9 April 2015

Matchtech Group plc

Half year financial report for the six months ended 31 January 2015

Matchtech Group plc (AIM: MTEC) (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 2015.

Financial highlights

Net Fee Income
- Net fee income (NFI) up 2% to £22.5m (2014 H1: £22.1m)
    - Contract NFI up 3% to £16.3m (2014 H1: £15.9m), with contract margins improving slightly at 7.5% (2014 H1: 7.4%)
    - Permanent recruitment fees of £6.2m, consistent with H1 2014

Profitability & Net Debt
- Profit from Operations of £5.3m, down £0.9m (2014 H1: £6.2m), due to non-recurring items of £0.7m of acquisition costs and £0.2m of restructuring costs
- Underlying[1] Profit from Operations of £6.5m, consistent with H1 2014
- Profit before tax down £0.6m to £5.1m, (2014 H1: £5.7m)
- Underlying[1] Profit before tax up 5% to £6.3m (2014 H1: £6.0m)
- Basic earnings per share of 15.1p (2014 H1: 18.1p)
- Underlying[1] Basic earnings per share up 2% to19.9p (2014 H1: 19.6p)

[1] Underlying results exclude acquisition costs, amortisation of acquired intangibles and non-recurring restructuring costs.

- Net debt at 31 January 2015 reduced by £6.7m to £1.9m (2014 H1: £8.6m)

Interim Dividend
- Interim dividend increased by 5% to 5.68p (2014 H1: 5.41p) to be paid on 19 June 2015 to shareholders on the register at 29 May 2015

Acquisition and new business

- Acquisition of Networkers International ("Networkers") completed on 2 April 2015. The acquisition values the entire issued and to be issued share capital of Networkers on a fully diluted basis at approximately £57.9 million. Further Information about Networkers and the acquisition was provided in the Group's announcement on 28 January 2015.
- A number of contracts signed with new and existing clients during and since the half year, including a six-year agreement commencing 16 March 2015 to provide Southern Water with engineering, operational and head office staff. The Group has also announced today the signing of four additional contracts, including the extension of an existing contract with BAE for a further three years, to provide engineering and technology staff across the company.

Commenting on the results, Brian Wilkinson, Chief Executive Officer, said:

"The Group has delivered a steady performance in the period. We continue to sharpen the focus in our core business areas, in line with our strategy.

"We now enter the next phase in our development of the Group following the completion of the acquisition of Networkers and are very excited by the prospects of the enlarged group. We continue to see major opportunities in our core markets.

"The addition of telecoms recruitment to our portfolio creates an even stronger specialist Group. The acquisition also adds long-standing, substantial and profitable overseas operations to the Group which enables us to accelerate the introduction of our Engineering services to our international customers, also in-line with our strategy. We are now working on the integration of Networkers to ensure the combined operations provide an enhanced client experience and a stronger platform for future growth.

"Based on opportunities won, trading in the two months since the half year and continued close cost management the Board anticipates the Group's results for the year to 31 July 2015 will be in line with expectations with an additional maiden four-months contribution from Networkers from April to July."

For further information please contact:

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About Matchtech

Matchtech Group plc (LSE-AIM: MTEC), is the UK's leading specialist engineering and professional services recruitment agency, providing contract, temporary and permanent staff. Established in 1984 and AIM-listed in 2006, the Group is one of the fastest growing staffing organisations listed in the UK, with a well-balanced business model; approximately 70% contract and 30% permanent.

The Engineering division spans five specialist sectors - Infrastructure; Automotive; Maritime; Aerospace; Energy – as well as General Engineering. The Professional Services division covers technology markets through our Connectus and Provanis brands and Professional Staffing though our Alderwood and Barclay Meade brands.

