



16 October 2007

Preliminary Results for the year ended 31 July 2007

Matchtech Group plc ("Matchtech" or the "Group"), one of the UK's leading specialist technical recruitment companies, is pleased to announce its maiden results for the year ended 31 July 2007, following its Admission to AIM in October 2006.

Financial Highlights

- Turnover £202.8m (2006: £156.7m)* up 29%
- Net fee income £26.9m (2006: £20.8m)* up 29%
- Operating profit £11.3m (2006: £8.2m)* up 38%
- Profit before tax to £10.5m (2006: £7.7m)* up 36%
- Basic earnings per share of 36.02p (2006: 26.31p)* up 37%
- Reported PBT of £9.9m (£2006: 7.8m) up 27%
- Basic reported EPS of 33.47p (2006: 26.31p) up 27%

- Maiden final dividend of 9.3p per share making total of 13.7p per share for the year

* 2006 and 2007 results exclude the sales and profits from the US business sold on 31 August 2006 as well as the non-recurring costs of the IPO

Operating Highlights

- Strong organic growth across all sectors
- Results reflect continuing strong demand for permanent placements
- 39% increase in permanent and 23% increase in contract recruitment fees
- Placed over 2,100 candidates into permanent jobs and filled 6,300 contract/temp assignments in the year
- Major Master Vendor contract secured with Mouchel Parkman
- Successful Admission to AIM in October 2006

Commenting on the results, George Materna, Chairman of Matchtech said:

"Matchtech has continued to perform very well over the year and delivered another excellent set of results. These are our first full results since our listing on AIM in October 2006 and I am delighted that our new shareholders are able to share in the continuing success of the Group.

“The outlook in our marketplace continues to be positive. Labour demand across all our sectors remains healthy and this looks set to continue for the foreseeable future. The shortage of good quality candidates and contractors and Matchtech’s ability to identify and secure the right people for our clients are key factors in our success. This combination of confidence in UK businesses and shortages of qualified engineers and other white collar professionals should ensure continued buoyant recruitment conditions for Matchtech to capitalise on.

“The Board anticipates another successful year for the Group.”

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Background on Matchtech

Matchtech specialises in the provision of contract and permanent staff in the Engineering, Built Environment and Support Services sectors across the UK.

It was established in 1984 and has grown organically to become the UK’s 2nd largest technical and engineering recruitment specialist and the UK’s 21st largest recruitment company (Source: Recruitment International Top 100 Report – August 2007).

Operating from a single site near Southampton, Matchtech provides predominantly professionally-qualified candidates to clients in a broad range of industries including oil and petrochemicals, pharmaceutical, marine, aerospace, automotive, water, electronics, civil engineering, building structures and transport infrastructure. It structures its business across three main sectors: Engineering, Built Environment and Support Services.

Matchtech Group plc floated on AIM in October 2006.

Matchtech Group plc

Preliminary Results for the year ended 31 July 2007

Chairman's Statement

Results

Matchtech has continued to perform very well over the past year and delivered another excellent set of results. These are our first full year results since our listing on AIM in October 2006 and I am delighted that our new shareholders are able to share in the continuing success of the Group.

There was substantial growth in turnover and profitability across every sector of the business all of which was organic growth. Strong trading has resulted in turnover of £202.8 million (up 29% over 2006) and net fee income of £26.9 million (up 29%).

Operating profit and profit before tax (excluding non-recurring items, mainly arising from the AIM listing) were £11.3m (up 38%) and £10.5m (up 36%) respectively.

We continue to build on our long and consistent track record of organic growth, proving to be a top quality operator with a strong presence in our core industry sectors. We strengthened our ranking as one of the largest recruitment companies in the UK and our position as the UK's biggest single site agency.

Our strategy is proving highly successful as the business base broadens and we develop long term relationships with major clients.

Non-recurring items

In discussing the performance of the business unless otherwise stated, all comparisons are made excluding the non-recurring items of the sales and profits of the US business sold on 31st August 2006 (which contributed £0.07m to net profit) as well as the £0.6m non-recurring costs of the flotation in October 2006.

Earnings per share and dividends

Excluding the above non-recurring items, underlying basic earnings per share were 36.02p (up 36.9%), and fully diluted earnings per share were 35.15p (up 39.0%).

