hydrogen

Hydrogen Group Plc

7 September 2016

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2016

The Board of Hydrogen Group plc ("**Hydrogen**" or the "**Group**") (AIM: HYDG) announces its unaudited results for the half year ended 30 June 2016.

Financial and Operating Highlights

- Net Fee Income ("NFI") declined by 12% (12% on a constant currency basis) to £8.9m (H1 2015: £10.1m). However, the Group has moved back into growth with a 6% (3% on a constant currency basis) increase in NFI on the second half of 2015 of £8.5m which is due primarily to:
  - 31% growth in EMEA Life Science to £1.7m (H2 2015: £1.3m)
  - 8% growth in EMEA Business Transformation to £2.6m (H2 2015: £2.4m)
  - Asia NFI up 18% to £1.3m (H2 2015: £1.1m).
  - Contract NFI margin increased to 9.6% (H2 2015: 9.3%)
  - EMEA Legal Practice held back in the lead up to the EU Referendum with NFI down 12.5% to £1.4m (H2 2015: £1.6m)
  - EMEA Energy NFI down 25% to £0.6m (H2 2015: £0.8m)
  - US Business building a Life Science contract base with NFI up to £0.2m (H2 2015 £0.1m)
- Administration costs, which are predominantly based in GBP, down 15% to £8.7m (H1 2015: £10.2m) and 6% down on H2 2015 administration costs of £9.0m
- Selective hiring to support growth. Headcount increasing 6% to 210 (31 December 2015: 199)
- Operating profit of £0.3m (H1 2015: Operating loss before exceptional items £0.1m)
- Net cash position of £1.0m at 30 June 2016 (31 December 2015: £2.6m and 30 June 2015: £0.1m)

Commenting, Ian Temple, CEO of Hydrogen Group plc said:

"The first half of 2016 has seen a stabilisation of the business and a move back into NFI growth compared to H2 2015. We have started hiring in the areas where we have identified sustainable growth opportunities.

We are implementing a new vision for the business focussing resource on building market leading niche businesses. The roll out will continue into Q3 but is already generating results."

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Notes to the editor

Empowering careers. Powering business

Our clients believe that an organisation's greatest asset is its people so we work hard to ensure that we always match people with the right role.

Using our global platform we have placed people in over 50 countries in the last year, empowering thousands of people in their careers and powering the world's leading businesses.

Overview

The first half of 2016 has seen a stabilisation of the business and a move back into NFI growth over H2 2015 with the exception of Energy and Legal. The benefits of the changes made in 2015 are now coming through. In Energy, upstream Oil and Gas continues to be challenging and revenues continued to decline but we have structured the operation so that it remains profitable. Should the oil price recover and demand for our services increase, we will be in a position to react quickly and take advantage of any upswing in the market. We are implementing a new vision for the business which focuses resource on building market leading niche businesses.

Financial Highlights

Group revenue for the period declined by 9% (11% in constant currency) to £59.4m (H1 2015: £65.9m). Group NFI declined by 12% (12% in constant currency) to £8.9m (H1 2015: £10.1m). The Group has moved back into growth with a 6% NFI increase on the second half 2015 NFI of £8.5m.

44% of the Group's NFI for this period was denominated in currencies other than Sterling (H1 2015: 38%), with the Euro, Singapore Dollars, United States Dollars, Australian Dollars and Malaysian Ringgit being the most significant. Foreign currency income, where applicable is naturally hedged against foreign currency expenditure. The Euro is the most significant currency and any excess over expenditure is hedged by drawing down on the Group's invoice finance facility and converting into sterling on the same day.

The split between contract and permanent NFI for H1 2016 was 60% contract; 40% permanent (H1 2015: 55% Contract, 45% Permanent). Contract margin continued its incremental improvement as we have reduced the number of lower margin deals on our contract book. The Group achieved a contract margin of 9.6% in H1 2016 (H1 2015: 9.1% and H2 2015: 9.3%).

There has been a change to how we report segmental analysis. Previously the operating segments were Professional Support Services and Technical and Scientific. As part of the restructure, current management reporting focuses on performance of our EMEA (including USA) and APAC businesses. The new segmental analysis reflects this. Within these operating segments are the individual practices; Technology, Finance, Energy, Legal, Life Sciences and Business Transformation.

