11 March 2019

Final Results for the Year Ended 31 December 2018

The Quarto Group Inc. (LSE: QRT, "Quarto" or "the Group"), the leading global illustrated book publisher, announces its audited results for the year ended 31 December 2018.

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Results ($m)	2018	2017
Revenue	149.3	152.5
Adjusted Operating Profit*	10.3	7.2
Operating Profit/(Loss)	4.3	(17.9)
Adjusted Profit Before Tax*	5.9	3.9
Loss Before Tax	(0.1)	(21.2)
Exceptional Items	5.2	24.2
Loss for the Year	(0.6)	(18.5)
Adjusted Diluted Earnings per Share from continuing operations	23.0c	17.8c
Basic Loss per Share from continuing operations	(2.7)c	(96.4)c
Net Debt	60.4	64.0

*Adjusted items exclude the amortisation of acquired intangibles and exceptional items.

Headlines

- Adjusted operating profit and adjusted profit before tax ahead of the prior year.
- Children's publishing revenues up 2% and now representing over one-third of Group revenues.
- 63.2% of revenue generated from backlist titles (2017: 60.3%).
- Net debt reduced by 6% to $60.4m (2017: $64.0m).
- Cost out program successfully implemented.
- Banking facilities extended to 31 August 2020.

Commenting on the results, Chief Executive Officer, C.K. Lau said:

"Adjusted operating profit and adjusted profit before tax were both ahead of the prior year, in a time of continued softness in the marketplace and of considerable transition for the Group. Our resilient and talented staff have stepped up to the challenges we have faced.

The extension of our banking facilities gives us a stable position from which we can continue to improve business performance and to reduce debt to a more acceptable level. The Board are fully focused on achieving stability in the business, returning the Group to full health and defining further growth strategies for 2020 and beyond.

Together with the Board, I remain confident in the business model and future prospects of Quarto. The Group is uniquely positioned in the market and its vision stays unchanged; to become the dominant publisher of illustrated books worldwide."

For further information, please contact:

The Quarto Group, Inc.	+44 20 7700 9002
C.K. Lau, CEO	
Dorothée de Montgolfier, Group Director of Communications	

About The Quarto Group

The Quarto Group (LSE: QRT) creates a wide variety of books and intellectual property products, with a mission to inspire life's experiences. Produced in many formats for adults, children and the whole family, our products are visually appealing, information rich and stimulating.

The Group encompasses a diverse portfolio of imprints and businesses that are creatively independent and expert in developing long-lasting content across specific niches of interest.

Quarto sells and distributes its products globally in over 50 countries and 40 languages, through a variety of sales channels, partnerships and routes to market.

Quarto employs c.330 talented people in the US and the UK. The group was founded in London in 1976. It is domiciled in the US and listed on the London Stock Exchange.

For more information, visit **quarto.com** or follow us on Twitter at **@TheQuartoGroup**.

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Strategic overview

Overall, revenue was down 2% at $149.3m (2017: $152.5m) and adjusted operating profit up 43% at $10.3m (2017: $7.2m), enabled by a strong trading performance in the first half of the year and in the fourth quarter, as well as significant cost reductions.

This is a satisfactory set of results considering that the market has continued to show softness in the book trade both in the US and the UK, and that the Group has had to adjust to various transitions in the management of the Company.

A new Board was formed following the Annual Meeting in May, with clear objectives to deliver: a right-sizing of the Group; a path to sustainable debt reduction; a focus on the Group's core strengths; and a disciplined business model.

After a short tenure from Laurence Orbach, Andy Cumming was appointed Non-Executive Chairman in July and has provided a clear direction to the Group since. His experience has proven invaluable, especially through the renegotiations of our banking facilities.

I would like to thank our Chief Operating Officer, Ken Fund, who has been with Quarto for 20 years and who we welcomed to the Board last year. His commitment, leadership and experience helped the business and all of our people through a particularly challenging year. I would also like to thank

Mick Mousley, who agreed to come out of retirement while we look for a permanent Chief Financial Officer.

In the last six months, both the new Board and senior management have been focused on delivering stability to the business, supporting our core operations, and starting to address our balance sheet.

In November, the extension of our banking facilities to 31 August 2020 was a major milestone in returning the Group to full-health. This gives us a stable position from which we can continue to improve business performance and to reduce debt to a more acceptable level, as agreed with our banking syndicate.

