8 April 2014

Matchtech Group plc
Half year financial report for the six months ended 31 January 2014

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 2014.

First half highlights

- Group revenues up 12% to £220.9m (H1 2013: £197.3m) including £5.5m contribution from Provanis acquired in September 2013

- Net fee income up 19% to £22.1m (H1 2013: £18.5m)

    - Contract NFI up 20% to £15.9m with increase in overall contract margins to 7.4% (2013 H1: 6.9%)
    - Permanent recruitment fees up 17% to £6.2m (2013 H1: £5.3m)

- EBITA (earnings before interest, taxation and amortisation of acquired intangibles) up 53% to £6.6m (2013 H1: £4.3m), representing an increase in NFI conversion to 30% (2013 H1: 23%)

- Profit from operations was up 48% to £6.2m (2013 H1: £4.2m), with underlying[1] profit from operations up 32% to £6.2m (2013 H1 £4.7m)

- Profit before tax up 43% to £5.7m (H1 2013: £4.0m)

- Basic earnings per share up 43% to 18.1p (H1 2013: 12.7p)

- Cash placing on 20 September 2013 raising £4.1m (net of expenses) to fund Provanis acquisition

- Modest level of gearing with net debt at half year end of £8.6m (2013 H1: £8.0m)

- Appointment of Brian Wilkinson as Executive Chairman with effect from 2 December 2013

- Increase in interim dividend of 5% to 5.41p (2013: 5.15p) to be paid on 20 June 2014 to shareholders on the register at 30 May 2014

1 Underlying results exclude trading of the Provanis acquisition and its related acquisition costs, amortisation of acquired intangibles and non-recurring restructuring costs in 2013 H1.

Commenting on the results, Adrian Gunn, Chief Executive Officer, said:
"The Group delivered a strong performance in the first half of the year with a 43% increase in earnings per share.

These results reflect the benefits of our longstanding leadership position in Engineering, with the infrastructure, automotive and marine sectors experiencing particularly strong levels of activity. Our newer, but now well established Professional Service businesses, have also shown strong underlying growth and were further boosted by the acquisition of Provanis in September.

Demand for contractors remains high while the permanent marketplace continues its recovery, we are seeing increasing margins and an improving NFI conversion ratio across the business. The integration of Provanis is going well as we focus on cross selling its services to our wider client base.

Trading in the second half is progressing well and we continue to invest appropriately to support our ambitious growth plans. The Board currently anticipates that the results for the year to 31 July 2014 will be slightly ahead of its previous expectations."

Brian Wilkinson, Executive Chairman, said:
"Matchtech Group is a great business, with significant potential. Since starting in December, everything I have seen has endorsed this view, and I feel increasingly enthusiastic about the opportunities that lie ahead. I am looking forward to helping the Board and staff to achieve even higher levels of success and am delighted with the strong start we have had to this financial year."

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Background on Matchtech Group plc

Established in 1984, the Group specialises in the provision of contract, temporary and permanent staff and has grown 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.

MATCHTECH GROUP PLC

Interim report for the period ended 31 January 2014

Operating review

Introduction

The Group delivered a strong performance in the first half of the year, continuing to make good progress against the backdrop of a recovering UK economy.

We continue to see strong demand for contractors across most of our specialist disciplines, with the number of contractors on assignment at 7,000, the same level reported in 31 July 2013, despite the reduction of some 300 contractors at our largest client which was already factored into our forecasts. We have increased overall contract margins to 7.4% (2013 H1: 6.9%), with underlying contract margins (excluding the impact from the Provanis acquisition) increasing to 7.2% (2013 H1: 6.9%).

Encouragingly, the number of permanent placements has increased by 26% as confidence returns in the marketplace, with permanent recruitment fees up 17% to £6.2m.

Provanis, the technology recruitment business acquired in September 2013, has traded in line with the Board's expectations. The acquisition was funded through a Cash Placing of £4.1m (net of expenses) on 20 September 2013.

The Group's underlying results may be analysed by Business Unit as follows:

Six months to		**31 January 2014**			**31 January 2013**	
	Engineering	Professional Services	**Matchtech Group plc**	Engineering	Professional Services	**Matchtech Group plc**
	£m	£m	**£m**	£m	£m	**£m**
Revenue	153.2	62.2	**215.4**	141.7	55.6	**197.3**
Contract NFI	11.0	4.1	**15.1**	9.5	3.7	**13.2**
Permanent fees	2.3	3.9	**6.2**	2.0	3.3	**5.3**
Total NFI	13.3	8.0	**21.3**	11.5	7.0	**18.5**
Overheads	(8.3)	(6.8)	**(15.1)**	(7.6)	(6.2)	**(13.8)**
Profit from operations	5.0	1.2	**6.2**	3.9	0.8	**4.7**

Note: Underlying results exclude trading of the Provanis acquisition and its related acquisition costs, amortisation of acquired intangibles and non-recurring restructuring costs in 2013 H1.