In April 2015, Matchtech Group plc announced the completion of the acquisition of Networkers International, a global recruitment company specialising in the delivery of recruitment services focussing on Telecoms and Technology. The combined group is well-placed to take advantage of the convergence between Engineering, Technology and Telecoms skill sets and creates a specialist recruiter, of scale, in the UK and internationally, with:

- 18 offices in 12 countries, recruiting in over 100 countries across the world
- Over 580 sales staff
- 9,000 contractors and 4,000 permanent placements

MATCHTECH GROUP PLC

Interim report for the period ended 31 January 2015

Operating review

Introduction

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

Six months to	31 January 2015			31 January 2014		
	Engineering £m	Professional Services £m	**Matchtech Group plc £m**	Engineering £m	Professional Services £m	**Matchtech Group plc £m**
Revenue	152.2	68.0	**220.2**	153.2	67.7	**220.9**
Contract NFI	11.3	5.0	**16.3**	11.0	4.9	**15.9**
Permanent fees	2.7	3.5	**6.2**	2.3	3.9	**6.2**
Total NFI	14.0	8.5	**22.5**	13.3	8.8	**22.1**
Overheads	(9.3)	(6.7)	**(16.0)**	(8.3)	(7.3)	**(15.6)**
Underlying Profit from operations	4.7	1.8	**6.5**	5.0	1.5	**6.5**

Engineering (62% of Group NFI) - NFI up 5%
Engineering delivered NFI up 5% to £14.0m (2014 H1: £13.3m), with contract NFI up 3% to £11.3m (2014 H1: £11.0m) and permanent fees up 17% to £2.7m (2014 H1: £2.3m).

Infrastructure – NFI £4.8m (H1 2014: £3.8m).
We are seeing very high demand for skilled engineering personnel in this sector, with NFI up 26%, driven by continued investment in both highways maintenance schemes and new build rail infrastructure, along with a recovering property market.

Energy – NFI £2.1m (2014 H1: £2.4m).
Well documented challenges in this sector, particularly the Oil & Gas market, are being partly mitigated by focussing on the Power & Nuclear and Renewables markets, where NFI was up 43%.

General Engineering – NFI £1.8m (2014 H1: £1.6m)
This sector is feeding off strong growth in the UK's high-tech manufacturing sector leading to 13% growth in NFI.

Automotive – NFI £2.1m (2014 H1: £2.2m), of which UK: £1.9m (2014 H1 £1.9m).
This is a steady performance in the UK as we help our clients to address their growth challenges and work with them on innovative and global sourcing strategies.

We have also reviewed the structure of the German operation and whilst the NFI has reduced to £0.2m from £0.3m, we have downsized the business and operationally it is now breakeven (2014 H1: £0.3m loss).

Aerospace – NFI £1.7m (2014 H1: £1.7m).
With new aircraft designs now completed, a downturn in design requirements is being offset by increasing demand for manufacturing skills, as the sector itself moves its focus into the build phase.

Maritime – NFI £1.5m (2014 H1: £1.6m).
This sector has been adversely affected by the previously announced closure of shipbuilding at Portsmouth Naval Base, but a 22% increase in performance in other areas left the sector down just 6%.

Professional Services (38% of Group NFI) - NFI down 3%
The Professional Service businesses delivered NFI that was £0.3m lower at £8.5m, (H1 2014: £8.8m), with contract NFI up 2% to £5.0m (2014 H1: £4.9m) and permanent fees down 10% to £3.5m (2014 H1: £3.9m).

Technology – NFI £5.8m (2014 H1: £5.7m)
Growth in Technology has been below our expectations considering the macro-economic recovery. Big Data, Cyber Security, Cloud Computing and Web Applications continue to dominate investment decisions from our customer base. We believe the shortage of permanent candidate availability will lead to an increase in demand for temporary labour. The Electronics market remains busy, while the fall in the price of oil has affected Controls & Automation. We have re-aligned our structure in order to capitalise on an improving market, focussing on higher value roles and offering a niche service that will better appeal to a demanding customer base in a mature market.

Barclay Meade – NFI £2.0m (2014 H1: £2.2m)
We have reviewed our position within the Professional Staffing market. We do have a strong profitable business which services the Group's Engineering and Technology client base. However, the Board believes that our London operation, which services other markets, has not, as a whole, gained enough traction to be viable over the medium term. Accordingly, since 31 January 2015 we have decided to close this part of the business and are reallocating certain experienced recruiters to other parts of the new Group.

