

Matchtech Group plc
Annual Report and Accounts 2015

A shared

vision



COMPANIES'HOUSE

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MATCHTECH GROUP PLC

Matchtech and Networkers are a natural fit, two businesses with similar cultures and values operating in complementary markets each with a healthy balance between contract and permanent net fee income.

The acquisition of Networkers International plc, completed in April 2015, brings the Group not only a well-regarded presence in the Telecoms market, but also a new competence in multi-site, multi-jurisdiction management.

The combination of Networkers' international candidate database with Matchtech's largely UK contractor resource will allow the enlarged Group to address the global skills shortage issues reported by our fast-developing UK client-base, enabling us to better service more of their recruitment needs.

By enhancing our global capability, we are increasingly attractive to UK-qualified engineers, who are highly valued throughout the world and are increasingly seeking to gain experience on the largest and most prestigious international projects.

Overall, the acquisition creates a significantly more geographically balanced business with scale in fast growing international markets and the increased client base opens up many cross-selling opportunities across the Group.

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A shared vision

Market leading specialist recruiter

We only enter a market where we believe we can be the very best within it, with all our consultants specialising in very niche sub-sectors so they fully understand the client and candidate requirements. By bringing together three complementary recruitment sectors; engineering, IT and telecoms, we draw on our long-established relationships with clients, candidates, education, trade bodies, universities and academies to source scarce skills from across the world and match them to the most appropriate roles, wherever they may be.

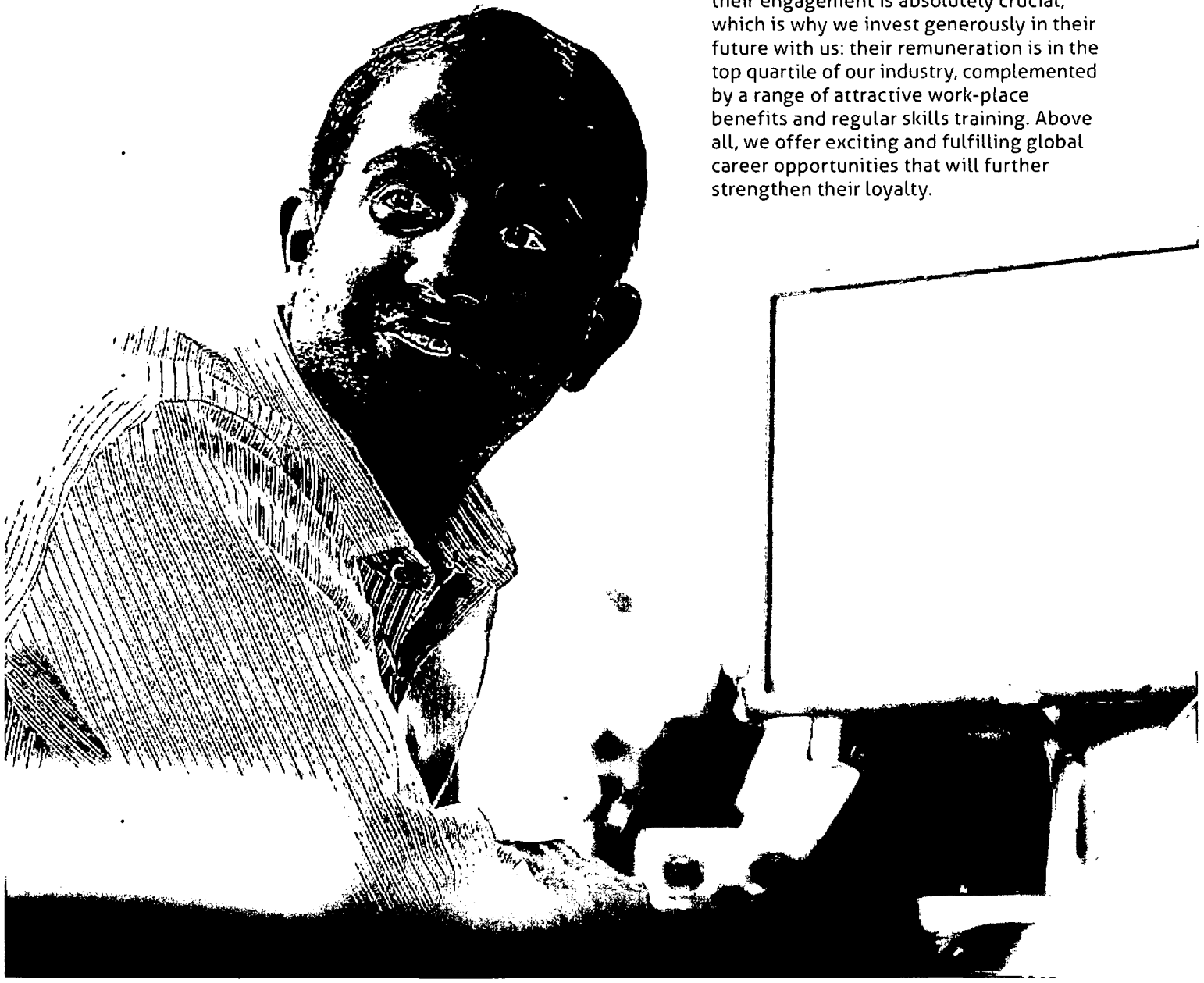
A shared vision

Best partner to clients and candidates

Our annual client and candidate satisfaction surveys, carried out by independent research companies, show that more clients and candidates regard our consultants as their ideal recruitment partner. We believe it is our culture, based on the shared values, through which they earn this accolade.

Our most important drivers are our people, the relationships they build, our specialist focus and our global reach, which are all underpinned by a flexible service offering that balances excellence in both permanent and contract recruitment.



A black and white photograph of a man with a beard and mustache, wearing a striped shirt, looking towards a computer monitor. The man is positioned on the left side of the frame, and the monitor is on the right. The background is dark and out of focus.

A shared vision

Employer of choice

Our most powerful source of competitive advantage is the expertise and commitment of our talented consultants, who have close, long term relationships with clients and candidates across the world. Ensuring their engagement is absolutely crucial, which is why we invest generously in their future with us: their remuneration is in the top quartile of our industry, complemented by a range of attractive work-place benefits and regular skills training. Above all, we offer exciting and fulfilling global career opportunities that will further strengthen their loyalty.

A shared vision

Rapidly developing international business

Following the acquisition of Networkers, around 30% of our net fee income is generated in overseas markets, up from just 2% previously. We intend to substantially expand our international presence in our existing markets, grasping cross-selling opportunities, as we build a sector-leading presence in all major geographical zones via our regional hubs. We have already started this process with new senior-level appointments in the US and the Middle East to join our already established offices.





A shared vision

Premium stock for investors

The acquisition of Networkers opens up huge opportunities for the new enlarged Group to grow revenue, margins and profit conversion to achieve our industry's most exciting and attractive financial returns. The potential for faster growth and consistently stronger margins, through close sales synergies between the UK and our international networks, will gather momentum from 2016 onwards. The acquisition also allows the Group to achieve cost synergies through the rationalisation of two back office functions.

**Who
we are**

Matchtech Group was founded over 30 years ago and AIM-listed in 2006. We have grown, both organically and through acquisition, to become a leading specialist recruitment group, first with a UK focus and now with truly international reach.

**What
we do**

Following the acquisition of Networkers International in 2015, we provide clients across the world with expert engineering, IT and telecoms recruitment services via an established and profitable network of offices serving the most important regional hubs.

**How
we do it**

Our skilled and engaged consultants are at the heart of our business, nurturing relationships with leading clients and candidates across the world. As engineering, IT and connectivity converge, we can increasingly satisfy the full recruitment needs of major players in the global industries we serve.

Steady results across the business¹

Group revenue

£502.3m

2015 excluding Networkers: £445.0m
2014: £451.6m

Net fee income²

£54.8m

2015 excluding Networkers: £45.3m
2014: £45.0m

Adjusted EBITA³

£16.8m

2015 excluding Networkers: £14.5m
2014: £13.6m

EBITA

£14.0m

2014: £13.6m

Adjusted profit before tax³

£15.7m

2015 excluding Networkers: £13.8m
2014: £12.6m

Profit before tax

£11.3m

2014: £11.9m

Adjusted basic earning per share³

45.3p

2014: 39.2p

Basic earnings per share

31.0p

2014: 37.0p

Dividend per share

22.0p

2014: 20.0p

Dividend cover

2.1x

2014: 2.0x

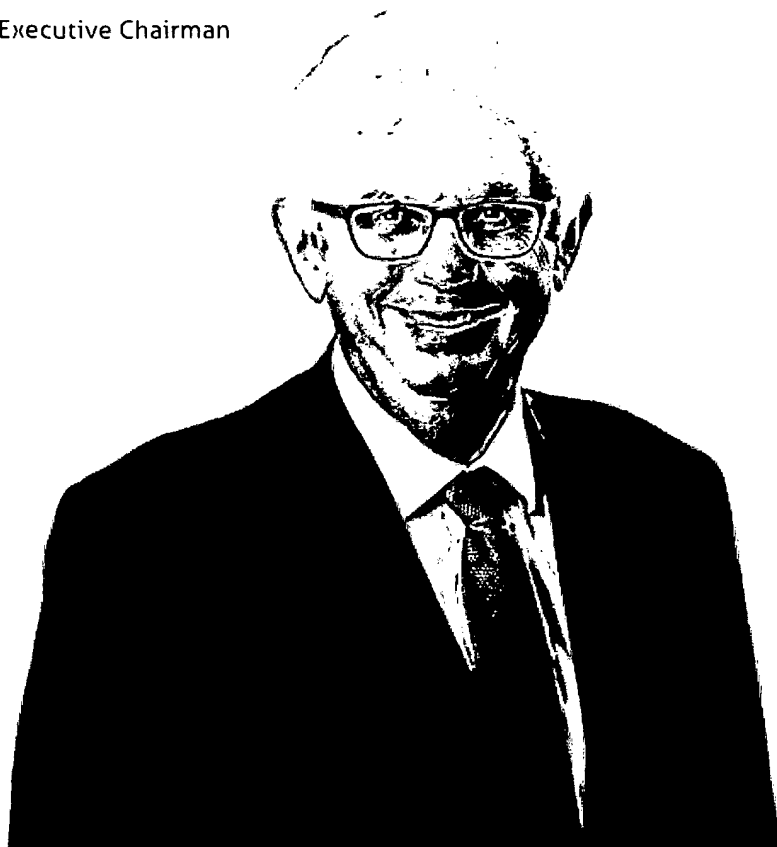
¹ Results include 4 months trading of Networkers International plc

² Net fee income is calculated as revenue less contractor payroll costs

³ Adjusted results excluding acquisition costs of £1.7m, non-recurring costs of £1.0m and amortisation of acquired intangibles of £1.7m (2014: £0.7m)

Matchtech and Networkers are a natural fit, with limited client crossover

Ric Piper
Interim Non-Executive Chairman



"Looking back at the 2015 financial year, the Board recognises that it was a watershed year for Matchtech, with the acquisition in April 2015 of Networkers International plc. As I step down from my period as Interim Chairman, I have never felt more positive about the potential of Matchtech Group, its performance and that of the industries it serves. I know the business will strive to capitalise on all of the opportunities in front of it."

Reflecting on a watershed year for Matchtech Group

Looking back at the 2015 financial year, the Board recognises that it was a watershed year for Matchtech, with the acquisition in April 2015 of *Networkers International plc*.

In Networkers, we found the excellent international network and telecoms expertise we sought. Equally important, it is culturally well aligned with Matchtech.

Under Brian Wilkinson's leadership as our CEO, we also made significant progress in strengthening the Group to position it for future challenges and opportunities.

Financial results and final dividend

Reflecting a year of solid achievement, adjusted basic earnings per share were up 16% to 45.3 pence (2014: 39.2 pence). Further information on Group performance is provided in the Chief Financial Officers report.

The Group's progressive dividend policy remains an important part of our investment proposition and this will continue following the acquisition. The Board recommends to shareholders a final dividend of 16.32 pence per share, an increase of 12% on last year. This gives a total dividend for the

year of 22.00 pence per share (2014: 20.0 pence) up 10% with an adjusted dividend cover of 2.1 times (2014: 2.0 times).

If approved by shareholders at the Annual General Meeting, to be held on 2 December 2015, the final dividend will be payable on 11 December 2015 to those shareholders registered on 13 November 2015.

Delivering the future

The CEO's Statement explains how we have reorganised reporting structures to support even stronger client relationships and make the best use of our expanded reach and expertise.

The formation of our new Management Board has also given a more appropriate managerial structure for future development and growth.

We are delivering against our ambition to be the employer of choice for staff as we develop and accelerate their careers. The Board thanks all our colleagues for their achievements and commitment in this watershed year.

We have made good progress on integrating Networkers into the Group, focusing primarily on gaining the greatest possible benefits for clients from our new global scale.

In an important exercise to get to know every individual, the CEO visited all 10 overseas offices in the network within 2 months of the acquisition.

These are early days however, and much remains to be done, particularly in terms of client integration and also investing to upgrade some regional back office systems to support future growth.

New Chairman

I am very pleased to welcome Patrick Shanley as Non-Executive Chairman with effect from the end of the Annual General Meeting on 2 December 2015.

I am confident that Patrick's skills and experience will be invaluable for the Group over the coming years.

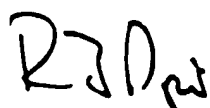
Outlook

As I step down from my period as Interim Non-Executive Chairman, I have never felt more positive about the potential of Matchtech Group, its performance and that of the industries it serves.

We have great staff and management, well led by an exceptional CEO in Brian Wilkinson.

Above all we have our culture, one which has served us so very well over the last three decades.

I know the business will strive to capitalise on all of the opportunities in front of it.



Ric Piper

Interim Non-Executive Chairman
29 October 2015

Q&A

What the integration will mean for shareholders

Q How will the integrated business increase shareholder value?

The achievement of sales synergies across the integrated business, leveraging the international office network to best effect, is ultimately what will drive shareholder value forward.

Q How is the Group improving its organisational culture following the acquisition?

Placing a high regard on culture during the integration has been key. Whilst we are culturally similar, underpinned by almost identical values, there are some clear differences neither of which are right. We will learn from each other and take the best from both businesses forward.



Introducing Patrick Shanley

Patrick, 61, has extensive boardroom experience and is currently Chairman of chemicals business, Accsys Technologies. Patrick has previously been Chief Financial Officer of Courtaulds plc and Acordis bv, Chief Executive Officer of Corsadi bv, Chairman of Cordenka Investments bv, and Chairman of Finacor bv. Patrick began his career working for British Coal where he qualified as a Chartered Management Accountant. He has a strong operational, restructuring, merger and acquisition background within a manufacturing environment.

Major opportunities in our core markets

Brian Wilkinson
Chief Executive Officer



"We continue to see major opportunities in our core markets of white-collar engineering and technology recruitment. Both digitisation and converging technology are creating further opportunities in these areas and the addition of telecoms recruitment to our portfolio creates an even stronger specialist Group."

A key strategic move in meeting client and candidate needs

The year under review was highly significant for the Group as we acquired and began to integrate into our business Networkers International plc, the highly respected international recruitment firm specialising in Telecommunications, IT and Engineering.

The acquisition was a key strategic move as we respond to and anticipate the development of client and candidate needs. As the UK's leading provider of white collar engineering professionals, we believe that the evolution to advanced electronic software-based systems from traditional mechanical and older electrical technologies and the increasing globalisation of many of our leading clients are equally significant to our future.

The acquisition of Networkers addressed both these important trends more rapidly, more cost-effectively and with less risk than the alternative of organic growth to achieve the same result.

New market entry

Networkers' presence in the telecoms and connectivity arena brings us immediate access to an important new market, as the Internet of Things (IoT) becomes a reality.

One high-profile example is the growing emphasis that automotive manufacturers are placing on the so-called connected car. In the 10 years that Matchtech has focused on automotive technology, we have seen software development building on engine-control and safety systems to enable connectivity. This further increases the value of advanced software and electronics expertise to the automotive industry, and similar trends are now being seen in some of our other markets, including avionics and maritime. The expanded Matchtech Group can now meet substantially more of the R&D recruitment needs of the biggest players in all these markets.

Rapid globalisation

Acquiring Networkers has given us a physical presence in nine countries – all regional hubs – to add to Matchtech's strong position in the UK. As noted above, the acquisition has substantially reduced the costs and risk involved in international expansion, giving us instantaneous access to the key markets of the Middle East, North America and South-East Asia that we had already identified as strategically vital to our future.

Further, the international presence and new competencies in multi-site management that the acquisition brings us correlates to the changing needs and expectations of our clients as they expand their businesses across the world.

We are well positioned to deliver the global staffing solutions that such clients need, enabling us to attract and retain much more of their recruitment business.

The world's best projects

Additional factors also persuaded us that Networkers was the right acquisition target – it has a great brand, with the quality, reputation and status as a leading player in telecoms recruitment that we were looking for. It was already profitable in all its national markets, including its most recently opened operations. It was in the right places across the world to serve all global Anglo-Saxon and Anglo-American recruitment markets. And the acquisition formed what we believe can be the world's leading tech-focused recruiter in our shared specialist markets. Critically, it also means that we can now demonstrate to the best candidates that we are their route to the world's best engineering, telecoms and technology projects, no matter where these are to be found.

In short, the acquisition of Networkers has accelerated the achievement of the company vision for 2017 that we set out last year: to be the market-leading specialist recruiter; the employer of choice in our sectors; the best partner for clients and candidates alike; to have a fast-developing international business and to be the premium recruitment stock for investors.

The most engaged consultants

At the core of achieving this vision is the additional power we now have to engage with the industry's best and most productive recruitment consultants, based on the enhanced career opportunities our larger, more diverse and international business can now offer our people. This is fundamental to achieving significantly faster organic growth over the coming years and our research confirms to us that individuals are critical if we are to build, evolve and maintain all-important long-term relationships with clients and candidates alike.

We believe, therefore, that the recruitment business with the most engaged consultants will perform at the highest levels. Developing and retaining our staff is a key priority. The Board and senior management team continually review staff

Q&A

What the integration will mean for shareholders

Q What do you think the integrated business will look like in 2016 and beyond?

This is a watershed year for the Group and I believe the acquisition is the launchpad for far greater things. Once the integration is complete the business will have a stronger foothold in our key markets of Engineering, IT and Telecoms and have efficient and value adding backoffice functions.

Q When and how do you plan to start the expansion of the international network?

This is already underway. The acquisition only completed in April so we have had to work fast to identify the opportunities to capitalise on first. It takes time to mobilise people but we already have a number of staff preparing to relocate, including one senior manager, who will head up the Americas.

attraction and development and seek to reduce attrition to levels below the industry average.

Enhancing strategic delivery

The acquisition has confirmed the validity of our three pillared strategy.

First, we have sharpened our focus on our three core vertical markets of Engineering, IT and Telecommunications by reorganising the reporting structure of our various Group companies to reflect where our vertical-market expertise is strongest.

Networkers' energy and engineering business has been integrated into Matchtech Engineering and teams combined from the established IT businesses of Networkers, Connectus and Provanis teams. Barclay Meade and Alderwood continue to provide the professional staffing and training recruitment services which are so vital to our key client base and we intend to continue the development of both businesses from our Whiteley, Hampshire campus.

Secondly, we are already seeing positive movement up the value chain. For example, average time-sheet value has grown by 5%, while the average fee charged in our permanent business is up by 12%. The introduction of Networkers' historically higher margin and higher fee business can only accelerate this progression.

The acquisition has most clearly acted as a catalyst for our third strategic priority – to "go global"; already, we are generating a combined 30% on our net fee income from outside the UK,

up from just 2% before the acquisition. We have subsequently amended this priority to "think global" which is encouraging our people to maximise cross-selling opportunities around the world to support and drive growth in all our local and regional markets.

Integrating our organisations

The process of integrating the two organisations has started well. As the two management teams have come together, we have found a great deal in common both culturally and professionally. Following a series of visits to all our offices across the world, during which I have met almost every member of staff, I have been extremely impressed by the attitude, enthusiasm and energy of everybody in the business.

We now have the rare opportunity to learn from one another and pick the best aspects of each organisation to apply to the integrated "whole", ensuring that the resulting Group will be considerably stronger than its composite parts. We are applying this "best of both" approach to our brands, our structure and roles – allocating key roles to the most appropriate and experienced people, regardless of which company they come from. Already, we have been able to identify a number of talented individuals and relocate them from the UK to other countries to drive growth. We are increasingly recognising the value to our business of having people with local cultural understanding and languages across the world, based alongside the English-speaking core of the organisation.

Operational aspects of the integration programme are continuing. In areas like finance, HR, IT and management, we are already achieving cost synergies and best practice. Areas for rationalisation remain. For example, we still have two CRMs, two back offices and two sets of associated systems. This duplication will be addressed.

We have already identified synergies in Stock Exchange listing costs, the Board and management overhead, the rationalisation of property. These synergies should realise in the region of £1.3m in FY2016 on a fully annualised basis. We expect more cost synergies to follow as we progress the integration and we combine some back office functions.

We have chosen to reinvest some of these cost synergies to improve the business and accelerate future growth. We are investing to improve connectivity in some regional offices to support long term growth, as well as strengthening functional management in some areas. We are building on our existing strong business development capability and we expect to see sales synergies come through in FY2016, although early-stage progress, such as on joint bids, is already highly encouraging.

In addition, we are currently undertaking in-depth research to better understand the positioning and value that our brands currently have in their individual markets. This will ultimately enable us to reduce costs and maximise growth by taking our strongest brands forward.

Culture and values

In my view, the most important work currently underway is our initiative to link culture and values across and through every level of the organisation. Cultural integration is vital to our long-term success, so we are taking this process extremely seriously, carrying out a worldwide series of workshops and "get-to-know-you" sessions as important precursors to, and catalysts for, seamless integration.

Performance

This year the Group has delivered NFI of £54.8m, with both Matchtech and Networkers delivering broadly at the same level as the same period last year. Our ability to effectively manage our cost base has led to a 10% growth in adjusted profit before taxation from the existing businesses to £13.8m, before the beneficial impact of Networkers' four month contribution of £1.9m in the period.

The acquisition now gives us a platform to push on and continue to grow into a global marketplace. On behalf of the Board I would like to thank all our dedicated staff, contractors and candidates for their contribution to the business this year.

Outlook

The 2016 financial year has started well, in-line with management's expectations, with many buoyant markets across the Group's core sectors.

In engineering, particularly encouraging is the continued progress in the Infrastructure division where relationships with key multi-national clients will be expanded internationally, as well as in the Automotive, Aerospace and Maritime markets. In Energy, the Group now enjoys a strong position in the growing European renewables arena. The Telecoms sector is also performing well, fueled by clients investing in 4G and converged service offerings. The newly combined IT team is well placed to take advantage of strong demand.

We are delivering cost synergies in areas including listing costs, the Board, management and property, with the remainder of the envisaged synergies on track for FY2017. A portion of the savings will be used to make investments in sales and marketing, regional management and connectivity for some international offices, to increase the focus on large major accounts and to optimize operational efficiency.