The Board has proposed a final dividend for the year of 9.3 pence per share, which when added to the interim dividend of 4.4 pence per share, makes a total dividend for the year of 13.7 pence per share. The final dividend, if approved by shareholders at the Annual General Meeting to be held on 23 November 2007, will be payable on 30 November 2007 to shareholders on the register on 9 November 2007.

Staff

Our staff have shown a commitment to clients, candidates and contractors – a commitment which the Board believes differentiates us from many of our competitors. This team performance provides the ultimate competitive advantage. Sustained organic growth has come from recruiting and training the most talented people and providing them with our distinctive culture of personal challenge and team support which makes Matchtech such a vibrant and enjoyable place to be.

I would again like to record the Board's appreciation for the dedication and commitment of all our staff.

Board

Adrian Gunn, formerly Deputy Managing Director and Sales Director, took over as Group Managing Director on 1 February 2007, with Paul Raine reverting to a Group Resources Director role. The Board thanks Paul for his leadership during his tenure as Group Managing Director and looks forward to his continued contribution as part of an unchanged executive team.

In achieving these strong results and growth in profits, the Executive Directors have demonstrated exceptional operational leadership in the day to day management of the business. The strength of our team allows rapid decision-making and execution of the Group's strategy and plans.

The Executive directors have been supported by a high quality non-executive team of Stephen Burke, Ric Piper and Andy White. Their independent judgement has significantly strengthened the Board as a whole during our first year as a listed company.

Outlook

Businesses work in a competitive market where the battle for talent, the drive for efficiency and the need for flexibility have all led to greater efforts to reach candidates and contractors. They compete on the combined abilities of their employees. Finding the right people matters.

Over the coming years, the UK workforce is set to become even more diverse, reflecting society trends, a longer living and working population, greater ethnic diversity, increased immigration and more working women. Here our industry plays an essential role as intermediary, helping business to understand and welcome these changes and encouraging people from this new talent pool to enter or return to the workforce. The ability to reach passive as well as active candidates and contractors has become and will continue to be increasingly important.

The outlook in our marketplace continues to be positive. Labour demand across all our sectors remains healthy and this looks set to continue for the foreseeable future. The shortage of good quality candidates and contractors and Matchtech's ability to identify and secure the right people for our clients are key factors in our success. This combination of confidence in UK businesses and shortages of qualified engineers and other white collar professionals should ensure continued buoyant recruitment conditions for Matchtech to capitalise on.

Matchtech's strategy continues unchanged. We intend to stay focused on our core competency of specialist recruitment and organically grow existing operations, while developing new markets. The Board anticipates another successful year for the Group and its shareholders.

George Materna
Chairman

Review of Operations

Performance

Matchtech has continued to strengthen its position within the UK recruitment market. This was supported by our flotation, which has continued to focus staff and the management team to deliver excellent growth.

We are pleased to report that our maiden set of results as an AIM-listed company has produced pre-tax profits (excluding non-recurring items) of £10.5m compared to £7.7m in 2006. This performance is even more pleasing as we have produced strong organic growth across all three of our operating sectors.

Sector	% of Group	NFI	Growth
Engineering	55	£14.8m	+24%
Built Environment	22	£6.0m	+33%
Support Services	23	£6.1m	+30%

The UK recruitment market is currently enjoying strong market conditions, especially in permanent recruitment and this is reflected in our 39% growth in permanent fees to £8.5m.

The combination of high demand and the shortage of skilled permanent candidates is also driving the demand for contract and temporary workers. Our responsive service delivery teams have taken advantage of this situation and have driven contract recruitment fees to growth of 23% in 2007.

Our focus for the year was still contract orientated and this is reflected in our net fee income mix of 69% contract recruitment and 31% permanent recruitment, essentially unchanged from 2006.

Staff

Our strategy remained unchanged through the year and this clear message empowered our management team to make fast and effective management decisions. This, along with the introduction of enhanced IT tools, developed internally, has resulted in the achievement of greater efficiencies from the business and our staff. This can be seen by the NFI conversion to operating profit for each sector.

NFI Conversion by sector	2007	2006
Engineering	45.6%	43.2%
Built Environment	45.7%	45.2%
Support Services	29.3%	25.9%
Total	42.0%	39.4%

In April this year we substantially increased our graduate intake programme and successfully recruited 30 graduates over and above our normal recruitment demand. These graduate consultants have been integrated into the vertical industry teams and we expect them to be fee generating by the second half of 2008.

