

14 April 2016

Matchtech Group plc
Interim Results for the six month ended 31 January 2016

Matchtech Group plc (“Matchtech” or the “Group”), the specialist Engineering and Technology (IT & Telecoms) recruitment agency, today announces its Interim Results for the six months ended 31 January 2016.

Financial Highlights

	2016 H1		2015 H1		Change	
	Statutory	Underlying ²	Statutory	Underlying ²	Statutory	Underlying ²
	£m	£m	£m	£m	%	%
Revenue	297.9	297.2	220.2	298.0	+35%	0%
Net Fee Income (NFI) ¹	36.5	35.9	22.5	36.2	+62%	-1%
Contract NFI	26.6	26.5	16.3	27.1	+63%	-2%
Permanent recruitment fees	9.9	9.4	6.2	9.1	+60%	+3%
Earnings before interest & tax (EBIT)	7.0	10.1	5.3	9.9	+32%	+2%
Profit before tax (PBT)	6.9	9.4	5.1	9.1	+35%	+3%
% Contract NFI / Permanent fees	73 / 27		72 / 28			
Basic earnings per share	15.4p	21.9p	15.1p	20.6p	+2%	+6%
Diluted earnings per share	14.8p	20.9p	14.1p	19.6p	+5%	+7%
Interim dividend	6.00p		5.68p		+6%	
Operating cash conversion	175%		132%			
Net debt (31 Jan 16 v 31 Jul 15)	£24.8m		£33.6m			

The following footnotes apply, where indicated, throughout these interim results:

¹ NFI is calculated as revenue less contractor payroll costs

² Underlying performance is calculated on a pro-forma basis as though Networkers had been owned by the Group for the entire prior period. Underlying results exclude the trading and net proceeds of divested businesses (2016: £0.3m loss; 2015: £0.4m loss), acquisitions costs (2016: £nil; 2015: £0.7m), amortisation of acquired intangibles (2016: £1.8m; 2015: £0.3m) and integration and restructuring costs (2016: £0.9m; 2015: £0.2m), exchange gains from balance sheet conversion (2016: £0.6m; 2015: £0.4m) and include implied interest from acquisition funding (2016: £nil; 2015: £0.5m). The weighted average number of shares in issue for 2015 includes the 5.4 million shares issued on the acquisition of Networkers.

Operational Highlights

- Trading performance in line with management expectations
- Engineering and Telecoms markets remain positive offset by some weakness in Technology
- Integration of Networkers on track, due to be largely completed by 31 July 2016
- On course to achieve synergy targets fully in the year to 31 July 2017
- Investments in connectivity and business development implemented
- Managing Directors appointed to run Asia and the Americas
- New IT market segmentation implemented post period end with clear niche specialist focus

Commenting on the results, Brian Wilkinson, Chief Executive of the Group said:

“The Group today announces another solid set of results, reflecting the continuing strategic and operational progress we are making.

“The acquisition of the Networkers business in April 2015 has enabled the Group to deliver a 62% increase in NFI for the period. Cost synergies are being realised as planned, with more to come in the second half-year.

“Performance in the first half of FY 2016 is in line with management’s expectations, with NFI growth in Engineering of 7% and Telecoms of 11% compared to the second half of last year. IT declined 20% against 2015 H1, improving to a 9% decline against 2015 H2, and management actions are in hand to deliver an improved performance, with a new IT market segmentation implemented post period end giving clear niche specialist focus in attractive markets where we have high levels of capability.

“Demand for skilled engineers remains strong in the UK. Having identified a number of opportunities to roll out our Engineering recruitment services internationally, we have taken the first practical steps to realise sales synergies through our new overseas network, with some encouraging initial results. Investment in headcount is continuing in these areas as we aim to build market share and I remain confident that we will convert these exciting opportunities into significant growth over the next few years.”

For further information please contact:

Matchtech Group plc	+44 (0) 1489 898989
Brian Wilkinson, Chief Executive Officer Tony Dyer, Chief Financial Officer	
Citigate Dewe Rogerson	+44 (0) 20 7638 9571
Rob Newman / Nick Hayns	
Numis Securities Limited	+44 (0) 20 7260 1000
Michael Meade / Tom Ballard	

Operational Performance

NFI performance for the Group in H1 2016 was up 62% to £36.5m (H1 2015: £22.5m).

Underlying Group NFI

	2016 H1	2015 H1	2016 H1 v 2015 H1	2016 H1 v 2015 H2 ¹
	£m	£m	%	%
Contract NFI	26.5	27.0	-2%	+2%
Permanent Fees	9.4	9.2	+2%	+12%
Total NFI	35.9	36.2	-1%	+4%

¹ Calculated on an average weekly run-rate basis

We saw a strong permanent fee performance across Engineering and Technology with fees up 12% on the second half of last year.

Engineering (60% of Group NFI)

Underlying Engineering NFI

	2016 H1	2015 H1	2016 H1 v 2015 H1	2016 H1 v 2015 H2 ¹
	£m	£m	%	%
Contract NFI	15.3	14.6	+5%	+5%
Permanent Fees	6.4	5.7	+12%	+13%
Total NFI	21.7	20.3	+7%	+7%

¹ Calculated on an average weekly run-rate basis

Engineering's NFI was up 7% to £21.7m, (up 7% v H2 2015¹).

