27 April 2016

Dillistone Group Plc
("Dillistone", the "Company" or the "Group")
Final Results

Dillistone Group Plc, the AIM quoted supplier of recruitment software for the international recruitment industry through its Dillistone Systems and Voyager Software divisions, is pleased to announce its audited final results for the 12 months ended 31 December 2015.

Highlights for the year:

- Revenues up 9% from 2014 to £9.44m
- Record level of recurring revenues of £6.61m, up 11% from 2014
- Recurring revenues, representing 70% of Group revenue, covered 100% of administrative expenses before acquisition related costs
- Profit after tax for the year up 6% to £1.21m
- Basic earnings per share increased to 6.20p
- Final dividend of 2.75p per share recommended, making total dividend for the year of 4.1p (a yield of 5% on a share price of 80.5p)
- Cash funds of £1.60m (2014: £1.93m) after acquisition related payments of £0.67m. Bank borrowings total of £0.33m (2014: £0.49m)
- Dillistone Systems division – further product investment leading to increase in client retention rate, new sales and revenues
- Voyager Software division – launch of cloud hosted version of Infinity; launch of integration of ISV FastPath and Infinity; and launch of version 6 of Evolve

Post period end

- Strong first quarter – FileFinder Anywhere new client orders up over 70% and Voyager Software division orders up circa 50%
- Launch of FileFinder Anywhere Essentials in March 2016 – the only truly browser based product from a mainstream supplier to the executive search market
- New product launch expected in Voyager Software division in 2016

Commenting on the results and prospects, Mike Love, Non-Executive Chairman, said:

“The Group has seen record levels of revenue and recurring revenue in 2015. It has continued to invest strongly in its businesses to ensure its clients remain at the forefront of technology, paving the way for continued success in future years.

“This represents our fourth successive year on year increase in the dividend, in line with our progressive dividend policy, illustrating the Board’s confidence in the future prospects of the Group, which has been reinforced by an excellent order book in the first quarter.”

Definitions

Adjusted operating profit is statutory operating profit before acquisition costs, related intangible amortisation, movements in contingent consideration and other one-off costs relating to acquisitions.

Adjusted EBITDA is adjusted operating profit with depreciation and amortisation added back.

Results Webinar - Jason Starr, Chief Executive, and Julie Pomeroy, Finance Director, will be hosting a webinar to review the results of 2015 at 3.30pm on 10 May 2016.] To register please visit https://attendee.gotowebinar.com/register/5479016348975690499 or contact Tom Cooper on tom.cooper@walbrookpr.com or 0797 122 1972.

Annual Report and Accounts - The final results announcement can be downloaded from the Company's website (www.dillistonegroup.com). Copies of the Annual Report and Accounts (in addition to the notice of the Annual General Meeting) will be sent to shareholders by 20 May 2016 for approval at the Annual General Meeting to be held on 14 June 2016.

Enquiries:

Dillistone Group Plc

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Notes to Editors:

Dillistone Group Plc (www.dillistonegroup.com) is a leader in the supply and support of software and services to the recruitment industry. It operates through two divisions: Dillistone Systems, which targets the executive search industry (www.dillistone.com); and Voyager Software, which targets other recruitment markets (www.voyagersoftware.com).

Dillistone has made three acquisitions: Voyager Software in September 2011, FCP Internet in July 2013 and ISV Software in October 2014 and these business make up the Voyager Software division. The Group operates under the FileFinder, Voyager, Evolve and ISV brands.

Dillistone was admitted to AIM, a market operated by the London Stock Exchange plc, in June 2006. The Group employs over 100 people globally with offices in London (head office), Basingstoke, Southampton, Frankfurt, New Jersey and Sydney.

Chairman's Statement

The Group has made significant progress in 2015. Product development has continued to be a priority throughout the year with a number of upgrades and new product launches successfully achieved with more expected in 2016. The Group also delivered its best ever revenue performance with revenue up 9% to £9.437m. The continued investment in the Dillistone Systems division meant that, as anticipated in the interim statement and despite this growth in revenue, the Group saw a 21% fall in operating profit to £1.108m. Profit after tax rose 6% to £1.212m, benefitting from a tax credit in the year. Basic EPS improved to 6.20p.

