

15 April 2009

DILLISTONE GROUP PLC
PRELIMINARY ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Dillistone Group Plc ('Dillistone' or 'the Group'), the AIM listed supplier of recruitment software, is pleased to announce its preliminary results for the year ended 31 December 2008.

Highlights for the year:

		2008	2007
• Revenue	+13%	£4.60m	£4.10m
• Operating profit	+17%	£1.37m	£1.17m
• Profit before tax	+19%	£1.43m	£1.20m
• Earnings per share (basic)	+24%	18.48p	14.90p
• Cash balances	+53%	£2.40m	£1.50m
• Recurring revenues increased by 35% to £2.25m, representing 49% of total turnover			
• Proposed final dividend of 7p per share recommended, making total dividend for year of 10.5p			
• Clients in over 55 countries world wide			

Commenting on the results, Jim McLaughlin, Executive Chairman and Finance Director said:

"The value of our support renewals for December 2008, which reflect in sales for 2009, shows a pleasing trend, and there are a number of significant prospective new clients on the horizon.

"The Group will see the impact of the recession in its 2009 results, but is well positioned to withstand the effects of this because of its strong balance sheet and cash reserves. The board has decided that, in the absence of major unforeseen circumstances, it will maintain the dividend of 10.5p per share paid in respect of 2008 through into 2009, as a sign of its confidence in the businesses' ability to weather the downturn."

Annual Report and Accounts

Copies of this preliminary results announcement are available from the Company's website (www.dillistone.com). Copies of the Annual Report and Accounts will be sent to shareholders by 30 April 2009 for approval at the Annual General Meeting to be held on 5 June 2009.

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Chairman's Statement

Financial Performance

We began the year with a very high level of confirmed orders, and this contributed to an excellent start to the year, and the year as a whole produced record profits and revenues for the Group.

Revenue in the year increased by 13% to £4,608,197 (2007 - £4,066,463), and profits before tax increased by 19% to £1,425,572 (2007 - £1,196,213). These results were assisted somewhat by the weakness of the pound in the second half of the year, in particular against the US Dollar and Euro. Sales in the overseas markets held up extremely well, with increases of 19% in Europe, 26% in Asia-pacific, and 31% in the USA when measured in Sterling. When measured in local currency these increases moderated somewhat to 5%, 21% and 28% respectively, but nevertheless were creditable performances given the effects of the global economic slowdown.

I said last year that our decision to offer our product on a "Software as a Service" (SaaS) basis in the USA would have a positive impact on the revenues in that market, and I am pleased to report that this initiative appears to have been successful. Recurring revenues in the USA increased by 47% in dollar terms, and now comprises 65% of all sales in that region. Notwithstanding the localised effects of the recession in the USA, our business there performed very well, posting an impressive 75% increase in pre-tax profits, albeit with some assistance from the currency strengthening in the latter part of the year.

Recurring revenues (mainly arising from support agreements) for the Group as a whole increased by some 35% from £1.666m to £2.246m, whilst non recurring revenues fell slightly as more new clients opted for the SaaS model. Recurring revenues now comprise some 49% of sales (2007 - 41%) and the level of renewals for 2009 are at an encouraging level.

Operating margins increased further during the year from 29% in 2007 to 30% for 2008, and the pre-tax margin increased from 29% to 31%, reflecting a higher level of interest income, and controls over operating costs.

Our cashflow has continued to reflect the profitable performance of the business, and we generated an inflow of £1.226m before dividends and currency gains (2007 - £1.106m). At the year end we held cash balances of £2.353m (2007 - £1.534m). This balance is struck after the payment of dividends during the year of £513,000 (2007 - £135,000). The group continues to have no borrowings whatsoever and our balance sheet remains very strong.

Earnings per share increased by 24% to 18.48p per share (2007 - 14.90p). We paid an interim dividend of 3.5p in October 2008, and the board has recommended a final dividend of 7p per share (2007 - 6p), subject to shareholder approval, payable on 9th June 2009 to holders on the register on 8th May 2009. Shares will trade ex-dividend from 6th May 2009. The total dividend for the year, which amounts to 10.5p per share is an increase of 2p per share or 24% over 2007. The dividend is covered 1.76 times by earnings, and 2.16 times by the cash generation of the business.

