ANNUAL REPORT & ACCOUNTS

matchtech GROUP

2009

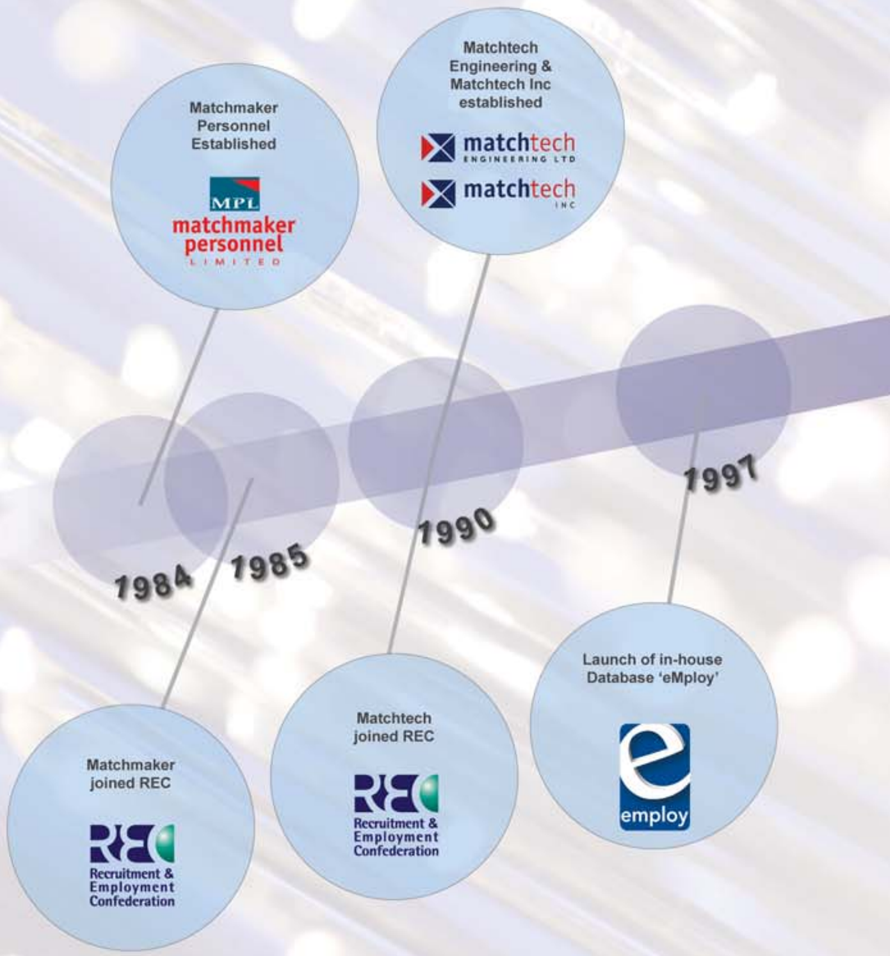
Strategy

Performance

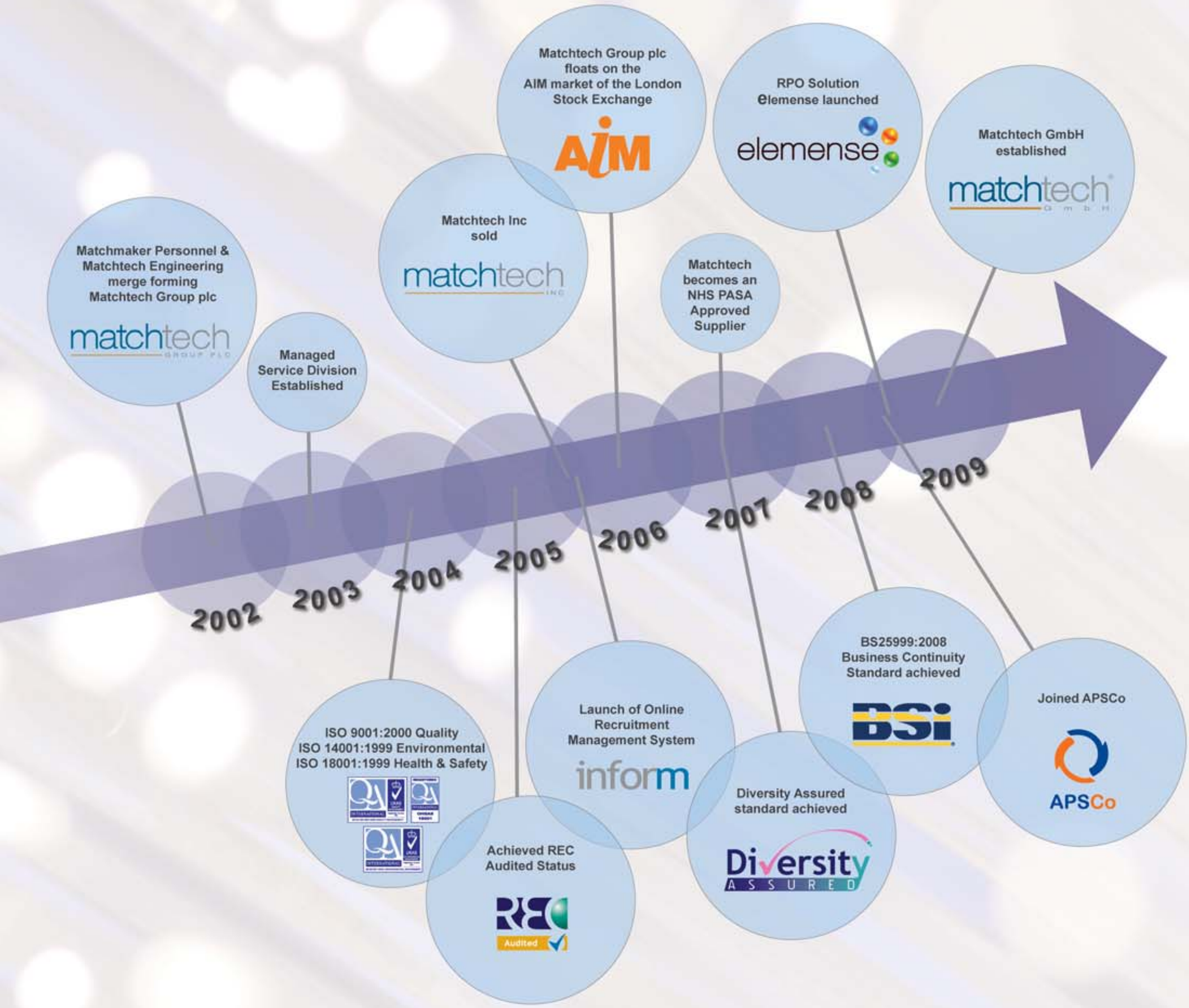
Governance

Financial Statements

Shareholder Information



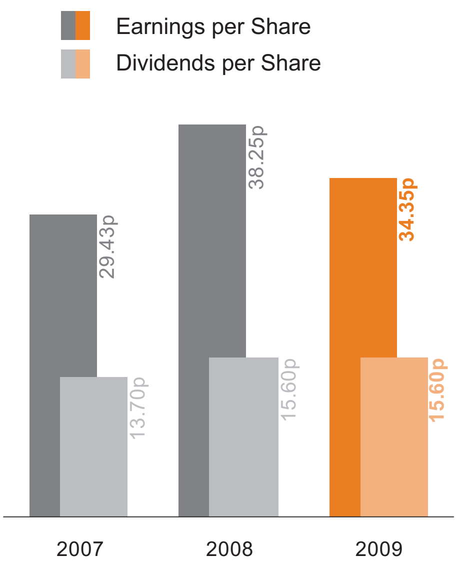
25 Years of delivering recruitment solutions



Chairman's Overview

"Matchtech's ability to endure these very demanding economic conditions, and maintain our dividend, is testament to our staff and our resilient, flexible structure"

Diluted Earnings per Share and Dividend per Share



1 August 2009 saw Matchtech mark its 25th anniversary. Over the last ten years we had become used to a sustained upward trend resulting in compound annual growth of 20% in both Net Fee Income ("NFI") and operating profit.

The significantly and progressively weaker trading environment in 2009 has meant that we have been unable to maintain that positive record. Nonetheless, our resilient business model has allowed us to endure the demanding economic conditions and still deliver acceptable levels of profitability and cash flow.

Trading Performance

Revenue was £269.6 million, up 4% on 2008 (H1: up 18%, H2: down 7%), with NFI of £30.3 million down 9% (H1: up 8%, H2: down 23%). Operating profit and Profit before tax were down 15% and 12% to £11.6 million and £11.3 million respectively, with Profit before tax in H1 up 7% and in H2 down 27%. Basic earnings per share fell from 39.34 pence to 34.37 pence, down 13%.

Our single site model enabled us to react quickly to the weakening market conditions. We froze all capital expenditure in H2 resulting in the total for the year being 57% down on 2008, and we reduced headcount by 20% to 263 at the year end, resulting in an even leaner business than we had before.

The Group has a high degree of variable staff remuneration which results in the Group's operating costs moving in response to changing market conditions. NFI conversion rate, while down to 38.6% compared to 41.6% in 2008, still stands at a very respectable rate when compared with our peers.

Net Debt

In difficult trading conditions we have continued to focus on billing and cash collection. Cash generation has again been strong and our net debt has reduced by £1.9 million to £1.2 million at 31 July 2009 (31 July 2008: £3.1 million).

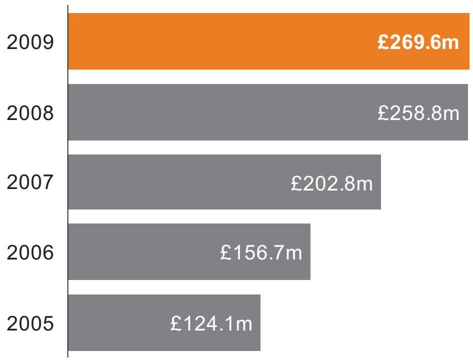
Dividends

The Board's dividend policy aims to provide an annual dividend level which we believe can be sustained through economic cycles. I am pleased to confirm a proposed final dividend for the year of 10.6 pence per share, which when added to the interim dividend of 5.0 pence, makes a total dividend for the year of 15.6 pence per share, the same as last year, providing dividend cover of 2.2 times (2008: 2.5 times). The final dividend, if approved by shareholders at the Annual General Meeting to be held on Friday 20 November 2009, will be payable on 4 December 2009 to shareholders on the register on 6 November 2009.

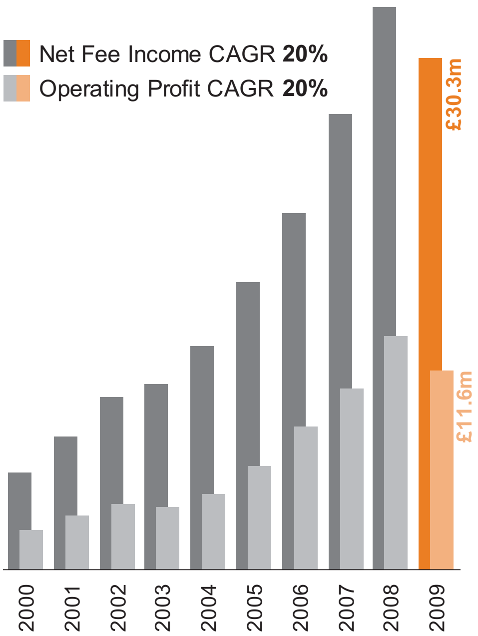
People

The Group's performance is a testament to the spirit and determination of our high quality staff, at all levels and in all areas. There is a sustained high performance culture across the

Group Revenue



Group 10 Year Growth



group created by the enthusiasm, the dedication, the professionalism and the desire to succeed from all of our experienced management and staff.

The Board would like to congratulate David Rees and Keith Lewis, who both started with us 18 years ago, on their promotion to the Group's executive management team on 1 August 2009, and would like to thank former Resources Director Paul Raine, who left us in February 2009, for his contribution to the development of Matchtech over the past 19 years.

We continue to show a commitment to clients, candidates and contractors that gives us a significant competitive advantage. On behalf of the Board, I would like to thank the whole of the Matchtech team for their continued commitment and hard work.

The Board would also like to thank our loyal and hard working contractors who have provided our clients with an exemplary service.

Strategy and Outlook

We have continued our strategy of working in our well established industry sectors and cross-selling within our highly diversified client base. This has resulted in a degree of resilience in the contract business although activity in the permanent business has been harder hit.

It is difficult to predict how and when demand for recruitment services will progress from the current subdued level, particularly given the likely reductions in UK Public Expenditure after the General Election in 2010. Permanent placements in 2010 Q1 continue to weaken, albeit at a slower pace, and provide little or no visibility. The contract business has, as expected, been more resilient and is showing some signs of growth in numbers, although we continue to experience margin pressure.

We remain committed to the long term growth strategy set out at the time of our admission to AIM in 2006. In pursuit of this, we are undertaking a number of new strategic growth initiatives in the current year, which will develop our service offering and start to expand our geographic footprint. These are covered in some detail in the Chief Executive Officer's Review.

We have an experienced long serving management team, who have driven us to our strong market positions, maintaining the right balance for the revenue being generated between fee earners, the engine of the business for today and for the future, and the support staff required to deliver the quality of service. The balance sheet is strong, with low levels of net debt, and the early actions we have taken to reduce costs have demonstrated our ability to endure the demanding economic conditions and still deliver good levels of profitability and cash flow performance.

The Board believes our mix of Contract and Permanent business provides resilience and the necessary scope for accelerated growth in any economic upturn. Add to this the selective initiatives we are undertaking in the current financial year, and we believe that Matchtech is well-placed to deal with short term market conditions and to capitalise on opportunities in the medium term.

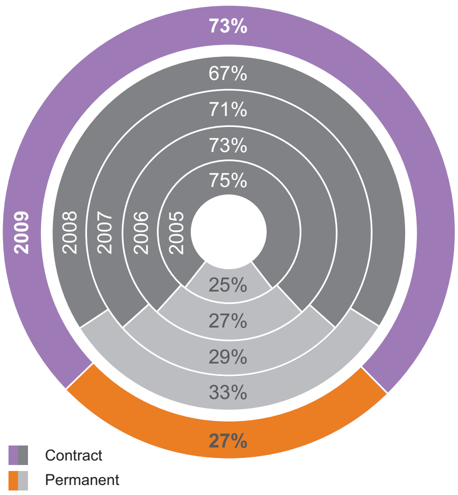
George Materna FIRP FCIPD
Chairman

Chief Executive Officer's Review

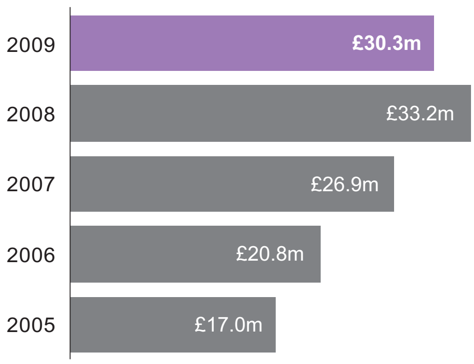
Adrian Gunn
Chief Executive Officer

"Despite increasingly challenging economic conditions during the year we have posted solid profits and have maintained our dividend."

Contract/Permanent NFI Split



Group Net Fee Income



This has truly been a year of two halves. After a strong H1 when we delivered Net Fee Income ("NFI") growth of 8%, the slowdown in the economy had a significant effect on our second half performance, with H2 NFI falling 23%. In the face of these conditions, we took proactive action on our cost base, as a result of which we have posted solid results for the year as a whole.

Business Review

The year started strongly and despite the market softening in Q2, we delivered solid contract NFI growth in H1 of 12% and permanent fee growth of 2%, resulting in growth in NFI and Profit before tax of 8% and 7% respectively.

In line with the overall UK recruitment sector, H2 became increasingly challenging. Demand for our permanent recruitment services was particularly hard hit, with H2 NFI of £3.1m compared to £5.2m in H1. Our contract business was more resilient to the downturn as we would expect, and here we saw the number of contractors on assignment falling by 5% from 4,760 at the start of the year to end the year at 4,500. All sectors have seen pressure on margins and reductions to contractor pay rate, reducing our average timesheet value by 8%, in July 2009 compared with July 2008.

