

Atex Group Limited

**Annual report and consolidated
financial statements**

Registered number 05334983

For the year ended 31 December 2014

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Contents

Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	7
Independent auditor's report to the members of Atex Group Limited	8
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated cash flow statement	15
Company cash flow statement	17
Notes	18

Officers and professional advisers

Directors

Gunnar Jacobsen – Chairman
Henning Jenson
Keith Taylor
Johannes Jamne
Timothy Oliver

Secretary

Mark Devin

Registered office

Atex Group Limited
Advantage House
87 Castle Street
Reading
Berkshire
RG1 7SN

Bankers

Barclays Bank plc
Apex Plaza
Forbury Road
Reading
RG1 1AX

Auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Strategic report

Atex Group Limited (“the Group”), headquartered in the UK with offices worldwide, is a leading software group selling solutions for media-rich industries. Atex develops content management (“CMS”) and engagement solutions for over 150 customers, enabling them to streamline their operations and optimise their digital and print strategy.

The headquarters are based in Reading, UK and the Group has operations in Australia, Singapore, Sweden, Finland, Italy, France, Germany, Netherlands and the UK.

Objectives and Strategy

Our long term objective is to be the supplier of choice of content management solutions for news media organisations and related industries through close customer collaboration and the delivery of cost-effective software and service solutions which add value and operational benefits to our customers. In so doing we plan to drive profitable growth and build shareholder value.

The product portfolio covers the need of modern media-rich companies in the areas of content management and advertising with two products, Atex Digital Media and Atex Advertising:

i) Atex Digital Media

Atex Digital Media is a modular and scalable content management platform. Atex Digital Media modules can be combined to build a single solution to gather content, manage assets and co-ordinate content production workflows. Digital Media modules are:

- a) **dm.core** – The foundation of Atex Digital Media, dm.core allows the implementation of interoperable, enterprise repositories on a NoSQL backend, with flexible and scalable access to any kind of content.
- b) **dm.polopoly** – A scalable web content management solution to build an online presence on desktop and mobile devices. Modular design and multi level caching ensures limitless development options and high performance.
- c) **dm.desk** – A new approach to digital asset management. All multimedia assets can be managed in a responsive, modern and mobile-friendly user interface.
- d) **dm.print** – To produce monthly magazines or run multi edition/multi zone daily newspaper operations. Full edition planning and production monitoring, advertising planning and integration with ad booking platform included.

ii) Advertising

Atex Advertising is a fully integrated solution with the tools to help manage every facet of a premium advertising business, from lead generation to revenue collection.

The strategy of media companies is to build corporate content repositories that gather content from any source and disseminate on all channels. Trying to implement a “single system” for all channels production is short-sighted, since new channels with completely different requirements (for example tablets or social channels) emerge regularly and a “multi-channel” system is therefore rendered out of date. The driver for content management investment is to build open repositories that can be integrated efficiently, even when coupled with an existing and hard to replace print or web content management system.

Strategic report *(continued)*

Business Model

The business model explains how we intend to achieve our long-term objective and execute the strategic plan.

- i) **Revenue** – we sell software-based solutions that generate licence, support, maintenance and professional service revenues for the Group. The software element is licensed to the customer and the fee is payable either upfront (perpetual or term licence) or periodically under a “SaaS” (software as a service) arrangement. Where the arrangement follows the traditional perpetual or term licence route, we charge support and maintenance fees whereas for SaaS deals, the customer pays one charge which normally encompasses both software and support and maintenance. The professional services element of a sale is typically charged on a time and materials basis based on an agreed specification and payable either monthly in arrears or in accordance with an agreed milestone schedule.
- ii) **How we sell** – we sell primarily directly to customers through our established team of experienced sales professionals. Sales and marketing operations are coordinated on a global basis by the Director of Sales & Marketing.
- iii) **Operational delivery** – the group is organised along functional lines with operational services (both implementation and support) delivered through fit for purpose teams under the global leadership of the Director of Services and Support.
- iv) **Product Development** – The development centres based in the UK, Finland, Sweden, Italy and Australia are managed locally but under the overall coordination of the Chief Technology Officer and directed to deliver the Group’s strategic product goals of Atex Digital Media and Advertising.

Principal Risks and Uncertainties

The management of the business and the nature of the Group’s strategy are subject to a number of risks.

The Directors have set out below the principal risks facing the business.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

i) **Economic downturn**

The success of the business is reliant on customer spending. An economic downturn may result in a reduction of customer spending which will have a direct impact on the income achieved by the Group. In particular, customers are facing a change in advertising spend away from their traditional channels to digital channels with an associated focus on productivity increases and a decrease in capital expenditure. In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, the cost base, marketing and pricing strategies are modified to reflect the new market conditions.

ii) **High proportion of fixed overheads**

A large proportion of the Group’s overheads are fixed. There is the risk that any significant changes in revenue, discussed above, may lead to the inability to cover such costs. Management closely monitor fixed overheads against budget on a monthly basis and ensure that cost saving exercises are implemented when there is an anticipated decline in revenues.

iii) **Competition**

The market in which the Group operates is highly competitive. As a result there is constant downward pressure on margins and the additional risk of being unable to meet customers’ expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

iv) **Product obsolescence**

Due to the nature of the market in which the Group operates, products are subject to technological advances and, as a result, of obsolescence. The Directors are committed to the research and development strategy in place, and are confident that the Group is able to react effectively to the developments within the market.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

v) Fluctuations in currency exchange rates

A significant proportion of revenue is earned in currencies other than US reporting currency. The Group is therefore exposed to foreign currency fluctuations. The group is naturally hedged against this risk as the associated costs are incurred in the same currency as the revenue is generated.

vi) Adequacy of funding

The Group has received a commitment from Kistefos International Equity AS to provide continued support to Atex Group Limited by agreeing not to request the repayment of the loans that exist between these companies until Atex Group Limited has the ability to repay them. As such, the Directors have formed the view that, at the time of approving the accounts, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Financial overview

The Group returned an EBITDA of \$0.3 million in 2014 *(2013: loss of \$3.5 million)* on revenues of \$31.6 million (2013:\$38.8 million). The \$11.0 million reduction in costs reflects the successful execution in 2014 of the restructuring programme announced by the Board in December 2013. The Group, therefore, enters 2015 as a leaner more efficient organisation and one with a robust financial operational platform from which to develop its customer-focussed solutions.

Outlook and future developments

Following the major restructuring in the first half of 2014 a new CEO was appointed. The management team, now led by Anders Christiansen, has taken a more market/customer driven approach. The Group's interim results for the first quarter of 2015 show that we are improving on EBITDA performance so that Atex is now closer to its peer group.

By order of the board



Gunnar Jacobsen
Director

22 June 2015

Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2014.

Principal activities

Atex, headquartered in the UK with offices worldwide, is a leading software group selling solutions for media-rich industries. Atex develops content management and engagement solutions for over 150 customers, enabling them to streamline their operations and optimise their digital strategy.

Results and dividends

The Group's loss for the year, after taxation, was \$9.7 million (*2013: profit \$11.9 million*).

The Directors do not recommend that a final dividend be paid on the ordinary shares (*2013: \$Nil*). Interest of \$2.0 million (*2013: \$2.1 million*) has been accrued on the preference shares, a component of which is classified as equity.

Research and development

The Group continues to invest in the quality and design of its products. Continued investment in research and development is fundamental to the continuing growth of the business. The amount capitalised in the year was \$Nil (*2013: \$Nil million*), with amounts expensed of \$4.2 million (*2013: \$11.4 million*).

Employment of disabled persons

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of employees who have become disabled whilst in the Group's employment.