Staff turnover still remains low in comparison to our industry sector and this, together with our successful graduate recruitment campaign, has increased our period end head count from 194 to 245 in the year.

Clients

We continued to deliver a healthy mix of contract and permanent business supplying our clients on a contingency, preferred supplier and master vendor basis. This spread of business helped us to maintain our gross margins at 13.3%.

Our top fifty clients continued to generate around 50% of our net fee income. Devonport Royal Dockyard Limited (DML) and VT Group continued to be our largest two clients, each generating c5% of our net fee income. The highlight of the year was winning the Mouchel Parkman UK Master Vendor contract. Mouchel Parkman is one of the UK's leading Consultant Engineers and our Built Environment Sector should see the benefits of this strategic win this year.

The re-signing of our Master Vendor contract with Prysmian Cables and Preferred Supplier contract extensions for Eaton Aerospace and Severn Trent Water have demonstrated our ability to deliver high levels of customer service to our key accounts. Our direct fulfilment rate on Master Vendor contracts is over 90% and we have developed an effective second tier supply chain to support our service delivery teams, especially within non-core skill areas such as administration.

Retaining business has been high on our agenda, led by our Managed Services team, and this has been achieved by offering clients continuous improvement through innovation and value added services.

Contractors and Candidates

Sourcing quality candidates and available contractors is the key to the success of any recruitment agency and we have demonstrated our ability to find the best. This year we have placed 2,192 candidates into permanent positions (2006: 1,518) and we have filled over 6,300 contract/ temporary assignments (2006: 6,518).

Our staff are fully aware that candidate referrals continue to be the best way to find new talented people. This year we developed a number of new IT tools to help our staff improve candidate and contractor care. The IT tools have simplified communication and prompt our staff to pro actively manage the needs of the contractor.

The number of contractors working each week for Matchtech has continued to increase and at the end of July 2007 we had 4,408 contractors on assignment throughout the UK (2006: 3,713).

We are always looking at new ways to attract candidates to our database and our marketing team has continued to find innovative methods to source an ever increasing array of skill types. These activities have helped significantly increase and improve the quantity of our candidate database.

Market Segments

All three of our sectors have produced excellent results this year and we believe this success is down to the focus of our staff into specialist areas. We continue to segment each market so we can tackle them 'narrow and deep'.

In Engineering we have seen good success in the Power and Nuclear area. We integrated our Skilled Trades division into the relevant vertical industry teams, which allowed us to increase their market share in an identified market segment. This generated exceptional growth for our Aerospace Team.

In the Built Environment we have started to make an impact with architectural and building surveying practices and have dedicated Consultants working on railway planning and signaling projects.

In Support Services we continued to expand our customer base outside of Engineering and Built Environment clients. This was particularly successful for our Procurement Division whose client base now includes major organisations in the banking, finance, retail and insurance sectors as well as Government organisations and Local Authorities.

Investment

Last year we leased an additional 10,000sq ft of office space immediately adjacent to our existing office. This year we moved all of our support functions into the new premises. This has allowed us to continue as the UK's largest single site recruitment centre, with each of our three operating sectors having a dedicated trading floor.

We have further strengthened our business continuity strategy and have built a highly resilient infrastructure within Matchtech's two building environment, seeking to mitigate the majority of risks. We have also contracted a Disaster Recovery facility where our staff would relocate to in the event of a significant business interruption.

Our in-house IT development team have been busy successfully developing and rolling out a new Client Relationship Management system. This was developed to improve the responsiveness and effectiveness of our service delivery teams, aiding our staff to find the most appropriate CVs in the quickest possible time. More strategically it has increased the revenue capabilities for each member of staff, driven head count efficiencies and improved our NFI conversion ratio.

Group Management Team

Once again our management team has produced excellent results. This experienced team has been with the Company for many years, demonstrating great unity and focus as we have moved into the public company environment.

Their industry knowledge has ensured we are involved at the early stages of new business development opportunities and their ability to coach and mentor new staff is driving each sector's future growth plans.

The introduction of new share schemes has provided additional focus on performance and the need to continue to deliver profit growth.

Summary

We have a healthy pipeline of business development targets and will be working hard to increase the number of Master Vendor accounts as well as increasing the revenue generated by them.

The additional staff recruited this year should be fee generating in 2008 helping us with our plans to deliver both NFI growth and improve the NFI conversion ratio. The additional office space allows us to continue to recruit at a similar level next year.