Due to the decline in permanent revenue, our business mix has shifted towards contract recruitment in the period which now represents 73% of the Group's NFI (2008: 67%).

During the period our top 50 clients accounted for 42% of the Group's NFI compared to 54% last year. VT Group (including its joint ventures Flagship Training and bVT Surface Fleet) (6%), Mouchel Group (3%) and Transport for London (including Metronet) (4%) were our three largest clients. Our Master Vendor contract with Mouchel Group was extended for a further three years and our largest contract win was a Master Vendor agreement with a new client, Invensys Process Systems.

We have been efficient in managing our cost base with the changing environment. The Group's remuneration strategy from sales consultants through to management remained strongly biased towards variable over fixed remuneration. Our IT technology continued to deliver operational efficiencies and our proven single site strategy ensured our costs remained under effective control.

At the start of H2 we were proactive in reducing our headcount in response to a difficult trading environment. Staff numbers have been reduced by 20% from a peak of 330 in December to 263 at the year end with reductions in both sales and support staff. Whilst we will continue to manage our headcount closely, we are committed to ensuring we do not cut into the muscle of the business thereby hampering our ability to bounce back strongly as and when markets recover.

Engineering Sector

Engineering, our largest and most established sector, has been the most resilient in the second half of the year. Contract NFI was up 6% in H1 but fell 12% in H2. Permanent fees were up 19% in H1, down 38% in H2 and, overall, the sector was down 11% for the year.

Automotive saw the sharpest slowdown in recruitment activity with an 18% fall in NFI for the year, contract NFI being down 16% and permanent fees down 25%. The remaining engineering markets remained fairly resilient particularly in the Defence, Oil & Gas and Marine areas which were essentially unchanged with slight growth in contract NFI balancing out a small fall in permanent fees.

The Oil & Gas team focuses on the Offshore, Subsea and Petrochemical markets. This marketplace has been affected by the huge fall in the price of crude oil which impacted on pay rates, margins and ultimately temporary and permanent requirements.

The signs are that the marketplace may pick up again in 2010 and we believe that we have positioned ourselves to capitalise on such a change due to our wide client base across the Operators, Contractors, Consultants, Equipment Manufacturers and Subsea specialists. We have won major contracts at Honeywell and Invensys, from both of which we expect to see high demand for both UK and overseas based contractors.

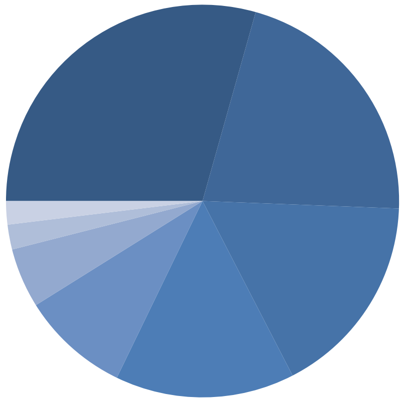
The Power & Nuclear team have been focussing on client development work and we anticipate seeing growth in the areas of renewable energy and "new build" in the coming year. The Government's recent announcement of major investment in the UK nuclear infrastructure marketplace (including four new EPR reactors) should provide a solid platform for the coming year.

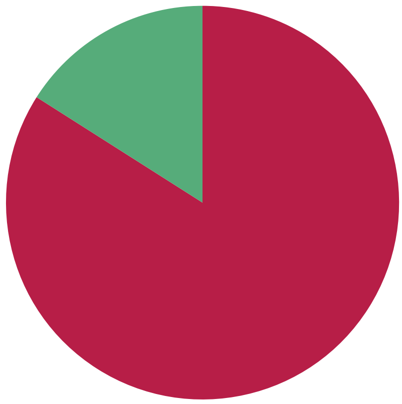
The Automotive market saw major pressures this year as a result of the economic climate and our contractor numbers reduced by some 60%, in line with the decline in new car sales. Our main clients are anticipating recruiting again in the second quarter of our current year. We are in a mature position within this marketplace, having first tier access to the main Original Equipment Manufacturers (OEM's), allowing for strong growth in contractor numbers and permanent placements when the market turns.

Aerospace is traditionally better protected against the immediate effects of such recent downturns due to the relatively low volume and long lead times of aircraft purchases, and the need for ongoing maintenance and repair work to ensure airworthiness. This year has seen us maintain our contractor base and currently see continued activity within our major Military clients, who are still fully financed, but anticipate continued pressure within the Commercial sector.

The Marine team have experienced another successful year, predominantly based upon their 97% fulfilment rate on our Master Vendor accounts across both blue and white collar recruitment. Major projects include the CVF (aircraft carrier), OPV export projects and the Astute Class submarines and this coming year we are also anticipating work on the FSC (Future Surface Combatant) and the Successor submarine, subject to government funding. The high level contract skill sets recruited into this marketplace were less affected by the slowdown due to our niche focus and cross-industrycoverage.

The Pharmaceutical marketplace stayed fairly resilient during the year, whereas the Food and Medical areas were affected by the slowdown. However with our specialist focus and relatively small marketshare, we are looking forward to growth in the coming year.





Built Environment Sector

It has been a tough year for the Built Environment Sector. The Construction Industry is traditionally one of the first to be affected by a recession and is often the hardest hit.

The economic slowdown has significantly affected demand for recruitment services from our customers, particularly in the buildings arena. Contract NFI was up 13% in H1 but down 22% in H2, ending down 6% for the year. Worst affected were permanent fees which saw the earliest sign of the slowdown, down 33% and 67% in H1 and H2 respectively, and down 50% overall for the year.

There appear to be some recent early signs private investment in large commercial building projects. Existing investment commitments are in place for the completion of the London 2012 Olympics infrastructure, and improvements across the rail network, although we will have to wait until 2010 for any increase in activity in the water industry.

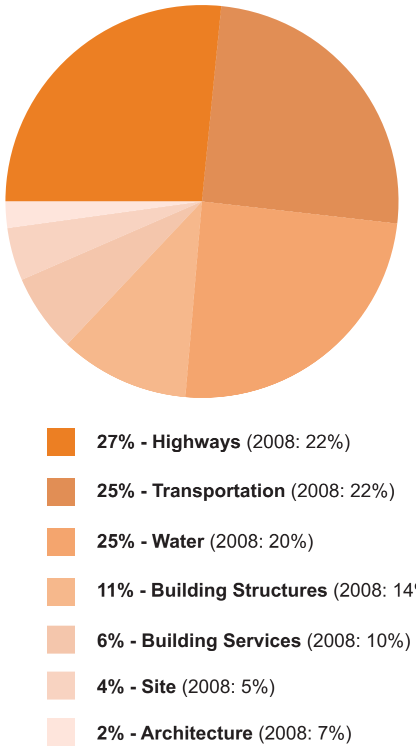
As in the Engineering Sector, we have taken the opportunity during this slowdown to reassess our priorities, carrying out some changes to our structure to ensure we are in as strong a position as possible for when the market turns. New industry-focused departments have been created to ensure greater clarity for the clients and a more focused approach to major projects.

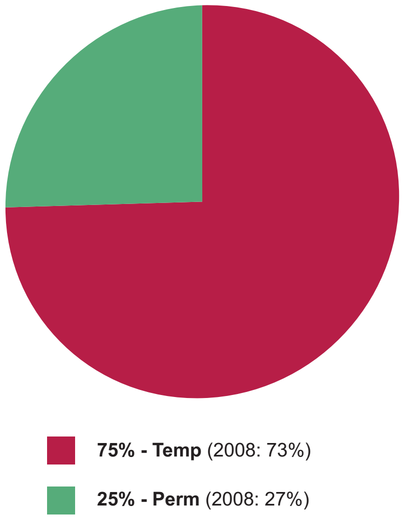
Highways maintenance projects and improvements to traffic and transportation links remain important, particularly across London in the run up to the 2012 Olympics and we should continue our success in this field despite downward pressure on margins from neutral vendor organisations preferred by local authorities. Private sector clients are involved in the 'area maintenance' contracts across the country and we are also exploring opportunities on the M25 widening project, which should gather pace this year.

Significant investment in London Underground improvements and Crossrail, have presented an excellent opportunity for growth in the Rail industry. We have worked hard to position ourselves to supply TfL (including Metronet) and Tubelines, as well as the consultants and contractors involved with these projects.

The water area has entered a 'lull' as the AMP4 cycle of investment ends and AMP5 starts in April 2010. We are well positioned to benefit from any early investment and ramp-up in work as we have secured valuable PSL agreements with the main clients across the industry.

The buildings marketplace has been the worst hit area of the industry and yet also poses the greatest opportunity for recovery. Due to the number of redundancies in this sector, clients will certainly need to recruit to deal with any upturn in workload and we are closely monitoring investment programmes such as Building Schools for the Future (BSF), BAA, MoD and the Olympics.





Professional Services Sector

2009 has seen further evolution of our Professional Services sector which has experienced the lowest fall in NFI across all three sectors of only 4% for the year, up 19% in H1 and down 22% in H2.

Contract NFI was up 18% for the year, 36% up in H1 and 5% in H2. However, permanent fees fell 47% in H2 following 2% growth in H1, finishing 24% down for the year.

Our diligent attention to high quality service delivery and a structured approach to client development have given us a clear focus on developing long term relationships. By prioritising business development within our established clients, the Matchtech client base and the NHS, we have managed to strengthen our client experience even while recruitment levels have fallen.

With a broad client base we have moved with the rise and fall in demand from different markets and over 70% of our current contractors are now working within the Public Sector or on publicly funded projects.

Supporting Matchtech Engineering and Built Environment clients is key and we have placed significant numbers at our major clients and across the NHS where we are now the number one provider to five of the eleven Strategic Health Authorities.

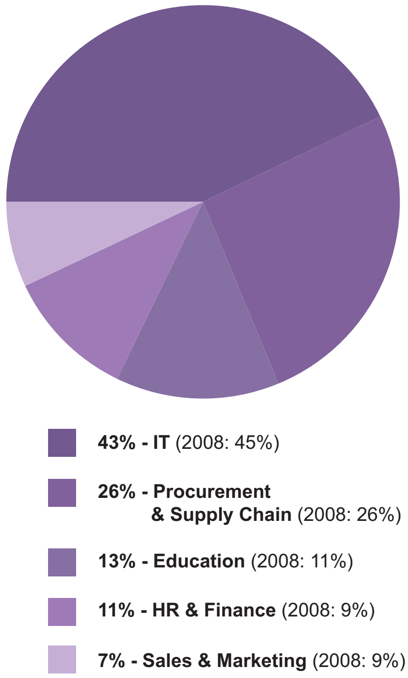
Whilst it has been a challenging twelve months for the Procurement and Supply Chain team we have developed a number of new and existing client relationships through a strong focus on achieving Preferred Supplier status ahead of the upturn in the market.

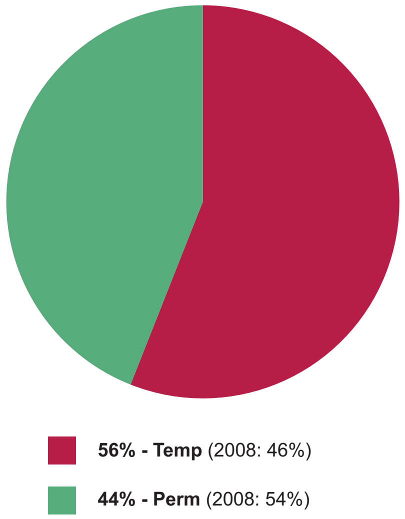
It has been a successful year for the Education & Training team with our permanent billing having more than doubled as we broaden our client base and increase our market presence.

Q4 has seen a greater challenge as cuts in public funding have affected the training market. Simultaneously, however, the government has released additional funding to re-train the unemployed and assist them in returning to the workplace. Our focus for the next year is on developing relationships with the organisations that have been awarded these contracts, as well as increasing our presence amongst FE Colleges.

After an excellent start to the year Sales & Marketing have had a challenging time with key clients approaching recruitment with increased caution. We remain focussed on working within technical markets, mirroring the markets covered by Matchtech's Engineering Sector.

Our key clients in the Human Resources, Accountancy & Finance and Admin teams continue to be Matchtech Master Vendor clients. We will continue to seek to grow our market presence by focusing further on Matchtech's existing clients.





Long-term Strategy for Growth

When Matchtech floated on AIM in 2006 our strategy for long-term growth was focused on the UK market and building on our successful business model; trade in a diverse range of technical and professional industry sectors; keeping a healthy balance of Contingency, Preferred Supplier and Master Vendor relationships; maintaining a contract focus that delivers strong net fee income conversion; and retaining a low cost base through our single site and IT strategies.

There continue to be good prospects for growth in our core technical sectors which currently account for approximately 90% of Group NFI. Additionally this year we have started to implement selective initiatives to further develop this strategy.

elemense - RPO (Recruitment Process Outsourcing) Solution Provider

Recruitment is becoming ever more sophisticated. Customers are looking to outsource more of their HR activities and are expecting their recruitment partner to deliver continuous improvement, value added services and creative recruitment solutions.

Over the last six years we have been enhancing our Master Vendor solutions. Our Managed Service Division has provided account management support and value added services to clients whilst our service delivery teams focused on candidate attraction. Whilst this model has been very successful, as demonstrated by our high direct fulfilment rates, it does have inherent limitations.

Accordingly we have launched elemense as a new brand for our Managed Service Division to enable us to better respond to the needs of the marketplace. elemense enables us to deliver RPO services to a broader and more diverse client base.

elemense's remit is unique within the Group, providing clients with a totally bespoke recruitment outsourcing service. The creation of elemense will allow us to develop our recruitment outsourcing service to encompass managed agency, neutral vendor and fully integrated RPO solutions as well as refining our current Master Vendor offering. Whatever the nature of the outsourcing solution, elemense will seek to provide the concept, design and delivery of these processes.

Inform (Recruitment Management System)

Inform is a recruitment management system that has been developed in-house as a tool to support our Master Vendor solutions and manage our 2nd tier supply chain. A streamlined version of Inform has been re-engineered and is now available to all contingency and preferred supplier clients, enhancing our recruitment processes through people and technology working efficiently together.

Inform is a web based portal which facilitates the flow of information ensuring shared knowledge throughout the recruitment process. It allows clients to track the status of their vacancies on a 24/7 basis. It enables the client to view and modify their vacancy, view candidate CVs, arrange interviews and provide candidate feedback.

We see the advantage of offering this IT platform to all clients as a free value added service, helping to differentiate us from our competitors and protecting our margins through quality of service.

"Matchtech continues to be innovative in it's provision of recruitment services, developing strategies to secure long-term growth"

Adrian Gunn
Cheif Executive Officer

elemense

The development of our services under the elemense brand to encompass managed agency, neutral vendor and fully integrated RPO will ensure we provide bespoke recruitment solutions for our clients.

International Recruitment

The Group has taken a positive step into mainland Europe, selecting Germany as its first target country. Matchtech GmbH will focus on developing business within the German engineering markets, particularly within the Aerospace, Energy, Pharmaceutical and Automotive sectors.

Based in Stuttgart, our team will target new business as well as leveraging existing relationships with Matchtech's UK client base to accelerate growth.

The business will target both permanent placements and "labour leasing" operations (the equivalent of contract recruitment) and will use the existing database of UK candidates where possible while we develop a robust and high quality database of German engineers.

Whilst we will face challenges in the competitive German market, we believe the country's technical strength and capabilities present a real opportunity in the medium term. By incorporating the best elements of our UK business model and adapting them to the German market we believe this can develop into a growing profit centre for Matchtech over the coming years.

Business development

To improve the quality of our business development activities we have made a strategic investment in additional headcount and capability, especially within our bids team. Recruitment partnering and collaboration is dominating our bid and tender activity and we have taken a strategic view to submit a number of joint bids with both clients and partners.