ISV (www.isvgroup.com), which was acquired in October 2014, has been successfully integrated into the Voyager Software division and is investing in its own product development with a new product, ISV Online, due for launch in 2016.

Dividends

The Board was pleased to increase the interim dividend payment in September 2015 to 1.35p (2014: 1.3p) and has recommended an increased final dividend of 2.75p per share (2014: 2.7p), subject to shareholder approval, payable on 24 June 2016 to holders on the register on 27 May 2016. Shares will trade ex-dividend from 26 May 2016. This takes the total dividend based on the 2015 results to 4.10p (2014: 4.00p), and gives a yield of 5.1% on a share price of 80.5p.

This represents our 4th successive year on year increase in the dividend, in line with our progressive dividend policy, which illustrates the Board's confidence in the future prospects of the Group. The business is committed to maintaining its policy of investing in its products and services whilst rewarding its shareholders.

Staff

Our staff are fundamentally important to the success of the business. It is through their efforts, commitment and determination that we continue to be a leading technology provider in the sectors we serve. On behalf of the Board I would like to take this opportunity to thank all of our staff.

Outlook

At the time of our Interim Statement in 2015, the Board explained that increased competition in the executive search software sector in which Dillistone Systems operates necessitated an increased investment to remain competitive. We stated that we believed that we were experiencing early signs of improved performance, noting a year on year upturn in orders, but warned that the increased investment would reduce profitability in 2015.

The Dillistone Systems division has continued – and will continue – to invest in improving products and services, and we are delighted to report further success in the market. Dillistone Systems' core product – FileFinder Anywhere – has seen new client orders grow by more than 70% in the first quarter of 2016, when compared to the same period in 2015. Pleasingly, this growth is based on significant increases in both the number of new client wins and the value of those contracts. This combined with continuing demand from existing clients meant that our 12 month order book to March 2016 is at its strongest since 2013.

Our Voyager Software division has also enjoyed a strong start to the year. This Division offers a number of products and while performance has varied across the range, it is pleasing to note that the strong performance by several of its leading products has seen orders grow in Q1 by around 50% compared to the same quarter in 2015.

While the Group is not immune to potential economic instability, at this stage the expectation is that this strong order growth will continue. Both divisions are reporting that a growing proportion of incoming business is on a recurring basis, which is good for the longer term but is less positive in the short term. However, the results to date, coupled with our strengthening implementation pipeline, give us confidence that not only will the first half results show improvement over the second half of 2015, but we will see that trend continuing into the second half of this current year.

The Group's continuing investment in product development across all parts of the business gives the Board confidence in the future and, as a result, we are delighted to propose an increase in our final dividend of 1.9% to 2.75p (2014: 2.7p).

Dr Mike Love
Non-Executive Chairman

Chief Executive's Statement

Dillistone Group Plc is a global leader in the supply of technology solutions and services to the recruitment industry worldwide.

Strategy and objectives

The Group's strategy is to grow the business both organically and through acquisition. This strategy is made possible through our commitment to product development, which ensures that the business continues to command a leading role in all of the markets in which it operates.

Our acquisition strategy typically entails consideration of businesses offering:

- products that would further increase market share in the Group's core markets;
- legacy applications where clients could be transferred to our modern suite of products; or
- complementary applications which may be cross-sold to clients of the Group.

The Group's objectives are principally to:

- ensure our products meet the needs of the recruitment sector through continual investment and development;
- be a leading player in all of the markets we serve;
- develop our staff delivering progressive career development;
- increase our profitability and deliver increased shareholder value year on year in conjunction with following a progressive dividend policy.