The Group has a good new business pipeline and signs of sales synergies are coming through, with early joint bids progressing well. We are now in a position to pursue more larger-scale relationships and have identified opportunities across multiple geographies and disciplines in our three verticals. A number of staff have already been selected to relocate to international offices to accelerate the growth opportunities.

Looking ahead, we regard all international locations to be a huge opportunity to advance our activities in local and regional markets across the world and are. We are planning for substantial growth in selected countries over the next few years.

We believe the high engagement levels of our exceptional people will continue to underpin the lasting loyalty of clients and candidates alike, delivering enhanced shareholder value and improved returns.

I am optimistic about the future prospects for the Group confident that in the medium and longer term, we and can look forward to strong growth in all our markets based on the truly global scale and the greater brand awareness that comes with leadership status.

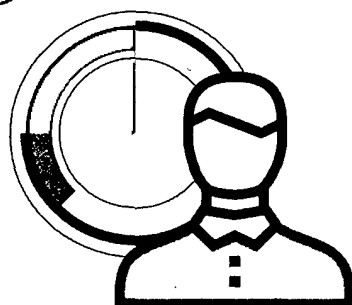


Brian Wilkinson
Chief Executive Officer
29 October 2015

Strategic Report
Combined Group overview
A new, stronger Group

600

Sales staff

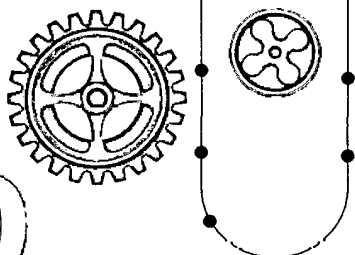


Top 3 UK IT/Telecoms
recruiter specialist¹



500

Countries we recruit in



UK's No.1
Engineering
recruitment
specialist¹

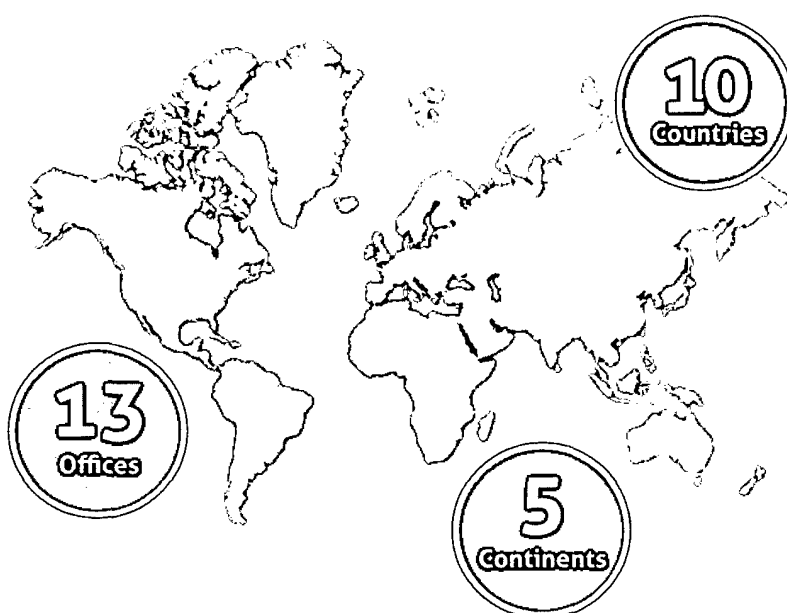


4,000

Permanent
placements

9,000

Number of
contractors



¹ Recruitment International Top 500 Report 2015

Creating sustainable value

As a specialist recruitment business, Matchtech Group provides clients and candidates in the engineering, IT and telecoms sectors with a range of contract and permanent solutions that meet their individual needs.

We build and maintain competitive advantage by providing unrivalled career-development opportunities that attract, retain and, above all, engage our industry's best consultants and managers.

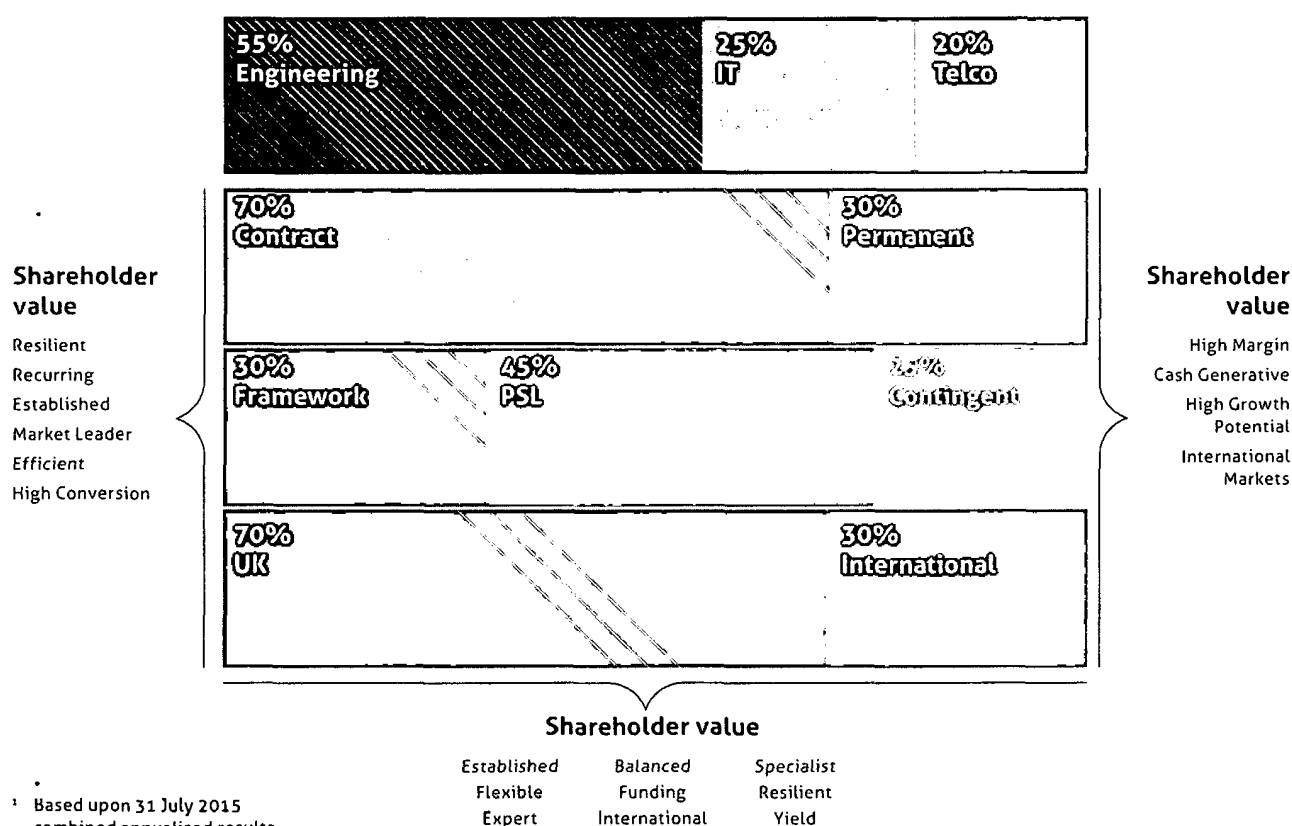
We have a broad and proven mix of business streams and client relationships, and are careful to balance our contract and permanent business, our corporate and contingent client accounts, and our UK and international activities that best deliver shareholder value.

Currently, around 30% of our business is international. We generate strong recurring revenues across the world, with 70% of our net fees being generated through contract placements.

The ongoing integration of Networkers is increasingly enabling management and back-office synergies and cost-efficiencies. It is increasingly driving service improvements as we identify and apply the best aspects of both organisations across the expanded Group.

Our business is highly cash generative. We deploy this cash through re-investment in growth, enhancing our business, rewarding our employees and providing a consistently progressive dividend to our shareholders.

Net fee income¹



A sound strategy for growth

At Matchtech Group, we are clear about our purpose – why we are here, why we exist. Of course, like any business, we are here to serve shareholders through increasing sales and profits. But we recognise that this generic *raison d'être* isn't enough to produce the results we want. We are here to:

Engage our staff

In an industry where differentiation is difficult to achieve, our true USP is our people. Our specialist consultants are experts in their niche markets generating relationships across the world with key industry organisations and relevant clients and candidates. We work hard to ensure that our staff feel valued, aiming to pay at the upper quartile in total reward and – more importantly – creating an environment and culture in which people prosper, feel involved and are proud of working for Matchtech Group.

Delight our clients

Our clients want to know we are going the extra mile for them. They take it as a given that we will have relevant candidates, that we will know their industry and that we represent good value for money. To ensure clients choose us, we add value through the depth of our market knowledge, sharing valuable market intelligence and gaining an understanding of their company, including their culture and values.

This makes it easier for us to find them the best candidates in markets across the world. Our clients tell us through survey feedback that our consultants do a better job than others, that we represent their employer brand well and that we demonstrate persistence in filling their vacancies.

Promote our candidates

We strive to provide a personalised service, developing relationships which last throughout a candidate's career, not just one placement. Our consultants take the time to develop a deep understanding, not just of a candidate's skills and experience, but also of their career goals and values, to ensure we promote them effectively and place them in a role and a company which is right for them. We are passionate about constantly improving contractor retention; if a contractor values the service they receive, they will become advocates for life, enabling us to place them throughout their career. Our candidates also value the market knowledge we provide.

We believe the newly expanded Group is already in a strong position to deliver against the priorities of our candidates and clients. We feel that our unique culture, underpinned by our values, will enable us to outperform our competitors and increase shareholder value.

Our strategy



Sharpen our focus

We have mapped our most attractive markets to our areas of strongest capability, investing heavily in additional consultants, who add to our sales activity in growth markets to ensure that we realise their potential in the medium term.

We will have bigger, stronger teams in our chosen areas, specialising to a greater extent than ever before. This will increase the impact we make in the market, as more salespeople mean increasing client contact, generating a faster flow of higher-quality jobs. In turn, more quality jobs mean more candidates applying to us, enabling us to provide a better service to our clients.

Having more specialist consultants also enables us to become more active in our chosen markets, produce more white papers, exploit more speaking opportunities and write more blogs. This creates a virtuous circle that enables us to become acknowledged experts in our chosen fields – the people to go to for candidates and clients in the sectors where we can be most successful.



Move up the value chain

This covers both contract and permanent recruitment. In contract recruitment, moving up the value chain is about increasing our average contract margin percentage. We will achieve this by working with clients who really value the service we provide and do not see it as a commoditised product.

There are acute skills shortages in many of our markets. Our expertise is in sourcing and placing hard-to-find candidates, which is difficult and adds real value. Our clients expect to charge the right price for their services, and we should do the same.

The permanent recruitment market is changing. Many clients now source junior-level candidates in-house. We ensure we have innovative methods to source hard-to-find candidates that clients don't have access to themselves. The Group is now focusing on and placing more senior, higher-salaried candidates. Achieving these objectives will drive profitable growth.



Go global, think global

Globalisation is affecting every industry and market. Many of our clients are international companies and those who are not are increasingly being acquired by global groups. Our candidates have always been valued internationally due to the strong reputation of British-trained engineers and technologists.

In order to solve our clients' skills shortage problems, for some time we have increasingly turned to offshore markets to source candidates.

The Networkers acquisition has radically accelerated our internationalisation programme, giving us strong, profitable locations in 10 new international markets.

Now our strategic emphasis has shifted to "think global", driving new cross-selling opportunities across the world and growing our existing presence in all our markets.



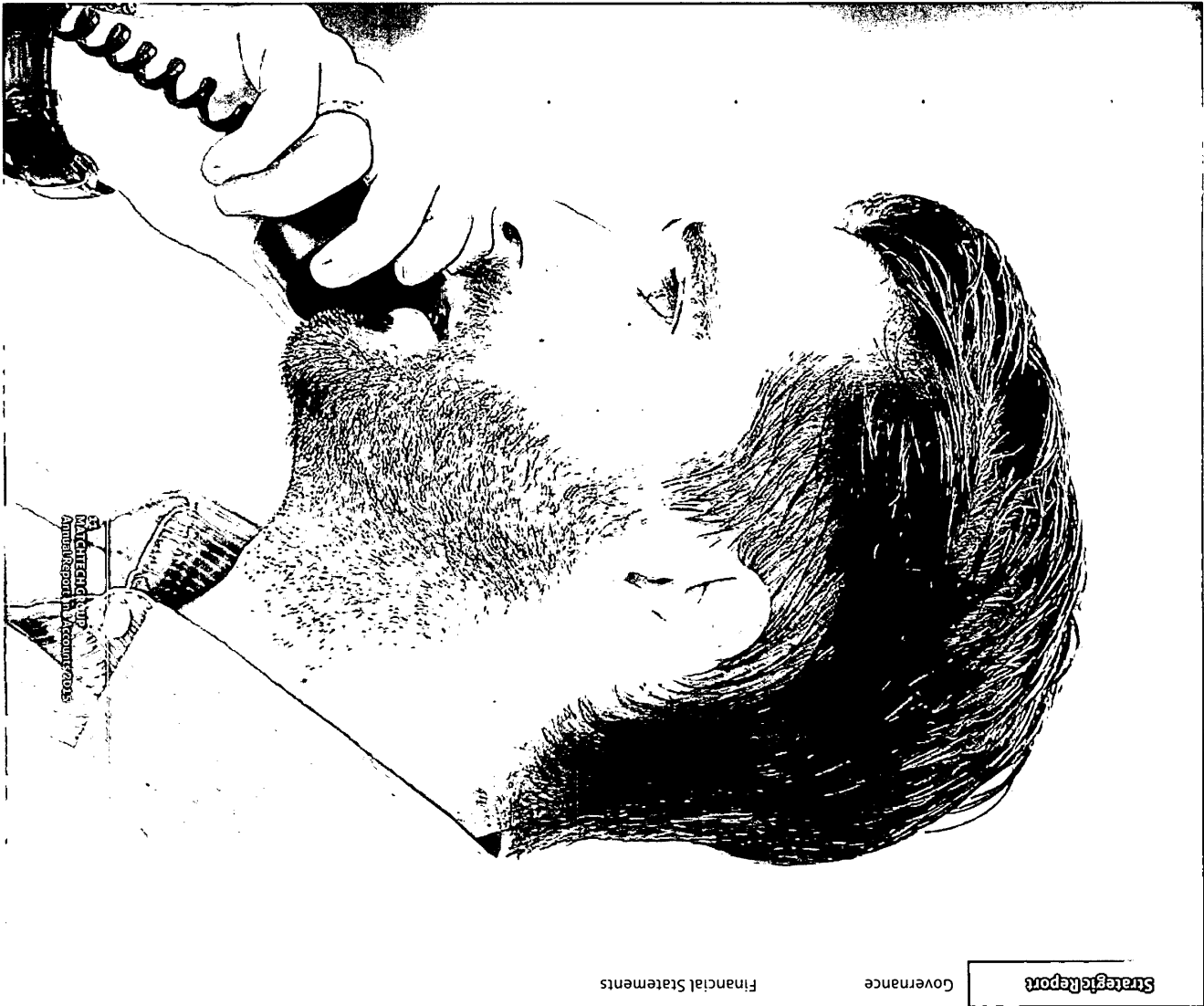
Sharpen our focus

We know from our external market research that our clients and candidates want to work with a specialist recruiter and the key to achieving this is to ensure our consultants have a narrow and deep focus in their core area of specialism.

In contract recruitment this year we have further defined every consultant's product offering, into niche skillsets and locations that match our clients' current and future requirements.

This enables our consultants to maintain sharp focus, build long-term relationships and become 'thought leaders' in their market.

Whilst our average contract margin has only marginally increased due to the large proportion of agreed framework contracts, we have seen an increase in the margin generated from new contingent business.



Strategic Report

Governance

Financial Statements



Move up the value chain

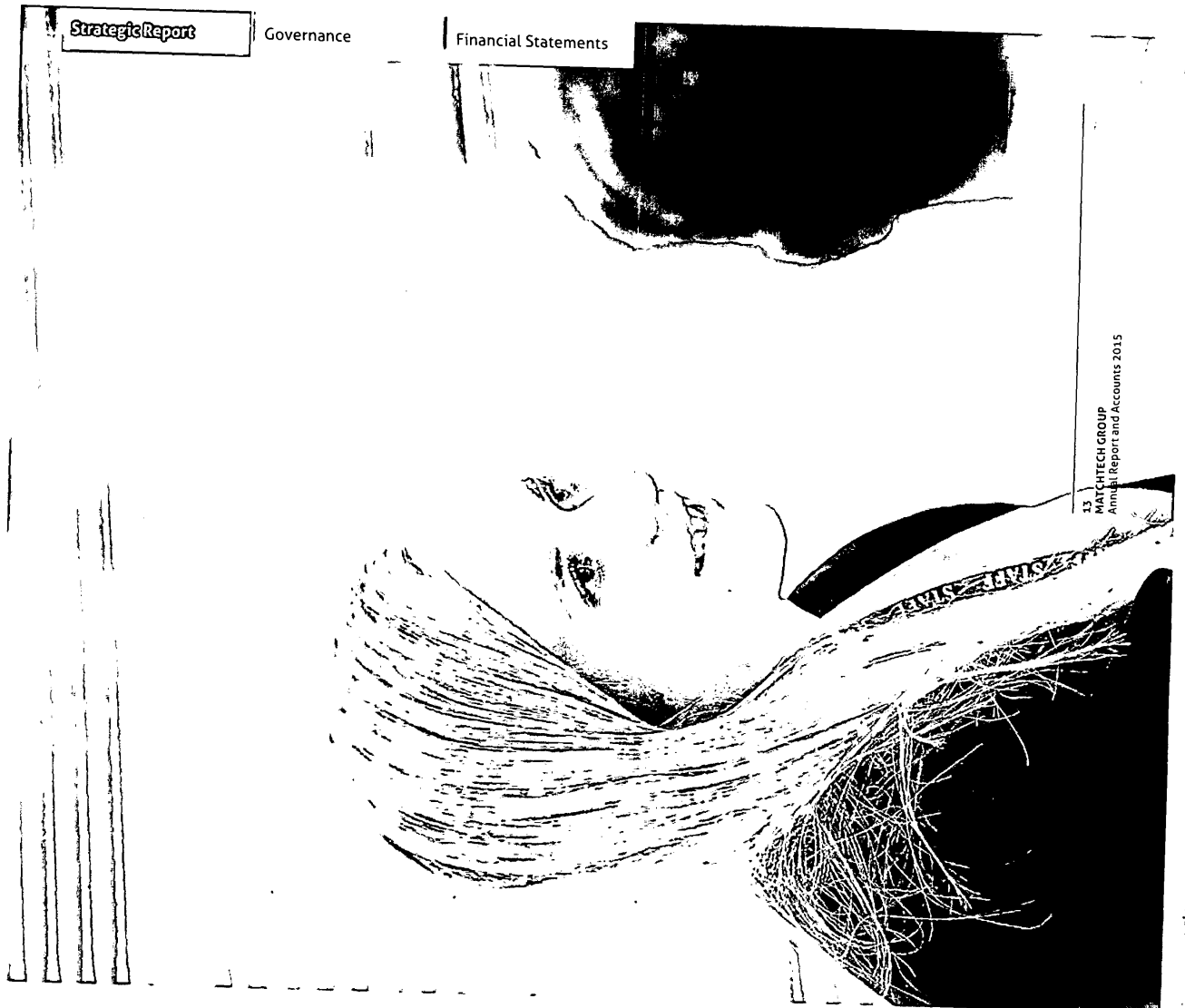
During the year Matchtech appointed a head of permanent business and extended the roll out of our talent pool model.

The aim is to sharpen the consultant's focus onto identifying and sourcing highly sought after, niche candidates and matching them to ideal vacancies.

Moving the focus from a vacancy-led strategy to a candidate-led strategy in a skills shortage marketplace is helping us to move up the value chain and achieve higher margins.

This gives the consultants greater focus in their niche. As well as enhancing the candidate and client experience, it has the added benefits of reducing the cost of candidate attraction and ensures we follow a candidate throughout their career.

This is self evident in the Networkers' business where they already operate this model and have higher average margins than Matchtech. This year the average salary of permanent placements and the average fee charged have increased.





Think global

The acquisition of Networkers has accelerated the Group's strategy and ambition to globalise the business. What would have taken many years to create organically, we now have in a network of 10 profitable international offices.

We see many opportunities from which we will be able to export Matchtech services, benefiting from the experience of Networkers local management and the ability to be closer to international clients.

This has also opened up the chance for staff who have ambition to move overseas to continue to build their careers within the Group, employees previously we may have lost to other organisations.

We have identified the markets we can capitalise on. We have created over 20 specific vacancies and are already in the process of relocating a number of experienced employees, the first being a senior manager to head up the Ameritas business.

We are encouraging staff to think global when considering the opportunities the Group now has.