I would like to thank all contractors and consultancies that have worked with Matchtech this year. With the quality service they deliver we are able to foster and maintain strong relationships with our clients.

We are a young and vibrant organisation. Although we have a seasoned management team, many of our young graduate consultants have not encountered trading conditions similar to those we are experiencing at present. These challenging times have tested our staff and I am pleased to report that they have exceeded our expectations. Energy, enthusiasm, honesty and integrity along with team working and fun are Matchtech's values and this culture has been the fundamental reason why we continue to develop strong client relationships and candidate loyalty.

We have a resilient and flexible business model, a focused and talented team of people, and we are putting in place important elements of our longer term growth strategy. I am therefore confident that as the economic conditions improve Matchtech will come out of these challenging times a better equipped and more diverse organisation with stronger foundations for rapid growth.

Adrian Gunn FIRP
Chief Executive Officer

GmbH

The technical strength and capabilities of the German marketplace provides many opportunities for Matchtech to utilise our technical recruitment expertise

Chief Financial Officer's Report

"Matchtech's resilient business model has enabled us to adapt and change quickly with the economic slowdown."

In a year of tough trading conditions Matchtech has posted solid profits, and generated enough cash to maintain its dividend and reduce debt.

Consolidated Income Statement

Matchtech's resilient business model has enabled us to adapt and change quickly with the economic slowdown, managing our cost base efficiently so as to minimise the impact of lower Net Fee Income ('NFI').

Headcount and costs have been reduced to levels commensurate with the prevailing market conditions and remain under regular review.

Revenue for the year increased to £269.6m, up 4% (2008: £258.8m) with H1 up 18% and H2 down 7%.

We experienced NFI growth in H1 of 8%, but the effects of the recession filtered through in H2 with NFI down by 23%.

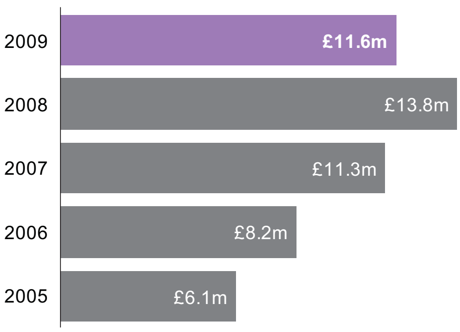
NFI fell to £30.3m, down 9% (2008: £33.2m), mainly due to the fall in the volume of permanent fees but also reflecting the pressure from margin reductions demanded by clients.

Gross profit margin fell to 11.2% (2008: 12.8%). Gross profit margin on contract income fell from 2008: 9.0% to 2009 8.4%. In H1 gross profit margin on contract income was 8.6% and in H2 8.2%.

There was a significant fall in demand in the permanent marketplace in both Q3 and in Q4; further information is provided in the Chairman's and Chief Executive's reviews.

This has caused a change in our business mix with 73% (2008: 67%) of NFI derived from recurring contract income and 27% (2008: 33%) from permanent placements. We continue to be a contract led business but still maintain a healthy balance between contract and permanent business.

Operating Profit



Despite the slowdown, the management of our cost base has allowed us to maintain high net fee income conversion to operating profit. Our low cost single site operating model has allowed us to flexibly manage our overheads.

A reduction in staff numbers, the ability to transfer good staff within the single site to busier sectors and the high variable proportion of staff remuneration has mitigated some of the loss of net fee income. The one-time costs of the staff reductions were less than £0.1m and are not considered exceptional. The savings in the year were c£0.4m with full year expected savings in 2010 of c£1.7m.

In July 2009 the Board took the difficult decision, based upon the current economic conditions and the staff reductions made, not to award annual pay increases effective from 1 August 2009, apart from promotions.

Advertising and marketing costs have fallen as the number of available candidates has increased. Costs in H2 of £0.4m were one third lower than 2008 H2, with expected full year savings in 2010 of c£0.4m.

There was also a write back of previous years' IFRS2 share based payment charges of £0.6m in respect of the 2006 and 2007 Long Term Incentive Plan ('LTIP') share option grants to staff, with the 2006 LTIP grant having lapsed due to both the EPS target and Total Shareholder Return target not being met and the 2007 LTIP grant now considered highly unlikely to vest. The current year charge is a further £0.5m lower than it would have been had the options remained likely to vest in full.

Operating profit fell by 15% to £11.6m (2008: £13.8m). H1 was up by 3% and H2 down by 30%. NFI conversion to operating profit remained very respectable at 38.6% down from 41.6% in 2008.

Finance costs have fallen to £0.4m (2008: £1.1m) due to lower interest rates and, as we continue to generate cash, reduced net debt.

Profit before tax fell by 12.0 % to £11.3m (2008: £12.8m).

The effective tax rate for the year was 28% (2008: 29.0%) giving profit after tax of £8.0m, down 12% (2008: £9.1m).

Basic Earnings Per Share fell by 13% to 34.37p (2008: 39.34p) and Diluted Earnings Per Share by 10% to 34.35p (2008: 38.25p).

Dividends

The Board has proposed a final dividend for the year of 10.6 pence per share which, if approved by shareholders at the Annual General Meeting to be held on Friday 20 November 2009, will be payable on 4 December 2009 to those shareholders registered on 6 November 2009. This makes a total dividend for the year of 15.6 pence per share (2008: 15.6 pence) when added to the interim dividend of 5.0 pence per share, giving a dividend cover of 2.2 times (2008: 2.5 times).

Between 1 December 2003 and 30 June 2009, the Company paid dividends amounting to £20.2m. Although the company had sufficient distributable reserves to make each dividend payment, the relevant interim accounts reflecting these profits were not prepared and filed at the appropriate time with the Registrar of Companies as required by the Companies Acts 1985 and 2006. Consequently payment of £15.7m of those dividends, including the £3.626m paid in the year to 31 July 2009, did not comply with the technical requirements of the Companies Acts 1985 and 2006. Since 31 July 2009, as a matter of good governance and to reflect the adequacy of distributable reserves, interim accounts have been filed with the Registrar of Companies, and the Company will put a resolution to the shareholders at the forthcoming AGM for their approval to take the necessary steps to remedy the situation. These accounts have been drawn up on the basis that the infringement referred to above is regularised by the actions to be proposed to shareholders at the forthcoming AGM. The proposals do not affect the results of the Group for the year to 31 July 2009, its net assets at 31 July 2009, nor its ability to pay future dividends.

Group Balance Sheet

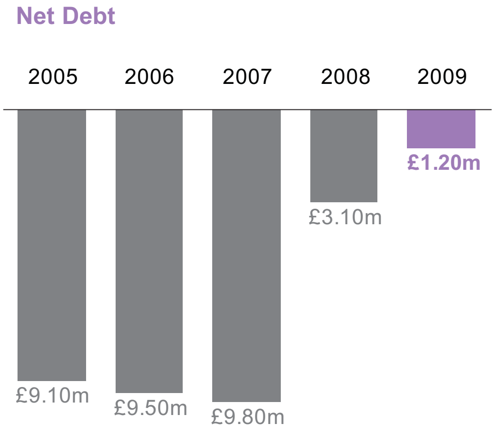
Group net assets stood at £21.2m (2008: £17.1m).

The Company had 23.3m fully paid ordinary shares in issue at 31 July 2009 (2008: 23.2m).

Current debtor days at the year end, based upon the preceeding three months revenue, were 41.7 days (31 July 2008: 40.1 days; 31 January 2009: 41.8 days). At 31 July 2009 £0.2m (2008: £0.3m) of the £33.0m debtor book were greater than 60 days overdue, less than 0.5%.

Capital Expenditure

The Board took swift action in November, with the first signs of the recession affecting Matchtech, to significantly reduce capital expenditure. Since September no new cars and only essential office and computer equipment have been purchased resulting in capital expenditure in the year of £0.4m (£0.4m in H1 and £0.0m in H2) 50% down on 2008.



Net Debt

Net debt fell by £1.9m to £1.2m (2008: £3.1m).

The Group operates a Confidential Invoice Discounting facility with Barclays Bank plc, committed until March 2011. The facility ceiling currently stands at the lower of £20m or 90% of qualifying invoiced debtors. The Group also has a £7.5m Revolving Credit facility with Barclays Bank plc, committed until May 2011. At 31 July 2009 the balance on the Confidential Invoice Discounting Facility was £1.5m and the borrowings from the Revolving Credit facility were zero. The utilisation of all borrowing facilities as at 31 July 2009 was less than 6%.

Group Cashflow

The Group continues to be cash generative at an operating level. Operating cash conversion in 2009, defined by net cash inflow from operating activities as a percentage of operating profit, was 83% (2008: 108%).

Group financial risk management

The Board reviews and agrees policies for managing financial risks. The Group's finance function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It seeks to ensure that adequate liquidity exists at all times in order to meet its cash requirements.

The Group's strategy is to finance its operations through a mixture of cash generated from operations and, where necessary, equity finance and borrowings by way of bank facilities and confidential sales ledger financing.

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables, that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are described below.

- **Liquidity and interest rate risk**

The Group had net debt of £1.2m at the year end, comprising £1.5m debt less £0.3m cash.

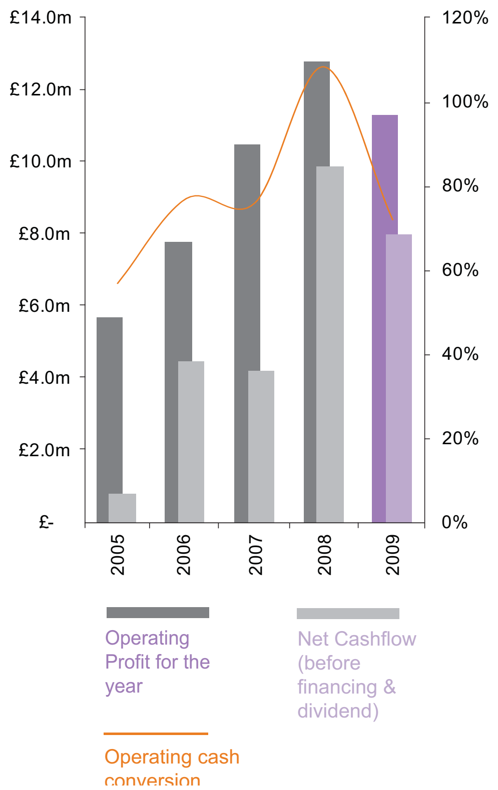
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loan and sales financing facility debt obligations. Bank interest is charged on a floating rate basis.

- **Credit risk**

The Group trades only with recognised, creditworthy third parties. Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 3% of total receivables balances at 31 July 2009.

- **Foreign currency risk**

The Board considers that the Group does not have any material risks arising from the effects of exchange rate fluctuations.



Tony Dyer FCMA
Chief Financial Officer

Board of Directors

1 **George Materna**

Non-Executive Chairman (Chairman - Nominations Committee)

George Materna, aged 56, has 30 years experience of the recruitment industry, and is the founder of Matchtech, having founded Matchmaker Personnel in 1984 and Matchtech Engineering in 1990 before combining the two businesses in 2002 to form Matchtech Group plc.

2 **Adrian Gunn**

Chief Executive Officer

Adrian Gunn, aged 44, joined Matchtech in 1988 as a recruitment consultant and was appointed a divisional director in 1998. He was appointed to the Board in 2004 as Business Development Director and Group Sales Director in 2005. Adrian took over as Chief Executive Officer on 1 February 2007 and heads the Executive Team.

3 **Tony Dyer**

Chief Financial Officer

Tony Dyer, aged 40, is a Fellow of the Chartered Institute of Management Accountants. After qualifying in 1995 he joined Matchtech in 1996. Following a period as management accountant and financial controller, he was appointed to the Board in 2004.

4 **Andy White**

Non-Executive Deputy Chairman

Andy White, aged 53 is a chartered engineer, a fellow of the Royal Institute of Naval Architects and a member of the Royal Aeronautical Society. He formed Matchtech Engineering with George Materna in 1990 having previously had a number of years experience in the marine sector.

5 **Ric Piper**

Non-Executive Director (Chairman - Audit Committee)

Ric Piper, aged 57, qualified as a Chartered Accountant in 1977. He held senior finance roles in ICI, Citicorp and Logica, becoming Finance Director of Logica (UK) in 1990. He was Group Finance Director of WS Atkins from 1993 to 2002. Since 2003 he has been involved at board level and has advised on the growth and development of several companies. He is Chairman and NED of a number of privately owned businesses. Ric is a member of the Financial Reporting Review Panel. He has been a member of the Matchtech board since 2006.

6 **Stephen Burke**

Non-Executive Director (Chairman - Remuneration Committee)

Stephen Burke, aged 49, has over 25 years experience in the recruitment industry having joined Michael Page in 1981 after graduating from Durham University. He was appointed as a Director of Michael Page International in 1988 with responsibility for development of overseas businesses in the Netherlands and Germany. He returned to the UK in 1996 and held two divisional Managing Director roles before being appointed Managing Director of Michael Page in the UK and a Director of Michael Page International plc in 2001 until 2005. He has been a member of the Matchtech board since 2006.

Directors' Report

The Directors present their annual report on the affairs of the Company and the Group, together with the Financial Statements and the Independent Auditor's Report, for the year ended 31 July 2009.

These will be laid before shareholders at the Annual General Meeting (AGM) to be held at 12.00 hours on Friday 20 November 2009. Details of the business to be considered at the AGM, together with an explanation of all the resolutions, are set out in the separate Notice of Meeting.

Principal Activities and Business Review

The principal activity of the Company was that of a holding company of a human capital resources business.

The principal activity of the Group during the year was that of a human capital resources business dealing with contract and permanent recruitment in the Private and Public sector. The Group is organised in three sectors, Engineering, Built Environment and Professional Services, with niche activities within each sector.

The Group is one of the UK's largest recruitment businesses.

In addition to its core services, the Group is one of the leaders in graduate recruitment, with strong links to Universities, Colleges and other educational establishments.

There have not been any significant changes in the Group's principal activities in the year under review and the Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

A full business review is presented in the Chief Executive's report on pages 4 to 13 and the Chief Financial Officer's Report on pages 14 to 17 and forms part of this Directors' Report.

Results and Dividends

The Group profit after tax for the year of £8.0m (2008: £9.1m) is shown in the Consolidated Income Statement. The trading results for the year and the Group's financial position at the end of the year are shown in the financial statements on pages 42 to 61.

The Group's key performance indicators of Revenue, NFI, NFI Conversion, Operating Profit, Operating Cash Conversion, Profit Before Tax and Earnings Per Share are referred to in the Chairman's Overview, Chief Executive Officer's Review and Chief Financial Officer's Report.

The Company has paid the following dividends:

	Paid on	2009 £'000	2008 £'000
9.3p per share	30 November 2007	0	2,148
5.0p per share	21 June 2008	0	1,161
10.6p per share	05 December 2008	2,462	0
5.0p per share	24 June 2009	1,164	0
		3,626	**3,309**

The Directors have recommended the following dividends:

	To be paid on	2009 £'000	2008 £'000
10.6p per share	05 December 2008		2,462
10.6p per share	04 December 2009	2,467	0
		2,467	**2,462**

Directors

The Directors who served during the period were:

Executive directors	
Adrian Gunn	(Chief Executive Officer)
Tony Dyer	(Chief Financial Officer)
Paul Raine	(Resources Director) (resigned 06/02/2009)
Non-Executive directors	
George Materna	(Chairman)
Andrew White	(Deputy Chairman)
Stephen Burke	
Ric Piper	

The biographical details of those persons serving as directors of the Company as at the date of this report are set out on page 18.

In accordance with the Company's Articles of Association, one third of the Directors offer themselves for re-election at the forthcoming Annual General Meeting. The Board considers that the performance of those directors proposed for re-election continues to be effective and that they demonstrate a strong commitment to their role.

Directors and officers of the Company and its subsidiaries benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified in accordance with Article 170 of the Company's Articles of Association to the maximum extent permitted by law. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

The Board of directors may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's Memorandum and Articles of Association and any directions given by a special resolution of the shareholders. Specific powers are detailed in the Company's Articles of Association, including the power to issue and buy back shares, along with the rules for the appointment and removal of directors.

