

11 April 2013

**Matchtech Group plc**  
**Half year financial report for the six months ended 31 January 2013**

Matchtech Group plc (the “Group”), one of the UK’s leading specialist engineering and professional services recruitment companies, today announces its unaudited results for the six months ended 31 January 2013.

**Financial Headlines**

	<b>H1 2013</b>	<b>H1 2012</b>	<b>% Change</b>
Revenue	<b>£197.3m</b>	£176.7m	+12%
Net Fee Income (NFI) <sup>1</sup>	<b>£18.5m</b>	£17.2m	+8%
Contract NFI	<b>£13.2m</b>	£11.6m	+14%
Permanent recruitment fees <sup>2</sup>	<b>£5.3m</b>	£5.2m	+2%
Underlying profit from operations <sup>3</sup>	<b>£4.8m</b>	£3.4m	+41%
Profit from operations	<b>£4.4m</b>	£3.4m	+29%
Profit before tax	<b>£4.0m</b>	£3.2m	+25%
Basic earnings per share	<b>12.65p</b>	9.53p	+33%
Interim dividend	<b>5.15p</b>	5.00p	+3%
Net debt <sup>4</sup>	<b>£8.0m</b>	£11.0m	-27%

<sup>1</sup> NFI is calculated as revenue less contractor payroll costs

<sup>2</sup> Permanent recruitment fees excludes the discontinued operations of Executive Search and Financial Services of £nil (2012 H1 £0.4m)

<sup>3</sup> Underlying profit from operations is calculated before deducting non-recurring restructuring costs of £0.4m (2012 H1: £nil)

<sup>4</sup> As at end of period: 31 January

**Operational Highlights**

- Increase in underlying H1 NFI conversion to 25.9% from 19.8% in 2012 H1 reflects the benefit of the developing brands and efficiencies within our cost base
- Strong demand for contractors across most of our specialist sectors, with contractors on placement at 31 January 2013 up 5% to 6,700 (31 January 2012: 6,400; 31 July 2012: 6,700)
- Underlying permanent fee income remained stable
- Major contract extension with BAE Systems (via Xchanging) and contract win with UK Power Networks announced on 14 March
- Major contract extensions with Transport for London and Babcock Marine & Technology announced today
- Simplified Group reporting structure with two distinct business units, Engineering and Professional Services, creating a clearer defined product offering and an enhanced platform for marketing and niche candidate attraction
- Launch of our new technology brand Connectus in April 2013

**Commenting on the results, Adrian Gunn, Chief Executive of the Group said:**

“The Group delivered a strong performance in the first half of the year with a 41% increase in underlying profit from operations. Our simplified Group structure and clearly defined niche product offering is enabling us to grow and take market share.

In Engineering, the extension of three major contracts with BAE Systems (via Xchanging), Transport for London and Babcock Marine & Technology and a new contract win with UK Power Networks have helped the Matchtech brand reinforce its position as the UK’s leading engineering recruitment business as we continue to support our clients in their long term infrastructure projects.

In Professional Services, Barclay Meade has built on its success within London and the Home Counties, Alderwood traded strongly and the recent launch of our new technology brand Connectus will help to broaden its scope and client base.

Trading has continued to progress solidly since our last update on 7 February 2013 and the Board currently anticipates that the results for the year to 31 July 2013 will be in line with its previous expectations.

In recognition of the Board’s confidence in the Group’s underlying and future prospects the Directors are proposing a 3% increase to the interim dividend to 5.15 pence per share. The Board intends to return to a progressive dividend policy after having maintained the dividend throughout the downturn. This dividend will be paid on 21 June 2013 to shareholders on the register as at 31 May 2013.”

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## Financial Summary

		Six months to 31 January 2013 <i>Unaudited</i> £m	Six months to 31 January 2012 <i>Unaudited</i> £m	Increase  %
<b>Income Statement</b>				
Revenue		197.3	176.7	+12%
NFI		18.5	17.2	+8%
Contract NFI		13.2	11.6	+14%
Permanent recruitment fees		5.3	5.6	-5%
Overheads (excluding restructuring costs)		13.7	13.8	-
Underlying profit from operations		4.8	3.4	+41%
Restructuring costs		0.4	-	-
Profit from operations		4.4	3.4	+29%
Profit before tax		4.0	3.2	+25%
Basic EPS (pence)		12.65p	9.53p	+33%
Dividend per share (pence)	A	5.15p	5.00p	+3%
<b>Cash flow, Debtors &amp; Net Debt</b>				
Cash flow from operations		10.7	9.4	+14%
Debtors (days)	B	48	47	+2%
Net debt	C	(8.0)	(11.0)	-27%
<b>Headcount</b>				
Contractors on placement (No.)		6,700	6,400	+5%
Sales force headcount (No.)		274	254	+8%
Contract NFI %		6.9%	6.8%	+1%
Underlying NFI conversion (%)	D	25.9%	19.8%	+31%
NFI conversion (%)	D	23.8%	19.8%	+20%
Effective tax rate (%)		25.0%	29.5%	-15%

## Notes:

A: Interim dividend declared for the six months to 31 January

B: At end of period. 31 July 2012: 50 days

C: At end of period. 31 July 2012: (£14.6)m. Banking facilities of £50.0m are committed until June 2015

D: Profit from operations as a % of NFI

## Background on Matchtech Group plc

Established in 1984, the Group specialises in the provision of contract, temporary and permanent staff and has grown organically to become one of the UK's leading engineering and professional services specialists, providing niche recruitment solutions to a broad range of clients across the UK and Europe. The Group's Head Office is based in Fareham, Hampshire and it has office locations in London, St Albans, Aberdeen and Stuttgart.

