)	-	1,050
Accruals	127	275
	127	1,841

5. Share Capital

	2015 £'000	2014 £'000
Issued and fully paid:		
16,319,609 (2014: 8,413,610) ordinary shares of 10p each	1,632	841

Share issues

During the year, the Company issued 7,905,999 ordinary shares of 10p each at an issue price of 120p per share raising £9.5m before costs.

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

6. Borrowings

	2015 £'000	2014 £'000
Bank overdraft	-	516
Short term loans	-	1,050
Loan note	-	1,500
	-	3,066
On demand or within one year	-	1,566
In more than one year	-	1,500
	-	3,066

Interest rates:	Year ended 31 Dec 15 %	Year ended 31 Dec 14 %
Bank overdrafts	4% above base	4% above base
Short term loans	12%	12%
Loan note	8%	8%
Loan note - default interest	4%	4%

Bank overdrafts are repayable on demand. There were no overdrafts at year-end (2014: £516K). The average effective interest rate on bank overdrafts in the year to 31 December 2015 before they were paid down approximated 4.5 % (2014: 4.5%) per annum.

The Company took loans from Directors in the year to 31 December 2015 ("short term loans") which are detailed in note 7 to the Company accounts 'related party transactions'.

Loan note

The Company redeemed the loan note and paid all interest to redemption on 15 June 2015.

Prior to redemption, the Group was in default under the loan agreement and the loan note was therefore accruing interest at 12% per annum. Interest was accrued and paid half yearly in arrears on 30 June and 31 December. The base interest rate on the loan note was 8%, however the loan note agreement stipulated that if the Group did not pay any sum payable under the agreement within 14 days of its due date, the balance owing would be subject to default interest. Default interest was set at 4% above the base interest rate.



7. Related party transactions

Loan notes

Prior to redemption, the note holder of the £1.5m loan notes was a trust in which M C Rose, the Non Executive Chairman of the Group, is a trustee. Interest of £83K was accrued and paid in the year to 31 December 2015.

Short term loans

£200K was borrowed from the directors in March 2015 and £200K in May 2015. All short term loans were repaid in full with interest on 15 June 2015.

All short term loans had an interest rate of 12% per annum.

Other related party transactions

The joint venture loan amounts to £110K (2014: £110K). There were no loan transactions in the year.

A summary of related party transactions and balances is shown below:

	Year ended 31 Dec 14 £'000	Recharges £'000	Year ended 31 Dec 14 £'000
Publishing Technology (Europe) Limited	1,350	(202)	1,148
Publishing Technology Inc.	565	100	665
Publishers Communication Group Inc.	146	43	189
Publishing Technology do Brasil LTDA	43	-	43
Publishing Technology Australia Pty Ltd	1	-	1
Vista International Limited	1,960	-	1,960
Catchword Limited	(429)	-	(429)
Ingenta US Holdings Inc.	(670)	-	(670)
	2,966	(59)	2,907