For Immediate Release 27 January 2016

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

FULL YEAR RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2015

Staffline, the Staffing services, outsourcing, training and Employability organisation, providing people and operational expertise to industry, today announces its full year results for the year ended 31 December 2015.

Financial highlights*:

- Revenues up 40% to £702.2 million (2014: £503.2 million)
- Group gross profit up 34% to £86.8 million (2014: £64.8 million)
- Underlying* profit before tax up 52% to £28.3 million (2014: £18.6 million)
- Underlying diluted earnings per share up 55% to 92.4p (2014: 59.7p)
- Final dividend of 12.5p; total dividend for the year of 20p (2014: 13.5p), an increase of 48%

* Underlying figures are stated before amortisation of acquired intangible assets, acquisition and exceptional re-organisation costs in A4e and the non-cash charge for share based payment costs ("SBPC")

Operational highlights:

- On track to meet five year growth ambition of £1bn in sales by 2017
- Record organic growth of the ***OnSite*** business
    - Increased by net 70 sites during the reporting period to 305 (2014: 235)
    - Strategic initiatives to support growth and customers through industry trends, including HGV driver shortage
- Successful integration of three acquisitions
    - Employability division: A4e in May 2015, now integrated and rebranded as PeoplePlus
    - Staffing: Milestone Operations in September 2015 (HGV drivers) and Diamond Recruitment in October 2015 (in Northern Ireland)
- PeoplePlus benefiting from significantly enhanced position in Employability arena
    - 15 new government contracts won and extended during the year
    - Successful franchise of Avanta Saudi Arabia operations
    - Well placed to grow within current Parliament and beyond
- Record new business pipeline continued into the new financial year with additional contracts due to start in Q1 2016

Commenting on the results and prospects for 2016, Andy Hogarth, Chief Executive, said:

*"2015 was another transformational year of organic and acquisitive growth for Staffline. Our work to position the Group at the forefront of ethical standards and compliance has resulted in a record number of **OnSites** with new and existing customers and has also differentiated us with our now enlarged Employability division, now called PeoplePlus, having completed the integration of A4e.*

We are confident that our strategic initiatives in both of our divisions will continue to support our momentum and as a result we expect to exceed current market expectations for 2016 and continue to achieve strong returns for our shareholders."

A presentation for analysts and investors will be held at 9.30am on 27 January 2016 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN

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About Staffline

Staffline is a leading outsourcing organisation providing Staffing services to industry, supplying up to 45,000 workers every day to more than 1,300 clients. In the last five years the Group has also grown to become a leading provider of services in to the Government funded Employability (Welfare to Work), Justice and Skills arena.

The business comprises two key areas:

Staffing Services

Specialising in providing complete labour solutions in agriculture, food processing, manufacturing, e-retail, driving, and the logistics sectors, the recruitment business operates from well over 300 locations in the UK, Eire and Poland.

The Staffing brands include:

- Staffline ***OnSite***, based on clients' premises and providing both blue and white collar, out-sourced, temporary workforces
- Select Appointments, a high street branch-based operation providing white collar office staff, operated entirely on a franchised basis by independent business owners
- Staffline Express, a high street branch based operation
- Driving Plus, providing HGV drivers to the driving industry
- Staffline Agriculture, providing workers to the UK farming and growing sectors

Employability

Comprising the PeoplePlus brand, Government contracts include:

- Work Programme, prime contractor in nine regions and sub-contracts in five regions in England
- Steps to Success, prime contractor in Northern Ireland
- Youth Guarantee (MyGo Centre), supporting youth employment in the Ipswich area
- Ministry of Justice Transforming Rehabilitation in Warwickshire and West Mercia, helping to transform rehabilitation and probation services
- OLASS, delivery of training to prisoners in nine prisons in the East of England
- Building Employment through Education, working in Schools in Northern Ireland

Training services:

- Elpis, a national training consultancy,
- Learning Plus, an e-learning platform
- Skillspoint, a procurement consultancy specialising in helping employers benefit from government-funded, work-based training

Support services:

- The Money Advice Service,
- Independent Living Services
- Northern Ireland Prison Services, Visitor Centers

Chief Executive and Chairman's Combined Report

2015 marked the 10th anniversary of being admitted to trading on AiM and proved to be another year of significant growth and opportunity for Staffline. This was the third year of our five year target to 'Burst the Billion', to grow Group revenues to over £1 billion in 2017, and the performance this year helped our plans to achieve this. Total sales in 2015 grew 40% to £702.2m (2014: £503.2m). Underlying profit before tax, amortisation, acquisition and exceptional re-organisation costs in A4e and the non-cash charge for share based payment costs ("SBPC") increased by 52.0% to £28.3m (2014: £18.6m).