Alderwood – NFI £0.7m (2014 H1: £0.9m)
There has been some uncertainty in the apprenticeship sector during the half year due to the well-documented reforms and potential changes in government funding towards apprenticeships. Given this environment, we have seen an impact in the volumes of staff being recruited as clients have been more cautious and this is likely to continue to beyond the General Election until there is greater clarity around the steps that will be taken to address the skills shortage.

People
Total staff numbers at the end of the period were 420 (31 January 2013: 413, 31 July 2014: 422).

Headcount may be analysed as follows:

	31 January 2015	31 January 2014	Increase	% Change	31 July 2014	Increase	% Change
Engineering	189	154	+35	+23%	180	+9	+5%
Professional Services	119	147	-28	-19%	134	-15	-11%
Sales force	**308**	**301**	**+7**	**+2%**	**314**	**-6**	**-2%**
Shared Services	112	112	-	-%	108	+4	+4%
Total headcount	**420**	**413**	**+7**	**+2%**	**422**	**-2**	**-%**

In both the six months and the year to 31 January 2015 we have selectively increased headcount in Engineering by 5% and 23% respectively, especially in Infrastructure, reduced it in Professional Services by 11% and 19% respectively and broadly maintained headcount in Shared Services.

Financial Overview
Underlying results exclude acquisition costs, amortisation of acquired intangibles and non-recurring restructuring costs.

Revenue for the period was similar to H1 2014 at £220.2m (2014 H1: £220.9m).

NFI was up 2% to of £22.5m (2014 H1: £22.1m).

Contract NFI was up 3% to £16.3m (2014 H1: £15.9m). Contract margins improved slightly to 7.5% (2014 H1: 7.4%).

Permanent recruitment fees were the same as prior year at £6.2m (2014 H1: £6.2m).

Profit from operations was £5.3m (2014 H1: £6.2m), which included £0.9m (2014: £Nil) of non-recurring costs, being £0.7m of acquisition costs and £0.2m of restructuring costs.

Underlying profit from operations was £6.5m (2014 H1: £6.5m).

NFI conversion was 24% (2014 H1: 28%), with underlying NFI conversion 29% (2014 H1: 30%).

Interest costs remain relatively low at £0.2m (2014 H1: £0.5m). H1 2014 included a loss of on the revaluation of foreign assets of £0.2m.

Profit before tax was down 11% to £5.1m (2014 H1: £5.7m) with underlying Profit before tax up 5% to £6.3m (2014 H1: £6.0m).

The effective rate of tax for the period was 26% (2014 H1: 22%); the increase is mainly due to non-deductible acquisition costs of £0.7m partly offset by the reduction of the UK standard rate of corporation tax to 20.7% (2014: 22.3%).

Basic earnings per share were down 17% to 15.1p (2014 H1: 18.1p) with underlying Basic earnings per share up 2% to 19.9p (2014 H1: 19.6p).

Fully diluted earnings per share were down 17% to 14.1p (2014 H1: 17.0p) with underlying diluted earnings per share up 2% to 18.7p (2014 H1: 18.4p).

Debtors, Cashflow and Net Debt

Debtor days at the end of the period were 46 (31 January 2014: 42; 31 July 2014: 46), with no material unimpaired debtors over 90 days overdue (31 January 2014: £nil; 31 July 2014: £nil).

Capital expenditure for the period was £0.4m (2014 H1: £0.1m), with expenditure mainly on leasehold improvements.

As at 31 January 2015 the Group had a committed Confidential Invoice Discounting ("CID") facility with HSBC Bank until July 2018. The facility allows the Group to borrow up to 90% of its qualifying UK invoiced debtors capped at £60.0m, with a single debtor cap of 20% of total debtor book. Interest is charged on borrowings at HSBC Bank Base Rate plus 1.1%.

Since 31 January 2015, and as part of the Group's financing of the acquisition of Networkers, the Group has entered into a £30m, three year, term loan facility with HSBC.

Cash inflows from operations of £7.0m (2014 H1: £7.1m) represented cash conversion of 132% (2014 H1: 115%). The Group ended the period with net debt of £1.9m (31 January 2014: £8.6m; 31 July 2014: £3.1m). When combined with Networkers net debt at 31 December 2014 of £10.7m, plus acquisition consideration and fees of c£32m implies pro-forma net debt of c£45m.

