26 April 2017

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 2016.

Highlights for the year:

- Revenues up 6% from 2015 to £9.963m
- Record level of recurring revenues of £7.027m, up 6% from 2015
- Recurring revenues, representing 71% of Group revenue, cover approximately all of administrative expenses before acquisition related and one-off costs
- Adjusted operating profit for the year up 3% to £1.463m
- Profit after tax for the year is £0.526m after a pre-tax one-off amortisation adjustment of £0.720m.
- Adjusted basic EPS fell slightly to 7.10p (2015: 7.26p)
- Basic EPS fell to 2.68p (2015: 6.20p) reflecting the amortisation adjustment
- Final dividend of 2.8p per share recommended (2015: 2.75p)
- Net cash funds of £1.379m (2015: £1.270m)
- Dillistone Systems division reports strong turnaround in new business wins with over 100 new client firms signing up in period with a total contract value of over £1.000m. Revenue up 5% to £4.858m
- Voyager Software division saw an 18% increase in new business wins in 2016; launched ISV Online, and the first of a suite of mobile apps. Revenues grew 6% to £5.105m

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

"Product development continues to be a priority with a number of upgrades and new product launches successfully achieved in 2016. The year delivered a record level of revenues, and equally importantly, recurring revenues.

"Overall, despite what we consider to be short term economic turbulence, the Group believes that it is in a strong position in its core markets and is confident of future progress. As a result, we are delighted to propose an increase in our final dividend of 1.8% to 2.8p."

Definitions:

[1] *Adjusted operating profit is statutory operating profit before acquisition costs, related intangible amortisation, movements in contingent consideration and other one-off costs. See note 4*

[2] *Adjusted EBITDA is adjusted operating profit with depreciation and amortisation added back.*

[3] *Net cash funds are cash and cash equivalents held less bank borrowings*

[4] *Adjusted basic EPS is computed from statutory profits after tax adjusted to exclude the post-tax effect of acquisition costs, related intangible amortisation, movements in contingent consideration and other one-off costs*

Results Webinar - Jason Starr, Chief Executive, and Julie Pomeroy, Finance Director, will be hosting a webinar to review the results at 3.00pm today. To register please visit https://attendee.gotowebinar.com/register/1261206189971767042 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 16 May 2017 for approval at the Annual General Meeting to be held on 7 June 2017.

Enquiries:

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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 has four trading businesses operating 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 September 2014. The Group operates under the FileFinder, Infinity, 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 and Southampton, Frankfurt, New Jersey and Sydney.

Chairman's statement

Product development continues to be a priority with a number of upgrades and new product launches successfully achieved in 2016. The Group delivered its best ever revenue performance with revenue up 6% to £9.963m. This performance was impacted by the Brexit vote in the UK, which reduced demand in our home markets while weakening Sterling and, therefore, increasing the value of our overseas sales.

Underlying profit before tax, acquisition costs and one-off adjustments rose 3% to £1.458m. As mentioned in our pre close statement, the Group has undertaken a review of its accounting judgements in respect of the amortisation of platform development costs and subsequently decided to write these costs off over a period of five years, rather than a period of five to ten years, resulting in a one-off adjustment of £0.720m. Accordingly, operating profit fell to £0.412m with reported profit after tax falling to £0.526m. This is a non-cash accounting adjustment and brings our accounting treatment into line with industry practice. The resulting basic EPS for the period was 2.68p.

Dividends

The Board was pleased to increase the interim dividend payment in September 2016 to 1.375p per share (2015: 1.35p) and has recommended an increased final dividend of 2.8p per share (2015: 2.75p), subject to shareholder approval, payable on 27 June 2017 to holders on the register on 2 June 2017. Shares will trade ex dividend from 1 June 2017. This takes the total dividend based on the 2016 results to 4.175p (2015: 4.10p), and gives a yield of 4.9% on a share price of 84.5p.

This represents our fifth successive year on year increase in the dividend, in line with our policy of progressing dividend payments, subject to the cash needs of the business. The business is committed to maintaining its policy of investing in its products and services whilst rewarding its shareholders.

