For Immediate Release **23 July 2014**

STAFFLINE GROUP PLC
('Staffline' or 'the Group')

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Staffline, the national recruitment, outsourcing, training and Welfare to Work organisation providing people and operational expertise to industry, today announces its preliminary results for the six months ended 30 June 2014.

Financial highlights:

- Revenues up 11.1% to £208.1 million (H1 2013: £187.2 million)
- Gross profit up by 23.8% to £23.7m
- Gross profit margin up by 1.2%, to 11.4% (H1 2013: 10.2%)
- Underlying profit before tax up 30% to £6.4m (H1 2013: £4.9m)
- Fully diluted underlying EPS pre amortisation, acquisition costs and share based payment charges up 31% to 22.2p (H1 2013: 17.0p)
- Interim dividend increased by 32% to 5.0p (H1 2013: 3.8p)
- Successful placing of new shares in May 2014 raised £16m, at a premium to the then prevailing share price, to part fund the acquisition of Avanta

Operational highlights:

- Continued expansion of the OnSite model, increased by 18 sites during the period to 212
- Completed the acquisition of Avanta for a net consideration of £45m, net of cash acquired
    - Staffline now top 3 Work Programme provider in UK
    - Integration well advanced
    - Combined Avanta/EOS operation well placed to grow market share
- Five year growth strategy to reach £1bn revenues in place and on track
- Group continues to trade in line with market expectations for the full year
- Contract win for EOS in Northern Ireland announced today

Commenting on the results and prospects, Andy Hogarth, Chief Executive, said:

"We have made a good start to 2014, buoyed by the continued traction in our core recruitment business and the recent acquisition of Avanta, our largest transaction to date. With Staffline continuing to outperform the broader recruitment sector as regulatory and budgetary constraints create added pressure for UK businesses, demand for our services remains strong.

"Our new business pipeline continues to develop and our newer divisions are beginning to gain market traction. The integration of Avanta is also progressing well and we remain strongly optimistic that we can make further gains in the welfare to work and training arena.

"Current trading remains robust and the confidence we have in our future trading prospects supports our commitment to the 32% increase in our interim dividend."

A presentation for analysts and investors will be held at 9.30am on 23 July 2014 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN

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About Staffline

Staffline Group plc started as a recruitment organisation specialising in the provision of temporary workers in food processing, manufacturing, e-retail, driving and logistics and has since also grown into a leading provider in the welfare and skills sector. We provide and manage industrial workforces and use training and business improvement techniques to ensure increased levels of efficiency to give our clients a significant commercial advantage. Our recruitment business now operates from well over 200 locations in the UK, Ireland and Poland, supplying up to 33,000 temporary workers each day.

Our recruitment brands now include Select Appointments, providing white collar office staff and Staffline Express, providing blue collar staff, both High Street branch operations. Staffline OnSite is based on clients' premises and also provides both blue collar and white collar temporary staff, Driving + provides HGV drivers, Staffline Agriculture provides workers to the UK farming and growing sectors, while Resourcing Plus offers cost effective permanent recruitment solutions.

Our other areas of operation include Elpis, a national training and consultancy organisation, OSP, a specialist volume recruitment call centre and Avanta (which includes Staffline's original EOS), a provider of Welfare to Work and skills training services across the UK helping the long term unemployed back in to work. We expanded our training capabilities in 2013 with Learning Plus, a technologically advanced e-learning platform designed to deliver extremely cost effective work-based skills training.

Chief Executive and Chairman's Report

The first half of 2014 has, yet again, seen a great deal of operational progress achieved by the Group. Our five year growth strategy is now firmly in place and we have continued to invest in a number of new start up divisions as the Group expands its operational reach and brings in new talent. This cycle of investment has temporarily subdued profitability within the recruitment services segment, however, we have also been able to benefit from the trend towards further consolidation within the recruitment industry which has enabled us to increase the number of ***OnSites*** we operate for existing and new clients. Our Welfare to Work division grew dramatically with the acquisition of Avanta Enterprise Ltd in June and we expect the addition of Avanta to our portfolio to have a meaningful financial impact in our full year results. The acquisition also now means that we are the third largest provider of Welfare to Work services to the DWP broadening our reach within the UK. In addition we have today announced that we have been successful in tendering for the Steps to Success contract for the northern contract area of Northern Ireland.