Employee involvement

Employees are kept informed of the performance of the Group through personal briefings, regular meetings and e-mail. The financial and economic factors affecting the Group's performance are also communicated by senior management through informal team briefings.

Creditor payment policy

The Group's policy is to agree terms of payment with its suppliers as and when a trading relationship is established. The Group ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations.

Directors' liability insurance and indemnities

The Company maintains liability insurance for the Directors and officers of all Group companies. The policy does not provide cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly.

Indemnities are in force under which the Company has agreed to indemnify the directors to the extent permitted by applicable law and the Company's articles of association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Directors

The Directors of the company who served in the year are as follows:

Gunnar Jacobsen – Chairman	(appointed 27 January 2014)
Henning Jensen	
Keith Taylor	
Nishant Fafalia	(resigned 27 January 2014)
Johannes Jamne	(resigned 27 January 2014 and re-appointed 11 June 2014)
Tom Ruud - Chairman	(appointed 27 January 2014 and resigned 11 June 2014)
Timothy Oliver	(appointed 27 November 2014)

Directors' report *(continued)*

Charitable and political contributions

No individual charitable contributions over \$2,000 were made by the Group (2013: \$Nil):

No donations were made to EU political organisations (2013: \$Nil).

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the board



Gunnar Jacobsen
Director

Advantage House
87 Castle Street
Reading
Berkshire
RG1 7SN

22 June 2015

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Atex Group Limited

We have audited the financial statements of Atex Group Limited for the year ended 31 December 2014 set out on pages 10 to 51. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's result for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Atex Group Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

22 June 2015

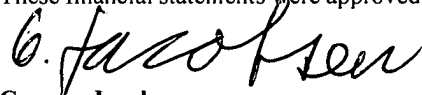
Consolidated statement of comprehensive income
for the year ended 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
Continuing operations			
Revenue		31,579	38,767
Cost of sales		(14,005)	(17,168)
Gross profit		17,574	21,599
Distribution costs		(3,068)	(5,561)
Amortisation of intangible assets	11	(4,889)	(6,410)
Depreciation	12	(516)	(461)
Non-recurring costs	2	(648)	(4,179)
Other administrative expenses		(14,160)	(19,497)
Administrative expenses		(20,213)	(30,547)
Operating loss	3	(5,707)	(14,509)
Finance costs	6	(3,528)	(6,378)
Foreign exchange loss		(808)	(1,718)
Loss before taxation		(10,043)	(22,605)
Taxation	7	554	(145)
Loss for the year from continuing operations		(9,489)	(22,750)
Discontinued operations			
(Loss)/profit from discontinued operation net of tax	8	(252)	34,693
(Loss)/profit for the year		(9,741)	11,943
Other comprehensive income			
Exchange differences on translating foreign operations		4,148	4,954
Total comprehensive (loss)/profit for the year		(5,593)	16,897

Consolidated statement of financial position
at 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	12	1,218	1,622
Goodwill	10	16,001	18,982
Intangible assets	11	3,440	9,354
Deferred tax (liability)/asset	9	(272)	162
		<u>20,387</u>	<u>30,120</u>
<i>Current assets</i>			
Trade and other receivables	14	7,593	12,570
Cash and cash equivalents	15	4,890	12,170
		<u>12,483</u>	<u>24,740</u>
Total assets		<u><u>32,870</u></u>	<u><u>54,860</u></u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	16	9,664	16,141
Deferred revenue		7,344	9,161
Financial liabilities	18	681	964
Provisions	17	2,864	13,039
Current tax payable		133	2,477
		<u>20,686</u>	<u>41,782</u>
Net assets (excluding shareholder loan and preference shares)		<u><u>12,184</u></u>	<u><u>13,078</u></u>
Liabilities			
<i>Shareholder loan and non-equity preference shares</i>			
Shareholder loan	18	20,468	15,346
Shareholder preference shares	18	20,022	21,945
Equity			
<i>Equity attributable to equity holders of parent</i>			
Equity share capital	21	1,863	363
Equity component of financial instrument		21,267	21,267
Equity reserve		71,974	71,974
Merger reserve		74,197	74,197
Currency translation reserve		2,895	(1,253)
Retained earnings		(200,502)	(190,761)
Total equity		<u>(28,306)</u>	<u>(24,213)</u>
Total equity, shareholder loans and preference shares		<u><u>12,184</u></u>	<u><u>13,078</u></u>

These financial statements were approved by the board of directors on 22 June 2015 and were signed on its behalf by:


Gunnar Jacobsen
Director

Registered number: 05334983

Company statement of financial position
at 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	<i>12</i>	940	1,161
Investment in subsidiary undertakings	<i>13</i>	44,223	49,252
		<hr/> 45,163	<hr/> 50,413
<i>Current assets</i>			
Trade and other receivables	<i>14</i>	49,107	58,649
Cash and cash equivalents	<i>15</i>	904	6,777
		<hr/> 50,011	<hr/> 65,426
Total assets		<hr/> 95,174	<hr/> 115,839
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	<i>16</i>	56,228	62,511
Provisions	<i>17</i>	125	2,608
Current tax payable		(114)	(120)
		<hr/> 56,239	<hr/> 64,999
Net assets (excluding shareholder loan and preference shares)		<hr/> 38,935	<hr/> 50,840
Liabilities			
<i>Shareholder loan and non-equity preference shares</i>			
Shareholder loan	<i>18</i>	20,468	15,346
Shareholder preference shares	<i>18</i>	20,022	21,945
Equity			
<i>Equity attributable to equity holders of parent</i>			
Equity share capital	<i>21</i>	1,863	363
Equity component of financial instrument		21,267	21,267
Equity reserve		71,974	71,974
Merger reserve		2,572	2,572
Currency translation reserve		2,511	12,668
Retained earnings		(101,742)	(95,295)
Total equity		<hr/> (1,555)	<hr/> 13,549
Total equity, shareholder loans and preference shares		<hr/> 38,935	<hr/> 50,840

These financial statements were approved by the board of directors on 22 June 2015 and were signed on its behalf by:


Gunnar Jacobsen
Director

Registered number: 05334983

Consolidated statement of changes in equity
at 31 December 2014

	Equity share capital	Equity component of financial instrument	Equity reserve	Merger reserve	Currency translation reserve	Share option reserve	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2013	363	21,267	71,974	74,197	(6,207)	858	(203,562)	(41,110)
<i>Transactions with owners</i>								
Lapse of share options	-	-	-	-	-	(858)	858	-
Retained profit for the year	-	-	-	-	-	-	11,943	11,943
<i>Other comprehensive income:</i>								
Currency translation difference on revaluation of foreign subsidiary accounts	-	-	-	-	4,954	-	-	4,954
At 31 December 2013	363	21,267	71,974	74,197	(1,253)	-	(190,761)	(24,213)
At 1 January 2014	363	21,267	71,974	74,197	(1,253)	-	(190,761)	(24,213)
<i>Transactions with owners</i>								
Shares issued	1,500	-	-	-	-	-	-	1,500
Loss for the year	-	-	-	-	-	-	(9,741)	(9,741)
<i>Other comprehensive income:</i>								
Currency translation difference on revaluation of foreign subsidiary accounts	-	-	-	-	4,148	-	-	4,148
At 31 December 2014	1,863	21,267	71,974	74,197	2,895	-	(200,502)	(28,306)