Engineering (60% of total Group NFI) - NFI up 16%

The Engineering division delivered NFI of £13.3m, up 16% (2013 H1: £11.5m) with contract NFI up 16% to £11.0m (2013 H1: £9.5m) and permanent fees up 15% to £2.3m (2013 H1: £2.0m).

Infrastructure – NFI up 37% to £3.7m (H1 2013: £2.7m)

High profile investment announcements in Highways, Rail Infrastructure and Utilities have resulted in substantially increased demand for contractors and renewed confidence in the sector is starting to increase requirements for permanent engineering staff. Infrastructure's performance benefitted from our managed service contract with UK Power Networks which commenced in February 2013.

Energy – NFI increased by 9% to £2.5m (2013 H1: £2.3m)

UK Oil & Gas continues to receive record levels of capital investment creating employment opportunities across the industry. Our focus is on smaller consultancies, equipment manufacturers and mid-size operators where there is demand for onshore engineering roles, both permanent and contract. The acute skill shortage in this sector is driving up pay rate inflation.

Automotive – NFI increased by 12% to £1.9m (2013 H1: £1.7m)
The UK automotive industry has performed strongly, largely driven by the export market. Our client focus has been on prestige UK automotive brands and this is generating a demand for contract and permanent engineering staff. The UK is the global hub for advanced automotive development and manufacturing putting further pressure on the skills shortage in this sector.

Marine – NFI increased by 20% to £1.8m (2013: £1.5m)
The defence sector remains busy, with long term work on the Type 26 project and the Successor Submarine programme requiring multiple engineers over various sites. The Commercial and leisure sectors are both showing signs of growth with increased order books for the domestic and international markets. The Shipping sector has witnessed a rise in demand for technical shore-based personnel.

Aerospace – NFI was down 6% to £1.6m (2013 H1: £1.7m)
The UK aerospace market has been focused on the production of commercial aircraft. Our client activity has been with the tier 1 supply chain where there is demand for advance manufacturing contract staff. The UK continues to be a major player in advanced aero-systems engineering and growth is expected as OEMs move programmes into the product development stage.

Science – NFI stable at £0.5m (2013 H1: £0.5m)
Client and candidate confidence is starting to return across the Pharmaceutical, Biotechnology and Medical Device sectors. Our niche focus has resulted in the placement of higher level candidates at higher average permanent fees and with the demand for talent increasing we expect this trend to continue.

International
Our low risk strategy of following key clients has led us to place candidates in 33 countries from our UK office. Our German business continues to be challenging and is underperforming against expectations.

Professional Services (40% of total Group NFI) - Underlying NFI up 14%
The Professional Service businesses delivered a 26% increase in NFI to £8.8m (H1 2013: £7.0m). The increase in NFI included £0.8m (2013 H1: £nil) generated from the acquisition of Provanis in September 2013. Underlying NFI was up 14% to £8.0m (2013 H1: £7.0m), with contract NFI up 11% to £4.1m (2013 H1: £3.7m) and permanent fees up 18% to £3.9m (2013 H1: £3.3m).

Barclay Meade – NFI was up 5% to £2.2m (2013 H1: £2.1m)
Permanent recruitment activity across our professional staffing brand, Barclay Meade, has increased over the last 6 months, especially in London, with job flow and candidate interviews at an all-time high for our business. Barclay Meade continues to execute a sector specific strategy and we are gaining market share as our client relationships mature.

Alderwood – NFI has increased by 80% to £0.9m (2013 H1: £0.5m)
Winning exclusive accounts with major vocational training providers was a key focus last year for Alderwood, our skills, employability and education specialist brand. In H1 the focus has very much been on service delivery and maximising the opportunities within these major accounts. We have also used the strength of the Alderwood brand to win higher margin business with contingency clients.

Connectus – NFI grew by 11% to £4.9m (2012 H1: £4.4m)
Cloud services, cyber security, big data, digital media and next generation eCommerce are all creating demand for staff within our technology brand Connectus. There continues to be skills shortages across Europe, especially for .Net and Java developers, Systems Architects, Business Analysts and skill sets within electronics R&D and product development.