Finally we can see long term growth drivers in each of our three sectors and are confident that we are well-placed to take full advantage of the existing and future market conditions.

Adrian Gunn
Managing Director

Financial Review

Continuing to build on our resilient business model Matchtech has again posted record results. In our first year of trading as an AIM listed company, we have delivered a strong performance against our Key Performance Measures.

Group Profit & Loss Account (excluding non-recurring items)

With all sectors showing growth on last year, turnover for 2007 increased by 29.4% to £202.8m (2006: £156.7m).

Net fee income grew by 29.3% to £26.9m (2006:£20.8m) and we have maintained our gross profit margin at 13.3% (2006: 13.3%).

Notwithstanding a slight shift in mix, we continue to maintain a healthy balance between contract and permanent business with 69% (2006: 71%) of net fee income derived from recurring contract income and 31% (2006: 29%) from permanent placements.

Our ability to continue to drive efficiencies from the business is highlighted by an increase in net fee income conversion to operating profit from 39.4% to 42.0%.

As a result operating profit rose by 37.8% to £11.3m (2006: £8.2m) and pre-tax profits by 36.4% to £10.5m (2006: £7.7m).

The Group received tax relief from gains on share option schemes that were exercised during the year, giving an effective tax rate of 23.7% (2006: 26.7%).

Profit after tax was up by 44.6% to £8.1m (2006: £5.6m)

Group non-recurring items

For comparison purposes we have excluded the non-recurring items of the sales and profits of the US business sold on 31st August 2006 (which contributed £0.07m to net profit) as well as the non-recurring costs of the flotation of £0.6m.

Group Earnings Per Share

Basic Earnings Per Share, of continuing operations, rose to 33.47p (2006: 26.31p) up 27.2% and Diluted Earnings Per Share increased by 29.1% to 32.66p (2006: 25.29p).

Excluding the non-recurring items, underlying Basic and Diluted Earnings Per Share were 36.02p (2006: 26.31p) and 35.15p (2006: 25.28p), representing increases of 36.9% and 39.0% respectively.

Group Dividends

The Board has proposed a final dividend for the year of 9.3 pence per share, payable on 30 November 2007 to those shareholders registered on 9 November 2007. Added to the interim dividend of 4.4 pence per share, the total dividend for the year is 13.7 pence per share.

Group Balance Sheet

At 31st July 2007 group net assets stood at £10.6m (2006: £7.3m). Net debt increased slightly by £0.3m to £9.8m (2006: £9.5m) and debtor days were essentially unchanged at 44.0 (2006: 43.4).

The Group operates a Confidential Invoice Discounting facility with Barclays Bank plc. The facility ceiling currently stands at the lower of £20m or 90 per cent. of qualifying invoiced debtors.

On 11 October 2006, the Group entered into a £5m, three year loan facility with Barclays Bank plc. At 31 July 2007 the balance on this facility stood at £3.8m.

At 31 July 2007 the utilisation of all the available financing facilities stood at 44%, with £13.3m available.

Group Cash flow

The Group continues to be cash generative at an operating level and this year showed good level of operating cash conversion, as defined by net cash inflow from operating activities as a percentage of operating profit, of 75% (2006: 90%. Cash conversion in 2006 was enhanced by non-operating cash received, with underlying operating cash conversion of 77%).

International Reporting Standards (“IFRS”)

The Group has commenced the process of preparing for the conversion to IFRS for the year ending 31 July 2008 and has reviewed the expected impact on the financial statements. The Directors believe that the principal impact of the conversion will be in relation to IAS12 Income Taxes, where provision for the full potential future tax deduction in respect of share options could result in an increase in the deferred tax asset recognised of approximately £400,000. Other areas are IAS 17-Leases and IAS 19-Employee Benefits, which are unlikely to have a material impact on the Group’s financial results.