Staff

Our staff are fundamental to our success. 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

We are pleased to note that total revenue in Q1 2017 is ahead of the same period in 2016 despite turbulent markets for many of our recruitment clients.

Although the Group derives revenue from clients around the Globe, 72% of our revenues in 2016 were derived from the UK recruitment market and the decision of the UK to "Brexit", taken in June 2016, has had an impact on this sector. In turn, this has impacted our new business sales: while incoming orders in the first quarter of 2016 benefited from a confident UK economy, this has not been the case in the second half of 2016 and the first quarter of 2017.

While new business orders may have been impacted by economic turbulence, our recurring revenue base has reached record levels. This is true for both of our divisions and these long term recurring revenues are expected to cover the majority of our administrative costs and thereby giving us confidence in the future of the Group.

Furthermore, we are anticipating an improvement in orders in the latter months of 2017 and the early part of 2018 as the incoming General Data Protection Regulation ("GDPR") rules, which come into effect on 25 May 2018 and which will require recruitment firms to take steps in the run up, are likely to have a significant impact on the recruitment technology space. We believe that this impact will be positive for the Group.

Technological innovation is key to our long term success. In addition to the ongoing development of our existing product range, the Group is investing in the creation of an exciting new product. While development of this product has begun, it will not generate significant revenue prior to 2018, and although the majority of development costs are expected to be capitalised other costs will be expensed in 2017. Despite the increased expenditure, we believe that this product will have a significant positive impact in the future. We are currently appraising debt funding arrangements for the completion and launch of this new product.

Overall, despite what we consider to be short term economic turbulence, the Group believes that it is in a strong position in its core markets and is confident of future progress. As a result, we are delighted to propose an increase in our final dividend of 1.8% to 2.8p (2015: 2.75p).

Dr Mike Love
Non-Executive Chairman

CEO's Review

Dillistone Group Plc is a global leader in the supply of technology solutions and services to the recruitment sector 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 a progressive dividend policy.

Key Performance Indicators (KPIs)

The Board and management use absolute figures to monitor the performance of the business using the following financial KPIs:

	FY 2015 £000	FY 2016 £000	measure used by management	Met /Not met
Total revenues	9,437	9,963	year on year growth	met
Recurring revenues	6,606	7,027	year on year growth	met
Non recurring revenues	2,333	2,370	year on year growth	met
Adjusted profit before tax	1,416	1,458	year on year growth	met
Cash less borrowings	1,270	1,379	sufficient cash resources maintained	met

Adjusted profit before tax is statutory profit before acquisition costs, related intangible amortisation, movements in contingent consideration and other one-off costs. See note 4 and note 7

In addition, the Board monitors order levels and employee numbers as well as performance against budget.

Our business model

The business is split into two divisions, Dillistone Systems and Voyager Software. Dillistone Systems specialises in the supply of software and services into executive-level recruitment teams. Voyager Software's clientele are primarily involved in contingent recruitment, including permanent placement, contract placement and the provision of temporary staff. Across our subsidiaries, we work with over 2,000 firms in approximately 60 countries.

The majority of our products are delivered through one or more of the following:

1. an upfront licence fee plus a recurring support fee;
2. Software as a Service (SaaS) subscription basis; or
3. a hybrid model incorporating an upfront payment and recurring support and Cloud hosting fees.

There is a continuing move towards our Cloud delivery services.

The business operates out of four countries: the UK, Germany, the US and Australia. As well as supplying and supporting our software we also host the software for a proportion of our clients. This is done through data centres in Europe, the Americas, Singapore and Australia.

Group review of the business

2016 saw recurring revenues grow 6% to £7.027m (2015: £6.606m) reflecting, in part, a foreign currency impact from Sterling weakening in 2016 (impact 3%). Non-recurring revenues increased 2% to £2.370m (2015: £2.333m). As a result, overall revenues increased by 6% to £9.963m (2015: £9.437m) with recurring revenues representing 71% of Group revenues (2015: 70%). Overheads have increased across the business mainly as a result of the one-off adjustment in respect of the amortisation of platform development costs, referred to below, with an adverse impact on results of £0.720m. Clearly, this adjustment is an accounting change in an estimate and is cash neutral. Adjusted EBITDA saw a 6% increase to £2.433m (2015: £2.285m). Operating profit before acquisition related items and one-off adjustments increased by 3% to £1.463m (2015: £1.424m) and pre-tax profits before acquisition related items and one-off adjustments also increased by 3% to £1.458m (2015: £1.416m). Operating profit for the year was £0.412m (2015: £1.108m) and profit for the year was £0.526m (2015: £1.212m).