Company statement of changes in equity
at 31 December 2014

	Equity share capital	Equity component of financial instrument	Equity reserve	Merger reserve	Currency translation reserve	Share option reserve	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2013	363	21,267	71,974	2,572	(1,974)	858	(92,711)	2,349
Transactions with owners								
Lapse of share options	-	-	-	-	-	(858)	858	-
Retained loss for the year	-	-	-	-	-	-	(3,442)	(3,442)
Other comprehensive income:								
Currency translation of non-monetary items	-	-	-	-	14,642	-	-	14,642
As at 31 December 2013	363	21,267	71,974	2,572	12,668	-	(95,295)	13,549
At 1 January 2014	363	21,267	71,974	2,572	12,668	-	(95,295)	13,549
Transactions with owners								
Shares issued	1,500	-	-	-	-	-	-	1,500
Retained loss for the year	-	-	-	-	-	-	(6,447)	(6,447)
Other comprehensive income:								
Currency translation of non-monetary items	-	-	-	-	(10,157)	-	-	(10,157)
As at 31 December 2014	1,863	21,267	71,974	2,572	2,511	-	(101,742)	(1,555)

Consolidated cash flow statement
for the year ended 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
(Loss)/profit for the year		(9,741)	11,943
Adjustments for:			
Loss attributable to discontinued operation		-	(7,095)
Depreciation	12	516	461
Amortisation and amounts written off intangible assets	11	4,889	6,410
Preference shares issued for nil consideration		1,500	-
Finance costs	6	3,528	6,378
Foreign exchange differences		809	(1,718)
Tax expense	7	(554)	145
Gain on sale of discontinued operation, net of tax	8	-	(36,742)
Loss from disposal – discontinued		197	9,144
Non-monetary intercompany dividends		-	8,083
Operating cash flows before movement in working capital		1,144	(2,991)
Decrease/(increase) in trade and other receivables		4,975	(1,438)
(Decrease)/increase in trade and other payables		(8,386)	346
(Decrease)/increase in provisions		(10,174)	(2,553)
Cash utilised by operating activities		(12,441)	(6,636)
Income tax paid		(1,939)	(469)
Interest paid		-	(3,348)
Net cash from operating activities		(14,380)	(10,453)
Operating cash flows from discontinued operations		-	(476)
Cash flows from investing activities			
Additions to property, plant and equipment	12	(258)	(934)
Net proceeds from disposal of discontinued operations		-	75,503
Net cash (used)/generated in investing activities		(258)	74,569

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
Cash flow from financing activities			
Proceeds/(repayments) from issue of shareholder loan		4,000	(4,000)
Bank loan repaid		-	(54,796)
Other loan payments		(282)	-
		<hr/>	<hr/>
Net cash generated from financing activities		3,718	(58,796)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(10,920)	4,844
Foreign exchange		3,640	7
Cash and cash equivalents at beginning of year	15	12,170	7,319
		<hr/>	<hr/>
Cash and cash equivalents at end of year	15	4,890	12,170
		<hr/>	<hr/>

Company cash flow statement
for the year ended 31 December 2014

	<i>Note</i>	2014 \$000	2013 \$000
Cash flows from operating activities			
Loss for the period		(6,447)	(3,442)
Adjustments for:			
Depreciation	12	299	151
Impairment of investments	13	3,937	4,894
Share based payment		-	(1,719)
Finance costs		1,973	-
Finance income		-	(120)
Shares issued at nil consideration		1,500	-
Non-monetary movement on currency translation reserve		(11,527)	12,725
Operating cash flows before movement in working capital		(10,265)	12,489
Decrease in trade and other receivables		11,059	36,933
(Decrease)/increase in trade and other payables		(6,332)	21,987
(Decrease)/increase in provisions		(2,483)	65
Cash (utilised by)/generated from operating activities		(8,021)	71,474
Interest paid		-	(2,542)
Net cash flow from operating activities		(8,021)	68,932
Cash flow from investing activities			
Additions to property, plant and equipment	12	(183)	(620)
Additions to investments	13	(1,669)	(2,694)
Net cash flow from investing activities		(1,852)	(3,314)
Cash flow from financing activities			
Proceeds/(repayment) of issue of shareholder loan		4,000	(4,000)
Bank loan repaid		-	(54,796)
Net cash generated from financing activities		4,000	(58,796)
Net (decrease)/ increase in cash and cash equivalents		(5,873)	6,822
Cash and cash equivalents at beginning of year	15	6,777	(45)
Cash and cash equivalents at end of year	15	904	6,777

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

Atex Group Limited is a private limited company registered in England and Wales. The address of the registered office is Advantage House, 87 Castle Street, Reading, RG1 7SN.

The Group financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRSs) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union and that are applied in accordance with the Companies Act 2006. The accounting policies that follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2014.

The Group's financial statements have been prepared on a historical cost basis.

Going concern

Notwithstanding net liabilities of \$28.3 million, the directors have prepared the financial statements of the group on the going concern basis. The Group has received a commitment from Kistefos International Equity AS to provide continued support to Atex Group Limited by agreeing not to request the repayment of the loans that exist between these companies until Atex Group Limited has the ability to repay them. As such, the Directors have formed the view that, at the time of approving the accounts, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (Revised 2007). The Group has elected to present a combined 'Statement of comprehensive income'.

Significant management judgement

When preparing the financial statements, management are required to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the financial position date and the amounts reported for revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, there is a significant risk of material misstatement arising from these estimates and assumptions. The key sources of estimation and uncertainty where judgment has been applied by management are discussed below:

Revenue and cost contract accounting

The group commits to significant amounts of professional service implementation projects. Revenue and profits are recognised either on a milestone basis or a percentage-of-completion basis depending on contract structures, therefore management needs to exercise significant judgement in determining the basis and also when to recognise revenue and profits. In particular, this considers historical experience and requires knowledge of the customers and the markets in which the Group operates.

Further information on the Group's accounting policy for long term projects is provided in the "Revenue and long-term contracts" accounting policy.

Deferred tax

Deferred tax assets have been based on estimated future taxable profits on the future cash flow forecasts and the assumptions that underlie those forecasts. The effective tax rate to calculate the assets has been estimated by management to be the current prevailing tax rate in the location where the asset will unwind.

The carrying value and unrecognised deferred tax balance have been disclosed in note 9.

Notes (continued)

1 Accounting policies (continued)

Deferred tax (continued)

Impairment of goodwill and intangibles

The determination of whether or not these intangible assets have been impaired requires an estimate to be made of the value in use of the cash-generating unit to which the intangible asset has been allocated. The value in use calculation includes estimates about future financial performance of the cash-generating units, including cash flows generated from approved budgets and longer term forecasts of revenue growth and cost control.

The carrying amount of these intangibles and the key assumptions used in the calculation of value in use of the cash-generating units to which the intangibles are allocated are disclosed in notes 10 and 11.

Internally generated software and research costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

Provisions

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Estimates are constantly monitored on a monthly basis to ensure the most accurate and up to date information is being used and the provision value is appropriate.

Adoption of new revised IFRS

New and amended standards not yet mandatory for the group

The Group has applied the new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS) which are mandatory as from 1 January 2014 onwards.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

At the date of approval of these financial statements, the following standards, interpretations and amendments were issued but not yet mandatory for the Group and early adoptions has not been applied.

Notes (continued)

1 Accounting policies (continued)

Adoption of new revised IFRS (continued)

IFRS 9 Financial Statements

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial instruments: recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation impairment on financial assets and the new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from IAS 39. The group is currently assessing the potential impact on its consolidated financial statements from the application of IFRS 9.

IFRS 15 Revenue from Contracts for customers

IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is currently assessing the potential impact on its consolidated financial statements from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 14 regulatory Deferral accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification on Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 36)
- Defined Benefit Plans: Employee Contributions (Amendments for IAS 19)
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

Basis of consolidation

Business combinations

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group controls another entity.