Staff

Our staff again performed exceptionally well during the year, and share options that were granted in May 2006 will begin to crystallise in May 2009. At the year end, staff held options over 301,325 shares, representing 5.3% of the enlarged share capital. Some 277,000 of these options will mature in May 2009, and I look forward to welcoming the holders of these options to the share register in due course.

Prospects

During the latter part of 2008 our order intake reduced as a result of the global economic slowdown, and many of the major economies in which we trade are now in recession. A number of our clients are experiencing difficulties, with a few ceasing to trade altogether. However, the value of our support renewals for December 2008, which reflect in sales for 2009, shows a pleasing trend, and there are a number of significant prospective new clients on the horizon. Despite the slowdown, the board has

committed to significant resources to further development of FILEFINDER to ensure that we retain our competitive position in the face of evolving technologies common to our market place; this will ensure that FILEFINDER is built on technologies that will serve our clients well into the next decade.

It is inevitable that the Group will see the impact of the recession in its 2009 results, but is well positioned to withstand the effects of this because of its strong balance sheet and cash reserves. The board has decided that, in the absence of major unforeseen circumstances, it will maintain the dividend of 10.5p per share paid in respect of 2008 through into 2009, as a sign of its confidence in the businesses' ability to weather the downturn. It will keep this position under constant review.

Jim McLaughlin
14th April 2009

Managing Director's Report

2008 proved to be another excellent year for the Group and I am delighted to report record levels of revenue, profits, cash generation, dividends and earnings per share. This was achieved against a somewhat gloomy economic backdrop and it should be noted that we did see a significant weakening in demand for our products and services in the final quarter of the year.

The year as a whole saw us win 142 new business contracts which were implemented in 31 countries. Our global spread is particularly pleasing – we now have clients in 56 countries. Whilst the credit crunch continues to impact on the global economy and we have certainly been hit by that, this international exposure does give us some protection against the most extreme volatility. In particular it is worth noting, given the particular concerns around the state of the UK economy, that in 2008 we generated more revenue from outside the UK (51%, up from 46% in 2007) than from within.

Our efforts to increase the use of our FILEFINDER software system by the in-house talent acquisition teams of major corporations has continued to bear fruits, and we now boast 6 of the Fortune 100 companies as clients. We are confident of extending our penetration of this space in 2009.

DIVISIONAL REVIEW

UK, Middle East and India

In previous reports, I have noted that the bulk of the Group cost base is carried by our UK business and this remains the case. The UK reported an increase in revenue of 3.5% (2008 - £2,256,516; 2007 - £2,180,172), however our increase in costs carried by the region meant that profitability in the region was almost unchanged in terms of its result, with a contribution from the region of £523,661 (2007 - £536,428).

Europe

Our European business broke the £1 million revenue mark for the first time with revenues increasing by 19% (2008 - £1,008,035; 2007 - £845,745). Profits rose by 11% (2008 - £729,318; 2007 - £656,827). This represents our best ever results within the region.

Asia Pacific

Our Asia Pacific region once again returned a pleasing set of results, with Revenue up 26% (2008 - £511,120; 2007 - £406,949) and this led to an increase in profit of 19% (2008 - £307,447; 2007 - £258,064). Again, this is the best performance from the region yet.

United States

The United States benefited particularly from the decision to offer our FILEFINDER Software system on the SaaS model and the increase in recurring revenues, along with the fall in the value of Sterling, played a major part in our excellent results in the region. Revenue of £832,527 equates to an increase of 31% (2007 - £633,597) and this led to an increase in profit of 75% to £324,377 (2007 - £185,339).

PRODUCT STRATEGY

We continue to invest in our core FILEFINDER product, and in early 2009 we released the latest iteration of the product, FILEFINDER 9. This product features our new “Research Zone” technology which allows users to utilise automated searches to mine the Internet for information on potential candidates and is functionality which, we believe, is groundbreaking.

Despite releasing what we believe to be the leading product in our space, we consider that it is vital that the business continues to invest in its future. Our strong balance sheet means that, whilst many of our competitors are likely to be cutting back on product development, we have actually committed to a very significant increase in our R+D budget for 2009 and 2010. We believe that this will place us in the optimum position when the global economy does recover.

During 2007 and 2008 we ran a series of conferences, webinars and training events targeting the executive search industry. Although these events made a positive contribution to profitability in the year, it was noticeable that events in the last quarter of 2008 were less well attended, and as a result, we have reduced the number of such events we will be promoting during 2009.