In EMEA the Life Sciences practice showed 31% growth to £1.7m (H2 2015 £1.3m). The contract business was the main driver with improved deal flow from its client base plus new client wins. Business Transformation showed respectable growth of 8% to £2.6m (H2 2015: £2.4m) driven by growth with existing and new clients in both our London and Edinburgh offices. Legal practice permanent activity was soft in the lead up to the EU Referendum as clients held back on making decisions on placements until after the outcome. NFI was down 12.5% to £1.4m when compared to a typically stronger H2 2015 of £1.6m but was flat compared to H1 2015 of £1.4m. The Technology practice has just started to move into growth as we have refocussed its business proposition but NFI was broadly similar to H2 2015 at £0.6m. In the US we started a Life Science contract business in 2015 and this has really gained traction offsetting the decline in Energy revenues. NFI has increased 100% to £0.2m (H2 2015: £0.1m)

Asia has shown growth in the first half of 2016 compared to H2 in 2015. NFI increased 18% to £1.3m (H2 2015: £1.1m). Main contributors to growth were the Energy practice, and the Business Transformation practice where the contractor book, started in 2015, is building momentum. NFI for Australia is down 25% to £0.3m (H2 2015: £0.4m). Action was taken to reduce the cost base which has helped the operation to move into profit in 2016.

We implemented changes throughout 2015 and we have now positioned the practices, with the exception of Energy, for growth. Headcount at the end of 2015 was 199 (Sales: 143, Operations: 56). We have started hiring in the areas where we have identified sustainable growth opportunities. Headcount at 30 June 2016 increased 6% to 210 (Sales: 155, Operations: 55). During 2015 we reduced operating costs to bring practices back into profit. Energy remained profitable as a result, even though the NFI in EMEA Energy was down 25% to £0.6m (H2 2015: £0.8m). Administration costs, which are predominantly based in GBP, for the six-month period were £8.7m (H1 2015: £10.2m), 15% down on the comparative period and 6% down on the second half of 2015 (H2 2015: £9.0m). With the EU Referendum in favour of an exit from the EU, the currency swing, particularly the Euro has generated a foreign exchange gain for the six-month period of £0.14m (H1 2015: £(0.1)m).

With NFI back into growth and a lower cost base post restructure, the Group operating profit for the period was £0.3m (H1 2015: loss before exceptional items, £0.1m). Exceptional costs were nil for the six-month period (H1 2015: £1.8m). Profit before tax was £0.3m (H1 2015: £1.9m) loss after exceptional items). Basic earnings per share was 0.09p (H1 2015: (8.18)p). Fully diluted earnings per share was 0.08p (H1 2015: (8.12)p).

As a result of the Group's trading performance and the exceptional costs incurred during 2015 the consolidated group balance sheet at 30 June 2016 had negative retained earnings of £1.7m (31 December 2015: £2.1m). However, the parent company has retained earnings of £9.4m (31 December 2015: £10.0m).

As the Group is going through a period of major transition, the Board has taken the decision not to declare an interim dividend. The Board will take a view on any dividend for the full year based on how the Group performs in the second half of this year.

Cash flow

The business had a net cash outflow of £1.7m (H1 2015 inflow: £8.2m) from operating activities in the first six months of the year. Part of the working capital outflow was due to the 10.2% increase in contract NFI over H2 2015, to £5.4m (H2 2015: £4.9m). In addition, there were a couple of major clients in the UK and Asia who delayed payment which also contributed to the outflow: in aggregate we estimate the delayed payment to be less than £0.7m. Most of these delayed payments were received in the early part of H2. At the end of 2014 there was a payment from a client of £5.0m which was received in the first half of 2015. When adjusted for, it reduces the £8.2m generated from operating activities to £3.2m. We have maintained our strong track record on cash collection. Trade receivables measured as days sale outstanding (DSO) were 20 days (H1 2015: 22 days).

After tax payments of £0.1m (H1 2015: £0.1m) and capital expenditure of £0.1m (H1 2015: £0.1m) the Group finished the period with net cash of £1.0m. The Group retains an £18.0m invoice finance facility committed to April 2018.