Acquisitions of subsidiaries are dealt with by the purchase method from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date such control ceases. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period in which they are incurred.

Identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition irrespective of the extent of any non-controlling interest. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly through the profit and loss.

All intercompany balances and transactions, including unrealised gains are eliminated in full.

Notes (continued)

1 Accounting policies (continued)

Basis of consolidation (continued)

Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

The carrying amount of the investments in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

Revenue

Revenue is measured by reference to the fair value of consideration, after taking into account the time value of money, received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer. The Group often enters into sales transactions involving a range of the Group's products and services (multiple components), for example for the delivery of hardware, software and related after-sales service. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

The following criteria must also be met before revenue is recognised:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods sold;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The specific application of these general policies to the different types of product being sold by the Atex Group, are as follows:

Software

Where a perpetual or a period licence is granted to a customer and there is no significant installation obligation or ongoing commitment on the part of the Atex Group, revenue is recognised on delivery of the software. Where ongoing obligations exist the software revenue is recognised on a milestone or percentage-of-completion basis dependent upon contractual terms.

Where an annual or multi-year licence is granted to a customer which has ongoing commitments the software revenue is recognised rateably over the period of the contract.

Professional services

Professional services revenue is recognised on percentage-of-completion or time and materials basis dependent upon contractual terms.

Notes (continued)

1 Accounting policies (continued)

Revenue (continued)

Managed or hosted services

Managed or hosted services revenues is recognised on a straight line basis over the life of the underlying contract starting from the customer's system 'go-live' date.

Customer support or maintenance

Customer support or maintenance revenue is recognised on a straight line basis over the life of the underlying contract starting from the customer's system 'go-live' date.

Other

Recognised on the completion of performance obligations.

Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years. Current tax payable also includes any tax liabilities arising from the declaration of dividends.

Deferred income taxes are calculated using the liability method on all temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit or loss. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Computer equipment	- 33%
Leasehold improvements	- period of lease
Fixtures and fittings	- 20% to 33%

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset.

Leased assets

Leases where the lessee does not receive all the risks and benefits of ownership of the asset are classified as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Notes (continued)

1 Accounting policies (continued)

Intangible assets

Internally-generated intangible assets – Capitalisation of development expenditure

Expenditure on research is recognised as an expense in the year in which it is incurred.

Development costs such as employee costs and overheads incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Amongst other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

Amortisation is shown within administrative expenses included in other operating costs in the income statement. The period over which the costs are amortised is three years from when the asset is first available for use. Amortisation of development costs are on a straight line basis.

The carrying value of development expenditure is reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Separately identifiable intangible assets arising on business combinations

Separately identifiable intangible assets such as customer relations, technology and in-process R&D are recognised only when the assets meet the following conditions:

- (a) meet the definition of an intangible asset; and
- (b) are separately identifiable.

The criteria to be separately identifiable are met when the intangible asset:

- (i) is capable of being separated from the acquired business; or
- (ii) arises from contractual or legal rights, regardless of whether those rights are transferable or separable from the acquired company or other rights and obligations.

The amortisation period ranges from two to ten years and is based on equal annual instalments over the assets' estimated useful lives. Amortisation is shown within administrative expenses included in other operating costs in the income statement.

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of their amortisation profile involves a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

Notes (continued)

1 Accounting policies (continued)

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing of an asset is required, the Group makes an estimation of the asset's recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Investments in subsidiaries

Investments in subsidiary undertakings in the balance sheet of the company are included at the cost of the shares held less amounts written off.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- held to maturity investments.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date.

Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other administrative expenses'.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as fair value through profit or loss are recorded initially at fair value, and all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities, such as loans and borrowings are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Financial liabilities include preference shares issued, the details of which can be found in note 18.

Notes (continued)

1 Accounting policies (continued)

Equity

Equity comprises the following:

- "Equity share capital" represents the nominal value of equity shares.
- "Equity component of financial instrument" represents the equity element of the preference shares issued.
- "Equity reserve" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" represents merger reserve created prior to the transition to IFRS.
- "Foreign exchange reserve" represents foreign currency exchange differences upon conversion of subsidiaries results.
- "Retained earnings" represents retained profits/(losses) of the parent entity plus post acquisition profits/ (losses) of subsidiaries, as well as other recognised gains and losses not reflected in the income statement.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as an interest expense in the income statement.

Foreign currency

Functional and presentation currency

The presentational currency for these financial statements is US dollars (\$) which is also the functional currency of the parent company.

Foreign currency transactions and balances

Transactions in currencies other than the functional currency of the respective Group entity are translated using the rate of exchange at the date of the transaction (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and remeasurement of monetary assets and liabilities denominated in foreign currencies at each balance sheet date, are recognised in profit or loss.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items carried at historical cost are translated at the exchange rate at the time of the transaction and are not subsequently remeasured.

The exchange differences on foreign currency borrowings and deposits are included in finance income and finance expenses.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions with Group entities with a functional currency other than US\$ are translated into US\$ upon consolidation. The functional currency of the entities in the group have remained unchanged during the reporting period.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement. Goodwill and fair value adjustments arising from acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated to US\$ at the closing rates.

Notes (continued)

1 Accounting policies (continued)

Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. However, they are disclosed as contingent liabilities.

Employee benefits

Defined Contribution Pension Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period to a privately administered pension plan. The Group has no further payment obligations once the contributions have been paid.

Equity settled share-based payment

There were no material share based payment arrangements in the year.

2 Non-recurring costs/(credits)

In 2014, non-recurring costs include the release of provisions regarding onerous leases and other prior year provisions together with the value of preference shares issued for nil consideration following the settlement of a dispute with a shareholder and former executive officer of the company.

	2014 \$000	2013 \$000
Redundancy costs	56	2,305
Refinancing costs and professional fees	431	620
Onerous lease and other provisions	558	1,254
Preference shares issued for nil consideration	1,500	-
Provisions reversed during the year	(1,897)	-
	<hr/>	<hr/>
Total non-recurring costs	648	4,179
	<hr/>	<hr/>

Notes (continued)

3 Operating loss:

	2014 \$000	2013 \$000
<i>Operating loss is stated after charging:</i>		
Depreciation and amounts written off property, plant and equipment	515	461
Amortisation of:		
Acquired intangible assets	3,203	3,781
Capitalised development costs	1,686	2,629
Current year research and development expenditure	4,249	11,433
Rentals under operating leases:		
Hire of plant and machinery	1,386	1,091
Other operating leases	501	466
<i>Auditor's remuneration:</i>		
For group audit services	77	102
Subsidiary audit services	143	163
For non-audit services:		
Taxation	70	264
Other non-audit services	48	545

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees	
	2014	2013
Research and development	48	98
Sales, customer support and marketing	52	64
Installation and project management	71	94
Administration and services	22	26
	<u>193</u>	<u>282</u>

The aggregate payroll costs of these persons were as follows:

	\$000	\$000
Wages and salaries	15,466	22,197
Social security costs	2,672	3,820
Other pension costs	1,466	1,215
	<u>19,604</u>	<u>27,232</u>

Notes (continued)

5 Remuneration of directors

Remuneration

The remuneration of the directors was as follows:

	2014 \$000	2013 \$000
Emoluments	775	265
Pension contributions	-	-
	<u>775</u>	<u>265</u>

In the year to 31 December 2014, the directors received pension contributions of \$Nil (2013: \$Nil).

In the years to 31 December 2014 and 31 December 2013, the remaining directors were remunerated by Kistefos International Equity AS.