In addition, we completed the purchase of the training and brokerage organisation Skillspoint, in July. This further strengthens our position in the Skills Funding Agency funded training sector, a key strategic growth area for the Group.

Overall, profitability in the Group has increased in line with our expectations.

In July, we were delighted to announce the appointment of Dame Christine Braddock as a non-executive member of the Board. Until recently Christine was CEO of Birmingham Metropolitan College, a position she has held for the past 17 years. In that time she oversaw its growth from a single campus on Bristol Street in Birmingham to 12 locations covering the West Midlands. Christine's experience in both this area and in her earlier career in the Prison Service will help Staffline in our aim to continue to grow our Skills business.

Financial Review

Total sales grew by 11.1% to £208.1m with gross profit increasing by £4.6m, or 23.8% to £23.7m. This strong growth has been principally organic as opposed to previous years being more acquisition led. Net profit before tax, amortisation, acquisition costs and the non-cash charge for share based payment costs (SBPC) rose by 30.0%, from £4.9m to £6.4m. Fully diluted EPS pre amortisation, acquisition costs and SBPC rose from 17.0p to 22.2p.

Our balance sheet has continued to strengthen, with shareholders' funds growing by 47% and exceeding £60m for the first time with the ratio of current assets to current liabilities being in excess of 1.15. Our financial strength is both a major attraction and benefit for our larger ***OnSite*** clients since they can be absolutely certain of our ability to supply their temporary workers who are essential to ensure continued production. It is also essential to supporting the growth ambitions of Avanta, where financial strength is a key criteria in contract bidding processes.

Following the acquisition of Avanta net debt increased during the period with a £10m four year term loan and £20m bank guaranteed vendor loan notes, due to be repaid over the next 19 months. The term loan and loan notes are expected to be repaid from the cash flow of Avanta over the next 4 years so net debt is expected to fall quickly over coming periods.

Operational Review

Recruitment

Trading in the first half of 2014 was consistent with the prior six months as the broader UK economy remains a highly competitive environment for many of our clients and therefore for ourselves. Despite this trend we continue to generate significant opportunities for the Group to grow market share in our core business, both organically through growth with new and existing customers as well as by making bolt-on acquisitions. We continue to assess a number of acquisition opportunities but during the first half of the year did not identify any that met our strict criteria within our core recruitment division.

We have increased the net number of ***OnSites*** from which we operate by 18, ending the period with a total of 212 locations. This increase has resulted from a number of new clients as well as extensions to existing contracts across sectors including Manufacturing, Logistics & Distribution, Food Processing, Agriculture and Driving.

The Group opened a number of new divisions during 2013, including Driving+, Ireland and Agriculture and we continued to suffer some of the start up costs of these during the period under review. We are confident these new divisions will make a positive impact on profitability in 2015.

In particular, our investment in Driving+ is already seeing positive financial results. With demand now increasing strongly fuelled by changes to driver education regulations, we anticipate resource will become even scarcer in this area. We believe significant opportunities now exist within the driving recruitment sector and we will continue to support this growing division.

Welfare to Work and Training

The completion of the acquisition of Avanta for a net consideration of £45m in June significantly enhanced our position in the Welfare to Work arena. Although it has only contributed for less than one month during the half year period, the financial impact of this transaction at the full year will be far greater.