The Directors of Matchtech Group plc are as disclosed on pages 28 and 29 in the Annual Report for the year ended 31 July 2012.

## MATCHTECH GROUP PLC

## Interim report for the period ended 31 January 2013

## Operating review

## Introduction

The Group delivered a strong performance in the first half of the year.

Against a background of the UK recruitment market continuing to see strong demand for contractors across most of our specialist disciplines, the Group continues to make progress and indeed take market share.

Underlying permanent fee income, which excludes the discontinued operations of Executive Search and Financial Services, remained stable, tracking at the same levels as in H1 2012, as analysed below:

	£m
2012 H1	5.6
Discontinued operations	(0.4)
Underlying permanent fees	5.2
Underlying growth	0.1
<b>2013 H1</b>	<b>5.3</b>

Candidate confidence and incumbent employer counter-offers both continue to hold back growth in permanent fees, despite there being increased client demand for recruitment in our sectors.

Following our investment in the business over the last couple of years, we are starting to see the benefit of our developing new brands and the efficiencies within our cost base. This is reflected in underlying profit from operations for the first half of the year increasing by 41% to £4.8m, with the underlying NFI conversion rate in the period (conversion of NFI to underlying profit from operations) rising 6.1ppt to 25.9% (2012 H1: 19.8%).

## New Reporting Structure

As reported in our Preliminary Results on 4 October 2012, we have introduced a simplified reporting structure for the 2013 Financial Year in order to improve stakeholders' understanding of the Group as it continues to diversify. The business is now managed in two distinct Business Units:

- Engineering – comprising the Aerospace, Automotive, Energy, Infrastructure, Marine and Science sectors
- Professional Services – comprising Barclay Meade (Professional Staffing), Alderwood (Employability & Skills) and Connectus (the new brand for our Technology sector)

The Group's results are analysed by Business Unit as follows:

Six months to 31 January 2013	Engineering £m	Professional Services £m	Matchtech Group plc £m
<b>Revenue</b>	141.7	55.6	<b>197.3</b>
Contract NFI	9.5	3.7	<b>13.2</b>
Permanent fees	2.0	3.3	<b>5.3</b>
<b>Total NFI</b>	11.5	7.0	<b>18.5</b>
Overheads	(7.4)	(6.3)	<b>(13.7)</b>
<b>Underlying profit from operations</b>	4.1	0.7	<b>4.8</b>
Restructuring costs	(0.1)	(0.3)	<b>(0.4)</b>
<b>Profit from operations</b>	4.0	0.4	<b>4.4</b>

Six months to 31 January 2012	Engineering £m	Professional Services £m	Matchtech Group plc £m
<b>Revenue</b>	127.9	48.8	<b>176.7</b>

Contract NFI	8.7	2.9	<b>11.6</b>
Permanent fees	2.1	3.1	<b>5.2</b>
Discontinued operations*	-	0.4	<b>0.4</b>
<b>Total NFI</b>	10.8	6.4	<b>17.2</b>
Overheads	(7.7)	(6.1)	<b>(13.8)</b>
<b>Profit from operations</b>	3.1	0.3	<b>3.4</b>

\*Discontinued operations: Executive Search and Financial Services

## Engineering

The Engineering division delivered NFI of £11.5m, a 6% increase compared with 2012 H1, as a result of strong growth in contract margin, up 9%, with permanent fees steady at £2.0m (2012 H1: £2.1m).

### Infrastructure

Major UK Rail and Highways projects have increased demand for contract staff in both sectors. In the Utilities sector we are in the 4th year of the Water sector's AMP5 cycle and early planning for the next AMP phase has already started. NFI remained similar to 2012 levels at £2.7m (2012 H1: £2.7m). As announced in March we recently signed a two year managed service contract with the distribution network operator UK Power Networks.

### Energy

In the Energy sector, Global demand for Engineering talent in Oil & Gas (especially with subsea experience) is driving up margins and pay rates in the UK. The North Sea is seeing record levels of investment. NFI for the Energy sector has increased by 5% to £2.3m (2012 H1: £2.2m).

### Aerospace

In the Aerospace sector, OEM's are cascading more responsibility to their supply chain and suppliers are moving to full service design & build. There is a move from metallic to composite components, and a drive for more fuel efficient engines. New orders for and deliveries of commercial aircraft are at record levels, particularly in the Asia-Pacific region. This has led to a 13% increase in NFI to £1.7m (2012 H1: £1.5m).