There was a strong performance from Infrastructure with NFI up 19% against the same period last year. There is continuing high demand in the rail sector mainly in project delivery, in property largely with private sector structure/services work and in water with design/project delivery phases. With many major projects in the pipeline, such as the Thames Tideway Project, HS2, Crossrail (phase 2) and the Wessex to Waterloo line improvements, we have long term visibility in this sector.

In Energy, whilst the low oil price means activity remains muted globally, our diversification in recent years has ensured that two thirds of our energy business now lies outside of the oil & gas market. There are an increasing number of requirements for candidates throughout Europe in the renewable energy, transmission and nuclear markets. In renewable energy our main focus is within offshore and onshore wind programmes where there are number of upcoming opportunities in Northern Europe. Within the transmission area there are extensive upgrades being carried out to the electrical grid infrastructure throughout Europe, whilst in the nuclear sector there are a number of new reactors being planned in the UK alone.

Investment in the UK Automotive manufacturing industry continues, which is flowing down through the supply chain, where the need to design new automotive technologies, particularly hybrid and alternative fuel transmissions, is increasing. We are also seeing signs of UK automotive companies looking to re-shore certain operations and further expand.

The Aerospace sector is focussed on increasing manufacturing production rates, as no major new aircraft models are in the pipeline. The large aftermarket retrofit and interior suppliers are struggling to keep up with design and production demand, hence increasing our opportunities with SME's.

In Maritime much of the positive growth is coming from our international team, particularly in Canada where the NSPS C\$33 billion (c£18 billion) naval ship building programme will span the next 30 years and Matchtech is well-positioned as a key supplier of global talent to the two prime shipyards. Elsewhere, super-yacht build and cruise liner refit/repair projects in Europe are creating opportunities in design, build and project management.

Across these sectors there are many opportunities to expand our Engineering Technology division where the convergence of Engineering, IT and Telecom skills sets continues with the "Internet of Things" playing a significant part in driving this evolution. For example, within the automotive sector, the UK government recently announced that it will establish the UK as a global centre of excellence in connected and autonomous vehicles.

There is also high demand from our engineering and technology customer base for procurement professionals, finance, HR and sales candidates sourced through our Barclay Meade operation. The well documented skills shortages within Engineering and Technology has resulted in increased investment in Training by clients. The scope of these clients will widen further with the introduction of the apprenticeship levy. These factors create great opportunities, within the UK and overseas, for our Alderwood business as it further aligns itself to the core specialist sectors of Matchtech and Networkers.

The acquisition of Networkers in April last year gave us the platform to accelerate the expansion of our engineering brand overseas. As we build on our existing international capabilities, we see vast opportunities globally, with our initial focus on renewable energy, infrastructure and maritime in Europe, the Middle East and the Americas.

Technology (40% of Group NFI)

Underlying Technology NFI	2016 H1	2015 H1	2016 H1 v 2015 H1	2016 H1 v 2015 H2
	£m	£m	%	%
Contract NFI	11.2	12.4	-10%	-2%
Permanent Fees	3.0	3.5	-14%	+8%
Total NFI	14.2	15.9	-11%	0%

¹ Calculated on an average weekly run-rate basis

Technology's NFI was down 11% to £14.2m (H1 2015: £15.9m), and level with H2 2015¹. Within Technology, Telecoms was in line with H1 2015 and up 11% vs. H2 2015, whilst IT was down 20% vs. H1 2015 and down 9% vs. H2 2015.

As previously reported, we are focussed on significantly improving performance in our IT division. Although overall demand for IT staff in both permanent and contract remains high, the shortage of candidates in specific areas means that we need to be increasingly specialist in our approach.

We are focussing on six core markets, five of which are across specific technology skillsets, with the objective of becoming the leading specialist recruiter in each of these markets. These are: digital/mobile development, cloud, cyber security, leadership and ERP. At the same time we will build on our success in the Public Sector, expanding our teams in the NHS, through our presence on the non-medical, non-clinical framework as well as developing our central and local government business.

The telecoms market is currently quite buoyant as it increasingly converges with the IT sector. In addition, we are seeing growth in Asia from the continued expansion of 4G. We have also seen a resurgence of fixed line business in North America and Europe where there is renewed investment in cable laying, enabling higher quality and faster streaming as well as quicker connections between locations. As 5G is eventually rolled out we are well placed to support our clients as the technology is deployed to help realise the vision of smart cities, driverless cars and the "Internet of Things".

Integration of Networkers

The integration continues to go well. We have now identified nearly £2.3m in annualised synergies since the acquisition which will be fully realised in FY 2017. We expect to identify additional cost synergies as we continue the integration process and we combine the remaining back office functions by the end of this financial year.

People

Total headcount at 31 January 2016 was 714 at similar levels to 31 July 2015 of 712. We continue to invest in appropriate areas and Engineering sales headcount increased by 11%, netted off by reductions from the divested business, group support and management. Of total staff 76% are UK based, 8% in the Americas, 6% in Asia and 10% in the Middle East & Africa, and during the period we appointed Regional Managing Directors to run our Asia and Americas operations.