Group review of the business

2015 saw recurring revenues grow 11% to £6.606m (2014: £5.929m) reflecting, in part, the full year impact of the acquisition of ISV in October 2014. Non-recurring revenues increased 2% to £2.333m (2014: £2.285m). As a result, overall revenues increased by 9% to £9.437m (2014: £8.625m) with recurring revenues representing 70% of Group revenues (2014: 69%). Overheads have increased across the business in part reflecting the full year impact of ISV but also reflecting the increased investment in Dillistone Systems as forewarned in the Interim statement. This resulted in a 5% fall in adjusted EBITDA to £2.285m (2014: £2.402m). Operating profits before acquisition related items fell 22% to £1.424m (2014: £1.820m) and pre-tax profits before acquisition related items also fell 22% to £1.416m (2014: £1.824m).

Divisional Reviews

Dillistone Systems

The Dillistone Systems division is primarily focused on providing technology solutions to the executive search market via our range of "FileFinder" applications. This client group is made up of both executive search firms and executive search teams in major organisations.

Dillistone Systems' head office is in London and it has offices in the US, Germany and Australia. The Division accounts for 49% (2014: 53%) of the Group's revenue and it saw revenue grow 1% to £4.620m (2014: £4.557m).

It was pleasing to see revenue return to growth in 2015 after the 9% fall in 2014. However, increased competition means that the Division has to work harder to win business and retain clients, and this has required and continues to require ongoing investment in our products, in our services, and in our infrastructure, which inevitably leads to higher cost of sales and administrative expenses, which was further aggravated by the strength of Sterling in 2015. Depreciation and amortisation also increased by 36% in the Division, reflecting the first full year amortisation charge of the FileFinder browser product, for which costs were capitalised in previous periods. This has led to segmental EBITDA decreasing by 11% to £1.425m (2014: £1.597m) and operating profit falling 24% to £0.891m (2014: £1.168m).

In our Interim announcement released to the market in 2015, we explained our increased investment, noted a pleasing increase in product sales and explained our confidence that our product investment would lead to further growth in orders and revenue. I am pleased that this prediction has proven to be accurate as the Division has enjoyed an extremely positive Q1 2016 in terms of incoming contracts. I am delighted to report that the business has enjoyed a strong order book in the first quarter, with new business orders up by more than 70% on the same period of 2015. Pleasingly, this growth has come about as a result of increases in both the number of new contract wins and the value of those contracts. Client retention continues to improve and we are seeing strong demand for products and services from our existing clients.

The FileFinder Anywhere suite continues to be developed, and we anticipate further product announcements within the next 12 months.

Voyager Software

Voyager Software is a provider of technology products targeted at the entire recruitment landscape, from front office to back office and bureaus, and includes both recruitment management systems and pre-employment skills testing technology.

In 2015, the Voyager Software division accounted for 51% (2014: 47%) of Group revenues. The Division's revenues increased by 19% to £4.831m and its segmental operating profit before amortisation and depreciation increased by 19% to £0.956m (2014: £0.802m). Recurring revenues increased by 25% to £3.430m (2014: £2.743m). Depreciation and amortisation increased by 113% to £0.327m (2014: £0.153m), having been impacted by the change in the basis of calculation of amortisation of development costs as discussed in the financial review as well as the continuing spend on development.

The Division benefited from the full year impact of the ISV acquisition made in October 2014. Excluding ISV, underlying growth in revenue was 4%.

2015 saw some major developments in the Division including:

- launch of the cloud hosted version of Infinity available from multiple global regions with additional functionality for use in the temporary staffing sector
- launch of the integration of ISV FastPath and Infinity to help recruitment businesses automate testing candidates, facilitating cross selling opportunities
- launch of version 6 of Evolve software

Product development is ongoing across the Division and a number of product announcements are expected in 2016.

The Board is confident that both Divisions have strong futures.

Jason Starr
Chief Executive Officer

Financial Review

Total revenues increased by 9% to £9.437m (2014: £8.625m), with pre-tax profits down 18% to £1.072m (2014: £1.305m). Recurring revenues increased by 11% to £6.606m (2014: £5.929m) while non-recurring revenues saw a 2% increase to £2.333m from £2.285m. Third party software product sales amounted to £0.498m in the period (2014: £0.411m). These results include ISV revenues for the full year. Underlying revenue growth excluding ISV was 3%.