Tony Dyer
Finance Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st July 2007

	Note	2007 £'000	2006 £'000	
TURNOVER				
Continuing operations		202,779	156,686	
Discontinued operations		135	1,442	
	2	202,914	158,128	
COST OF SALES				
Continuing operations		175,902	137,089	
Discontinued operations		117	1,196	
		176,019	135,893	
GROSS PROFIT				
Continuing operations		26,877	20,793	
Discontinued operations		18	246	
		26,895	21,039	
ADMINISTRATIVE EXPENSES				
Continuing operations		15,617	12,554	
Discontinued operations		10	93	
Cost of Admission to AIM		572	0	
		16,199	12,647	
OPERATING PROFIT				
Continuing operations		10,688	8,239	
Discontinued operations		8	153	
		10,696	8,392	
EXCEPTIONAL ITEM				
Profit on sale of discontinued operations		59	0	
		10,755	8,392	
PROFIT AFTER EXCEPTIONAL ITEMS				
Interest receivable		20	66	
Interest payable and similar charges		(831)	(615)	
		9,944	7,843	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
Tax on profit on ordinary activities	4	(2,359)	(2,098)	
		7,585	5,745	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				
EARNINGS PER ORDINARY SHARE				
	Note	2007 pence	2006 pence	
Basic	Continuing operations	5	33.47	26.31
	Discontinued operations	5	0.29	0.29
	Total		33.76	26.60
Diluted	Continuing operations	5	32.66	25.29
	Discontinued operations	5	0.28	0.27
	Total		32.94	25.56

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2007	2006
	£'000	£'000
Profit for the financial year attributable to the shareholders	7,585	5,745
Currency translation differences on foreign currency net investments	3	(2)
	7,588	5,743
Prior year adjustment	0	(96)
Total gains and losses recognised since the last annual report	7,588	5,647

BALANCE SHEETSAs at 31st July 2007

	GROUP		COMPANY	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	133	128	0	0
Tangible assets	1,699	1,271	0	0
Investments	0	0	250	250
	1,832	1,399	250	250
CURRENT ASSETS				
Debtors	32,108	24,670	2,203	1,209
Cash at bank and in hand	836	495	656	136
	32,944	25,165	2,859	1,345
CREDITORS				
Amounts falling due within one year	(22,132)	(19,313)	(2)	(654)
NET CURRENT ASSETS	10,812	5,852	2,857	691
TOTAL ASSETS LESS CURRENT LIABILITIES	12,644	7,251	3,107	941
CREDITORS				
Amounts falling due after one year	(2,083)	0	0	0
NET ASSETS	10,561	7,251	3,107	941
CAPITAL AND RESERVES				
Called-up equity share capital	230	221	230	221
Share premium account	2,829	2,009	2,829	2,009
Other reserve	224	229	0	0
Share based payment reserve	386	338	0	0
Profit and loss account	6,892	4,454	48	(1,289)
SHAREHOLDERS' FUNDS	10,561	7,251	3,107	941

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31st July 2007

	2007	2006
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	8,112	7,540
RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
Interest received	20	66
Interest paid	(831)	(615)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS & SERVICING OF FINANCE	(811)	(549)
TAXATION	(2,205)	(2,006)
CAPITAL EXPENDITURE	(37)	(95)
Payments to acquire intangible fixed assets	(923)	(408)
Receipts from sale of fixed assets	28	48
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(932)	(455)
ACQUISITIONS AND DISPOSALS		
Receipts from sale of Matchtech Inc	105	0
EQUITY DIVIDENDS PAID	(5,428)	(4,124)
EBT CAPITAL DISTRIBUTION	0	(1,070)
CASH OUTFLOW BEFORE FINANCING	(1,159)	(664)
FINANCING		
Issue of ordinary share capital	9	6
Premium on issue of ordinary share capital	820	395
Costs incurred in respect of share issue	0	0
Resale of own shares	0	5
Bank loan	5,000	0
Repayments of bank loan	(1,250)	0
Cash received from trade debt financing	226,909	180,156
Payments to trade debt financing	(229,960)	180,146
NET CASH INFLOW FROM FINANCING	1,528	416
INCREASE/(DECREASE) IN CASH	369	(248)

**RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2007	2006
	£'000	£'000
Operating profit	10,696	8,392
Depreciation and amortisation	499	412
Loss/(profit) on disposal of fixed assets	0	(4)
Increase in debtors	(7,516)	(2,207)
Increase in creditors	4,112	786
FRS20 Charge	321	161
Net cash inflow from operating activities	8,112	7,540

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007	2006
	£'000	£'000
Increase in cash in the period	369	(248)
Cash outflow from bank loan	1,250	0
Cash (inflow) from bank loan	(5,000)	0
Cash outflow from trade debt finance	229,960	180,146
Cash (inflow) from trade debt finance	(226,909)	(180,156)
Change in net debt	(330)	(258)
Net debt brought forward	(9,508)	(9,250)
Net debt carried forward	(9,838)	(9,508)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2006	Cash flows	At 31 Jul 2007
	£'000	£'000	£'000
Net cash: Cash in hand and at bank	290	369	659
Debt: Trade debt finance	(9,798)	3,051	(6,747)
Bank Loan	0	(3,750)	(3,750)
Net debt	(9,508)	(330)	(9,838)

NOTES

1. BASIS OF PREPARATION

The financial information in this preliminary announcement has been prepared in accordance with applicable accounting standards and under the historical cost convention, and on the basis of the accounting policies as stated in the Annual Report and Accounts for the year ended 31 July 2006.