Dividend

The Board has today declared a 5% increase in the interim dividend of 5.68 pence per share (2014: 5.41 pence) to be paid on 19 June 2015 to shareholders on the register at 29 May 2015.

Risks

The Board considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigation were disclosed on pages 20 and 21 of the Annual Report for the year ended 31 July 2014.

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.

In particular the Board is focussed on the integration of Networkers International and the additional risks associated with the acquisition, given its size and international operations which it brings to an essentially UK centric business. These will be identified and reported in the 2015 Annual Report.

Outlook

We now enter the next phase in our development of the Group following the completion of the acquisition of Networkers and are very excited by the prospects of the enlarged group. We continue to see major opportunities in our core markets.

The addition of telecoms recruitment to our portfolio creates an even stronger specialist Group. The acquisition also adds long-standing, substantial and profitable overseas operations to the Group which enables us to accelerate the introduction of our Engineering services to our international customers, also in-line with our strategy. We are now working on the integration of Networkers to ensure the combined operations provide an enhanced client experience and a stronger platform for future growth.

Based on opportunities won, trading in the two months since the half year and continued close cost management the Board anticipates the Group's results for the year to 31 July 2015 will be in line with expectations with an additional maiden four-months contribution from Networkers from April to July.

Brian Wilkinson
Chief Executive Officer
09 April 2015

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT
for the period ended 31 January 2015

	Note	6 months to 31/01/15 *unaudited*	6 months to 31/01/14 *unaudited*	to 31/07/14 *Audited*
		£'000	£'000	£'000
CONTINUING OPERATIONS				
Revenue	2	**220,202**	220,892	451,591
Cost of Sales		**(197,748)**	(198,769)	(406,609)
GROSS PROFIT	2	**22,454**	22,123	44,982
Administrative expenses		**(17,165)**	(15,904)	(32,024)
PROFIT FROM OPERATIONS		**5,289**	6,219	12,958
Profit from operations before amortisation of acquired intangibles and non-recurring items	*2*	***6,496***	*6,567*	*13,621*
Amortisation of acquired intangibles	*2*	***(277)***	*(348)*	*(663)*
Non-recurring items	*2*	***(930)***	*-*	*-*
Finance costs		**(239)**	(526)	(1,015)
PROFIT BEFORE TAX		**5,050**	5,693	11,943
Income tax expense	3	**(1,292)**	(1,267)	(2,821)
PROFIT FOR THE PERIOD		**3,758**	4,426	9,122

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

EARNINGS PER ORDINARY SHARE

	Note	pence	pence	pence
Basic	5	**15.1**	18.1	37.0
Diluted	5	**14.1**	17.0	35.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 January 2015

	6 months to 31/01/15 *unaudited*	6 months to 31/01/14 *unaudited*	12 months to 31/07/14 *audited*
	£'000	£'000	£'000
PROFIT FOR THE PERIOD	**3,758**	4,426	9,122
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	**65**	56	120
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**65**	56	120
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,823**	4,482	9,242

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 January 2015

	Note	31/01/2015 *unaudited*	31/01/2014 *unaudited*	31/07/2014 *audited*
ASSETS		**£'000**	**£'000**	**£'000**
Non-Current Assets				
Intangible assets	6	**3,379**	3,845	3,704
Property, plant and equipment		**1,395**	1,593	1,328
Deferred tax assets		**339**	785	388
		5,113	6,223	5,420
Current Assets				
Trade and other receivables	7	**64,594**	63,669	72,248
Cash and cash equivalents		**781**	691	569
		65,375	64,360	72,817
TOTAL ASSETS		**70,488**	70,583	78,237
LIABILITIES				
Non-Current Liabilities				
Provisions		**(278)**	(278)	(278)
		(278)	(278)	(278)
Current Liabilities				
Trade and other payables		**(22,555)**	(21,309)	(30,112)
Current tax liability		**(1,437)**	(1,365)	(1,506)
Bank loans and overdrafts		**(2,648)**	(9,217)	(3,678)
		(26,640)	(31,891)	(35,296)
TOTAL LIABILITIES		**(26,918)**	(32,169)	(35,574)
NET ASSETS		**43,570**	38,414	42,663
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Called-up equity share capital	8	**250**	247	250
Share premium account		**7,388**	7,338	7,388
Other reserves		**2,648**	1,806	1,934
Retained earnings		**33,284**	29,023	33,091
TOTAL EQUITY		**43,570**	38,414	42,663