Cost of sales increased by 19% to £1.313m (2014: £1.108m), reflecting in part, the full year impact of ISV but also from the roll out of additional hosting services.

Administrative costs, excluding acquisition related items, depreciation and amortisation, rose 14% to £5.839m (2014: £5.115m), again reflecting the full year of ISV costs. Excluding ISV, administrative costs rose 8%.

As part of the implementation of FRS 101 in relation to its subsidiaries' accounts, management also reviewed the useful economic life of certain of its development expenditure. Such expenditure is now written off over five years, with amortisation commencing in the month that costs are incurred. Previously, this was estimated to be three years, with amortisation commencing the year following the costs being incurred. This had only a minor impact for the Group but it did result in a higher amortisation charge in the Voyager Software division, which was offset by a reduction in the charge in Dillistone Systems division. Depreciation and amortisation increased to £0.861m (2014: £0.582m). Part of this increase reflects the first full year amortisation charge of the FileFinder browser product for which costs were incurred in previous periods and also the continuing spend on development across both divisions. Acquisition related administrative costs totalled £0.316m (2014: £0.418m), and were in respect of the amortisation of intangibles arising on the Voyager, FCP and ISV acquisitions and movement in the estimation of contingent consideration. Finance cost includes £0.028m relating to the unwinding of the discount in respect of the contingent consideration.

Recurring revenues covered 100% of administrative expenses before acquisition related costs (2014: 104%). Excluding depreciation and amortisation of our own internal development, the administrative costs are covered 116% (2014: 116%) by recurring revenues.

There is a tax credit in 2015 of £0.140m (2014: charge £0.160m). The 2015 credit reflects the significant R&D tax credits available to both Dillistone Systems and Voyager Software, the change in deferred tax rate from 20% to 18%, as well as the reduction in corporation tax rates from 21.5% to 20.25% and the release of prior year provisions partially offset by the higher rates of corporation tax that are payable overseas. The acquisition related items tax credit reflects the reduction in deferred tax that arises as amortisation is charged in the profit and loss account.

Profits for the year before acquisition related items fell 10% to £1.419m (2014: £1.584m) and profits for the year after acquisition related items increased 6% to £1.212m (2014: £1.145m). Basic earnings per share (EPS) increased to 6.20p (2014: 6.18p). Fully diluted EPS increased 1% to 6.00p (2014: 5.95p).

Capital expenditure

The Group invested £1.045m in property, plant and equipment and product development during the year (2014: £1.073m). This expenditure included £0.961m (2014: £0.814m) spent on development costs.

Trade and other payables

As with previous years, the trade and other payables include income which has been billed in advance but is not recognised as income at that time. This principally relates to support, SaaS and hosting renewals, which are billed in 2015 but that are in respect of services to be delivered in 2016. Contractual income of this type is recognised monthly over the period to which it relates. It also includes deposits taken for work which has not yet been completed, as such income is only recognised when the work is substantially complete or the client software goes 'live'. Also included in trade and other payables is £0.620m (2014: £1.173m) in respect of contingent consideration. At the end of 2015, there are three tranches of contingent consideration payable in respect of ISV and these are dependent on the level of revenue achieved in periods up until 30 September 2017.

Cash

The Group finished the year with cash funds of £1.595m (2014: £1.929m) and bank borrowings of £0.325m (2014: £0.487m). This is after capital expenditure of £1.045m, the payment to the vendors of FCP and ISV of £0.666m and dividend payments of £0.793m.

Julie Pomeroy
Finance Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
Revenue	5	9,437	8,625
Cost of sales		(1,313)	(1,108)
Gross profit		8,124	7,517
Administrative expenses		(7,016)	(6,115)
Profits from operating activities	6	1,108	1,402
Adjusted operating profit before acquisition related items	4	1,424	1,820
Acquisition related items	7	(316)	(418)
Operating profit		1,108	1,402
Financial income		5	6
Finance cost		(41)	(103)
Profit before tax		1,072	1,305
Tax income / (expense)	8	140	(160)
Profit for the year		1,212	1,145
Other comprehensive income net of tax: Items that will be reclassified subsequently to profit and loss			
Currency translation differences		(27)	(8)
Total comprehensive income for the year net of tax		1,185	1,137