The Directors and their interests in shares in the Group

The Directors of the Company, who served during the year, and their interests in shares and share options of the Company are shown in the Remuneration Report on pages 32-37.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the Group and Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware there is no relevant audit information of which the company's auditors are unaware; and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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. As a result, at the time of approving the financial statements, the directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the 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.

Substantial shareholders

In addition to the Directors' interests shown in the Remuneration Report on pages 32 to 37, and in accordance with Part 22 of the Companies Act 2006 the Company has been notified that the following shareholders' interests exceeded 3% of the Company's Ordinary share capital in issue at the date of this report:

Shareholder	%
George Materna	33.85%
Octopus Investments Limited	9.15%
Paul Raine	7.89%
AXA Framlington	7.26%
British Steel Pension Scheme	5.75%
Andrew White	4.70%
Securities Services Nominees	3.33%

Corporate governance

The Corporate Governance report is set out on pages 26 to 31.

Corporate responsibility

The Board recognises its employment, environmental and health and safety responsibilities. It devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors have responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

Environment

The Group remains committed to operating in an environmentally responsible manner and is accredited to the Environmental Standard ISO 14001:2004. The Directors consider the impact on the environment in making their decisions.

The Community

The Group is committed to providing support to the community and society through a number of charitable activities. During the year the Group made charitable donations of £7,000 (2008: £14,000). The Group made no donations for political purposes either in the UK or overseas during the year. The Directors consider the impact on the community in making their decisions.

Employees

The Board recognises that the Group's employees are its most important asset.

The Group is committed to achieving equal opportunities and to complying with anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability.

Employees are encouraged to train and develop their careers.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well being. Communication with employees is effected through the Board, the Group's management briefings structure, formal and informal meetings and through the Group's information systems.

The Group has a culture that encourages share participation at all levels. At 31 July 2009 it is estimated that 51% of the Company's share capital is held by Directors, senior management and other employees.

During the year the Group operated a Long Term Incentive Plan ('LTIP') and a Share Incentive Plan ('SIP'). The Group also has a number of share options remaining to be exercised from its Enterprise Management Incentive Scheme ('EMI').

Policy on the payment of creditors

It is the Group's policy to agree payment terms with suppliers when orders are placed. Payments are made in accordance with these terms provided the suppliers comply with relevant terms and conditions.

No one supplier arrangement is considered to be essential to the business of the Group.

The Group had 8 creditor days (2008: 17 days) outstanding at 31 July 2009 based on the average daily cost of sales and invoicing during the year.

The Company, as a holding company, did not have any amounts owing to trade creditors as at 31 July 2009.

Health and Safety

The Group is committed to providing for the health, safety and welfare of all its employees and has established an Occupational Health & Safety Management System that complies with OHSAS 18001-2007. The Group also has procedures in place to comply with all legal and contractual obligations relevant to the Group's activities.

Principal risks and uncertainties

In order to achieve our business objectives the Group must respond effectively to the associated risks. The Group has established risk management procedures, involving the identification and monitoring of strategic and operational risks at various levels of management. The Board regularly reviews material risks identified and risk management is embedded in our annual budgeting and strategic planning processes. It is, however, not possible to fully mitigate all risks that the Group encounters. In addition to market risk, credit risk and liquidity risk, which are covered under Group financial risk management in the Chief Financial Officer's statement above, the principal key risks for the Group have been assessed as follows:

- The economic cycle, UK Public Expenditure and dependence on key clients: recruitment is closely linked to the general performance of the economy and its cyclicality and UK Public Expenditure; the Board estimates that about 53% of the Group's NFI is derived directly and indirectly from the UK Public Sector. The Group seeks to mitigate some of this risk by focusing on recurring project based contract business in sectors where there is a long term prognosis for growth. Nevertheless, in the event that any major client ceases to procure services from the Group, or such a client does not pay for services provided by the Group in a timely manner, it may have a material adverse effect on the prospects for the Group.

- Contractual risk: the Group had one contract under which it supplied for the construction of aircraft tailplanes. Typically as a recruitment consultancy, Matchtech will source engineering contractors who will provide engineering services to a client, under the supervision of that client. Under this specific engineering design services contract Matchtech took more responsibility for the performance of the services and the output of the services than otherwise may be the case if it were acting as a recruitment consultant. Accordingly a project system was in place to monitor project performance and to assist with ongoing risk assessment and management. The contract ceased on 31 October 2008 and the Group has an ongoing aviation insurance liability, the cost of which has been accrued into the income statement.

- Compliance and regulatory obligations and changes: the Group works closely with its financial and legal advisors, in-house compliance team and recruitment governing bodies, the Recruitment and Employment Confederation (REC) and the Association of Professional Staffing Companies (APSCo) to ensure that the business is up to date on these issues and that systems are in place to minimise the risk of non-conformance.

- Technology systems: there is a risk that IT systems become out of date. The Group employs its own team of in-house developers to ensure that its systems are constantly maintained and developed to meet the latest requirements of the business.

- Markets and competition: the recruitment market is highly fragmented and competition is intense. The Group Board and Executive regularly meet to discuss and agree strategy to minimise this risk.

- Shortage of candidates and specific skills: the Group seeks to mitigate this risk by working hard to maintain its own candidate database, to provide the best service possible to candidates and to retain as many contractors as possible.

- Loss of business continuity: operating from one site, the Group is at risk from loss of business continuity, however the Group's business continuity strategy includes a highly resilient infrastructure within the Group's two building environment and has also contracted a further Disaster Recovery facility where our staff would relocate to in the event of a major disaster. These processes have been tested and audited and Matchtech has achieved accreditation to BS25999 the new Business Continuity Standard.

- Loss of key management and staff: the Group understands the risk of losing key staff, especially given the Board's medium term growth plans, and aims to mitigate this risk by developing its staff in-house, giving them clear objectives and career paths, with the goal of building a resilient succession planning environment.

- Staff Pandemic: a pandemic could affect a significant number of our staff who may be unable to report for work either because they are personally unwell or because they need to care for dependents. The risk is heightened this year due to the current swine flu pandemic. This risk is closely monitored and advice is taken from the government and medical authorities. Pandemic forms a part of our overall Business Continuity Policy and contingency plans are in place to limit the spread of infection within our offices and to enable continuity of work commitments through home and remote working.

- Contractor Pandemic: a pandemic could affect a significant number of our contractors who may be unable to report for work either because they are personally unwell or because they need to care for dependents. The risk is heightened this year due to the current swine flu pandemic. This risk is closely monitored and advice is taken from the government and medical authorities. This risk is mitigated by our clients own contingency plans, however, Matchtech has little or no influence over these client contingency plans.

Quality

The Group is ISO 9001:2000 accredited. As one of the UK's leading specialist recruitment agencies, Matchtech is dedicated to quality and professionalism in the pursuit of achieving customer satisfaction and commercial goals.

In order to ensure that these Key Objectives are achieved, the Company has, in compliance with ISO 9001:2000, implemented a Quality Management System suitable to the needs, size and complexity of the operation. Commitment to, and compliance with, this Quality Management System is mandatory for all Matchtech employees.

This Quality Policy, and the resultant Management Systems and Objectives are under constant review to ensure continual improvements in Systems and performances. All interested parties are encouraged to participate in this process.

Business Continuity

The Group is BS25999 accredited. Matchtech has a robust business continuity strategy and has built a highly resilient infrastructure within the Group's two building environment and has a further Disaster Recovery facility where our staff would relocate to in the event of a major disaster.

Auditors

The Company's auditors, Grant Thornton UK LLP, have expressed their willingness to continue in office and in accordance with section 489 of the Companies Act 2006, resolutions for their re-appointment and to authorise the directors to determine their remuneration will be proposed at the forthcoming AGM.

Registered office:

1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire. PO15 7AF
Registered number: 04426322

Approved by the Board and signed on its behalf by

Tony Dyer
Chief Financial Officer
7 October 2009

Cautionary statement

Under the Companies Acts 2006, a company's directors' report is required, among other matters, to contain a fair review by the directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year-end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chairman's Statement, the Chief Executive's Statement, and the Chief Financial Officer's Statement incorporated into it by reference (together, the Directors' Report), has been prepared only for the shareholders of the Company as a whole and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its directors and employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under Principal Risks and Uncertainties. 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 materially from those currently anticipated. No obligation is assumed to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Governance

What is our approach to corporate governance?

The Board is committed to continuing its high standards of corporate governance, managing the Group in an efficient, effective, entrepreneurial and ethical manner for the benefit of shareholders over the longer term.

Whilst the Company is not subject to the Combined Code applicable to companies listed on the Official List, the Directors recognise the importance of sound corporate governance. The Company intends to comply with the Corporate Governance Guidelines for AIM Companies as published by the Quoted Companies Alliance (as far as applicable). The Board is responsible for the governance of the Company and ensures, through the supervision of its management, the integrity of the Group's accounting and financial reporting systems and that the appropriate controls are in place, including those for monitoring risk, financial control and compliance with the law.

What are the Board's management objectives?

Entrepreneurial management

There is a vision of what the Company is trying to achieve, over what period and an understanding of what is required to achieve this ambition. A dialogue exists between shareholders and the Board, with the aim that the Board understands shareholders' objectives and the shareholders understand the Company's constraints.

Efficient management

The mechanisms by which important decisions are taken are transparent. It is clear where the responsibility lies for the management of the Company and for the achievement of key tasks. Procedures are in place to protect significant tangible and intangible assets and these are regularly reviewed and updated.

Effective management

The Board has the appropriate skills available to it in order to make the key decisions expected of it. The composition of the Board and the skills mix are regularly reviewed.

The Board is provided with appropriate information on which to constructively challenge recommendations made to it before making its decisions, including regular management and financial information. The collective responsibility of the Board requires all Directors to be involved in the process of arriving at significant decisions and there is a formal schedule of matters reserved for their decision. The formal schedule of matters reserved for the Board includes strategy, the approval of financial statements and shareholder circulars, treasury policy, major capital investments, risk management strategy and acquisitions and disposals.

Ethical management

Behaving ethically, both in the company's decisions and through the actions of our employees, is a must for the Group. Our continued success depends on earning and keeping the trust of and on preserving our reputation in the eyes of those we deal with – including clients, contractors, employees, business partners and the broader community.

How does the Board review performance?

To ensure that vested interests should not be able to act in a manner contrary to the common good of all shareholders the Board has two independent Non-Executive Directors.

The Board has a regular schedule of meetings together with further meetings when required. In addition, Directors meet as members of relevant Committees. There is a formal schedule of matters reserved specifically to the Board for decision, delegating specific responsibilities to Committees.

The Chairman and the Non-Executive Directors meet without the Executive Directors present at least once a year. The Chairman had no other significant commitments in the two years ended 31 July 2009.

All Directors have access to the advice and services of Tony Dyer, the Chief Financial Officer and Neil Ayton, the Company Secretary, who are responsible for ensuring that Board procedures and applicable rules and regulations are observed.

There is an agreed procedure for Directors to obtain independent professional advice, paid for by the Group.

In accordance with the Company's Articles of Association, one third of the Board is required to retire by rotation each year. In addition, all those appointed during the year will stand for re-election at the next Annual General Meeting.

The Board recognises the benefit of performance evaluation of the Board, Directors and Board Committees and exercised this during the year. The Board undertook individual Board member leadership profile assessments and a Board culture survey that involved the whole Group management team. The recommendations arising from this process have been considered by the Board and appropriate actions were identified and have been implemented.

The Board is satisfied with the current balance between Executive and Non-Executive Directors which allows it to exercise objectivity in decision making and proper control of the Group's business. The Board is also satisfied with the performance of each individual Board member and the Board as a whole. Where there are areas for improvement the Board have agreed objectives and action plans in place and will continually review progress on these.

Committees of the Board

The Board has three established Committees for Audit, Nominations and Remuneration. The Committees have terms of reference which are reviewed bi-annually by the Board and revised as deemed necessary and appropriate; copies are available on request from the Company Secretary.

Following formal decision making, the Board may, on occasion, delegate authority to a Standing Committee consisting of any two Directors to facilitate final sign off for an agreed course of action within strict parameters.

Audit Committee

The Audit Committee comprises of Ric Piper, who is the Committee's Chairman, and Stephen Burke. Both are independent non-executive directors.

The Committee's central function is review the scope of the external audit, to receive direct reports from the independent external auditors and to review the half yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and compliance, areas of management judgment and estimates and the effectiveness of internal control procedures. Part of each meeting is with the independent external auditors without Executive Board members present. The independent external auditors also have unrestricted access to the Committee and its Chairman.

The key elements of processes used by the Audit Committee to review the effectiveness of internal control include:

- Review of significant Group risks reported by the Group Executive and the Board;
- Discussion with management on risk areas identified by management and/or the audit process

The Board and the Audit Committee monitor the cost effectiveness of audit and non-audit work performed by the independent external auditors and also consider the potential impact, if any, on the corporate relationship with the auditors before awarding any non-audit work. The appointment of independent external auditors and level of fees payable for both audit and non-audit work are agreed by the Committee. The Committee regularly reviews all fees for non-audit work paid to the independent external auditors. Details of these fees can be found in note 3 to the Financial Statements.

The independent external auditors also operate procedures designed to safeguard their objectivity and independence. These include the periodic rotation of audit partner, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff. The independent external auditors report to the Committee on matters including independence and non-audit work on an annual basis.

Nominations Committee

The Nominations Committee is headed up by George Materna, who is the Committee's Chairman, with the independent non-executive directors Ric Piper and Stephen Burke the other members.

The Nominations Committee has full power and authority to carry out a formal selection process of candidates and then propose new appointments to the Board.

The Company has adopted a policy for Directors' and key employees' share dealings which is appropriate for an AIM quoted company. The Directors comply with Rule 21 of the AIM rules relating to Directors' dealings and in addition take all reasonable steps to ensure compliance by the Group's applicable employees.

Remuneration Committee

The Remuneration Committee comprises of Stephen Burke, who is the Committee's Chairman, and Ric Piper who are both independent non-executive directors.

Details on the directors' remuneration and the work of the Remuneration Committee can be found in the Directors' Remuneration Report on pages 32 to 37.

The Committee's duties include reviewing the performance of Executive Directors, determining the employment packages of the Executive Directors and the need to ensure the Executive Directors' commitment to the continued success of the Group by means of incentive schemes to enhance performance and align the interests of the Executive Directors with those of shareholders. The Committee also reviews the employment packages of other senior managers.

The Committee is also responsible for the implementation and subsequent monitoring of the share based incentive schemes.

In determining the Executive Directors' remuneration for the year, the Committee consulted the Company's Chairman about its proposals (except for his own remuneration). No Director or senior manager participates in meetings at which his own remuneration is under consideration.

The objectives of the Group's remuneration policy are to attract, retain and incentivise management with the appropriate professional, managerial and technological expertise to realise the Group's business objectives and to align their interests with those of shareholders. The Group strives to link payment to performance and thereby create a performance culture.

To ensure that they offer the best available incentive for Executive Directors and senior managers to enhance shareholder value, the Committee continues to monitor basic salary, benefits, performance bonus payable for achievement of in year targets, and medium term share incentives.

Attendance Register

Attendance in the year ended 31 July 2009 was:

Attendance	Board		Audit		RemCo		NomCo	
Maximum Possible and Actual	Max	Actual	Max	Actual	Max	Actual	Max	Actual
George Materna	12	12					1	1
Adrian Gunn	12	12						
Tony Dyer	12	12						
Paul Raine*	5	5						
Ric Piper	12	11	4	4	3	3	1	1
Stephen Burke	12	12	4	4	3	3	1	1
Andrew White	12	10						

* Resigned 6 February 2009

Attendance is expressed as number of meetings attended/number eligible to attend.

Non-Executive Directors

The Non-Executive Directors have letters of appointment stating their annual fee and that their appointment is subject to satisfactory performance and their re-election at forthcoming AGMs. Their appointment may be terminated within a maximum of six months written notice at any time. Copies of the letters of appointment will be available for inspection prior to and during the AGM and are also available for inspection at the Company's registered office during normal business hours.