Avanta is our largest acquisition to date, the strategic rationale underpinning the acquisition was:

- The creation of the UK's third largest Welfare to Work provider which the Directors believe will greatly enhance Staffline's strength in bidding for future contracts
- The enlarged Welfare to Work division will provide complimentary scale and cross selling opportunities to Staffline's existing Onsite operations, which are particularly strong in the East Midlands and North-West of England, where a number of Avanta contracts are held
- The profits of the enlarged group will become more evenly balanced between Welfare to Work and Staffline's broader recruitment services
- Bringing Avanta's experienced management team into Staffline, alongside the existing EOS team, to accelerate the Company's strategic goal of becoming the leading Welfare to Work provider

As announced in June, we are currently integrating our existing Work Programme contract held within Eos into Avanta creating a larger, scaled division. We will however retain the Eos brand for contracts we win in the current round of tendering being conducted by the Ministry of Justice along with any local authority tenders currently being worked on. The MoJ tenders were returned in June 2014 and we are currently awaiting feedback.

Our existing training business, Elpis, has traded successfully which has led to greater profitability in 2014. Learning Plus, the electronic learning platform (now 100% owned following the buyout of our JV partner in 2013) has also traded well as we have developed a significant number of new training courses during the period.

After the period end we completed the acquisition of Skillspoint, a Leicester based skills training brokerage business. Skillspoint offers a wide range of innovative solutions for employers, holds its own Skills Funding Agency contract and has an OFSTED level two accreditation. This allows the company to deliver traineeships, making it one of few private training providers to be able to do so.

We continue to see significant opportunity to grow our market share within training in the second half of the financial year.

Health & Safety

Staffline has appointed an external Health and Safety professional to work closely with us to ensure we continue to work as efficiently and as safely as possible. External independent audits are regularly undertaken to reinforce our Health and Safety culture.

ISO 9001 and Investors in People (IIP)

Staffline successfully concluded the external assessment for continued accreditation demonstrating its robust process and procedures. Formal assessments are currently underway to renew our 10 year IIP accreditation.

Environmental Policy

We have successfully completed the trialling of online applications which have significantly reduced the need for paper based applications with an additional benefit having given us a significantly improved audit trail of all applications. The use of email payslips remains at over 90%, significantly reducing wasted printer ink, cartridges, paper and Post Office resources. These steps are very encouraging as we further reduce our carbon footprint whilst continuing to grow.

People

With the Group further expanding, we have seen an increase to 568 employees in our recruitment business and Shared Services with an additional 979 people employed by the combined EOS/Avanta, bringing the Group's total workforce to 1,547.

Our residential management development programme has delivered Leadership and Self Awareness together with Coaching and Motivating a Winning Team with further programmes booked in for later this year.

We continue to place great emphasis on the training and development of our people in line with our vision and values.

Compliance

We take compliance with legislation and industry standards extremely seriously, offering a total commitment to all of our clients to ensure that all of our workers, whether or not covered by the legislation, are recruited and supplied to the standards required by the Gangmaster Licencing Authority. This total commitment gives our clients the assurance that all UK ethical and legal standards are fully met. We operate a confidential helpline for our workers to report any concerns and conduct regular surveys to ensure we are achieving our own high standards. We are active supporters of the Stronger Together initiative to help prevent exploitation and trafficking of workers.

Investing for Growth

As part of our five year growth plan we have invested some significant sums in both new divisions and new contracts.

We are confident that these divisions will develop in the coming years and contribute to driving profit growth. As part of our strategic plans we have continued to invest in our bespoke management information system, Infinity+, which will further improve our operating efficiency. We have invested in excess of £400,000 in our disaster recovery system and are confident that this is now industry leading.

We have now undertaken a new five year strategic growth plan aimed at broadening our market reach and increasing the scale of all of our divisions, the aim of which is to achieve revenues of £1bn by 2017. We are currently 18 months in to this journey and remain on track to achieve our target.