Provanis – 60% of NFI generated from international customers
Provanis, the specialist recruitment business serving the Oracle Applications marketplace, was acquired on 6 September 2013. As an established provider Provanis is well positioned to capitalise on future Oracle ERP upgrades and implementation projects. NFI in the first 5 months since acquisition to 31 January 2014 was £0.8m, of which 60% was generated from international customers.

People
Total staff numbers at the end of the period were 413 (31 January 2013: 382, 31 July 2013: 385).

Headcount may be analysed as follows:

	31 January 2014	31 January 2013	Increase	% Change	31 July 2013	Increase	% Change
Engineering	154	146	+8	+5%	147	+7	+5%
Professional Services[1]	147	128	+19	+15%	130	+17	+13%
Sales force	**301**	**274**	**+27**	**+10%**	**277**	**+24**	**+9%**
Shared Services	112	108	+4	+4%	108	+4	+4%
Total headcount	**413**	**382**	**+31**	**+8%**	**385**	**+28**	**+7%**

[1] Includes 9 staff in Provanis in H1 2014

Financial Overview

Underlying results exclude trading of the Provanis acquisition and its related acquisition costs, amortisation of acquired intangibles and non-recurring restructuring costs in 2013 H1.

Revenue for the period was £220.9m up 12% (2013 H1: £197.3m), with underlying revenue up 9% to £215.4m (2013 H1: £197.3m).

NFI of £22.1m was up 19% (2013 H1: £18.5m), underlying NFI was up 15% to £21.3m (2013 H1: £18.5m).

Contract NFI was up 20% to £15.9m (2013 H1: £13.2m), with underlying contract NFI up 14% to £15.1m (2013 H1: £13.2m). Contract margins improved to 7.4% (2013 H1: 6.9%), underlying contract NFI margins was up to 7.2% (2013 H1: 6.9%).

Permanent recruitment fees were up by 17% to £6.2m (2013 H1: £5.3m).

EBITA (earnings before interest, taxation and amortisation of acquired intangibles) was up 53% to £6.6m (2013 H1: £4.3m) with underlying EBITA up 32% to £6.2m (2013 H1: £4.7m).

NFI conversion was 30% (2013 H1: 23%), with underlying NFI conversion up to 29% (2013 H1: 25%).

Profit from operations was up 48% to £6.2m (2013 H1: £4.2m), underlying profit from operations was up 29% to £6.2m (2013 H1 £4.7m).

Interest costs remain relatively low at £0.5m (2013 H1: £0.3m), which includes a loss of £0.2m on the revaluation of foreign assets (2013 H1: £0.2m gain).

Profit before tax of £5.7m was up 43% (2013 H1: £4.0m).

The effective rate of tax for the period was 22% (2013 H1: 25%); the decrease was mainly due to the reduction of the UK standard rate of corporation tax to 22.3% (2013: 23.7%) and the impact of a tax credit following the exercise of staff share options.

Basic earnings per share were up 43% to 18.1p (2013 H1: 12.7p) and fully diluted earnings per share were up 40% to 17.0p (2013 H1: 12.1p).

Debtors, Cashflow and Net Debt

Debtor days at the end of the period were 42 (31 January 2013: 48; 31 July 2013: 50), with £nil of unimpaired debtors over 90 days overdue (31 January 2013: £0.3m; 31 July 2013: £nil).

Capital expenditure for the period was £0.1m (2013 H1: £0.2m).

On 19 September 2013 the Group issued 1.05 million new shares at 405 pence per share, raising £4,118,000 of cash after fees, to fund the acquisition of Application Services Limited, trading as Provanis.

Cash inflows from operations of £7.1m (2013 H1: £10.8m) represented cash conversion of 115% (2013 H1: 257%) and the Group ended the period with net debt of £8.6m (31 January 2013: £8.0m; 31 July 2013: £10.6m), both measures reflecting the effect of the period end of 31 January 2014 falling on a Friday, and the associated outflows of cash to satisfy contractor payroll day (31 July 2013: Wednesday; 31 January 2013: Thursday).

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 5% increase in the interim dividend to 5.41 pence per share (2013: 5.15 pence). This reflects the strength and resilience of the business and the Board's confidence in the future. The interim dividend will be paid on 20 June 2014 to shareholders on the register at 30 May 2014.

