Publishing Technology PLC (AIM: PTO) the leading provider of world-class software and services to the global publishing industry, announces its final audited results for the twelve months ended 31 December 2014.

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- Pre-tax loss £4.0m (2013: profit of £0.7m)
- Strategic review by new management team resulted in substantial non-cash charges:
  - Deferral of £1m of revenue related to an onerous contract.
  - Accrual of £1m of additional costs related to the same onerous contract which is expected to be released in 2015.
- Cash outflow from operating activities £0.7m (2013: £1.0m)
- Gross profit calculated after Research & Development spend of £2.7m (2013: £2.5m)
- Total loss per share down to 42.8p (2013: earnings per share 10.5p)
- Beijing Ingenta Digital Publishing Technology Limited (China JV) increased revenue by 56% to £1.4m (2013: £0.9m) with a strong order book for 2015
- Three successful go-lives of modules
- Two successful go-lives of pub2web
- BioOne contract with PCG renewed
- ingentaconnect re-launched in June and achieved a 10% increase in publisher clients in the second half
- Beijing Ingenta Digital Publishing Technology Ltd, the Chinese joint venture, awarded International book Industry Technology Supplier Award at London

did not allow us to share best practice or manage client relationships across the business. As a result, I have

Our platform approach will allo

higher than the prior year at £12.1m (2013: £10.7m) reducing gr excluded the one-off licence revenue in 2013.

The advance product has been built in modules, which has allowed revenue to be generated as the product is in development. However, as is frequently the case with new software, a certain amount of development as part of implementations has taken place and special early-adopter pricing has been agreed to help move the product forward and ensure the functionality is powerful and of value.

Loss-making contracts are a feature in the early stages of product roll-out, but the Board believes that we have seen the last of these and we have initiated a number of activities to ensure projects are correctly estimated, contracted and implemented going forward.

So far, ten publishers have gone live on 13 modules of advance, with a further five modules being implemented currently. Of these implementations, the majority have been profitable, however there have been two large implementations in particular that are loss-making as a result of significant customisation. In both cases, the additional development required was underestimated and the deals were under-priced as a consequence. There is always the need to attract early adopters to a product set, but we were guilty of signing too many deals that required additional investment which over-committed the business. These commitments have ceased or been provided for in the year to 31

Net revenue for ingentaconnect (after publisher royalties for pay per view sales) fell by £0.5m in 2014 to agreed to waive any rights to repayment until June 2016. During the year the Group made use of short term loans from Directors to cover the cash requirement peaks at mid

As at 31 December 2014

| | note | 31 Dec 14 £'000 | 31 Dec 13 £'000 | 31 Dec 12 £'000 |
|---|---|---|---|---|
| Non-current assets | | | | |
| Goodwill and other intangible assets | | 3,737 | 3,737 | 3,737 |
| Property, plant and equipment | | 363 | 349 | 343 |
| Investments accounted for using the equity method | 3 | 298 | 278 | 24 |
| | | 4,398 | 4,364 | 4,104 |
| Current assets | | | | |
| Trade and other receivables | | 4,377 | 5,971 | 4,762 |
| Research and Development tax credit receivable | 4 | 400 | 240 | 235 |
| Cash and cash equivalents | | 2,790 | 1,235 | 1,774 |
| | | 7,567 | 7,446 | 6,771 |
| Total assets | | 11,965 | 11,810 | 10,875 |
| Equity | | | | |
| Share capital | | 841 | 841 | 841 |
| Merger reserve | | 11,055 | 11,055 | 11,055 |
| Reverse acquisition reserve | | (5,228) | (5,228) | (5,228) |
| Translation reserve | | (904) | (898) | (841) |
| Retained earnings | | (9,807) | (6,208) | (7,089) |
| Investment in own shares | | (6) | (7) | (7) |
| Total equity | | (4,049) | (445) | (1,269) |
| Non-current liabilities | | | | |
| Borrowings | | 1,500 | 1,500 | 1,500 |
| Finance leases | | 134 | 72 | 87 |
| | | 1,634 | 1,572 | 1,587 |
| Current liabilities | | | | |
| Trade and other payables | | 8,811 | 7,454 | 8,238 |
| Borrowings | | 5,569 | 3,229 | 2,319 |
| Provisions | | - | - | - |
| | | 14,380 | 10,683 | 10,557 |

***1. Basis of preparation***

The principal accounting policies of the Group are set out in the Group's 2013 annual report and financial statements. These remain unchanged for the year ended 31 December 2014.

(Loss) / profit from operations has been arrived at after charging:

| | Year ended 31 Dec 14 £'000 | Year ended 31 Dec 13 £'000 |
|---|---|---|
| Research and development costs | 2,652 | 2,504 |
| Net foreign exchange gain /(loss) | 19 | (24) |
| Depreciation of property, plant and equipment | | |
| - owned assets | 145 | 121 |
| - assets under finance leases | 83 | 97 |
| Operating lease rentals: | | |
| - land and buildings | 295 | 259 |
| - other | 72 | 89 |
| Auditor's remuneration | 73 | 71 |
| Restructuring costs | 88 | 43 |

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 14 £'000 | As at 31 Dec 13 £'000 |
|---|---|---|
| Assets | 1,390 | 632 |
| Liabilities | (766) | (50) |

| | Year ended 31 Dec 14 | Year ended 31 Dec 13 |
|---|---|---|
| Revenues | 1,403 | 895 |
| Profit / loss | 42 | 212 |

| | £'000 | £'000 |
|---|---|---|
| Cost of 49% investment in BIDPT | 278 | 52 |
| Investment in the year | - | 150 |
| Retained profit / (loss) attributable to the Group | 20 | 76 |
| Investment book value | 298 | 278 |

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

| | Year ended 31 Dec 14 £'000 | Year ended 31 Dec 13 £'000 |
|---|---|---|

| | | |
|---|---|---|
| Unrelieved Australian losses carried forward | 1 | - |
| Unrelieved US losses carried forward | 717 | - |
| Total taxation | | |