Current Trading

We have started the second half of the year well, buoyed by the recent hot weather which has seen a significant increase in seasonal demand for contractors from many of our clients and is also reflected in the strong retail figures for recent months. In particular, we have also seen strong levels of demand in our driving businesses highlighting the systemic shortage of available HGV drivers in the UK.

The integration of Avanta with our existing Welfare to Work division is progressing well and we expect Avanta to have a significant impact financially and operationally in the second half of the year.

We continue to look for further bolt-on acquisitions within our core recruitment business and remain in discussions with a number of companies. Our new business pipeline in both our recruitment services business and our Welfare to Work division remains promising with a significant number of opportunities being seen by the Group. The board therefore remains confident that the Group will meet current market expectations for the full year.

Finally, as an expression of our confidence of the Group's prospects, the Directors propose to increase the interim dividend by 32% from 3.8p to 5.0p. This dividend will be payable on 14 November 2014 to shareholders on the register at 17 October 2014. The ex-dividend date is 16 October 2014.

Andy Hogarth	John Crabtree
Chief Executive	Chairman

23 July 2014

Consolidated statement of comprehensive income

For the six month period to 30 June 2014

	Note	Before amortisation, acquisition costs and share based payment charge Unaudited £'000	Acquisition costs, amortisation, share based payment charge Unaudited £'000	Total Unaudited £'000	Six month period ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
Continuing operations						
Sales revenue		208,050	-	208,050	187,227	416,193
Cost of sales		(184,302)	-	(184,302)	(168,043)	(374,171)
Gross profit		**23,748**	**-**	**23,748**	**19,184**	**42,022**
Administrative expenses		(17,133)	-	(17,133)	(14,096)	(29,178)
Operating profit before amortisation of intangibles, acquisition costs and share based payment charge		**6,615**	**-**	**6,615**	**5,088**	**12,844**
Administrative expenses – Acquisition costs		-	(685)	(685)	-	-
Administrative expenses – Share based payment charge		-	(2,917)	(2,917)	(616)	(2,154)
Administrative expenses- Amortisation of intangibles		-	(868)	(868)	(891)	(1,766)
Profit from operations		**6,615**	**(4,470)**	**2,145**	**3,581**	**8,924**
Finance costs		(200)	-	(200)	(165)	(360)
Profit for the period before taxation		**6,415**	**(4,470)**	**1,945**	**3,416**	**8,564**
Tax expense		(1,318)	872	(446)	(926)	(1,165)
Net profit and total comprehensive income for the period		**5,097**	**(3,598)**	**1,499**	**2,490**	**7,399**
Total comprehensive income attributable to:						
Non-controlling interest				-	59	-
Owners of the parent				1,499	2,431	7,399
Earnings per ordinary share	3					
Basic				6.6p	11.1p	33.3p
Diluted				6.5p	11.0p	33.1p

Consolidated statement of changes in equity

For the six month period to 30 June 2014

	Share capital £'000	Own shares JSOP £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000	Total attribute -able to owners of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2014 (audited)	2,569	(9,211)	24,195	31	28,166	45,750	-	45,750
Share options issued in equity settled share based payments	-	-	-	15	-	15	-	15
Issue of share capital	200	-	15,176	-	-	15,376	-	15,376
Transactions with owners	**200**	**-**	**15,176**	**15**	**-**	**15,391**	**-**	**15,391**
Profit for the period	-	-	-	-	1,499	1,499	-	1,499
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**1,499**	**1,499**	**-**	**1,499**
At 30 June 2014 (unaudited)	**2,769**	**(9,211)**	**39,371**	**46**	**29,665**	**62,640**	**-**	**62,640**