Investments
We believe that the market is now firmly in recovery mode and for that reason we have taken the strategic decision to increase sales force headcount in high growth opportunity areas, especially within our Engineering businesses. In addition, and as announced previously, we are investing in our systems to ensure they support the business through the next stage of the Group's development. These investments are also weighted towards H2.

Risks
The Board 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 16 and 17 of the Annual Report for the year ended 31 July 2013.

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 companies - which could have a material impact on our longer term performance.

Outlook
The skills shortages in Engineering will increase demand for contractors. Our specialist focus on more profitable business, in conjunction with a recovering permanent market will further improve our margins. The integration of Provanis is going well as we look to cross sell its services into the Group's wider client base.

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 increase our market share.

Trading is progressing well since our last Trading Update on 6 February 2014 and the Board currently anticipates that the results for the year to 31 July 2014 will be slightly ahead of its previous expectations.

Adrian Gunn
Chief Executive Officer
08 April 2014

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 and their responsibility to shareholders shall be limited to that which is imposed by statute.

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 2014

	Note	6 months to 31/01/14 *unaudited* £'000	*restated* 6 months to 31/01/13 *unaudited* £'000	*restated* 12 months to 31/07/13 *audited* £'000
CONTINUING OPERATIONS				
Revenue	2	**220,892**	197,316	408,926
Cost of Sales		**(198,769)**	(178,844)	(370,554)
GROSS PROFIT	2	**22,123**	18,472	38,372
Administrative expenses		**(15,904)**	(14,263)	(27,874)
PROFIT FROM OPERATIONS		**6,219**	4,209	10,498
Profit from operations before amortisation of acquired intangibles	*2*	***6,567***	*4,309*	*10,698*
Amortisation of acquired intangibles	*2*	***(348)***	*(100)*	*(200)*
Finance income		**-**	153	180
Finance costs		**(526)**	(403)	(782)
PROFIT BEFORE TAX		**5,693**	3,959	9,896
Income tax expense	3	**(1,267)**	(990)	(2,361)
PROFIT FOR THE PERIOD		**4,426**	2,969	7,535

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

EARNINGS PER ORDINARY SHARE

		pence	pence	pence
Basic	5	**18.1**	12.7	32.0
Diluted	5	**17.0**	12.1	30.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 January 2014

	6 months to 31/01/14 *unaudited* £'000	6 months to 31/01/13 *unaudited* £'000	12 months to 31/07/13 *audited* £'000
PROFIT FOR THE PERIOD	**4,426**	2,969	7,535
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	**56**	(79)	(95)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**56**	(79)	(95)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**4,482**	2,890	7,440

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 January 2014

	Note	31/01/2014 *unaudited* £'000	31/01/2013 *unaudited* £'000	31/07/2013 *audited* £'000
ASSETS				
Non-Current Assets				
Intangible assets	6	**3,845**	381	635
Property, plant and equipment		**1,593**	1,763	1,744
Deferred tax assets		**785**	288	533
		6,223	2,432	2,912
Current Assets				
Trade and other receivables	7	**63,669**	60,451	69,210
Cash and cash equivalents		**691**	630	857
		64,360	61,081	70,067
TOTAL ASSETS		**70,583**	63,513	72,979
LIABILITIES				
Non-Current Liabilities				
Provisions		**(278)**	(278)	(278)
		(278)	(278)	(278)
Current Liabilities				
Trade and other payables		**(21,309)**	(25,227)	(27,800)
Current tax liability		**(1,365)**	(1,010)	(1,229)
Bank loans and overdrafts		**(9,217)**	(8,520)	(11,350)
		(31,891)	(34,757)	(40,379)
TOTAL LIABILITIES		**(32,169)**	(35,035)	(40,657)
NET ASSETS		**38,414**	28,478	32,322
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Called-up equity share capital	8	**247**	235	236
Share premium account		**7,338**	3,148	3,231
Other reserves		**1,806**	1,219	1,287
Retained earnings		**29,023**	23,876	27,568
TOTAL EQUITY		**38,414**	28,478	32,322

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the period ended 31 January 2014

