1 September 2016

STILO INTERNATIONAL PLC

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2016

Stilo International plc ("Stilo" or the "Company"), the AIM quoted provider of XML cloud content conversion, content processing and authoring tools, today announces its unaudited Interim Results for the six months period ended 30 June 2016.

FINANCIAL PERFORMANCE

- **Sales revenues for six months to 30 June 2016 increase by 11% to £874,000**
  (2015: £784,000)
- **Increase in EBITDA* by 11% to £184,000**
  (2015: £166,000)
- **Operating costs, net of capitalised development costs, £691,000**
  (2015: £617,000)
- **Cash position increased by 30% to £1,393,000 as at 30 June 2016**
  (2015: £1,072,000)
- **Payment of an increased interim dividend of 0.04 pence per share**
  (2015: 0.03 pence per share)

* EBITDA comprises profit before taxation, interest, depreciation and the amortisation of software development costs.

BUSINESS HIGHLIGHTS

- **Increase in OmniMark revenues offset by reduction in Migrate sales**
- **Migrate customers for the period include Dell, Locamation, Informatica, Teradata, Qualcomm and Silicon Labs**
- **Significant OmniMark software orders received from Toshiba Solutions (Japan) and the European Parliament**
- **Recurring OmniMark maintenance revenues increase by 7%**
- **Successful initial deployment of AuthorBridge by central Information Developer Tools team at IBM**

David Ashman, Chairman, commenting on the Company's performance, stated:

Our trading results for the first half of 2016 showed an overall improvement over the previous year, as an increase in OmniMark sales was offset by a reduction in Migrate revenues.

It was very pleasing to see the successful initial deployment of AuthorBridge in a production environment at IBM during June 2016. It represents a significant milestone for Stilo and serves as a very influential reference account for future sales into the XML DITA authoring tools market.

The Company remains un-geared, and with a continued improvement in our cash position, growth in both revenue and profits, and continued advances in the development of our technology, I am pleased to announce the declaration of an increased interim dividend of 0.04 pence per share.

ENQUIRIES

Stilo International plc
Les Burnham, Chief Executive
Richard Alsept, Chief Financial Officer
T +44 (0)1793 441444

SPARK Advisory Partners (Nomad)
Neil Baldwin
T +44 (0)203 368 3554
Mark Brady
T +44 (0)203 368 3551

SI Capital (Broker)
Nick Emerson
Andy Thacker
T +44 (0)1483 413500

BUSINESS REVIEW

Large organisations need to process ever increasing amounts of digital content and publish information to multiple media channels including print, web, CD-ROM, smartphones, ebook readers and mobile devices.

These organisations often need to author and publish content in multiple languages, and re-use that content in many different ways, across different publications and document types. Innovative web applications dynamically assemble and deliver content to users that is tailored to their individual purchasing requirements, reading preferences or personal interests.

The content management systems that support such digital publishing applications typically necessitate that content is stored and processed in a 'neutral' XML (Extensible Markup Language) format prior to publication.

The business opportunity for XML content conversion technology and services is global and growing, and it is Stilo's strategic objective to be a leading supplier to this market sector. Our tools are used by commercial publishers, technology companies and government agencies, and include organisations involved in the production and maintenance of technical documentation.

Products and Customers

Stilo's core technology is **OmniMark**, a leading content processing platform used by customers over many years to develop high-performance, content processing solutions that support large scale publishing applications. Users include Boeing, Pratt and Whitney, EADS, Thomson Publishing, and Wolters Kluwer. Sales for the period included orders from the European Parliament and Toshiba Solutions (Japan).

Over recent years, the Company has made a significant investment in the development of **Migrate**, the world's first cloud XML content conversion service, based upon OmniMark technology. Through advanced levels of automation, it enables our customers to improve turnaround times, reduce operating costs and take direct control of their conversion processes, providing them with an attractive alternative to traditional in-house or outsourced conversion services.

Migrate customers include IBM, Qualcomm, Cisco Systems, Oracle and Micron Technology. New customers in 2016 include Dell, Locamation, Informatica, Harmonic and Silicon Labs. In order to diversify beyond the XML DITA market, we have recently undertaken research into the XML JATS (Journal Article Tag Suite) market for scientific and scholarly publishers. Initial indications are that this could represent a promising new business opportunity for Stilo, and we will seek to address this through the incremental development of Migrate.

Development of **AuthorBridge**, our new web-based XML DITA authoring tool, is progressing well, albeit with some slippage against original schedules. Its initial deployment in production at IBM, following extensive co-operation and testing by the central Information Developer Tools team, serves as a good foundation upon which we can build. The ongoing development of AuthorBridge continues unabated, as we add functionality that is necessary to advance sales more generally in 2017.

OPERATIONS

At 30 June 2016, Stilo employed 17 permanent staff, based in the UK and in Canada. We plan to make further investments in the recruitment of additional personnel and contractors to assist with AuthorBridge developments, but otherwise we do not anticipate expanding the headcount significantly in the near future.