This preliminary statement was approved by the Board on Monday 15 October 2007.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

	2007	2006
	£'000	£'000
A geographic analysis of turnover is given below:		
United Kingdom	202,779	156,686
Overseas	135	1,442
Total	202,914	158,128

	2007	2006
	£'000	£'000
A segmental analysis of turnover is given below:		
Engineering	129,434	103,431
Built Environment	40,046	31,617
Support Services	33,434	23,080
Total	202,914	158,128

Further analysis is not presented as in the opinion of the directors it would be seriously prejudicial to the interests of the group.

3. DIVIDENDS

	2007	2006
	£'000	£'000
Equity dividends paid during the year	5,427	4,124
Equity dividends proposed after the year-end (not recognised as a liability)	2,142	4,414

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
Current Tax: UK corporation tax	2,371	2,058
Prior year under provision	1	0
	2,372	2,058
Foreign tax		
Total current tax	3	89
	2,375	2,147
Deferred tax on timing differences (note 14)	(16)	(49)
Tax on profit on ordinary activities	2,359	2,098

UK corporation tax has been charged at 30% (2006 – 30%) and tax imposed overseas at the appropriate rate for the country.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	9,944	7,843
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	2,983	2,353
Effects of:		
Expenses not deductible for tax purposes	114	70
Exceptional items not deductible for tax purposes	172	0
Difference between depreciation and capital allowances for the period	3	14
Under provision for previous years	1	0
Higher rates on overseas earnings	1	61
Franked investment income	(1)	(18)
Tax loss on EBT loss/profit	4	6
Tax relief on cost of options exercised in year	(902)	(339)
Current tax charge for period	2,375	2,147

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 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:

	2007	2006
	£'000	£'000
Profit on ordinary activities after taxation attributable to ordinary shareholders		
Continuing operations	7,521	5,684
Discontinued operations	64	61
Total	7,585	5,745
Weighted average number of ordinary shares in issue	22,470	21,600
Effect of dilutive potential ordinary shares	556	883
Total	23,026	22,483
Earnings per ordinary share	pence	pence
Basic		
Continuing operations	33.47	26.31
Discontinued operations	0.29	0.29
Total	33.76	26.60
Diluted		
Continuing operations	32.66	25.29
Discontinued operations	0.28	0.27
Total	32.94	25.56
Earnings Per Share for the purpose of a performance measure for the LTIPs is calculated excluded the non-recurring items of the sales and profits of the US business sold on 31st August 2006 as well as the non-recurring costs of the flotation as calculated below		
Profit on ordinary activities after taxation	7,585	5,745
Cost of admission to AIM	572	0
Profit after tax of discontinued operations	(5)	(61)
Profit on sale of discontinued operations	(59)	0
Profit on ordinary activities after taxation but before non-recurring items	8,093	5,684
	pence	pence
Earnings per ordinary share - basic	36.02	26.31
- diluted	35.15	25.28

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	2007	2006
	£'000	£'000
Profit for the financial year	7,585	5,745
New share capital issued	9	6
Premium on share capital issued	820	395
FRS20 reserve movement	321	161
Shares held by EBT	0	5
EBT capital distribution	0	(1,070)
Dividends	(5,428)	(4,124)
Foreign currency translation	3	(2)
Net increase to funds	3,310	1,116
Opening shareholders' funds (2005: originally £2,827,000 before prior year adjustments for FRS20 and FRS 21 of £1,642,000)	7,251	6,135
Closing shareholders' equity funds	10,561	7,251

7. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The balance sheet at 31 July 2007 and the group profit and loss account, group cash flow statement and associated notes for the year/period then ended have been extracted from the Group's 2007 statutory financial statements upon which the auditors opinion is unqualified and does not include a statement under Section 237 of the Companies Act 1985.