Highest paid director

The amounts for remuneration include the following in respect of the highest paid director:

	2014 \$000	2013 \$000
Emoluments	508	265
Pension contributions	-	-
	<u>508</u>	<u>265</u>

6 Finance costs

	2014 \$000	2013 \$000
Interest on shares classed as financial liabilities	2,042	2,107
Bank loans	-	2,177
Fees relating to loan arrangements	-	342
Other interest payable and similar charges	1,486	1,752
	<u>3,528</u>	<u>6,378</u>

The dividends due on the preference shares are classified as interest. The interest on these preference shares represents the 7% annual dividend on the nominal value of these shares.

Notes (continued)

7 Taxation

Analysis of credit for the year

	2014 \$000	\$000	2013 \$000	\$000
<i>Current tax</i>				
Foreign tax	(465)		1,613	
	<hr/>		<hr/>	
Total current tax		(465)		1,613
<i>Deferred tax</i>				
Origination and reversal of timing differences	(89)		(1,468)	
	<hr/>		<hr/>	
		(89)		(1,468)
		<hr/>		<hr/>
Tax on loss on ordinary activities		(554)		145
		<hr/>		<hr/>

Factors affecting the tax credit for the year

The current tax credit for the year is lower (2013: charge lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 \$000	2013 \$000
<i>Current tax reconciliation</i>		
(Loss)/profit for the year	(9,741)	11,943
	<hr/>	<hr/>
Current tax at 21.5% (2013: 23.25%)	(2,094)	2,777
<i>Effects of:</i>		
Items not deductible for tax purposes	380	607
Profit on disposal (note 8)	-	(8,066)
Differences in effective overseas tax rates	172	99
Utilisation of tax losses and other timing differences	-	(349)
Tax losses and other timing differences not utilised	1,077	6,545
Under provided in prior years	-	-
Change in rate of deferred tax	-	-
	<hr/>	<hr/>
Total current tax (credit)/charge (see above)	(465)	1,613
	<hr/>	<hr/>

Factors that may affect future charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. Deferred tax at 31 December 2014 has been calculated based on the rate of 20%.

Notes (continued)

8 Discontinued operations

In 2014 \$252,000 of costs were incurred in relation to the discontinued operations sold in 2013.

In 2013 Atex AdBase Advertising and Audience businesses ("AdBase") were sold. The AdBase sale included the Atex businesses operating in Melbourne (Florida), Tewksbury (Massachusetts) and Helsingborg (Sweden).

Results of discontinued operations

	2013 Adbase and Audience \$000
Revenue	33,803
Cost of sales	(12,781)
Operating expenses	(7,571)
	<hr/>
Results from operating activities	13,451
Depreciation and amortisation	(5,512)
Non-operating costs	20
Finance costs	(627)
Taxation	(237)
	<hr/>
Results from operating activities net of tax	7,095
	<hr/>

The profit from discontinued operations of \$7,095,000 is attributable entirely to the owners of the company.

Cash flows (used in)/from discontinued operations

	2013 \$000
Net cash used in operating activities	(476)
Net cash from investing activities	-
Net cash from financing activities	-
	<hr/>
Net cash flow for the year	(476)
	<hr/>

Notes (continued)

8 Discontinued operations (continued)

Effect of disposal on the financial position of the group

	2013 \$000
Property, plant and equipment	400
Intangible fixed assets:	
Goodwill	37,617
Intangible assets	4,093
Capitalised research and development	3,219
Investments	311
Deferred tax	7,730
Total fixed assets	53,370
Cash	397
Trade debtors (including unbilled)	8,392
Other debtors	374
Prepayments	791
Accounts payable	(1,781)
Accruals	(2,845)
Corporate tax	(1,008)
Provisions	(252)
Deferred revenue	(12,050)
Other liabilities	(203)
Net current assets	(8,185)
Net external assets	45,185
<i>Profit on disposal</i>	
Profit on disposal before taxation	28,598
Taxation	(1,000)
Profit on disposal after taxation	27,598
Trading profit to 31 October 2013	7,095
Profit on disposal	34,693

Notes (continued)

9 Analysis of deferred tax balances

Group

	Losses and short term timing differences \$000	Intangible assets \$000	Total \$000
At 1 January 2014	1,434	(1,272)	162
Income statement	(495)	584	89
Other movement	(523)	-	(523)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	416	(688)	(272)
	<hr/>	<hr/>	<hr/>
Deferred tax assets	434	-	434
Deferred tax liabilities	(18)	(688)	(706)
	<hr/>	<hr/>	<hr/>
Total	416	(688)	(272)
	<hr/>	<hr/>	<hr/>

The deferred tax asset of \$0.4 million (2013: \$1.6 million) is in relation to trading losses. In the opinion of the Directors, it is more likely than not that there will be suitable taxable profits available in the foreseeable future against which these losses can be utilised, based on medium term forecasts.

A deferred tax asset of \$21.3 million (2013: \$20.9 million) in respect of trading losses and other timing differences has not been recognised due to uncertainty as to its recoverability.

Notes (continued)

10 Goodwill

Group

	\$000
<i>Gross carrying amount</i>	
At 1 January 2013	78,294
Foreign exchange	1,352
Disposals	(38,812)
	<hr/>
At 31 December 2013	40,834
	<hr/>
At 1 January 2014	40,834
Foreign exchange	(5,011)
Disposals	-
	<hr/>
At 31 December 2014	35,823
	<hr/>
<i>Accumulated impairment</i>	
At 1 January 2013	(22,758)
Disposals	1,443
Foreign exchange	(537)
	<hr/>
At 31 December 2013	(21,852)
	<hr/>
At 1 January 2014	(21,852)
Disposals	-
Foreign exchange	2,030
	<hr/>
At 31 December 2014	(19,822)
	<hr/>
<i>Carrying amount</i>	
At 31 December 2014	16,001
	<hr/>
At 31 December 2013	18,982
	<hr/>

Goodwill

The Group tests goodwill where there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation.

2013 disposal

On 31 October 2013 the Group sold the Atex AdBase Advertising and Audience businesses ("AdBase") and associated goodwill.

Notes (continued)

10 Goodwill (continued)

CGUs (Cash generating units)

For the purposes of impairment testing, goodwill is allocated to the Group's operating segments; these represent the lowest level within the Group at which cash flows are monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each CGU is as follows:

	2014 \$000	2013 \$000
EMEA	16,001	18,982
Asia Pacific	-	-
	<hr/>	<hr/>
Carrying amount as at 31 December	16,001	18,982
	<hr/>	<hr/>

The recoverable amount for all CGU's have been determined based on value-in-use calculation.

Although the Board are satisfied that the assumptions used are appropriate to the current circumstances of the Group, changes to these key assumptions or estimates could significantly affect the results of the impairment calculation. The basis of the assumptions used is as follows:

- management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk associated with the business;
- management has applied appropriate growth rates to each CGU as determined in the annual approved budget, based on expected market growth where necessary and market decreases where necessary;
- the discounted cash flows that have been prepared are for 5-10 years based on a management estimate of an increase in gross profit over the period. The rate used to discount the forecast pre-tax cash flows was 8.9% (2013: 9.6%) and represents management's current best estimate of weighted average cost of capital in each of the years for which cash forecasts have been discounted.

Management have applied appropriate sensitivities to the impairment calculations. Neither of the following sensitivities, when applied to the assumptions used in the calculations, indicate that an impairment charge is necessary:

- An increase or decrease of +/- 1% in the discount rate; or
- An increase or decrease of +/- 10% in the operating cash flows.