### Automotive

There is strong demand from emerging economies for western luxury products. Western engineering & manufacturing know how is helping develop indigenous advanced engineering capabilities and moving them from 'workshop' to 'technical innovators'. NFI in this sector has increased significantly by 21% to £1.7m (2012 H1: £1.4m).

### Marine

Activity on the Type 26 Frigate and Successor submarine programmes have come on-line as the QEC aircraft carrier and Oman programmes start to taper off. The commercial manufacturing & engineering marketplace is also showing signs of recovery and the leisure market is seeing increases in the volume of overseas exports. NFI increased by 7% to £1.5m (2012: £1.4m).

### Science

An increased number of Pharmaceutical and Medical clients are focusing on direct delivery, using specialist agencies for higher level and difficult to fill roles. Our niche service delivery capability complements this change in the market and is driving an increase in average permanent fees and greater demand for contract staff. NFI for the period was £0.5m (2012 H1: £0.5m).

### General Engineering

NFI for the period was £1.1m (2012 H1: £1.1m).

## Professional Services

The Professional Services business showed a 28% increase in contract NFI to £3.7m (H1 2012: £2.9m). The increase in NFI included £0.35m (2012 H1: £nil, 2012 H2: £0.36m) generated from the acquisition of Xchanging Resource Services ("XRS") in January 2012.

Permanent fees were £3.3m in the period (2012 H1: £3.5m). As noted above, the £0.2m reduction included a £0.4m impact from the discontinued operations of Executive Search and Financial Services.

*Barclay Meade*

Our market share continues to grow as a result of the more clearly defined product offering, placing a greater emphasis on the professional level, qualified marketplace within London and the Home Counties. This is complemented with specialist teams operating from our Hampshire office who support key Engineering sector clients on a national basis. NFI for the period was £2.1m (2012 H1: £2.0m excluding £0.4m of NFI for discontinued activities).

*Alderwood*

There has been consolidation in the Work Based Learning market due to continued investment in new apprenticeship programmes. The Welfare to Work providers who support the government's work programme are also focusing more on the provision of skills creating larger companies with a higher volume of permanent vacancies. NFI has increased by 25% in the period to £0.5m (2012 H1: £0.4m).

*Connectus (previously the IS&T sector)*

Big Data, Smart Manufacturing, Cyber Security, Mobile Computing and ERP projects are creating a demand for both contract and permanent staff. There continues to be skills shortages across Europe for software developers, business analysts, systems architects, IT security and hardware designers. NFI has grown by 19% to £4.4m (2012 H1: £3.7m); excluding the £0.4m generated from the acquisition of XRS made in January 2012 underlying growth was 8%.

**Contract extensions and win**

Since the period end the Group has secured three major contract extensions and a new contract win.

*BAE Systems plc via Xchanging – Contract extension*

As announced on 14 March 2013, we have won an extension until the end of December 2015 in our contract with business process outsourcer Xchanging Procurement Services Ltd and its client BAE Systems plc. This new agreement, with unchanged headline margin, continues to give the Group access through Xchanging to BAE Systems' technical and non-technical requirements across the UK.

*UK Power Networks – New contract win*

Also announced on 14 March 2013, we have won a new two year managed service contract with the distribution network operator UK Power Networks covering the provision of temporary and contract recruitment services throughout the UK.

*Babcock Marine and Technology – Contract extension*

We are pleased to announce today a one year extension of our contract with Babcock, covering the provision of white collar contract engineering recruitment until the end of March 2014.

*Transport for London (TfL) – Contract extension*

Another major extension announced today is a one year extension of our Preferred Supplier Contract with Transport for London, covering the provision of permanent and contract recruitment for engineering, technology and procurement disciplines until the end of March 2014.

This excellent combination of contract wins and extensions is testament to the high level of customer service the Group provides.

**People**

Total staff numbers at the end of the period were 382 (31 January 2012: 361, 31 July 2012: 389).

Headcount may be analysed as follows:

	31 January 2013	31 January 2012	Increase	% Change	31 July 2012	Increase	% Change
Engineering	146	135	+11	+8%	146	-	-
Professional Services	128	119	+9	+8%	127	+1	+1%
<b>Sales force</b>	<b>274</b>	<b>254</b>	<b>+20</b>	<b>+8%</b>	<b>273</b>	<b>+1</b>	<b>-</b>
Shared Services	108	107	+1	+1%	116	-8	-7%
<b>Total headcount</b>	<b>382</b>	<b>361</b>	<b>+21</b>	<b>+6%</b>	<b>389</b>	<b>-7</b>	<b>-2%</b>

## Financial Overview

Revenue for the period was £197.3m up 12% (2012 H1: £176.7m), with NFI of £18.5m up 8% (2012 H1: £17.2m). Contract NFI was up 14% to £13.2m (2012 H1: £11.6m), with contract NFI margins improving slightly to 6.9% (2012 H1: 6.8%) and underlying permanent recruitment fees were £5.3m (2012 H1: £5.2m, excluding £0.4m from certain discontinued activities in Professional Services).