Our Staffing business has continued to go from strength to strength, achieving considerable organic growth and ending the year with a record 305 ***OnSites*** (2014: 235). This performance was underpinned by our investment in a number of recent start-up opportunities as well as our existing divisions to expand our operational reach and bring in new talent, extending our highly scalable platform. Two complementary bolt-on acquisitions, Diamond Recruitment in Northern Ireland and Milestone Operations, were also completed later in the second half.

Our Employability division has also undergone a significant expansion following the acquisition of A4e in April 2015. The A4e acquisition positions Staffline as the largest provider of Work Programme contracts in the UK, and the eight-month contribution from the business has supported continued organic growth within the division, which has now been rebranded "PeoplePlus". The Transforming Rehabilitation contract, awarded by the Ministry of Justice, commenced in February 2015 and has had an excellent start with us achieving all our contractual milestones. The only published metric to date shows that we received the highest user satisfaction rating of all the 21 providers. We also announce today that we have successfully transferred our previous Avanta Employability operations in the Kingdom of Saudi Arabia to a franchise arrangement to be operated by our former joint venture partner in the country. The Arabian Education and Training Group will continue to operate this business under an initial 10 year franchise agreement and this agreement will allow us to focus on helping our partner expand in the region.

Overall, we are pleased to report that sales and profitability in the Group have increased in line with our and the market's expectations.

Financial Review

Sales in 2015 grew by 39.6% to £702.2m (2014: £503.2m) with gross profit increasing by £22m, or 34.0% to £86.8m (2014: £64.8m). This increase has come from a mixture of strong organic growth and the part-year contribution of the A4e, Diamond Recruitment and Milestone Operations acquisitions. Underlying profit before tax, amortisation, acquisition and exceptional re-organisation costs in A4e and the non-cash charge for share based payment costs (SBPC) increased by 52.0%, from £18.6m in 2014 to £28.3m. On this basis underlying diluted EPS rose to 92.4p (2014: 59.7p).

As previously indicated, as a result of the high levels of organic growth and the acquisitions in 2015, net debt (inclusive of transaction costs) peaked at £63.1m at the year end, up from £49.8m at the half year. With improving free cash flow levels, this is expected to fall quickly in the coming year to below c.0.75x EBITDA and continue to reduce through to 2018 and beyond.

Our larger ***OnSite*** clients particularly appreciate our robust financial position and strong cash generation 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 PeoplePlus, where financial strength is a key criterion in the contract bidding processes.

During 2015, we were also the first company quoted on AiM and the first recruitment company to be awarded the Fair Tax Mark, for ensuring that we are open and honest in ensuring we pay the amount of tax due on our profits.

Operational Review

Staffing Services

All of our Staffing businesses saw growth during 2015, supported by a generally improving economy. Sales rose by 26.7% to £554.5m, driven by organic growth and also by the acquisitions of both Diamond Recruitment in Northern Ireland and Milestone Operations towards the end of the year. Our gross profit margin has marginally declined by 0.3% to 8.5%. This reverses the trend last year which saw an improvement of 0.2% and has been driven by the on-boarding costs of such a significant number of new ***OnSite*** locations and the impact of the rise in National Minimum Wage ("NMW") increasing our sales but keeping the gross profit the same. The segmental underlying operating profit rose by 14.1% to £13.2m.