	6 months to 31/01/14 *unaudited*	6 months to 31/01/13 *unaudited*	12 months to 31/07/13 *audited*
	£'000	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after taxation	**4,426**	2,969	7,535
Adjustments for:			
Depreciation and amortisation	**703**	392	816
Profit on disposal of property, plant and equipment	**-**	-	(4)
Interest income	**-**	(153)	(180)
Interest expense	**526**	403	782
Taxation expense recognised in profit and loss	**1,267**	990	2,361
Decrease/(increase) in trade and other receivables	**6,684**	2,216	(6,574)
(Decrease)/increase in trade and other payables	**(6,787)**	3,380	5,975
Unrealised foreign exchange (losses)/gains	**(172)**	153	178
Share based payment charge	**479**	378	610
Cash generated from operations	**7,126**	10,728	11,499
Interest paid	**(329)**	(378)	(732)
Income taxes paid	**(1,483)**	(1,077)	(2,296)
NET CASH FROM OPERATING ACTIVITES	**5,314**	9,273	8,471
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	**(133)**	(185)	(484)
Purchase of intangibles	**(10)**	(17)	(418)
Proceeds from sale of plant and equipment	**-**	-	41
Interest received	**-**	-	2
NET CASH USED IN INVESTING ACTIVITIES	**(143)**	(202)	(859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	**4,118**	20	105
Acquisitions net of cash received (Note 6)	**(4,170)**	-	-
Dividends paid	**(3,168)**	(2,490)	(3,704)
NET CASH USED IN FINANCING ACTIVITIES	**(3,220)**	(2,470)	(3,599)
Effects of exchange rates on cash and cash equivalents	**37**	8	18
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,988**	6,609	4,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**(10,585)**	(14,616)	(14,616)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**(8,597)**	(8,007)	(10,585)
CASH AND CASH EQUIVALENTS			
Cash	**691**	630	857
Bank overdrafts	**(57)**	(60)	(67)
Working capital facility used	**(9,231)**	(8,577)	(11,375)
CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT	**(8,597)**	(8,007)	(10,585)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 January 2014

	Translation of foreign operations	Share capital	Share premium	Other reserve	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2012	**64**	**234**	**3,128**	**224**	**885**	**23,113**	**27,648**
Profit for the period	-	-	-	-	-	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)
Balance at 31 January 2013	**(15)**	**235**	**3,148**	**224**	**1,010**	**23,876**	**28,478**
Balance at 1 August 2012	**64**	**234**	**3,128**	**224**	**885**	**23,113**	**27,648**
Profit for the year	-	-	-	-	-	7,535	7,535
Other comprehensive income	(95)	-	-	-	-	-	(95)
Total comprehensive income	(95)	-	-	-	-	7,535	7,440
Dividends in the period	-	-	-	-	-	(3,704)	(3,704)
Deferred tax movement re share options	-	-	-	-	-	223	223
IFRS 2 charge	-	-	-	-	610	-	610
IFRS 2 reserves transfer	-	-	-	-	(401)	401	-
Shares issued	-	2	103	-	-	-	105
Transactions with owners	-	2	103	-	209	(3,080)	(2,766)
Balance at 31 July 2013	**(31)**	**236**	**3,231**	**224**	**1,094**	**27,568**	**32,322**
Balance at 1 August 2013	**(31)**	**236**	**3,231**	**224**	**1,094**	**27,568**	**32,322**
Profit for the period	-	-	-	-	-	4,426	4,426
Other comprehensive income	56	-	-	-	-	-	56
Total comprehensive income	56	-	-	-	-	4,426	4,482
Dividends in the period	-	-	-	-	-	(3,168)	(3,168)
Deferred tax movement re share options	-	-	-	-	-	181	181
IFRS 2 charge	-	-	-	-	479	-	479
IFRS 2 reserves transfer	-	-	-	-	(16)	16	-
Shares issued	-	11	4,107	-	-	-	4,118
Transactions with owners	-	11	4,107	-	463	(2,971)	1,610
Balance at 31 January 2014	**25**	**247**	**7,338**	**224**	**1,557**	**29,023**	**38,414**

NOTES

The Notes form an integral part of this condensed consolidated interim financial information.

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 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 interim financial information

These interim condensed consolidated financial statements are for the six months ended 31 January 2014. 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 2013. The comparative figures for the financial year ended 31 July 2013 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 2014 or are expected to be adopted and effective at 31 July 2014.

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 Group has opened renewal negotiations with Barclays, but has at this stage not sought any written commitment that the facility will be renewed. However during discussions with its bankers about its future banking needs no matters have been drawn to the Group's attention to suggest a renewal may not forthcoming on acceptable terms.

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

There are no new standards and amendments to existing standards applicable for the period ending 31 January 2014.

New standards in issue, not yet effective

Standard		Effective date (Annual periods beginning on or after)
IAS 27	Separate Financial Statements	1 January 2014
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**

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.

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 two and five years. Software licences are stated at cost less accumulated amortisation.

Other Intangibles
Acquired 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.