Overheads (excluding restructuring costs of £0.4m) were £0.1m lower at £13.7m (2012 H1: £13.8m). This strong performance is due to improved efficiencies within the Group's cost base and further cost control initiatives.

Underlying profit from operations was up 41% to £4.8m (2012 H1: £3.4m).

H1 2013 includes £0.4m (2012 H1: £nil) of non-recurring costs as a result of the changes to management following the introduction of the new reporting structure and by ceasing to provide Executive Search and Financial Services recruitment.

Profit from operations of £4.4m was up 29% (2012 H1: £3.4m).

Interest costs remain relatively low at £0.4m (2012 H1: £0.3m).

Profit before tax of £4.0m was up 25% (2012 H1: £3.2m).

## Effective Rate of Tax

The effective rate of tax for the period was 25.0% (2012 H1: 29.5%), a decrease that was largely due to the reduction in the UK standard rate of corporation tax to 23.7% (2012: 25.7%) and a reduction in the losses in the Group's German business, which reported a profit of £0.03m in 2013 H1 (2012: H1: £0.29m loss).

## Earnings per share

Basic earnings per share were 12.65p, up 33% (2012 H1: 9.53p).

Fully diluted earnings per share were 12.05p, up 33% (2012 H1: 9.09p).

## Debtors, Cashflow and Net Debt

Debtor days at the end of the period were 48 (31 January 2012: 47; 31 July 2012: 50), with £0.3m of unimpaired debtors over 90 days overdue (31 January 2012: £nil; 31 July 2012: £0.1m).

Cash inflows from operations of £10.7m (2012 H1: £9.4m) represented cash conversion of 245% (2012 H1: 274%).

Capital expenditure for the period was £0.2m (2012 H1: £1.0m). Included within 2012 H1 was the acquisition of XRS for £0.4m.

The Group ended the period with net debt of £8.0m (31 January 2012: £11.0m; 31 July 2012: £14.6m).

The Group has a committed Confidential Invoice Discounting ("CID") facility with Barclays Bank until June 2015. The facility allows the Group to borrow up to 90% of its qualifying UK invoiced debtors capped at £50.0m, with a single debtor cap of 20% of total debtor book. Interest is charged on borrowings at Barclays Bank Base Rate plus 2.00%.

## Dividend

The Board has today declared a 3% increase in its interim dividend to 5.15 pence per share (2012: 5.00 pence) reflecting the strength and resilience of the business and the Board's confidence in the future. The interim dividend will be paid on 21 June 2013 to shareholders on the register at 31 May 2013.

## Risk

The Group considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigation have not changed in the period from those disclosed on pages 18 and 19 of the Annual Report for the



year ended 31 July 2012. The Board remains actively engaged in monitoring and seeking to mitigate these potential risks, in particular the impact of the continuing recessionary and liquidity issues in our major markets.

As previously disclosed, change in the economic environment is one of the principal key risks for the Group and the Board remains vigilant in this regard.

## Outlook

Trading has continued to progress solidly since our last update on 7 February 2013.

The engineering contract market remain robust with clients continuing to see strong global demand for their products and services, and we continue to support long term major infrastructure projects which provide us with longer term visibility. Our ability to find and recruit scarce skills continues to underpin our permanent fees and provides a platform for growth as candidate confidence returns.

Barclay Meade and Alderwood continue to grow and the rebranding of our technology business under the Connectus brand, will allow it to broaden its scope and client base and create further cross selling opportunities within Professional Services.

With a tentative recovery now evident across our markets, we will continue to invest appropriately to support the Group's ambitious growth plans. Our diverse, balanced business model and niche sector expertise give the Board confidence that the Group will continue to grow and take market share.

The Board currently anticipates that the results for the year to 31 July 2013 will be in line with its previous expectations.

Adrian Gunn  
Chief Executive

11 April 2013

## Cautionary Statement

*This interim financial information 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.*

*The report 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. 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 2013

	Note	6 months to 31/01/13 <i>unaudited</i> £'000	6 months to 31/01/12 <i>unaudited</i> £'000	12 months to 31/07/12 <i>audited</i> £'000
<b>CONTINUING OPERATIONS</b>				
Revenue	2	197,316	176,690	371,366
Cost of Sales		(178,844)	(159,483)	(335,248)
<b>GROSS PROFIT</b>	2	<b>18,472</b>	17,207	36,118
Administrative expenses		(14,110)	(13,768)	(27,444)
<b>PROFIT FROM OPERATIONS</b>	2	<b>4,362</b>	3,439	8,674
Finance income		-	12	2
Finance cost		(403)	(290)	(711)
<b>PROFIT BEFORE TAX</b>		<b>3,959</b>	3,161	7,965
Income tax expense	3	(990)	(932)	(2,268)
<b>PROFIT FOR THE PERIOD</b>		<b>2,969</b>	2,229	5,697

All of the current period activities of the group are classed as continuing, the prior year activities include discontinued activities as outlined on page 4.