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the period ended 31 January 2015

	6 months to 31/01/15 *unaudited*	6 months to 31/01/14 *unaudited*	12 months to 31/07/14 *Audited*
	£'000	**£'000**	**£'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after taxation	**3,758**	4,426	9,122
Adjustments for:			
Depreciation and amortisation	**646**	703	1,385
Loss on disposal of property, plant and equipment	**-**	-	18
Interest expense	**239**	526	1,015
Taxation expense recognised in profit and loss	**1,292**	1,267	2,821
Decrease/(increase) in trade and other receivables	**7,654**	6,684	(1,896)
(Decrease)/increase in trade and other payables	**(7,481)**	(6,787)	1,906
Unrealised foreign exchange losses	**-**	(172)	-
Share based payment charge	**858**	479	1,335
Cash generated from operations	**6,966**	7,126	15,706
Interest paid	**(243)**	(329)	(642)
Income taxes paid	**(1,446)**	(1,483)	(2,809)
NET CASH FROM OPERATING ACTIVITES	**5,277**	5,314	12,255
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	**(386)**	(133)	(293)
Purchase of intangibles	**(14)**	(10)	(10)
Proceeds from sale of plant and equipment	**-**	-	19
NET CASH USED IN INVESTING ACTIVITIES	**(400)**	(143)	(284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	**-**	4,118	4,171
Acquisitions net of cash received	**-**	(4,170)	(4,170)
Dividends paid	**(3,641)**	(3,168)	(4,516)
NET CASH USED IN FINANCING ACTIVITIES	**(3,641)**	(3,220)	(4,515)
Effects of exchange rates on cash and cash equivalents	**6**	37	20
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,242**	1,988	7,476
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**(3,109)**	(10,585)	(10,585)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**(1,867)**	(8,597)	(3,109)
CASH AND CASH EQUIVALENTS			
Cash	**781**	691	569
Bank overdrafts	**(64)**	(57)	(332)
Working capital facility used	**(2,584)**	(9,231)	(3,346)
CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT	**(1,867)**	(8,597)	(3,109)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 January 2015

	Translation of foreign operations	Share capital	Share premium	Merger reserve	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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**
Balance at 1 August 2013	**(31)**	**236**	**3,231**	**224**	**1,094**	**27,568**	**32,322**
Profit for the year	-	-	-	-	-	9,122	9,122
Other comprehensive income	120	-	-	-	-	-	120
Total comprehensive income	120	-	-	-	-	9,122	9,242
Dividends in the period	-	-	-	-	-	(4,516)	(4,516)
Deferred tax movement re share options	-	-	-	-	-	109	109
IFRS 2 charge	-	-	-	-	1,335	-	1,335
IFRS 2 reserves transfer	-	-	-	-	(808)	808	-
Shares issued	-	14	4,157	-	-	-	4,171
Transactions with owners	-	14	4,157	-	527	(3,599)	1,099
Balance at 31 July 2014	**89**	**250**	**7,388**	**224**	**1,621**	**33,091**	**42,663**
Balance at 1 August 2014	**89**	**250**	**7,388**	**224**	**1,621**	**33,091**	**42,663**
Profit for the period	-	-	-	-	-	3,758	3,758
Other comprehensive income	65	-	-	-	-	-	65
Total comprehensive income	65	-	-	-	-	3,758	3,823
Dividends in the period	-	-	-	-	-	(3,641)	(3,641)
Deferred tax movement re share options	-	-	-	-	-	(133)	(133)
IFRS 2 charge	-	-	-	-	858	-	858
IFRS 2 reserves transfer	-	-	-	-	(209)	209	-
Transactions with owners	-	-	-	-	649	(3,565)	(2,916)
Balance at 31 January 2015	**154**	**250**	**7,388**	**224**	**2,270**	**33,284**	**43,570**

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 2015. 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 2014. The comparative figures for the financial year ended 31 July 2014 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 2015 or are expected to be adopted and effective at 31 July 2015.