Trade names and trademarks
Trade names and trademarks have arisen on the consolidation of recently 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, as detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment.

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

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.

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 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 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 customers 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 is 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.

xxii **Restatement of prior period comparatives**

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 finance costs or finance income. In previous periods these costs have been recognised within administrative expenses. The comparative figures have been restated to be consistent with the current year policy which has resulted in an increase in administrative costs in the period to 31 January 2013 of £153,000 with a corresponding increase to interest income, and in the year to 31 July 2013 an increase of £180,000 to interest income and administrative expenses.

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 2014
unaudited

All amounts in £'000	Engineering	Professional Services	**Underlying**	Other[1]	**Group Total**
Revenue	153,177	62,162	**215,339**	5,553	**220,892**
Gross profit	13,281	8,035	**21,316**	807	**22,123**
EBITA[2]	5,038	1,186	**6,224**	343	**6,567**
Amortisation of acquired intangibles	-	-	**-**	(348)	**(348)**
Finance cost, net	(340)	(96)	**(436)**	(90)	**(526)**
Profit/(loss) before tax	**4,698**	**1,090**	**5,788**	**(95)**	**5,693**
Depreciation and amortisation	182	173	**355**	348	**703**
Segment net assets	41,353	18,430	**59,783**	3,383	**63,166**
Unallocated net liabilities			**(24,752)**	-	**(24,752)**
Total net assets			**35,031**	**3,383**	**38,414**

[1] Other includes results from the Provanis acquisition, professional costs of the acquisition of Provanis and amortisation of acquired intangibles
[2] Earnings before interest, taxation and amortisation of acquired intangibles

Provanis is managed within the Professional Services sector. Including Provanis, Professional Services revenue was £67,715,000, gross profit £8,996,000, EBITA £1,601,000 and finance costs of £186,000.

6 months to 31 January 2013
restated
unaudited

All amounts in £'000	Engineering	Professional Services	**Underlying**	Other[1]	**Group Total**
Revenue	141,773	55,543	**197,316**	-	**197,316**
Gross profit	11,498	6,974	**18,472**	-	**18,472**
EBITA	3,984	750	**4,734**	(425)	**4,309**
Amortisation of acquired intangibles	-	-	**-**	(100)	**(100)**
Finance cost, net	(149)	(101)	**(250)**	-	**(250)**
Profit/(loss) before tax	**3,835**	**649**	**4,484**	**(525)**	**3,959**
Depreciation and amortisation	161	131	**292**	100	**392**
Segment net assets	42,747	16,747	**59,494**	184	**59,678**
Unallocated net liabilities			**(31,200)**	-	**(31,200)**
Total net assets			**28,294**	**184**	**28,478**

[1] Other includes non-recurring restructuring costs and amortisation of acquired intangibles

Year to 31 July 2013
restated
unaudited

All amounts in £'000	Engineering	Professional Services	**Underlying**	Other [1]	**Group Total**
Revenue	293,524	115,402	**408,926**	-	**408,926**
Gross profit	23,919	14,453	**38,372**	-	**38,372**
EBITA	9,085	2,038	**11,123**	(425)	**10,698**
Amortisation of acquired intangibles	-	-	**-**	(200)	**(200)**
Finance cost, net	(405)	(197)	**(602)**	-	**(602)**
Profit before tax	**8,680**	**1,841**	**10,521**	**(625)**	**9,896**
Depreciation and amortisation	340	276	**616**	200	**816**
Segment net assets	48,705	19,148	**67,853**	184	**68,037**
Unallocated net liabilities			**(35,715)**	-	**(35,715)**
Total net assets			**32,138**	**184**	**32,322**

[1] Other includes non-recurring restructuring costs and amortisation of acquired intangibles

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.

Geographical information

	UK			**Non-UK**			**Total**		
All amounts in £'000	**6 months to 31 Jan 14**	6 months to 31 Jan 13	12 months to 31 Jul 13	**6 months to 31 Jan 14**	6 months to 31 Jan 13	12 months to 31 Jul 13	**6 months to 31 Jan 14**	6 months to 31 Jan 13	12 months to 31 Jul 13
Revenue	**219,508**	195,614	405,629	**1,384**	1,702	3,297	**220,892**	197,316	408,926
Gross profit	**21,799**	18,053	37,560	**324**	419	812	**22,123**	18,472	38,372
EBITA	**6,732**	4,403	10,926	**(165)**	(94)	(228)	**6,567**	4,309	10,698
Amortisation of acquired intangibles	**(348)**	(100)	(200)	**-**	-	-	**(348)**	(100)	(200)
Finance cost, net	**(415)**	(376)	(724)	**(111)**	126	122	**(526)**	(250)	(602)
Profit/(loss) before tax	**5,969**	3,927	10,002	**(276)**	32	(106)	**5,693**	3,959	9,896
Depreciation and amortisation	**697**	386	811	**6**	6	5	**703**	392	816
Non-current assets	**6,217**	2,421	2,625	**6**	11	9	**6,223**	2,432	2,634
Net current assets	**33,469**	26,916	30,750	**(1,278)**	(870)	(1,062)	**32,191**	26,046	29,668
Total net assets	**39,686**	29,337	33,375	**(1,272)**	(859)	(1,053)	**38,414**	28,478	32,322