FINANCIAL PERFORMANCE

EBITDA for the first six months of the year increased to £184,000 (2015: £166,000), and pre-tax profits were £181,000 (2015: £161,000).

Total sales revenue for the period increased by 11% compared to the same period last year to £874,000 (2015: £784,000), with an uplift in OmniMark sales being offset by a reduction in Migrate revenues. Recurring revenues generated from software maintenance contracts increased to £383,000 (2015: £358,000)

The Board continues to maintain careful control over operating costs, although investment in additional development meant that costs rose in the period to £691,000, net of capitalised development expenditure (2015: £617,000). Total development expenditure, including capitalised costs, was £259,000 (2015: £216,000).

Staff costs and other expenditure which were directly attributable to the development of AuthorBridge in the period were £83,000 (2015: £77,000) and these costs have been capitalised and recognised as an intangible asset.

The Company continues to further strengthen its balance sheet, and remains entirely un-geared with a cash balance increased to £1,393,000 as at 30 June 2016 (31 December 2015: £1,318,000, 30 June 2015: £1,072,000).

The results for the period ended 30 June 2016 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union.

DIVIDENDS

During the period, the final dividend for the year ended 31 December 2015 was paid, of 0.05 pence per share.

The Board is pleased to declare the payment of an Interim dividend for the year ended 31 December 2016 to shareholders of 0.04 pence per share (2015: 0.03 pence per share), an increase of 33%, which will be paid on 24 October 2016 to those shareholders on the register as at 23 September 2016 (the Record date). The shares will be marked ex-dividend on 22 September 2016.

The Board's policy is to maintain the payment of a steady and progressive dividend, well-covered and paid subject to maintaining sufficient funds within the business with regard to prudent forecasts of future capital requirements, without the need for debt funding.

OUTLOOK

The global market for dynamically publishing digital content to multiple channels continues to grow, which in turn drives the market for XML content conversion and authoring tools.

Trading in 2016 continues in line with management expectations overall, with a reduction in Migrate sales being offset by an increase in OmniMark revenues. We continue to invest in the development of innovative new products that will serve to underpin our future growth.

1 September 2016

Unaudited Group Income Statement
for the six months ended 30 June 2016

	Six months to 30 June 2016 Unaudited £'000	Six months to 30 June 2015 Unaudited £'000	Year to 31 December 2015 Audited £'000
Revenue - Continuing Operations	874	784	1,517
Cost of sales	(6)	(6)	(12)
Gross profit	868	778	1,505
Operating costs	(691)	(617)	(1,246)
Amortisation of intangible assets	-	(2)	(4)
Operating profit	177	159	255
Finance income	4	2	6
Profit before tax	181	161	261
Income tax	-	-	48
Profit for the period attributable to the equity shareholders of the parent company	181	161	309
Earnings per share			
- basic (note 4)	0.16p	0.15p	0.28p
- diluted (note 4)	0.15p	0.14p	0.28p
Dividends			
- dividends paid per share	0.05p	0.03p	0.06p

Unaudited Group Statement of Comprehensive Income
for the six months ended 30 June 2016

	Six months to 30 June 2016 Unaudited £'000	Six months to 30 June 2015 Unaudited £'000	Year to 31 December 2015 Audited £'000
Profit for the period	181	161	309
Other comprehensive income			
Items that may subsequently be reclassified to profit and loss			
Foreign currency translation differences	160	(72)	(109)
Total other comprehensive income	160	(72)	(109)
Total comprehensive income relating to the period	341	89	200

All comprehensive income is attributable to equity shareholders of the parent company.

Unaudited Group Statement of Financial Position
as at 30 June 2016

	As at 30 June 2016 Unaudited £'000	As at 30 June 2015 Unaudited £'000	As at 31 December 2015 Audited £'000
Non-current assets			
Goodwill	1,678	1,666	1,660
Other Intangible assets	349	188	225
Plant and equipment	24	19	19
Deferred tax assets	50	50	50
	2,101	1,923	1,954
Current assets			
Trade and other receivables	373	409	203
Income tax asset	-	-	49
Cash and cash equivalents	1,393	1,072	1,318
	1,766	1,481	1,570
Total Assets	3,867	3,404	3,524
Current liabilities:			
Trade and other payables	545	530	474
Non-current liabilities:			
Other payables	-	-	28
Total liabilities	545	530	502
Equity attributable to equity shareholders of the parent company			
Called up share capital	1,124	1,098	1,124
Share premium	13	-	13
Merger reserve	658	658	658
Retained earnings	1,527	1,118	1,227
Total equity	3,322	2,874	3,022
Total Equity and Liabilities	3,867	3,404	3,524

Unaudited Group Statement of Changes in Equity
for the six months ended 30 June 2016