Financial Overview

Underlying performance is calculated on a pro-forma basis as though Networkers had been owned by the Group for the entire prior period. Underlying results exclude the trading and net proceeds of divested businesses (2016: £0.3m loss; 2015: £0.4m loss), acquisitions costs (2016: £nil; 2015: £0.7m), amortisation of acquired intangibles (2016: £1.8m; 2015: £0.3m) and integration and restructuring costs (2016: £0.9m; 2015: £0.2m), exchange gains from balance sheet conversion (2016: £0.6m; 2015: £0.4m) and include implied interest from acquisition funding (2016: £nil; 2015: £0.5m). The weighted average number of shares in issue for 2015 includes the 5.4 million shares issued on the acquisition of Networkers.

Revenue for the period was up 35% to £297.9m (2015 H1: £220.2m).

NFI was up 62% to £36.5m (2015 H1: £22.5m). Contract NFI was up 63% to £26.6m (2015 H1: £16.3m). Contract margins increased to 9.2% (2015 H1: 7.6%). Permanent recruitment fees were up 60% to £9.9m (2015 H1: £6.2m).

Profit from operations was £7.0m (2015 H1: £5.3m).

Underlying profit from operations was £10.1m (2015 H1: £9.9m).

NFI conversion was 20% (2015 H1: 24%), with underlying NFI conversion 28% (2015 H1: 27%).

Interest costs remain relatively low at £0.1m (2015 H1: £0.2m). H1 2015 included a profit on the revaluation of foreign assets of £0.6m.

Profit before tax was up 35% to £6.9m (2015 H1: £5.1m) with underlying profit before tax up 3% to £9.4m (2015 H1: £9.1m).

The effective rate of tax for the period was 31.5% (2015 H1: 25.6%); the increase is mainly due to irrecoverable withholding tax in the acquired Networkers business and differentials in UK and overseas tax rates, partly offset by the reduction of the UK standard rate of corporation tax to 20.0% (2015: 20.7%).

Basic earnings per share were up 2% to 15.4p (2015 H1: 15.1p) with underlying basic earnings per share up 6% to 21.9p (2015 H1: 20.6p).

Diluted earnings per share were up 5% to 14.8p (2015 H1: 14.1p) with underlying diluted earnings per share up 7% to 20.9p (2015 H1: 19.6p).

Debtors, Cashflow and Net Debt

Debtor days at the end of the period were 48 (31 January 2015 - excluding Networkers: 46; 31 July 2015: 50), with no material unimpaired debtors over 90 days overdue (31 January 2014: £nil; 31 July 2014: £nil).

Capital expenditure for the period was £0.2m (2015 H1: £0.4m).

As at 31 January 2016 the Group had a committed Confidential Invoice Discounting ("CID") facility with HSBC Bank until July 2018. The facility allows the Group to borrow up to 90% of its qualifying UK invoiced debtors capped at £80.0m, with a single debtor cap of 20% of total debtor book. Interest is charged on borrowings at HSBC Bank Base Rate plus 1.1%.

Additionally, as part of the Group's financing of the acquisition of Networkers, the Group has a £15m balance on a term loan facility with HSBC until April 2018.

Cash inflows from operations of £16.0m (2015 H1: £7.0m) represented cash conversion of 175% (2015 H1: 132%). After dividend payments of £5.0m, the Group reduced net debt in the period by £8.8m to £24.8m (31 July 2015: £33.6m).

Dividend

The Board has today declared a 6% increase in the interim dividend to 6.00 pence per share (2015: 5.68 pence) to be paid on 17 June 2016 to shareholders on the register at 27 May 2016.

Risks

The Board considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigation were disclosed on pages 18 and 19 of the Annual Report for the year ended 31 July 2015.

Notwithstanding that no new key risks have been identified in the period, we continue to manage a number of potential risks and uncertainties - many of which are common to other similar businesses - which could have a material impact on our longer term performance.

In particular the Board is focussed on the integration of Networkers International and the additional risks associated with the acquisition, given its size and international operations which it brings to a historically UK based business.

Outlook

Demand for skilled engineers remains strong in the UK. The acquisition of Networkers has created an even stronger specialist Group focussed on Engineering and Technology recruitment. It has added long-standing, substantial and profitable overseas operations to the Group which enables us to accelerate the introduction of our Engineering services to our international customers, in-line with our strategy. Investment in headcount is continuing in these areas as we aim to build market share and turn these into substantial overseas operations. Our integration plans are on track and due to be largely completed by 31 July 2016.

We continue to see growth in both Engineering and Telecoms. We are working on delivering an improved performance in our IT division, with new IT market segmentation implemented post period end with clear niche specialist focus.

Whilst the Board is mindful of the increased caution in economic forecasts in recent months, based on opportunities won, trading in the two months since the half year and continued close cost management the Board anticipates the Group's operational results for the year to 31 July 2016 will be in line with management's expectations.

Brian Wilkinson

Chief Executive Officer

14 April 2016

Cautionary Statement

This announcement has been prepared for the shareholders of the Company, as a whole and its sole purpose and use is to assist shareholders to exercise their governance rights. The Company and its directors and employees are not responsible for any other purpose or use or to any other person in relation to this announcement and their responsibility to shareholders shall be limited to that which is imposed by statute.