We completed a comprehensive cost out program, following a thorough review of key areas of expenditure. Our portfolio has been reviewed and reduced from 40 to 33 imprints; we downsized some of our office facilities; and we effected a significant reduction in corporate overhead.

Although the benefits will not flow through immediately - as we have had to incur exceptional costs to implement the cost out program - we have gone into 2019 satisfied that the Group is now operating at the right size.

US Publishing revenues were down 1% at $81.2m (2017: $81.8m), and UK Publishing revenues were flat at $20.4m (2017: $20.3m). Children's publishing revenues grew 2.3%, led by the success of our Lincoln Children's Books list. Adult publishing revenues were down 4.3% mostly due to a lower performance of co-edition publishing.

The Group is now over one third Children's products, with continued increased contribution from the Children's side. The Adults market remains more challenging, as the consolidation of publishers in the English language co-edition market continues to impact sales negatively. We are looking at new opportunities in custom publishing to grow our customer base.

Our Foreign Rights sales team delivered a solid year, with revenues of $31.3m, despite strong headwinds against them.

The Group ended the year with net debt at $60.4m, down 5.6% vs prior year (2017: $64.0m). Net debt is still sizeable and remains an immediate focus for the Board.

I am very passionate about returning the Group to full health and defining further growth strategies for 2020 and beyond. Quarto's model remains effective: talented people making high quality and long-lasting products across a balanced portfolio, supported by an efficient operating platform that adapts to market conditions.

Our strategy for the Group in the short term is to deliver stability to the business, to continue to grow lists where the opportunity exists while supporting and improving poor performing business units, and to address our balance sheet by reducing our net debt.

Outlook

The newly constituted Board is fully focused on achieving stability in the business after a period of considerable change, returning the Group to full health and defining further growth strategies for 2020 and beyond.

Quarto expects the ongoing soft market conditions to continue in 2019, impacting foreign language markets and the Adults portfolio in particular. The Group expects some organic growth in Children's and further benefits from the cost out program.

In the medium to long term, our strategy remains to grow organically through innovation and, where applicable, by acquisition, and to continue to drive circa 60% annual recurring revenue through the Group's enduring backlist and innovative use of its rich IP catalogue.

On behalf of the Board, I would like to thank all staff for their continued support and loyalty during this recent period of change and uncertainty, as well as our partners and suppliers across the world.

Operating review

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Quarto sells its products globally, in 50 countries in 40 languages, through a variety of sales channels, partnerships and routes to market - US, UK, International English language, Foreign language and other Partnerships.

Revenue is reported by the geography in which the product is sold. Adjusted Operating Profit is reported by IP portfolio, where the product is generated - US Publishing, UK Publishing and Q Partners.

Revenue ($m)	2018	2017
United States of America	81.2	81.8
United Kingdom	20.4	20.3
Rest of the World	10.8	10.3
Foreign Rights	31.3	34.4
Q Partners	5.6	5.7
Total Revenue	149.3	152.5

Adjusted Operating Profit ($m)	2018	2017
US Publishing	5.3	4.6
UK Publishing	7.9	7.1
Q Partners	(0.4)	(0.4)
Group overhead	(2.5)	(4.1)
Total adjusted operating profit	10.3	7.2

Routes to market

In the US, revenue was $81.2m, down marginally over the prior year (2017: $81.8m), with a strong performance from our Quarry and Fair Winds Press Imprints. A strength of the US program has been our ability to grow the specialty retailer accounts base, whilst the uncertainty of the book trade continues to show lower sales in our publishing categories. E-book and digital revenue, although small, showed improvement. Returns on sales were lower than prior year and back to an expected rate, following unusually high levels in 2017 due to colouring books.

In both the US and the UK, co-edition revenues were soft especially in English Language, as this market continues to decline. Specifically, some of our Star Wars licensed titles did not perform up to expectations which affects new title sales as well as reprints.

UK revenue was $20.4m, level with the prior year (2017: $20.3m), led by a strong performance from our Lincoln Children's Books, Ivy Press/Ivy Kids, and Wide Eyed Editions imprints. The Little People Big Dreams series continues to be a major success and in 2019 we are expanding the list to include inspirational male role models. The launch of our Build and Become series (White Lion Publishing) has been well received.

International English language sales have performed better than prior year with revenues of $10.8m (2017: $10.3m) with a strong contribution from our Australian, Middle Eastern and Asian markets, and due to new distributors in India and South Africa.

