16th August 2017

STILO INTERNATIONAL PLC

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2017

Stilo International plc ("Stilo", the “Group” or the "Company") today announces its unaudited Interim Results for the six months ended 30 June 2017. The Company provides software tools and cloud services that help organisations create and process structured content in XML format, so that it can be more easily stored, managed, re-used, translated and published to multiple print and digital channels.

FINANCIAL HIGHLIGHTS

- 4% increase in sales revenues to £910,000
  (2016: £874,000)
- Post-tax profits of £142,000
  (2016: £181,000)
- Improved cash position of £1,602,000 as at 30 June 2017
  (2016: £1,393,000)
- Payment of an interim dividend of 0.05 pence per Ordinary Share, representing a 25% increase
  (2016: 0.04 pence per share)
- Increased investment in R&D to £290,000
  (2016: £259,000)

BUSINESS HIGHLIGHTS

- 18% increase in recurring software maintenance revenues to £465,000 (2016: £394,000)
- 34% increase in Migrate revenues
- Migrate customers for the period include GE, Brocade, Tyco, ITT, Microchip, Tibco, Cisco, Deltek and the RSSB (Rail and Safety Standards Board)
- Release of trial version of AuthorBridge v2
- Release of Migrate JATS for the Scientific and Scholarly Publishing market
- Launch of new web site (www.stilo.com)

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

“Our total sales revenues for the period increased by 4%, with encouraging increases in Migrate sales and OmniMark maintenance revenues. With continuing profitability and improved cash reserves, I am pleased to announce the payment by Stilo of an increased interim dividend of 0.05 pence per share.”

ENQUIRIES

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CHAIRMAN'S STATEMENT

Our total sales revenues for the period increased by 4%, with encouraging increases in Migrate sales and OmniMark maintenance revenues.

Marketing activities increased during the period as we attended additional conferences and launched a new, much improved web site which has been well received by customers, partners and shareholders. We released a trial version of AuthorBridge v2 to favourable acclaim, along with an initial version of Migrate JATS for the Scientific and Scholarly Publishing market. Additionally, new developers have been recently recruited as we look to push ahead and complete important aspects of AuthorBridge functionality in 2017.

With continuing profitability and improved cash reserves, I am pleased to announce the payment by Stilo of an increased interim dividend of 0.05 pence per share.

David Ashman
Chairman

BUSINESS OVERVIEW

Stilo develops software tools and cloud services that help organisations create and process structured content in XML format, so that it can be more easily stored, managed, re-used, translated and published to multiple print and digital channels.

Over recent years, many organisations have adopted industry specific XML standards eg Publishing (DocBook), Aerospace & Defence (S1000D), Finance (XBRL), Life Sciences (SPL), Software and High Tech (DITA). Stilo made the decision some years ago to focus new product development and marketing efforts on the emerging DITA standard. This standard originated within IBM to support the publishing of its technical documentation and has been increasingly adopted by other software and high tech companies. DITA is now beginning to make inroads into additional market sectors including Manufacturing, Life Sciences and Publishing.

In order to diversify beyond the 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 AuthorBridge and Migrate.

We continue to build upon our strong reputation for excellent products and supporting technical expertise, resulting from many years of experience in the structured content marketplace. With offices in the UK and Canada, we support clients throughout North America, Europe and Japan.

PRODUCTS and CUSTOMERS

OmniMark

Stilo's core technology is OmniMark, a long-established development platform used to build high-performance content processing applications integral to enterprise publishing solutions.

Users include Boeing, Pratt and Whitney, EADS, Thomson Publishing, and Wolters Kluwer. Sales for the period included orders from the European Parliament, Japan Patent Office and Embraer in Brazil.

Migrate

Migrate is the world's first cloud XML content conversion service, and utilises OmniMark technology. Through advanced levels of automation, it enables organisations to improve turnaround times, reduce operating costs and take direct control of their work schedules, providing an attractive alternative to traditional outsourced conversion services.

Migrate users include IBM, Cisco, EMC and Oracle. Sales for the period include orders from GE, Brocade, Tyco, ITT, Microchip, Tibco, Cisco, Deltek and the RSSB (Rail and Safety Standards Board). Using Migrate, we have helped our customers convert over one million pages of content to the DITA format.

We have recently completed the development of a JATS version of Migrate and have just commenced the process of introducing it to the Scientific and Scholarly Publishing market. This is a market characterised by long-established workflows with outsourced conversion vendors, and will hopefully represent a significant new business opportunity for Stilo in the years ahead.