**EARNINGS PER ORDINARY SHARE**

		pence	pence	pence
Basic	5	12.65	9.53	24.34
Diluted	5	12.05	9.09	23.49

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 31 January 2013

	6 months to 31/01/13 <i>unaudited</i> £'000	6 months to 31/01/12 <i>unaudited</i> £'000	12 months to 31/07/12 <i>audited</i> £'000
<b>PROFIT FOR THE PERIOD</b>	<b>2,969</b>	2,229	5,697
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translating foreign operations	(79)	22	74
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(79)</b>	22	74
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,890</b>	2,251	5,771

**CONDENSED CONSOLIDATED BALANCE SHEET**

as at 31 January 2013

	Note	31/01/2013 <i>unaudited</i>	31/01/2012 <i>unaudited</i>	31/07/2012 <i>audited</i>
		£'000	£'000	£'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		1,763	1,658	1,832
Intangible assets		381	633	498
Deferred tax assets		288	192	220
		<b>2,432</b>	2,483	2,550
<b>Current Assets</b>				
Trade and other receivables	6	60,451	54,241	62,749
Cash and cash equivalents		630	925	626
		<b>61,081</b>	55,166	63,375
<b>TOTAL ASSETS</b>		<b>63,513</b>	57,649	65,925
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Provisions		(278)	-	(278)
		<b>(278)</b>	-	(278)
<b>Current Liabilities</b>				
Trade and other payables		(25,227)	(19,811)	(21,825)
Current tax liability		(1,010)	(884)	(1,074)
Bank loans and overdrafts		(8,520)	(11,904)	(15,100)
		<b>(34,757)</b>	(32,599)	(37,999)
<b>TOTAL LIABILITIES</b>		<b>(35,035)</b>	(32,599)	(38,277)
<b>NET ASSETS</b>		<b>28,478</b>	25,050	27,648
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>				
Called-up equity share capital	7	235	234	234
Share premium account		3,148	3,126	3,128
Other reserves		1,219	966	1,173
Retained earnings		23,876	20,724	23,113
<b>TOTAL EQUITY</b>		<b>28,478</b>	25,050	27,648

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the period ended 31 January 2013

	<b>6 months to 31/01/13 <i>unaudited</i></b>	<b>6 months to 31/01/12 <i>unaudited</i></b>	<b>12 months to 31/07/12 <i>audited</i></b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit after taxation	2,969	2,229	5,697
Adjustments for:			
Depreciation and amortisation	392	297	702
Loss on disposal of property, plant and equipment	-	2	1
Interest income	-	(12)	(2)
Interest expense	403	290	711
Taxation expense recognised in profit and loss	990	932	2,268
Decrease/(increase) in trade and other receivables	2,374	2,211	(6,223)
Increase in trade and other payables	3,380	3,234	5,248
Increase in provisions	-	-	278
Unrealised foreign exchange losses/(gains), net	(158)	22	-
Share based payment charge	378	222	476
Cash generated from/(used in) operations	<b>10,728</b>	9,427	9,156
Interest paid	<b>(378)</b>	(290)	(703)
Income taxes paid	<b>(1,077)</b>	(741)	(1,916)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9,273</b>	8,396	6,537
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	<b>(185)</b>	(402)	(868)
Purchase of intangibles	<b>(17)</b>	(597)	(575)
Proceeds from sale of plant and equipment	-	45	45
Interest received	-	12	2
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(202)</b>	(942)	(1,396)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	<b>20</b>	-	4
Payments of transaction costs relating to loans and borrowings	-	-	(150)
Dividends paid	<b>(2,490)</b>	(2,480)	(3,652)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,470)</b>	(2,480)	(3,798)
Effects of exchange rates on cash and cash equivalents	<b>8</b>	2	(4)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,609</b>	4,976	1,339
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(14,616)</b>	(15,955)	(15,955)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>(8,007)</b>	(10,979)	(14,616)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash	<b>630</b>	925	626
Bank overdrafts	<b>(60)</b>	(226)	(169)
Working capital facility used	<b>(8,577)</b>	(11,678)	(15,073)
<b>CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT</b>	<b>(8,007)</b>	(10,979)	(14,616)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 January 2013