Current Trading

We are encouraged by the growth achieved in the first half with around 45% of our NFI being generated internationally. It is too early to assess the impact of the result of the EU Referendum and the effect it could have on client and candidate confidence in our UK business. There was a slight weakness in permanent recruitment in the second quarter in the lead up to the result. Since the Referendum result there has been no discernible change in sentiment and activity.

We continue to roll out our plans to turn around the business which should continue to benefit the financial performance in the second half of the year.

Ian Temple, CEO
Hydrogen Group Plc

Hydrogen Group Plc

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Revenue	3	**59,391**	65,884	122,765
Cost of sales		**(50,463)**	(55,774)	(104,200)
Gross profit		**8,928**	10,110	18,565
Administration expenses		**(8,645)**	(10,172)	(19,193)
Operating profit/(loss) before exceptional items		**283**	(62)	(628)
Exceptional items	4	**-**	(1,805)	(5,493)
Operating profit/(loss)		**283**	(1,867)	(6,121)
Finance costs		**(21)**	(54)	(80)
Finance income		**1**	-	5
Profit/(Loss) before taxation		**264**	(1,921)	(6,196)
Income tax	5	**(71)**	80	-
Profit/(Loss) for the period/year		**192**	(1,841)	(6,196)
Other comprehensive profit/(loss):				
Exchange differences on translating foreign operations		**422**	(84)	(136)
Other comprehensive profit/(loss)		**422**	(84)	(136)
Total comprehensive profit/(loss) for the period/year		**614**	(1,925)	(6,332)
Attributable to:				
Equity holders of the parent		**614**	(1,925)	(6,332)
Earnings per share				
Basic profit/(loss) per share (pence)	7	**0.09p**	(8.18p)	(27.52p)
Diluted profit/(loss) per share (pence)	7	**0.08p**	(8.12p)	(26.12p)
Adjusted basic profit/(loss) per share (pence)	7	**0.09p**	(0.16p)	(3.12p)
Adjusted diluted profit/(loss) per share (pence)	7	**0.08p**	(0.16p)	(2.96p)

The notes to the accounts set out below form an integral part of this unaudited condensed consolidated interim report.

Hydrogen Group Plc

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**30 June 2016 £'000**	30 June 2015 £'000	31 December 2015 £'000
Non-current assets				
Goodwill		**10,141**	13,658	10,141
Other intangible assets		**736**	889	778
Property, plant and equipment		**623**	770	687
Deferred tax assets		**138**	120	138
Other financial assets	9	**107**	265	108
		11,745	15,702	11,852
Current assets				
Trade and other receivables	9	**20,421**	22,116	15,631
Cash and cash equivalents		**1,873**	2,716	3,034
		22,294	24,832	18,665
Total assets		**34,039**	40,534	30,517
Current liabilities				
Trade and other payables	10	**13,856**	15,072	11,527
Borrowings		**840**	2,598	454
Current tax liabilities		**2**	39	5
Provisions	11	**-**	203	-
		14,698	17,912	11,986
Non-current liabilities				
Deferred tax		**101**	-	98
Provisions	11	**84**	67	68
		185	67	166
Total liabilities		**14,883**	17,979	12,152
Net assets		**19,156**	22,555	18,365
Equity				
Capital and reserves attributable to the equity holders:				
Called-up share capital		**239**	239	239
Share premium account		**3,520**	3,521	3,520
Merger reserve		**16,100**	16,100	16,100
Own shares held		**(1,338)**	(1,312)	(1,338)
Share option reserve		**2,390**	2,042	2,213
Translation reserve		**90**	(280)	(332)
Retained earnings		**(1,845)**	2,245	(2,037)
Total equity		**19,156**	22,555	18,365

The notes to the accounts set out below form an integral part of this unaudited condensed consolidated interim report.