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% (2015: 49%) of the Group's revenue and it saw revenue grow 5% to £4.858m (2015: £4.620m).

The Division had a difficult time in 2015 and we are delighted to see it return to growth in 2016. Our investment in product development led to a number of key new contract wins. We are delighted to report that – to the best of our knowledge – the largest single implementation on an Executive Search technology platform in the US in 2016 was our FileFinder Anywhere product. This implementation was by an existing client who chose to upgrade to our latest suite. Furthermore, we believe that the largest single implementation of an Executive Search technology platform in

Europe in 2016 was also our FileFinder Anywhere product which was implemented by a firm which replaced a legacy tool with our technology, choosing to become a client for the first time.

The business signed up over 100 new clients in the period, with clients switching from direct competitors including Bullhorn, Cluen and Invenias, and we believe that our product has now returned to a position of market leadership.

Unfortunately, while our new business performance was good, the economy impacted on licence revenues from our existing client base, a large proportion of which are UK based. We typically enjoy additional sales from these firms as they grow, but in 2016 a larger proportion of those firms reduced licences rather than taking on additional seats.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 1% to £1.434m (2015: £1.425m). As discussed above, the Group reviewed its amortisation policy for capitalised development costs to bring it more into line with industry practice by writing off all such costs over five years rather than a range of five to ten years. The impact of this on the Dillistone division was £0.600m, increasing the total depreciation and amortisation charge to £1.229m (2015: £0.534m). Accordingly, operating profit fell 77% to £0.205m (2015: £0.891m).

We continue to invest in the FileFinder Anywhere product suite, which has included the release of a client portal, improved reporting functionality, improvements in our mobile offering and architectural enhancements to improve both performance and scalability.

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 2016, the Voyager Software division accounted for 51% (2015: 51%) of Group revenues. The Division's revenues increased by 6% to £5.105m (2015: £4.831m). Segmental operating profit before amortisation and depreciation increased by 14% to £1.093m (2015: £0.956m). The impact of the change in amortisation policy for capitalised development was £0.120m, increasing the total depreciation and amortisation charge to £0.461m (2015: £0.327m). Divisional operating profit remained broadly unchanged at £0.632m (2015: £0.629m).

2016 saw some major developments in the Division including:

- Development of Infinity Connect – A new mobile companion app for the popular Infinity SaaS solution, available for both iOS and Android devices.
- Additional functionality release in Infinity (inc. Infinity SaaS) for the temporary recruitment sector
- Further enhanced scalability of evolve through deployment on Amazon Web Services and implementation of Elastic Searching
- Launch of ISV.Online - our new candidate skills testing platform.

The Board is confident that both Divisions have strong futures.

Financial Review

Total revenues increased by 6% to £9.963m (2015: £9.437m) with recurring revenues increasing by 6% to £7.027m (2015: £6.606m) while non-recurring revenues saw a 2% increase to £2.370m (2015: £2.333m). Third party revenue amounted to £0.566m in the period (2015: £0.498m). Revenue has benefitted from the weakening value of Sterling. Using 2015 exchange rates, revenues in 2016 would have been £9.651m.

Cost of sales increased by 13% to £1.478m (2015: £1.313m), mainly due to investment in cloud based hosting facilities through Azure and Amazon.

Administrative costs, excluding acquisition related items, depreciation and amortisation, rose 4% to £6.052m (2015: £5.839m). The Group has reviewed its amortisation policy for capitalised development costs to bring it more into line with industry practice by writing off all such costs over five years rather than a range of five to ten years. This has resulted in a one-off adjustment of £0.720m in the year, where the main impact was in the Dillistone division. Total depreciation and amortisation, including the one-off, adjustment increased to £1.690m (2015: £0.861m).