This announcement contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could adversely affect the Group's results, strategy and prospects. Forward-looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ from those currently expected. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the period ended 31 January 2016

	Note	6 months to 31/01/16 <i>unaudited</i> £'000	6 months to 31/01/15 <i>unaudited</i> £'000	12 months to 31/07/15 <i>audited</i> £'000
Revenue	2	297,907	220,202	502,293
Cost of Sales		(261,450)	(197,748)	(447,474)
GROSS PROFIT	2	36,457	22,454	54,819
Administrative expenses		(29,504)	(17,165)	(42,459)
PROFIT FROM OPERATIONS		6,953	5,289	12,360
<i>Profit from operations before amortisation of acquired intangibles and non-recurring items</i>				
	2	9,669	6,496	16,750
<i>Amortisation of acquired intangibles</i>				
	2	(1,828)	(277)	(1,680)
<i>Non-recurring items included within administrative expenses</i>				
	2	(888)	(930)	(2,710)
Profit on disposal of subsidiary		58	-	-
Finance income		571	393	12
Finance costs		(649)	(632)	(1,086)
PROFIT BEFORE TAX		6,933	5,050	11,286
Taxation	3	(2,182)	(1,292)	(2,959)
PROFIT FOR THE PERIOD		4,751	3,758	8,327
Attributable to:				
Equity holders of the parent		4,751	3,758	8,311
Non-controlling interests		-	-	16
		4,751	3,758	8,327

All of the activities of the Group are classed as continuing.

EARNINGS PER ORDINARY SHARE

		pence	pence	pence
Basic	5	15.4	15.1	31.0
Diluted	5	14.8	14.1	29.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 January 2016

	6 months to 31/01/16 <i>unaudited</i> £'000	6 months to 31/01/15 <i>unaudited</i> £'000	12 months to 31/07/15 <i>audited</i> £'000
PROFIT FOR THE PERIOD	4,751	3,758	8,327
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	(44)	65	(109)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(44)	65	(109)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	4,707	3,823	8,218
Attributable to:			
EQUITY HOLDERS OF THE PARENT	4,707	3,823	8,202
NON-CONTROLLING INTERESTS	-	-	16
	4,707	3,823	8,218

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 January 2016

	Note	31/01/2016 <i>unaudited</i>	31/01/2015 <i>unaudited</i>	31/07/2015 <i>audited</i>
ASSETS		£'000	£'000	£'000
Non-Current Assets				
Intangible assets	6	50,183	3,379	52,230
Property, plant and equipment		1,290	1,395	1,535
Deferred tax assets		1,253	339	1,237
		52,726	5,113	55,002
Current Assets				
Trade and other receivables	7	89,804	64,594	98,897
Cash and cash equivalents		9,071	781	3,997
		98,875	65,375	102,894
TOTAL ASSETS		151,601	70,488	157,896
LIABILITIES				
Non-Current Liabilities				
Deferred tax liability		(4,626)	-	(4,967)
Provisions		(278)	(278)	(278)
Bank loans and overdrafts		(13,608)	-	(28,608)
		(18,512)	(278)	(33,853)
Current Liabilities				
Trade and other payables		(34,106)	(22,555)	(37,562)
Current tax liability		(1,845)	(1,437)	(911)
Bank loans and overdrafts		(20,226)	(2,648)	(9,033)
		(56,177)	(26,640)	(47,506)
TOTAL LIABILITIES		(74,689)	(26,918)	(81,359)
NET ASSETS		76,912	43,570	76,537
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Called-up equity share capital	8	309	250	309
Share premium account		8,696	7,388	8,694
Merger reserve		28,750	224	28,750
Share based payment reserve		2,822	2,270	2,140
Translation of foreign operations		(64)	154	(20)
Retained earnings		36,399	33,284	36,648
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		76,912	43,570	76,521
Non-controlling interests		-	-	16
TOTAL EQUITY		76,912	43,570	76,537

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the period ended 31 January 2016

	6 months to 31/01/16 <i>unaudited</i> £'000	6 months to 31/01/15 <i>unaudited</i> £'000	12 months to 31/07/15 <i>audited</i> £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after taxation	4,751	3,758	8,327
Adjustments for:			
Depreciation and amortisation	2,389	646	2,696
Profit on disposal of subsidiary	(58)	-	-
Profit on disposal of property, plant and equipment	(6)	-	(13)
Interest income	(2)	-	-
Interest expense	80	239	1,074
Taxation expense recognised in profit and loss	2,182	1,292	2,959
Decrease in trade and other receivables	9,093	7,654	12,524
Decrease in trade and other payables	(3,294)	(7,481)	(11,157)
Share based payment charge	894	858	1,623
Cash generated from operations	16,029	6,966	18,033
Interest paid	(644)	(243)	(848)
Income taxes paid	(1,658)	(1,446)	(3,965)
NET CASH FROM OPERATING ACTIVITIES	13,727	5,277	13,220
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	(186)	(386)	(524)
Purchase of intangibles	(53)	(14)	(387)
Acquisitions net of cash received	(390)	-	(37,587)
Proceeds from sale of plant and equipment	19	-	58
Proceeds from sale of subsidiary	420	-	-
Interest received	2	-	-
NET CASH USED IN INVESTING ACTIVITIES	(188)	(400)	(38,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	2	-	6
(Repayment)/drawdown of term loan	(15,000)	-	28,608
Dividends paid	(5,031)	(3,641)	(5,382)
NET CASH USED IN FINANCING ACTIVITIES	(20,029)	(3,641)	23,232
Effects of exchange rates on cash and cash equivalents	575	6	(143)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,915)	1,242	(2,131)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(5,240)	(3,109)	(3,109)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(11,155)	(1,867)	(5,240)
CASH AND CASH EQUIVALENTS			
Cash	9,071	781	3,997
Bank overdrafts	(15)	(64)	(14)
Working capital facility used	(20,211)	(2,584)	(9,223)
CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT	(11,155)	(1,867)	(5,240)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 January 2016