Hydrogen Group Plc

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Called-up share capital £'000	Share premium account £'000	Merger reserve £'000	Own shares held £'000	Share option reserve £'000	Trans-lation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	239	3,520	16,100	(1,338)	2,041	(196)	4,857	25,223
Dividends	-	-	-	-	-	-	(698)	(698)
Increase in share capital	-	1	-	-	-	-	-	1
Share option charge	-	-	-	-	27	-	-	27
Transactions with owners	-	1	-	-	27		(698)	(670)
Loss for the 6m to 30.6.15	-	-	-	-	-	-	(1,841)	(1,841)
Other comprehensive income:	-	-	-	-	-	-	(84)	(84)
Foreign currency translation	-	-	-	-	-	(84)	11	(73)
Total comprehensive loss for the period	-	-	-	-	-	(84)	(1,841)	(1,925)
At 30 June 2015	239	3,521	16,100	(1,338)	2,068	(280)	2,245	22,555
Share option charge reversal	-	-	-	-	144	-	-	144
Tax on share options charge	-	-	-	-	-	-	(52)	(52)
New shares issued	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	144	-	(52)	92
Loss for the 6m to 31.12.15	-	-	-	-	-	-	(4,230)	(4,230)
Other comprehensive income:	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	(52)	-	(52)
Total comprehensive loss for the period	-	-	-	-	-	(52)	(4,230)	(4,282)
At 31 December 2015	239	3,520	16,100	(1,338)	2,213	(332)	(2,037)	18,365
Increase in share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share option charge	**-**	**-**	**-**	**-**	**180**	**-**	**-**	**180**
Transactions with owners	**-**	**-**		**-**	**-**	**-**	**-**	**-**
Profit for the 6m to 30.6.16	**-**	**-**	**-**	**-**	**-**	**-**	**192**	**192**
Other comprehensive income:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency translation	**-**	**-**	**-**	**-**	**(3)**	**422**	**-**	**419**
Total comprehensive profit for the period	**-**	**-**	**-**	**-**	**-**	**422**	**192**	**611**
At 30 June 2016	**239**	**3,520**	**16,100**	**(1,338)**	**2,390**	**90**	**(1,845)**	**19,156**

The notes to the accounts set out below form an integral part of this unaudited condensed consolidated interim report.

Hydrogen Group Plc

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

For the six months ended 30 June 2016

	Note	**Six months ended**		Year ended
		30 June	30 June	31 December
		2016	2015	2015
		£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	8	**(1,910)**	7,667	10,255
Investing activities				
Finance income		**1**	83	4
Proceeds from disposal of property, plant and equipment		**-**	16	23
Purchase of property, plant and equipment		**-**	-	(3)
Purchase of software assets		**(60)**	(101)	(138)
Net cash used in investing activities		**(59)**	(2)	(114)
Financing activities				
Proceeds on issue of shares		**-**	1	-
Increase/(decrease) in borrowings		**386**	(10,081)	(12,250)
Equity dividends paid	6	**-**	(698)	(698)
Net cash generated/(utilised) from financing activities		**386**	(10,778)	(12,948)
Net decrease in cash and cash equivalents		**(1,583)**	(3,113)	(2,807)
Cash and cash equivalents at beginning of period/year		**3,034**	5,975	5,975
Effect of foreign exchange rate movements		**422**	(147)	(134)
Cash and cash equivalents at end of period/year		**1,873**	2,716	3,034

UNAUDITED RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

For the six months ended 30 June 2016

	Six months ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Decrease in cash and cash equivalents in the period/year	**(1,161)**	(3,234)	(2,941)
(Increase)/decrease in net debt resulting from cash flows	**(386)**	10,081	12,250
Movement in net cash in the period/year	**(1,547)**	6,847	9,309
Net cash /(debt) at the start of the period/year	**2,580**	(6,729)	(6,730)
Net cash at the end of the period/year	**1,033**	118	2,580

The notes to the accounts set out below form an integral part of this unaudited condensed consolidated interim report.

1 General information

Hydrogen Group plc ("the Company") and its subsidiaries' (together "the Group") principal activity is the provision of recruitment services for mid to senior level professional staff. The Group is organised into seven practices offering both Permanent and Contract specialist recruitment consultancy for large and medium sized organisations. The Group operates primarily in the Technology, Finance, Energy, Legal, Life Sciences and Business Transformation sectors. The Group is becoming increasingly international, with operations in Australia, Malaysia, Singapore and USA, and a number of internationally focused teams based in the UK.

Hydrogen Group plc is the Group's ultimate parent company. The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of Hydrogen Group's registered office and its principal place of business is 30-40 Eastcheap, London, EC3M 1HD, England. Hydrogen Group's shares are listed on the AIM Market.

The unaudited condensed consolidated interim report for the six months ended 30 June 2016 (including comparatives) is presented in GBP '000, and were approved and authorised for issue by the board of directors on 7 September 2016.