	Translation of foreign operations	Share capital	Share premium	Other reserve	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2011</b>	<b>(10)</b>	<b>234</b>	<b>3,126</b>	<b>224</b>	<b>779</b>	<b>20,701</b>	<b>25,054</b>
Profit for the period	-	-	-	-	-	2,229	2,229
Other comprehensive income	22	-	-	-	-	-	22
Total comprehensive income	22	-	-	-	-	2,229	2,251
Dividends in the period	-	-	-	-	-	(2,480)	(2,480)
Deferred tax movement re share options	-	-	-	-	-	3	3
IFRS 2 charge	-	-	-	-	222	-	222
IFRS 2 reserves transfer	-	-	-	-	(271)	271	-
Transactions with owners	-	-	-	-	(49)	(2,206)	(2,255)
<b>Balance at 31 January 2012</b>	<b>12</b>	<b>234</b>	<b>3,126</b>	<b>224</b>	<b>730</b>	<b>20,724</b>	<b>25,050</b>
<b>Balance at 1 August 2011</b>	<b>(10)</b>	<b>234</b>	<b>3,126</b>	<b>224</b>	<b>779</b>	<b>20,701</b>	<b>25,054</b>
Profit for the year	-	-	-	-	-	5,697	5,697
Other comprehensive income	74	-	-	-	-	-	74
Total comprehensive income	74	-	-	-	-	5,697	5,771
Dividends in the period	-	-	-	-	-	(3,652)	(3,652)
Deferred tax movement re share options	-	-	-	-	-	(3)	(3)
IFRS 2 charge	-	-	-	-	476	-	476
IFRS 2 reserves transfer	-	-	-	-	(370)	370	-
Shares issued	-	-	2	-	-	-	2
Transactions with owners	-	-	2	-	106	(3,285)	(3,177)
<b>Balance at 31 July 2012</b>	<b>64</b>	<b>234</b>	<b>3,128</b>	<b>224</b>	<b>885</b>	<b>23,113</b>	<b>27,648</b>
<b>Balance at 1 August 2012</b>	<b>64</b>	<b>234</b>	<b>3,128</b>	<b>224</b>	<b>885</b>	<b>23,113</b>	<b>27,648</b>
Profit for the year	-	-	-	-	-	2,969	2,969
Other comprehensive income	(79)	-	-	-	-	-	(79)
Total comprehensive income	(79)	-	-	-	-	2,969	2,890
Dividends in the period	-	-	-	-	-	(2,490)	(2,490)
Deferred tax movement re share options	-	-	-	-	-	31	31
IFRS 2 charge	-	-	-	-	378	-	378
IFRS 2 reserves transfer	-	-	-	-	(253)	253	-
Shares issued	-	1	20	-	-	-	21
Transactions with owners	-	1	20	-	125	(2,206)	(2,060)
<b>Balance at 31 January 2013</b>	<b>(15)</b>	<b>235</b>	<b>3,148</b>	<b>224</b>	<b>1,010</b>	<b>23,876</b>	<b>28,478</b>

**NOTES**

forming part of the financial statements

**1 THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES****i The business 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 Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham, PO15 7AF.

**ii Basis of preparation of interim financial information**

These interim condensed consolidated financial statements are for the six months ended 31 January 2013. 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 2012. The comparative figures for the financial year ended 31 July 2012 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 2013 or are expected to be adopted and effective at 31 July 2013.

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 historic and current industry knowledge, taking future strategy of the Group into account.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. As with all business forecasts, the directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events.

iv **New standards and interpretations**

New standards and amendments to existing standards applicable for the period ending 31 January 2013 are:

- IAS 1 Financial Statement Presentation

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

**New standards in issue, not yet effective**

Standard		Effective date (Annual periods beginning on or after)
IAS 28	Associates and Joint Ventures	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
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 expect 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 balance sheet date. Subsidiaries are entities over which the Group has power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

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 consolidated balance sheet 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 Property, plant and equipment**

Property, plant and equipment is stated at cost or valuation, 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
Computer equipment	25.0%	Straight line
Equipment	12.5%	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.

**viii Intangible assets**

Separately acquired software licences are included at cost and amortised on a straight-line basis over the useful economic life of that asset at 20%-50%.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated.

Amortisation 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.

**xi 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.

**x 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.

**xi 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 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 balance sheet 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 the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.



**xii Pension costs**

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the income statement as they accrue.

**xiii Share based payment**

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 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.

**xiv 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 at 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.

**xv 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 balance sheet until they are settled by the customer.

#### xvi **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.

#### xvii **Cash and cash equivalents**

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

#### xviii **Dividends**

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

#### xix **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 balance sheet 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 balance sheet 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.

#### xx **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.
- "Other reserve" represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel.
- "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.

**xxi Significant Accounting Estimates and Judgements**

Estimates and assumptions concerning the future and judgments are made in the preparation of 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 Judgements**

The judgements 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 risks 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 Director's 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 2 and 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 judgements. Considerable judgement 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 6.

**2 SEGMENTAL INFORMATION**

The chief operating decision maker, as defined in IFRS 8, has been identified as the Board of Directors of Matchtech Group plc. The information reported below for the current period is consistent with the reports regularly provided to the Board of Directors.