PEOPLE

Once again, I would like to record my appreciation for the efforts of the excellent group of people who we have working for us around the world. We are fully aware that our results are dependent on the efforts of our people and we believe that our continued investment in our staff will help us to take advantage in the economic upturn, when it comes.

Jason Starr
14th April 2009

CONSOLIDATED INCOME STATEMENT

	Note	2008 £	2007 £
Revenue	2	4,608,197	4,066,463
Cost of sales		<u>(202,997)</u>	<u>(236,951)</u>
Gross profit		4,405,200	3,829,512
Administrative expenses		<u>(3,033,799)</u>	<u>(2,659,390)</u>
Results from operating activities	3	1,371,401	1,170,122
Financial income	4	<u>54,171</u>	<u>26,091</u>
Profit before tax		1,425,572	1,196,213
Tax expense	5	<u>(427,672)</u>	<u>(391,838)</u>
Profit for the year		<u>997,900</u>	<u>804,375</u>
 Earnings per share – from continuing activities			
Basic	6	18.48p	14.90p
Diluted	6	17.50p	14.05p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Retained earnings £	Share option £	Foreign exchange £	Total £
Balance at 31 December 2006	270,000	479,648	13,316	(6,180)	756,784
Profit for the year ended 31 December 2007	-	804,375	-	-	804,375
Fair value of equity settled share option expense	-	-	13,462	-	13,462
Exchange differences on translation of overseas operations	-	-	-	23,916	23,916
Dividends paid	-	(135,000)	-	-	(135,000)
Balance at 31 December 2007	270,000	1,149,023	26,778	17,736	1,463,537
Profit for the year ended 31 December 2008	-	997,900	-	-	997,900
Fair value of equity settled share option expense	-	-	13,649	-	13,649
Exchange differences on translation of overseas operations	-	-	-	106,013	106,013
Dividends paid	-	(513,000)	-	-	(513,000)
Balance at 31 December 2008	<u>270,000</u>	<u>1,633,923</u>	<u>40,427</u>	<u>123,749</u>	<u>2,068,099</u>

CONSOLIDATED BALANCE SHEET

		Group	
	Notes	2008	2007
ASSETS		£	£
Non-current assets			
Intangible assets	8	707,396	639,835
Property plant and equipment	9	158,443	155,390
Investments		-	-
		<u>865,839</u>	<u>795,225</u>
Current assets			
Inventories	10	50,628	2,334
Trade and other receivables	11	1,306,748	1,284,190
Cash and cash equivalents		2,352,794	1,533,649
		<u>3,710,170</u>	<u>2,820,173</u>
Total assets		<u><u>4,576,009</u></u>	<u><u>3,615,398</u></u>
 EQUITY AND LIABILITIES			
Equity			
Share capital	13	270,000	270,000
Retained earnings		1,633,923	1,149,023
Share option reserve	15	40,427	26,778
Translation reserve		123,749	17,736
Total equity		<u>2,068,099</u>	<u>1,463,537</u>
Liabilities			
Non current liabilities			
Deferred tax liability	5	3,000	3,000
Current liabilities			
Trade and other payables	12	2,328,489	1,848,038
Current tax payable		176,421	300,823
Total liabilities		<u>2,507,910</u>	<u>2,151,861</u>
Total liabilities and equity		<u><u>4,576,009</u></u>	<u><u>3,615,398</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14th April 2009. They were signed on its behalf by

J S Starr - Director

J McLaughlin - Director

CONSOLIDATED CASH FLOW STATEMENT

	2008	2008	2007	2007
	£	£	£	£
Operating activities				
Profit from operations	1,371,401		1,170,122	
Less taxation paid	(552,074)		(319,590)	
Adjustment for				
Depreciation and amortisation	132,712		126,606	
Share option expense	13,649		13,462	
Loss on disposal	-		657	
Operating cash flows before movement in working capital	965,688		991,257	
(Increase) in receivables	(22,558)		(456,557)	
(Increase)/decrease in inventories	(48,294)		18,876	
Increase in payables	480,451		637,216	
Net cash generated from operating activities		1,375,287		1,190,792
Investing activities				
Interest received	54,171		26,091	
Purchases of property plant and equipment	(71,747)		(35,653)	
Investment in development costs	(131,579)		(75,088)	
Net cash used in investing activities		(149,155)		(84,650)
Financing activities				
Dividends paid	(513,000)		(135,000)	
Net cash used by financing activities		(513,000)		(135,000)
Net increase in cash and cash equivalents		713,132		971,142
Cash and cash equivalents at beginning of year		1,533,649		538,591
Effect of foreign exchange rate changes		106,013		23,916
Cash and cash equivalents at end of year		2,352,794		1,533,649

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Accounting

The above financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The above figures for the year ended 31 December 2008 are an abridged version of the company's accounts which will be reported on by the auditors, dispatched to the shareholders and filed with the Registrar of Companies shortly.