Copies of these interim results are available at the Company's registered office, 30 Eastcheap, London, EC3M 1HD, England, and on the Company's website – www.hydrogengroup.com.

This unaudited condensed consolidated interim report does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2015 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2 Basis of preparation

The unaudited condensed consolidated interim report for the six months ended 30 June 2016 has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRSs") and in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The unaudited condensed consolidated interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which were prepared in accordance with IFRSs as adopted by the European Union.

These financial statements have been prepared under the historical cost convention.

To finance its working capital requirements, the Group has an £18m invoice discounting facility, committed to April 2018. The maximum amount of the invoice discount facility utilised during the period was 46%. The Group's forecasts and projections demonstrate that this facility should be adequate to meet the Group's obligations as they fall due in the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the interim report.

This unaudited condensed consolidated interim report has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the condensed consolidated interim report.

3 Segment reporting

(a) Revenue, gross profit and operating profit by discipline

For management purposes, the Group is organised into two operating segments, EMEA including USA (EMEA) and Asia Pacific (APAC), based on the discipline of the candidate being placed. Both of the operating segments have similar economic characteristics and share a majority of the aggregation criteria set out in IFRS 8.12.

	30 June 2016				30 June 2015				31 December 2015			
	EMEA	**APAC**	**Group cost**	**Total**	EMEA	APAC	Group cost	Total	EMEA	APAC	Group cost	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**54,612**	**4,779**	**-**	**59,391**	62,402	3,482	-	65,884	116,061	6,705	-	122,765
Gross profit	**7,293**	**1,635**	**-**	**8,928**	8,371	1,739	-	10,110	15,369	3,196	-	18,565
Depreciation and amortisation	**162**	**4**	**-**	**166**	217	8	-	225	383	30	-	413
Operating profit /(loss)before exceptional items	**855**	**45**	**(616)**	**283**	714	(340)	(436)	(62)	1,399	(914)	(1,113)	(628)
Finance costs				**(21)**				(54)				(80)
Finance income				-				-				5
(Loss)/profit before tax and exceptional items				**264**				(116)				(703)

Segment reporting (continued)

Revenue reported above represents revenue generated from external customers. There were no sales between segments in the six months (30 June 2015: Nil, 31 December 2015: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and finance income.

The information reviewed by the chief operating decision maker, or otherwise regularly provided to the chief operating decision maker, does not include information on net assets. The cost to develop this information would be excessive in comparison to the value that would be derived.

There is one external customer that represented more than 31% of the entity's revenues with revenue of £18.5m, and approximately 16% of the Group's net fee income, included in the EMEA segment (30 June 2015: one customer, revenue £21.2m, EMEA segment; 31 December 2015: one customer, revenue £39.4m, EMEA segment).

(b) Revenue and gross profit by geography

	Revenue			**Gross profit**		
	Six months ended		Year ended	**Six months ended**		Year ended
	30 June 2016 £'000	30 June 2015 £'000	31 Dec 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000	31 Dec 2015 £'000
UK	**45,649**	54,298	100,992	**4,987**	6,394	11,923
Rest of World	**13,742**	11,586	21,773	**3,941**	3,716	6,642
	59,391	65,884	122,765	**8,928**	10,110	18,565

(c) Revenue and gross profit by recruitment classification

	Revenue			**Gross profit**		
	Six months ended		Year ended	**Six months ended**		Year ended
	30 June 2016 £'000	30 June 2015 £'000	31 Dec 2015 £'000	**30 June 2016 £'000**	30 June 2015 £'000	31 Dec 2015 £'000
Permanent	**3,547**	4,521	8,079	**3,544**	4,521	8,044
Contract	**55,844**	61,364	114,686	**5,384**	5,589	10,521
	59,391	65,884	122,765	**8,928**	10,110	18,565

4 Exceptional items

Exceptional items are costs that are separately disclosed due to their material and non-recurring nature. They arose as a result of the comprehensive review of the Group's operations and actions implemented to reduce the Group's administration costs:

	Six months ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Goodwill impairment	**-**	-	3,517
Tangible asset write down and disposal	**-**	943	988
Employee restructuring costs	**-**	788	939
Property costs	**-**	69	223
Onerous lease provision release	**-**	-	(212)
Advisor's costs	**-**	5	31
Other	**-**	-	7
	-	1,805	5,493

5 Income tax expense

The charge for taxation on profits for the six months amounted to £0.1m (30 June 2015: £0.1m, 31 December 2015: £nil), being tax on profits and adjustment to prior year amounts.