Notes (continued)

11 Intangible assets

Group	Capitalised development costs \$000	Acquired customer lists \$000	Acquired sales order backlogs \$000	Acquired maintenance contracts \$000	Acquired software \$000	Total \$000
Cost						
At 31 December 2012	39,677	11,866	6,034	31,054	17,867	106,498
Disposals	(20,912)	(5,925)	(4,288)	(14,320)	(6,178)	(51,623)
Foreign exchange differences	582	335	147	738	438	2,240
At 31 December 2013	19,347	6,276	1,893	17,472	12,127	57,115
Disposals	(204)	(225)	(68)	(455)	(311)	(1,263)
Foreign exchange differences	(309)	(498)	(150)	(1,794)	(1,257)	(4,009)
At 31 December 2014	18,834	5,553	1,675	15,223	10,559	51,844
Amortisation						
At 31 December 2012	27,778	10,008	6,034	24,256	10,261	78,337
Charge for the year	5,654	1,524	-	2,936	1,654	11,768
Disposals	(17,685)	(5,742)	(4,288)	(12,143)	(4,198)	(44,056)
Foreign exchange differences	303	328	147	636	298	1,712
At 31 December 2013	16,050	6,118	1,893	15,685	8,015	47,761
Charge for the year	1,686	165	-	1,753	1,285	4,889
Disposals	-	(225)	(68)	(455)	(311)	(1,059)
Foreign exchange differences	19	(505)	(150)	(1,760)	(791)	(3,187)
At 31 December 2014	17,755	5,553	1,675	15,223	8,198	48,404
Net book value						
At 31 December 2014	1,079	-	-	-	2,361	3,440
At 31 December 2013	3,297	158	-	1,787	4,112	9,354

Capitalised development costs

Development costs are amortised over their useful lives of 3 years after the date at which the associated products are first available for use.

Other acquired intangible assets

The other acquired intangible assets are amortised over their useful lives as indicated below from the date of acquisition:

	Useful life Years
Acquired customer lists	7
Acquired sales order backlogs	2
Acquired maintenance contracts	8
Acquired software	10

Impairment of intangibles

The Group tests intangible assets that are being amortised for impairment if there are indications that impairment has arisen.

Notes (continued)

12 Property, plant and equipment

Group	Leasehold improvements \$000	Computer equipment \$000	Fixtures and fittings \$000	Total \$000
Cost				
At 31 December 2012	1,558	6,268	1,899	9,725
Additions	107	643	184	934
Disposals	(307)	(2,929)	(1,035)	(4,271)
Foreign exchange differences	25	80	(2)	103
At 31 December 2013	1,383	4,062	1,046	6,491
Additions	4	211	43	258
Disposals	(156)	(977)	(61)	(1,194)
Foreign exchange differences	(88)	(90)	(123)	(301)
At 31 December 2014	1,143	3,206	905	5,254
Depreciation				
At 31 December 2012	1,000	5,521	1,512	8,033
Charge for the year	129	389	97	615
Disposals	(230)	(2,784)	(827)	(3,841)
Foreign exchange differences	19	55	(12)	62
At 31 December 2013	918	3,181	770	4,869
Charge for the year	108	326	82	516
Disposals	(156)	(883)	(43)	(1,082)
Foreign exchange differences	(111)	12	(168)	(267)
At 31 December 2014	759	2,636	641	4,036
Net book value				
At 31 December 2014	384	570	264	1,218
At 31 December 2013	465	881	276	1,622

The net carrying value of assets owned under finance leases is \$Nil (2013: \$25,000) and depreciation charged on these assets was \$25,000 for the year (2013: \$50,000).

Notes (continued)

12 Property, plant and equipment (continued)

Company	Leasehold improvements \$000	Computer equipment \$000	Fixtures and fittings \$000	Total \$000
Cost				
At 31 December 2012	592	176	191	959
Additions	-	618	2	620
Disposals	-	-	-	-
Foreign exchange differences	(1)	39	(3)	35
At 31 December 2013	591	833	190	1,614
Additions	-	183	-	183
Foreign exchange differences	(24)	(80)	(2)	(106)
At 31 December 2014	567	936	188	1,691
Depreciation				
At 31 December 2012	150	78	89	317
Charge for the year	78	53	20	151
Foreign exchange differences	(3)	(8)	(4)	(15)
At 31 December 2013	225	123	105	453
Charge for the year	82	198	19	299
Disposals	-	(12)	-	(12)
Foreign exchange differences	(9)	18	2	11
At 31 December 2014	298	327	126	751
Net book value				
At 31 December 2014	269	609	62	940
At 31 December 2013	366	710	85	1,161

The net carrying value of assets owned under finance leases is \$Nil (2013: \$17,000) and depreciation charged on these assets was \$17,000 for the year (2013: \$30,000).

13 Subsidiary undertakings

Company	2014 \$000	2013 \$000
As at beginning of year	49,252	35,300
Foreign exchange	(2,761)	522
Additions	1,669	18,324
Impairment recognised during the year	(3,937)	(4,894)
As at end of year	44,223	49,252

Notes (continued)

13 Subsidiary undertakings (continued)

Atex Group Limited has the following principal subsidiary companies:

Name	Principal location	Principal field of activities
Atex Media, Inc.	USA	Holding company
Atex Media Pty. Ltd.	Australia	Development, sales, services and support.
Atex Media Command GmbH	Germany	Sales, services and support
Atex Media Oy	Finland	Development, sales, services and support
Atex Media Pte. Ltd.	Singapore	Sales, services and support
Atex Media Ltd.	UK	Development, sales, services and support
Atex Global Media SpA	Italy	Development, sales, services and support
Atex Global Media SAS	France	Sales, services and support
Polopoly AB	Sweden	Development, sales, services and support

All subsidiaries are 100% owned and have a reporting year end of 31 December.

Additions

During the current year, the Company increased its investment in subsidiaries by \$1,669,000 (2013: \$18,324,000) which consisted wholly of capital contributions by means debt forgiveness.

Impairments

At 31 December 2014, the group considered the recoverability of directly held investments and due to the uncertainty of future cashflows, have recorded an aggregate impairment in the investment values of \$3,937,000 (2013: \$4,894,000).

14 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<i>Current</i>				
Trade receivables	4,878	7,924	-	-
Amounts recoverable on contracts	58	1,140	-	299
Amounts due from group undertakings	-	-	48,865	58,130
Other receivables	892	150	53	-
Deferred consideration	1,044	1,200	-	-
Prepayments and accrued income	721	2,156	189	220
	<u>7,593</u>	<u>12,570</u>	<u>49,107</u>	<u>58,649</u>

As at 31 December 2014, trade receivables of \$994,000 (2013: \$1,001,000) were considered impaired and provided for.

Notes (continued)

14 Trade and other receivables (continued)

A portion of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2014 \$000	2013 \$000
Not more than 30 days	2,406	5,089
More than 30 days but not more than 60 days	485	107
More than 60 days	184	179
	<u>3,075</u>	<u>5,375</u>

15 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group in bank accounts. The carrying amount of these assets approximates their fair value.