Strategic Report

Governance

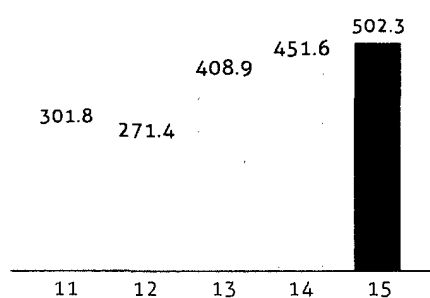
Financial Statements

Strategic Report

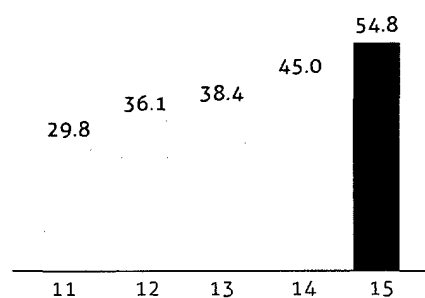
Key performance indicators (KPIs)

Measuring our progress

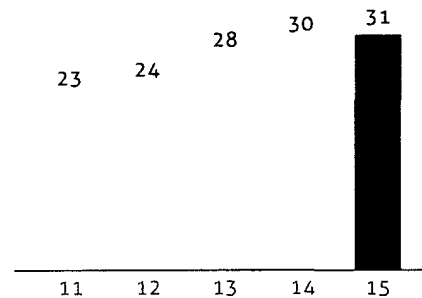
Revenue £m



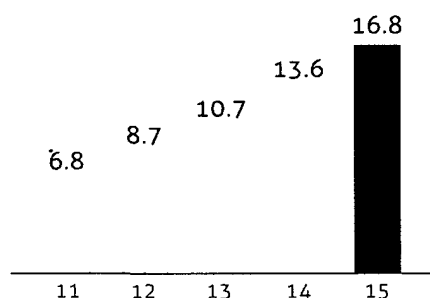
Net Fee Income £m



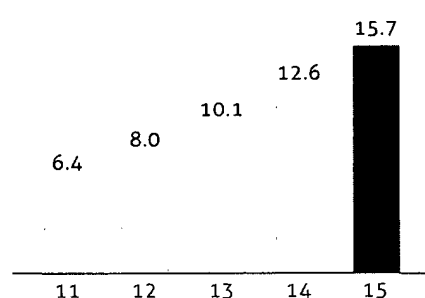
NFI Conversion %



Adjusted EBITA³ £m



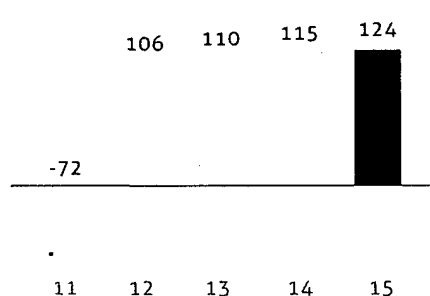
Adjusted Profit Before Tax³ £m



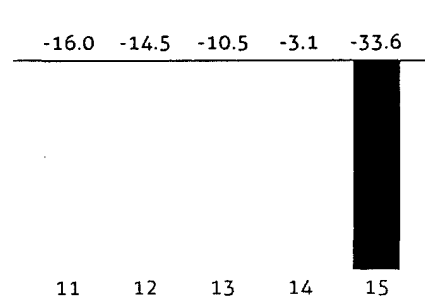
Adjusted Diluted EPS³ £m



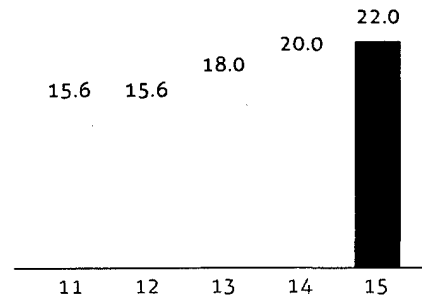
Operating Cash Conversion %



Net Debt £m⁴



Dividend Per Share pence



¹ Results include 4 months trading of Networkers International plc

² Net Fee Income is calculated as revenue less contractor payroll costs

³ Adjusted results excluding acquisition costs of £1.7m, non-recurring costs of £1.0m and amortisation of acquired intangibles of £1.7m (2014: £0.7m)

⁴ Increase in net debt due to funding of the Networkers acquisition

Strategic Report

Responsible Employer

Building relationships across the business

Successful delivery of our Group strategy is underpinned by our approach to doing business. We are committed to operating responsibly, making decisions that take account of the impact on everyone around us.

This approach is integral to everything we do, both operationally, with our client and candidate relationships and within our local communities. In 2015, we continued to review our processes that enable us to manage our responsibilities effectively.

We have categorised sustainability into four key areas; workforce, community, environment and marketplace, ensuring that we give each element equal focus.

Workforce

Engaging with our employees is fundamental to the Group's purpose. Over the past year we have focused on making changes from feedback received in our 2013/14 employee engagement survey. We have introduced new maternity leave benefit to support working mothers, enhance our current offering and to attract and retain female professionals.

We have embarked on the Everywoman Network trial, which is a professional networking body recognised globally in driving the development of women at all levels in an organisation. Despite its name, the network has proved useful to men, not only with their own development, but in understanding the behaviours of men and women that can compliment each other and help maximise business performance.

We have invested in our learning and development and created our first ever training academy. The first phase targets the foundation layer of our sales competencies, supporting the development of both our permanent and contract consultants. We have enhanced our succession planning process starting at the senior leadership level by assessing competencies and performance against our strategy. Over the course of next year, we will extend this to middle and junior management.

Finally, as an international employer, staff mobility is important. We are committed to engaging with our staff and creating the opportunity for employees to work overseas. We plan to introduce consistent processes and global supplier arrangements to ensure we offer guidance, support and incentives in line with our talent management activities.

Community

We have a strong tradition of encouraging our employees to get involved with their communities. Each of our brands has a dedicated CSR committee and supports their own community projects, chosen by their employees. Some of the initiatives we have been involved with in 2015 include:

- Give and Gain day – a volunteer project to improve the garden facilities for a school for children with disabilities
- A team of over 80 staff entered and took part in the JP Morgan Chase Run in London
- A 'Giving tree' initiative to donate Christmas presents to children in hospital over the Christmas period



Our senior leadership team got behind a fund-raising initiative for the Rainbow Centre. They were put in stocks and staff paid to throw wet sponges at them. Our CEO, Brian, was 'arrested' and staff donated money to bail him out of jail.

Environment

We are continually striving to improve the impact we have on our environment and have implemented an accredited environmental management system (ISO 14001:2004) to ensure that these issues are addressed at all levels within the Group.

We set environmental objectives and targets and these are periodically reviewed internally for effectiveness. Over the last year, we have completed our Energy Savings Opportunity Scheme (ESOS) assessment.

Marketplace

To ensure our business is sustainable in our marketplace, we are constantly looking at external data and global trends to ascertain how macro-economic, environmental and social trends could force changes to the business and its future.

We test new ideas, business models and technology to ensure our service is viable for the future.

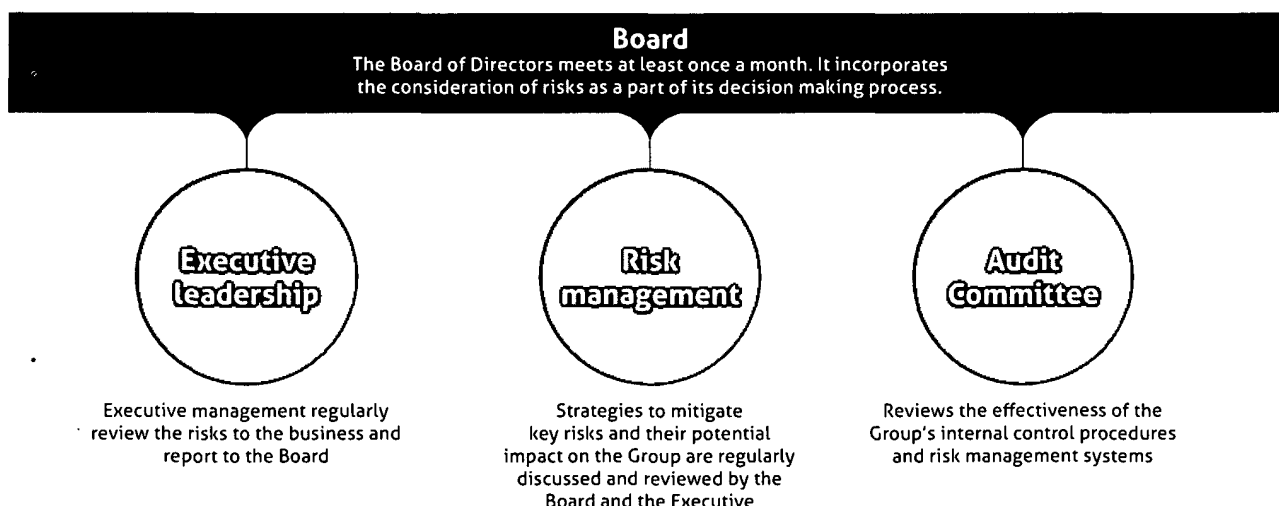
We also ensure that we continually check our client and candidates' engagement with our service with annual in-depth independent research.

Strategic Report

Principal risks and uncertainties

Effective risk management

Our risk model



Financial & compliance

Financing

A failure to secure adequate financing, whether to fund expansion, trading or finance a bad debt, would have a material effect on results. The level of contract margins, net fee income conversion, contract versus permanent balance and the speed of growth all affect the Group's ability to generate cash.

Mitigation

We maintain a strong balance sheet with low gearing. Following the acquisition of Networkers, a similarly cash generative business, net debt at 31 July 2015 was £33.6m, with committed banking facilities of £95m. We hold regular discussions to ensure we have the bank's backing to fund strategic plans and have procedures to check the creditworthiness of new clients with external agencies, regularly reviewing credit limits.

Integrity of financial controls

A failure to maintain sufficient financial controls may lead to reputational damage, financial loss or incorrect financial information used to manage the business.

Mitigation

The Group maintains a financial control framework which is reviewed and audited annually. The controls include the Board review of the Group's performance each month. An external audit is performed on the Financial Statements. Networkers' financial controls will be integrated with the Group's control over the coming year.

Compliance and regulatory obligations

Navigating the business through the large number of compliance and regulatory changes has become more complicated. Non-compliance places risk upon clients and the Group.

Mitigation

The Group works closely with its in-house compliance team, its financial and legal advisors and recruitment governing bodies, such as 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 the appropriate systems and processes are in place.

Foreign exchange

Trading across international borders raises the risk of foreign exchange differences between trading currencies, both in terms of cash and in terms of translated results. Internationalising the business increases this risk which has been accelerated with the acquisition of Networkers.

Mitigation

The Group monitors exchange rates closely and manages the risks as follows:

- i) For sales denominated in foreign currency, the Group seeks to ensure direct costs associated with the sale are also denominated in the same currency.
- ii) The Group monitors the gap in assets and liabilities denominated in foreign currencies required to be translated into sterling at the balance sheet exchange rate. Where the risk is considered to be significant, the group will enter into a forward exchange contract with a reputable bank to minimise it.
- iii) The Group has a policy of regularly exchanging surplus foreign currency to minimise the gap in assets and liabilities denominated in foreign currency.

Market

The economic cycle

The level of recruitment activity is largely linked to the general performance of the economy. A cyclical downturn can lead to uncertainty in businesses, which affects their confidence in the recruitment of permanent staff.

Mitigation

The Group's acquisition of Networkers means that around 30% of Group business is in overseas territories. This has reduced the risk of reliance on one marketplace. The Group's focus on long project-based recruitment leads to a more stable business stream with around 70% of the Group's net fee income (NFI) generated from recurring contract business across a broad range of sectors and clients.

Dependence on key clients

Too great an exposure to one or a few clients can lead to an over reliance on those clients. Any major client ceasing to procure services from the Group, or not paying for services provided by the Group in a timely manner, may have a material adverse effect on cash flow.

Mitigation

The Group has over 2,000 fee paying clients, with the largest client only representing 6% of Group net fee income. The Group's public sector funded NFI is derived from many parts of the public sector, with few large concentrations of contractors working on single projects. Approximately three-quarters of this public sector funded NFI is generated with outsourced providers working on long-term contracts and ongoing infrastructure projects.

Competition

The recruitment market is highly fragmented and competition is intense.

Mitigation

The Board and Executive regularly meet to discuss and agree strategy to minimise this risk, and recognise the importance of its bids and tenders capability to ensure that it maximises opportunities within the marketplace. The Group undertakes a regular client framework review, seeking to ensure it minimises the risk of losing clients to competitors.

Investment in new sectors and geographical markets

Failure to expand into new markets could result in a business growing within a specific sector and eventually reaching saturation point.

Mitigation

The acquisition of Networkers has led the Group into the Telecoms market and has delivered a network of profitable offices in international territories that offer great opportunities to the Group.

Shortage of skilled candidates

In a candidate shortage marketplace there is increased competition for highly skilled engineers in many sectors.

Mitigation

The Group employs a resource team that reviews the internet job boards for the most up-to-date candidates and search engine optimisation seeks to ensure that the Group's website is one of the primary results returned from internet searches for jobs in our sectors, driving candidates directly to our database.

Strategic & operational

Loss of key management and staff

Failure to attract, develop and retain key staff could lead to a lack of necessary expertise or continuity to execute strategy.

Mitigation

The Group gives its staff a clear structured career path within the newly expanded structure. The Networkers acquisition gives staff that seek to work overseas the opportunity of a network of locations within the Group. The Group maintains short lines of communication to senior managers and has a succession plan in place for key positions.

Technology systems including data security

There is a risk that IT systems become out of date, external software suppliers become inflexible or that the business becomes over reliant on external systems and databases.

Mitigation

The Group is undertaking a review of its technology systems to seek the most appropriate platforms for the combined business for the coming years.

Loss of business continuity

Operating from one site can lead to a risk from loss of business continuity.

Mitigation

The Group's business continuity strategy includes a highly resilient infrastructure within the Group's main multi-building site in Whiteley, Hampshire. This will be replicated in the main Networkers' site in Bromley, Kent.

Strong permanent fee growth

Highlights

- Strong growth in permanent recruitment with fees up 24% across Engineering.
- All areas of Infrastructure are busy with major projects being undertaken in the UK giving long-term visibility.
- The UK automotive sector continued to see strong demand from the premium manufacturers.
- We have already made inroads into maritime opportunities overseas and can further penetrate these markets.
- The Networkers acquisition has provided a ready-made and profitable international platform allowing the Group to export its business overseas.
- The acquisition affords the opportunity for staff with ambitions to move overseas to do so within the Group.

This was a solid period for Engineering, during which we delivered 6% growth in NFI to £28.7m (2014: £27.1m). Contract NFI grew 2% to £23.1m (2014: £22.6m) and permanent fees were up 24% to £5.6m (2014: £4.5m).

Engineering comprises six clearly defined divisions, enabling us to keep niche specialisation in each of our markets. The structure also enables us to react quicker than ever before to emerging changes in individual markets, allowing us to maximise opportunities for growth in particular sectors or to respond to challenges in others.

From the engineering perspective, the addition of Networkers' energy and engineering business is a tremendous advance thanks to the new internationalism of its market place and its success in a broad range of niches that are mainly complementary to those already established within Matchtech.

Infrastructure

Our infrastructure division, which focuses on primarily UK-based projects in environmental & water engineering, highways, transportation & planning, property and rail sectors, had a highly successful year with significant NFI growth in both contract and permanent recruitment.

We supported major players in many key infrastructure projects, including the Thames Tideway Tunnel (due to start construction in 2016) and the HS2 high-speed rail link between London, Birmingham, the North West and Yorkshire (with first-phase construction starting in 2017). Other major projects include the new M8 scheme, part of a major programme of improvement to Scotland's motorway network, and the M1 smart motorway scheme, which has been underway since 2013.

While the completion of the water industry's AMP5 capital investment framework period meant demand for engineers lessened somewhat during the year, decline was not as marked as in the previous AMP interregnums. We are now active in meeting the new recruitment demand stimulated by the commencement of AMP6, which runs from 2015 to 2020.

Maritime

Very strong growth in permanent placement in the maritime sector contributed to a highly successful year, during which we expanded our international focus with particular emphasis on clients in Canada.

This focus culminated with a contract to work on the Canadian National Shipbuilding Procurement Strategy, where the government selected two shipyards to rebuild Canada's naval (in Halifax, Nova Scotia) and coast guard fleets (in Vancouver) with packages of work worth a combined \$33 billion. This is an extremely exciting development for Matchtech, and we are confident that our increased international presence will enable further relationships of this kind in the future.

In the UK, the maritime division worked closely throughout the year with BAE Systems on the major ongoing projects to build and supply the Royal Navy's new Type 26 Frigate (the Global Combat Ship) and the Successor programme.

Energy

Issues around the falling price of oil and other fossil-based fuels have inevitably had an impact upon recruitment numbers among traditional energy and resources companies across the world.

However, the Networkers acquisition has given us a very strong foothold in the fast-growing and increasingly significant renewable energy sector, particularly in areas like offshore wind power in Europe. So while we are poised to respond as and when exploration and production activities in the traditional energy sector increase once again, we are placing a much greater emphasis on exploiting our expertise in renewable energy.

Automotive

Our decision to downsize our German operation during the year was balanced by a substantial increase in our UK OEM business, which was driven in particular by our increasingly close and broad-based relationship with Jaguar Land Rover.

The global nature of the automotive industry has in the past restricted our ability to service the wider recruitment needs of major manufacturers. Now, with an international presence that will increasingly match the industry's worldwide footprint, we are well positioned to grow this business segment in the years to come.

Aerospace

The division underwent a major shift in emphasis during the year, as we responded to changing patterns in client demand. Across the industry, focus in the production cycle has moved from a primarily design-led phase to manufacturing, significantly altering the type of engineering personnel that aerospace companies are seeking.

As a result, we too moved our primary attention away from the declining contract opportunities to concentrate on the more in-demand high-margin and permanent positions that clients need to fill. In doing so, we successfully protected our position in a largely flat market.

General Engineering

This was a very successful year for our General Engineering division, particularly for skilled and semi-skilled placements throughout the South and reaching as far as the west of London. Growth was particularly strong on the permanent side of the business.



The Confidence Index

At Matchtech, we are passionate about engineering. Passionate about the industry, passionate about the skills shortage and passionate about making engineering a career of choice again.

One of the ways we demonstrate this is through our Confidence Index; our annual survey of the UK's engineering population.

The purpose of the survey is to understand the perceptions, attitudes and ambitions of engineering professionals and we share our findings with the entire engineering community.

The results not only deliver valuable information; they also help recruiters of engineers to address the well-documented skills gaps in the UK.

Through our survey, we are providing a collective voice of the engineer and will champion themes that emerge from the survey findings.

The survey generates increased interest from the engineering community, increasing our access to a potential candidate pool for our clients and helps us to have the largest database of engineers of any recruitment business in the UK.

Strategic Report

Professional Services

Solid performance

Highlights

- Strong growth in our IT corporate account business, delivering a highly effective and profitable service.
- Core ERP business performed well and in doing so diversified its client base.
- Closure of the under-performing London professional staffing operation allowed us to focus on and invest in expanding our core engineering and technology markets.
- Internationalised our education and training service into regions such as the Middle East where there is high demand for teachers.
- Integration of Connectus and Networkers IT business gives us greater focus as a Top 3 UK IT recruiter.

Professional services delivered a solid performance, its results being affected by the closure of the Barclay Meade London operation.

NFI for the year was down 7% to £16.6m (2014: £17.9m) with contract NFI of £10.0m (2014: £10.2m) was down 2% and Permanent fees of £6.6m (2014: £7.7m) down 14%.

Excluding Barclay Meade London, results of the continuing operations were total NFI of £15.1m (2014: £15.6m) was 3% down, with Contract NFI broadly similar at £9.6m (2014: £9.7m), and permanent fees of £5.5m (2014: £5.9m) were 7% down.

Connectus

The Connectus IT recruitment business had a varied year, with strong performance in both our corporate account client base and within our core ERP business area, offset by challenges faced in growing NFI in our other specialist markets.

The corporate accounts' team was able to deliver an effective and profitable service, with high fulfilment and 800 placements across the year, retaining a place on the NHS framework, which will allow us to further enhance our position as a top 10 supplier of IT contractors to the NHS. The team also served as a vital support function to key Group engineering clients.

The development of the specialist markets including software, project management and IT infrastructure was challenging. However, we saw significant contract wins with a number of technology, professional services and engineering clients, which will fuel growth across FY2016.

We have realigned our staff, focusing them on talent pooling which has strengthened our ability to source difficult-to-find candidates. The structure in place has allowed a rapid and seamless integration of the Connectus and Networkers businesses, where the teams will complement rather than compete with each other.

Barclay Meade

As an important step in delivering against our Group strategy, we reviewed our position within the professional staffing market, announced in April 2015.

We have a strong profitable business based in our head office in Whiteley, Hampshire, operating largely within the engineering and technology markets, where there is significant cross-over with the Group's client base, and covering the disciplines of procurement & supply chain, finance & accountancy, sales & marketing and HR.

However, the Board believed that our London operation, which serviced other markets, has not, as a whole, gained enough traction to be viable over the medium term. Accordingly, during the second half of the year, we closed this part of the business.

This decision is now enabling us to focus on expanding our scope within the engineering and technology markets, whilst also supporting our Group strategy to "move up the value chain" through concentrating on mid to high level placements. This focus is not only our best area of return within a highly competitive market place, but also enables us to place individuals into strategically important roles within the Group's client base.

Alderwood

During the year we diversified our product offering, putting a larger emphasis on engineering and technical training professionals. This has allowed us to utilise the Group's client and candidate base whilst also working to support the number of candidates gaining the skills and qualifications to enter industries with significant skills shortages.

We also internationalised our offering, working with education providers in regions such as the Middle East to help them with the delivery of teaching in areas including English, maths and IT, as well as general engineering, construction and the service sector. This will be a major focus moving forward as the Saudi Arabian government continues to put significant investment into up-skilling the population as part of its 5 year education plan.

We also shifted the emphasis of our UK recruitment business to focus on a technical and vocational product offering.



NHS Framework

In July Connectus successfully maintained our place on the Crown Commercial Services Non-Medical Non-Clinical Framework following a lengthy and complicated bid process which means we're approved to supply all IT skill sets across the whole of the NHS. Our bid scored 100% for compliance and our competitive cost effective public sector pricing model has enabled us to grow our share of the market. We are one of the leading suppliers of IT contractors to the NHS with approximately 200 contractors currently on assignment and over 230 contractors placed during the financial year. The consultants within this award winning team have been supplying IT staff within the sector for over 15 years, meaning that our clients receive a specialist and more importantly compliant solution, as all contractors are DBS checked and occupational health assessed.

We supply contractors across all IT skill sets including Project & Programme Management, Software Development, IT Infrastructure, Management & Architecture working with trusts across the UK. A key highlight this year has been working with Sheffield NHS Teaching Hospitals as they have embarked on the largest Electronic Patient Records project to date in the UK. The framework is now being adopted by other sectors such as the Police and Army which will enable future growth for the team.

Strategic Report

Acquisition of Networkers International plc

A strategic move

Highlights

- The convergence of technologies with mobile telecoms and IT utilising 4G networks is driving demand in the telecoms market leading to investment in areas such as cloud technologies, the Internet of Things, mobile broadcasting and smart metering.
- Expansion into selective international markets is leading to increased opportunities in technology, with headcount investment being made in the US, the Middle East and Asia.
- The focus on the renewable energy markets is bearing fruit with significant opportunities in Europe, Asia and the Americas.

About Networkers

Networkers International is a global specialist recruitment company delivering bespoke recruitment services to some of the world's leading organisations, supplying clients with highly skilled staff on a permanent and temporary basis locally, regionally and internationally in the telecoms; IT and energy & engineering sectors.

Trading for the 4 months to 31 July 2015 was in line with the same period last year generating NFI of £9.5m (2014: £9.5m), with contract NFI of £7.0m up 3% and permanent fees of £2.5m down 7%.

Telecommunications

Networkers International has been providing recruitment services to the telecommunications sector for over 15 years and during this time has become a market leader in providing skilled technical resource to the industry's leading vendors, operators and service providers with an emphasis on the emerging markets of Africa, Asia and Latin America.

Networkers provides a full talent management service for mobile, wireless and fixed line telecoms clients. With its international footprint, Networkers is able to offer its services both locally as well as internationally through its 10 international offices, providing cross border recruitment services to our telecoms clients in over 100 countries.

Similar to Matchtech, Networkers' consultants have specialised in very niche vertical markets over many years and this means clients benefit from access to an unrivalled candidate talent pool.

The telecoms sector is an extremely dynamic and evolving sector which provides significant opportunities for growth for the Group, particularly within the emerging markets where communication infrastructure is less advanced and where the Group has been operating for many years.

The industry is going through a rapid period of innovation and change with the convergence of technologies within mobile telecoms and IT, utilising 4G networks. This has led to investment being made within the sector in exciting converging areas such as Cloud, Internet of Things, mobile broadcasting,

smart metering etc. which are all reliant on robust, fast and efficient means of communication. Networkers is already focused on providing resources into these markets and well placed to benefit from the continued investment being made in such converging technologies.