AuthorBridge

AuthorBridge is a web-based XML authoring tool, designed for occasional content contributors who have no knowledge of XML or its complexities. It is currently targeted at large enterprises, which are looking to extend the use of DITA across different business units and potentially support thousands of users.

Development of AuthorBridge is progressing well, albeit with some slippage against original schedules. Its initial adoption by the central Information Developer Tools team at IBM in the USA and the Nuclear Regulatory Commission in Washington D.C. provides a good foundation upon which we can build future sales.

A trial version of AuthorBridge v2 was released in February 2017 to favourable acclaim and new developers have recently been recruited as we look to complete important aspects of AuthorBridge functionality in 2017.

OPERATIONS

Stilo operates from offices located in Swindon, UK and Ottawa, Canada. The technical team is based in our Ottawa office.

As of 30 June 2017, there were 18 permanent employees in the Company, complemented by the use of contractors. We will continue to consider the recruitment of additional development personnel in 2017, but it is not anticipated that we will be growing headcount significantly, as we look to contain our costs and scale the business through technology sales.

FINANCIAL RESULTS

The results for the six months ended 30 June 2017 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union.

In 2017, the interim results for Stilo show a reduction in post-tax profits to £142,000 (2016: £181,000).

Total sales revenues for the period increased by 4% to £910,000 (2016: £874,000). Significant growth in Migrate revenues were offset by lower OmniMark software sales, which was expected. The Company continued to benefit from recurring revenue from software maintenance contracts of £465,000 (2016: £394,000) which represents a very encouraging 18% annual increase.

The Company maintains careful control over all operating costs. Investments in additional staff, a new web site, and attendances at new JATS–related conferences, contributed to an increase in operating costs during the period, excluding capitalised development costs, to £759,000 (2016: £691,000).

Investment in R & D continued in 2017, with total expenditure for the period of £290,000 (2016: £259,000). As a result of this investment, Stilo continues to benefit from research and development tax credits.

Of this expenditure, £91,000 relating to the development of AuthorBridge has been capitalised (2016: £83,000), and the total accumulated capitalised costs will be depreciated over a 10 year period, commencing later in 2017.

There was an improved cash balance of £1,602,000 as at 30 June 2017 (30 June 2016: £1,393,000), and Stilo remains entirely un-geared. This balance sheet stability provides a sound financial base for the Company and will support continued investment in product development, sales and marketing.

DIVIDENDS

During the period, the final dividend for the year ended 31 December 2016 was paid, of 0.05 pence per share, providing an increased total dividend of 0.09 pence for the year (2015: total 0.08 pence).

The Board is pleased to declare the payment of an Interim dividend for the year ended 31 December 2017 to shareholders of 0.05 pence per share (2016: 0.04 pence per share) which will be paid on 21 November 2017 to those shareholders on the register as 20 October 2017. The shares will be marked ex-dividend on 19 October 2017.

The Board's policy is to maintain 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 structured content to multiple channels continues to grow, which in turn drives the market for XML content conversion and authoring tools.

Following the launch of AuthorBridge v2 in February 2017, we have been receiving very encouraging feedback from trial users. There are still some important aspects of development that need to be undertaken over the coming months and this continues to be a high priority activity for the Company. As a consequence, AuthorBridge is not expected to contribute significantly to sales revenues in 2017.

Otherwise, the outlook for Migrate conversion services and OmniMark software remains promising for the remainder of the year, and overall Company trading is in line with management expectations.

Unaudited Group Income Statement
for the six months ended 30 June 2017

	Six months to 30 June 2017 Unaudited £'000	Six months to 30 June 2016 Unaudited £'000	Year to 31 December 2016 Audited £'000
Revenue – Continuing Operations	910	874	1,761
Cost of sales	(7)	(6)	(12)
Gross profit	903	868	1,749
Operating costs	(759)	(691)	(1,437)
Amortisation of intangible assets	-	-	-
Operating profit	144	177	312
Finance income	3	4	6
Profit before tax	147	181	318
Income tax	(5)	-	13
Profit for the period attributable to the equity shareholders of the parent company	142	181	331
Earnings per share			
- basic (note 4)	0.12p	0.16p	0.29p
- diluted (note 4)	0.12p	0.15p	0.28p
Dividends			
- dividends paid per share	0.05p	0.04p	0.09p

Unaudited Group Statement of Comprehensive Income
for the six months ended 30 June 2017

	Six months to 30 June 2017 Unaudited £'000	**Six months to 30 June 2016 Unaudited £'000**	**Year to 31 December 2016 Audited £'000**
Profit for the period	142	181	331
Other comprehensive income			
Items that may subsequently be reclassified to profit and loss			
Foreign currency translation differences	(17)	160	200
Total other comprehensive income	(17)	160	200
Total comprehensive income relating to the period	125	341	531