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.

Since 31 January 2015, and as part of the Group's financing of the acquisition of Networkers International plc, the Group has entered into a £30million, three year, term loan facility with HSBC.

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 available facilities.

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 following standards and amendments to existing standards applicable for the period ending 31 January 2015 are:

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

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

New standards in issue, not yet effective

Standard		Effective date (Annual periods beginning on or after)
IAS 19	Defined Benefit Plans: Employee Contributions	1 February 2015
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IAS 16/IAS 38	Classification of Depreciation and Amortisation	1 January 2016
IAS 27	Equity method in Separate Financial Statements	
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.

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

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

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.
- "Merger 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.

Factoring arrangements

In the event of sale of receivables and factoring, the Group derecognises receivables when the Group has given up control or continuing involvement.

The Group derecognises receivables in case of sale and factoring when the Group has transferred its rights to receive cash flows from the receivables; and either the Group has transferred substantially all of the risks and rewards of the ownership of the receivables, or the Group has neither transferred nor retained substantially all of the risks and rewards, but has transferred control of the assets.

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.

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 2015
unaudited

All amounts in £'000	Engineering	Professional Services	Non-recurring items	**Group Total**
Revenue	152,163	68,039	-	**220,202**
Gross profit	13,973	8,481	-	**22,454**
Profit from operations before amortisation of acquired intangibles	4,690	1,806	(930)	**5,566**
Amortisation of acquired intangibles	-	(277)	-	**(277)**
Finance cost, net	(154)	(85)	-	**(239)**
Profit before tax	**4,536**	**1,444**	**(930)**	**5,050**
Depreciation and amortisation	225	421		**646**
Segment net assets	51,825	11,984		**63,809**
Unallocated net liabilities				**(20,239)**
Total net assets				**43,570**

Non-recurring items of £930,000 included acquisition costs of £710,000 and restructuring costs of £220,000. There were no non-recurring items in year ended 31 July 2014.

6 months to 31 January 2014
unaudited

All amounts in £'000	Engineering	Professional Services	**Group Total**
Revenue	153,177	67,715	**220,892**
Gross profit	13,281	8,842	**22,123**
Profit from operations before amortisation of acquired intangibles	5,038	1,529	**6,567**
Amortisation of acquired intangibles	-	(348)	**(348)**
Finance cost, net	(340)	(186)	**(526)**
Profit before tax	**4,698**	**995**	**5,693**
Depreciation and amortisation	182	521	**703**
Segment net assets	51,544	12,845	**64,389**
Unallocated net liabilities			**(25,975)**
Total net assets			**38,414**

Year to 31 July 2014

All amounts in £'000	Engineering	Professional Services	**Group Total**
Revenue	311,602	139,989	**451,591**
Gross profit	27,077	17,905	**44,982**
Profit from operations before amortisation of acquired intangibles	10,548	3,073	**13,621**
Amortisation of acquired intangibles	-	(663)	**(663)**
Finance cost, net	(649)	(366)	**(1,015)**
Profit before tax	**9,899**	**2,044**	**11,943**
Depreciation and amortisation	432	953	**1,385**
Segment net assets	59,295	14,352	**73,647**
Unallocated net liabilities			**(30,984)**
Total net assets			**42,663**