IT

Due to the innovative and ever-changing nature of the IT industry, there remains a high demand for candidates in specialist technologies where skill shortages are greatest and therefore demand from clients is strongest. Networkers IT divisions provides highly skilled resources for permanent and contract positions globally. The IT division is structured to specialise in niche skillsets which means its teams have a strong understanding of their clients' needs. By working with a pool of specialist candidates, they can quickly select skilled professionals who will be the right match for a client's environment.

As a result of the convergence within mobile communications detailed above, Networkers' IT division works closely with its telecommunications counterparts to benefit from opportunities that this convergence presents. Additionally, the division has developed service offerings within new growth markets globally including big data, cloud technologies and digital media whilst continuing to develop its core markets in ERP, development, management and infrastructure.

Whilst the core IT business has been largely developed in the UK market, Networkers continues to develop its IT presence within selective international markets. Investment in teams in the US, Middle East and Asia mean the IT business is well placed to grow its overseas market presence.

Energy & Engineering

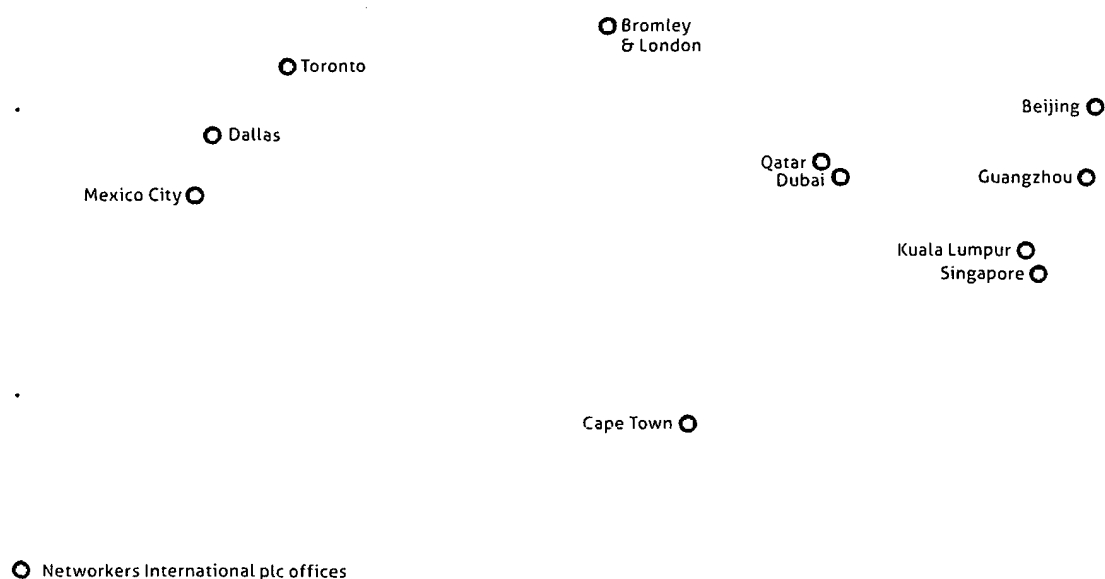
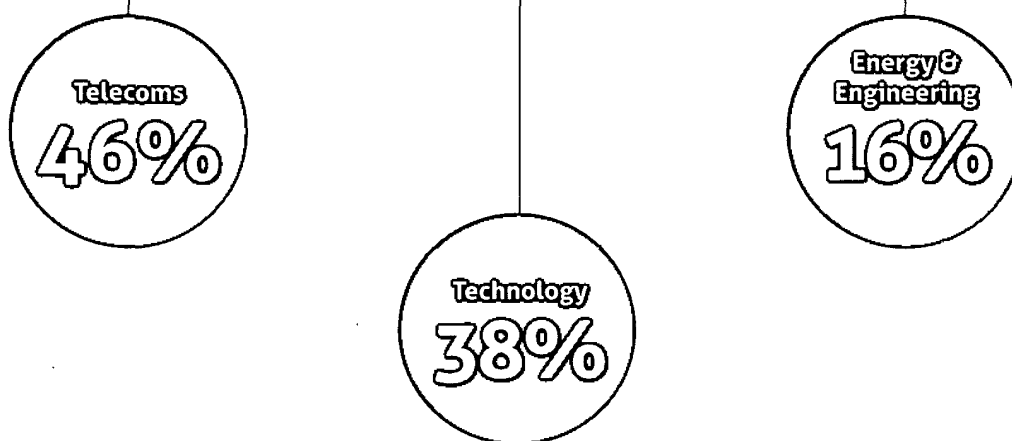
Networkers' Energy & Engineering division continues to show impressive growth rates despite the slowdown in the oil and gas sector. This is due to the specialist nature of its services, together with a strong focus on renewable energy. Within renewable energy, Networkers principally service the European wind sector supplying the industry with both permanent and contract blue and white-collar engineering resources. Networkers has been trading in this sub-sector since 2009 and has built up a solid reputation servicing some of the largest operators in the industry.

The European wind sector has been growing at a rate of around 10% per annum over the past 5 years and the growth rate is set to increase over the years leading up to 2020.

Networkers is not only well placed to continue its strong growth within the European sector, but also further afield in Asia and the Americas. As these markets begin to grow, we will export our knowledge and services via our international office footprint. This international network also provides an office infrastructure for the Matchtech Energy and Engineering division to expand into.

Networkers engage with clients at all stages of the life cycle – from development, Front End Engineering Design, procurement, construction, installation, commissioning, operations and maintenance, and integrity management.

Networkers International plc net fee income split



Strategic Report
Chief Financial Officer's Report
Stable and strong financial position

Tony Dyer
Chief Financial Officer



"We have seen an immediate positive impact from the coming together of two highly cash-generative and culturally aligned businesses, with a particularly strong second-half performance driving the generation of £20.8m in cash from operations."

Excellent financial position provides substantial investment headroom to implement growth strategy
The Networkers acquisition in April 2015 has transformed the Group's future, accelerating our "go global" (now "think global") strategy more rapidly and with less associated risk than an alternative organic approach.

Following the acquisition, for a 50% cash consideration of £29.2m with the balance provided by Group shares, and the assumption of £8.4m of Networkers' debt, we continue to be in a stable and strong financial position. With net debt at 31 July 2015 of £33.6m, our £95m facility with HSBC ensures that we have the headroom to make any necessary investments in the strength, reach and quality of our national and international networks.

We have seen an immediate positive impact from the coming together of two highly cash-generative and culturally aligned businesses, generating £20.8m in cash from operating activities.

Altogether, our growing financial strength and excellent funding facilities have enabled us to continue our progressive dividend policy.

Performance
Revenue of £502.3m (2014: £451.6m) generated net fee income (NFI) of £54.8m (2014: £45.0m).

Net debt

£33.6m

Operating cash conversion

124%

Debtor days

49 days

Adjusted EBITA

£16.8m

Contract NFI of £40.1m (2014: £32.8m) was delivered at a margin of 8.2% (2014: 7.5%), and permanent recruitment fees were £14.7m (2014: £12.2m). Gross margins rose to 10.9% (2014: 10.0%).

The following results include a maiden 4 months' contribution from Networkers trading in the period and adjusted results exclude acquisition costs of £1.7m, non-recurring costs of £1.0m and amortisation of acquired intangibles of £1.7m (2014: £0.7m).

Adjusted EBITA was up 24%, to £16.8m (2014: £13.6m), reflecting a NFI conversion rate of 31% (2014: 30%). Adjusted profit before tax of £15.7m was up 25% (2014: £12.6m).

Adjusted basic earnings of 45.3 pence per share rose 16% (2014: 39.2 pence) with adjusted diluted earnings per share of 43.3pence up 17% (2014: 37.1 pence).

Further details on the trading and the acquisition can be found in Note 2 to the Financial Statements: Segment Information and Note 10: Acquisition.

Dividends paid

In the year the Group paid a final dividend of 14.59 pence per share on 5 December 2014 and an interim dividend of 5.68 pence per share on 19 June 2015 totalling £5.4m in the year.

Effective tax rate

The Group's effective tax rate (ETR) has increased from 23.6% to 26.2%. The nature of Networkers international business leads to a higher average corporate tax rate than the UK standard rate. Withholding taxes, which are managed through increased gross margins charged to clients, also increase the ETR. It is expected that in FY2016 the ETR will increase due to a full year of Networkers contribution. Further details on the effective tax rate are detailed in Note 8 to the Financial Statements: Taxation.

Tangible and intangible assets

Capital expenditure in the year, including tangible assets and software, was £0.9m (2014: £0.3m). Tangible assets at 31 July 2015 of £1.5m (2014: £1.3m) consist of the Group's motor fleet, office equipment, leasehold improvements and computer equipment. Intangible assets at 31 July 2015 were £52.6m (2014: £3.7m), details are shown in Note 11 to the Financial Statements.

Working capital, cash flow and net debt

Debtor days of the combined Group at the year-end were 49 days (31 July 2014: 46), Matchtech 44 days, Networkers 64 days, with the change largely due to the acquisition. Net cash from operating activities was £20.8m (2014: £15.7m) with an operating cash conversion of 124% (2014: 115%).

Net debt at 31 July 2015 was £33.6m (31 July 2014: £3.1m), consisting of a working capital facility of £9.2m (2014: £3.3m), bank term loan £28.6m (2014: £nil), bank overdrafts £nil (2014: £0.4m) less cash £4.0m (2014: £0.6m) and capitalised finance costs £0.2m (2014: £nil).

Banking facilities

As at 31 July 2015 the Group has agreed banking facilities of £95m with HSBC consisting of a £65m Invoice Financing Facility, with borrowings at 1.1% over HSBC bank base rate and a £30m three year term loan.

Net assets and shares in issue

At 31 July 2015 the Group had net assets of £76.5m (2014: £42.7m) and had 30.9m fully paid ordinary shares in issue (2014: 25.0m).

Critical accounting policies

The Statement of Significant Accounting Policies is set out in Note 1 to the Financial Statements.

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 financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise from its operations and some matching forward foreign exchange contracts. 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 £33.6m at the year end, comprising £37.6m debt less £4.0m 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.

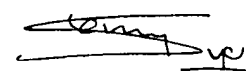
Credit risk

The Group trades only with recognised, creditworthy third parties. The international aspect of the acquisition of Networkers does increase the credit risk of the Group. Receivable balances are monitored on an on-going basis with the result that the Group's Board feels that the 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% (2014: 9%) of total receivables balances at 31 July 2015.

Foreign currency risk

Following the acquisition of Networkers in April 2015, around 30% of the Group's annualised NFI is generated from overseas markets. The Group does have risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations.

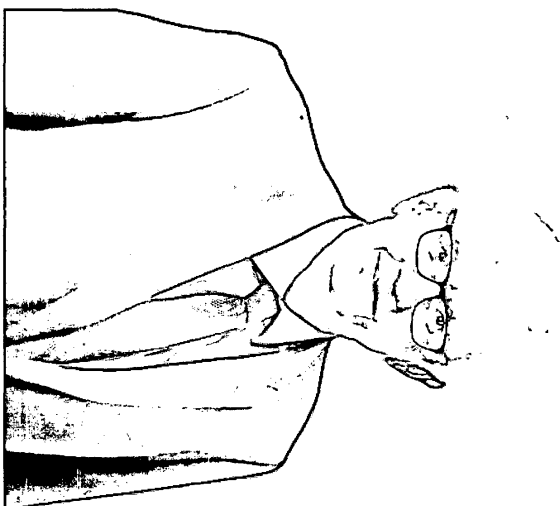


Tony Dyer
Chief Financial Officer
29 October 2015



Governance
Chairman's introduction to governance
Committed to a culture of
good governance

Ric Piper
Interim Non-Executive Chairman



Corporate Governance – A Key Priority for the Board

The maintenance of effective corporate governance is a key priority for the Board.

Whilst the Group is not subject to the UK Corporate Governance Code (the Code) applicable to companies with a premium listing of equity shares in the UK, the Directors recognise the importance of sound Corporate Governance.

The Group seeks to comply with the Corporate Governance Guidelines for Smaller Quoted Companies as published by the Quoted Companies Alliance, as far as applicable.

Dear shareholders,
I am pleased to present the Board's Annual Report on Corporate Governance.

Effective corporate governance is integral to the successful delivery of our business goals. How we work is just as important as what we do. We believe Matchtech has developed a governance framework which is meaningful, relevant and focused on our business.

However, we recognise that there is always room for improvement. We therefore very much welcome developments from the Financial Reporting Council (FRC) and others that help us continue to improve and draw upon best practice from others.

As has been highlighted throughout this Annual Report, the acquisition in April 2015 of Networkers International means the Group has become substantially different, from operations mainly based on a single site in Hampshire to one with substantial operations based in London and in 9 countries internationally.

However, one of the attractions of the acquisition of Networkers, also an AIM listed business, was the similarities in the way the both businesses were governed and managed.

Whilst the specific practices and procedures do differ, we have already begun the process of taking the best of both businesses forward into the new era.

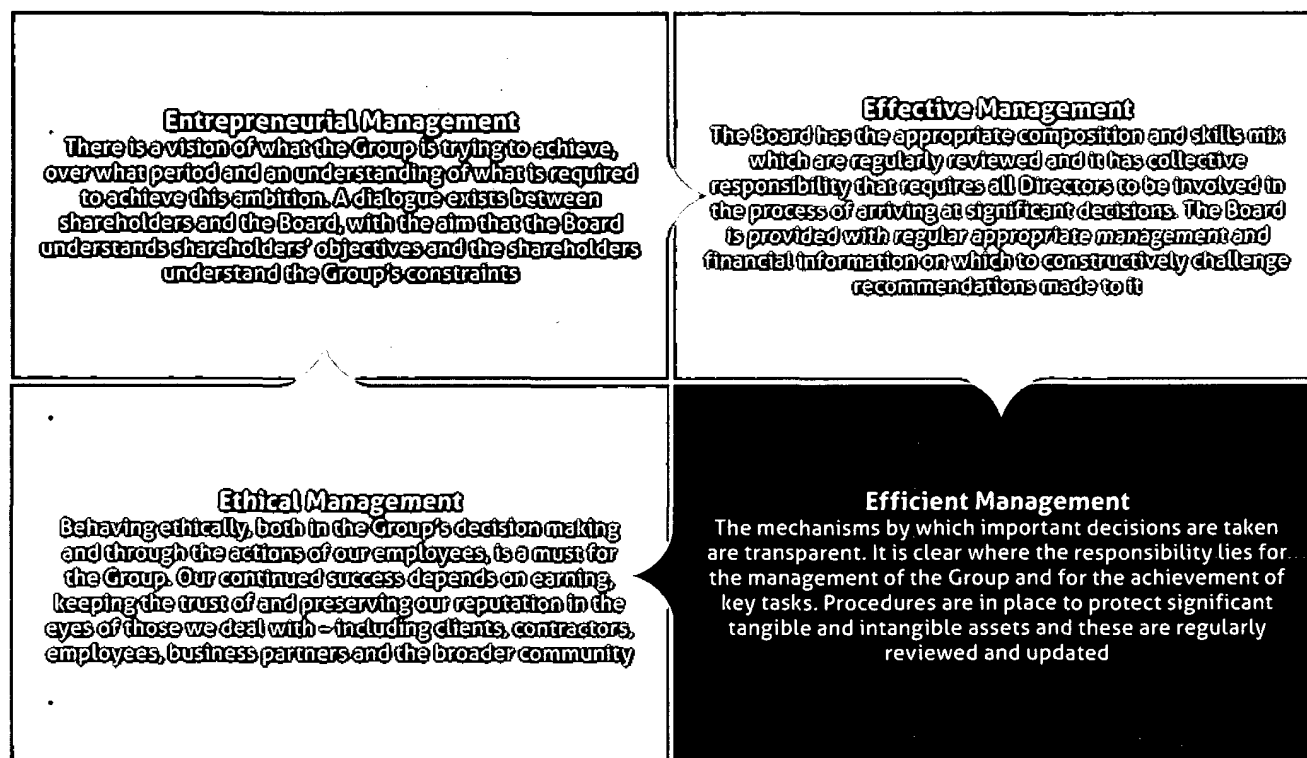
As we have done since Matchtech was founded over 30 years ago, we will continue to treat all our stakeholders – candidates, contractors, clients, staff and shareholders – as we ourselves wish to be treated, honestly and openly.

We are open when things go well – as we believe they usually do – and particularly when they go wrong, seeking to resolve them promptly.

23 Oct

Ric Piper
Interim Non-Executive Chairman
29 October 2015

Board's management objectives



How the Board supports strategy

Ensuring the Board has a diverse balance of skills, experience and knowledge is fundamental to both good governance and to support the strategic direction of the Group. The Board holds formal meetings monthly in which performance and direction of the business against plan are reviewed. Senior management are regularly invited to present, where they are able to discuss with Board members their opportunities and challenges. This has been particularly important in the months following the acquisition of Networkers. Annually the Board meet to review progress against the Group strategy and formulate an extension to that plan.

A shared vision

The Boards of both Matchtech and Networkers saw great strategic merit in the amalgamation of the two businesses. Matchtech's position as the UK's number 1 Engineering recruitment agency* presents opportunities to roll out Networkers telecoms expertise across its client base. Networkers profitable international office presence affords the ability for Matchtech to take its engineering services overseas and the two IT businesses complement each other. The Executive management of Networkers has been retained and the newly formed Management Board sees the opportunity to create a unique proposition in the ability to provide candidates across the converging skill sets in engineering, IT and telecoms.

* Source: 2015 Recruitment International Top 500 Report

"How we work is just as important as what we do. We believe Matchtech has developed a governance framework which is meaningful, relevant and focused on our business."

The right mix of skills and experience



Ric Piper

Interim Non-Executive Chairman

Appointment

Group: July 2006; Board: July 2006

Skills and experience

Ric read Economics at Cambridge University and qualified as a Chartered Accountant in 1977. He held senior finance roles in ICI, Citicorp, Logica and WS Atkins. 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 main market, AIM and privately owned companies. Ric is a partner at Restoration Partners, which advises technology businesses, and a member of the Financial Reporting Review Panel, part of the Financial Reporting Council.

Chairman of the Audit Committee



Brian Wilkinson

Chief Executive Officer

Appointment

Group: December 2013; Board: December 2013

Skills and experience

Brian Wilkinson joined the company in December 2013. He has worked in the recruitment industry for over 30 years, most recently as an executive board member of Randstad Holdings NV ('Randstad'), the world's 2nd largest recruitment company. He has extensive experience of international strategic development, including through merger and acquisition, and extensive experience of professional services recruitment.



Tony Dyer

Chief Financial Officer

Appointment

Group: January 1996; Board: August 2004

Skills and experience

Tony is a Fellow of the Chartered Institute of Management Accountants. After qualifying in 1995, he joined the Group in 1996. Following a period as Management Accountant and Financial Controller, he was appointed to the Board in 2004. Tony was instrumental in taking the Group through its successful IPO in 2006. Tony has previously been Chairman of the Central South Regional Board of the Chartered Institute of Management Accountants and has served as Hampshire's branch president for several years.

Company Secretary



Keith Lewis

Chief Operating Officer, Matchtech UK

Appointment

Group: July 1993; Board: September 2012

Skills and experience

Keith is the Chief Operating Officer of Matchtech and is responsible for all its operations across the engineering sector. Keith, a Fellow of the Institute of Recruitment Professionals, joined us in 1993 as a Senior Consultant, before progressing to his current position. Keith is also on the steering committee for the engineering and technical sector at the Recruitment and Employment Confederation.



George Materna
Non-Executive Deputy Chairman

Appointment
Group: July 1984

Skills and experience

George has 39 years' experience in the recruitment industry and is the founder of the Group, having founded Matchmaker Personnel in 1984 and Matchtech Engineering in 1990, before combining the 2 businesses in 2002 to form Matchtech Group plc. George is a Fellow of both the Institute of Recruitment Professionals and the Chartered Institute of Personnel and Development.

Chairman of the Nominations Committee



Rudi Kindts
Non-Executive Director

Appointment
Board: March 2012

Skills and experience

Rudi is a Belgian national with 25 years' experience in transnational human resources management. He developed his executive career initially with Alcatel and British American Tobacco, where he held a number of senior HR roles across the Group. He was appointed Group HR Director of the FTSE 10 company in 2004 and left in 2011. Rudi is currently an associate with Criticaleye – The Network for Leaders, executive mentor with Merryck, a Partner with TheCoachingHouse and is an associate consultant with Duke Executive Education.

Interim Chairman of the Remuneration Committee and member of the Nominations Committee



Richard Bradford
Non-Executive Director

Appointment
Board: August 2011

Skills and experience

Richard has a background in solutions and services businesses. He was Chief Executive of AIM-listed Carlisle Group from 1997 to 2008, up to and including the merger to create Impellam Group, and subsequently Chief Executive of LPM Group, a private equity backed midmarket group of facilities management investments. He is currently Chief Executive Officer of UK-based InHealth Group, a leading provider of diagnostics and imaging services.

Member of the Nominations and Audit Committees



Roger Goodman
Non-Executive Director

Appointment
Board: April 2015

Skills and experience

Roger is the former Chairman of Networkers International plc and is currently Chairman of Apogee Corporation and a non-executive director of another private company. He was previously a Director of Asset Skills, one of the Sector Skills councils and was an executive director of MITIE Group plc from which he retired in 2012.

Member of the Remuneration Committee

Principal activities and business review

Matchtech Group plc is the ultimate holding company of a group of companies.

A full description of the Group's principal activities, business performance, likely future developments, principal risks and uncertainties and information on dividends are provided in the Strategic Report and are incorporated into this report by reference.

A list of principal subsidiary undertakings, and the countries in which they operate, is disclosed in Note 13 to the Financial Statements. Details on the use of financial instruments and financial risk management are included in Note 22 to the Financial Statements and are also incorporated into this report by reference.

Directors

The Directors who served during the period up to the date of this report and their biographical details are set out on pages 30 and 31. Directors' interests in shares and share options of the Company are shown in the Directors' Remuneration Report.

Under the Company's Articles of Association all Directors must retire at the first Annual General Meeting (AGM) following their appointment and may offer themselves for election by shareholders.

In line with the requirements of the UK Corporate Governance Code, certain elements of which the Company has voluntarily chosen to comply with, all other Directors will retire at the AGM and, being eligible, will offer themselves for re-election.

The Board considers that the performance of each of the Directors continues to be effective and that each of them demonstrates 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 may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's 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.

Directors' conflicts of interests

Each Director is required, in accordance with the Companies Act 2006, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they arise. Where such a conflict or potential conflict arises, the Board is empowered under the Company's Articles of Association to consider and authorise such conflicts as appropriate.

Articles of Association

The Company's Articles of Association set out the Company's internal regulation and cover such matters as the rights of shareholders, the appointment and removal of Directors, the power to issue and buy back shares and the conduct of the Board and general meetings.

A copy of the Company's Articles of Association is available on the Group's website (www.matchtechgroupplc.com) or on request from the Company Secretary.