Foreign Language sales achieved a strong year with revenues of $31.3m, although lower than prior year (2017: $34.4m) as a result of market place uncertainty, particularly in South America.

Our publishing partnerships and distribution business, Q Partners, was down 1% year-on-year with revenue of $5.6m (2017: $5.7m). Sales have been slow in Brazil and the launch of Quarto Iberoamericana, our Spanish language partnership, has still to reach critical mass. Overall the business has not yet reached a satisfactory level and we are looking at refining the business model.

Intellectual property portfolio

Our most profitable imprints were Lincoln Children's Books (UK, acquired in 2011, relaunched in 2014), Ivy Press (UK, acquired in 2015) and Wide Eyed Editions (UK, launched in 2013).

Adult publishing revenues declined 4.3%, suffering from a lower performance of English language co-editions against prior year. In this market, the consolidation of publishers continues to impact sales negatively. We are looking at new opportunities in custom publishing to grow our customer base. Internally, we have significantly consolidated parts of our Adults portfolio and are confident that it is better equipped to suit customer and market trends.

Children's publishing revenues grew 2.3% led by the success of our UK-based Lincoln Children's Books imprint. The Group is now over one third Children's products, with continued increased contribution from the Children's side.

The revenue split between frontlist titles (published in 2018) and backlist titles (published before 2018) was comparable year-on-year, with 63.2% of publishing revenues generated from backlist titles vs 60.3% in 2017. This is consistent with Quarto's strategy to generate c. 60% annual recurring revenues from the Group's rich IP catalogue and reflects our expertise in creating long-lasting content.

Adults' titles represented 65% of backlist revenues (2017: 67%) and 66% of frontlist revenues (2017: 67%), while Children's titles represented 35% of backlist revenues (2017: 33%) and 34% of frontlist revenues (2017: 33%). The increased proportion of Children's titles in the backlist can be explained as some of the Group's imprints, only started a couple of years ago, are now becoming established businesses.

The following titles were our top 10 sellers in 2018, with their respective revenue and year of publication:

Title	*Imprint*	*Revenue ($000)*
Squishy Human Body (2006)	SmartLab	$1,216
Beginner's Keto Diet Cookbook (2018)	Fair Winds	$914
All-Natural Lip Balm Boutique (2016)	SmartLab	$725
Smart Circuits: Electronics Lab (2016)	SmartLab	$686
Keto Slow Cooker & One-Pot Meals (2017)	Fair Winds	$613
Quick Keto Meals in 30 Minutes or Less (2017)	Fair Winds	$559
Ultimate Secret Formula Lab (2016)	SmartLab	$486
The Bucket List (2016)	Bright Press	$479
Little People Big Dreams: Coco Chanel (2016)[1]	Frances Lincoln Children's Books	$455
Little People Big Dreams: Frida Kahlo (2016)[1]	Frances Lincoln Children's Books	$415

1 The Little People Big Dreams titles are part of a series that generated $4.3m of revenue in 2018 (2017: $1.8m)

US Publishing

US Publishing adjusted operating profit was up 15% to $5.3m (2017: $4.6m) due to a combination of positive factors:

- Lower returns on sales, which came back to an expected rate after reaching an unusually high point in 2017 due to colouring books.
- A significant reduction in expenses through the cost out program put in place during the year.

Overall, we saw a 1% reduction in margin. Some elements of this decline have been ongoing challenges which we are addressing. Cost of Goods sold were slightly higher in 2018, impacted negatively by an increase in paper costs. Paper costs have now stabilised, which should have a positive impact on margin in 2019.

Product development costs were in line with expectations and the prior year. Investment in new titles has started to be reduced as part of our cost out program and as we use our IP in new and innovative ways.

UK Publishing

UK Publishing adjusted operating profit was up 11% to $7.9m (2017: $7.1m) due to the following factors:

- A strong performance from our Lincoln Children's Books, Ivy Press/Ivy Kids and Wide Eyed Editions imprints.
- Lower royalty costs following a negotiation of more favourable terms. The increasing mix of sales to the trade is a trend that we expect to continue.
- Benefits from our cost out program, with a reduction in investment in new titles being acquired, as well as an overall reduction in administrative, selling and staffing costs.
- Improved margin in our newly formed White Lion Street Adults imprint, due to efficiencies across print, staffing costs and investment in new product.

Q Partners

Q Partners' adjusted operating profit remained flat year-on-year, with a small loss of $0.4m in 2018 (2017: loss $0.4m).