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 15**	6 months to 31 Jan 14	12 months to 31 Jul 14	**6 months to 31 Jan 15**	6 months to 31 Jan 14	12 months to 31 Jul 14	**6 months to 31 Jan 15**	6 months to 31 Jan 14	12 months to 31 Jul 14
Revenue	**219,316**	219,508	448,772	**886**	1,384	2,819	**220,202**	220,892	451,591
Gross profit	**22,248**	21,799	44,307	**206**	324	675	**22,454**	22,123	44,982
Profit/(loss) from operations[1]	**6,423**	6,732	13,782	**73**	(165)	(161)	**6,496**	6,567	13,621
Amortisation of acquired intangibles	**(277)**	(348)	(663)	**-**	-	-	**(277)**	(348)	(663)
Finance cost, net	**(122)**	(415)	(803)	**(117)**	(111)	(212)	**(239)**	(526)	(1,015)
	6,024	5,969	12,316	**(44)**	(276)	(373)	**5,980**	5,693	11,943
Non-recurring costs	**(930)**	-	-	**-**	-	-	**(930)**	-	-
Profit/(loss) before tax	**5,094**	5,969	12,316	**(44)**	(276)	(373)	**5,050**	5,693	11,943
Depreciation and amortisation	**640**	697	1,380	**6**	6	5	**646**	703	1,385
Non-current assets	**5,112**	6,217	5,419	**1**	6	1	**5,113**	6,223	5,420
Net current assets	**39,860**	33,469	38,562	**(1,403)**	(1,278)	(1,319)	**38,457**	32,191	37,243
Total net assets	**44,972**	39,686	43,981	**(1,402)**	(1,272)	(1,318)	**43,570**	38,414	42,663

[1] Profit before amortisation of acquired intangibles

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 £6,095,000 (31 January 2014: £3,374,000, year to 31 July 2014: £13,667,000).

Largest customers
During the period ended 31 January 2015 revenues of £13,389,000 (31 January 2014: £18,880,000, year to 31 July 2014 £35,287,000) 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 single client contributed more than 10% of the Group's revenues.

3 INCOME TAX EXPENSE

Analysis of charge in the period:

	6 months to 31/01/15 *unaudited* **£'000**	**6 months to 31/01/14** *unaudited* **£'000**	**12 months to 31/07/14** *Audited* **£'000**
Total income tax expense	**1,292**	1,267	2,821

The total tax charge is higher (31 January 2104: lower; 31 July 2014: higher) than the standard rate of corporation tax. The differences are detailed below:

Profit before tax	**5,050**	5,693	11,943
Corporation tax at average rate for the period 20.7% (31/01/14: 22.3%, 31/07/14: 22.3%)	**1,045**	1,270	2,663
Expenses not deductible/(chargeable) for tax purposes	**216**	(37)	(3)
Enhanced R&D tax relief	**-**	(25)	-
Overseas losses not provided for	**31**	59	82
Adjustments to tax charge in respect of previous periods	**-**	-	79
Total tax charge	**1,292**	1,267	2,821

4 DIVIDENDS

Dividends on shares classed as equity:	**6 months to 31/01/15** *unaudited* **£'000**	**6 months to 31/01/14** *unaudited* **£'000**	**12 months to 31/07/14** *audited* **£'000**
Paid during the period			
Equity dividends on ordinary shares	**3,641**	3,168	4,516

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 31/01/15 *unaudited*	6 months to 31/01/14 *unaudited*	12 months to 31/07/14 *Audited*
Profits		**£'000**	**£'000**	**£'000**
Profit for the period		**3,758**	4,426	9,122
Amortisation of acquired intangibles		**277**	348	663
Non-recurring items		**930**	-	-
Earnings for the purposes of adjusted EPS		**4,965**	4,774	9,785
Number of Shares		**000's**	**000's**	**000's**
Weighted average number of ordinary shares in issue		**24,967**	24,391	24,655
Effect of dilutive potential ordinary shares under option		**1,611**	1,606	1,418
		26,578	25,997	26,073
Earnings per Share		**pence**	**pence**	**pence**
Earnings per ordinary share from continuing operations				
	-Basic	**15.1**	18.1	37.0
	-Diluted	**14.1**	17.0	35.0
Adjusted EPS				
	-Basic	**19.9**	19.6	39.7
	-Diluted	**18.7**	18.4	37.5