6 Dividends

	Six months ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Amounts recognised and distributed to shareholders in the period			
Final dividend for the year ended 31 December 2015 of Nil p per share (2014: 3.1p per share)	**-**	698	698
	-	698	698

No dividend was proposed in respect of the year ended 31 December 2015.

7 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options and share incentive plans, assuming dilution through conversion of all existing options and shares held in share plans.

	Six months ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Earnings			
Profit/(loss) for the period/year attributable to equity holders of the parent	**192**	(1,841)	(6,196)
Adjusted earnings			
Profit/(loss) for the period	**192**	(1,841)	(6,196)
Add back: exceptional costs	**-**	1,805	5,493
	192	(36)	(703)
Number of shares	**Number**	Number	Number
Weighted average number of shares used for earnings per share	**22,530,249**	22,513,793	22,516,021
Dilutive effect of share plans	**1,987,668**	166,345	1,207,033
Diluted weighted average number of shares used to calculate fully diluted earnings per share	**24,517,917**	22,680,138	23,723,054
	Pence	Pence	Pence
Basic profit/(loss) per share	**0.09**	(8.18)	(27.52)
Fully diluted profit/(loss) per share	**0.08**	(8.12)	(26.12)
Adjusted basic profit/(loss)/earnings per share	**0.09**	(0.16)	(3.12)
Adjusted diluted profit/(loss)/earnings per share	**0.08**	(0.16)	(2.96)

8 Cash flow from operating activities

	onths ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Profit/(loss) before taxation	**264**	(1,921)	(703)
Adjusted for:			
Exceptional items	**-**	1,805	-
Depreciation and amortisation	**150**	226	414
Increase/(decrease)in provisions	**16**	(98)	(88)
Gain/(loss) on sale of property, plant and equipment	**-**	5	(4)
Share based payments	**180**	-	172
Net finance costs	**20**	54	76
Operating cash flows before movements in working capital	**630**	71	(133)
(Increase)/decrease in receivables	**(4,822)**	9,113	15,683
Increase/(decrease) in payables	**2,522**	(886)	(3,924)
Cash (utilised) /generated from operating activities	**(1,670)**	8,298	11,626
Income taxes paid	**(90)**	(44)	(89)
Finance costs	**(20)**	(54)	(80)
Net cash (outflow)/ inflow from operating activities and before exceptional costs	**(1,781)**	8,200	11,457
Cash flows arising from exceptional costs	**(129)**	(533)	(1,202)
Net cash (outflow)/ inflow from operating activities	**(1,910)**	7,667	10,255

9 Trade and other receivables

	Six months ended		Year ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Trade receivables	**8,841**	9,321	6,428
Allowance for doubtful debts	**(149)**	(44)	(319)
Accrued income	**11,361**	12,149	8,994
Prepayments	**326**	578	372
Other receivables			
- due within 12 months	**44**	111	156
- due after more than 12 months	**107**	265	108
	20,529	22,381	15,739
Current	**20,421**	22,116	15,631
Non-current	**107**	265	108

10 Trade and other payables

	Six months ended 30 June 2016 £'000	30 June 2015 £'000	Year ended 31 December 2015 £'000
Trade payables	**1,075**	1,316	613
Other taxes and social security costs	**719**	600	489
Other payables	**916**	929	1,121
Accruals	**11,147**	12,227	9,304
	13,856	15,072	11,527

11 Provisions

	Leasehold dilapidations £'000	Onerous contracts £'000	Total £'000
At 1 January 2015	60	308	368
New provision	7	-	7
Utilised	-	(105)	(105)
At 30 June 2015	67	203	270
New provision	21	-	21
Unutilised provision released	-	(212)	(212)
Utilised	(20)	9	(11)
At 31 December 2015	68	-	68
New provision	**16**	-	**16**
Utilised	-	-	-
At 30 June 2016	**84**	**-**	**84**
Current	**-**	**-**	**-**
Non-current	**84**	**-**	**84**

This announcement contains inside information.