	Share capital	Share premium	Merger reserve	Share based payment reserve	Translation of foreign operations	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	250	7,388	224	1,621	89	33,091	-	42,663
Profit for the period	-	-	-	-	-	3,758	-	3,758
Other comprehensive income	-	-	-	-	65	-	-	65
Total comprehensive income	-	-	-	-	65	3,758	-	3,823
Dividends paid in the period	-	-	-	-	-	(3,641)	-	(3,641)
Deferred tax movement re share options	-	-	-	-	-	(133)	-	(133)
IFRS 2 charge	-	-	-	858	-	-	-	858
IFRS 2 reserves transfer	-	-	-	(209)	-	209	-	-
Shares issued	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	649	-	(3,565)	-	(2,916)
Balance at 31 January 2015	250	7,388	224	2,270	154	33,284	-	43,570
Balance at 1 August 2014	250	7,388	224	1,621	89	33,091	-	42,663
Profit for the year	-	-	-	-	-	8,311	16	8,327
Other comprehensive income	-	-	-	-	(109)	-	-	(109)
Total comprehensive income	-	-	-	-	(109)	8,311	16	8,218
Dividends paid in the period	-	-	-	-	-	(5,382)	-	(5,382)
Deferred tax movement re share options	-	-	-	-	-	174	-	174
IFRS 2 charge	-	-	-	1,623	-	-	-	1,623
IFRS 2 reserves transfer	-	-	-	(1,104)	-	1,104	-	-
Re-acquisition of non-controlling interests	-	-	-	-	-	(650)	-	(650)
Shares issued	59	1,306	28,526	-	-	-	-	29,891
Transactions with owners	59	1,306	28,526	519	-	(4,754)	-	25,656
Balance at 31 July 2015	309	8,694	28,750	2,140	(20)	36,648	16	76,537

Balance at 1 August 2015	309	8,694	28,750	2,140	(20)	36,648	16	76,537
Profit for the period	-	-	-	-	-	4,751	-	4,751
Other comprehensive income	-	-	-	-	(44)	-	-	(44)
Total comprehensive income	-	-	-	-	(44)	4,751	-	4,707
Dividends paid in the period	-	-	-	-	-	(5,031)	-	(5,031)
Deferred tax movement re share options	-	-	-	-	-	(57)	-	(57)
Acquisition of non-controlling interest	-	-	-	-	-	(124)	(16)	(140)
IFRS 2 charge	-	-	-	894	-	-	-	894
IFRS 2 reserves transfer	-	-	-	(212)	-	212	-	-
Shares issued	-	2	-	-	-	-	-	2
Transactions with owners	-	2	-	682	-	(5,000)	(16)	(4,332)
Balance at 31 January 2016	309	8,696	28,750	2,822	(64)	36,399	-	76,912

Notes forming part of the financial statements

1 The Group and Company Significant Accounting Policies

i The Business and Address of the Group

Matchtech Group plc is a human capital resources business dealing with contract and permanent recruitment in the private and public sectors. The Company is incorporated in the United Kingdom. The Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham PO15 7AF.

ii Basis of Preparation of the Financial Statements

These interim condensed consolidated financial statements are for the six months ended 31 January 2016. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 July 2015. The comparative figures for the financial year ended 31 July 2015 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements ('the interim financial statements') have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 July 2016 or are expected to be adopted and effective at 31 July 2016.

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed interim financial statements. A summary of the principal accounting policies of the group are set out below.

iii Going Concern

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. These were prepared with reference to historical and current industry knowledge, taking future strategy of the Group into account. As a result, at the time of approving the financial statements, the Directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the financial statements. As with all business forecasts, the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

iv New Standards and Interpretations

These following standards and amendments to existing standards are applicable for the period ending 31 January 2016:

Standard		Effective date (Annual periods beginning on or after)
IAS 19	Defined Benefit Plans: Employee Contributions	1 February 2015

The adoption of the above standard has had no material impact on the financial statements.

New Standards in Issue, Not Yet Effective

The following relevant standards, amendments to existing standards and Interpretations, which are new and yet to become mandatory, have not been applied in the Group financial statements.

Standard		Effective date (Annual periods beginning on or after)
IFRS 11	Joint Arrangements	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9	Fair Values	1 January 2018
IFRS 15	Revenue	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS improvements	Various	Various

Based on the Group's current business model and accounting policies, the Directors do not expect material impacts on the figures in the Group's financial statements when the interpretations become effective.

The Group does not intend to apply any of these pronouncements early.

v Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the Statement of Financial Position date. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns through its involvement with an entity and it has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group Statement of Financial Position at their fair values, which are also used as the bases for subsequent measurement in accordance with Group accounting policies.

Transactions between Group companies are eliminated on consolidation.

vi Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts. Revenue on temporary placements is recognised upon receipt of a client approved timesheet or equivalent. Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment, at which point it is probable that the economic benefits associated with the transaction will be transferred. Fees for the provision of engineering services are recognised on completion of work performed in accordance with customer contracts. Other fees are recognised on confirmation from the client committing to the agreement.

vii Non-recurring Items

Non-recurring items are items that are unusual because of their size, nature or incidence and are presented within the consolidated income statement but highlighted through separate disclosure. The Group's Directors consider that these items should be separately identified within the income statement to enable a true and fair understanding of the Group's results.