Acquisition related administrative costs totalled £0.331m (2015: £0.316m), 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 £0.015m (2015: £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 and one-off costs (2015: 99%). Excluding depreciation and amortisation of our own internal development, the administrative costs are covered 116% (2015: 113%) by recurring revenues.

There is a tax credit in 2016 of £0.134m (2015: credit £0.140m). The 2016 credit reflects the significant R&D tax credits available to both Dillistone Systems and Voyager Software divisions, the change in deferred tax rate from 18% to 17%, as well as the impact of the one-off adjustment in respect of amortisation of development costs and adjustments to prior year computations. These benefits are 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 and other one-off items fell 2% to £1.395m (2015: £1.419m) as 2015 adjusted profits benefitted from a tax credit of £0.003m (2016: tax charge of £0.063m). Profits for the year after acquisition related and other one-off items fell 57% to £0.526m (2015: £1.212m). Basic earnings per share (EPS) fell to 2.68p (2015: 6.20p). Fully diluted EPS fell to 2.62p (2015: 6.00p). Adjusted basic EPS fell 2% to 7.10p (2015: 7.26p).

Capital expenditure

The Group invested £1.126m in property, plant and equipment and product development during the year (2015: £1.045m). This expenditure included £1.056m (2015: £0.961m) spent on intangible related 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 cloud hosting renewals, which are billed in 2016 but that are in respect of services to be delivered in 2017. 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 £0.375m (2015: £0.620m) in respect of contingent consideration. At the end of 2016, there are two tranches of contingent consideration payable in respect of ISV and these are dependent on the level of revenue achieved in 2016 and the nine month period to 30 September 2017.

Cash

The Group finished the year with cash funds of £1.537m (2015: £1.595m) and bank borrowings of £0.158m (2015: £0.325m). This is after capital expenditure of £1.126m, the payment to the vendors of ISV of £0.212m and dividend payments of £0.811m.

Julie Pomeroy

Finance Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Revenue	**5**	9,963	9,437
Cost of sales		(1,478)	(1,313)
Gross profit		8,485	8,124
Administrative expenses		(8,073)	(7,016)
Operating profit		412	1,108
Adjusted operating profit before acquisition related and one off items	**4**	1,463	1,424
Acquisition related and one off items	**7**	(1,051)	(316)
Operating profit		412	1,108
Financial income		3	5
Financial cost		(23)	(41)
Profit before tax		392	1,072
Tax income	**8**	134	140
Profit for the year		526	1,212
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss			
Currency translation differences		16	(27)
Total comprehensive income for the year		542	1,185
Earnings per share			
Basic	**9**	**2.68p**	**6.20p**
Diluted	**9**	**2.62p**	**6.00p**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Share option £'000	Foreign exchange £'000	Total £'000
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 charge	-	-	-	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**
Comprehensive income							
Profit for the year ended 31 Dec 2016	-	-	-	526	-	-	526
Other comprehensive income							
Exchange differences on translation of overseas operations	-	-	-	-	-	16	16
Total comprehensive income	-	-	-	526	-	16	542
Transactions with owners							
Share option charges	-	-	-	2	14	-	16
Dividends paid	-	-	-	(811)	-	-	(811)
Total transactions with owners	-	-	-	*(809)*	*14*	-	*(795)*
Balance at 31 December 2016	**983**	**1,631**	**365**	**3,725**	**85**	**117**	**6,906**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Group	
	2016	**2015**
ASSETS	**£'000**	**£'000**
Non-current assets		
Goodwill	3,415	3,415
Other intangible assets	5,263	6,163
Property, plant and equipment	215	257
Investments	-	-
	8,893	9,835
Current assets		
Inventories	5	16
Trade and other receivables	2,196	1,736
Cash and cash equivalents	1,537	1,595
	3,738	3,347
Total assets	12,631	13,182
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	983	983
Share premium	1,631	1,631
Merger reserve	365	365
Retained earnings	3,725	4,008
Share option reserve	85	71
Translation reserve	117	101
Total equity	6,906	7,159
Liabilities		
Non-current liabilities		
Trade and other payables	15	428
Borrowings	-	158
Deferred tax liability	784	1,006
Current liabilities		
Trade and other payables	4,599	4,193
Borrowings	158	167
Current tax payable	169	71
Total liabilities	5,725	6,023
Total liabilities and equity	12,631	13,182