The remuneration of the Chairman and the Non-Executive Directors is determined by the Board within the limits set out in the articles of association, including reviewing the level of fees paid by comparator companies.

The Chairman and the Non-Executive Directors do not participate in any meeting at which discussions in respect of matters relating to their own position take place. There is not currently a Senior Independent Director although there is a deputy Chairman. The Board will review annually the need for a Senior Independent Director.

Executive Directors

Adrian Gunn, the Chief Executive Officer, and Tony Dyer, the Chief Financial Officer, are responsible for the management of the business. Chaired by the Chief Executive Officer the Group Executive Committee meets regularly throughout the year. As well as the Chief Executive Officer and the Chief Financial Officer, its membership at the date of this report also includes Keith Lewis, Engineering Operations Director and Dave Rees, HR & Training Director who joined the committee on 1 August 2009.

The principal role of the Group Executive Committee is to ensure the Group Management Team is directed to implement the requirements of the Board and the Company's shareholders.

The respective roles of the Board and Group Executive are discussed further under Internal Control.

The Company seeks to have a development framework to assist the Chairman, Executive Directors and Non-Executive Directors in discharging their responsibilities effectively. Non-Executive Directors meet regularly with members of the Group Executive Committee and other senior managers and receive regular business updates via scheduled presentations.

Internal control

The Board has accountability for reviewing and approving the adequacy and effectiveness of internal controls operated by the Group, including financial, operational and compliance controls and risk management and this is intended to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable not absolute assurance against material misstatement or loss. It is the role of the Group Executive to implement the agreed policies on risk and control. No material internal control issues arose during the year.

The system of internal financial and operational controls is designed to meet the Group's particular needs and aims to facilitate effective and efficient operations, to safeguard the Group's assets, ensure proper accounting records are maintained and ensure that the financial information used within the business and for publication is reliable.

Such a system of internal control can only be designed to manage rather than eliminate risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement and loss.

The Board confirms that there is a continuing process for identifying, evaluating and managing the risks faced by the Group, with further improvements planned for 2009. The Board reviews regularly whether an internal audit function is required and will continue to do so this year.

Key features of the Group's internal control are as follows:

- **Group culture**
  The Board's statements and actions emphasise a culture of openness, integrity, competence, fairness and responsibility.

- **Group organisation and performance**
  The Board focuses mainly on strategic issues, senior management and financial performance. The Group Executive concentrates on operational performance, operational decision making and the formulation of strategic proposals to the Board. The Board determines how the Chief Executive Officer operates within a framework of delegated authorities and reserved powers which seek to ensure that certain transactions, significant in terms of their size or type, are undertaken only after Board review.

- **Risk Management Policy**
  The Company has an overall Risk Management Policy in place which has been communicated to all staff and is continually accessible.

- **Corporate Policies**
  The Board has introduced a range of policies for the company to comply with which it constantly monitors, including policies on Corporate Social Responsibility, Equal Opportunities, Disability, Diversity, Health and Safety, Gifts and Entertainment and the Environment.

- **Professional Practices**
  Matchtech is a corporate member of the Recruitment and Employment Confederation (REC). Matchtech encourages all recruitment consultants to become members and actively promotes the REC training programme to ensure that all staff are working to the appropriate guidelines.

  Matchtech endeavors to fully comply with the REC Code of Ethics, The Employment Agencies Act and Conduct Regulations 2003 and the REC Code of Professional Practice. Matchtech has achieved REC Audited status, which means systems and processes comply with current legislation.

- **Control Environment**
  The Group's management systems and procedures are subject to ongoing review to ensure that improvements to enhance controls can be made.

- **Financial Reporting**
  The Board approves a business plan and annual budgets for individual business units and the Group. The financial performance of individual business units is reported regularly. We report to our shareholders on a half-yearly basis. Forecasts for the Group are updated and reviewed by the Board regularly.

Investor Relations

The Board regards communication with shareholders as key.

The Annual and Interim Reports are sent to all shareholders and all shareholders are invited to the Company's AGM, which is attended by the full Board. Appropriate updates of trading performance and business successes are communicated. The Annual Report is designed to present a balanced and understandable view of the Group's activities and prospects. The Chairman's Statement, Chief Executive's Report and the Chief Financial Officer's Review are designed to provide an assessment of the Group's affairs and position.

The Board welcomes the views of all shareholders and other stakeholders, which in the first instance should be made to the Chairman.

Relations with shareholders are managed mainly by the Chief Executive Officer and the Chief Financial Officer. Meetings are held regularly throughout the year with institutional investors, fund managers and analysts. The Group's website contains information on current activities including the annual and half-year results presentations.

The non-executive directors are kept informed of the views of shareholders with the executive directors providing updates on investor meetings. The Group's broker provides briefings to the Board on shareholder opinions and compiles independent feedback from investor meetings.

If they are requested to do so, the Chairman and Non-Executive Directors will make themselves available for the regular investor meetings to be held by the Chief Executive Officer and the Chief Financial Officer.

Directors' Remuneration

Matchtech has a Remuneration Committee which is responsible, on behalf of the Board, for developing remuneration policy.

As Matchtech Group plc is an AIM listed company rather than a fully listed company it is not required to disclose the information in the Remuneration Committee Report, but the Board has chosen to do so as a voluntary disclosure. As such the Auditor is not required to and has not, except where indicated, audited the information included in the Remuneration Committee Report.

The Company's statement on remuneration policy is set out together with details of the remuneration of each Director.

Scope and membership of Remuneration Committee
The Remuneration Committee, comprising of independent Non-Executive Directors, meets not less than twice a year. The Chairman attends the meetings as required, except when his own remuneration is under consideration.

The purpose of the Remuneration Committee is to review, on behalf of the Board, the remuneration policy for the Chairman, Executive Directors and other senior management and to determine the level of remuneration, incentives and other benefits, compensation payments and the terms of employment of the Executive Directors and other senior executives. It seeks to provide a remuneration package that aligns the interests of Executive Directors with that of the shareholders.

The Committee has continued to review the remuneration of the Executive Directors with regard to the need to maintain a balance between the constituent elements of salary, incentives and other benefits.

It receives advice from independent remuneration consultants, PriceWaterhouseCoopers LLP Consulting and makes comparisons with similar organisations.

No Directors, other than the members of the Remuneration Committee, provided material advice to the Committee on Directors' remuneration.

Remuneration policy
The objectives of the Group's remuneration policy are to attract, retain and incentivise management with the appropriate professional, managerial and technological expertise to realise the Group's business objectives and to align their interests with those of shareholders. The Group strives to link payment to performance and thereby create a performance culture.

It is the Group's policy that all Executive Directors' service contracts contain a 6-month notice period.

The Non-Executive Directors have letters of appointment stating their annual fee and that their appointment is subject to satisfactory performance and their re-election at forthcoming AGM's. Their appointment may be terminated within a maximum of six months written notice at any time.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not receive any pension or other benefits, other than out-of-pocket expenses, from the Group, nor do they participate in any of the bonus or share option schemes.

The remuneration agreed by the Committee for the Executive Directors contains the following elements:

- base salary and benefits;
- profit bonus;
- annual profit growth bonus;
- share options conditional upon performance;
- share incentive plan;
- pension benefits

The following sections provide an outline of the Group's remuneration policy during the year.

Base salary and benefits

The Committee establishes salaries and benefits by reference to those prevailing in the employment market generally for Executive Directors of companies of comparable status and market value, taking into account the range of incentives described elsewhere in this report, including a performance based commission and performance bonus. Reviews of such base salary and benefits are conducted annually by the Committee.

Profit bonus

The performance based commission for the Executive Directors is based upon a fixed percentage of pre-tax profits generated by the Group in the year.

Director	Chief Executive Officer	Chief Financial Officer	Resources Director (resigned 6/2/2009)
Profit Bonus Percentage	0.50%	0.40%	0.32%

Annual profit growth bonus

The annual growth based bonus is based upon the Group's pre-tax profit performance in the year compared with the baseline pre-tax profit from the previous year. This bonus is paid at the end of the year.

The following bonus rates are paid on the increase in profits for the year. The Remuneration Committee may vary the rates during the year to take account of any acquisitions or disposals during the year.

Profit Growth Bands	Chief Executive Officer	Chief Financial Officer	Resources Director (resigned 6/2/2009)
0%-5%	1.00%	0.80%	0.64%
5%-10%	2.00%	1.60%	1.28%
10%-15%	3.00%	2.40%	1.92%
15%-20%	4.00%	3.20%	2.56%
20%-25%	5.00%	4.00%	3.20%
25%+	6.00%	4.80%	3.84%

The baseline profit for 2007/08 was £12.8 million.

Share options conditional upon performance

During the year the Group operated a Long Term Incentive Plan (LTIP) for Executive Directors and key staff. The Executive Directors receive an annual grant of zero-priced share options. The grant for the year, made on 19th November 2008, was £100,000 for the Chief Executive Officer, £80,000 for the Chief Financial Officer and £64,000 for the Resources Director. The number of shares granted is based upon the closing market price of the Group's shares on the day before the grant of the share options.

This Award will be capable of release subject to the Director remaining employed until the Expiry of the Holding Period date set out and the satisfaction of the following Performance Targets:

Total Shareholder Return ('TSR')
The return on a Group's share over the period from the Date of Grant to the third anniversary of the Date of Grant exceeding the median return of the comparator group of listed recruitment companies. The composition of the comparator group is decided independently by the external remuneration advisors PricewaterhouseCoopers, formerly Halliwell Consulting. The comparator group of companies for the LTIP grants are as follows.

The comparator group of 28 companies for the **2006 LTIP** are Adecco, Capita Group, Carlisle Group, Corporate Services Group, CPL Resources, Glotel, Harvey Nash Group, Hat Pin, Hays, Healthcare Locums, Hydrogen Group, Imprint, Interquest Group, Lorien, Michael Page International, Morson Group, MSB International, Northern Recruitment, OPD Group, Quantica, Robert Walters, Spring Group, Staffline Group, Sthree, Synarbor, Vedior, Whitehead Mann and Work Group.

The comparator group of 27 companies for the **2007 LTIP** are Adecco, Capita Group, Carlisle Group, Carter & Carter Group, Corporate Services Group, CPL Resources, Harvey Nash Group, Hat Pin, Hays, Healthcare Locums, Hexagon Human Capital, Hydrogen Group, Imprint, Interquest Group, Michael Page International, Morson Group, Northern Recruitment, OPD Group, Prime People, Robert Walters, Spring Group, Staffline Group, Sthree, Synarbor, Vedior and Work Group.

The comparator group of 23 companies for the **2008 LTIP** are Adecco, Capita Group, CPL Resources, Empresaria Group, Harvey Nash Group, Hays, Healthcare Locums, Hexagon Human Capital, Hydrogen Group, Impellam Group, Interquest Group, Kellan Group, Michael Page International, Morson Group, OPD Group, Penna Consulting, Prime People, Rethink Group, Robert Walters, Spring Group, Staffline Group, Sthree and Work Group.

Earnings per Share Growth
If this TSR Underpin has been satisfied then the number of shares which shall be capable of release at the end of the Holding Period shall be in accordance with the following table:-

Average Annual Earnings Per Share Growth	% Maximum Number of Shares to Vest	Average Annual Earnings Per Share Growth	% Maximum Number of Shares to Vest
0% - 15%	0%	19% - 20%	50%
15% - 16%	25%	20% - 21%	60%
16% - 17%	30%	21% - 22%	70%
17% - 18%	35%	22% - 23%	80%
18% - 19%	40%	23%+	100%

The current status of performance against these targets is detailed below:

Total Shareholder Return ('TSR') performance.
For the purposes of this report the Group's TSR has been calculated using the three months to 7 September 2009

LTIP Grant	27/10/2006	15/11/2007	19/11/2008
Upper Quartile	(28.19%)	(32.03%)	22.14%
Median	(49.12%)	(65.41%)	(3.22%)
Lower Quartile	(76.05%)	(83.59%)	(32.74%)
Matchtech	**(50.13%)**	**(65.41%)**	**(36.89%)**
Matchtech Ranking	**Below Median**	**Above Median**	**Below Median**

Source: PricewaterhouseCoopers

Earnings per Share Growth performance

	LTIP Grant 2006/07		LTIP Grant 2007/08		LTIP Grant 2008/09	
	EPS	Growth	EPS	Growth	EPS	Growth
Baseline	25.05p	-	31.63p	-	38.25p	-
Year 1	31.63p	26%	38.25p	21%	**34.35p**	(10%)
Year 2	38.25p	21%	**34.35p**	(10%)	-	-
Year 3	**34.35p**	(10%)	-	-	-	-
Cumulative		**11% pa**				
Required for minimum vesting	*38.10p*		*48.11p*	**40%pa**	*58.17p*	**30%pa**
Required for full vesting	*46.61p*		*58.86p*	**71%pa**	*71.18p*	**44%pa**
Status	**Lapsed Target not met**		**Pending Unlikely to meet target**		**Pending**	
IFRS2 Charge to Profit & Loss	**Reversed**		**Reversed**		**Charged**	

(note: Earnings Per Share for the purpose of a performance measure for the LTIPs is calculated excluding the non-recurring items of the sales and profits of the US business sold on 31 August 2006 as well as the IPO costs of £0.6m, and 2006 Earnings per Share has been restated under IAS12)

Share Incentive Plan

During the year the Group operated a Share Incentive Plan (SIP) for Executive Directors and all staff called **"Match"**.

Under the scheme, staff are entitled to buy shares in Matchtech Group plc out of pre-tax salary.

They can invest up to a maximum of £125 per month or an annual lump sum of £1,500, which will be used to purchase Matchtech Group shares ("Invest shares").

Matchtech will award one free share for every share that is purchased ("Match shares"). Staff will receive "Match" shares at the end of a 3 year holding Period, subject to remaining employed with Matchtech and the "Invest" shares remaining in the plan throughout the holding period.

On 31July 2009, the following shares were held in the scheme by the Executive Directors:

Director	Shares purchased under SIP	Shares awarded under matching element of SIP
Adrian Gunn	1,718	1,475
Tony Dyer	1,718	1,475
Total	**3,436**	**2,950**

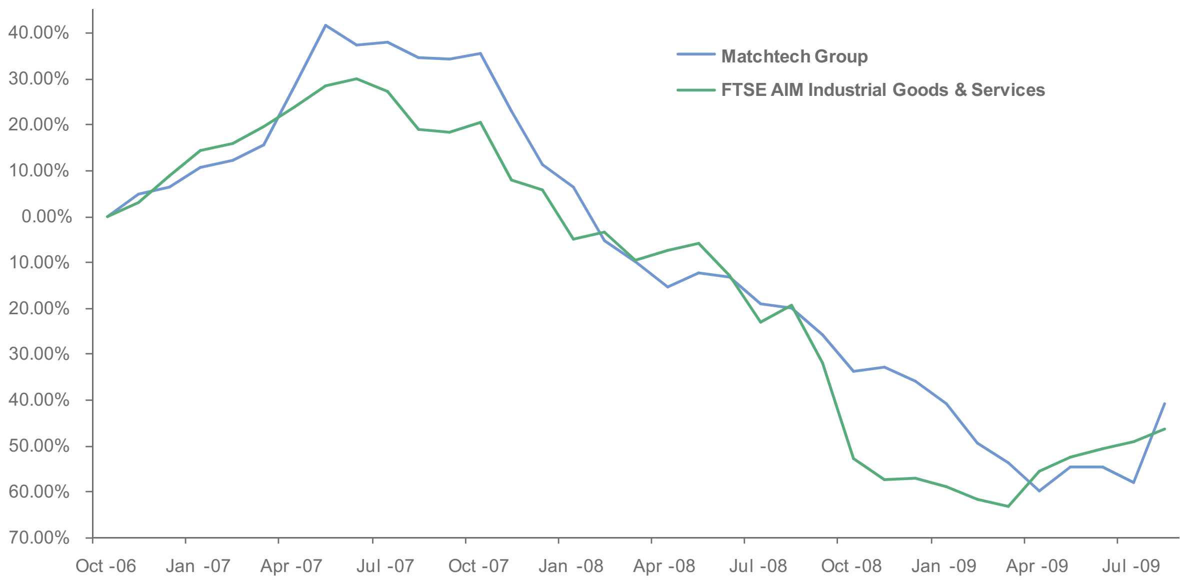
Pension

The Group contributes 10% of Executive Directors Adrian Gunn and Tony Dyer's basic salary into a Group Personal Pension Plan. During the year the group contributed 10% of Executive Director Paul Raine's salary into an Executive Pension Plan. In addition, the Executive Directors contribute into their pension schemes by way of Salary Sacrifice.