The audited accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies and the report of the auditors was unqualified and did not contain statements under Section 237(2) or (3) Companies Act 1985.

The financial information in this announcement has been prepared on the basis of the accounting policies set out in the interim financial statements for the 6 months ended 30 June 2008.

The announcement was approved by the board of directors on 14 April 2009.

2. Segment reporting

Geographical segments

The following tables provide an analysis of the Group's revenue, assets, liabilities and additions by geographic market.

For the year ended 31 December 2008

	UK	Europe	USA	Asia-Pacific	Total
	£	£	£	£	£
Segment revenue	<u>2,256,516</u>	<u>1,008,035</u>	<u>832,527</u>	<u>511,120</u>	<u>4,608,198</u>
Depreciation and amortisation expense	<u>131,395</u>	<u>-</u>	<u>-</u>	<u>1,317</u>	<u>132,712</u>
Segment result	<u>523,611</u>	<u>729,318</u>	<u>324,377</u>	<u>307,447</u>	<u>1,884,753</u>
Central costs					<u>(513,352)</u>
Operating profit					<u>1,371,401</u>
Additions of non-current assets	<u>203,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,326</u>
Segment assets	<u>2,953,757</u>	<u>329,468</u>	<u>583,553</u>	<u>214,838</u>	<u>4,081,616</u>
Central assets - goodwill					<u>494,393</u>
Total assets					<u>4,576,009</u>
Segment liabilities	<u>1,254,021</u>	<u>566,874</u>	<u>623,139</u>	<u>63,876</u>	<u>2,507,910</u>

For the year ended 31 December 2007

	UK	Europe	USA	Asia-Pacific	Total
	£	£	£	£	£
Segment revenue	<u>2,180,172</u>	<u>845,745</u>	<u>633,597</u>	<u>406,949</u>	<u>4,066,463</u>
Depreciation and amortisation expense	78,308	30,198	10,449	7,651	126,606
Segment result	<u>536,428</u>	<u>656,827</u>	<u>185,339</u>	<u>258,064</u>	<u>1,636,658</u>
Central costs					(466,536)
Operating profit					<u>1,170,122</u>
Additions of non-current assets	101,332	2,609	4,704	2,096	110,741
Segment assets	<u>1,264,901</u>	<u>838,202</u>	<u>559,533</u>	<u>458,369</u>	3,121,005
Central assets - goodwill					494,393
Total assets					<u>3,615,398</u>
Segment liabilities	<u>1,260,878</u>	<u>447,143</u>	<u>337,624</u>	<u>106,216</u>	<u>2,151,861</u>

Business segment

The following table provides an analysis of the Group's revenue by business segment

Revenue

	2008	2007
	£	£
Recurring income	2,245,943	1,665,870
Non-recurring income	2,362,254	2,400,593
	<u>4,608,197</u>	<u>4,066,463</u>

Recurring income includes all support services, and web hosting income. Non-recurring income includes sales of new licenses, and income derived from installing those licenses including training, installation, and data translation.

It is not possible to allocate assets and additions between recurring and non-recurring income.

3. Result from operating activities

	2008	2007
	£	£
Result from operating activities is stated after charging:		
Depreciation	68,694	61,082
Amortisation	64,018	65,524
Gain on foreign exchange transactions	(11,711)	-
Operating lease rentals - land and buildings	97,620	91,365
Money purchase pension contributions	32,285	31,966
Fees receivable by the group auditors:		
Audit of financial statements	19,860	15,300
Other services:		
Audit of accounts of subsidiary of the company	12,140	12,150
Other services relating to taxation	5,720	4,000
All other services	<u>6,800</u>	<u>3,550</u>