Amendments to the Articles of Association must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company.

In accordance with the Company's Articles of Association, Directors can be appointed or removed by the Board or by shareholders in a general meeting. Subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by a special resolution of the shareholders, the Board may exercise all the powers of the Company and may delegate authorities to Committees and management as it sees fit.

Details of the main Committees of the Board and their activities are contained in the Corporate Governance Report.

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.

Substantial shareholders

In addition to the Directors' interests shown in the Remuneration Report, 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	25.3
Octopus Investments Limited	12.0
AXA Framlington	7.6
Paul Raine	5.8
Old Mutual Global Investors	3.1

Corporate governance

The Corporate Governance Report is incorporated into this report by reference.

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.

Bribery

The Group's Board has made a commitment to carry out business fairly, honestly and openly and has also demonstrated a commitment to zero tolerance towards bribery. A copy of our High Level Commitment Statement is available on our website www.matchtechgroupplc.com.

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, including charitable and political donations

The Group is committed to providing support to the community through a number of charitable activities. During the year the Group made charitable donations of £12,000 (2014: £32,000). The Directors consider the impact on the community when making their decisions.

The Group made no donations for political purposes either in the UK or overseas during the year.

Employees

The Board recognises that the Group's employees are vitally important to the continued success of the business. Employees are encouraged to train and develop their careers.

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.

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 wellbeing.

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 2015 approximately 34% 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), Share Incentive Plan (SIP) and a Value Creation Plan (VCP). The LTIP cascades through the organisation, with approximately 40% of staff eligible to participate, and the SIP is open to all staff.

The Group also has a number of share options yet to be exercised from its Enterprise Management Incentive scheme (EMI).

Policy on the payment of creditors

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the supplier meeting its obligations. No one supplier arrangement is considered to be essential to the business of the Group.

Directors' Report continued

Statement of Directors' responsibilities in respect of the annual report and the financial statements

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 Group and Parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the Parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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 and 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.

Quality

The Group is ISO 9001:2000 accredited. As one of the UK's leading specialist recruitment agencies, the Group 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 Group 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, has a robust business continuity strategy and has built a highly resilient infrastructure. It has a disaster recovery facility where our staff would relocate to in the event of a major disaster.

Disclosure of audit information

The Directors confirm that, as at the date this report was approved, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 historical and current industry knowledge, taking the 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.

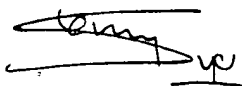
Auditors

The Board has decided to propose the reappointment of KPMG LLP as auditors and a resolution concerning their reappointment 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
29 October 2015

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 Review, and the Chief Financial Officer's Report incorporated into it by reference (together with 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.

Matters reserved for the Board

Matters Reserved for the Board include:

- Approval of interim, preliminary and final financial statements, including approval of the interim dividend and recommendation of the final dividend
- Approval of investor presentations, all circulars to shareholders and press releases concerning matters decided by the Board
- Approval of any significant change in accounting policies or practices
- Consideration of proposals from the Audit Committee on recommendations for appointment or removal of independent auditors and their remuneration
- Approval of the Group's commercial strategy and annual operating and capital expenditure budget
- Changes relating to the Group's capital structure or its status as a plc
- Appointments to the plc Board and the Boards of subsidiaries including the appointment or removal of the Company Secretary
- Consideration of proposals from the Remuneration Committee on the terms and conditions of Board members, Executive Directors and Senior Management
- Changes to the Group's management and control structure, including membership of Executive Committee
- Consideration of material contracts of the Group in the ordinary course of business that would affect current banking arrangements
- Formulation of policy regarding charitable and political donations
- Approval of significant prosecution, defence or settlement of litigation
- Oversight of internal control arrangements
- Ensuring the Group has an adequate business continuity policy
- Oversight of the Group's health and safety policy

Leadership

The role of the Board

Led by Ric Piper as Interim Non-Executive Chairman, the Board is responsible for the Group's overall direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls which ensure the efficient and effective management of the Group's operations.

Divisions of responsibilities of the Chairman and Chief Executive

There is a clear division of responsibilities between the Chairman and the Chief Executive.

Each role has its own formal written description of specific responsibilities.

The Chairman's principal responsibility is to lead the Board in the determination of its strategy and the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness by facilitating full and constructive contributions to the development and determination of the Group's strategy and its overall commercial objectives from each member of the Board. The Chairman is responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Group. The Chairman manages the relationship with shareholders in relation to governance matters and regularly considers the composition and skill set of the Board through evaluation.

The Chief Executive is directly responsible for all executive management matters affecting the Group.

His principal responsibility is ensuring achievement of the agreed strategic objectives and leadership of the business on a day-to-day basis. The Chief Executive is accountable to the Board for the financial and operational performance of the Group.

Attendance at meetings

The following table sets out the attendance of each Director at Board meetings held during the year:

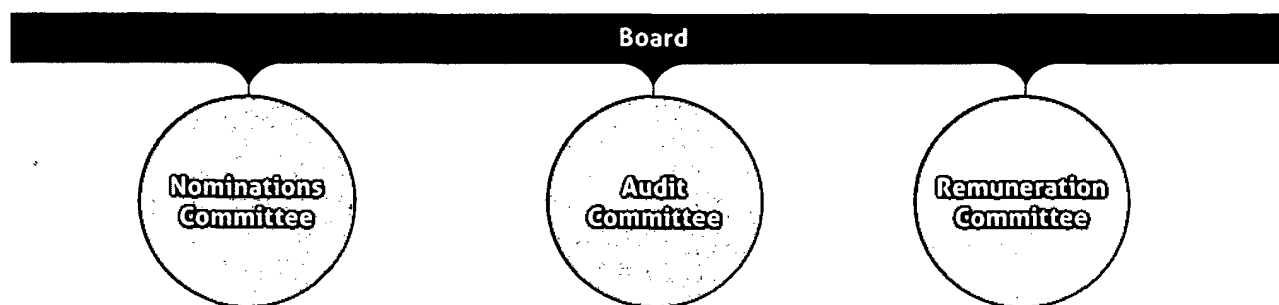
	Maximum Meetings	Meetings Attended
Ric Piper	16	16
Brian Wilkinson	16	16
Tony Dyer	16	16
Keith Lewis	16	15
George Materna	16	15
Rudi Kindts	16	14
Richard Bradford	16	14
Roger Goodman ¹	4	3
Stephen Burke ²	16	13
Adrian Gunn ³	8	7

¹ Appointed to Board 2 April 2015

² Resigned from Board 31 July 2015

³ Resigned from Board 28 January 2015

Board structure



Role of the Non-Executive

The Non-Executive Directors have letters of appointment stating their annual fee, their re-election at forthcoming AGMs and that their appointment is subject to satisfactory performance. Their appointment may be terminated with a maximum of 6 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 Group'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.

Committees of the Board

The Board has 3 established committees for audit, nominations and remuneration. The committees have terms of reference which are reviewed at least biannually by the Board, and revised as deemed necessary and appropriate. The terms of reference of all 3 committees were reviewed during the 12 months prior to the date of this report. Copies of the terms of reference are available on the Group's website www.matchtechgroupplc.com and on request from the Company Secretary.

Following formal decision making, the Board may, on occasion, delegate authority to a Standing Committee consisting of any 2 Directors to facilitate final sign off for an agreed course of action within strict parameters.

The responsibilities and operation of the Audit, Nominations and Remuneration Committees are set out in the following sections.

Role of the Company Secretary

The Company Secretary advises the Board through the Chairman on all governance matters.

All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. In accordance with the Company's Articles of Association and the schedule of matters reserved for the Board, the appointment and removal of the Company Secretary is a matter for the whole Board.

Effectiveness

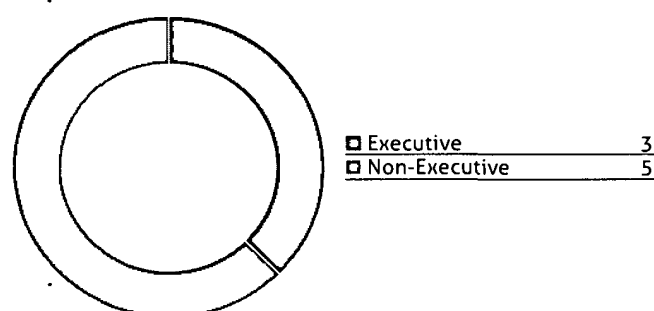
Composition and independence of the Board

The Board recognises that the composition of the Board needs to be kept under regular review, with proposals coming from the Nominations Committee to the Board for its consideration.

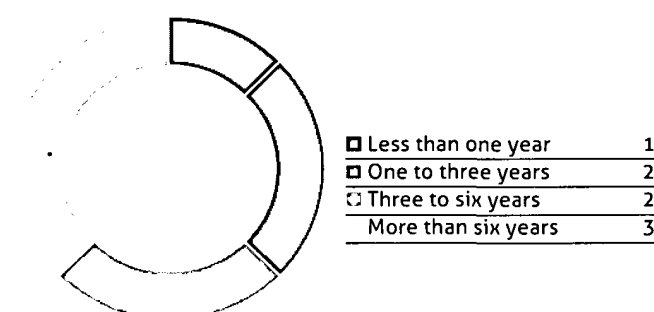
At the date of this report the Board has 4 Independent Non-Executive Directors. The Board considers the independence of the Independent Non-Executive Directors annually against the criteria set out in the UK Governance Code with each being determined as independent of management having no business or other relationship that could interfere materially with the exercise of their judgement.

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.

Board composition



Length of tenure of Directors



Board diversity

The Board recognises diversity as an important element in ensuring the Board has the necessary skills and experience to facilitate the Group's continued development and that it is well placed to continue to provide effective leadership.

Further information is given in the Nomination Committee's Report on page 42.

Re-election of Directors

Under the Company's Articles of Association all Directors must retire at the first Annual General Meeting (AGM) following their appointment and may offer themselves for election by shareholders.

In line with best practice of the UK Corporate Governance Code, certain elements of which the Company has voluntarily chosen to comply with, all Directors will retire at the AGM and, being eligible, will offer themselves for re-election.

Conflicts of interest

There is a process by which Directors have to notify the Board of any conflicts of interest. There have been no conflicts of interest notified in the year.

Board evaluation

The Board is committed to ensuring its effectiveness.

Subsequent to the year end, the Interim Chairman undertook Board Effectiveness discussions with the Executive Directors and with the Non-Executive Directors. The CEO attended part of the latter discussion.

The Chairman and the Non-Executive Directors meet without the Executive Directors present at least once a year.

In the context of the change of Chairman during the year performance assessments with each Director were not undertaken this year.

The Board is satisfied with the performance of each individual Board member and the Board as a whole.

Corporate policies

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

Indemnification of Directors

Qualifying third party indemnity provisions, as defined in section 234 of the Companies Act 2006, are in force for the benefit of Directors who held office during the year. The Company maintains Directors and Officers liability insurance for the Group's Directors and officers.

Internal control

The Board is responsible for reviewing and approving the Group's governance framework and ensuring its adequacy and effectiveness. Internal controls, which include financial, operational, compliance and risk management systems, are central to this framework:

- The system of internal financial and operational controls is designed to meet the Group's particular needs and aims, to facilitate efficient and effective 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 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 the current financial year.
- The Audit Committee agrees an annual plan of internal audit activities, including from third parties, and reviews audit findings and subsequent management implementation.
- A separate report on *Principal Risks and Uncertainties* is in the *Principal Risks and Uncertainties* section on pages 18 and 19.
- The Board's statements and actions emphasise a culture of openness, integrity, competence, fairness and responsibility.
- 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 Group has an overall Risk Management Policy in place, which has been communicated to all staff and is continually accessible.

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.

Independent external audit

Information is provided in the Audit Committee's Report on pages 40 to 42.

Relations with shareholders

The Board regards effective communication with shareholders as crucial.

Relations with shareholders are managed principally by the Chief Executive Officer and Chief Financial Officer. Meetings are held regularly throughout the year with institutional investors, fund managers and analysts.

The Chairman, Senior Independent Director and other Non-Executive Directors make themselves available for meetings with major shareholders. This provides shareholders with the opportunity to take up with these individuals any issue they feel unable to raise with the Chief Executive Officer or Chief Financial Officer.

The Group's shareholders are invited to attend the AGM at which all Directors are present.

The Non-Executive Directors are also kept informed of the views of shareholders, with the Executive Directors providing updates on investor meetings. Additionally, the Group's broker provides briefings to the Board on shareholder opinions and compiles independent feedback from investor meetings.

The Group's website contains information on current business activities, including the annual and half-year results presentations.

Audit Committee



Dear shareholders,

I am pleased to present the Audit Committee's annual report on its activities.

The year has been dominated by the acquisition of Networkers International plc, with the integration with the Matchtech business well underway.

From a business as usual perspective, there is nothing to bring to your specific attention.

During the year, the Financial Reporting Council's Audit Quality Review team undertook a review of KPMG's audit of the Group for the year to 31 July 2014, the outcome of which is detailed in the report on page 41.

The Committee considers that it has delivered what it set out to do and has a clear plan for 2015/16.

As the Chairman of the Committee, I will be available at the Annual General Meeting to respond to any questions shareholders may raise on any of the Committee's activities.

Ric Piper

Chairman of the Audit Committee

Aims and objectives

The Audit Committee monitors the integrity of the half-yearly and annual financial statements and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable.

It reviews significant financial reporting issues and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board.

It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Interim Financial Statements.

Composition

The Audit Committee currently comprises Ric Piper (a member and chairman since 2006) and Richard Bradford (who became a member during the year in March 2015). Both are independent non-executives.

Stephen Burke, a member since 2006, stepped down from the Committee in July 2015 on retiring from the Board. The Committee thanks Stephen for his valuable advice and contribution over many years.

Ric Piper qualified as a Chartered Accountant in 1977 and is a current member of the Financial Reporting Review Panel (FRRP). The Board considers him to have recent and relevant financial experience.

Meetings and attendance

The Committee met 4 times during the year.

	Max Meetings	Meetings Attended
Ric Piper	4	4
Richard Bradford ¹	2	2
Stephen Burke ²	4	3

¹ Appointed to committee 28 January 2015

² Resigned from committee 31 July 2015

The Executive Directors are routinely invited to Committee meetings.

During the year the Committee met privately with the independent auditor. The Committee Chairman also met privately with the Senior Statutory Auditor (Will Smith) outside of the Committee meetings.

Operation of the Committee

The Committee's terms of reference were reviewed and updated in October 2015 to conform to best practice and approved by the Board. No significant changes were deemed necessary. They are available on the Group's website www.matchtechgroupplc.com, as well as in hard copy format from the Company Secretary.

Each year the Committee works to a planned programme of activities which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its Terms of Reference.

It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls.

The main activities of the Committee during the year were as follows:

- **Financial Statements:** The Committee reviewed the Interim and Annual Report. Presentations were made by management and the auditor about the key technical and judgemental matters relevant to the financial statements.

Significant areas considered by the auditor and the Committee included valuation of accounts receivables, working capital forecasts and banking covenants together with goodwill valuation and taxation.

The first three areas are routinely considered by the Board at its monthly meetings and the second three areas are the subject of specific papers prepared by management as part of the Committee's and the Board's approval of Interim and Annual results.

- This year the Committee also considered the accounting for and disclosure of the Group's acquisition of Networkers International plc in April 2015 and the performance in the period of ownership to 31 July 2015. Further information is set out in Note 2 to the Financial Statements: Segmental information and Note 10: Acquisition. Fair, Balanced and Understandable: The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true.

The Committee was satisfied that it was appropriate for the Board to approve the Financial Statements and that the Annual Report taken as a whole is fair, balanced and understandable such that it allows shareholders to assess the Group's performance against the Group's strategy and business model.

- **Internal financial control systems:** The Committee reviewed the recommendations made by the independent auditor and management's responses and actions.

The Committee was satisfied that it was appropriate for the Board to make the statements regarding internal controls included in the Corporate Governance Report.

- Further to the acquisition of Networkers International plc in April 2015, the Committee is considering how best to deploy internal audit across a Group which has significantly extended its operations from a single site in Whiteley, Hampshire to a business which has now added substantial operations in London and in 10 international locations.
- **Internal Audit:** During the year the Group undertook a number of internal audit reviews, both of financial and operational activities. As part of the Committee's policy, certain specialist internal audit work was undertaken by external organisations.

The Chairman of the Committee reported to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken.

Independent auditor: reappointment and audit tender policy

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing, ISA (UK and Ireland), issued by the Auditing Practices Board.

Following a competitive tender, the Audit Committee proposed and the Board approved the appointment of KPMG as the Company's registered independent public accounting firm commencing with audit work for the year ending 31 July 2011.

There are no contractual obligations that act to restrict the Committee's choice of external auditor. In November 2014, the Board proposed and shareholders approved the appointment of KPMG as the Company's registered independent public accounting firm for the financial year ending 31 July 2015.

On KPMG's appointment Will Smith became the Company's Senior Statutory Auditor for the year ending 31 July 2011. In compliance with KPMG's policies, Mr Smith's fifth and final year as the Company's Senior Statutory Auditor will be for the year ending 31 July 2015. He will step down at the conclusion of the Annual General Meeting in December 2015.

During 2015, the FRC undertook a review of certain aspects of KPMG's audit of Matchtech Group plc. We have discussed the review and its findings with KPMG. We noted two specific issues were raised by the FRC in their final report and are satisfied with the responses to be implemented by KPMG.

In the context of developing best practice, the Committee has kept under review its recommendations to the Board concerning the Company's Audit Tender policy.

This year, having considered the effectiveness and performance of the independent auditor, the Committee has recommended to the Board the reappointment of KPMG LLP as independent auditor of the Company for the next financial year.

Independent Auditor: services, independence and fees

The independent auditor provides the following services:

- A report to the Committee giving an overview of the results, significant contracts and judgements and observations on the control environment.
- An opinion on the truth and fairness of the Group and Company financial statements.
- An internal control report, following its audit, highlighting to management any areas of weakness or concern.

The Committee monitors the cost-effectiveness of audit and non-audit work performed by the independent auditor and also considers the potential impact, if any, of this work on independence. It recognises that certain work of a non-audit nature may be best undertaken by the independent auditor

Audit Committee continued

as a result of its unique position and knowledge of key areas of the Company.

Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved by the Committee. Certain work, such as providing bookkeeping services, is prohibited. Further, the Committee seeks positive evidence of the independence of the independent auditor through its challenge to management.

The Committee regularly reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in Note 3 to the Financial Statements. The Committee concluded that the level of non-audit fees, which represent 32% (2014: 38%) of the audit fees for the Group, did not have a negative impact on KPMGs independence.

Further, the Committee seeks positive evidence of the independence of the independent auditor through its challenge to management, both in written reports and at Committee meetings.

The Committee also regulates the appointment of former employees of the independent auditor to positions in the Group. The independent external auditor also operates procedures designed to safeguard their objectivity and independence. These include the periodic rotation of the Senior Statutory Partner (as noted above, due for rotation at the conclusion of the Annual General Meeting in December 2015), use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff.

The independent external auditor reports to the Committee on matters including independence and non-audit work on an annual basis.

Evaluation of the Committee

During the year the Committee evaluated its performance, including input from the independent auditors.

Approval

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

Ric Piper

Chairman of the Audit Committee

Nomination Committee



Dear shareholders,

I am pleased to present to shareholders the report of the Nominations Committee for the year.

The acquisition of Networkers International in April 2015 has reshaped the business from one based mainly in Whiteley, Hampshire, to one with substantial operations in London and operating in 10 countries overseas.

Accordingly, this year the Committee focus has been on ensuring the structure and experience of the Board is suited to meet the opportunities and challenges that lay ahead.

As announced on 28 January 2015, Adrian Gunn stepped down as Chief Executive and from the Board. With the announcement of the Group's proposed acquisition of Networkers International plc, Adrian believed that this was the appropriate time to bring forward his retirement from the Group, which he originally planned for 2016. On behalf of the Board, I wish to thank Adrian for his immense contribution to the Group over the 26 years he has been with us and, in particular, for the progress made since admission to AIM in 2006 during his 8 years as CEO. He has been instrumental in developing Matchtech to its present position as the UK's largest specialist white-collar engineering recruiter and left the business well placed to capitalise on the exciting opportunities presented by the acquisition. We wish him well for the future.

On completion of the acquisition in April we welcomed Roger Goodman, formerly the Non-Executive Chairman of Networkers, to the Board.

On 31 July 2015 Stephen Burke resigned from the Board and we thank him for his judicious contribution to the business over the 9 years he served as a Non-Executive Director and as Chairman of the Remuneration Committee.

Finally and importantly, the search for a Chairman has been concluded, with independent advice from The Inzito Partnership. I am delighted to welcome Patrick Shanley as the new Non-Executive Chairman of the Group with effect from the end of the AGM on 2 December 2015. Patrick brings with him a wealth of experience and we look forward to working with him.

George Materna

Chairman of the Nominations Committee

Aims and objectives

The aims and objectives of the Nominations Committee are set out in the Nominations Committee's full Terms of Reference which can be found in the Corporate Governance section on the Company's website www.matchtechgroupplc.com.

In summary, the role of the Nominations Committee is to:

- Review the structure, size and composition of the Board, and make recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge and independence;
- Review the succession plan for Executive Directors and other Senior Executives (Heads of Function);
- Identify and nominate, for Board approval, candidates to fill Board and Senior Executive (Heads of Function) vacancies as and when they arise;
- Review annually the time commitment required of Non-Executive Directors;
- Make recommendations to the Board with regard to membership of the Audit and Remuneration Committees in consultation with the Chairman of each Committee;

Composition

The Committee is comprised of its Chairman, George Materna, and Rudi Kindts and Richard Bradford, both Independent Non-Executive Directors, who have been members of the Committee since 2006, 2013 and 2013 respectively.

Meetings and attendance

The Committee met two times during the year.

	Max Meetings	Meetings Attended
George Materna	2	2
Rudi Kindts	2	2
Richard Bradford	2	2

Nomination Committee activities

The key activities during the year have been in approving changes to the Board and its Committees.

On 28 January 2015, Adrian Gunn resigned from the post of Chief Executive Officer and Brian Wilkinson, formerly Executive Chairman, was appointed to the role as Group Chief Executive Officer. At the same time Ric Piper, the Senior Independent Director, was appointed to the role of Interim Non-Executive Chairman and stepped down from the Remuneration Committee.

On 2 April Roger Goodman, formerly the Non-Executive Chairman of Networkers, was appointed to the Board and appointed to the Remuneration Committee on 1 July 2015.

On 31 July 2015 Stephen Burke resigned from the Board and from the Audit and Remuneration Committees.

Succession planning

In line with the responsibilities of the Committee to make recommendations on succession planning, at the point Brian Wilkinson stepped down from Executive Chairman to take up the role of Chief Executive Officer, the decision was taken to recruit a permanent Non-Executive Chairman from outside the business to complement the skill set of the current Board members.

The Committee undertook an extensive selection process to find a suitable candidate, taking into account the Board's Diversity Policy, and a formal recruitment exercise was commissioned with an independent executive search firm, The Inzito Partnership, which has no other connection with the Company. After due process, the committee recommended the appointment of Patrick Shanley to the Board.