The business has not yet reached a satisfactory level as volumes remain small. We are looking at refining the business model.

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Financial review

Group Results

Revenue was $149.3m, a decrease of 2%, compared to 2017 ($152.5m). Operating profit, before amortisation of intangibles and exceptional items, ("adjusted operating profit") was up 43% at $10.3m (2017: $7.2m) and represented 6.9% of revenue (2017: 4.7%). Adjusted diluted earnings per share increased by 29% to 23.0c (2017: 17.8c). It has been the case, for many years, that not one of our titles exceeded 1% of Group revenue, and this year is no exception.

US Publishing

Revenue for this segment was down 2% at $73.0m (2017: $74.1m). Adjusted operating profit was up 13% at $5.3m (2017: $4.6m). We achieved an operating profit margin of 7.2% (2017: 6.3%). Reprints accounted for 65% of revenue, compared to 64% in 2017.

UK Publishing

Revenue for this segment was down 3% at $70.7m (2017: $72.7m). Adjusted operating profit was up 11% at $7.9m (2017: $7.1m). We achieved an operating profit margin of 11.2% (2017: 9.8%). Reprints accounted for 61% of revenue, compared to 54% in 2017.

Q Partners

Revenue for this segment was down 1% at $5.6m (2017: $5.7m). We incurred an adjusted operating loss of $0.4m (2017: loss $0.4m).

Corporate Costs

Corporate costs were reduced by 41% from $4.1m to $2.5m, due to the cost out program, which was initiated in the second half of the year.

Exceptional Items

Exceptional items, in 2018, comprised reorganization costs of $2.9m, arising from the cost out program, $0.8m with respect to the board changes that occurred in May 2018 and $1.5m of refinancing costs. Exceptional items, in 2017, comprised goodwill impairment of $17.4m, impairment of pre-publication costs of $4.9m and other items of $1.9m.

Finance Costs

Finance costs were $4.4m (2017: $3.3m). The increase was attributable to an increase in interest rates, an increase in the interest margin and a charge with respect to the deferred consideration for a prior period acquisition.

Tax

The tax charge for the year was $0.5m (2017: Credit $1.5m). The Group incurred taxable losses in the US which, following tax legislation changes from 1 January 2018, cannot be fully recovered.

Balance Sheet

The Group's net assets decreased to $21.1m from $24.1m, largely because the Group has net Sterling assets. The weakness of Sterling against the US dollar, which is the Group's principal functional currency, has resulted in a translation loss on exchange.

During 2018, the Group transacted in Sterling, Euros, Australian Dollars, New Zealand Dollars and Hong Kong Dollars. Our borrowings are drawn in US Dollars, Sterling and Euros to provide a partial hedge against the movement in our net assets, excluding borrowings, in those currencies.

We signed an agreement with our banking syndicate to extend the maturity of our facilities to 31 August 2020. The revised facilities incorporate an immediate reduction in bank debt and a subsequent amortisation program.

As part of the agreement with the banking syndicate, certain of the Company's larger shareholders and a related company agreed to provide unsecured and subordinated loans to the Group, totalling $13m. These loans are repayable by 31 August 2020 and have been used to reduce bank facilities and to provide additional working capital. This gives us a stable position to continue our focus on improving the performance of our business and reducing debt to a more acceptable level.

Cash Flow and Indebtedness

At the year end, our net debt was $60.4m, a reduction of 6%, compared to 2017, when it was $64.0m. The Group was well within its banking covenants. Free cash flow, during the year, was $8.4m, up 8% compared to 2017, when it was $7.7m.

Shareholder Return

The Directors have decided to continue the Group's policy of not paying a dividend for the time being, until debt can be brought down to a more acceptable level.

Cost out Program

We initiated a cost out program in the second half of the year. This was designed to achieve the following: a right-sizing of the Group, a path to sustainable debt reduction and a focus on our core strengths. The process involved a thorough review of key areas of expenditure, including but not limited to, prepublication expenditure, occupancy costs, payroll and discretionary expenditure. The benefit of the cost out program has not flowed through immediately, as we have incurred one-time exceptional costs to implement the plan. We expect this plan to lead to improved cash flows in 2019 and 2020.

Going Concern

In accordance with provision c.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over both a one-year and a three-year period. The one-year period has a greater level of certainty and is, therefore, used to set budgets for all our businesses which culminates in the approval of a Group budget for the Board. The three-year period offers less certainty, but it is aligned with long term incentives offered to Executive Directors and certain senior management.