We continue to generate significant opportunities for the Group to build market share in our core business, underpinned by our ethical and reliable reputation in the industry, despite the broader UK economy remaining a highly competitive environment for many of our clients in the food processing and production sectors and therefore for our business. We have benefited from the trend towards further consolidation within the recruitment industry, which has enabled us to increase the net number of ***OnSites*** from which we operate by a record total of 70, ending the year with a total of 305 locations. This increase has resulted from a number of new clients choosing Staffline as well as extensions to current contracts. Our new ***OnSites*** in 2016 also include the first two white-collar ***OnSites***. This is an encouraging development, although somewhat later than we had originally hoped, and the growth of this division is a priority for 2016 and beyond.

We have also expanded our presence in both new and existing sectors including Manufacturing, Logistics & Distribution, Food Processing, Agriculture and Driving Plus. Having established a number of new divisions within Staffing Services during 2013 as part of our five year growth strategy, including Driving Plus, Ireland and Agriculture, we continued to invest during the period. As anticipated, all three new divisions made a positive contribution during the year.

HGV driver shortages remain a well-documented problem in the industry, fuelled by changes to driver education regulations, and we expect personnel will become even scarcer in this area in the coming years. We believe significant opportunities exist within the driving recruitment sector and we will continue to support the exciting organic growth of this division with acquisitive bolt-on opportunities, such as the acquisition of Milestone Operations.

Building on our success in Ireland, which has demonstrated that we can better grow our business by having one responsible individual in a geographic area, in 2015 we appointed a Country Director for Scotland to support further growth.

We have continued to see the strengthening of the UK economy lead to a tightening of the labour market with shortages particularly pronounced in the driving and other skilled areas but also in the unskilled sector in certain parts of the UK. We have been able to fulfil all of our customer requirements in 2015 and we have contingent plans to ensure that we continue to do so in 2016. However the tightening labour market is likely to lead to greater wage inflation and hence a greater cost of recruitment in 2016, supporting demand for our flexible labour.

The introduction of the National Living Wage ("NLW"), something which we support, will increase the minimum wage from the current £6.70 to £7.20 in April 2016 and will no doubt start to encourage more people to enter the labour market. The further increases due to be introduced in the period until 2020 when it is set to be at least £9 per hour are likely to further encourage not only current UK residents to enter work but also to further encourage people from Eastern Europe to come to the UK, supporting our growth and increasing supply of labour. Current levels of National Minimum Wage for unskilled workers vary across Europe, from £7.11 in France, £6.29 in Germany, £6.09 in Austria, £3.38 in Greece, £1.84 in Poland and £1.42 in Lithuania. Whilst this significant increase in UK wages is likely to encourage increased migration from Europe it will widen the supply pool of labour, thus helping Staffline to continue to grow.

Employability

The completion of the A4e acquisition for an effective consideration of £34.5m on 27th April 2015 further significantly enhanced our position in the Employability arena. Since it has only contributed to the results for eight months during the year, we will see the full benefits of this transaction in 2016 and beyond. Post-acquisition, we have now fully completed the integration of A4e with our existing businesses quicker than expected although at a slightly higher cost and re-named the division PeoplePlus. PeoplePlus benefits from significant scale within the Department of Work and Pensions ("DWP") main contracts, the Work Programme. With nine prime contracts and five sub-contracts we are the largest provider by both the number of contracts and referrals. In addition, A4e brought us a number of other contracts, including OLASS 4, delivering training for prisoners in nine prisons in the East of England, The Money Advice Service and Independent Living Services.

Revenues in the division grew by 124.8% to £147.7m reflecting the first full year effect of the Avanta acquisition (acquired in June 2014) and a number of contract wins, with gross profit increasing by 52.0% to £39.9m. Underlying segmental operating profitability rose by 119.4% to £17.1m. Profitability of the enlarged PeoplePlus division has been in line with our initial expectations although due to the improving economy referrals, and therefore revenues, were lower in the year. The number of referrals we receive on the Work Programme has steadily declined over the last two years and revenues for the remaining 15 months of the contract and the follow-on 24 months' run-off will be lower than originally expected. Nevertheless, the operational efficiencies gained from the integration of our three brands will ensure that predicted profitability will be maintained.

The decision by the Government to extend the Work Programme by one year provides an added benefit. PeoplePlus remains well placed to capitalise on its existing Work Programme contracts over the course of the current parliament and going forwards in the next contract round.