Consolidated statement of changes in equity

For the six month period to 30 June 2013

	Share capital £'000	Own shares JSOP £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000	Total attribute -able to owners of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2013 (audited)	2,289	(1,157)	15,969	75	22,673	39,849	(40)	39,809
Share options issued in equity settled share based payments	-	-	-	26	-	26	-	26
Share options exercised	76	-	294	(34)	34	370	-	370
Transactions with owners	**76**	**-**	**294**	**(8)**	**34**	**396**	**-**	**396**
Profit for the period	-	-	-	-	2,431	2,431	59	2,490
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,431**	**2,431**	**59**	**2,490**
Balance at 30 June 2013 (unaudited)	**2,365**	**(1,157)**	**16,263**	**67**	**25,138**	**42,676**	**19**	**42,695**

Consolidated statement of changes in equity

For the year to 31 December 2013

	Share capital £'000	Own shares JSOP £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000	Total attribute-able to owners of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2013 (audited)	2,289	(1,157)	15,969	75	22,673	39,849	(40)	39,809
Dividends	-	-	-	-	(1,976)	(1,976)	-	(1,976)
Issue of new shares to JSOP	188	(8,054)	7,866	-	-	-	-	-
Share options issued in equity settled share based payments	-	-	-	26	-	26	-	26
Share options exercised	92	-	360	(70)	70	452	-	452
Acquisition of non- controlling interest	-	-	-	-	-	-	40	40
Transactions with owners	**280**	**(8,054)**	**8,226**	**(44)**	**(1,906)**	**(1,498)**	**40**	**(1,458)**
Profit for the period	-	-	-	-	7,399	7,399	-	7,399
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**7,399**	**7,399**	**-**	**7,399**
Balance at 31 December 2013 (audited)	**2,569**	**(9,211)**	**24,195**	**31**	**28,166**	**45,750**	**-**	**45,750**

Consolidated statement of financial position

For the six month period to 30 June 2014

	30 June 2014 Unaudited £'000	30 June 2013 Unaudited £'000	31 December 2013 Audited £'000
Assets			
Non-current assets			
Goodwill	47,489	30,950	30,971
Other intangible assets	33,538	2,138	4,005
Property, plant & equipment	3,876	2,072	2,068
Deferred tax asset	1,649	290	802
	86,552	**35,450**	**37,846**
Current			
Trade & other receivables	79,833	55,833	63,090
Cash and cash equivalents	10,651	4,877	12,485
	90,484	**60,710**	**75,575**
Total assets	**177,036**	**96,160**	**113,421**
Liabilities			
Current			
Trade and other payables	63,862	42,808	55,987
Borrowings	13,495	34	62
Other current liabilities	343	1,318	593
Current tax liabilities	881	1,239	351
	78,581	**45,399**	**56,993**
Non-current			
Borrowings	23,557	7,556	7,500
Other non-current liabilities	5,661	61	2,767
Deferred tax liabilities	6,597	449	411
Total liabilities	**114,396**	**53,465**	**67,671**
Equity			
Share capital	2,769	2,365	2,569
Own shares	(9,211)	(1,157)	(9,211)
Share premium	39,371	16,263	24,195
Share based payment reserve	46	67	31
Profit & loss account	29,665	25,138	28,166
	62,640	**42,676**	**45,750**
Non-controlling interest	-	19	-
Total equity	**62,640**	**42,695**	**45,750**
Total equity & liabilities	**177,036**	**96,160**	**113,421**