The Directors have considered the underlying robustness of the Group's business model, products and proposition and its recent trading performance, cash flows and key performance indicators. They have also reviewed the cash forecasts prepared for the three years ending 31 December 2021, which comprise a detailed cash forecast for the year ending 31 December 2019 based on the budget for that year and standard growth assumptions for revenue and costs for the years ending 31 December 2020 and 2021, to satisfy themselves of the going concern assumption used in preparing the financial statements.

The Directors have assessed the Group's viability over a three-year period ending on 31 December 2021 based on a financial model which was prepared as part of the process of considering and approving the 2019 budget.

The Directors used the three-year review period for the following reason:

- The Group's publishing program planning cycle normally works over a two to three-year period.

The Group's current banking facilities have 18 months to run before they will need to be refinanced in August 2020. Consistent with previous facilities, the Directors have assumed that these facilities will be renewed or extended at that time on similar terms.

In carrying out their analysis of viability, the Directors took account of the Group's projected profits and cash flows and its banking covenants. They also took account of the principal risks and uncertainties facing the business, a sensitivity analysis on the key revenue growth assumption and the effectiveness of available mitigating actions. Based on their assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due up to 31 December 2021.

For this reason, they continue to adopt the going concern basis in preparing the financial statements. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

C.K. Lau
Chief Executive Officer

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Condensed Consolidated Income Statement
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000

Continuing operations			
Revenue	2	149,292	152,512
Cost of sales		(107,195)	(109,848)
Gross profit		42,097	42,664
Distribution costs		(7,919)	(7,549)
Administrative expenses		(23,873)	(27,922)
Operating profit before amortisation of acquired intangibles and exceptional items		**10,305**	**7,193**
Amortisation of acquired intangibles		(850)	(840)
Exceptional items	3	(5,152)	(24,235)
Operating profit/(loss)	2	**4,303**	**(17,882)**
Finance income		21	25
Finance costs	4	(4,381)	(3,325)
Loss before tax		**(57)**	**(21,182)**
Tax	5	(495)	1,480
Loss for the year		**(552)**	**(19,702)**
Discontinued operations			
Profit for the year from discontinued operations	8	-	1,163
Loss for the year		**(552)**	**(18,539)**
Attributable to:			
Owners of the parent		**(552)**	(18,513)
Non-controlling interests		-	(26)
		(552)	**(18,539)**

Earnings/(loss) per share (cents)			
From continuing operations			
Basic	6	(2.7)	(96.4)
Diluted	6	(2.7)	(96.4)
Adjusted basic	6	23.2	18.3
Adjusted diluted	6	23.0	17.8
From discontinued operations			
Basic	6	-	5.8
Diluted	6	-	5.7

The results of the discontinued businesses of BGD and Regent have been classified separately in the consolidated income statement for the previous year.

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Condensed Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000
Loss for the year		(552)	(18,539)
Items that may be reclassified to profit or loss			
Foreign exchange translation differences		(1,950)	35
Reclassification to income statement on disposal of business		-	3,540
Cash flow hedge: (losses)/gains arising during the year		(60)	25
Tax relating to items that may be reclassified to profit or loss		(246)	471
Total other comprehensive (expense)/income		(2,256)	4,071
Total comprehensive expense for the year net of tax		(2,808)	(14,468)
Attributable to:			
Owners of the parent		(2,808)	(14,442)
Non-controlling interests		-	(26)

		(2,808)	(14,468)

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Condensed Consolidated Balance Sheet
At 31 December 2018

	Note	31 December 2018 $'000	31 December 2017 $'000
Non-current assets			
Goodwill	9	18,954	19,286
Other intangible assets		2,368	3,516
Property, plant and equipment		1,552	2,129
Intangible assets: Pre-publication costs	10	56,741	60,278
Deferred tax assets		3,901	3,901
Total non-current assets		83,516	89,110
Current assets			
Inventories		22,324	22,637
Trade and other receivables		54,476	53,460
Derivative financial instruments		105	205
Cash and cash equivalents		15,384	17,946
Total current assets		92,289	94,248
Total assets		175,805	183,358
Current liabilities			
Short term borrowings		(5,000)	(5,000)
Trade and other payables		(64,917)	(60,796)
Tax payable		(4,167)	(5,243)
Total current liabilities		(74,084)	(71,039)
Non-current liabilities			
Medium and long-term borrowings		(70,752)	(76,907)
Deferred tax liabilities		(8,753)	(8,520)
Tax payable		(544)	(1,116)
Other payables		(554)	(1,673)
Total non-current liabilities		(80,603)	(88,216)