	Attributable to equity shareholders of the parent company				
	Called up share capital £'000	**Share premium account £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 January 2015 (audited)	1,098	-	658	1,062	2,818
Comprehensive income					
Profit for the period	-	-	-	161	161
Other comprehensive income					
Exchange adjustments - may recycle to profit and loss account	-	-	-	(72)	(72)
Total comprehensive income	-	-	-	89	89
Transactions with owners					
Dividend paid	-	-	-	(33)	(33)
Total transactions with owners	-	-	-	(33)	(33)
Balance at 30 June 2015 (unaudited)	1,098	-	658	1,118	2,874
Comprehensive income					
Profit for the period	-	-	-	148	148
Other comprehensive income					
Exchange adjustments - may recycle to profit and loss account	-	-	-	(37)	(37)
Total comprehensive income	-	-	-	111	111
Transactions with owners					
Share based transactions	-	-	-	31	31
Shares issued	26	13	-	-	39
Dividend paid	-	-	-	(33)	(33)
Total transactions with owners	26	13	-	(2)	37
Balance at 31 December 2015 (audited)	1,124	13	658	1,227	3,022
Comprehensive income					
Profit for the period	-	-	-	181	181
Other comprehensive income					
Exchange adjustments - may recycle to profit and loss account	-	-	-	160	160
Total comprehensive income	-	-	-	341	341
Transactions with owners					
Share based transactions	-	-	-	15	15
Dividend paid	-	-	-	(56)	(56)
Total transactions with owners	-	-	-	(41)	(41)
Balance at 30 June 2016 (unaudited)	1,124	13	658	1,527	3,322

Unaudited Group Cash Flow Statement
for the six months ended 30 June 2016

	Six months to 30 June 2016 Unaudited £'000	Six months to 30 June 2015 Unaudited £'000	Year to 31 December 2015 Audited £'000
Cash flows from operating activities			
Profit before taxation	181	161	261
Adjustment for depreciation and amortisation	7	7	17
Adjustment for investment income	(4)	(2)	(6)
Adjustment for gain on financial derivatives	-	(5)	(26)
Adjustment for share based payments	15	-	31
Adjustment for foreign exchange differences	73	(46)	(81)
	--------------	--------------	--------------
Operating cash flows before movements in working capital	272	115	196
(Increase) / Decrease in trade and other receivables	(170)	(137)	69
Increase in trade and other payables	71	66	64
	--------------	--------------	--------------
Cash generated from operations	173	44	329
Tax paid	-	-	(1)
Tax credit received	49	53	59
	--------------	--------------	--------------
Net cash from operating activities	222	97	387
Cash flows from investing activities			
Finance income	4	2	6
Development costs capitalised	(83)	(77)	(125)
Purchase of plant and equipment	(12)	(6)	(12)
	--------------	--------------	--------------
Net cash used in investing activities	(91)	(81)	(131)
Financing Activities			
Dividends paid	(56)	(33)	(66)
Issue of ordinary share capital	-	-	39
	--------------	--------------	--------------
Net cash used in financing activities	(56)	(33)	(27)
	--------------	--------------	--------------
Net increase / (decrease) in cash and cash equivalents	75	(17)	229
Cash and cash equivalents at beginning of period	1,318	1,089	1,089
	--------------	--------------	--------------
Cash and cash equivalents at end of period	1,393	1,072	1,318
	=======	=======	=======

Notes to the Interim Results
for the six months ended 30 June 2016

1. The interim results (approved by the Board of Directors and authorised for issue on 1 September 2016) are neither audited nor reviewed and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the full preceding year is extracted from the statutory accounts for the financial year ended 31 December 2015. Those accounts, upon which the auditors issued an unqualified opinion, and did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006, have been delivered to the Registrar of Companies. As permitted, this interim report has been prepared in accordance with UK AIM listing rules and not in accordance with IAS 34 'Interim Financial Reporting,' therefore it is not fully in compliance with IFRS.

2. Stilo International plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its ordinary shares are traded on the AIM market of the London Stock Exchange plc. Stilo provides specialist software and professional services.

   The consolidated interim results have been prepared in accordance with the recognition and measurement principles of IFRS including standards and interpretations issued by the International Accounting Standards Board, as adopted by the European Union. They have been prepared using the historical cost convention.

   The preparation of the interim results requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. If in the future such estimates and assumptions, which are based on management's best judgement at the reporting date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The interim results are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

   The interim results of the Group for the six months period ended 30 June 2016 have been prepared in accordance with the accounting policies expected to apply in respect of the financial statements for the year ended 31 December 2016.

3. There is no tax charge for the period due to the availability of tax losses brought forward.

4. The basic earnings per share is calculated on the weighted average number of shares in issue during the period. The fully diluted earnings per share takes account of outstanding options. The weighted average number of ordinary shares in issue for the six months to 30 June 2016 was 112,408,470 shares (30 June 2015: 109,808,470 and 31 December 2015: 110,566,803 shares). The weighted average number of ordinary shares in issue for the six months to 30 June 2016, for the fully diluted earnings per share, taking account of outstanding options was 119,184,584 (30 June 2015: 114,149,841, 31 December 2015: 110,951,117).

5. Copies of this report will sent to those shareholders who have requested a hard copy, and will be available to download from the investor relations section of the Company's website **www.stilo.com**.