TSR performance for the year against market comparator

The graph below illustrates the Total Shareholder Return of the Group for year 27 October 2006 to 31 July 2009 for both the Group and the FTSE AIM Industrial Goods and Services index, which is considered the most appropriate comparator index, as it is the index in which the Group appears and is also used for comparing pay and benefit levels.

Source: PricewaterhouseCoopers



Audited Information

Directors' remuneration

The table below summarises all Directors' emoluments and pension contributions for the current and the prior year for comparison.

Director	Salary & Fees £000	Pension £000	Benefits £000	Profit Bonus £000	Profit Growth Bonus £000	2009 Total £000	2008 Total £000
George Materna	19	76	1	0	0	**96**	97
Adrian Gunn	153	38	12	56	0	**259**	320
Tony Dyer	119	35	12	45	0	**211**	259
Paul Raine (resigned 6 February 2009)	153	23	17	45	0	**238**	210
Andrew White	38	0	0	0	0	**38**	38
Ric Piper	38	0	0	0	0	**38**	36
Stephen Burke	38	0	0	0	0	**38**	36
Total	**558**	**172**	**42**	**146**	**0**	**918**	**996**

*Benefits in kind include car allowances, medical and life insurance.

Compensation for loss of office

The Remuneration Committee has exercised its discretion over Paul Raine's compensation for loss of office, taking into account his length of service and his overall contribution to the performance of the Group. On termination of his contract, he received a compensation package totalling £77,160.

On 26 February 2009 he was paid a lump sum representing salary and contractual benefits for the six months of his notice period to 5 August 2009 of £63,518. In addition he received his bonus entitlement under his annual bonus scheme of £29,258, a discretionary payment of £30,000 and a payment equivalent to the current value of the estimated vesting of shares granted under the 2006 Long Term Incentive Plan of £17,902. All other remaining unvested LTIPs lapsed on 6 February 2009. During the notice period he remained unable to solicit clients and employees of the Group without the prior consent of the Board.

No other awards were made to any Director.

Directors' interests in shares and share options

The Directors' interests in the share capital of the Group at 31 July 2009 are shown below. There are no changes to this information as at the date of this report.

Shares

Director	Ordinary shares at 1 August 2008	Change in year	Ordinary shares at 31 July 2009	% of share capital
George Materna	7,877,405	0	7,877,405	33.80%
Adrian Gunn	403,838	0	403,838	1.70%
Tony Dyer	291,521	0	291,521	1.30%
Andrew White	1,093,032	0	1,093,032	4.70%

Share Options

Director Scheme	As at 1 August 2008	Options Granted	Options Lapsed	As at 31 July 2009	Date at which exercisable	Expiry Date
Adrian Gunn						
LTIP – 27/10/2006	25,806	0	(25,806)	0	-	-
LTIP – 15/11/2007	25,944	0	0	25,944	14/11/2010	14/11/2017
LTIP – 19/11/2008	0	45,455	0	45,455	18/11/2011	18/11/2018
Tony Dyer						
LTIP – 27/10/2006	25,806	0	(25,806)	0	-	-
LTIP – 15/11/2007	18,868	0	0	18,868	14/11/2010	14/11/2017
LTIP – 19/11/2008	0	36,364	0	36,364	18/11/2011	18/11/2018

The IFRS 2 credits in the year for all LTIP's relating to the Directors were £42,000 (2008: charge £46,000) in respect of Adrian Gunn and £41,000 (2008: charge of £41,000) in respect of Tony Dyer.

No Director had any other interest in the share capital of the Group or its subsidiaries, or exercised any share options during the year, other than as already disclosed.

On 31 July 2009, the closing market price of Matchtech Group plc Ordinary shares was 127.50 pence. The highest and lowest prices of these shares during the year were 270.0 pence on 6 August 2008 and 115.0 pence on 8 April 2009 respectively, based on the London Stock Exchange Daily Official List.

Approval

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

Stephen Burke
Chairman of the Remuneration Committee

Independent Auditor's Report

Report of the independent auditor to the members of Matchtech Group plc

We have audited the financial statements of Matchtech Group plc for the year ended 31 July 2009 which comprise the group consolidated income statement, the group and parent company statements of changes in equity, the group and parent company balance sheets, the group and parent company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 21 and 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Norman Armstrong
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
7 October 2009

Financial Statements

Consolidated Income Statement
Statement of Changes in Equity
Balance Sheets
Consolidated Cash Flow Statement
Notes to the Accounts

Consolidated Income Statement

for the year ended 31July 2009

	Note	2009 £'000	2008 £'000
Revenue		**269,581**	258,830
Cost of Sales		**(239,314)**	(225,596)
GROSS PROFIT	2	**30,267**	33,234
Administrative expenses		**(18,622)**	(19,442)
OPERATING PROFIT	3	**11,645**	13,792
Finance income		**9**	79
Finance costs	5	**(376)**	(1,074)
PROFIT BEFORE TAX		**11,278**	12,797
Income tax expense	8	**(3,288)**	(3,705)
PROFIT FOR THE PERIOD		**7,990**	9,092

EARNINGS PER ORDINARY SHARE

	Note	2009 pence	2008 pence
Basic	9	**34.37**	39.34
Diluted	9	**34.35**	38.25

Statement of Changes in Equity

for the year ended 31 July 2009

A) GROUP

	Share capital £'000	Share premium £'000	Other reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2007	**230**	**2,829**	**224**	**386**	**7,154**	**10,823**
Profit for the year	0	0	0	0	9,092	9,092
Total recognised income/expense for the year	0	0	0	0	9,092	9,092
Dividends paid in the year	0	0	0	0	(3,310)	(3,310)
Deferred tax movement re share options	0	0	0	0	(296)	(296)
IFRS2 credit	0	0	0	539	0	539
IFRS2 reserves transfer	0	0	0	(131)	131	0
New share capital	2	216	0	0	0	218
	2	216	0	408	(3,475)	(2,849)
At 31 July 2008	**232**	**3,045**	**224**	**794**	**12,771**	**17,066**
At 1 August 2008	**232**	**3,045**	**224**	**794**	**12,771**	**17,066**
Profit for the year	0	0	0	0	7,990	7,990
Total recognised income/expense for the year	0	0	0	0	7,990	7,990
Dividends paid in the year	0	0	0	0	(3,626)	(3,626)
Deferred tax movement re share options	0	0	0	0	(39)	(39)
IFRS2 credit	0	0	0	(156)	0	(156)
IFRS2 reserves transfer	0	0	0	(88)	88	0
	0	0	0	(244)	(3,577)	(3,821)
At 31 July 2009	**232**	**3,045**	**224**	**550**	**17,184**	**21,235**

B) COMPANY

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 August 2007	**230**	**2,829**	**48**	**3,107**
Profit for the year	0	0	3,321	**3,321**
Total recognised income/expense for the year	0	0	3,321	**3,321**
New share capital	2	216	0	**218**
Dividends paid in the year	0	0	(3,310)	**(3,310)**
At 31 July 2008	**232**	**3,045**	**59**	**3,336**
At 1 August 2008	**232**	**3,045**	**59**	**3,336**
Profit for the year	0	0	3,632	**3,632**
Total recognised income/expense for the year	0	0	3,632	**3,632**
New share capital	0	0	0	**0**
Dividends paid in the year	0	0	(3,626)	**(3,626)**
At 31 July 2009	**232**	**3,045**	**65**	**3,342**

A dividend will be declared from Matchtech Group UK Limited prior to the payment of the proposed dividend outlined in note 6.

Balance Sheets

as at 31 July 2009

		GROUP		COMPANY	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
NON-CURRENT ASSETS					
Intangible assets	10	**151**	170	**0**	0
Property, plant and equipment	11	**1,546**	1,809	**0**	0
Investments	13	**0**	0	**272**	250
Deferred tax asset	12	**99**	292	**0**	0
Total Non-Current Assets		**1,796**	2,271	**272**	250
CURRENT ASSETS					
Trade and other receivables	14	**32,903**	38,565	**2,989**	2,880
Cash and cash equivalents		**307**	297	**82**	211
Total Current Assets		**33,210**	38,862	**3,071**	3,091
TOTAL ASSETS		**35,006**	41,133	**3,343**	3,341
LIABILITIES					
Current Liabilities					
Trade and other payables	15	**(10,933)**	(18,930)	**0**	0
Current tax liability		**(1,368)**	(1,788)	**(1)**	(5)
Bank loans and overdrafts	20	**(1,470)**	(3,349)	**0**	0
TOTAL LIABILITIES		**(13,771)**	(24,067)	**(1)**	(5)
NET ASSETS		**21,235**	17,066	**3,342**	3,336
EQUITY					
Called-up equity share capital	18	**232**	232	**232**	232
Share premium account		**3,045**	3,045	**3,045**	3,045
Merger reserve		**224**	224	**0**	0
Share based payment reserve		**550**	794	**0**	0
Profit and loss account		**17,184**	12,771	**65**	59
TOTAL EQUITY		**21,235**	17,066	**3,342**	3,336

These financial statements were approved by the directors on 7 October 2009, and signed on its behalf by:

Tony Dyer
Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended 31 July 2009

	GROUP		COMPANY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	**7,990**	9,092	**3,632**	3,321
Adjustments for:				
Depreciation and amortisation	**626**	643	**0**	0
Loss on disposal of property, plant and equipment	**2**	27	**0**	0
Interest income	**(9)**	(79)	**(4)**	(16)
Interest expense	**376**	1,074	**0**	0
Taxation expense recognised in profit and loss	**3,288**	3,705	**2**	5
Decrease/ (increase) in trade and other receivables	**5,662**	(6,385)	**(109)**	(678)
(Decrease)/ increase in trade and other payables	**(7,997)**	6,313	**0**	0
Share based payment (credit)/ charge	**(156)**	540	**0**	0
Investment income	**0**	0	**(3,626)**	(3,309)
Cash generated from operations	**9,782**	14,930	**(105)**	(677)
Interest paid	**(376)**	(1,074)	**0**	0
Income taxes paid	**(3,554)**	(3,241)	**(6)**	(2)
NET CASH FROM OPERATING ACTIVITIES	**5,852**	10,615	**(111)**	(679)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of plant and equipment	**(340)**	(794)	**0**	0
Purchase of intangible assets	**(39)**	(86)	**0**	0
Aquisition of subsidiary	**0**	0	**(22)**	0
Proceeds from sale of plant	**33**	62	**0**	0
Interest received	**9**	79	**4**	16
Dividend received	**0**	0	**3,626**	3,309
NET CASH USED IN INVESTING ACTIVITIES	**(337)**	(739)	**3,608**	3,325
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	**0**	218	**0**	218
Repayments to invoice discounting facility	**(1,769)**	(7,257)	**0**	0
Dividends paid	**(3,626)**	(3,309)	**(3,626)**	(3,309)
NET CASH USED IN FINANCING	**(5,395)**	(10,348)	**(3,626)**	(3,091)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**120**	(472)	**(129)**	(445)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**187**	659	**211**	656
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**307**	187	**82**	211

	GROUP		COMPANY	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash	**307**	297	**82**	211
Bank overdraft	**0**	(110)	**0**	0
	307	187	**82**	211

Notes
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1 THE GROUP AND COMPANY SIGNIFICANT ACCOUNTING POLICIES

i The business and address of the Group
Matchtech Group plc is a human capital resources business dealing with contract and permanent recruitment in the Private and Public sector. The Company is incorporated in the United Kingdom. The Group is organised in three sectors, Engineering, Built Environment and Professional Services, with niche activities within each sector. The Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham PO15 7AF.

ii Basis of preparation of the financial statements
The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union (EU) and which are effective at 31 July 2009.

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout both the Group and the Company for the purposes of preparation of these financial statements. A summary of the principal accounting policies of the group are set out below.

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. As a result, at the time of approving the financial statements, the directors consider that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future, and accordingly, that it is appropriate to adopt the going concern basis in the preparation of the 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.

iii 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.

iv 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.

v Property, plant and equipment
Property, plant and equipment is stated at cost, 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 as follows:

Motor vehicles	25.00%	Reducing balance
Computer equipment	25.00%	Straight line
Equipment	12.50%	Straight line

vi Intangible assets
Separately acquired software licences are included at cost and amortised on a straight-line basis over the useful economic life of that asset at 20%-33%. Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Amortisation is recognised in the income statement under administrative expenses.

vii 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.

viii 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.

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ix 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 share based payments) in which case the related deferred tax is also charged or credited directly to equity.

x Pension costs
The company operates a defined contribution pension scheme for employees. The assets of the scheme are held seperately from those of the company. The annual contributions payable are charged to the income statement as they accrue.

xi Share based payment
The transitional arrangements of IFRS 1 have been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 August 2006. All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "share-based payment reserve". All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

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

xii 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.

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xiii 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 a provision is made where an impairment in 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.

xiv 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.

xv Cash and cash equivalents

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

xvi 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.

xvii 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.
- "Profit and loss reserve" represents retained profits.

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xviii 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 the "Foreign currency reserve" 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.

xix Employee Benefit Trust

The Employee Benefit Trust was wound up during the year.

xx Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgments are made in the preparation of the 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 judgments 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 risk 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. The facility is recognised as a liability for the amount drawn down.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below. These are included for completeness, although it is the Directors' 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 to 4 years. These are common life expectances 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 aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required. The carrying amounts of these assets are shown in note 14.

Share based payments

The key assumptions used in estimating the fair values of options granted to employees under IFRS 2 are detailed under Note 18.

xxi Employee benefits

The financial liability in relation to outstanding holiday pay is recognised in the income statement and held as a provision.

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2 SEGMENTAL INFORMATION

The revenue, gross profit and profit before tax are attributable to the one principal activity of the group. The group's primary segment is industry segment, and its secondary is geographical.

	2009 £'000	2008 £'000
A segmental analysis of revenue is given below:		
Engineering	**153,170**	147,977
Built Environment	**68,706**	69,186
Professional Services	**47,705**	41,667
Total	**269,581**	258,830

	2009 £'000	2008 £'000
A segmental analysis of gross profit is given below:		
Engineering	**15,864**	16,786
Built Environment	**7,441**	9,039
Professional Services	**6,962**	7,409
Total	**30,267**	33,234

	2009 £'000	2008 £'000
A segmental analysis of operating profit is given below:		
Engineering	**6,853**	7,562
Built Environment	**3,013**	3,977
Professional Services	**1,779**	2,253
Total	**11,645**	13,792

The Group operates from a single site with assets being centrally held. For this reason a segmental analysis of assets and liabilities has not been presented.

The Directors consider that the group does not generate material profits from overseas operations and have therefore not presented geographic information.

3 OPERATING PROFIT

		2009 £'000	2008 £'000
Operating profit is stated after charging:			
Depreciation		**568**	594
Amortisation		**58**	49
Loss on disposal of property, plant and equipment		**2**	31
Auditors' remuneration	- fees payable for the audit of the annual financial statements	**40**	39
	- taxation	**5**	4
	- other services pursuant to legislation	**18**	14
Operating lease costs:	- Plant and machinery	**11**	12
	- Land and buildings	**510**	536
Net loss/ (profit) on foreign currency translation		**5**	(6)

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4 PARTICULARS OF EMPLOYEES

	2009 No.	2008 No.
The average number of staff employed by the group during the financial year amounted to:		
Selling	**229**	215
Administration	**60**	60
Directors	**7**	7
Total	**296**	282

	2009 £'000	2008 £'000
The aggregate payroll costs of the above were:		
Wages and salaries	**11,217**	11,394
Social Security costs	**1,207**	1,325
Other pension costs	**899**	744
Total	**13,323**	13,463

Disclosure of the remuneration of Key Management Personnel, as required by IAS 24, is covered by the audited part of the Directors' Remuneration Report, since only the statutory Directors are considered to be key management personnel.