Items which are included within this category include:

- costs of acquisitions;
- integration costs of acquisitions;
- significant restructuring costs;
- other particularly significant or unusual items.

viii Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset in terms of annual depreciation as follows:

Motor vehicles	25.0%	Reducing balance
Fixtures, Fittings and Office equipment	12.5% to 33.0%	Straight line
Leasehold Improvements	Over the period of the lease term	

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

ix Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment.

Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment. For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is

not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Expenditure on internally generated goodwill, brands and intangibles is expensed in the Income Statement when incurred.

Intangible Assets

Software Licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between 2 and 5 years. Software licences are stated at cost less accumulated amortisation.

Customer relationships

Acquired customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders). Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is amortised in line with the expected cashflows. Acquired customer relationships are stated at cost less accumulated amortisation and impairment. Backlog orders are recognised at fair value at the acquisition date and amortised in line with the expected cash flows. Backlog orders are stated at cost less accumulated amortisation and impairment. Customer relationships are amortised over their useful economic life of between 2 and 10 years.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment. Trade names and trademarks are amortised over their useful economic life of between 2 and 11 years.

Other

Other intangible assets acquired by the Group that have a finite life useful life are measured at cost less accumulated amortisation and accumulated losses. Other intangibles are amortised over their useful economic life of between 2 and 5 years.

Amortisation of intangible assets is recognised in the income statement under administrative expenses. Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Impairment losses are recognised in the Income Statement under administrative expenses.

x Disposal of Assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Income Statement.

xi Operating Lease Agreements

Rentals applicable to operating leases are charged against profits on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

xii Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on 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.

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. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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 (such as share-based payments) in which case the related deferred tax is also charged or credited directly to equity.

xiii Pension Costs

The Company operates defined contribution pension schemes for employees. The assets of these schemes are held separately from those of the Company. The annual contributions payable are charged to the Income Statement as they accrue.

xiv Share-based Payments

The transitional arrangements of IFRS 1 have been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 August 2006. All share-based remuneration is ultimately recognised as an expense in the Income Statement with a corresponding credit to "share-based payment reserve". All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

The Company is the granting and settling entity in the group share-based payment arrangement where share options are granted to employees of its subsidiary companies. The Company recognises the share-based payment expense as an increase in the investment in subsidiary undertakings.

The Group operates a Share Incentive Plan (SIP) which is HMRC approved, and enables employees to purchase Company shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost to the employee. The expense in relation to these 'free' shares is recorded as employee remuneration and measured at fair value of the shares issued as at the date of grant.

xv Business Combinations Completed Prior to Date of Transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 August 2006.

Accordingly the classification of the combination (merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised as at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

xvi Financial Assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

In the Company financial statements, investment in the subsidiary Company is measured at cost, and provision made where an impairment value is deemed to have occurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Trade receivables subject to the invoice discounting facility are recognised in the Statement of Financial Position until they are settled by the customer.

xvii 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 and comprise trade and other payables and bank loans.

Financial liabilities are recorded initially at fair value, net of direct issue costs and are subsequently measured at amortised cost using the effective interest rate method.

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

xviii Financial instruments

Financial instruments often consist of a combination of debt and equity and the Group has to decide how to attribute values to each. They are treated as equity only to the extent that they meet the following two conditions:

- (i) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (ii) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability, and where such an instrument takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance costs. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity

The Group uses financial instruments, in particular forward currency contracts to manage the financial risks associated with the Group's underlying business activities. The forward exchange contracts are used to hedge foreign currency exposures arising on forecast receipts and payments in foreign currencies. These forward contracts are revalued to the rates of exchange at the Statement of Financial Position date and any aggregate unrealised gains and losses arising on revaluation are included in other debtors or creditors. At maturity, or when the contract ceases to be a hedge, gains and losses are taken to the Income Statement. The Group does not undertake any trading activity in financial instruments.

Fair value hierarchy

The Group analyses financial instruments carried at a fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. directly from prices); and
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

xix Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, on demand deposits, bank overdrafts and working capital facilities.

xx Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in the annual general meeting prior to the balance sheet date.

xxi Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to "Translation of foreign operations" in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the Income Statement as part of the gain or loss on disposal.

As permitted by IFRS 1, the balance on the cumulative translation adjustment on retranslation of subsidiaries' net assets has been set to zero at the date of transition to IFRS.

xxii Equity

Equity comprises the following:

“Share capital” represents the nominal value of equity shares.

“Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

“Share based payment reserve” represents equity-settled share-based employee remuneration until such share options are exercised.

“Merger reserve” represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel and to record the excess fair value above the nominal value of the consideration on the acquisition of Networkers International plc

“Translation of foreign operations” represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.