Total liabilities	(154,687)	(159,255)
Net assets	21,118	24,103
Equity		
Share capital	2,045	2,045
Paid in surplus	33,764	33,764
Retained earnings and other reserves	(14,691)	(11,706)
Equity attributable to owners of the parent	21,118	24,103
Non-controlling interests	-	-
Total equity	21,118	24,103

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Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital	Paid in surplus	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2017	2,045	33,764	140	(8,850)	12,120	39,219	4,892	44,111
Loss for the year	-	-	-	-	(18,513)	(18,513)	(26)	(18,539)
Foreign exchange translation differences	-	-		46	-	46	(11)	35
Reclassification to income statement on disposal of business	-	-	-	3,540	-	3,540	-	3,540
	-	-	25	-	-	25	-	25

Cash flow hedge: gains arising during the year								
Tax relating to items that may be reclassified to profit or loss	-	-	-	471	-	471	-	471
Total comprehensive income/ (expense) for the year	-	-	25	4,057	(18,513)	(14,431)	(37)	(14,468)
Dividends to shareholders	-	-	-		(2,018)	(2,018)	-	(2,018)
Dividend in-specie paid to non-controlling interests	-	-	-	-	-	-	(3,744)	(3,744)
Adjustment arising from change in non-controlling interests					1,111	1,111	(1,111)	-
Share based payments charge	-	-	-	-	222	222	-	222
Balance at 31 December 2017	2,045	33,764	165	(4,793)	(7,078)	24,103	-	24,103
Loss for the year	-	-	-	-	(552)	(552)	-	(552)
Foreign exchange translation differences	-	-	-	(1,950)	-	(1,950)	-	(1,950)
Cash flow hedge: losses arising during the year	-	-	(60)	-	-	(60)	-	(60)
Tax relating to items that may be reclassified to profit or loss	-	-	-	(246)	-	(246)	-	(246)

Total comprehensive expense for the year	-	-	(60)	(2,196)	(552)	(2,808)	-	(2,808)
Share based payments credit	-	-	-	-	(177)	(177)	-	(177)
Balance at 31 December 2018	2,045	33,764	105	(6,989)	(7,807)	21,118	-	21,118

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Condensed Consolidated Cash Flow Statement
For the year ended 31 December 2018

	Year ended 31 December 2018 $'000	Year ended 31 December 2017 $'000
Loss for the year	(552)	(18,539)
Adjustments for:		
Net finance costs	4,360	3,300
Depreciation of property, plant and equipment	693	817
Software amortisation	298	315
Tax expense/(credit)	495	(1,480)
Impairment of goodwill	-	17,418
Impairment of pre-publication costs	501	4,868
Share based payments	(177)	222
Amortisation and amounts written off acquired intangibles	910	841
Amortisation and amounts written off pre-publication costs	31,426	32,212
Movement in fair value of derivatives	-	(130)
Gain on divestment of business	-	(2,541)
Operating cash flows before movements in working capital	37,954	37,303
Decrease in inventories	21	1,281
(Increase) in receivables	(2,280)	(784)
Increase in payables	4,639	6,822
Cash generated by operations	40,334	44,622

Income taxes paid	(1,962)	-
Net cash from operating activities	**38,372**	**44,622**
Investing activities		
Interest received	21	25
Investment in pre-publication costs	(29,744)	(35,551)
Purchases of property, plant and equipment	(169)	(1,063)
Purchase of software	(77)	(266)
Acquisition of businesses	(1,887)	(7,041)
Disposal of subsidiaries	-	4,588
Net cash used in investing activities	**(31,856)**	**(39,308)**
Financing activities		
Dividends paid	-	(2,018)
Interest payments	(2,980)	(2,935)
Drawdown of revolving credit facility	18,457	6,600
Repayment of term loan and revolving credit facility	(24,238)	(8,271)
Net cash used in financing activities	**(8,761)**	**(6,624)**
Net decrease in cash and cash equivalents	**(2,245)**	**(1,310)**
Cash and cash equivalents at beginning of year	**17,946**	**18,824**
Foreign currency exchange differences on cash and cash equivalents	(317)	432
Cash and cash equivalents at end of year	**15,384**	**17,946**

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Notes

The notes are available in the printable pdf of the results. To download it, please **click here**.