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

Included within UK revenues are cross-border revenues of £3,374,000 (31 January 2013: £2,204,000, year to 31 July 2013: £5,171,000).

Largest customers
During the period ended 31 January 2014 revenues of £18,880,000 (31 January 2013: £26,936,000, year to 31 July 2013 £54,853,000) 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 8% of the Group's revenues.

Seasonality
With the first half of the financial year including holiday seasons in August and at Christmas/New Year when recruitment activity is quieter than normal, the second half of the year traditionally produces stronger results. Turnover in the 6 months to 31 January 2013 represented 48% of the annual total to 31 July 2013.

3 INCOME TAX EXPENSE

Analysis of charge in the period:

	6 months to 31/01/14 *unaudited* £'000	6 months to 31/01/13 *unaudited* £'000	12 months to 31/07/13 *audited* £'000
Total income tax expense	**1,267**	990	2,361

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

Profit before tax	**5,693**	3,959	9,896
Corporation Tax at average rate for the period 22.3% (31/01/13: 23.7%, 31/07/13: 23.7%)	**1,270**	938	2,345
Expenses not (chargeable)/deductible for tax purposes	**(37)**	94	73
Enhanced R&D tax relief	**(25)**	(42)	(62)
Overseas losses not provided for	**59**	-	35
Adjustments to tax charge in respect of previous periods	**-**	-	(30)
Total tax charge	**1,267**	990	2,361

4 DIVIDENDS

Dividends on shares classed as equity:	6 months to 31/01/14 *unaudited* £'000	6 months to 31/01/13 *unaudited* £'000	12 months to 31/07/13 *audited* £'000
Paid during the period			
Equity dividends on ordinary shares	**3,168**	2,490	3,704

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 31/01/14 *unaudited*	**6 months to 31/01/13 *unaudited***	**12 months to 31/07/13 *audited***
Profits	**£'000**	**£'000**	**£'000**
Profit for the period	**4,426**	2,969	7,535
Profits from Provanis	**(344)**	-	-
Professional costs of acquisition of Provanis	**72**	-	-
Amortisation of acquired intangibles	**348**	100	200
Non-recurring restructuring costs (net of tax)	**-**	324	324
Earnings for the purposes of adjusted EPS	**4,502**	3,393	8,059
Number of Shares	**000's**	**000's**	**000's**
Weighted average number of ordinary shares in issue	**24,391**	23,479	23,525
Effect of dilutive potential ordinary shares under option	**1,606**	1,161	987
	25,997	24,640	24,512
Number of shares for the purposes of adjusted EPS			
Weighted average number of ordinary shares in issue	**24,391**	23,479	23,525
Shares placed to fund the acquisition of Provanis	**(755)**	-	-
Weighted average number of ordinary shares in issue	**23,636**	23,479	23,525
Effect of dilutive potential ordinary shares under option	**1,606**	1,161	987
	25,242	24,640	24,512
Earnings per Share	**pence**	**pence**	**pence**
Earnings per ordinary share from continuing operations			
-Basic	**18.1**	12.7	32.0
-Diluted	**17.0**	12.1	30.7
Adjusted EPS			
-Basic	**19.0**	14.5	34.3
-Diluted	**17.8**	13.8	32.9