4. Financial income

	2008	2007
	£	£
Interest receivable	<u>54,171</u>	<u>26,091</u>

5. Tax expense

	2008	2007
	£	£
Current tax	427,672	379,533
Adjustment to previous period	-	17,908
Deferred tax	-	(5,603)
Income tax expense for the year	<u>427,672</u>	<u>391,838</u>
Factors affecting the tax charge for the year		
Profit before tax	<u>1,425,572</u>	<u>1,196,213</u>
Effective rate of taxation	30.00%	30.37%
Profit before tax multiplied by the effective rate of tax	427,672	363,290
Effects of :		
Change in tax rate	(25,301)	-
Non deductible expenses	(40,067)	(3,470)
Adjustments for overseas tax paid	57,829	(904)
Depreciation and amortisation disallowed	26,538	29,881
Capital allowances	(18,999)	(9,264)
Adjustments to previous periods	-	17,908
Deferred tax liability	-	(5,603)
Tax expense	<u>427,672</u>	<u>391,838</u>

Deferred tax provided in the financial statements is as follows:

	Group	
	2008	2007
	£	£
Accelerated capital allowances	<u>3,000</u>	<u>3,000</u>

6. Earnings per share

	2008	2007
Profit attributable to ordinary shareholders	£997,900	£804,375
Weighted average number of shares	5,400,000	5,400,000
Basic earnings per share	<u>18.48 pence</u>	<u>14.90 pence</u>
Weighted average number of shares after dilution	5,702,087	5,726,811
Fully diluted earnings per share	<u>17.50 pence</u>	<u>14.05 pence</u>

7. Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding group's profit and loss account has not been included in these financial statements. The profit for the financial year for the holding company was £628,469 (2007 - £226,168).

8. Intangible assets

Group	Development costs	Goodwill	Total
	£	£	£
Cost			
At 1 January 2007	303,307	494,393	797,700
Additions	<u>75,088</u>	<u>-</u>	<u>75,088</u>
At 31 December 2007	378,395	494,393	872,788
Additions	<u>131,579</u>	<u>-</u>	<u>131,579</u>
At 31 December 2008	<u>509,974</u>	<u>494,393</u>	<u>1,004,367</u>
Amortisation			
At 1 January 2007	167,429	-	167,429
Charge for the year	<u>65,524</u>	<u>-</u>	<u>65,524</u>
At 31 December 2007	232,953	-	232,953
Charge for the year	<u>64,018</u>	<u>-</u>	<u>64,018</u>
At 31 December 2008	<u>296,971</u>	<u>-</u>	<u>296,971</u>
Carrying amount			
At 31 December 2008	<u>213,003</u>	<u>494,393</u>	<u>707,396</u>
At 31 December 2007	<u>145,442</u>	<u>494,393</u>	<u>639,835</u>
At 31 December 2006	<u>135,878</u>	<u>494,393</u>	<u>630,271</u>

9. Property, plant and equipment

Group	Land and buildings £	Office & computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2007	163,073	150,391	21,115	334,579
Additions	-	31,494	4,159	35,653
Disposals	-	(3,874)	-	(3,874)
At 31 December 2007	<u>163,073</u>	<u>178,011</u>	<u>25,274</u>	<u>366,358</u>
Additions	-	71,747	-	71,747
At 31 December 2008	<u>163,073</u>	<u>249,758</u>	<u>25,274</u>	<u>438,105</u>
Depreciation				
At 1 January 2007	12,490	119,498	21,115	153,103
Charge for the year	32,329	28,466	287	61,082
Eliminated on disposal	-	(3,217)	-	(3,217)
At 31 December 2007	<u>44,819</u>	<u>144,747</u>	<u>21,402</u>	<u>210,968</u>
Charge for the year	32,692	33,922	2,080	68,694
At 31 December 2008	<u>77,511</u>	<u>178,669</u>	<u>23,482</u>	<u>279,662</u>
Carrying Amount				
At 31 December 2008	<u>85,562</u>	<u>71,089</u>	<u>1,792</u>	<u>158,443</u>
At 31 December 2007	<u>118,254</u>	<u>33,264</u>	<u>3,872</u>	<u>155,390</u>
At 31 December 2006	<u>150,583</u>	<u>30,893</u>	<u>-</u>	<u>181,476</u>

10. Inventories

	Group	
	2008	2007
	£	£
Licences for resale	<u>50,628</u>	<u>2,334</u>

11. Trade and other receivables

	Group	
	2008	2007
	£	£
Trade and other receivables	1,165,385	1,174,952
Group receivables	-	-
Other current assets	-	14,965
Prepayments and accrued income	<u>141,363</u>	<u>94,273</u>
	<u>1,306,748</u>	<u>1,284,190</u>