“Retained earnings” represents retained profits.

xxiii Significant Accounting Estimates and Judgments

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The judgments made which, in the opinion of the Directors, are critical in drawing up the financial statements are as follows:

Invoice Discounting Facility

The terms of this arrangement are judged to be such that the risk and rewards of ownership of the trade receivables do not pass to the finance provider. As such the receivables are not derecognised on draw-down of funds against this facility. This facility is recognised as a liability for the amount drawn.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date are discussed below. These are included for completeness, although it is the Directors’ view that none of these have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated Useful Lives of Property, Plant and Equipment

The cost of equipment is depreciated on a straight line basis and the cost of motor vehicles is depreciated on a reducing balance basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 8 years. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment Loss of Trade and Other Receivables

The Group’s policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management’s judgments. Considerable judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group’s receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required. The carrying amounts of these assets are shown in note 7.

Intangibles

The Group determines whether goodwill and other intangible assets (including acquired intangibles) are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Consideration is given to the future cash flows of each cash generating unit and the discount rate applied to calculate the present value of those cash flows.

Year to 31 July 2015

unaudited

All amounts in £'000	Engineering	Technology	Underlying	Divested businesses	Non-recurring items	Amortisation of acquired intangibles	Group Total
Revenue	366,628	129,054	495,682	6,611	-	-	502,293
Gross profit	37,853	14,605	54,458	2,361	-	-	54,819
Operating contribution	21,135	6,925	28,060	224	-	-	28,284
Central overheads	(8,030)	(2,683)	(10,713)	(821)	(2,710)	(1,680)	(15,924)
Profit/(loss) from operations	13,105	4,242	17,347	(597)	(2,710)	(1,680)	12,360
Finance cost, net							(1,074)
Profit before tax							11,286
Depreciation and amortisation	749	267				1,680	2,696
Segment net assets	69,595	24,277					93,872
Unallocated net liabilities							(17,335)
Total net assets							76,537

A segmental analysis of total assets has not been included as this information is not available to the Board; the majority of assets are centrally held and are not allocated across the reportable segments. Only trade receivables and acquired intangibles are reported by segment and as such they are included as segment net assets above. Unallocated net liabilities include non-current assets, other receivables, cash and cash equivalents and current liabilities.

Reconciliation of segmental reporting from 2015 Audited Financial Statements

For the year to 31 July 2015 the segmental reporting was presented in three segments: Professional Services, Networkers and Engineering, the analysis below provides a breakdown into the new segments reported above.

All amounts in £'000	Professional Services				Networkers			
	Engineering	Technology	Divested businesses	Total	Engineering	Technology	Divested businesses	Total
Revenue	47,503	79,515	5,764	132,782	6,631	49,539	847	57,017
Gross profit	7,557	7,572	1,548	16,677	1,608	7,033	813	9,454
Profit from operations	2,062	2,498	(347)	4,213	497	1,744	(250)	1,991

The total of the Engineering segment reported for the year ended 31 July 2015 is reported within the revised Engineering segment above.

Geographical information

All amounts in £'000	Revenue			Non-current assets		
	6 months to 31/01/16	6 months to 31/01/15	12 months to 31/07/15	31/01/16	31/01/15	31/07/15
UK	267,596	219,316	488,611	52,447	5,112	54,582
Rest of Europe	780	886	1,575	-	1	-
Middle East and Africa	12,861	-	4,298	215	-	199
Americas	10,155	-	6,103	49	-	57
Asia Pacific	6,515	-	1,706	15	-	164
	297,907	220,202	502,293	52,726	5,113	55,002

Revenue and non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary.

3 INCOME TAX EXPENSE

Analysis of charge in the period:

	6 months to 31/01/16 <i>unaudited</i> £'000	6 months to 31/01/15 <i>unaudited</i> £'000	12 months to 31/07/15 <i>audited</i> £'000
Total income tax expense	<u>2,182</u>	<u>1,292</u>	<u>2,959</u>

The total tax charge is higher (31 January 2015: higher; 31 July 2015: higher) than the standard rate of corporation tax. The differences are detailed below:

Profit before tax	6,933	5,050	11,286
Corporation tax at average rate for the period 20.0% (31/01/15: 20.7%, 31/07/15: 20.7%)	1,387	1,045	2,336
Expenses not deductible for tax purposes	266	216	386
Irrecoverable withholding tax	443	-	340
Difference between UK and overseas tax rates	176	-	86
Overseas losses not provided for	-	31	46
Adjustments to tax charge in respect of previous periods	<u>(90)</u>	<u>-</u>	<u>(235)</u>
Total tax charge	<u>2,182</u>	<u>1,292</u>	<u>2,959</u>

4 DIVIDENDS

Dividends on shares classed as equity:

	6 months to 31/01/16 <i>unaudited</i> £'000	6 months to 31/01/15 <i>unaudited</i> £'000	12 months to 31/07/15 <i>audited</i> £'000
Paid during the period			
Equity dividends on ordinary shares	<u>5,031</u>	<u>3,641</u>	<u>5,382</u>

5 EARNINGS PER SHARE

Earnings per share has been calculated by dividing the consolidated profit after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated, on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

The earnings per share information has been calculated as follows:

	6 months to 31/01/16 unaudited £'000	6 months to 31/01/15 unaudited £'000	12 months to 31/07/15 £'000
Profit for the period	4,751	3,758	8,327
Number of Shares	000's	000's	000's
Weighted average number of ordinary shares in issue	30,815	24,967	26,841
Effect of dilutive potential ordinary shares under option	1,339	1,611	1,263
	32,154	26,578	28,104
Earnings per Share	pence	pence	pence
Earnings per ordinary share from continuing operations:			
- Basic	15.4	15.1	31.0
- Diluted	14.8	14.1	29.6

Underlying earnings per share

Underlying earnings per share is disclosed below to show the trading performance of the Group on a pro-forma basis as Networkers had been owned by the Group for the entire prior period. Underlying results also exclude non-recurring items, amortisation of intangibles and divested businesses.