Earnings per share – from continuing activities

	Note	2015	2014
Basic	9	6.20p	6.18p
Diluted	9	6.00p	5.95p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Share option £'000	Foreign exchange £'000	Total £'000
Balance at 31 December 2013	**914**	**498**	**365**	**3,076**	**121**	**136**	**5,110**
Comprehensive income							
Profit for the year ended 31 Dec 2014	-	-	-	1,145	-	-	1,145
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	-	-	(8)	(8)
Total comprehensive income	-	-	-	1,145	-	(8)	1,137
Transactions with owners							
Issue of share capital	55	934	-	-	-	-	989
Share option charge	-	-	-	16	(3)	-	13
Dividends paid	-	-	-	(723)	-	-	(723)
Total transactions with owners	*55*	*934*	-	*(707)*	*(3)*	-	*279*
Balance at 31 December 2014	**969**	**1,432**	**365**	**3,514**	**118**	**128**	**6,526**
Comprehensive income							
Profit for the year ended 31 Dec 2015	-	-	-	1,212	-	-	1,212
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	-	-	(27)	(27)
Total comprehensive income	-	-	-	1,212	-	(27)	1,185
Transactions with owners							
Issue of share capital	14	199	-	-	-	-	213
Share option charges	-	-	-	75	(47)	-	28
Dividends paid	-	-	-	(793)	-	-	(793)
Total transactions with owners	*14*	*199*	-	*(718)*	*(47)*	-	*(552)*
Balance at 31 December 2015	**983**	**1,631**	**365**	**4,008**	**71**	**101**	**7,159**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	Group 2015	2014
ASSETS		**£'000**	**£'000**
Non-current assets			
Goodwill		3,415	3,415
Other intangible assets		6,163	6,317
Property, plant and equipment		257	299
Investments		-	-
		9,835	10,031
Current assets			
Inventories		16	41
Trade and other receivables		1,736	1,784
Cash and cash equivalents		1,595	1,929
		3,347	3,754
Total assets		13,182	13,785
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		983	969
Share premium		1,631	1,432
Merger reserve		365	365
Retained earnings		4,008	3,514
Share option reserve		71	118
Translation reserve		101	128
Total equity		7,159	6,526
Liabilities			
Non-current liabilities			
Trade and other payables		428	666
Borrowings		158	325
Deferred tax liability		1,006	1,152
Current liabilities			
Trade and other payables		4,193	4,669
Borrowings		167	162
Current tax payable		71	285
Total liabilities		6,023	7,259
Total liabilities and equity		13,182	13,785

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2015	2014	2014
Operating activities	**£'000**	**£'000**	**£'000**	**£'000**
Profit before tax	1,072		1,305	
Less taxation paid	(219)		(122)	
Adjustment for				
Financial income	(5)		(6)	
Financial cost	41		103	
Depreciation and amortisation	1,240		868	
Share option expense	28		13	
Foreign exchange adjustments arising from operations	(16)		(3)	
Operating cash flows before movement in working capital	2,141		2,158	
Decrease/ (increase) in receivables	278		(81)	
Decrease in inventories	25		37	
(Decrease)/ increase in payables	(307)		4	
Net cash generated from operating activities		2,137		2,118
Investing activities				
Interest received	5		6	
Finance cost	(13)		(2)	
Purchases of property, plant and equipment	(84)		(259)	
Investment in development costs	(961)		(814)	
Acquisition of subsidiaries net of cash acquired	-		(718)	
Contingent and deferred consideration paid	(666)		(550)	
Net cash used in investing activities		(1,719)		(2,337)
Financing activities				
Net proceeds from issue of share capital	213		989	
Bank loan received	-		500	
Bank loan repayments made	(162)		(13)	
Dividends paid	(793)		(723)	
Net cash (used in)/ generated from financing activities		(742)		753
Net (decrease)/ increase in cash and cash equivalents		(324)		534
Cash and cash equivalents at beginning of year		1,929		1,399
Effect of foreign exchange rate changes		(10)		(4)
Cash and cash equivalents at end of year		1,595		1,929

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. Publication of non-statutory accounts

In accordance with section 435 of the Companies Act 2006, the Directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2015 or 2014, but is derived from these financial statements. The financial statements for the year ended 31 December 2014 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements for the year ended 31 December 2015 will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The consolidated statement of financial position at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar.