	Group 2014 \$000	2013 \$000	Company 2014 \$000	2013 \$000
Cash	4,890	12,170	904	6,777
Total cash and cash equivalents	<u>4,890</u>	<u>12,170</u>	<u>904</u>	<u>6,777</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

16 Trade and other payables

	Group 2014 \$000	2013 \$000	Company 2014 \$000	2013 \$000
Trade payables	1,432	2,230	462	937
Amounts due to related party (note 23)	1,102	797	1,102	797
Amounts due to group undertakings	-	-	54,012	60,392
Social security and other taxes	4,948	4,173	-	62
Other creditors	666	2,309	37	-
Finance lease liability	-	48	-	48
Accruals	1,516	6,584	615	275
	<u>9,664</u>	<u>16,141</u>	<u>56,228</u>	<u>62,511</u>

Notes (continued)

17 Provisions

The carrying amounts and the movements in the provision account are as follows:

Group

2014

	Restructuring provision	Integration costs	Onerous lease and other provisions	Total
	\$000	\$000	\$000	\$000
At beginning of year	5,431	3,300	4,308	13,039
Foreign exchange movements	(19)	(32)	(49)	(100)
Provisions made	56	-	558	614
Provisions reversed	(255)	(526)	(1,116)	(1,897)
Provisions used during the year	(4,368)	(2,420)	(2,004)	(8,792)
At end of year	845	322	1,697	2,864

2013

	Restructuring provision	Integration costs	Onerous lease and other provisions	Total
	\$000	\$000	\$000	\$000
At beginning of year	6,845	8,286	2,337	17,468
Foreign exchange movements	(80)	(144)	(66)	(290)
Provisions made	2,305	-	3,352	5,657
Provisions reversed	-	(660)	-	(660)
Amounts arising from disposal	(65)	(185)	-	(250)
Provisions used during the year	(3,574)	(3,997)	(1,315)	(8,886)
At end of year	5,431	3,300	4,308	13,039

Notwithstanding the uncertainty surrounding the amounts provided the Group expects the provisions as at 31 December 2014 to reverse within one year.

Company

The company has a restructuring provision of \$125,000 (2013: \$2,608,000) which the Company expects to reverse within one year.

Notes (continued)

18 Financial liabilities

	Group		Company	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<i>Current</i>				
Invoice factoring facility	681	964	-	-
	<u>681</u>	<u>964</u>	<u>-</u>	<u>-</u>
<i>Non-current</i>				
Shares classed as financial liabilities	20,022	21,945	20,022	21,945
Shareholder loan	20,468	15,346	20,468	15,346
	<u>40,490</u>	<u>37,291</u>	<u>40,490</u>	<u>37,291</u>

Preference shares

Financial instruments are split into their financial liability and equity elements and disclosed as such. The accrued interest on these shares has been included as a financial liability.

As at 31 December 2014, there were 541,437,578 (2013: 452,189,051) non-convertible cumulative redeemable preference shares in issue. Each share has a nominal value of £0.01 and is redeemable only upon the occurrence of a redemption event. A redemption event would either be a sale of the business or an Initial Public Offering.

The preference shares carry a dividend of 7% per annum which is payable on redemption, which is included as accrued interest on 'shares classed as financial liabilities' above.

Bank loans

The group bank loan was repaid on 4 November 2013. The loan was denominated in various currencies (Euros, British pounds, Swedish Krone and US dollars). The facility bore an interest charge in the range of 3.8% to 9.5% depending on currency borrowed.

The group still retains its invoice factoring facility of \$1 million which is repayable on demand and bears interest of 5% per annum.

Shareholder loan

The loan is denominated in USD and attracts an interest rate of 7% plus LIBOR and is secured on the assets of the Group.

The loan is repayable on demand but Kistefos International Equity AS has committed not to request repayment until Atex Group Limited has the ability to repay.

19 Financial risk management

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes (continued)

19 Financial risk management (continued)

Consistent with others in the industry, the Group monitors capital in relation to overall financing.

The Group's capital structure is as follows:

	2014 \$000	2013 \$000
Shareholders' equity	(28,306)	(24,213)
Preference share liability	20,022	21,945
Shareholder loan	20,468	15,346
	<hr/>	<hr/>
Total equity, shareholder loan and preference shares	12,184	13,078
	<hr/>	<hr/>
Cash and cash equivalents	(4,890)	(12,170)
Loans and similar liabilities	681	964
	<hr/>	<hr/>
Net cash	(4,209)	(11,206)
	<hr/>	<hr/>
Capital employed	7,975	1,872
	<hr/>	<hr/>

The Group uses various financial instruments which include loans, cash, preference shares and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and manage its working capital requirements.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group financial instruments are market risk, currency risk, liquidity risk, interest rate risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

The Group policies for managing fair value interest rate risk are set out in note 20.

Notes (continued)

19 Financial risk management (continued)

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

The Group has offices around the world that trade within their own specific currencies. Receipts and payments are made in these currencies and hence reduce the currency risks that may arise.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Euros, British Pounds and Australian Dollars. To mitigate the Group's exposure to foreign currency risk, non-US Dollar cash flows are monitored in accordance with the Group's risk management policies.

Foreign currency denominated financial assets and liabilities, translated into US Dollars at the closing rate, are as follows:

	Swedish Krona \$000	Euros \$000	2014 British Pounds \$000	Australian Dollars \$000	Other \$000
Nominal amounts:					
Financial assets	832	2,958	3,587	1,814	577
Financial liabilities	(17)	(1,188)	(1,906)	(98)	(6)
Short term exposure	815	1,770	1,681	1,716	571
Financial liabilities	-	-	-	-	(20,022)
Long term exposure	-	-	-	-	(20,022)
	Swedish Krona \$000	Euros \$000	2013 British Pounds \$000	Australian Dollars \$000	Other \$000
Nominal amounts:					
Financial assets	551	5,117	10,756	2,215	492
Financial liabilities	(217)	(620)	(2,076)	(91)	(23)
Short term exposure	334	4,497	8,680	2,124	469
Financial liabilities	-	-	-	-	(21,945)
Long term exposure	-	-	-	-	(21,945)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US Dollar – Euro exchange rate, US Dollar – British Pound and US Dollar – Australian Dollar exchange rate.

Notes (continued)

19 Financial risk management (continued)

It assumes a +/- 10% change of the exchange rates for the year ended at 31 December 2014 (2013: 10%) being a reasonable proxy for exchange rate volatility.

	Swedish Krona \$000	Euros \$000	2014 British Pounds \$000	Australian Dollars \$000
10% strengthening of the US dollar:				
Net results for the year	419	524	323	(95)
Equity	(4,227)	2,393	7,500	(2,356)
	<hr/>	<hr/>	<hr/>	<hr/>
10% weakening of the US dollar:				
Net results for the year	(419)	(524)	(323)	95
Equity	4,227	(2,393)	(7,500)	2,356
	<hr/>	<hr/>	<hr/>	<hr/>
	Swedish Krona \$000	Euros \$000	2013 British Pounds \$000	Australian Dollars \$000
10% strengthening of the US dollar:				
Net results for the year	2,095	(49)	824	(256)
Equity	(5,628)	2,503	(8,634)	(2,376)
	<hr/>	<hr/>	<hr/>	<hr/>
10% weakening of the US dollar:				
Net results for the year	(2,095)	49	(824)	256
Equity	5,628	(2,503)	8,634	2,376
	<hr/>	<hr/>	<hr/>	<hr/>

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2014 \$000	2013 \$000
<i>Classes of financial assets – carrying amounts</i>		
Trade and other receivables	7,593	12,570
	<hr/>	<hr/>

In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controllers on a regular basis in conjunction with debt ageing and collection history.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is constantly monitored, since the counterparties are reputable banks.

Notes (continued)

19 Financial risk management (continued)

Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 13 week projection. Long-term liquidity needs for a 180-day and a 360-day lookout year are identified monthly.

