

3 March 2014

**Final Results for 2013**

Publishing Technology plc (AIM: PTO.L) ("Publishing Technology", the "Group", or the "Company"), the AIM quoted, leading provider of content systems, audience development and content delivery software and services to international publishers, information providers and academic institutions, is pleased to announce its audited results for the year ended 31 December 2013.

Trading highlights

Gross revenues up 4% to £16.9m (2012: £16.3m)

Gross profit down 2% to £5.8m (2012: £5.9m)

Pre-tax profit up 135% to £0.7m (2012: £0.3m)

The Statement of Financial Position continue



**advance** so far in which we have sold four new deals which have either started or are due to start in 2014 and run into 2015 and beyond.

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 \$6.3m (2012: \$6.8m) of the unutilised losses carried forward.

**Cash flow**

Cash outflow from operations was £1.0m (2012: £0.5m inflow) mostly as a result of a £0.8m increase in trade receivables and a £0.8m reduction in trade and other payables. At the year end, net borrowings were £(1.3)m (2012: £(0.5)m). Cash flow in the year was affected by the increased working capital requirements of implementing a number of large scale projects in 2013, particularly in the **advance** division. Cash flow was lower than expected as a result of accrued revenue (revenue recognised on work complete ahead of invoicing to customers) increasing by £0.4m to £1.3m.

It is expected that as the **advance** projects being implemented in 2014 get closer to a go live position and as future projects are undertaken under different payment terms, the pressure on working capital as a result of accrued revenue will ease during 2014.

**Group Statement of Comprehensive Income**

For the year ended 31 December 2013

	note	Year ended 31 Dec 13 £'000	Year ended 31 Dec 12 £'000
Gross revenue		16,910	16,284
Less revenue from joint venture	3	(439)	(148)
Group revenue		16,471	16,136
Cost of sales		(10,703)	(10,270)
Gross profit		5,768	5,866
Sales and marketing expenses		(1,507)	(1,510)
Administrative expenses		(3,372)	(3,760)
Profit from operations	2	889	596
Share of profit / (loss) from joint venture	3	104	(28)
Finance costs		(328)	(285)
Profit before income tax		665	283
Income tax	4	216	235
Profit for the year attributable to equity holders of the parent		881	518
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(57)	(31)
Total comprehensive income for the year attributable to equity holders of the parent		824	487
Basic and diluted earnings per share (pence)	5	10.47	6.16

All activities are classified as continuing.

Group Statement of Financial Position  
As at 31 December 2013

	31 Dec 13	31 Dec 12	31 Dec 11
--	-----------	-----------	-----------

note

## Group Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital £'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 2013	841	11,055	(5,228)	(841)	(7,089)	(7)	(1,269)
Profit for the year	-	-	-	-	881	-	881
Other comprehensive expense:							
Exchange differences on translating foreign operations	-	-	-	(57)	-	-	(57)
Total comprehensive (expense) / income for the year	-	-	-	(57)	881	-	824
Balance at 31 December 2013	841	11,055	(5,228)	(898)	(6,208)	(7)	(445)

For the year ended 31 December 2012

	Share capital £'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 2012	841	11,055	(5,228)	(810)	(7,607)	(7)	(1,756)
Profit for the year	-	-	-	-	518	-	518
Other comprehensive expense:							
Exchange differences on translating foreign operations	-	-	-	(31)	-	-	(31)
Total comprehensive (expense) / income for the year	-	-	-	(31)	518	-	487
Balance at 31 December 2012	841	11,055	(5,228)	(841)	(7,089)	(7)	(1,269)



**Group Statement of Cash Flows**  
For the Year ended 31 December 2013

Year ended 31 Dec 13 £'000	Year ended 31 Dec 12 £'000
-------------------------------------	-------------------------------------

---

### 1. Basis of preparation

The principal accounting policies of the Group are set out in the Group's 2012 annual report and financial statements. These remain unchanged for the year ended 31 December 2013.

### 2. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 13 £'000	Year ended 31 Dec 12 £'000
Research and development costs	2,777	3,309
Net foreign exchange (gains)/losses	(24)	13
Depreciation of property, plant and equipment		
- owned assets	120	115
- assets under finance leases	97	59
Operating lease rentals:		
- land and buildings	259	244
- other	89	111
Auditor's remuneration	71	76
Restructuring costs	43	317

### 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 2013.

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 13 £'000	As at 31 Dec 12 £'000
Assets	303	100
Liabilities	(50)	(58)

	Year ended 31 Dec 13	Year ended 31 Dec 12
Revenues	895	302
Profit / loss	212	(57)
Revenue attributable to the Group	439	148
Profit/loss attributable to the Group	104	(28)

Changes in equity accounted investments

	Year ended 31 Dec 13 £'000	Year ended 31 Dec 12 £'000
Cost of 49% investment in BIDPT	52	-
Investment in the year	150	52
Retained profit / (loss) attributable to the Group	76	(28)
Investment book value	278	24

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

#### **4. Tax**

	Year ended 31 Dec 13 £'000	Year ended 31 Dec 12 £'000
--	-------------------------------------	-------------------------------------

Unrelieved Brazilian losses carried forward	34	45
Unrelieved Australian losses carried forward	-	1
	(216)	(235)
Total taxation	(216)	(235)

United Kingdom Corporation tax is calculated at 23.25% (2012: 24.5%) 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.

### **5. Earnings per share**

Basic earnings per share is calculated by dividing the earni