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2016	2015	2015
Operating activities	**£'000**	**£'000**	**£'000**	**£'000**
Profit before tax	392		1,072	
Adjustment for				
Financial income	(3)		(5)	
Financial cost	23		41	
Depreciation and amortisation	2,069		1,240	
Share option expense	16		28	
Foreign exchange adjustments arising from operations	31		(16)	
Operating cash flows before movement in working capital	2,528		2,360	
(Increase) / decrease in receivables	(487)		278	
Decrease in inventories	11		25	
Increase / (decrease) in payables	62		(307)	
Taxation refunded/(paid)	24		(219)	
Net cash generated from operating activities		2,138		2,137
Investing activities				
Interest received	3		5	
Financial cost	(8)		(13)	
Purchases of property, plant and equipment	(70)		(84)	
Investment in development costs	(1,056)		(961)	
Contingent and deferred consideration paid	(212)		(666)	
Net cash used in investing activities		(1,343)		(1,719)
Financing activities				
Net proceeds from issue of share capital	-		213	
Bank loan repayments made	(167)		(162)	
Dividends paid	(811)		(793)	
Net cash used in financing activities		(978)		(742)
Net decrease in cash and cash equivalents		(183)		(324)
Cash and cash equivalents at beginning of year		1,595		1,929
Effect of foreign exchange rate changes		125		(10)
Cash and cash equivalents at end of year		1,537		1,595

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 2016 or 2015, but is derived from these financial statements. The financial statements for the year ended 31 December 2015 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 December 2016 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 2016 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 2016 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.

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 2015.

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

	Note	Adjusted operating profits 2016 £'000	Acquisition related and one-off items 2016* £'000	2016 £'000	Adjusted operating profits 2015 £'000	Acquisition related items 2015* £'000	2015 £'000
Revenue		9,963	-	9,963	9,437	-	9,437
Cost of sales		(1,478)	-	(1,478)	(1,313)	-	(1,313)
Gross profit		8,485	-	8,485	8,124	-	8,124
Administrative expenses		(7,022)	(1,051)	(8,073)	(6,700)	(316)	(7,016)
Operating profit		1,463	(1,051)	412	1,424	(316)	1,108
Financial income		3	-	3	5	-	5
Financial cost		(8)	(15)	(23)	(13)	(28)	(41)
Profit before tax		1,458	(1,066)	392	1,416	(344)	1,072
Tax income / (expense)		(63)	197	134	3	137	140
Profit for the year		1,395	(869)	526	1,419	(207)	1,212
Other comprehensive income net of tax:							
Currency translation differences		16	-	16	(27)	-	(27)
Total comprehensive income for the year net of tax		1,411	(869)	542	1,392	(207)	1,185

Earnings per share – from continuing activities

	Note	Adjusted operating profits 2016		2016	Adjusted operating profits 2015		2015
Basic	**9**	**7.10p**		**2.68p**	**7.26p**		**6.20p**
Diluted	**9**	**6.95p**		**2.62p**	**7.02p**		**6.00p**

* *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 2016

	Dillistone £'000	Voyager £'000	Central £'000	Total £'000
Segment revenue	4,858	5,105	-	9,963
Segment EBITDA	1,434	1,093	(94)	2,433
Depreciation and amortisation expense	(1,229)	(461)	-	(1,690)
Segment result	205	632	(94)	743
Acquisition related amortisation	-	-	(379)	(379)
Acquisition related income	-	-	48	48
Operating profit/(loss)	205	632	(425)	412
Financial income	3	-	-	3
Loan interest	-	-	(8)	(8)
Acquisition related interest expenses	-	-	(15)	(15)
Profit before tax				392
Income tax expense				134
Profit after tax				526
Additions of non-current assets	600	527	-	1,127