2. Basis of preparation

The preliminary announcement is extracted from the consolidated financial statements of the Group. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The preliminary announcement has been prepared under the historical cost convention, except for revaluation of certain financial instruments.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets or liabilities are eliminated in full.

3. Accounting policies and changes thereto

This preliminary announcement has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2014.

4 Reconciliation of adjusted operating profits to consolidated statement of comprehensive income

	Note	Adjusted operating profits 2015 £'000	Acquisition related items 2015* £'000	2015 £'000	Adjusted operating profits 2014 £'000	Acquisition related items 2014* £'000	2014 £'000
Revenue		9,437	-	9,437	8,625	-	8,625
Cost of sales		(1,313)	-	(1,313)	(1,108)	-	(1,108)
Gross profit		8,124	-	8,124	7,517	-	7,517
Administrative expenses		(6,700)	(316)	(7,016)	(5,697)	(418)	(6,115)
Results from operating activities		1,424	(316)	1,108	1,820	(418)	1,402
Financial income		5	-	5	6	-	6
Financial cost		(13)	(28)	(41)	(2)	(101)	(103)
Profit before tax		1,416	(344)	1,072	1,824	(519)	1,305
Tax income / (expense)		3	137	140	(240)	80	(160)
Profit for the year		1,419	(207)	1,212	1,584	(439)	1,145
Other comprehensive income net of tax:							
Currency translation differences		(27)	-	(27)	(8)	-	(8)
Total comprehensive income for the year net of tax		1,392	(207)	1,185	1,576	(439)	1,137
Earnings per share – from continuing activities							
Basic	**9**	**7.26p**		**6.20p**	**8.56p**		**6.18p**
Diluted	**9**	**7.02p**		**6.00p**	**8.23p**		**5.95p**

* *see accounts note 7*

5. Segment reporting

The Board principally monitors the Group's operations in terms of results of the two divisions, Dillistone Systems and Voyager Software. Segment results reflect management charges made or received.

Divisional segments

For the year ended 31 December 2015

	Dillistone £'000	Voyager £'000	Inter-divisional £'000	Central £'000	Total £'000
Segment revenue	4,620	4,831	(14)	-	9,437
Segment EBITDA	1,425	956		(96)	2,285
Depreciation and amortisation expense	(534)	(327)		-	(861)
Segment result	891	629		(96)	1,424
Acquisition related amortisation (note 7)	-	-		(379)	(379)
Acquisition related income (note 7)	-	-		63	63
Operating profit/(loss)	891	629		(412)	1,108
Financial income	4	1		-	5
Loan interest				(13)	(13)
Acquisition related interest expenses (note 7)				(28)	(28)
Profit before tax					1,072
Income tax expense					140
Profit after tax					1,212
Additions of non-current assets	556	489		-	1,045

For the year ended 31 December 2014

	Dillistone £'000	Voyager £'000	Inter-divisional Revenue £'000	Central £'000	Total £'000
Segment revenue	4,557	4,068	-	-	8,625
Segment EBITDA	1,597	802		3	2,402
Depreciation and amortisation expense	(429)	(153)		-	(582)
Segment result	1,168	649		3	1,820
Acquisition related amortisation	-	-		(286)	(286)
Acquisition related charges	-	-		(132)	(132)
Operating profit/(loss)	1,168	649		(415)	1,402
Financial income	5	1		-	6
Loan interest				(2)	(2)
Acquisition related interest expenses				(101)	(101)
Profit before tax					1,305
Income tax expense					(160)

Profit after tax				1,145
Additions of non-current assets	720	353	-	1,073

Products and services

The following table provides an analysis of the Group's revenue by products and services:

Revenue

	2015	**2014**
	£'000	**£'000**
Recurring income	6,606	5,929
Non-recurring income	2,333	2,285
Third party revenues	498	411
	9,437	8,625

Recurring income includes all support services, SaaS and hosting income. Non-recurring income includes sales of new licenses, and income derived from installing those licenses including training, installation, and data translation. Third party revenues arise from the sale of third party software.