The Group's liabilities have contractual maturities which are summarised below:

	2014			
	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later and 5 years
	\$000	\$000	\$000	\$000
Other non-current financial liabilities	-	-	40,490	-
Trade payables	2,534	-	-	-
Other short term financial liabilities	681	-	-	-
	<u>3,215</u>	<u>-</u>	<u>40,490</u>	<u>-</u>
	2013			
	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later and 5 years
	\$000	\$000	\$000	\$000
Other non-current financial liabilities	-	-	37,291	-
Trade payables	3,027	-	-	-
Other short term financial liabilities	964	-	-	-
	<u>3,991</u>	<u>-</u>	<u>37,291</u>	<u>-</u>

20 Financial instruments

Loan maturity and interest rate risks

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Invoice factoring facility	2014 Preference shares	Shareholder loan
	\$000	\$000	\$000
Within one year	681	-	-
Indeterminable	-	20,022	20,468
	<u>681</u>	<u>20,022</u>	<u>20,468</u>

Notes (continued)

20 Financial instruments (continued)

Loan maturity and interest rate risks (continued)

	Invoice factoring facility \$000	2013 Preference Shares \$000	Loan notes \$000
Within one year	964	-	-
Indeterminable	-	21,945	15,346
	<u>964</u>	<u>21,945</u>	<u>15,346</u>

The interest rate exposures of the financial assets and liabilities of the Group are shown in the tables below. The tables include trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

	2014 Interest rate			Total \$000
	Fixed \$000	Floating \$000	Zero \$000	
Financial assets:				
Cash	-	4,890	-	4,890
Trade receivables	-	-	4,878	4,878
	<u>-</u>	<u>4,890</u>	<u>4,878</u>	<u>9,768</u>
Financial liabilities:				
Trade payables	-	-	2,534	2,534
7% preference shares	20,022	-	-	20,022
Shareholder loan	-	20,468	-	20,468
	<u>20,022</u>	<u>20,468</u>	<u>2,534</u>	<u>43,024</u>

	2013 Interest rate			Total \$000
	Fixed \$000	Floating \$000	Zero \$000	
Financial assets:				
Cash	-	12,170	-	12,170
Trade receivables	-	-	7,924	7,924
	<u>-</u>	<u>12,170</u>	<u>7,924</u>	<u>20,094</u>
Financial liabilities:				
Trade payables	-	-	3,027	3,027
7% preference shares	21,945	-	-	21,945
Shareholder loan	-	15,346	-	15,346
	<u>21,945</u>	<u>15,346</u>	<u>3,027</u>	<u>40,318</u>

Notes (continued)

21 Called up share capital

	2014 \$000	2013 \$000
<i>Called up, allotted and fully paid:</i>		
Equity shares:		
Ordinary shares of £0.01 each	95	95
Deferred shares of £0.01 each	1	1
7% redeemable preference shares of £0.01 each	1,767	267
	<u>1,863</u>	<u>363</u>

The movements in the number of called up, allotted and fully paid shares is shown below:

	2014			2013		
	Ordinary shares of £0.01 each Number	Deferred shares of £0.01 each Number	7% redeemable preference shares of £0.01 each Number	Ordinary shares of £0.01 each Number	Deferred shares of £0.01 each Number	7% redeemable preference shares of £0.01 each Number
Shares issued at beginning of year	5,587,483	11,820	452,189,051	5,587,483	11,820	452,189,051
New issues of shares	-	-	89,248,527	-	-	-
	<u>5,587,483</u>	<u>11,820</u>	<u>541,437,578</u>	<u>5,587,483</u>	<u>11,820</u>	<u>452,189,051</u>

During the year 89,248,527 preference shares were issued at nil consideration.

The 7% redeemable preference shares carry an entitlement to, a fixed, cumulative dividend at the rate of 7% per annum and may be redeemed only upon the occurrence of a redemption event. A redemption event would either be a sale of the business or an Initial Public Offering. Provision is made for the dividend payable on redemption and is included within financial liabilities. At 31 December 2014, the amount accrued was \$13.8 million (2013: \$14.3 million). Other than as described above, the holders of the preference shares are not entitled to any further right of participation in the profits of Atex Group Limited.

In the event of liquidation, reduction of capital or winding up of Atex Group Limited, the assets available for distribution amongst the shareholders after repayment in full of the Company's preferred creditors and secured debtors, shall be applied as follows:

- (i) first, in paying to the holders of the preference shares, an amount equal to the sum of the aggregate subscription price of such preference shares and an amount equal to any accrued but unpaid preference dividend;
- (ii) second, in paying to the holders of the ordinary shares, an amount equal to the sum of the aggregate subscription price of such ordinary shares and an amount equal to any accrued but unpaid dividend; and
- (iii) third, the unsecured shareholder loan (if any); and
- (iv) finally, in paying any balance amongst the holders of the ordinary shares in proportion to the amounts paid up or credited as paid up on such shares. The holders of the preference shares are not entitled to vote or to receive notice of or attend general shareholder meetings of Atex Group Limited.

Notes (continued)

22 Financial commitments

The Group's minimum operating lease payments are as follows:

Group

	Land and buildings \$000	2014 Other \$000	Total \$000	Land and buildings \$000	2013 Other \$000	Total \$000
Future minimum payments due:						
Within one year	1,278	377	1,655	1,031	617	1,648
One to five years	2,444	59	2,503	2,494	339	2,833
More than five years	-	-	-	-	-	-
	<u>3,722</u>	<u>436</u>	<u>4,158</u>	<u>3,525</u>	<u>956</u>	<u>4,481</u>

Company

	Land and buildings \$000	2014 Other \$000	Total \$000	Land and buildings \$000	2013 Other \$000	Total \$000
Future minimum payments due:						
Within one year	289	118	407	306	18	324
One to five years	651	-	651	937	-	937
More than five years	-	-	-	-	-	-
	<u>940</u>	<u>118</u>	<u>1,058</u>	<u>1,243</u>	<u>18</u>	<u>1,261</u>

Lease payments recognised as an expense during the year amounted to \$1.8 million (2013: \$1.5 million).

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

The Group's minimum finance lease payments are as follows:

Group

	2014 Computer equipment \$000	2013 Computer equipment \$000
Future minimum payments due:		
Within one year	-	18
One to five years	-	-
	<u>-</u>	<u>18</u>

Notes (continued)

22 Financial commitments (continued)

Company

	2014 Computer Equipment \$000	2013 Computer equipment \$000
Future minimum payments due:		
Within one year	-	18
One to five years	-	-
	<hr/>	<hr/>
	-	18
	<hr/>	<hr/>

23 Related party transactions

All transactions with Kistefos AS, the controlling party of the Group, represent related party transactions. During the year ended 31 December 2014 the Group incurred \$1,374,000 of expense (2013: \$730,000) in relation to services provided to the Group. At 31 December 2014, \$1.1 million of amounts payable were outstanding (2013: \$0.8 million).

Key management personnel

Key management personnel remuneration includes the following expenses:

	2014 \$000	2013 \$000
Short term employee benefits:		
Salaries	322	-
Social security	16	-
	<hr/>	<hr/>
	338	-
Payments to senior management	1,091	3,017
	<hr/>	<hr/>
	1,429	3,017
	<hr/>	<hr/>

24 Controlling party

The Group is a subsidiary of Kistefos International Equity AS. The ultimate controlling party is Mr Christen Sveaas, who directly or indirectly owns 88.4% of the issued ordinary share capital of the company by way of his ownership of Kistefos AS and other companies.

Notes *(continued)*

25 Pensions

The Group operates a number of defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds. All costs are included in administrative expenses in other operating costs. The amounts associated with all pension schemes included in administrative expenses for the year ending 31 December 2014 was \$1.5 million *(2013: \$1.2 million)*.

26 Parent company profit and loss

The parent company is exempt from publishing its own profit and loss account under Section 408 of the Companies Act 2006 and has taken advantage of this exemption. Loss for the year was \$6.4 million *(2013: \$3.4 million)*.

27 Contingent liabilities

The group has no contingent liabilities as at the balance sheet date.