6 INTANGIBLE ASSETS

		Goodwill £'000	Acquired intangibles £'000	Software licences £'000	Total £'000
COST	At 1 August 2012	-	400	555	955
	Additions	-	-	21	21
	At 31 January 2013	-	400	576	976
	At 1 August 2012	-	400	555	955
	Additions	-	-	418	418
	At 1 August 2013	-	400	973	1,373
	Additions	1,405	2,242	(23)	3,624
	At 31 January 2014	**1,405**	**2,642**	**950**	**4,997**
AMORTISATION	At 1 August 2012	-	116	341	457
	Charge for the period	-	100	38	138
	At 31 January 2013	-	216	379	595
	At 1 August 2012	-	116	341	457
	Charge for the year	-	200	81	281
	At 1 August 2013	-	316	422	738
	Charge for the period	-	348	66	414
	At 31 January 2014	**-**	**664**	**488**	**1,152**
NET BOOK VALUE	At 31 January 2013	-	184	197	381
	At 31 July 2013	-	84	551	635
	At 31 January 2014	**1,405**	**1,978**	**462**	**3,845**

Acquisitions

The Group completed the acquisition of the entire ordinary share capital of Application Services Limited, trading as Provanis, on 6 September 2013, for a total cash consideration of £4,296,000. Provanis is a technology recruitment business with niche expertise within the Oracle Applications marketplace which will complement the Group's technology business, Connectus, and will broaden the Group's capability in the global ERP recruitment market.

The consideration was paid £4,047,000 on completion date and a further £249,000 in December 2013.

The acquisition had the following effect on the Group's assets and liabilities:

	Provisional Faire values £'000
Net tangible assets acquired:	
Fixed assets	4
Cash	126
Trade and other receivables	1,141
Trade and other payables	(328)
Current tax liability	(294)
Total	649
Identifiable intangible assets	2,242
Goodwill	1,405
Consideration paid	**4,296**

The fair value of the acquired tangible assets is equivalent to their book values. The fair values are provisional as the Group is within the measurement period, no significant changes to the above values are expected.

Identifiable intangible assets consist of the candidate database, customer relationships, order backlog and trademarks. All intangible assets have been recognised at fair value. Goodwill represents expected synergies from combining operations of the acquiree and acquirer, the employees of Provanis and intangibles that do not qualify for separate recognition.

Amortisation of intangible assets is on a straight line basis, with exception of the customer relationships which are amortised in line with the expected cash flows for that period.

The Group incurred professional costs of acquisition of £72,000 for external legal fees, stamp duty and due diligence costs. These costs have been recognised in administrative expense in the Group's Consolidated Income Statement.

In the period between the acquisition and 31 January 2014 the Group benefited from £5,553,000 of revenue from Provanis, gross profit of £807,000 and profit from operations before amortisation of £415,000. The amortisation of intangibles was £265,000.

If the acquisition had occurred on 1 August 2013, the Group would have benefited from revenue of £6,910,000, gross profit £961,000 and profit before amortisation of intangibles of £463,000.

7 TRADE AND OTHER RECEIVABLES

	31/01/2014 *unaudited* £'000	31/01/2013 *unaudited* £'000	31/07/2013 *audited* £'000
Trade receivables	**61,006**	59,494	67,853
Other receivables	**1,718**	240	433
Prepayments	**945**	717	924
	63,669	60,451	69,210

Included in the Group's trade receivable balance are debtors with a carrying amount of £8,346,000 (31 January 2013: £11,220,000, 31 July 2013: £6,037,000) 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:

	31/01/2014 *unaudited* £'000	31/01/2013 *unaudited* £'000	31/07/2013 *audited* £'000
0-30 days	**7,226**	8,448	4,845
30-60 days	**1,056**	1,694	808
60-90 days	**64**	800	372
90+ days	**-**	278	12
	8,346	11,220	6,037

8 SHARE CAPITAL

Authorised share capital	31/01/2014	31/01/2013	31/07/2013
	unaudited	*unaudited*	*audited*
	£'000	£'000	£'000
40,000,000 Ordinary shares of £0.01 each	**400**	400	400

Allotted, called up and fully paid	31/01/2014	31/01/2013	31/07/2013
	unaudited	*unaudited*	*audited*
	£'000	£'000	£'000
Ordinary shares of £0.01 each	**247**	235	236

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

	'000
In issue at 1 August 2012	23,445
Exercise of share options	40
Shares granted under share incentive plan	15
In issue at 31 January 2013	23,500
In issue at 1 August 2012	23,445
Exercise of share options	145
Shares granted under share incentive plan	26
In issue at 31 July 2013	23,616
In issue at 1 August 2013	23,616
Exercise of share options	19
Share placing	1,050
In issue at 31 July 2014	**24,685**

On 20 September 2013 the Group issues 1,050,000 ordinary shares of 1 pence each at a price of 405 pence. The proceeds of the share placing was to repay the draw down on the Group's existing lending facility which was used to fund the acquisition of Application Services Limited.

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.