With effect from 1 August 2015, Rudi Kindts has taken on the role of Interim Chairman of the Remuneration Committee.

In the coming year the committee will continue to monitor the composition and effectiveness of the Board and committees of the company, and keep abreast of developments in corporate governance to ensure that we act in the spirit of good governance practice.

Diversity policy

The Board recognises the importance of diversity in its broadest sense in the boardroom as an essential element in maintaining Board effectiveness and a competitive advantage.

Diversity of skills, background, knowledge, international and industry experience, and gender will be taken into consideration when seeking to make new appointments to the Board and its Committees.

All appointments will be made on merit, taking into account suitability for the role, composition and balance of the Board to ensure that the Company has the appropriate mix of skills, experience, independence and knowledge.

Information and training

All Directors have access to the advice and services of Tony Dyer, the Chief Financial Officer and Company Secretary, who is 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.

George Materna

Chairman of the Nominations Committee

Remuneration Committee



Dear shareholders,

The purpose of the Remuneration Committee is to review, on behalf of the Board, the remuneration policy for the Chairman, other 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 receives advice from independent remuneration consultants and makes comparisons with similar organisations. In 2015, advice was received from PricewaterhouseCoopers LLP.

The objectives of the Group's remuneration policy are to attract, retain and incentivise management with the appropriate professional and managerial capabilities to realise the Group's business objectives, and align their interests with those of shareholders. The committee sets targets and measures that reflect the Group's strategy, which seek to ensure that the objectives of the business, individuals and shareholders are aligned.

The Group strives to link payment to performance and thereby create a performance culture and 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.



Rudi Kindts

Interim Chairman of the Remuneration Committee
29 October 2015

Aims and objectives

The committee determines and agrees with the Board the remuneration policy for the Chairman of the Board, the Executive Directors and other senior management, and approves the design of and targets for their annual performance-related pay schemes.

It reviews the design of share incentive plans for approval by the Board and shareholders, and determines the annual award policy to Executive Directors and senior executives under existing plans.

Within the terms of the agreed policy, it determines the remainder of the remuneration packages (principally comprising salary and pension) for each Executive Director and senior executive. It also reviews and notes the remuneration trends across the Group.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors do not participate in any of the bonus or share schemes.

Composition

The committee comprises of Rudi Kindts and Roger Goodman, both Independent Non-Executive Directors. Rudi and Roger have been members since 2012 and 2015 respectively.

Stephen Burke, who has been Chairman of the Remuneration Committee since 2006, resigned from the Board on 31 July 2015 and hence resigned from the Remuneration Committee. Ric Piper, who has been a member of the Remuneration Committee since 2006, resigned from the Committee when he was appointed Interim Non-Executive Chairman of the Board during 2015.

Meetings and attendance

The Remuneration Committee met 8 times in the year.

	Max Meetings	Meetings Attended
Stephen Burke ¹	8	8
Rudi Kindts	8	7
Ric Piper ²	5	5
Roger Goodman ³	1	1

¹ Resigned from committee 31 July 2015

² Resigned from committee 28 January 2015

³ Appointed to committee 1 July 2015

Transparency in disclosure

The Group's Remuneration Committee is responsible, on behalf of the Board, for developing remuneration policy and the Group is committed to transparency by providing comprehensive and clear information on remuneration.

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

As such, the Auditor is not required to and has not, except where indicated, audited the information included in the Remuneration Committee Report. The audited information meets the requirements of the changes to the Rule 19, effective February 2010.

Rewarding performance

The Executive Directors and senior management are rewarded through a blend of basic salary, an annual bonus scheme, participation in the rolling Long-Term Incentive Plan targeting 3 year compound Earnings Per Share growth and since 2011, have been participants in a Value Creation Plan with a 5 year performance period under which share awards are made based on annual compounded total shareholder returns.

The Committee believes that this combination of incentives supports both the short and longer term goals of the business and aligns the participants with the creation of enhanced shareholder value.

Following last year's review of the annual performance related pay scheme for the Executive Directors and senior management, a new scheme has been adopted in 2015.

As laid out in last year's report, the new scheme's structure is based on paying out a percentage of the individual's annual basic salary on a sliding scale between two pre-set targets, which for 2015 is a profit target. In principle, the profit target for the Executive Directors will be the Group's audited annual profit before amortisation of acquired intangibles and taxation, including any performance bonus due.

The Committee believes that the new scheme improves clarity, provides a clear relationship with the Group's annual plan and will be more effective in rewarding relative performance.

Remuneration outcomes of 2015

No remuneration scheme of any Executive Director or senior manager in the year has been amended due to the acquisition of Networkers International plc.

The bonus and LTIP schemes of the Executive Directors were not amended in the year to reflect the acquisition of Networkers International plc.

The performance bonus is therefore based upon the profit from the existing Matchtech Group excluding the acquired businesses. This was £13.8m, after bonuses, for the 2015 financial year, and as such met the minimum criteria and the Executive Directors qualified for a bonus of 40% of basic pay.

Under the advice of PricewaterhouseCoopers the VCP awards were split going forwards with a new tranche of award over the new shares issued on the acquisition of Networkers, which reflected a new baseline growth targets for the remaining two years of the scheme in line with best practice.

The change ensured participants of the VCP did not receive a 'windfall' through the issue of a significant number of new shares.

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

Remuneration Policy for the forthcoming year

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 an annual

performance-based bonus scheme. Reviews of such base salary and benefits are conducted annually by the Committee.

Post year-end, the Committee undertook a review of the levels of remuneration provided to the Executive Directors, with the aim to ensure that the packages provided reflect:

- Responsibilities and level of experience of the Executive Directors.
- The size and complexity of the Group following the Networkers International acquisition.

Our advisors, PricewaterhouseCoopers, presented remuneration data for UK listed businesses of a similar size along with data for similar sized businesses in comparable sectors. The review highlighted that the base salary levels were significantly below the market.

Following the review the Board decided to:

- Make adjustments to the levels of salary provided to the Executive Directors. The levels of increases are between 12% and 14% (after 2% annual salary increases).
- Review the Company's incentive arrangements in the coming year prior to the last Measurement Date under the VCP, in late 2016. The purpose of the review will be to ensure the Company has incentive arrangements in place that are appropriate for the business and our shareholders as we enter the next stage of development. If the Committee decides to make changes to the remuneration policy as a result of the review, we will seek to consult with shareholders in advance.

The salary increases (2% annual increase from 1 August 2015 and the adjustments between 12% and 14% from 1 September 2015) for the Executive Directors are presented below, along with the resulting split between fixed and variable on-target remuneration.

	Prior salary (£000)	New salary (£000)	Salary increase (annual 2% salary increase included)	Split between fixed/variable remuneration (on target basis) ¹
Executive				
Brian Wilkinson	262.5	300.0	14.29%	45%/55%
Tony Dyer	163.8	190.0	16.00%	35%/65%
Keith Lewis	163.8	190.0	16.00%	35%/65%

¹ The split between fixed and variable remuneration is different for the CEO on the basis that the expected value of his VCP award, which has been annualised for all Executives to draw comparison with a typical remuneration package, is measured over fewer plan years (he joined part way through the five year plan).

Engagement with shareholders

The Group has an open relationship with shareholders. It welcomes dialogue and engages with significant shareholders on material changes to its remuneration policy or structure.

Governance

Remuneration Committee's Report

Notice periods

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 Annual General Meetings (AGMs). Their appointment may be terminated within a maximum of 6 months' written notice at any time.

Profit bonus

Under the new scheme for the 2015 financial year, on achievement of the lower target (after accounting for the cost of annual bonuses including employer's national insurance) the Executive Directors will receive 40% of their basic pay as an annual bonus. The percentage of basic pay awarded increases to a maximum of 130% (accounted for on the same basis as the lower target). The lower and maximum targets set for 2015 were £13.7m and £16.0m respectively. The lower and maximum targets for 2016 will be reported in the 2016 Remuneration Committee's Report.

As the remuneration schemes have not been amended due to the acquisition of Networkers International plc, the performance bonus is therefore based upon the Profit from the existing Matchtech Group excluding the acquired businesses. This was £13.7m, after bonuses, for the 2015 financial year, and as such met the minimum criteria and the Executive Directors qualified for a bonus of 40% of basic pay.

Pension

The Group contributes 10% of Executive Directors basic salaries towards a group personal pension plan. Executive Director's whom have exercised their right to apply for Lifetime Limit are paid the equivalent amount in lieu of pension contribution.

Value Creation Plan (VCP)

As announced on 21 November 2011, the Group has implemented and made awards to Directors under a VCP.

The VCP was approved by the shareholders in the Annual General Meeting on 18 November 2011.

The following Directors have been conditionally granted an award of units under the VCP:

Executive	Number of VCP units	Percentage of total number of VCP units allocated and to be allocated
Brian Wilkinson	144,000	14.40%
Tony Dyer	145,000	14.50%
Keith Lewis	145,000	14.50%
Adrian Gunn ¹	266,000	26.60%

¹ Resigned 28 January 2015

No payment has been made for the grant of these awards and the VCP units have no value at grant.

The VCP has a 5-year performance period (ending after the preliminary announcement of the Group's results in 2016) and the VCP units entitle the Directors to share in 7.5% of the total value created for shareholders in excess of an annual hurdle at a series of measurement dates.

The level of value created for Matchtech shareholders will be determined by reference to the appreciation in the Company's share price, the amount of dividends paid and share buy backs. The shareholder value created at each measurement date will be calculated using the average share price over the 30 day period prior to the relevant measurement date, the measurement date being 30 days after the preliminary announcement of the Group's results.

The annual hurdle will be the higher of 1) the actual share price at the previous measurement date or 2) 20% growth over the threshold price from the previous measurement date.

The initial price is 218 pence per Matchtech share, being the average share price of Matchtech shares for the 30 day period following the preliminary announcement of the Group's 2011 final results.

Performance to date has been:

Year	Threshold Price Plus Cumulative Dividends	Measurement Price Plus Cumulative Dividends
1 – 2012	£2.62	£2.54
2 – 2013	£3.14	£5.84
3 – 2014	£5.84	£6.15
4 – 2015	£6.15	

At each measurement date each Director will receive an entitlement to Matchtech shares (in the form of a nil-cost option) with a value equivalent to each Director's relevant proportion of the VCP pool created in respect of that measurement date. Any share entitlement will not become exercisable until the end of the fifth year of the VCP when 50% of the shares are exercisable, with the balance exercisable 1 year later.

The share entitlement for the year ended 31 July 2014, granted in 2015, is as follows:

Director	2014 share entitlement
Brian Wilkinson	14,900
Tony Dyer	15,003
Keith Lewis	15,003
Adrian Gunn ¹	27,523

¹ Resigned 28 January 2015

Share options conditional on performance

During the year the Group operated a Long-Term Incentive Plan (LTIP).

The plc Executive Directors received an annual grant of zero-priced share options. The grant for the year, made on 30 January 2015, (2015 LTIP) was 18,884 shares for the Brian Wilkinson and 12,361 shares each for the Tony Dyer and Keith Lewis.

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 earnings per share growth performance targets.

Earnings per share (EPS) growth

The number of shares which shall be capable of release at the end of the holding period for each unexpired grant shall be in accordance with the following table.

Grant	Baseline EPS	Minimum		Between minimum and maximum		Maximum	
		Target	Vesting	Target	Vesting	Target	Vesting
2012	19.74p	10% +RPI pa	33%	10% to 20% +RPI pa	straight-line	>20% +RPI pa	100%
2013	23.49p	10% +RPI pa	33%	10% to 20% +RPI pa	straight-line	>20% +RPI pa	100%
2014	30.70p	7% + RPI pa	33%	7% to 14% +RPI pa	straight-line	>14% +RPI pa	100%
2015	35.00p	7% + RPI pa	33%	7% to 14% +RPI pa	straight-line	>14% +RPI pa	100%

Total shareholder return (TSR)

The TSR Underpin will be satisfied should the return on a Group's share over the period from the date of grant to the third anniversary of the date of grant, exceed the median return of a comparator group of listed recruitment companies. The composition of the comparator group is decided independently by the external remuneration advisors, PricewaterhouseCoopers LLP.

TSR performance can be summarised as follows:

Grant	Upper quartile	Median	Lower quartile	Matchtech	Ranking
2012	122%	86.6%	20.4%	210.7%	Above Median
2013	100.6%	60.9%	11.9%	153.5%	Above Median

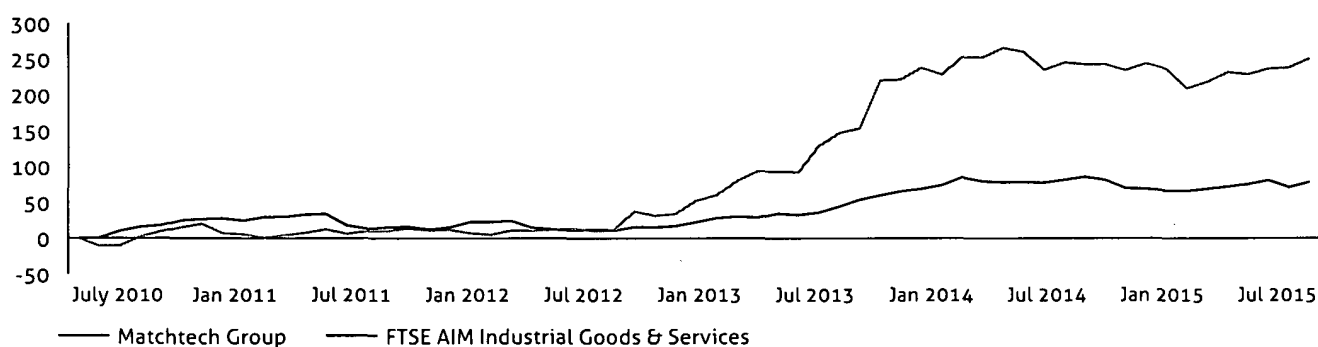
The 2014 and 2015 grants were not subject to a TSR performance underpin.

Governance

Remuneration Committee's Report continued

Total shareholder return

The graph below illustrates the TSR of the Group for period 31 July 2008 to 31 July 2014, 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.



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 £1,800 per annum, which will be used to purchase Matchtech Group shares ('Invest shares').

The Group will award 1 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 within the Group and the Invest shares remaining in the plan throughout the holding period.

At 31 July 2015, the following shares were held in the scheme by the Executive Directors:

Director	Shares purchased under SIP	Shares awarded under matching elements of SIP	Dividend shares	Shares available to sell	Total
Brian Wilkinson	248	248	22	—	518
Tony Dyer	1,840	1,840	933	1,503	6,116
Keith Lewis	3,196	3,196	1,383	5,365	13,140
Total	5,284	5,284	2,338	6,868	19,774

Directors' remuneration

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

Director	Salaries and fees £'000	Pension £'000	Benefits £'000	Bonus £'000	2015 Total £'000	2014 Total £'000
Brian Wilkinson	261	25	13	104	403	269
Adrian Gunn ¹	221	10	7	41	279	352
Tony Dyer	164	16	14	62	256	289
Keith Lewis	146	34	12	62	254	284
Ric Piper	55	–	1	–	56	52
George Materna	50	–	2	–	52	66
Stephen Burke ²	51	–	–	–	51	48
Richard Bradford	45	–	–	–	45	47
Rudi Kindts	47	–	–	–	47	43
Roger Goodman ³	15	–	–	–	15	–
Total	1,055	85	49	269	1,458	1,450

¹ Resigned 28 January 2015

² Resigned 31 July 2015

³ Appointed 2 April 2015

Directors' interests in shares and share options

The Directors' interests in the share capital of the Group at 31 July 2015 are shown below. There are no changes to this information as at the date of this report.

Director	Ordinary shares at 31 July 2014	Change in year	Ordinary shares at 31 July 2015	% of share capital
George Materna	7,837,405	(60,000)	7,777,405	25.3%
Adrian Gunn ¹	431,299	–	n/a	n/a
Tony Dyer	309,960	–	309,960	1.0%
Keith Lewis	283,690	–	283,690	0.9%
Roger Goodman	–	80,143	80,143	<0.3%
Brian Wilkinson	10,000	35,000	45,000	<0.2%

¹ Adrian Gunn held 429,902 shares at the date of his resignation

Governance
Remuneration Committee's Report continued

Share Options and Deferred Share Bonus Options

Director	As at 31 July 2014	Options granted	Options exercised	Options lapsed	As at 31 July 2015	Date at which exercisable	Expiry date
Brian Wilkinson							
2014 LTIP – 24 January 2014	34,896	–	–	–	34,896	24 January 2017	24 January 2024
2015 LTIP – 30 January 2015	–	18,884	–	–	18,884	30 January 2018	30 January 2025
Tony Dyer							
2012 LTIP – 31 January 2012	16,000	–	–	(2,032)	13,968	31 January 2015	31 January 2022
2013 LTIP – 31 January 2013	16,000	–	–	–	16,000	31 January 2016	31 January 2023
2013 DSBP – 31 January 2013	5,200	–	–	–	5,200	24 January 2015	31 January 2023
2013 DSBP – 31 January 2013	5,200	–	–	–	5,200	24 January 2016	31 January 2023
2014 LTIP – 24 January 2014	34,450	–	–	–	34,450	24 January 2017	24 January 2024
2015 LTIP – 30 January 2015	–	12,361	–	–	12,361	30 January 2018	30 January 2025
Keith Lewis							
2012 LTIP – 31 January 2012	10,000	–	–	(1,270)	8,730	31 January 2015	31 January 2022
2013 LTIP – 31 January 2013	16,000	–	–	–	16,000	31 January 2016	31 January 2023
2013 DSBP – 31 January 2013	5,200	–	–	–	5,200	24 January 2015	31 January 2023
2013 DSBP – 31 January 2013	5,200	–	–	–	5,200	24 January 2016	31 January 2023
2014 LTIP – 24 January 2014	34,450	–	–	–	34,450	24 January 2017	24 January 2024
2015 LTIP – 30 January 2015	–	12,361	–	–	12,361	30 January 2018	30 January 2025

The IFRS 2 charge in the year for all LTIPs and VCP awards relating to the Executive Directors was £202,000 (2014: £37,000) in respect of Brian Wilkinson, £69,000 (2014: £66,000) in respect of Tony Dyer, £68,000 (2014: £58,000) in respect of Keith Lewis.

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 2015, the closing market price of Matchtech Group plc ordinary shares was 570.0 pence. The highest price of these shares during the year was 586.5 pence between 21 August 2014 and 25 August 2014 and the lowest price 500.0 pence between 3 February 2015 and 4 February 2015, 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:



Rudi Kindts

Interim Chairman of the Remuneration Committee
29 October 2015

Financial Statements

Independent Auditor's Report

To the members of Matchtech Group plc

We have audited the financial statements of Matchtech Group plc for the year ended 31 July 2015 set out on pages 52 to 82. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU 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 Chapter 3 of Part 16 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, 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, and express an opinion on, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and 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.



William Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House,
Tollgate,
Chandlers Ford,
Hants
SO53 3TG
29 October 2015

Financial Statements
Consolidated Income Statement
For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Revenue	2	502,293	451,591
Cost of sales		(447,474)	(406,609)
GROSS PROFIT	2	54,819	44,982
Administrative expenses		(42,459)	(32,024)
PROFIT FROM OPERATIONS	3	12,360	12,958
Profit from operations before amortisation of acquired intangibles and non-recurring costs		16,750	13,621
Non-recurring costs included within administrative expenses	3	(2,710)	–
Amortisation of acquired intangibles	3	(1,680)	(663)
Finance cost	5	(1,074)	(1,015)
PROFIT BEFORE TAX		11,286	11,943
Taxation	8	(2,959)	(2,821)
PROFIT FOR THE YEAR		8,327	9,122
Attributable to:			
Equity holders of the parent		8,311	9,122
Non-controlling interests		16	–
		8,327	9,122

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

EARNINGS PER ORDINARY SHARE

	Note	2015 pence	2014 pence
Basic	9	31.0	37.0
Diluted	9	29.6	35.0

Statement of Comprehensive Income
For the year ended 31 July 2015

	2015 £'000	2014 £'000
PROFIT FOR THE YEAR	8,327	9,122
OTHER COMPREHENSIVE INCOME		
Items that may be classified to profit or loss:		
Exchange differences on retranslation of foreign operations	(109)	120
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(109)	120
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,218	9,242
Attributable to:		
Equity holders of the parent	8,202	9,242
Non-controlling interests	16	–
	8,218	9,242

Financial Statements
Statement of Changes in Equity
For the year ended 31 July 2015

A) Group

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Translation of foreign operations £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
At 1 August 2013	236	3,231	224	1,094	(31)	27,568	-	32,322
Profit for the year	-	-	-	-	-	9,122	-	9,122
Other comprehensive income	-	-	-	-	120	-	-	120
Total comprehensive income	-	-	-	-	120	9,122	-	9,242
Dividends paid in the year	-	-	-	-	-	(4,516)	-	(4,516)
Deferred tax movement re share options	-	-	-	-	-	109	-	109
IFRS 2 charge	-	-	-	1,335	-	-	-	1,335
IFRS 2 reserves transfer	-	-	-	(808)	-	808	-	-
Shares issued	14	4,157	-	-	-	-	-	4,171
Transactions with owners	14	4,157	-	527	-	(3,599)	-	1,099
At 31 July 2014	250	7,388	224	1,621	89	33,091	-	42,663
At 1 August 2014	250	7,388	224	1,621	89	33,091	-	42,663
Profit for the year	-	-	-	-	-	8,311	16	8,327
Other comprehensive income	-	-	-	-	(109)	-	-	(109)
Total comprehensive income	-	-	-	-	(109)	8,311	16	8,218
Dividends paid in the year	-	-	-	-	-	(5,382)	-	(5,382)
Deferred tax movement re share options	-	-	-	-	-	174	-	174
IFRS 2 charge	-	-	-	1,623	-	-	-	1,623
IFRS 2 reserves transfer	-	-	-	(1,104)	-	1,104	-	-
Rearquisition of non-controlling interest	-	-	-	-	-	(650)	-	(650)
Shares issued	59	1,306	28,526	-	-	-	-	29,891
Transactions with owners	59	1,306	28,526	519	-	(4,754)	-	25,656
At 31 July 2015	309	8,694	28,750	2,140	(20)	36,648	16	76,537

Financial Statements
Statement of Changes in Equity continued
For the year ended 31 July 2015