It is not possible to allocate assets and additions between recurring, non-recurring income and third party revenue.

No customer represented more than 10% of revenue of the Group.

6 Geographical analysis

The following table provides an analysis of the Group's revenue by geographic market.

The Board does not review the business from a geographical performance viewpoint and this analysis is provided for information only.

Revenue

	2015	**2014**
	£'000	**£'000**
UK	7,642	6,859
US	1,381	1,198
Australia	414	568
	9,437	8,625

Non-current assets by geographical location

	2015	**2014**
	£'000	**£'000**
UK	9,829	10,025
US	4	4
Australia	2	2
	9,835	10,031

7. Acquisition related items

	2015	**2014**
	£'000	**£'000**
Included within administrative expenses:		

Estimated change in fair value of contingent consideration	(63)	(9)
Amortisation of acquisition intangibles	379	286
Fees relating to acquisitions	-	141
	316	418
Included within finance cost:		
Unwinding of discount on contingent consideration	28	101
	344	519

8. Tax (income) / expense

	2015 £'000	2014 £'000
Current tax	191	353
Prior year adjustment – Current tax	(185)	(153)
Deferred tax	(25)	31
Prior year adjustment – deferred tax	16	9
Deferred tax re acquisition intangibles	(137)	(80)
Tax (income) / expense for the year	(140)	160
Factors affecting the tax charge for the year		
Profit before tax	1,072	1,305
UK rate of taxation	20.25%	21.5%
Profit before tax multiplied by the UK rate of taxation	217	281
Effects of:		
Overseas tax rates	46	84
Impact of deferred tax not provided	(7)	-
Enhanced R&D relief	(131)	(99)
Disallowed expenses	14	75
Rate change impact on deferred tax	(110)	(37)
Prior year adjustments	(169)	(144)
Tax (income) / expense	(140)	160

Deferred tax provided in the financial statements is as follows:

	Group		
	2015 £'000	Movement £'000	2014 £'000
Accelerated intangible amortisation	467	(6)	473
Provisions	(10)	(3)	(7)
Acquisition intangibles	549	(137)	686
	1,006	146	1,152

The UK corporation tax rate in the year fell from 21% to 20% giving an effective rate for the year of 20.25%. Deferred tax is provided in relation to the UK at 18%. The tax credit is impacted by the higher rates of corporation tax payable in the US and Australia offset by the R&D tax credits available to both Dillistone Systems division and Voyager Software division and the reduction in the long term rate of corporation tax to 18% which has been used in the calculation of deferred tax. The release of prior year provisions relate in part to the agreement of the prior years' tax positions of UK companies. The Group has gross tax losses and temporary timing differences of £492,000 (2014: £292,000) for which no deferred tax asset has been recognised.

9. Earnings per share

	2015 Using adjusted operating profit £'000	**2015 £'000**	**2014 Using adjusted operating profit £'000**	**2014 £'000**
Profit attributable to ordinary shareholders	1,419,000	1,212,000	1,584,000	1,145,000
Weighted average number of shares	19,547,754	19,547,754	18,512,594	18,512,594
Basic earnings per share	7.26 pence	6.20 pence	8.56 pence	6.18 pence
Weighted average number of shares after dilution	20,209,339	20,209,339	19,243,357	19,243,357
Fully diluted earnings per share	7.02 pence	6.00 pence	8.23 pence	5.95 pence

Reconciliation of basic to diluted average number of shares

	2015	**2014**
Weighted average number of shares (basic)	19,547,754	18,512,594
Effect of dilutive potential ordinary shares – employee share plans	661,585	730,763
Weighted average number of shares after dilution	20,209,339	19,243,357