5 FINANCE COSTS

	2009 £'000	2008 £'000
Bank interest payable	**376**	1,074

6 DIVIDENDS

	2009 £'000	2008 £'000
Equity dividends paid during the year at 15.6 pence per share (2008: 14.3p)	**3,626**	3,310
Equity dividends proposed after the year-end (not recognised as a liability) at 10.6 pence per share (2008: 10.6p)	**2,467**	2,462

Between 1 December 2003 and 30 June 2009, the Company paid dividends amounting to £20.2m. Although the company had sufficient distributable reserves to make each dividend payment, the relevant interim accounts reflecting these profits were not prepared and filed at the appropriate time with the Registrar of Companies as required by the Companies Acts 1985 and 2006. Consequently payment of £15.7m of those dividends, including the £3.626m paid in the year to 31 July 2009, did not comply with the technical requirements of the Companies Acts 1985 and 2006. Since 31 July 2009, as a matter of good governance and to reflect the adequacy of distributable reserves, interim accounts have been filed with the Registrar of Companies, and the Company will put a resolution to the shareholders at the forthcoming AGM for their approval to take the necessary steps to remedy the situation. These accounts have been drawn up on the basis that the infringement referred to above is regularised by the actions to be proposed to shareholders at the forthcoming AGM. The proposals do not affect the results of the Group for the year to 31 July 2009, its net assets at 31 July 2009, nor its ability to pay future dividends.

7 PARENT COMPANY PROFIT

	2009 £'000	2008 £'000
The amount of profit dealt with in the accounts of the company is	**3,632**	3,321

The company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present the parent company's income statement.

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8 INCOME TAX

		2009 £'000	2008 £'000
Current Tax:	UK corporation tax	**3,128**	3,932
	Prior year under/ (over) provision	**6**	(77)
		3,134	3,855
Deferred tax (note 12)		**154**	(150)
Income Tax Expense		**3,288**	3,705

UK corporation tax has been charged at 28% (2008 – 29.33%). The standard rate of UK Corporation Tax was changed from 30% to 28% on 1 April 2008 therefore in the prior year the hybrid rate of 29.33% was applied

The charge for the year can be reconciled to the profit as per the income statement as follows:

	2009 £'000	2008 £'000
Profit before tax	**11,278**	12,797
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 29.33%)	**3,158**	3,753
Expenses not deductible for tax purposes	**23**	18
Deferred Tax asset not provided for due to fall in share price	**155**	0
Enhanced R&D tax relief	**(54)**	0
Change in deferred tax rate	**0**	11
Adjustments to tax charge in respect of previous periods	**6**	(77)
Total tax charge for period	**3,288**	3,705

Tax charge/(credit) recognised directly in equity:

	2009 £'000	2008 £'000
Current tax recognised directly in equity	**0**	(91)
Deferred tax recognised directly in equity	**(39)**	387
Total tax recognised directly in equity	**(39)**	296

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9 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 number of dilutive shares has fallen significantly due to; the share price falling below the exercise price of EMI options granted in 2005; the lapse of the November 2006 and January 2007 LTIP options due to performance conditions not being met; and as at the date of this report the November 2007 and November 2008 LTIP options performing below the required TSR target.

The earnings per share information has been calculated as follows:

	2009 £'000	2008 £'000
Profit after tax attributable to ordinary shareholders	**7,990**	9,092
	2009 '000s	**2008 '000s**
Weighted average number of ordinary shares in issue	**23,244**	23,111
Effect of dilutive potential ordinary shares	**14**	660
Total	**23,258**	23,771

		2009 pence	2008 pence
Earnings per ordinary share	- basic	**34.37**	39.34
	- diluted	**34.35**	38.25

10 INTANGIBLE ASSETS

Group

		Software licences £'000
COST	At 1 August 2007	187
	Additions	86
	At 1 August 2008	273
	Additions	39
	At 31 July 2009	**312**
AMORTISATION	At 1 August 2007	54
	Charge for the year	49
	At 1 August 2008	103
	Charge for the year	58
	At 31 July 2009	**161**
NET BOOK VALUE	At 31 July 2008	170
	At 31 July 2009	**151**

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11 PROPERTY, PLANT AND EQUIPMENT

Group

		Motor vehicles £'000	Office equipment £'000	Computer equipment £'000	Total £'000
COST	At 1 August 2007	1,407	1,311	744	3,462
	Additions	472	190	131	793
	Disposals	(155)	(114)	(11)	(280)
	At 1 August 2008	1,724	1,387	864	3,975
	Additions	271	26	43	340
	Disposals	(140)	(11)	(272)	(423)
	At 31 July 2009	**1,855**	**1,402**	**635**	**3,892**
DEPRECIATION	At 1 August 2007	643	697	423	1,763
	Charge for the year	275	174	145	594
	Released on disposal	(105)	(75)	(11)	(191)
	At 1 August 2008	813	796	557	2,166
	Charge for the year	285	151	132	568
	Released on disposal	(105)	(11)	(272)	(388)
	At 31 July 2009	**993**	**936**	**417**	**2,346**
NET BOOK VALUE	At 31 July 2008	911	591	307	1,809
	At 31 July 2009	**862**	**466**	**218**	**1,546**

There were no capital commitments as at 31 July 2009 (2008: £nil)

12 DEFERRED TAX

	Group	
	2009 £'000	2008 £'000
The deferred tax asset is represented by:		
Temporary difference on share based payments		
At start of year	**292**	529
Recognised in income	**(154)**	150
Recognised in equity	**(39)**	(387)
At end of year	**99**	**292**

The rate of UK corporation tax applied to deferred tax calculations is 28% (2008: 28%).

13 INVESTMENTS

	Company	
	2009 £'000	2008 £'000
Movement in investment in group companies - Investment in Matchtech GmbH	**22**	0
Investment in group companies at end of year	**272**	250

Subsidiary Undertakings

Company	Country of	Share	% held	Main Activities
Matchtech Group UK Ltd	United Kingdom	Ordinary	99.988%	Provision of recruitment consultancy
Matchtech Engineering Ltd	United Kingdom	Ordinary	100%	Non trading
Matchmaker Personnel Ltd	United Kingdom	Ordinary	100%	Non trading
Matchtech GmbH	Germany	Ordinary	100%	Provision of recruitment consultancy

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14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
Trade receivables	**32,623**	38,298	**0**	0
Amounts owed by group companies	**0**	0	**2,989**	2,880
Other receivables	**76**	49	**0**	0
Prepayments	**204**	218	**0**	0
Total	**32,903**	38,565	**2,989**	2,880

The amount owed to group undertakings in the company balance sheet is considered to approximate to fair value.

Days sales outstanding at the year end based on the preceding three months' revenue were 41.7 days (2008: 40.1 days). The allowance for doubtful debts has been determined by reference to previous experience and management assessment of debts.

The Directors consider that the carrying amount of trade and other receivables approximates the fair value.

Included in the Group's trade receivable balance are debtors with a carrying amount of £2,660,000 (2008: £6,293,000) 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 Group uses a third party credit scoring system to assess the credit worthiness of potential new customers before accepting them. Credit limits are defined by customer based on this information. All customer accounts are subject to review on a regular basis by senior management and actions are taken to address debt ageing issues.

The Directors believe that there is no requirement for further provision over and above the allowance for doubtful debts.

Ageing of past due but not impaired trade receivables

	Group	
	2009 £'000	**2008 £'000**
0-30 days	**2,413**	5,558
30-60 days	**194**	619
60-90 days	**38**	29
90+ days	**15**	87
	2,660	6,293

Movement in the allowance for doubtful debts

	Group	
	2009 £'000	**2008 £'000**
Balance at the beginning of the period	**199**	183
Impairment losses recognised	**161**	16
	360	199

Ageing of impaired trade receivables

	Group	
	2009 £'000	**2008 £'000**
Not past due at reporting date	**126**	0
0-30 days	**68**	0
30-60 days	**66**	0
60-90 days	**40**	0
90+ days	**60**	199
	360	199

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15 TRADE AND OTHER PAYABLES

	Group	
	2009 £'000	**2008 £'000**
Trade payables	**106**	149
Taxation and Social Security	**2,700**	5,049
Other payables	**5,326**	10,667
Accruals and deferred income	**2,801**	3,065
Total	**10,933**	18,930

16 FINANCIAL ASSETS AND LIABILITIES BALANCE SHEET CLASSIFICATION

The carrying amount of Matchtech's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

Financial assets are included in the balance sheet within the following headings:

	Group		Company	
	2009 £'000	**2008 £'000**	**2009 £'000**	**2008 £'000**
Trade and other receivables				
- Loan and receivables	**32,699**	38,347	**2,989**	2,880
Cash and cash equivalents				
- Loan and receivables	**307**	297	**82**	211
Total	**33,006**	38,644	**3,071**	3,091

Financial liabilities are included in the balance sheet within the following headings:

	Group	
	2009 £'000	**2008 £'000**
Current Liabilities		
Borrowings		
- Financial liabilities recorded at amortised cost	**1,470**	3,349
Trade and other payables		
- Financial liabilities recorded at amortised cost	**8,233**	13,881
Total	**9,703**	17,230

The amounts at which the assets and liabilities above are recorded are considered to approximate to fair value.

The working capital facility is secured by way of an all assets debenture, dated 5 August 2002, which contains fixed and floating charges over the assets of Matchtech Group UK Limited. The facility held with Barclays Bank allows the company to borrow up to 90% of its invoiced debtors up to a maximum of £20 million. Interest is charged on borrowings at a rate of 1.0% over Barclays Bank base rate.

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17 COMMITMENTS UNDER OPERATING LEASES

			Group	
			2009 £'000	2008 £'000
At 31 July 2009 the group had commitments to pay the following amounts under non-cancellable operating leases as set out below.				
Land/buildings	Payments falling due:	within 1 year	**532**	532
		within 1 to 5 years	**1,323**	1,523
		after 5 years	**784**	1,069
Other	Payments falling due:	within 1 year	**11**	3
		within 1 to 5 years	**15**	9

The lease on 1400 Parkway, which expires in March 2017 has a break clause exercisable in June 2011. The payments due have therefore been shown in the 'within 1 year' and 'within 1 to 5 years' categories. There are no applicable renewal clauses in the current lease agreements.

18 SHARE CAPITAL

Authorised share capital

	Company	
	2009 £'000	2008 £'000
40,000,000 Ordinary shares of £0.01 each	**400**	400

Allotted, called up and fully paid:

	2009 £'000	2008 £'000
23,273,000 (2008: 23,230,000) Ordinary shares of £0.01 each	**232**	232

The number of shares in issue in the company increased as follows:

Date	Ordinary shares issued	Share premium received pence per share	Consideration Received £
At 01/08/2008	**23,029,195**		
27/08/2007	**436**	**0**	**4**
28/09/2007	**447**	**0**	**4**
31/10/2007	**454**	**0**	**5**
05/11/2007	**70,872**	**89**	**63,781**
23/01/2008	**17,131**	**0**	**171**
08/04/2008	**9,174**	**133**	**12,293**
15/04/2008	**4,587**	**145**	**6,697**
12/05/2008	**5,692**	**145**	**8,310**
05/06/2008	**75,336**	**145**	**109,991**
28/07/2008	**16,619**	**145**	**24,264**
At 31/7/2008	**23,229,943**		**225,520**
30/11/2008	**3,571**	**0**	**36**
05/01/2009	**2,218**	**0**	**22**
30/01/2009	**2,433**	**0**	**24**
03/03/2009	**2,847**	**0**	**28**
31/03/2009	**3,050**	**0**	**31**
23/04/2009	**19,469**	**0**	**195**
05/05/2009	**3,593**	**0**	**36**
02/06/2009	**2,912**	**0**	**29**
03/07/2009	**2,944**	**0**	**29**
Total	**23,272,980**		**225,950**

Notes

forming part of the financial statements

Share Options

The following options arrangements exist over the Company's shares.

	2009 '000s	2008 '000s	Date of grant	Exercise price pence	Exercise period		
Key Share Options	**24**	24	18/06/2004	70	18/06/2005	to	18/06/2014
Key Share Options	**0**	0	08/11/2004	89	08/11/2005	to	08/11/2014
Key Share Options	**142**	142	01/12/2005	146	01/06/2007	to	01/12/2015
Target/Loyalty Share Options	**3**	3	05/03/2003	70	14/07/2005	to	05/03/2013
Target/Loyalty Share Options	**2**	2	18/06/2004	70	18/06/2005	to	18/06/2014
Target/Loyalty Share Options	**1**	2	08/11/2004	89	14/07/2006	to	08/11/2014
Target/Loyalty Share Options	**24**	26	01/12/2005	146	01/12/2006	to	01/12/2015
Long Term Incentive Plan Options	**0**	260	26/10/2006	1	27/10/2009	to	27/10/2016
Long Term Incentive Plan Options	**0**	7	26/01/2007	1	26/01/2010	to	25/01/2017
Long Term Incentive Plan Options	**259**	292	15/11/2007	1	15/11/2010	to	14/11/2017
Long Term Incentive Plan Options	**601**	0	14/11/2008	1	14/11/2010	to	13/11/2018
Total	**1,056**	758					

In the year the company operated an EMI Share Option Scheme. No EMI share options were granted or exercised during the year.

The Group also operates a Long Term Incentive Plan (LTIP). LTIP awards are nil-cost options granted to senior staff subject to a three year holding period and the achievement of performance targets. LTIP options have a life of 10 years. The movement of LTIP's in the year are shown below.

	2009			2008		
	Number '000s	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000s	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	**758**	**75.6**		660	75.6	
Granted	**662**	**1.0**		302	1.0	
Forfeited/ lapsed	**364**	**3.1**		33	29.9	
Exercised	**0**	**0**		171	122.8	361.0
Outstanding at 31 July	**1,056**	**75.6**		758	75.6	
Exercisable at 31 July	**197**	**134.3**		199	134.2	

The number and weighted average exercise price of future share options vesting in the future are shown below.

	2009			2008		
Exercise Date	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)
27/10/2009	**0**	**0**	**0.0**	15	260	1.0
30/01/2010	**0**	**0**	**1.0**	18	7	1.0
06/11/2010	**15**	**259**	**1.0**	27	292	1.0
14/11/2011	**27**	**600**	**1.0**	0	0	0.0
Total		**859**			559	

Notes

forming part of the financial statements

The fair values of the LTIPS were calculated using a Monte Carlo simulation method along with the assumptions as detailed in the table below. In the year the Group operated a Share Incentive Plan (SIP). The SIP is an HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the company grants an additional share at no cost. The fair values of the SIPS were calculated as the market value on the date of the grant.