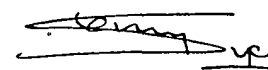
B) Company

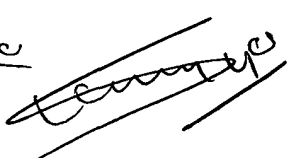
	Share capital £'000	Share premium £'000	Merger Reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2013	236	3,231	–	1,094	1,771	6,332
Profit and total comprehensive income for the year	–	–	–	–	3,345	3,345
Dividends paid in the year	–	–	–	–	(4,516)	(4,516)
IFRS 2 charge	–	–	–	1,335	–	1,335
IFRS 2 reserves transfer	–	–	–	(808)	808	–
Shares issued	14	4,157	–	–	–	4,171
Transactions with owners	14	4,157	–	527	(3,708)	990
At 31 July 2014	250	7,388	–	1,621	1,408	10,667
At 1 August 2014	250	7,388	–	1,621	1,408	10,667
Profit and total comprehensive income for the year	–	–	–	–	3,482	3,482
Dividends paid in the year	–	–	–	–	(5,382)	(5,382)
IFRS 2 charge	–	–	–	1,623	–	1,623
IFRS 2 reserves transfer	–	–	–	(1,104)	1,104	–
Shares issued	59	1,306	28,526	–	–	29,891
Transactions with owners	59	1,306	28,526	519	(4,278)	26,132
At 31 July 2015	309	8,694	28,526	2,140	612	40,281

Financial Statements
Statement of Financial Position
For the year ended 31 July 2015

		Group		Company	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
NON-CURRENT ASSETS					
Intangible assets	11	52,230	3,704	-	-
Property, plant and equipment	12	1,535	1,328	-	-
Investments	13	-	-	5,676	3,403
Deferred tax asset	14	1,237	388	-	-
Total Non-Current Assets		55,002	5,420	5,676	3,403
CURRENT ASSETS					
Trade and other receivables	15	98,897	72,248	72,135	9,414
Cash and cash equivalents		3,997	569	-	39
Total Current Assets		102,894	72,817	72,135	9,453
TOTAL ASSETS		157,896	78,237	77,811	12,856
NON-CURRENT LIABILITIES					
Deferred tax liability	14	(4,967)	-	-	-
Provisions	16	(278)	(278)	-	-
Bank loans and overdrafts	22	(28,608)	-	(28,608)	-
Total Non-Current Liabilities		(33,853)	(278)	(28,608)	-
CURRENT LIABILITIES					
Trade and other payables	17	(37,562)	(30,112)	(8,922)	(2,189)
Current tax liability		(911)	(1,506)	-	-
Bank loans and overdrafts	22	(9,033)	(3,678)	-	-
Total Current Liabilities		(47,506)	(35,296)	(8,922)	(2,189)
TOTAL LIABILITIES		(81,359)	(35,574)	(37,530)	(2,189)
NET ASSETS		76,537	42,663	40,281	10,667
EQUITY					
Called-up equity share capital	20	309	250	309	250
Share premium account		8,694	7,388	1,306	7,388
Merger reserve		28,750	224	28,526	-
Share based payment reserve		2,140	1,621	2,140	1,621
Translation of foreign operations		(20)	89	-	-
Retained earnings		36,648	33,091	612	1,408
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		76,521	42,663	40,281	10,667
Non-controlling interests		16	-	-	-
TOTAL EQUITY		76,537	42,663	40,281	10,667

These financial statements were approved by the Board of Directors on 29 October 2015, and signed on their behalf by:


Tony Dyer
Chief Financial Officer



Financial Statements
Consolidated Cash Flow Statement
For the year ended 31 July 2015

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	8,327	9,122	3,482	3,345
Adjustments for:				
Depreciation and amortisation	2,696	1,385	-	-
(Profit)/loss on disposal of property, plant and equipment	(13)	18	-	-
Finance cost	1,074	1,015	-	-
Taxation expense recognised in profit and loss	2,959	2,821	-	-
Decrease/(increase) in trade and other receivables	12,524	(1,896)	4,101	(4,501)
(Decrease)/increase in trade and other payables	(11,157)	1,906	6,733	1,501
Share based payment charge	1,623	1,335	-	-
Investment income	-	-	(4,250)	(4,500)
Cash generated from operations	18,033	15,706	10,066	(4,155)
Interest paid	(848)	(642)	-	-
Income taxes paid	(3,965)	(2,809)	-	-
NET CASH FROM OPERATING ACTIVITIES	13,220	12,255	10,066	(4,155)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(524)	(293)	-	-
Purchase of intangible assets	(387)	(10)	-	-
Acquisitions net of cash received	(37,587)	(4,170)	(37,587)	-
Proceeds from sale of property, plant and equipment	58	19	-	-
Dividends received	-	-	4,250	4,500
NET CASH USED IN INVESTING ACTIVITIES	(38,440)	(4,454)	(33,337)	4,500
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	6	4,171	6	4,171
Drawdown of term loan	28,608	-	28,608	-
Dividends paid	(5,382)	(4,516)	(5,382)	(4,516)
NET CASH FROM/(USED IN) FINANCING	23,232	(345)	23,232	(345)
Effects of exchange rates on cash and cash equivalents	(143)	20	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,131)	7,476	(39)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(3,109)	(10,585)	39	39
CASH AND CASH EQUIVALENTS AT END OF YEAR	(5,240)	(3,109)	-	39
CASH AND CASH EQUIVALENTS				
Cash	3,997	569	-	39
Bank overdrafts	(14)	(332)	-	-
Working capital facility used (Note 22)	(9,223)	(3,346)	-	-
CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENTS	(5,240)	(3,109)	-	39

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 sectors. The Company is incorporated in the United Kingdom. The Group's address is: Matchtech Group plc, 1450 Parkway, Whiteley, Fareham PO15 7AF.

ii Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and which are effective at 31 July 2015 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 is set out below.

The consolidated financial statements are prepared in sterling. Additional analysis of administration expenses has been provided in the Consolidated Income Statement. This has not resulted in any restatement of the 2014 Consolidated Income Statement.

iii Going Concern

The Directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. These were prepared with reference to historical 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 cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty of future events.

iv New Standards and Interpretations

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

Standard		Effective date (Annual periods beginning on or after)
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Associates and Joint Ventures	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014

The adoption of the above standards has had no material impact on the financial statements.

New Standards in Issue, Not Yet Effective

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

Standard		Effective date (Annual periods beginning on or after)
IAS 19	Defined Benefit Plans: Employee Contributions	1 February 2015
IFRS 11	Joint Arrangements	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9	Fair Values	1 January 2016
IFRS 15	Revenue	1 January 2016
IFRS improvements	Various	Various

Based on the Group's current business model and accounting policies, the Directors do not expect material impacts on the figures in the Group's financial statements when the interpretations become effective.

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

1 The Group and Company Significant Accounting Policies continued

v Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the Statement of Financial Position date. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns through its involvement with an entity and it has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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 Group Statement of Financial Position at their fair values, which are also used as the bases for subsequent measurement in accordance with Group accounting policies.

Transactions between Group companies are eliminated on consolidation.

vi Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts. Revenue on temporary placements is recognised upon receipt of a client approved timesheet or equivalent. Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment, at which point it is probable that the economic benefits associated with the transaction will be transferred. Fees for the provision of engineering services are recognised on completion of work performed in accordance with customer contracts. Other fees are recognised on confirmation from the client committing to the agreement.

vii Non-recurring Items

Non-recurring items are items that are unusual because of their size, nature or incidence and are presented within the consolidated income statement but highlighted through separate disclosure. The Group's Directors consider that these items should be separately identified within the income statement to enable a true and fair understanding of the Group's results.

Items which are included within this category include:

- costs of acquisitions;
- integration costs of acquisitions;
- significant restructuring costs;
- other particularly significant or unusual items.

viii 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 in terms of annual depreciation as follows:

Motor vehicles	25.0%	Reducing balance
Fixtures, Fittings and Office equipment	12.5% to 33.0%	Straight line
Leasehold Improvements	Over the period of the lease term	

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

ix Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment.

Goodwill is allocated to cash-generating units and is not amortised, but is tested at least annually for impairment. For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1 The Group and Company Significant Accounting Policies continued

Expenditure on internally generated goodwill, brands and intangibles is expensed in the Income Statement when incurred.

Software Licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between 2 and 5 years. Software licences are stated at cost less accumulated amortisation.

Customer relationships

Acquired customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders). Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is in line with the expected cashflows. Acquired customer relationships are stated at cost less accumulated amortisation and impairment. Backlog orders are recognised at fair value at the acquisition date and amortised in line with the expected cash flows. Backlog orders are stated at cost less accumulated amortisation and impairment. Customer relationships are amortised over their useful economic life of between 2 and 10 years.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment. Trade names and trademarks are amortised over their useful economic life of between 2 and 11 years.

Other

Other intangible assets acquired by the Group that have a finite life useful life are measured at cost less accumulated amortisation and accumulated losses. Other intangibles are amortised over their useful economic life of between 2 and 5 years.

Amortisation of intangible assets is recognised in the income statement under administrative expenses. Provision is made against the carrying value of intangible assets where an impairment in value is deemed to have occurred. Impairment losses are recognised in the Income Statement under administrative expenses.

ix Disposal of Assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Income Statement.

xi 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.

xii 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 be 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 Statement of Financial Position 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.

xiii Pension Costs

The Company operates defined contribution pension schemes for employees. The assets of these schemes are held separately from those of the Company. The annual contributions payable are charged to the Income Statement as they accrue.

1 The Group and Company Significant Accounting Policies continued

xiv Share Based Payments

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

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

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

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

xv 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 as at the 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.

xvi Financial Assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

In the Company financial statements, investment in the subsidiary Company is measured at cost and provision made where an impairment value is deemed to have occurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Trade receivables subject to the invoice discounting facility are recognised in the Statement of Financial Position until they are settled by the customer.

xvii 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.

1 The Group and Company Significant Accounting Policies continued

xviii Financial Instruments

Financial instruments often consist of a combination of debt and equity and the Group has to decide how to attribute values to each. They are treated as equity only to the extent that they meet the following two conditions:

- (i) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (ii) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability, and where such an instrument takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance costs. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

The Group uses financial instruments, in particular forward currency contracts, to manage the financial risks associated with the Group's underlying business activities. The forward exchange contracts are used to hedge foreign currency exposures arising on forecast receipts and payments in foreign currencies. These forward contracts are revalued to the rates of exchange at the Statement of Financial Position date and any aggregate unrealised gains and losses arising on revaluation are included in other debtors or creditors. At maturity, or when the contract ceases to be a hedge, gains and losses are taken to the Income Statement. The Group does not undertake any trading activity in financial instruments.

Fair Value Hierarchy

The Group analyses financial instruments carried at a fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. directly from prices); and
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

xix Cash and Cash Equivalents

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

xx Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in the annual general meeting prior to the balance sheet date.

1 The Group and Company Significant Accounting Policies continued

xxi 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 Statement of Financial Position 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 Statement of Financial Position date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to "Translation of foreign operations" in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the Income Statement as part of the gain or loss on disposal.

As permitted by IFRS 1, the balance on the cumulative translation adjustment on retranslation of subsidiaries' net assets has been set to zero at the date of transition to IFRS.

xxii 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 and to record the excess fair value above the nominal value of the consideration on the acquisition of Networkers International plc.
- "Translation of foreign operations" represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- "Retained earnings" represents retained profits.

xxiii Significant Accounting Estimates and Judgments

Estimates and 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 Judgments

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. This facility is recognised as a liability for the amount drawn.

Factoring Arrangements

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

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

1 The Group and Company Significant Accounting Policies continued

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date are discussed below. These are included for completeness, although it is the 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 3 to 8 years. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment Loss of Trade and Other Receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's 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 15.

Intangibles

The Group determines whether goodwill and other intangible assets (including acquired intangibles) are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash generating unit to which the assets are allocated. Consideration is given to the future cash flows of each cash generating unit and the discount rate applied to calculate the present value of those cash flows.

2 Segmental information

The Group has 3 main reportable segments, Engineering, Professional Services and Networkers, following the acquisition of Networkers International plc in April 2015.

The Group determines and presents operating segments based on the information that is provided internally to the Board of Directors.

An operating segment's results are reviewed regularly by the Board to assess performance, which is measured based on segment profit before tax before non-recurring items and amortisation of acquired intangibles.

Reportable Segments

2015

All amounts in £'000	Engineering	Professional Services	Networkers	Total	Non-recurring items and amortisation of acquired intangibles	Group
Revenue	312,494	132,782	57,017	502,293	–	502,293
Gross profit	28,688	16,677	9,454	54,819	–	54,819
Profit from operations	10,546	4,213	1,991	16,750	(2,710)	14,040
Amortisation of acquired intangibles	–	–	–	–	(1,680)	(1,680)
Finance cost	(699)	(267)	(108)	(1,074)	–	(1,074)
Profit before tax	9,847	3,946	1,883	15,676	(4,390)	11,286
Depreciation and amortisation	564	339	113	1,016	1,680	2,696
Segment assets	52,381	9,440	32,051	93,872		93,872
Unallocated net liabilities						(17,335)
Total net assets						76,537

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2 Segmental information continued
2014

All amounts in £'000	Engineering	Professional Services	Total	Amortisation of acquired intangibles	Group
Revenue	311,602	139,989	451,591	–	451,591
Gross profit	27,077	17,905	44,982	–	44,982
Profit from operations	10,548	3,073	13,621	–	13,621
Amortisation of acquired intangibles	–	–	–	(663)	(663)
Finance cost	(649)	(366)	(1,015)	–	(1,015)
Profit before tax	9,899	2,707	12,606	(663)	11,943
Depreciation and amortisation	432	290	722	663	1,385
Segment assets	59,295	11,046	70,341		70,341
Unallocated net liabilities					(27,678)
Total net assets					42,663

A segmental analysis of total assets has not been included as this information is not available to the Board; the majority of assets are centrally held and are not allocated across the reportable segments. Only trade receivables are reported by segment and as such they are included as segment assets above. Unallocated net liabilities include non-current assets, other receivables, cash and cash equivalents and current liabilities.

Geographical Information

All amounts in £'000	Revenue		Non-current assets	
	2015	2014	2015	2014
UK	488,611	448,693	54,582	5,419
Europe	1,575	2,898	–	1
Middle East and Africa	4,298	–	199	–
Americas	6,103	–	57	–
Asia Pacific	1,706	–	164	–
	502,293	451,591	55,002	5,420

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

Largest Customers

No single client contributed more than 10% of the Group's revenues (2014: none).

3 Profit from Operations

	2015 £'000	2014 £'000
Profit from operations is stated after charging/(crediting):		
Depreciation	743	591
Amortisation of acquired intangibles	1,680	663
Amortisation of software licences	273	131
(Profit)/loss on disposal of property, plant and equipment	(13)	18
Auditors' remuneration: – fees payable for the audit of the Parent Company financial statements	10	10
– fees payable for the audit of the Subsidiary Company financial statements	234	77
– Non audit services: taxation	73	36
other services pursuant to legislation	41	21
Operating lease costs: – plant and machinery	272	197
– land and buildings	1,121	787
Share based payment charge	1,623	1,335
Net foreign currency exchange differences	288	280
Non-recurring costs included within administrative expenses:		
Acquisition costs	1,685	–
Restructuring costs	1,025	–
	2,710	–

Directly attributable acquisition and subsequent integration costs of £1,685,000 were incurred in respect of the Networkers International plc acquisition in April 2015, as described in Note 10. These are separately presented as they are not part of the Group's underlying administrative expenditure.

The restructuring costs are non-recurring items relating to the integration of Networkers International plc and Matchtech Group and redundancy costs following the restructuring of Barclay Meade.

4 Particulars of Employees

The average number of staff employed (including Directors) by the Group during the financial year amounted to:

	2015 No.	2014 No.
Sales	383	305
Administration	147	111
Directors	10	10
Total	540	426

The aggregate payroll costs of the above were:

	2015 £'000	2014 £'000
Wages and salaries	23,344	18,827
Social security costs	2,515	2,221
Other pension costs	1,190	1,206
Total	27,049	22,254

Disclosure of the remuneration of key management personnel, as required by IAS 24, is detailed below. Disclosure of the remuneration of the statutory Directors is further detailed in the audited part of the Remuneration Report on pages 44 to 50.

	2015 £'000	2014 £'000
Short term employee benefits	2,180	1,534
Post employment benefits	212	77
Share based payments	1,039	461
Total	3,431	2,072

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5 Finance Cost

	2015 £'000	2014 £'000
Bank interest payable	773	642
Amortisation of capitalised finance costs	13	92
Net foreign currency exchange differences	288	281
Total	1,074	1,015

6 Dividends

	2015 £'000	2014 £'000
Equity dividends paid during the year at 20.27 pence per share (2014: 18.26 pence)	5,382	4,516
Equity dividends proposed after the year end (not recognised as a liability) at 16.32 pence per share (2014: 14.59 pence)	5,046	3,642

A dividend will be declared from Matchtech Group (Holdings) Limited prior to the payment of the proposed dividend above.

7 Parent Company Profit

	2015 £'000	2014 £'000
The amount of profit dealt with in the accounts of the Company is	3,482	3,345

The Company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present the parent Company's Income Statement.

8 Taxation

	2015 £'000	2014 £'000
Current tax: UK corporation tax	2,977	2,936
Overseas corporation tax	626	–
Prior year (over)/under provision	(235)	79
	3,368	3,015
Deferred tax (Note 14)	(409)	(194)
Income tax expense	2,959	2,821

UK corporation tax has been charged at 20.7% (2014: 22.3%).

8 Taxation continued

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

	2015 £'000	2014 £'000
Profit before tax	11,286	11,943
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20.7% (2014: 22.3%)	2,336	2,663
Expenses not deductible/(chargeable) for tax purposes	386	(3)
Irrecoverable withholding tax	340	-
Adjustments to tax charge in respect of previous periods	(235)	79
Overseas losses not provided for	46	82
Difference between UK and overseas tax rates	86	-
Total tax charge for period	2,959	2,821

Tax charge recognised directly in equity:

	2015 £'000	2014 £'000
Deferred tax recognised directly in equity	174	109
Total tax recognised directly in equity	174	109

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The Budget on 8 July 2015 announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly. Deferred tax at 31 July 2015 has been calculated based on the rate of 20% substantively enacted at the Statement of Financial Position date.

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 shares has been added to the denominator. There are no changes to the profit (numerator) as a result of the dilutive calculation.

Adjusted earnings per share is disclosed below to show the trading performance of the Group excluding non-recurring costs and amortisation of acquired intangibles.

	2015 £'000	2014 £'000
Profit after tax attributable to ordinary shareholders	8,327	9,122
Amortisation of acquired intangibles (Note 3)	1,680	663
Acquisition costs (Note 3)	1,685	-
Restructuring costs (Note 3)	1,025	-
Less: Tax effect on above adjustments	(548)	(116)
Earnings for the purposes of adjusted EPS	12,169	9,669

	2015 '000s	2014 '000s
Weighted average number of ordinary shares in issue	26,841	24,655
Effect of dilutive potential ordinary shares	1,263	1,418
Total	28,104	26,073

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9 Earnings Per Share continued

		2015 pence	2014 pence
Earnings per ordinary share	– basic	31.0	37.0
	– diluted	29.6	35.0
Adjusted earnings per ordinary share	– basic	45.3	39.2
	– diluted	43.3	37.1

10 Acquisition

The Group completed the acquisition of the entire ordinary share capital of Networkers International plc on 2 April 2015. As consideration the Company issued and allotted 0.063256 new Matchtech Group plc shares of 1p each for every 1 ordinary share held by Networkers shareholders totalling 5,439,189 new Matchtech shares and paid cash of 34 pence per ordinary share. Total consideration was £58,471,000.

Networkers is an international recruitment business which supplies skilled staff on a permanent or temporary basis in the Telecoms, IT and Energy & Engineering sectors. The acquisition creates a more geographically balanced business with scale in fast growing international markets whilst maintaining a healthy contract to permanent NFI split.

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

	Acquirees net assets at acquisition date £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets:			
– software	41	–	41
– customer relationships	–	18,552	18,552
– trade names	–	4,741	4,741
– candidate databases	–	1,560	1,560
Property, plant and equipment	470	–	470
Deferred tax asset	281	–	281
Trade and other receivables	39,357	–	39,357
Cash and cash equivalents	2,554	–	2,554
Current tax liability	(26)	–	(26)
Trade and other payables	(17,991)	–	(17,991)
Bank loans and overdrafts	(10,905)	–	(10,905)
Deferred tax liability	–	(4,971)	(4,971)
Net identifiable assets	13,781	19,882	33,663
Goodwill			24,808
Consideration			58,471
Analysis of consideration:			
Equity			29,235
Cash			29,236
Consideration			58,471
Analysis of net cashflows:			
Cash consideration paid			24,655
Cash and cash equivalents acquired			(2,554)
Bank loans and overdrafts acquired			10,905
Net cash outflow			37,587

10 Acquisition continued

Intangible assets have been identified relating to the customer relationships, candidate databases and trademarks, intangible assets have been recognised at fair value. Goodwill represents expected synergies from combining operations of the acquiree and acquirer, the employees of Networkers and intangibles that do not qualify for separate recognition.

Fair value adjustments have been made to reflect the identified intangible assets arising on acquisition and the deferred tax liability on those assets.

Amortisation of intangible assets is on a straight line basis, over the following useful economic lives:

Customer relationships	10 years
Candidate databases	5 years
Trade names	1 to 11 years

The Group incurred acquisition costs of £1,685,000 relating to external legal fees, broker fees and due diligence costs. These costs have been recognised in administrative expense in the Income Statement.

In the period between the acquisition and 31 July 2015 Networkers contributed revenue of £57,017,000, Gross Profit of £9,454,000 and profit from operations after amortisation of acquired intangibles of £471,000. If the acquisition had occurred on 1 August 2014, revenue for the combined Group would be £630,158,000, Gross Profit of £74,639,000 and profit from operations after amortisation of acquired intangibles £16,691,000. The amortisation of acquired intangibles would be £4,057,000.

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11 Intangible Assets

Group		Goodwill £'000	Customer relationships £'000	Trade names £'000	Other £'000	Software licences £'000	Total £'000
COST	At 1 August 2013	–	–	–	400	973	1,373
	Additions	–	–	–	–	(22)	(22)
	Acquisitions	1,643	1,600	166	476	–	3,885
	At 1 August 2014	1,643	1,600	166	876	951	5,236
	Additions	–	–	–	–	777	777
	Acquisitions	24,808	18,552	4,741	1,560	41	49,702
	At 31 July 2015	26,451	20,152	4,907	2,436	1,769	55,715
AMORTISATION	At 1 August 2013	–	–	–	316	422	738
	Charge for the year	–	453	15	195	131	794
	At 31 July 2014	–	453	15	511	553	1,532
	Charge for the year	–	946	511	223	273	1,953
	At 31 July 2015	–	1,399	526	734	826	3,485
NET BOOK VALUE	At 31 July 2014	1,643	1,147	151	365	398	3,704
	At 31 July 2015	26,451	18,753	4,381	1,702	943	52,230

Goodwill arising on business combinations is reviewed and tested on an annual basis or more frequently if there is indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount.