For the year ended 31 December 2015

	Dillistone £'000	Voyager £'000	Inter-divisional Revenue £'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	-	-		(379)	(379)
Acquisition related charges	-	-		63	63
Operating profit/(loss)	891	629		(412)	1,108
Financial income	4	1		-	5
Loan interest	-	-		(13)	(13)
Acquisition related interest expenses	-	-		(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

5. Segment reporting (continued)

Products and services

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

Revenue

	2016 £'000	2015 £'000
Recurring income	7,027	6,606
Non-recurring income	2,370	2,333
Third party revenues	566	498
	9,963	9,437

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

	2016 £'000	2015 £'000
UK	7,142	6,778
Europe	1,047	864
US	1,388	1,381
Australia	386	414
	9,963	9,437

Non-current assets by geographical location

	2016 £'000	2015 £'000
UK	8,886	9,829
US	6	4
Australia	1	2
	8,893	9,835

7. Acquisition related and other one off items

	2016 £'000	2015 £'000
Included within administrative expenses:		
Estimated change in fair value of contingent consideration	(48)	(63)
Amortisation of acquisition intangibles	379	379
Additional amortisation on change of estimated useful life of platform technology	720	-
	1,051	316
Included within financial cost:		
Unwinding of discount on contingent consideration	15	28
	1,066	344

8. Tax (income) / expense

	2016 £'000	2015 £'000
Current tax	178	191
Prior year adjustment – current tax	(91)	(185)
Deferred tax	(100)	22
Prior year adjustment – deferred tax	(50)	(31)
Deferred tax re acquisition intangibles	(68)	(68)
Prior year adjustment - deferred tax re acquisition intangibles	(3)	(69)
Tax (income) / expense for the year	(134)	(140)
Factors affecting the tax charge for the year		
Profit before tax	392	1,072
UK rate of taxation	20%	20.25%
Profit before tax multiplied by the UK rate of taxation	78	217
Effects of:		
Overseas tax rates	31	46
Impact of deferred tax not provided	13	(7)
Enhanced R&D relief	(169)	(131)
Disallowed expenses	31	14
Rate differences re current tax and deferred tax	26	6
Prior year adjustments	(144)	(285)
Tax (income) / expense	(134)	(140)

Deferred tax provided in the financial statements is as follows:

	Group		
	2016	Movement	2015
	£'000	£'000	£'000
Internally generated intangible and fixed assets	315	(152)	467
Provisions	(9)	1	(10)
Acquisition intangibles	478	(71)	549
	784	(222)	1,006

	Group		
	2015	Movement	2014
	£'000	£'000	£'000
Internally generated intangible and fixed assets	467	(6)	473
Provisions	(10)	3	(7)
Acquisition intangibles	549	(137)	686
	1,006	(146)	1,152

The UK corporation tax rate throughout the year was 20%. Deferred tax is provided in relation to the UK at rates of between 17% to 19% depending on when reversals are expected to occur. 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 17% 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 and the utilisation of tax losses not previously recognised. The Group has gross tax losses and temporary timing differences of £369,000 (2015: £492,000) for which no deferred tax asset has been recognised as the timing of their utilisation is uncertain.

9. Earnings per share

	2016 Using adjusted operating profit	2016	2015 Using adjusted operating profit	2015
Profit attributable to ordinary shareholders	£1,395,000	£526,0000	£1,419,000	£1,212,000
Weighted average number of shares	19,668,021	19,668,021	19,547,754	19,547,754
Basic earnings per share	7.10 pence	2.68 pence	7.26 pence	6.20 pence
Weighted average number of shares after dilution	20,082,096	20,082,096	20,209,339	20,209,339
Fully diluted earnings per share	6.95 pence	2.62 pence	7.02 pence	6.00 pence

Reconciliation of basic to diluted average number of shares

	2016	2015
Weighted average number of shares (basic)	19,668,021	19,547,754
Effect of dilutive potential ordinary shares – employee share plans	414,075	661,585
Weighted average number of shares after dilution	20,082,096	20,209,339

There are 638,257 (2015: 353,257) share options not included in the above calculations