	£'000	£'000	£'000
Profit for the period	4,751	3,758	8,327
Proforma Networkers profits	-	3,332	4,060
Loss on divested businesses	391	393	597
Amortisation of acquired intangibles	1,828	277	1,680
Non-recurring items	888	930	2,710
Disposal of subsidiary	(58)	-	-
Net foreign currency exchange differences	(571)	(393)	(12)
Interest charged on loan funding Networkers acquisition	-	(525)	(700)
Less: Tax effect on above items	(496)	(1,488)	(2,756)
Underlying earnings	6,733	6,284	13,906
Number of Shares	000's	000's	000's
Weighted average number of ordinary shares in issue	30,815	24,967	26,841
Share placing to part fund Networkers acquisition	-	5,439	3,626
Effect of dilutive potential ordinary shares under option	1,339	1,611	1,263
	32,154	32,017	31,730

Earnings per Share	pence	pence	pence
Underlying EPS			
-Basic	21.9	20.6	45.6
-Diluted	20.9	19.6	43.8

6 INTANGIBLE ASSETS

		Goodwill £'000	Acquired intangibles £'000	Software licences £'000	Total £'000	
COST	At 1 August 2014	1,643	2,642	951	5,236	
	Additions	-	-	-	-	
	At 31 January 2015	1,643	2,642	951	5,236	
	At 1 August 2014	1,643	2,642	951	5,236	
	Additions	-	-	777	777	
	Acquisitions	24,808	24,853	41	49,702	
	At 1 August 2015	26,451	27,495	1,769	55,715	
	Additions	-	250	53	303	
	Disposals	(380)	-	-	(380)	
	At 31 January 2016	26,071	27,745	1,822	55,638	
AMORTISATION	At 1 August 2014	-	979	553	1,532	
	Charge for the period	-	277	48	325	
	At 31 January 2015	-	1,256	601	1,857	
	At 1 August 2014	-	979	553	1,532	
	Charge for the year	-	1,680	273	1,953	
	At 1 August 2015	-	2,659	826	3,485	
	Charge for the period	-	1,828	142	1,970	
	At 31 January 2016	-	4,487	968	5,455	
	NET BOOK VALUE	At 31 January 2015	1,643	1,386	350	3,379
		At 31 July 2015	26,451	24,836	943	52,230
At 31 January 2016		26,071	23,258	854	50,183	

The balances at 31 January 2015 and 31 January 2016 are unaudited, the remaining balances are audited.

7 TRADE AND OTHER RECEIVABLES

	31/01/2016 <i>unaudited</i> £'000	31/01/2015 <i>unaudited</i> £'000	31/07/2015 <i>audited</i> £'000
Trade receivables	87,094	60,780	93,872
Other receivables	389	2,951	3,438
Prepayments	2,321	863	1,587
	89,804	64,594	98,897

Included in the Group's trade receivable balance are debtors with a carrying amount of £9,728,000 (31 January 2015: £5,985,000, 31 July 2015: £10,056,000) which are past due at the reporting date for which the Group has not provided as the Directors do not believe there has been a significant change in credit quality and consider the amounts to be recoverable in full. The Group does not hold any collateral over these balances.

The Directors consider all trade receivables not past due to be fully recoverable.

Ageing of overdue but not impaired trade receivables:

Number of days overdue	31/01/2016 <i>unaudited</i> £'000	31/01/2015 <i>unaudited</i> £'000	31/07/2015 <i>audited</i> £'000
0-30 days	7,463	4,252	7,585
30-60 days	1,706	1,375	1,663
60-90 days	559	356	458
90+ days	-	2	350
	<u>9,728</u>	<u>5,985</u>	<u>10,056</u>

8 SHARE CAPITAL

Authorised share capital	31/01/2016 <i>unaudited</i> £'000	31/01/2015 <i>unaudited</i> £'000	31/07/2015 <i>audited</i> £'000
40,000,000 Ordinary shares of £0.01 each	<u>400</u>	<u>400</u>	<u>400</u>

Allotted, called up and fully paid	31/01/2016 <i>unaudited</i> £'000	31/01/2015 <i>unaudited</i> £'000	31/07/2015 <i>audited</i> £'000
Ordinary shares of £0.01 each	<u>309</u>	<u>250</u>	<u>309</u>

The movement in the number of shares in issue is shown below:

	'000
In issue at 1 August 2014	24,965
Exercise of share options	<u>2</u>
In issue at 31 January 2015	<u>24,967</u>
In issue at 1 August 2014	24,965
Exercise of share options	399
Issue of restricted shares	119
Share placing	<u>5,439</u>
In issue at 31 July 2015	<u>30,922</u>
In issue at 1 August 2015	30,922
Exercise of share options	<u>26</u>
In issue at 31 January 2016	<u>30,948</u>

Statement of Directors' Responsibilities

The Board of Directors confirm that this condensed consolidated half year financial information has been prepared in accordance with IAS 34, as adopted by the European Union.