**Reportable segments****6 months to 31 January 2013*****unaudited***

All amounts in £'000	Engineering	Professional Services	Group Total
Revenue	141,773	55,543	<b>197,316</b>
Gross profit	11,498	6,974	<b>18,472</b>
Profit from operations	3,968	394	<b>4,362</b>
Finance cost, net	(302)	(101)	<b>(403)</b>
Profit before tax	<b>3,666</b>	<b>293</b>	<b>3,959</b>
Depreciation and amortisation	161	231	<b>392</b>
Segment net assets	42,747	16,747	<b>59,494</b>
Unallocated net liabilities			<b>(31,016)</b>
Total net assets			<b>28,478</b>

**6 months to 31 January 2012*****unaudited***

All amounts in £'000	Engineering	Professional Services	Group Total
Revenue	127,934	48,756	<b>176,690</b>
Gross profit	10,804	6,403	<b>17,207</b>
Profit from operations	3,168	271	<b>3,439</b>
Finance cost, net	(203)	(75)	<b>(278)</b>
Profit before tax	<b>2,965</b>	<b>196</b>	<b>3,161</b>
Depreciation and amortisation	171	126	<b>297</b>
Segment net assets	41,143	12,157	<b>53,300</b>
Unallocated net liabilities			<b>(28,250)</b>
Total net assets			<b>25,050</b>

**Year to 31 July 2012**  
**unaudited**

All amounts in £'000	Engineering	Professional Services	Group Total
Revenue	266,849	104,517	<b>371,366</b>
Gross profit	22,788	13,330	<b>36,118</b>
Profit from operations	7,500	1,174	<b>8,674</b>
Finance cost, net	(516)	(193)	<b>(709)</b>
Profit before tax	<b>6,984</b>	<b>981</b>	<b>7,965</b>
Depreciation and amortisation	334	368	<b>702</b>
Segment net assets	44,601	17,469	<b>62,070</b>
Unallocated net liabilities			<b>(34,422)</b>
Total net assets			<b>27,648</b>

Central overhead costs are allocated across all segments and are included in the analysis above.

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

**Geographical information**

All amounts in £'000	UK			Non-UK			Total		
	6 months to 31 Jan 13	6 months to 31 Jan 12	12 months to 31 Jul 12	6 months to 31 Jan 13	6 months to 31 Jan 12	12 months to 31 Jul 12	6 months to 31 Jan 13	6 months to 31 Jan 12	12 months to 31 Jul 12
Revenue	<b>195,614</b>	175,346	368,348	<b>1,702</b>	1,344	3,018	<b>197,316</b>	176,690	371,366
Gross profit	<b>18,053</b>	16,857	35,239	<b>419</b>	350	879	<b>18,472</b>	17,207	36,118
Profit from operations	<b>4,307</b>	3,724	9,084	<b>55</b>	(285)	(410)	<b>4,362</b>	3,439	8,674
Finance cost, net	<b>(380)</b>	(271)	(676)	<b>(23)</b>	(7)	(33)	<b>(403)</b>	(278)	(709)
Profit/(loss) before tax	<b>3,927</b>	3,453	8,408	<b>32</b>	(292)	(443)	<b>3,959</b>	3,161	7,965
Depreciation and amortisation	<b>386</b>	272	700	<b>6</b>	25	2	<b>392</b>	297	702
Non-current assets	<b>2,421</b>	2,445	2,507	<b>11</b>	38	10	<b>2,432</b>	2,483	2,517
Net current assets	<b>26,916</b>	23,331	25,882	<b>(870)</b>	(764)	(751)	<b>26,046</b>	22,567	25,131
Total net assets	<b>29,337</b>	25,776	28,389	<b>(859)</b>	(726)	(741)	<b>28,478</b>	25,050	27,648

Revenue and non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary. The Directors are of the opinion that the Group does not generate material cross-border revenues.

**Largest customers**

During the period ending 31 January 2013 revenues of £26,936,000 (31 January 2012: £21,007,000, year to 31 July 2012 £45,519,000) were generated from sales to the Group's largest client and its business process outsourcer. The majority of this revenue is included within the Engineering segment.

No other single client contributed more than 10% of the Group's revenues.

### Seasonality

With the first half of the financial year including holiday seasons in August and at the Christmas and New Year period when recruitment activity is quieter than normal, the second half of the year traditionally produces stronger results.

Revenue in the 6 months to 31 January 2012 represented 48% of the annual total to 31 July 2012.

### 3 INCOME TAX EXPENSE

Analysis of charge in the period

	<b>6 months to 31/01/13 unaudited £'000</b>	<b>6 months to 31/01/12 unaudited £'000</b>	<b>12 months to 31/07/12 audited £'000</b>
Total income tax expense	<u>990</u>	<u>932</u>	<u>2,268</u>

The total tax charge is higher than the standard rate of corporation tax. The differences are detailed below:

Profit before tax	<b>3,959</b>	3,161	7,965
Corporation Tax at average rate for the period 23.7% (31/01/12: 25.7%, 31/07/12: 25.3%)	<b>938</b>	812	2,015
Expenses not deductible for tax purposes	<b>94</b>	89	204
Enhanced R&D tax relief	<b>(42)</b>	(22)	(42)
Overseas losses not provided for	-	53	99
Adjustments to tax charge in respect of previous periods	-	-	(8)
Total UK tax charge	<u><b>990</b></u>	<u><b>932</b></u>	<u><b>2,268</b></u>