Goodwill is allocated to CGUs, which are determined as the reportable segments, as follows:

	2015 £'000	2014 £'000
Professional Services	1,643	1,643
Networkers International plc	24,808	–
	26,451	1,643

The recoverable amounts of the CGUs are determined from value-in-use calculations, the key assumptions for the value-in-use calculations are as follows:

Profit from operations	Profit from operations is based on the latest annual forecast approved by the Group's Board of Directors which was prepared using expectations of revenue and operating cost growth
Discount rates	The pre-tax rate used to discount the forecast cash flows was 12.5% (2014: 12.5%) reflecting the Group's weighted average cost of capital
Growth rates	The long-term growth rates are based on management forecasts which are consistent with external sources at an average growth rate of 2.5% (2014: 2.5%)

Impairment reviews are performed at the year end by comparing the carrying value of goodwill with the recoverable amount of the CGUs to which goodwill has been allocated.

The impairment review determined that there has been no impairment to any of the CGUs. Sensitivity analysis has been performed in assessing recoverable amounts of goodwill. The sensitivity analysis shows no impairment would arise under each reasonably foreseeable scenario for any of the CGUs.

Amortisation is charged through administrative expenses in the Income Statement.

12 Property, Plant and Equipment

Group		Motor vehicles £'000	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
COST	At 1 August 2013	1,712	706	2,888	5,306
	Additions	–	221	68	289
	Acquisitions	–	4	–	4
	Disposals	(539)	(108)	–	(647)
	At 1 August 2014	1,173	823	2,956	4,952
	Additions	–	351	173	524
	Acquisitions	–	94	377	471
	Disposals	(233)	–	(16)	(249)
	At 31 July 2015	940	1,268	3,490	5,698
DEPRECIATION	At 1 August 2013	1,083	223	2,256	3,562
	Charge for the year	154	107	330	591
	Released on disposal	(469)	(60)	–	(529)
	At 31 July 2014	768	270	2,586	3,624
	Charge for the year	102	262	379	743
	Released on disposal	(204)	–	–	(204)
	At 31 July 2015	666	532	2,965	4,163
NET BOOK VALUE	At 31 July 2014	405	553	370	1,328
	At 31 July 2015	274	736	525	1,535

Included within Leasehold Improvements is a cost of £215,000 (2014: £215,000) relating to the dilapidations provision (see Note 16).

There were no capital commitments as at 31 July 2015 or 31 July 2014.

13 Investments

	Company	
	2015 £'000	2014 £'000
At 1 August	3,403	2,068
Acquisition of Networkers	58,471	–
Transfer of Networkers to subsidiary company	(58,471)	–
Acquisition of non-controlling interest	650	–
Capital contribution	1,623	1,335
At 31 July	5,676	3,403

In April 2015 the Company acquired 100% of the ordinary share capital of Networkers International plc for £58.5m, subsequently this investment was transferred to Matchtech Group (Holdings) Limited for £58.5m, in return for an intercompany receivable.

The additional increase in investments represents the acquisition of a non-controlling interest in Matchtech Group Management Limited and a capital contribution made in Matchtech Group (UK) Limited relating to share based payments.

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13 Investments continued

Subsidiary Undertakings

Company	Country of Incorporation	Share Class	% held 2015	%held 2014	Main Activities
Matchtech Group (Holdings) Limited	United Kingdom	Ordinary	100%	100%	Holding
Matchtech Group Management Company Limited	United Kingdom	Ordinary	100%	69%	Non trading
Matchtech Group (UK) Limited	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Engineering Limited	United Kingdom	Ordinary	100%	100%	Non trading
Matchmaker Personnel Limited	United Kingdom	Ordinary	100%	100%	Non trading
Barclay Meade Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Alderwood Education Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elemense Limited	United Kingdom	Ordinary	100%	100%	Non trading
Connectus Technology Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Limited	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech GmbH	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech BV	Netherlands	Ordinary	100%	100%	Non trading
Matchtech Engineering Inc	USA	Ordinary	100%	100%	Provision of recruitment consultancy
Application Services Limited	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Provanis Limited	United Kingdom	Ordinary	100%	100%	Non trading
Networkers International plc	United Kingdom	Ordinary	100%	–	Holding
Networkers International (UK) Plc	England	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International LLC	United States	Ordinary	100%	–	Non trading
Networkers Telecommunications Inc.	United States	Ordinary	100%	–	Provision of recruitment consultancy
NWÍ de Mexico S. de R.L. de C.V	Mexico	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International South Africa Proprietary Limited	South Africa	Ordinary	87%	–	Provision of recruitment consultancy
Networkers International (China) Co. Limited	China	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (Canada) Inc	Canada	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International Trustees Limited	United Kingdom	Ordinary	100%	–	Non trading
The Comms Group Limited	United Kingdom	Ordinary	100%	–	Holding
CommsResources Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy
CommsResources Sdn Bhd	Malaysia	Ordinary	100%	–	Provision of recruitment consultancy
Comms Software Limited	United Kingdom	Ordinary	100%	–	Non trading
CommsResources SAS	Colombia	Ordinary	100%	–	Provision of recruitment consultancy
Elite Computer Staff Limited	United Kingdom	Ordinary	100%	–	Non trading
NWKI FZ LLC (formerly SNS FZ LLC)	Dubai	Ordinary	100%	–	Provision of recruitment consultancy
Networkers Recruitment Services Limited	United Kingdom	Ordinary	100%	–	Non trading
MSB International GMBH	Germany	Ordinary	100%	–	Provision of recruitment consultancy
NWKI Communications LLC	Dubai	Ordinary	49%	–	Provision of recruitment consultancy
Networkers Consultancy (Singapore) PTE Limited.	Singapore	Ordinary	100%	–	Provision of recruitment consultancy
Cappo Group Limited	United Kingdom	Ordinary	100%	–	Holding
Cappo International Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy

13 Investments continued

Company	Country of Incorporation	Share Class	% held 2015	% held 2014	Main Activities
Cappo Qatar LLC	Qatar	Ordinary	49%	–	Provision of recruitment consultancy
Networkers Consultoria Em Tecnologia Da Informacao Limitada	Brazil	Ordinary	100%	–	Provision of recruitment consultancy
Networkers International (India) Private Limited	India	Ordinary	100%	–	Non trading
Concilium Search Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy
Kelsey House Limited	United Kingdom	Ordinary	100%	–	Provision of recruitment consultancy

All holdings are indirect except Matchtech Group (Holdings) Limited, Matchtech GmbH and Matchtech Group Management Company Limited.

The Group consolidates NWKI Communications LLC and Cappo Qatar LLC as subsidiaries in the consolidation due to contractual arrangements in place giving the Group effective control of the entities.

14 Deferred Tax

	Asset 2015 £'000	Liability 2015 £'000	Net 2015 £'000	Credited/ (charged) to profit 2015 £'000	Credited/ (charged) to equity 2015 £'000
Share based payments	1,003	–	1,003	116	174
Depreciation in excess of capital allowances	76	–	76	(44)	–
Acquired intangibles	–	(4,967)	(4,967)	336	–
Other temporary and deductible differences	158	–	158	1	–
Net deferred tax assets/(liabilities)	1,237	(4,967)	(3,730)	409	174

	Asset 2014 £'000	Liability 2014 £'000	Net 2014 £'000	Credited/ (charged) to profit 2014 £'000	Credited/ (charged) to equity 2014 £'000
Share based payments	713	–	713	78	109
Depreciation in excess of capital allowances	7	–	7	–	–
Acquired intangibles	–	(332)	(332)	116	–
Net deferred tax assets/(liabilities)	720	(332)	388	194	109

The movement on the net deferred tax (liability)/asset is as shown below:

	Group	
	2015 £'000	2014 £'000
At 1 August	388	533
Acquired intangibles	(4,971)	(448)
Acquisitions	270	–
Recognised in income	409	194
Recognised in equity	174	109
At end of year	(3,730)	388

The rate of UK corporation tax applied to deferred tax calculations is 20% (2014: 20%).

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15 Trade and Other Receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade receivables	93,872	70,341	–	–
Amounts owed by Group companies	–	–	72,135	9,414
Other receivables	3,438	1,050	–	–
Prepayments	1,587	857	–	–
Total	98,897	72,248	72,135	9,414

The amounts due from Group undertakings in the Company Statement of Financial Position are considered to approximate to fair value.

Days' sales outstanding at the year end based upon the preceding 3 months' revenue were 49.4 days (2014: 45.9 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 to the fair value.

Included in the Group's trade receivable balance are debtors with a carrying amount of £10,056,000 (2014: £8,367,000) 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	
	2015 £'000	2014 £'000
0-30 days	7,585	7,251
30-60 days	1,663	976
60-90 days	458	140
90+ days	350	–
Total	10,056	8,367

Movement in the allowance for doubtful debts:

	Group	
	2015 £'000	2014 £'000
At 1 August	300	585
Acquisitions	867	–
Impairment losses recognised/(reversed)	68	(285)
At 31 July	1,235	300

15 Trade and Other Receivables continued

Ageing of impaired trade receivables:

	Group	
	2015 £'000	2014 £'000
Not past due at reporting date	319	-
0-30 days	58	-
30-60 days	-	8
60-90 days	-	91
90+ days	858	201
Total	1,235	300

16 Provisions

	Group	
	2015 £'000	2014 £'000
At 1 August	278	278
Acquisition	364	-
Provisions released during the year	(16)	-
At 31 July	626	278
Non-current	278	278
Current	348	-
	626	278

The above provision relates to a dilapidations provision based on the requirement to return leased buildings to their original condition at the end of the lease term. The provision relates to offices held under lease arrangements that expire between January 2016 and June 2017.

17 Trade and Other Payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	538	10	-	-
Amounts owed to Group companies	-	-	8,922	2,189
Taxation and social security	5,415	5,280	-	-
Contractor wages creditor	16,698	21,108	-	-
Accruals and deferred income	14,227	3,405	-	-
Provisions	348	-	-	-
Other payables	336	309	-	-
Total	37,562	30,112	8,922	2,189

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18 Financial Assets and Liabilities Statement of Financial Position Classification

The carrying amount of the Group's financial assets and liabilities as recognised at the Statement of Financial Position date of the reporting periods under review may also be categorised as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade and other receivables				
– Loan and receivables	97,310	71,391	72,135	9,414
Cash and cash equivalents				
– Loan and receivables	3,997	569	–	39
Total	101,307	71,960	72,135	9,453

Financial liabilities are included in the Statement of Financial Position within the following headings:

	Group	
	2015 £'000	2014 £'000
Current liabilities		
Borrowings		
– Financial liabilities recorded at amortised cost	37,641	3,678
Trade and other payables		
– Financial liabilities recorded at amortised cost	32,147	24,832
Total	69,788	28,510

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

The Group has working capital facilities with HSBC which are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. The facility held with HSBC Bank allows the Company to borrow up to 90% of its invoiced debtors up to a maximum of £65 million. Interest is charged on borrowings at a rate of 1.1% over HSBC Bank base rate.

The Group agreed a 3 year, £30m term loan facility agreement with HSBC dated 27 January 2015 which is secured by way of a fixed and floating charge over assets of the Group. Interest is charged on borrowings at a rate of 3% over HSBC LIBOR rate.

19 Commitments Under Operating Leases

At 31 July 2015 the Group had commitments to pay the following amounts under non-cancellable operating leases as set out below:

			Group	
			2015 £'000	2014 £'000
Land/buildings	Payments falling due:	within 1 year	1,057	875
		within 1 to 5 years	1,157	1,824
		after 5 years	–	138
Other	Payments falling due:	within 1 year	269	233
		within 1 to 5 years	483	541

The company had no commitments under non-cancellable operating leases (2014: none).

20 Share Capital

Authorised Share Capital

	Company	
	2015 £'000	2014 £'000
40,000,000 Ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	Company	
	2015 £'000	2014 £'000
30,922,000 (2014: 24,965,000) Ordinary shares of £0.01 each	309	250

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

	Company	
	2015 '000	2014 '000
In issue at 1 August	24,965	23,616
Exercise of share options	399	299
Issue of restricted shares	119	–
Share placing	5,439	1,050
In issue at 31 July	30,922	24,965

During the year the Company issued 119,000 Ordinary shares of £0.01 each. These shares were issued with restrictions as the shares cannot be sold or transferred without the consent of the Board and have no dividend or voting rights.

The excess consideration above the nominal value of the shares issued in respect of the acquisition of Networkers International plc was accounted for within merger reserve.

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20 Share Capital continued

Share Options

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

	2015 '000s	2014 '000s	Date of grant	Exercise price pence	Exercise period	
					From	To
Key Share Options	5	5	01/12/2005	146	01/06/2007	01/12/2015
Target/Loyalty Share Options	2	3	01/12/2005	146	01/12/2006	01/12/2015
Deferred Share Bonus	6	6	18/01/2010	1	18/01/2012	18/01/2020
Deferred Share Bonus	6	6	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	1	1	18/01/2010	1	18/01/2012	18/01/2020
Zero Priced Share Option Bonus	1	1	18/01/2010	1	18/01/2013	18/01/2020
Zero Priced Share Option Bonus	1	2	04/02/2011	1	25/01/2013	04/02/2021
Zero Priced Share Option Bonus	2	2	04/02/2011	1	03/02/2014	04/02/2021
Long Term Incentive Plan Options	23	51	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	–	12	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	13	213	31/01/2012	1	30/01/2015	31/01/2022
Long Term Incentive Plan Options	32	57	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	–	38	31/01/2013	1	30/01/2015	31/01/2023
Zero Priced Share Option Bonus	210	257	31/01/2013	1	30/01/2016	31/01/2023
Value Creation Plan	–	380	14/11/2013	1	18/11/2016	18/11/2021
Value Creation Plan	–	380	14/11/2013	1	18/11/2017	18/11/2021
Long Term Incentive Plan Options	104	156	24/01/2014	1	24/01/2017	24/01/2024
Deferred Share Bonus	10	19	24/01/2014	1	24/01/2015	24/01/2024
Deferred Share Bonus	10	19	24/01/2014	1	24/01/2016	24/01/2024
Zero Priced Share Option Bonus	51	60	01/01/2014	1	01/01/2016	01/01/2024
Zero Priced Share Option Bonus	292	383	01/01/2014	1	01/01/2017	01/01/2024
Zero Priced Share Option Bonus	22	–	28/01/2015	1	28/01/2017	28/01/2025
Zero Priced Share Option Bonus	137	–	28/01/2015	1	28/01/2018	28/01/2025
Zero Priced Share Option Bonus	44	–	30/01/2015	1	30/01/2018	30/01/2025
Zero Priced Share Option Bonus	16	–	26/06/2015	1	26/06/2018	26/06/2025
Value Creation Plan	389	–	02/07/2015	1	18/11/2016	18/11/2021
Value Creation Plan	389	–	02/07/2015	1	18/11/2017	18/11/2021
Total	1,766	2,051				

During the year the Group granted share options under a Long Term Incentive Plan (LTIP) for Executive Directors and a Zero Priced Share Option Bonus for key staff. The LTIP options were granted on 30 January 2015 and are subject to an EPS performance target. The zero priced share options were granted on 28 January 2015 and 26 June 2015 to members of staff subject to two and three year holding periods. All grants made during the year were under the same terms as share options granted in previous years.

20 Share Capital continued

During the year options under the Value Creation Plan (VCP) were waived and re-granted. The VCP options were granted to Executive Directors and key staff, 50% of the options are exercisable on 18 November 2016 and 50% exercisable one year later.

All share options have a life of 10 years and are equity settled on exercise.

The movement in share options is shown below:

	2015			2014		
	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	2,051	1.7	–	1,002	7.2	–
Granted	1,074	1.0	–	1,434	1.0	–
Forfeited/lapsed	(986)	1.0	–	(108)	1.0	–
Exercised	(373)	1.0	525.0	(277)	19.3	561.9
Outstanding at 31 July	1,766	1.7		2,051	1.7	
Exercisable at 31 July	70	1.3		38	1.7	

The number of share options granted includes the deferred share bonus options.

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

Exercise Date	2015			2014		
	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)
24/01/2015	–	–	–	6	19	1.0
30/01/2015	–	–	–	6	302	1.0
01/01/2016	5	51	1.0	17	60	1.0
24/01/2016	6	10	1.0	18	19	1.0
30/01/2016	6	242	1.0	18	314	1.0
18/11/2016	16	389	1.0	28	380	1.0
01/01/2017	17	292	1.0	29	383	1.0
24/01/2017	18	104	1.0	30	156	1.0
28/01/2017	18	22	1.0	–	–	–
18/11/2017	28	389	1.0	40	380	1.0
28/01/2018	30	137	1.0	–	–	–
30/01/2018	30	44	1.0	–	–	–
26/06/2018	35	16	1.0	–	–	–
Total		1,696			2,013	

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20 Share Capital continued

In addition to the share option schemes, the Group operated a Share Incentive Plan (SIP), which 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 LTIP options were calculated using a Monte Carlo simulation method along with the assumptions detailed below. The values of the Zero price options granted in the year were calculated using a Black Scholes method along with the assumptions as detailed below. The fair values of the SIPs and Deferred Bonus Shares were calculated as the market values on the date of the grant of adjusted for the assumptions as detailed below.

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 (£)
07/08/2012	SIP	2.03	0.01	N/A	3.00	N/A	N/A	2.03
12/09/2012	SIP	2.04	0.01	N/A	3.00	N/A	N/A	2.04
05/10/2012	SIP	2.21	0.01	N/A	3.00	N/A	N/A	2.21
09/11/2012	SIP	2.37	0.01	N/A	3.00	N/A	N/A	2.37
12/12/2012	SIP	2.33	0.01	N/A	3.00	N/A	N/A	2.33
11/01/2013	SIP	2.63	0.01	N/A	3.00	N/A	N/A	2.63
31/01/2013	LTIP	2.67	0.01	14.0%	2.00	5.8%	0.56%	1.76
31/01/2013	Deferred bonus	2.67	0.01	N/A	3.00	5.8%	0.56%	2.27
31/01/2013	Deferred bonus	2.67	0.01	N/A	2.00	5.8%	0.37%	2.41
31/01/2013	Zero price bonus	2.67	0.01	14.0%	3.00	5.8%	0.56%	2.24
31/01/2013	Zero price bonus	2.67	0.01	14.0%	3.00	5.8%	0.56%	2.24
08/02/2013	SIP	2.73	0.01	N/A	3.00	N/A	N/A	2.73
12/03/2013	SIP	2.87	0.01	N/A	3.00	N/A	N/A	2.87
12/04/2013	SIP	3.47	0.01	N/A	3.00	N/A	N/A	3.47
10/05/2013	SIP	3.38	0.01	N/A	3.00	N/A	N/A	3.38
01/01/2014	LTIP	5.75	0.01	16.8%	2.00	3.1%	1.2%	5.22
01/01/2014	LTIP	5.75	0.01	16.8%	3.00	3.1%	1.2%	5.22
24/01/2014	Zero price bonus	5.93	0.01	17.0%	3.00	3.0%	1.2%	5.40
28/01/2015	LTIP	5.08	0.01	16.4%	2.00	3.9%	0.7%	4.51
28/01/2015	LTIP	5.08	0.01	16.4%	3.00	3.9%	0.7%	4.51
30/01/2015	Zero price bonus	5.08	0.01	16.4%	3.00	3.9%	0.6%	4.51
26/06/2015	LTIP	5.49	0.01	16.4%	3.00	3.9%	1.1%	4.90

The volatility of the Company's share price on each date of grant was calculated as the average of the 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 yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The 2013 LTIP awards are subject to a TSR test, this 'market' based condition is taken into account in the date of grant of fair calculation.

During the year, Matchtech Group (Holdings) Limited, a subsidiary of Matchtech Group plc, issued 1,000 shares of £0.001 each. These shares were issued to Executive Directors and key staff as Employee Shareholder shares.

The share based payment charge is analysed by share scheme as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
VCP	178	30	178	30
LTIP	1,151	999	1,151	999
Zero price bonus	265	211	265	211
Deferred bonus	(10)	32	(10)	32
SIP	39	63	39	63
Total	1,623	1,335	1,623	1,335

During the year £1,104,000 (2014: £808,000) was recycled back to retained earnings as a result of lapsed share options.

21 Transactions with Directors and Related Parties

During the year the Group made sales of £114,000 (2014: £268,000) to InHealth Group which is a related party by virtue of common directorship of Richard Bradford and sales of £624,000 (2014: £261,000) to the Waterman Group by virtue of common directorship of Ric Piper. At the year end Waterman Group has a balance outstanding of £137,000 (2014: £30,000) and InHealth Group has a balance outstanding of £20,000 (2014: £44,000). All transactions were undertaken at an arm's length price.

There were no other related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged Matchtech Group plc £767,000 (2014: £496,000) for provision of management services. Further details of transactions with directors are included in the Director's Remuneration Report on pages 44 to 50.

22 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 31 July 2015 was as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
In less than one year or on demand:				
Bank overdrafts	14	332	-	-
Working capital facility	9,223	3,346	-	-
Finance costs capitalised	(204)	-	-	-
Bank loans and overdrafts	9,033	3,678	-	-
Trade and other payables	32,147	24,832	-	-
Total	41,180	28,510	-	-
More than one year but less than three years:				
Term Loan	28,608	-	28,608	-

Borrowing Facilities

The Group makes use of working capital facilities and a term loan, details of which can be found in Note 18. The undrawn facility available at 31 July 2015 in respect of which all conditions precedent had been met was as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Expiring in one to five years	57,169	46,654	1,392	-

The Directors have calculated that the effect on profit of a 1% movement in interest rates would be £420,000 (2014: £285,000).

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

Foreign Currency Risk

The Group's main foreign currency risk is the short-term risk associated with trade debtors denominated in US dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank.

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22 Financial Instruments continued

The Group's net exposure to foreign exchange risk was as follows:

	Group	
	2015 £'000	2014 £'000
US Dollar	6,821	–
Euro	2,720	–

The effect of a 25c strengthening of the Euro and Dollar against Sterling at the balance sheet date on the Euro/Dollar denominated trade and other receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and increase of net assets of £1,906,000. A 25c weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and reduced net assets by £1,355,000.

Company

The Company holds no material balances of this nature other than intercompany balances, which are not subject to a fair value adjustment.

23 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;
- to provide an adequate return to shareholders; and
- to price products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. 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:

	Group	
	2015 £'000	2014 £'000
Total equity	76,537	42,663
Cash and cash equivalents	(3,997)	(569)
Capital	72,540	42,094
Total equity	76,537	42,663
Borrowings	37,845	3,678
Overall financing	114,382	46,341
Capital to overall financing ratio	63%	91%

**Financial Statements
Corporate Advisors**

Financial PR	Newgate Threadneedle, 50 Basinghall Street, London EC2V 5DE
Auditors	KPMG LLP, Gateway House, Tollgate, Chandlers Ford, Hampshire SO53 3TG
Solicitors to the Company	Osborne Clarke, One London Wall, London EC2Y 5EB
Nominated Advisor and Broker	Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT
Principal Bankers	HSBC, Global House, High Street, Crawley, West Sussex, RH10 1DL
Invoice Finance Bankers	HSBC, Farncombe Road, Worthing, Sussex, BN11 2BW
Registrars	Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Matchtech Group plc
1450 Parkway
Solent Business Park
Whiteley
Fareham
Hampshire
PO15 7AF

T: 01489 898989
E: info@matchtechgroupplc.com
www.matchtechgroupplc.com