6 INTANGIBLE ASSETS

		Goodwill £'000	Acquired intangibles £'000	Software licences £'000	Total £'000
COST	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
	At 1 August 2013	-	400	973	1,373
	Additions	1,643	2,242	(22)	3,863
	At 1 August 2014	1,643	2,642	951	5,236
	Additions	-	-	-	-
	At 31 January 2015	**1,643**	**2,642**	**951**	**5,236**
AMORTISATION	At 1 August 2013	-	316	422	738
	Charge for the period	-	348	66	414
	At 31 January 2014	-	664	488	1,152
	At 1 August 2013	-	316	422	738
	Charge for the year	-	663	131	794
	At 1 August 2014	-	979	553	1,532
	Charge for the period	-	277	48	325
	At 31 January 2015	**-**	**1,256**	**601**	**1,857**
NET BOOK VALUE	At 31 January 2014	1,405	1,978	462	3,845
	At 31 July 2014	1,643	1,663	398	3,704
	At 31 January 2015	**1,643**	**1,386**	**350**	**3,379**

The balances at 31 January 2014 and 31 January 2015 are unaudited, the remaining balances are audited.

7 TRADE AND OTHER RECEIVABLES

	31/01/2015 *unaudited* £'000	**31/01/2014** *unaudited* £'000	**31/07/2014** *Audited* £'000
Trade receivables	**60,780**	61,006	70,341
Other receivables	**2,951**	1,718	1,050
Prepayments	**863**	945	857
	64,594	63,669	72,248

Included in the Group's trade receivable balance are debtors with a carrying amount of £5,985,000 (31 January 2014: £8,346,000, 31 July 2014: £8,297,000) which are past due at the reporting date for which the Group has not provided as the Directors do not believe there has been a significant change in credit quality and consider the amounts to be recoverable in full. The Group does not hold any collateral over these balances.

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

Ageing of overdue but not impaired trade receivables:

Number of days overdue	31/01/2015 *unaudited* £'000	31/01/2014 *unaudited* £'000	31/07/2014 *audited* £'000
0-30 days	**4,252**	7,226	7,264
30-60 days	**1,375**	1,056	999
60-90 days	**356**	64	34
90+ days	**2**	-	-
	5,985	8,346	8,297

8 SHARE CAPITAL

Authorised share capital	31/01/2015 *unaudited* £'000	31/01/2014 *unaudited* £'000	31/07/2014 *audited* £'000
40,000,000 Ordinary shares of £0.01 each	**400**	400	400

Allotted, called up and fully paid	31/01/2015 *unaudited* £'000	31/01/2014 *unaudited* £'000	31/07/2014 *audited* £'000
Ordinary shares of £0.01 each	**250**	247	250

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

	‘000
In issue at 1 August 2013	23,616
Exercise of share options	19
Share placing	1,050
In issue at 31 January 2014	24,685
In issue at 1 August 2013	23,616
Exercise of share options	299
Share placing	1,050
In issue at 31 July 2014	24,965
In issue at 1 August 2014	24,965
Exercise of share options	2
In issue at 31 January 2015	**24,967**

In 2013 the Group issued 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.

9 POST BALANCE SHEET EVENT

On 2 April 2015 the Group acquired 100% of the ordinary share capital of Networkers International plc for a total consideration of £57.9m consisting of cash consideration of £29.3m and equity consideration of £28.6m. The fair value of the equity consideration is £28.6m being the fair value of the shares on date of transfer to the vendors of Networkers International plc.

Networkers International plc is a market leading recruitment consultancy with offices spanning five continents: Africa, Asia, Europe, Middle East & the Americas. The business sources local, regional and international resources for its global client base trading and is currently trading in over 100 countries. Networkers' main sectors are: Telecommunications, Information Technology, Energy and Engineering. The acquisition will enable Matchtech to accelerate its 2017 vision of becoming the market leading specialist recruiter in engineering and technology by creating a more geographically balanced business whilst maintaining a healthy contract to permanent NFI ratio.

As the acquisition was after the period end date there is no impact to revenue or profits for the 6 month period to 31 January 2015 except acquisition costs of £0.7m.

Since 31 January 2015, and as part of the Group's financing of the acquisition of Networkers International plc on 2 April 2015, the Group has entered into a £30m, three year, term loan facility with HSBC.

Due to the acquisition completing immediately prior to the publication of the half-yearly results information with respect to the fair value of acquired assets and liabilities and other disclosures were not available at the time of this announcement. Full disclosure will be made in the Group's Annual Report.

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