### 4 DIVIDENDS

	<b>6 months to 31/01/13 unaudited £'000</b>	<b>6 months to 31/01/12 unaudited £'000</b>	<b>12 months to 31/07/12 audited £'000</b>
Dividends on shares classed as equity:			
Paid during the period			
Equity dividends on ordinary shares	<u><b>2,490</b></u>	<u>2,480</u>	<u>3,652</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:

	<b>6 months to 31/01/13 <i>unaudited</i></b>	<b>6 months to 31/01/12 <i>unaudited</i></b>	<b>12 months to 31/07/12 <i>audited</i></b>
<b>Profits</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Profit for the period	<u>2,969</u>	<u>2,229</u>	<u>5,697</u>
<b>Number of Shares</b>	<b>000's</b>	<b>000's</b>	<b>000's</b>
Weighted average number of ordinary shares in issue	<b>23,479</b>	23,395	23,408
Effect of dilutive potential ordinary shares under option	<u>1,161</u>	<u>1,115</u>	<u>845</u>
	<b>24,640</b>	24,510	24,253
<b>Earnings per Share</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Earnings per ordinary share from continuing operations			
- Basic	<b>12.65</b>	9.53	24.34
- Diluted	<u>12.05</u>	<u>9.09</u>	<u>23.49</u>

## 6 TRADE AND OTHER RECEIVABLES

	<b>31/01/2013 <i>unaudited</i></b>	<b>31/01/2012 <i>unaudited</i></b>	<b>31/07/2012 <i>audited</i></b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>59,494</b>	53,300	62,070
Other receivables	<b>240</b>	152	70
Prepayments	<u>717</u>	<u>789</u>	<u>609</u>
	<b>60,451</b>	54,241	62,749

Included in the Group's trade receivable balance are debtors with a carrying amount of £11,220,000 (31 January 2012: £5,943,000, 31 July 2012: £7,357,000) 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 past due but not impaired trade receivables:

	<b>31/01/2013</b> <i>unaudited</i> £'000	<b>31/01/2012</b> <i>unaudited</i> £'000	<b>31/07/2012</b> <i>audited</i> £'000
0-30 days	8,448	4,960	6,019
30-60 days	1,694	699	998
60-90 days	800	284	287
90+ days	278	-	53
	<u>11,220</u>	<u>5,943</u>	<u>7,357</u>

## 7 SHARE CAPITAL

<b>Authorised share capital</b>	<b>31/01/2013</b> <i>unaudited</i> £'000	<b>31/01/2012</b> <i>unaudited</i> £'000	<b>31/07/2012</b> <i>audited</i> £'000
40,000,000 Ordinary shares of £0.01 each	<u>400</u>	<u>400</u>	<u>400</u>
<b>Allotted, called up and fully paid</b>	<b>31/01/2013</b> <i>unaudited</i> £'000	<b>31/01/2012</b> <i>unaudited</i> £'000	<b>31/07/2012</b> <i>audited</i> £'000
Ordinary shares of £0.01 each	<u>235</u>	<u>234</u>	<u>234</u>

The Company has issued shares, listed below, following the exercise of share options under the Company's share option schemes:

	<b>Ordinary shares of £0.01 issued</b>	<b>Share premium received  pence per share</b>	<b>Consideration received  £</b>
<b>At 1 August 2011</b>	23,387,057		
10/08/2011	1,952	-	20
04/09/2011	3,103	-	31
03/10/2011	2,903	-	29
03/11/2011	2,021	-	20
05/12/2011	2,009	-	20
10/01/2012	2,110	-	21
<b>At 31 January 2012</b>	<u>23,401,155</u>		<u>141</u>

03/02/2012	2,090	-	21
08/03/2012	3,817	-	38
16/04/2012	9,509	-	95
10/05/2012	2,281	145	3,330
10/05/2012	1,156	-	12
10/05/2012	1,563	-	16
17/05/2012	14,287	-	143
13/06/2012	6,244	-	62
10/07/2012	625	-	6
10/07/2012	139	145	203
10/07/2012	1,619	-	16
19/07/2012	250	-	3
<b>At 31 July 2012</b>	<u>23,444,735</u>		<u>3,945</u>
07/08/2012	2,386	-	24
07/08/2012	250	-	3
12/09/2012	2,523	-	25
12/09/2012	5,000	-	50
14/09/2012	875	-	9
03/10/2012	6,342	-	63
05/10/2012	2,192	-	22
05/10/2012	26,650	69	18,655
05/10/2012	165	88	147
05/10/2012	688	145	1,004
09/11/2012	1,883	-	19
15/11/2012	625	-	6
12/12/2012	3,780	-	38
02/01/2012	250	-	3
11/01/2013	1,815	-	18
<b>At 31 January 2013</b>	<u>23,500,159</u>		<u>20,086</u>

### Statement of Directors' Responsibilities

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