Date of grant		Share Price on the date of grant (£)	Exercise Price (£)	Volatility (%)	Vesting Period (yrs)	Dividend Yield (%)	Risk Free Rate of interest (%)	Fair Value (£)
27/11/2006	SIP	3.67	0.01	N/A	3.00	N/A	N/A	3.67
22/12/2006	SIP	3.67	0.01	N/A	3.00	N/A	N/A	3.67
30/01/2007	SIP	3.79	0.01	N/A	3.00	N/A	N/A	3.79
26/02/2007	SIP	4.02	0.01	N/A	3.00	N/A	N/A	4.02
30/03/2007	SIP	4.00	0.01	N/A	3.00	N/A	N/A	4.00
27/04/2007	SIP	4.40	0.01	N/A	3.00	N/A	N/A	4.40
25/05/2007	SIP	4.75	0.01	N/A	3.00	N/A	N/A	4.75
25/06/2007	SIP	4.83	0.01	N/A	3.00	N/A	N/A	4.83
27/07/2007	SIP	4.73	0.01	N/A	3.00	N/A	N/A	4.73
15/11/2007	LTIP	4.24	0.01	30.1%	3.00	10%	4.6%	2.68
30/08/2007	SIP	4.61	0.01	N/A	3.00	N/A	N/A	4.61
28/09/2007	SIP	4.60	0.01	N/A	3.00	N/A	N/A	4.60
26/10/2007	SIP	4.69	0.01	N/A	3.00	N/A	N/A	4.69
30/11/2007	SIP	4.12	0.01	N/A	3.00	N/A	N/A	4.12
02/01/2008	SIP	3.73	0.01	N/A	3.00	N/A	N/A	3.73
25/01/2008	SIP	3.58	0.01	N/A	3.00	N/A	N/A	3.58
29/02/2008	SIP	3.19	0.01	N/A	3.00	N/A	N/A	3.19
28/03/2008	SIP	3.02	0.01	N/A	3.00	N/A	N/A	3.02
25/04/2008	SIP	2.88	0.01	N/A	3.00	N/A	N/A	2.88
30/05/2008	SIP	2.97	0.01	N/A	3.00	N/A	N/A	2.97
27/06/2008	SIP	2.90	0.01	N/A	3.00	N/A	N/A	2.90
25/07/2008	SIP	2.68	0.01	N/A	3.00	N/A	N/A	2.68
14/11/2008	LTIP	2.17	0.01	17.0%	3.00	7.21%	2.83%	1.28
30/11/2008	SIP	2.10	0.01	N/A	3.00	N/A	N/A	2.10
05/01/2009	SIP	2.02	0.01	N/A	3.00	N/A	N/A	2.02
30/01/2009	SIP	1.92	0.01	N/A	3.00	N/A	N/A	1.92
03/03/2009	SIP	1.59	0.01	N/A	3.00	N/A	N/A	1.59
31/03/2009	SIP	1.52	0.01	N/A	3.00	N/A	N/A	1.52
23/04/2009	SIP	1.52	0.01	N/A	3.00	N/A	N/A	1.52
05/05/2009	SIP	1.29	0.01	N/A	3.00	N/A	N/A	1.29
02/06/2009	SIP	1.44	0.01	N/A	3.00	N/A	N/A	1.44
03/07/2009	SIP	1.42	0.01	N/A	3.00	N/A	N/A	1.42
31/07/2009	SIP	1.30	0.01	N/A	3.00	N/A	N/A	1.30

- The volatility of the Company's share price on each date of grant was calculated as the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over 5 years back from the date of grant, where applicable.
- The risk free rate is the UK risk free rate of appropriate term. Source: Bank of England website.
- The IFRS2 credit recognised in the income statement for the year ended 31 July 2009 is £155,581, (2008: charge of £538,916). The November 2007 LTIP has been deemed unlikely to vest due to the growth required in the remaining year being very challenging in the current economic climate. We have deemed that as the November 2008 LTIP is only one year through the three year target period, it is possible that the LTIP will vest in full.
- LTIP awards are subject to a TSR test. This “market” based condition is taken into account in the date of grant fair value calculation.

19 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

There were no material related party transactions with the directors during the period.

With the exception of dividends paid from Matchtech Group UK Limited to Matchtech Group PLC of £2,462,000 on 1 December 2008 and £1,163,000 on 17 June 2009 there are no other related party transactions in the company accounts.

Notes

forming part of the financial statements

20 FINANCIAL INSTRUMENTS

The financial risk management policies and objectives including those related to financial instruments and the qualitative risk exposure details, comprising credit and other applicable risks, are included within the Chief Financial Officer's Report under the heading Group financial risk management.

Maturity of financial liabilities

The group financial liabilities analysis at 31July 2009 was as follows:

	Group	
	2009 £'000	**2008 £'000**
In less than one year or on demand:		
Bank overdrafts	**0**	110
Working capital facility	**1,470**	3,239
Trade and other payables	**8,233**	13,881
	9,703	17,230

Borrowing facilities

(i) The Group has a revolving credit facility whereby it may borrow up to £7.5 million subject to satisfaction of the requirements of the facility. The interest rate of the loan is set at 1.1% above the LIBOR lending rate. The maturity date is set by interest period at the commencement of the loan. Each advance is repaid on that date but the revolving facility allows any amount repaid to be available for redrawing.

ii) The undrawn facility available at 31 July 2009 of the Working Capital facility in respect of which all conditions precedent had been met was as follows:

	Group	
	2009 £'000	**2008 £'000**
Expiring in one year or less	**18,530**	16,760

The working capital facility is secured on the total assets of the group as explained in note 16.

The working capital facility was reviewed by the facility providers in September 2009 and renewed for a further twelve months.

The Director's have calculated that the effect on profit of a 1% movement in interest rates would be £80,000.

The Directors believe that the carrying value of borrowings approximates to their fair value.

Net foreign currency monetary assets

	Group	
	2009 £'000	**2008 £'000**
Euros	**38**	19

In the Directors' opinion, the exposure to foreign currency risk is not material to the Group therefore a sensitivity analysis in this area has not been included.

Notes
forming part of the financial statements

21 STANDARDS AND INTERPRETATIONS IN ISSUE, NOT YET EFFECTIVE

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group financial statements.

Standard		**Effective date (Annual periods beginning on or after)**
IFRIC 13	Customer Loyalty Programmes	1 January 2009
IFRIC 12	Service Concession Arrangements	30 March 2009
IAS 23	Borrowing Costs (revised 2007)	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IFRS 27	Consolidated and Separate Financial Statements (revised 2008)	1 July 2009
IAS 1	Presentation of Financial Statements (revised 2007)	1 January 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IFRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
IFRS 3	Business Combinations (revised 2008)	1 July 2009
IFRS 1 & IAS 27	Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IAS 39	Amendment - Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRS 7	Financial Instruments - Improving Disclosures	1 January 2009

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. They do anticipate a significant impact on disclosures in the financial statements arising from IAS 1 (Revised 2007) which requires changes to the formats of the primary statements. IFRS 8 requires segmental reporting to be based on the internal reporting reviewed regularly by the Chief Operating Decision Maker. The Directors do not expect that the segments presented under this new standard will differ from those in these financial statements.

The Group does not intend to apply any of these pronouncements early.

22 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Matchtech Group PLC's capital management objectives are:

- to ensure the Group’s ability to continue as a going concern; and to provide an adequate return to shareholders.
- by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

The Group sets the amount of capital in proportion to its overall financing structure, ie equity and financial liabilities. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. Capital for the reporting period under review is summarised as follows.

	2009 £000’s	2008 £000’s
Total Equity	**21,235**	17,066
Cash and cash equivalents	**(307)**	(297)
Capital	**20,928**	16,769
Total equity	**21,235**	17,066
Borrowings	**1,470**	3,349
Overall financing	**22,705**	20,415
Capital to overall financing ratio	**92%**	82%

Notice of Annual General Meeting

Matchtech Group plc

Registered in England and Wales under registered number 4426322

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the Meeting) of Matchtech Group plc (Company) will be held at The Solent Hotel, Rookery Avenue, Whiteley, Fareham, Hampshire PO15 7AJ on 20 November 2009 at 12 noon for the following purposes:

Ordinary resolutions

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1 to receive and adopt the Company's annual accounts for the financial year ended 31 July 2009 together with the Directors' Report and Auditors' Report on those accounts.

2 to declare a final dividend of 10.6p per share for the year ended 31 July 2009.

3 to re-elect Andrew White who is retiring from office by rotation as director of the Company.

4 to re-elect Adrian Gunn who is retiring from office by rotation as director of the Company.

5 to reappoint Grant Thornton LLP as auditors who hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company in general meeting, at a remuneration to be determined by the directors;

6 that in substitution of all existing powers the directors are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (Act) to exercise all the powers of the Company to allot shares in the Company (as defined in Section 560(1) of the Act) up to the aggregate nominal amount of £77,576. The authority hereby conferred shall expire, unless previously varied, renewed or revoked by the Company in general meeting, on the date of the Company's next annual general meeting, provided that the Company may, prior to such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry in which case the directors may allot such securities pursuant to such offer or agreement as if such authority had not expired.

Special Resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as a special resolutions:

7 that subject to the passing of resolution 6 set out in the notice convening this Annual General Meeting and in substitution of all existing powers the directors are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560(1) of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment provided that:

(a) the power conferred hereby shall expire on the date of the next annual general meeting of the Company unless renewed, extended, varied or revoked by the Company in general meeting;

(b) the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and

(c) is limited to:

(i) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the Company's capital in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional entitlements and/or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

(ii) the allotment of equity securities pursuant to the terms of The Matchtech Group plc 2006 Long Term Incentive Plan and The Matchtech Group plc Share Incentive Plan or any other employees' share option scheme approved by the members in general meeting;

(iii) allotments of equity securities for cash otherwise than pursuant to paragraph (c) (i) above up to an aggregate nominal amount of £11,636.

8 That the Company be generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (as defined in Section 693 of that Act) of ordinary shares of the Company provided that:

(a) the maximum aggregate number of aggregate ordinary shares which may be purchased is 2,327,298;

(b) the minimum price which may be paid for each ordinary share is £0.01;

(c) the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed the higher of:

(i) 5% above the average closing price of such shares for the five business days on the Alternative Investment Market of the London Stock Exchange prior to the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the Alternative Investment Market of the London Stock Exchange; and this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2010 or on 20 November 2010 whichever is the earlier, unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

9 That with effect from the end of this Annual General Meeting or any adjournment thereof, the Articles of Association of the Company be and are hereby amended so that they shall be in the form of the draft amended Articles of Association produced to the meeting, marked 'A' and initialled by the Chairman for the purposes of identification in substitution of and to the exclusion of the existing Articles of Association of the Company.

10 The Company hereby releases each of the shareholders and former shareholders of the Company ("the Shareholders") from any liability to repay to the Company sums received by way of dividend or purported dividend (in each case whether interim or final) declared or purportedly declared and paid to the Shareholders on the Relevant Dates (as defined below) ("the Relevant Payments") and the Company hereby approves the Shareholders' deed of release produced to the meeting and initialled by the Chairman for identification purposes and hereby authorises the entry into of the deed by the Company in any manner permitted at law. The Relevant Dates are 7 June 2004, 17 June 2005,5 June 2006, 20 October 2006, 21 June 2007, 30 November 2007, 24 June 2008, 5 December 2008 and 24 June 2009.

11 The Company hereby releases each of the directors and former directors of the Company from any liability howsoever arising from the declaration and payment of the Relevant Payments and hereby approves the entry into by the Company of the directors' deed of release produced to the meeting and initialled by the Chairman for identification purposes.

28 October 2009
By order of the Board
Tony Dyer Chief Financial Officer

Explanatory wording for Notice of Annual General Meeting

Ratification and Confirmation of Dividends

Between 1 December 2003 and 30 June 2009, the Company paid dividends amounting to £20.2m. Although the company had sufficient distributable reserves to make each dividend payment, the relevant interim accounts reflecting these profits were not prepared and filed at the appropriate time with the Registrar of Companies as required by the Companies Acts 1985 and 2006. Consequently payment of £15.7m of those dividends, including the £3.626m paid in the year to 31 July 2009, did not comply with the technical requirements of the Companies Acts 1985 and 2006. Since 31 July 2009, as a matter of good governance and to reflect the adequacy of distributable reserves, interim accounts have been filed with the Registrar of Companies.

Two resolutions are therefore proposed (as special resolutions) to ensure that no claims can be made against past and present Shareholders who were recipients of the dividends to recover the amount paid in technical infringement of the Companies Acts or against past and present directors who participated in the Board meetings at which the decisions were taken to pay the dividends. This is to be achieved by releasing the claims in each case and entering into deeds of release in favour of such Shareholders and directors. Copies of the form of deeds of release are available for inspection as explained in the Notes to the Notice of Annual General Meeting.

The Company believes that the UK tax position of UK resident Shareholders in respect of the Relevant Payments should not be affected by the matters described above nor by the approval of Shareholders of the resolutions submitted for their approval. However any Shareholder who has doubts about his or her tax position should consult his or her own professional adviser.

In view of their interests in its subject matter, the directors who are also Shareholders (holding beneficially in aggregate 42% of the ordinary shares of the company) are not entitled to vote on resolution 10 and will abstain from voting on resolution 11.

Proxy Notes

Matchtech Group plc

Registered in England and Wales under registered number 4426322

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

Notes:

1 As a member of the Company you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.

3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4 To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

5 To be effective, this form of proxy, duly completed, together with any power of attorney under which it is executed or a notarially certified copy of it (failing previous registration with the Company), must be lodged with the Company's Registrar, Capita Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive not later than 12 noon on 18 November 2009.

6 In the case of a member which is a company, this form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.

7 In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any of the joint holders. For these purposes, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.

8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another form of proxy, please contact the Company's Registrar, Capita Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

9 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar, Capita Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive not later than 12 noon on 18 November 2009.

11 In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation. Any power of attorney or any such authority under which the revocation notice is signed or a notarially certified copy of it (failing previous registration with the Company) must be included with the revocation notice.

12 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

13 Except as provided above, members who have general queries about the meeting should write to Capita Registrars at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0GA, telephone 0871 664 0300 or email ssd@capitaregistrars.com. No other means of communication will be accepted.

You may not use the electronic address provided either:

(i) in this Notice of Annual General Meeting; or

(ii) any related documents (including the Chairman's letter and form of proxy), to communicate with the Company for any purposes other than those expressly stated.

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Proxy for use at Annual General Meeting

Matchtech Group plc

Registered in England and Wales under registered number 4426322

For use by holders of ordinary shares in the capital of Matchtech Group plc (Company) in respect of the Annual General Meeting to be held at The Solent Hotel, Rookery Avenue, Whiteley, Fareham, Hampshire PO15 7AJ at 12 noon on 20 November 2009

I/We .... (in BLOCK CAPITALS please)

of Address .... (in BLOCK CAPITALS please)

.... Postcode ....

being (a) holder(s) of ordinary shares hereby appoint the Chairman of the Meeting or (see note 3) .... to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 20 November 2009 and at any adjournment of that meeting.

I/We request such proxy to vote on the resolutions set out in the notice convening such Annual General Meeting as I/we have indicated by marking the appropriate box with an 'X' and at his or her discretion on any other matter to be considered at the Meeting.

Dated this...day of ....2009.

Signature ....

	Ordinary Resolutions	**For**	**Against**
1.	To receive and adopt the Company's annual accounts for the financial year ended 31 July 2009 together with the directors' report and auditors' report on those accounts.		
2.	To declare a final dividend of 10.6p per share for the year ended 31 July 2009.		
3.	To re-elect Andrew White who is retiring from office by rotation as director of the Company.		
4.	To re-elect Adrian Gunn who is retiring from office by rotation as director of the Company.		
5.	To reappoint Grant Thornton LLP as auditors, at a remuneration to be determined by the directors.		
6.	To authorise the directors to allot shares pursuant to Section 551 of the Companies Act 2006.		
	Special Resolutions		
7.	To dis-apply statutory pre-emption rights pursuant to Section 570 of the Companies Act 2006.		
8.	To renew the company's authority to make market purchases of its own ordinary shares.		
9.	To amend the Articles of Association of the Company.		
10.	To release each of the shareholders and former shareholders of the Company (the "Shareholders") from any liability to repay to the Company sums received by way of dividend or purported dividend (in each case whether interim or final) declared or purportedly declared and paid to the Shareholders (the "Relevant Payments") on the relevant dates between 1 June 2004 and 30 June 2009 and to approve the Shareholders' deed of release and authorise entry into the deed of release by the Company.		
11.	To release each of the directors and former directors of the Company from any liability arising from the declaration of the payment of the Relevant Payments and to approve the entry into by the Company of the directors' deed of release.		

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Licence Number
MB 122

Capita Registrars
Proxies Department
PO Box 25
BECKENHAM
Kent
BR3 4BR

Notes

Notes

Advisors & Registrars

Auditors

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Hampshire
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