Consolidated statement of cash flows

For the six month period to 30 June 2014

	Six month period ended 30 June 2014 Unaudited £'000	Six month period ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
Cash flows from operating activities			
Profit before taxation	1,945	3,416	8,564
Adjustments for:			
Finance costs	200	165	360
Depreciation, loss on disposal and amortisation	1,552	1,403	2,805
Employee cash settled share option charge	2,902	616	2,128
Employee equity settled share option charge	15	26	26
Operating profit before changes in working capital and provisions	**6,614**	**5,626**	**13,883**
Change in trade and other receivables	(2,208)	3,905	(3,491)
Change in trade and other payables	(3,099)	(5,249)	9,691
Cash generated from operations	**1,307**	**4,282**	**20,083**
Taxes paid	(1,565)	(1,012)	(3,078)
Net cash (outflow)/inflow from operating activities	**(258)**	**3,270**	**17,005**
Cash flows from investing activities			
Purchases of property, plant and equipment	(394)	(218)	(737)
Purchase of intangibles	-	-	(2,040)
Acquisition of businesses - deferred consideration for prior acquisitions	(100)	(1,386)	(2,511)
Acquisition of businesses - cash acquired	17,195	-	-
Acquisition of businesses - cash paid	(43,000)	-	(326)
Net cash used in investing activities	**(26,299)**	**(1,604)**	**(5,614)**
Cash flows from financing activities:			
New loans (net of fees)	9,575	-	-
Repayment of bank and other loans	(41)	(612)	(645)
Interest paid	(182)	(165)	(360)
Dividends paid	-	-	(1,976)
Proceeds from the issue of share capital (net of fees)	15,376	370	452
Net cash flows from financing activities	**24,728**	**(407)**	**(2,529)**
Net change in cash and cash equivalents	**(1,829)**	**1,259**	**8,862**
Cash and cash equivalents at beginning of period	**12,480**	**3,618**	**3,618**
Cash and cash equivalents at end of period	**10,651**	**4,877**	**12,480**

Consolidated statement of cash flows (continued)

For the six month period to 30 June 2014

	Six month period ended 30 June 2014 Unaudited	Six month period ended 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Reconciliation of movement in net debt			
Net funds/(debt) at beginning of year	**4,923**	**(4,584)**	**(4,584)**
Net change in cash and cash equivalents	(1,829)	1,259	8,862
(Increase)/decrease in term loan	(10,000)	611	645
Increase in loan notes	(19,776)	-	-
Net debt at end of period	**(26,682)**	**(2,714)**	**4,923**

Notes to the financial statements

1 Basis of preparation

Staffline Group plc, a Public Limited Company, is incorporated and domiciled in the United Kingdom.

The interim financial statements for the six month period ended 30 June 2014 (including the comparatives for the six month period ended 30 June 2013 and the year ended 31 December 2013) were approved by the board of directors on 22 July 2014. Under the Security Regulations Act of the EU, amendments to the financial statements are not permitted after they have been approved.

It should be noted that accounting estimates and assumptions are used in the preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events, actual results may ultimately differ from those estimates. The interim financial statements have been prepared using the accounting policies as described in the year-end financial statements.

The interim financial information contained within this report does not constitute statutory accounts as defined in the Companies Act 2006, section 434. The full accounts for the year ended 31 December 2013 received an unqualified report from the auditors and did not contain a statement under Section 498 of the Companies Act 2006.

Notes to the financial statements (continued)

2 Segmental reporting

Management currently identifies two operating segments: the provision of recruitment and outsourced human resource services to industry and the provision of welfare to work and training services. These operating segments are monitored by the group's board and strategic decisions made on the basis of segment operating results. In the prior year, training services were included within the recruitment services segment; following an internal re-organisation, the training services were moved under the same management as the welfare to work segment. Accordingly the prior year segmental analysis has been restated for this change.

Segment information for the reporting period is as follows:

	Recruit-ment services six month period ended 30 June 2014 Unaudited £'000	Welfare to work and training six month period ended 30 June 2014 Unaudited £'000	Total group six month period ended 30 June 2014 Unaudited £'000	Recruit-ment services six month period ended 30 June 2013 Unaudited £'000	Welfare to work and training six month period ended 30 June 2013 Unaudited £'000	Total group six month period ended 30 June 2013 Unaudited £'000
Segment continuing operations:						
Sales revenue from external customers	189,481	18,569	208,050	177,044	10,183	187,227
Cost of sales	(172,565)	(11,737)	(184,302)	(161,234)	(6,809)	(168,043)
Segment gross profit	**16,916**	**6,832**	**23,748**	**15,810**	**3,374**	**19,184**
Administrative expenses	(12,066)	(4,383)	(16,449)	(11,328)	(2,278)	(13,606)
Depreciation	(256)	(428)	(684)	(214)	(276)	(490)
Underlying Segment operating profit	**4,594**	**2,021**	**6,615**	**4,268**	**820**	**5,088**
Acquisition costs	-	(685)	(685)	-	-	-
Share based payment charge	(2,917)	-	(2,917)	(616)	-	(616)
Amortisation of intangibles	(642)	(226)	(868)	(665)	(226)	(891)
Segment profit from operations	**1,035**	**1,110**	**2,145**	**3,213**	**368**	**3,581**
Segment assets	127,514	49,522	177,036	85,559	10,601	96,160