12. Trade and other payables

	Group	
	2008	2007
	£	£
Trade and other payables	467,146	226,015
Group payables	-	-
Deferred income	1,614,836	1,481,533
Accruals	<u>246,507</u>	<u>140,490</u>
	<u>2,328,489</u>	<u>1,848,038</u>

13. Share capital

	2008	2007
	£	£
Authorised		
10,000,000 ordinary shares of 5 pence each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
5,400,000 ordinary shares of 5 pence each	<u>270,000</u>	<u>270,000</u>

14. Operating lease arrangements

At 31 December 2008 the Group had future total commitments under non-cancellable operating leases as follows:

	2008	2007
	£	£
Commitments payable:		
Within one year	67,504	49,077
Between two and five years	<u>23,106</u>	<u>114,057</u>

15. Share options

As at 31 December 2008, 32 employees (including directors) held options (granted on 3 May 2006 and 14 September 2007) over a total of 301,325 (2007 - 347,934) ordinary shares at an average exercise price of 36.86p (2007 - 40.41p), as follows:

Date of grant	Number of shares under option at 31 December 2007	Granted during the year	Forfeited during the year	Number of shares under option at 31 December 2008	Exercise price	Earliest exercise date
3 May 2006	317,934	-	(40,609)	277,325	16.15p	3 May 2009
14 September 2007	30,000	-	(6,000)	24,000	297.5p	14 September 2010
	<u>347,934</u>	-	<u>(46,609)</u>	<u>301,325</u>		

No share options were exercised during the period. The company's share price on 31 December 2008 was 155p.

The weighted average time to expiry of the share options outstanding at 31 December 2008 was 0.45 years (2007 - 1.46 years). Details of individual expiry dates are shown above.

The fair value of all options granted is shown as an employee expense with a corresponding increase in equity. The employee expense is recognised equally over the time from grant until vesting of the option. The employee expense for the year was £13,649. The fair value has been measured using the Black Scholes model. The expected volatility is based on the historic volatility adjusted for any expected changes in future volatility. The material inputs to the model have been:

	Granted in year ended	
	31 December 2006	31 December 2007
Average share price at grant	£2.97	£2.97
Average exercise price	£2.97	£2.97
Expected volatility	10%	10%
Expected life	3 years	3 years
Expected dividend yield	nil	nil
Risk-free rate of return	5%	5%

16. Employees

The average number of employees was:

	2008	2007
Operations	41	37
Management	4	4
Employee numbers	<u>45</u>	<u>41</u>

Their aggregate remuneration comprised:

	2008	2007
	£	£
Wages and salaries	1,668,543	1,506,624
Social security costs	209,452	190,527
Pension costs	32,960	31,966
	<u>1,910,955</u>	<u>1,729,117</u>

17. Control

The ultimate controlling parties, by way of their significant holding of shares in Dillistone Group Plc at 31 December 2008, were:

	<i>Ordinary Shares</i>
J McLaughlin	1,000,000
J S Starr	1,162,461
R Howard	1,162,461

18. Related party transactions

Company

The company has a related party relationship with its subsidiaries, its directors, and other employees of the company with management responsibility.

During the year the company received a management charge of £291,250 (2007 - £135,243) from its subsidiary company Dillistone Systems (US) Inc. At the year end Dillistone Systems (US) Inc owed the company £nil (2007 - £231,546).

During the current year Dillistone Systems Limited paid a dividend of £513,000 to Dillistone Group Plc. The company was recharged salary expenses by Dillistone Systems Limited of £491,399 (2007 - £418,193), and was paid a management charge of £500,000 (2007 - £nil). At the year end Dillistone Systems Limited was owed £1,208,815 (2007 - £1,341,706).

Management charges payable by Group members to Dillistone Group PLC relate to sales and technical support provided directly to them, together with third party software licenses on products sold, and a contribution towards central operating and product development costs.

At the year end Dillistone Systems (Australia) Pty Limited was owed £58,736 (2007 - £49,993).

During the previous year the company paid for preliminary set up expenses for its subsidiary Dillistone Solutions Limited totalling £1,134. There were no transactions between the companies in the current year. At 31 December 2008 the company was owed £1,134 (2007 - £1,134).

The directors received dividends paid by the company of £332,625 (2007: £82,816).