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

Unaudited Group Statement of Financial Position
as at 30 June 2017

	As at 30 June 2017 Unaudited £'000	As at 30 June 2016 Unaudited £'000	As at 31 December 2016 Audited £'000
Non-current assets			
Goodwill	1,660	1,678	1,660
Other Intangible assets	566	349	482
Plant and equipment	16	24	18
Deferred tax assets	50	50	50
	2,292	2,101	2,210
Current assets			
Trade and other receivables	280	373	390
Income tax asset	-	-	59
Cash and cash equivalents	1,602	1,393	1,466
	1,882	1,766	1,915
Total Assets	4,174	3,867	4,125
Current liabilities:			
Trade and other payables	523	545	589
Non-current liabilities:			
Other payables	26	-	9
Total liabilities	549	545	598
Equity attributable to equity shareholders of the parent company			
Called up share capital	1,139	1,124	1,138
Share premium	29	13	29
Merger reserve	658	658	658
Retained earnings	1,799	1,527	1,702
Total equity	3,625	3,322	3,527
Total Equity and Liabilities	4,174	3,867	4,125

Unaudited Group Statement of Changes in Equity
for the six months ended 30 June 2017

	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 2016 (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					
Shared 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
Comprehensive income					
Profit for the period	-	-	-	150	150
Other comprehensive income					
Exchange adjustments – may recycle to profit and loss account	-	-	-	40	40
Total comprehensive income	-	-	-	190	190
Transactions with owners					
Share based transactions	-	-	-	31	31
Shares issued	14	16	-	-	29
Dividend paid	-	-	-	(46)	(46)
Total transactions with owners	-	-	-	(15)	15
Balance at 31 December 2016 (audited)	1,138	29	658	1,702	3,527
Comprehensive income					
Profit for the period	-	-	-	142	142
Other comprehensive income					
Exchange adjustments – may recycle to profit and loss account	-	-	-	(17)	(17)
Total comprehensive income	-	-	-	125	125
Transactions with owners					
Share based transactions	-	-	-	29	29
Dividend paid	-	-	-	(57)	(57)
Shares issued	1	-	-	-	1
Total transactions with owners	-	-	-	(28)	(27)
Balance at 30 June 2017 (unaudited)	1,139	29	658	1,799	3,625

Unaudited Group Cash Flow Statement
for the six months ended 30 June 2017

	Six months to 30 June 2017 Unaudited £'000	**Six months to 30 June 2016 Unaudited £'000**	**Year to 31 December 2016 Audited £'000**
Cash flows from operating activities			
Profit before taxation	147	181	318
Adjustment for depreciation and amortisation	6	7	15
Adjustment for investment income	(3)	(4)	(6)
Adjustment for share based payments	29	15	46
Adjustment for foreign exchange differences	11	73	124
Operating cash flows before movements in working capital	191	272	497
Decrease/(increase) in trade and other receivables	105	(170)	(187)
(Decrease)/increase in trade and other payables	(48)	71	97
Cash generated from operations	247	173	407
Tax paid	(1)	-	(45)
Tax credit received	58	49	49
Net cash from operating activities	304	222	411
Cash flows from investing activities			
Finance income	3	4	6
Development costs capitalised	(91)	(83)	(204)
Purchase of plant and equipment	(4)	(12)	(11)
Net cash used in investing activities	(92)	(91)	(209)
Financing Activities			
Dividends paid	(57)	(56)	(102)
Issue of ordinary share capital	1	-	30
Net cash used in financing activities	(56)	(56)	(72)
Net increase in cash and cash equivalents	156	75	130
Cash and cash equivalents at beginning of period	1,466	1,318	1,318
Exchange (losses)/gains on cash and cash equivalents	(20)	-	18
Cash and cash equivalents at end of period	1,602	1,393	1,466

Notes to the Interim Results
for the six months ended 30 June 2017

1. The interim results (approved by the Board of Directors and authorised for issue on 16 August 2017) 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 2016. 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 period ended 30 June 2017 have been prepared in accordance with the accounting policies expected to apply in respect of the financial statements for the year ended 31 December 2017.

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 2017 was 113,778,887 shares (30 June 2016: 112,408,470 and 31 December 2016: 112,846,662 shares). The weighted average number of ordinary shares in issue for the six months to 30 June 2017, for the fully diluted earnings per share, taking account of outstanding options was 119,858,713 (30 June 2016: 119,184,584, 31 December 2016: 118,276,189).

5. Copies of this report will be available to download from the investor relations section of the Company's website www.stilo.com.