Notes to the financial statements (continued)

2 Segmental reporting (continued)

	Recruit-ment services year ended 31 December 2013	Welfare to work and training year ended 31 December 2013	Total group year ended 31 December 2013
	Audited	Audited	Audited
	£'000	£'000	£'000
Segment continuing operations:			
Sales revenue from external customers	393,597	22,596	416,193
Cost of sales	(359,563)	(14,608)	(374,171)
Segment gross profit	**34,034**	**7,988**	**42,022**
Administrative expenses	(23,727)	(4,420)	(28,147)
Depreciation	(491)	(540)	(1,031)
Segment operating profit before amortisation of intangibles	**9,816**	**3,028**	**12,844**
Administrative expenses –share based payment charge	(2,154)	-	(2,154)
Amortisation of intangibles	(1,313)	(453)	(1,766)
Segment profit from operations	**6,349**	**2,575**	**8,924**
Segment assets	99,938	13,483	113,421

During the 6 month period to 30 June 2014, two customers in the recruitment services segment contributed greater than 10% of that segment's revenues being £55m (29% of total revenues) (2013: three customer greater than 10%, being £71.5m, 40% of total revenues). The welfare to work segment has one large customer, the Department for Work and Pensions, which accounts for 68% of that segment's revenues (2013: 71%).

Notes to the financial statements (continued)

3 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, after deducting any own shares (JSOP). The calculation of the diluted earnings per share is based on the basic earnings per share adjusted to allow for all dilutive potential ordinary shares.

Details of the earnings and weighted average number of shares used in the calculations are set out below:

`	Basic			Diluted		
	Six month period ended 29 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013	Six month period ended 29 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	£'000	£'000	£'000	£'000	£'000	£'000
Earnings £'000	1,499	2,490	7,399	1,499	2,490	7,399
Weighted average number of shares	22,883,621	21,884,483	22,242,934	22,992,295	22,060,806	22,351,311
Earnings per share (pence)	6.6p	11.1p	33.3p	6.5p	11.0p	33.1p
Underlying earnings £'000	5,097	3,809	10,241	5,097	3,809	10,241
Underlying earnings per share, being pre amortisation, share based payment charge and acquisition costs (pence)	22.3p	17.1p	46.1p	22.2p	17.0p	45.8p

The 2,000,000 issue of shares in May 2014 is the only increase in both basic and potentially dilutive shares in either period.

Notes to the financial statements (continued)

4 Acquisitions

On 15th May 2014 the Group announced the conditional purchase of Avanta Enterprise Limited ('Avanta'); on 6 June 2014 the purchase became unconditional and completed. Consideration of £62,760,000 consisted of cash of £43,000,000 and discounted loan notes with a book value of £19,760,000. Upon maturity £20,000,000 of loan notes will be payable, resulting in total consideration of £63m.

Due to the proximity of the acquisition to the period end, the directors have not yet completed their opening balance sheet review and accordingly no fair value adjustments have been made. The statement of financial position included within this interim report therefore includes provisional values for goodwill and intangible assets of £16.5m and £30.4m respectively, which will be updated in the full year financial statements.

5 Events after the balance sheet date

Post period end, the Group purchased 100% of the share capital of Softmist Limited, trading as Skillspoint.