We are also pleased to announce that we won or extended 15 contracts during the year, all working for either local or central government. The majority of these were of relatively small value, with the largest win having an annual contract value of £1.5m for each of the next three years. We are also confident that the delay caused by the General Election will be cleared during 2016 and that these wins demonstrate our unique positioning in the market which should lead to further opportunities becoming available to us.

ISO 9001 and Investors in People ("IIP")

Our organisation has grown significantly over the last couple of years, both organically and through acquisition. We are currently in the final stages of our assessment for Staffline to achieve IIP accreditation for our Shared Services. We have worked tirelessly to ensure we have consistent and robust processes and procedures across all the divisions to meet the new IIP standards. The introduction of new HR software will also enable automation and create efficiencies across the business delivering a self-service approach to managing data, all of which will support our ability to provide accurate management information reporting.

In addition to the above, we have achieved the Recruitment and Employment Confederation's accreditation for the Group for 2015 and continue to be Patrons of the Institute of Employment Professionals. We will continue in our mission to gain further accreditation and increase levels of professionalism within our business sector.

People

With the Group further expanding, we have seen an increase to 847 employees in our Staffing business and related shared services with an additional 2,447 people employed by the PeoplePlus business, bringing the Group's total workforce at 31 December 2015 to 3,294. The number of contractors paid each week grew steadily during the year peaking at just over 45,000 in the lead-up to Christmas. Our ability to support the ever-growing business with limited additional central resource is testament to the quality and commitment of our employees.

Our residential management development programme has been delivered to 103 delegates through the Leadership Camp since its launch in 2013 and has been further complemented with one to one Coaching sessions. An additional suite of management workshops have been delivered to 107 managers last year which has incorporated;

- Self-Awareness together with Coaching and Motivating a Winning Team,
- Driving Sales through Customer Care,
- Effective Time Management,
- Advanced Communication,
- Commercial Awareness & Strategic Planning

Additional programmes are being rolled out in early 2016 to be delivered by subject matter experts, with 28 days scheduled in the first six months of the year dedicated to management training. We have introduced 360 degree feedback amongst our leadership and talent pool population and continue to progress with succession and talent planning for the Group.

In addition to our management development offering, a number of eLearning training solutions have been developed and rolled out since the latter part of 2014, of which over 300 people have now completed multiple modules since the launch. A wider Group launch commenced in January 2015 across the Group offering a full complement of solutions hosted by the Group's Learning Plus business.

Our ethos continues to support developing talent within the business at all levels and encourages self-development which in turn aids succession planning, supporting the strategic growth of the Company.

We continue to place great emphasis on the training and development of our people in line with our vision and values and ambition to be an employer of choice. We are also ambassadors of the Apprenticeship programmes and have recently engaged 23 people in apprenticeships across Shared Services and our National Response Centre. Our aim is to enhance capability within our existing workforce offering a true resourcing strategy to grow from within.

In 2015 we appointed a Director of Talent Development to develop our future leaders.

Health, Safety and Environment

Staffline continues to take a proactive approach to the Health, Safety and welfare of its employees and contractors. Our strong commitment to Health and Safety is demonstrated by the regular Senior Management reviews taking place, the outcomes of which are cascaded across the business. In addition, the Head of Staffline's Health & Safety Team has recently been awarded a Fellowship status within the International Institute of Risk & Safety Management in addition he is a Chartered Member of the Institute of Occupational Safety & Health membership further supporting the development of a culture of H&S across all business units.

Staffline actively monitors all aspects of Health & Safety using a "closed loop management process". This allows all areas to be identified and documented during the audit process and shows continual development against all Health & Safety action plans with Senior Management involvement throughout.

Having reviewed the Group's Health & Safety management systems during 2015 a number of updated policies and procedures have been implemented. The H&S management systems continue to allow the Group to demonstrate that its corporate responsibilities are being appropriately discharged. As Staffline has grown, the H&S Team has also increased in size to provide information, advice and guidance and during early 2016 regionally based H&S specialists will be on hand to support the many and various business units.

The Group continues to implement a detailed Environmental & Sustainability Policy. In addition, the Energy Saving Opportunity Scheme ("ESOS") audit results are being reviewed and the opportunities highlighted in the report to reduce the Groups environmental impact are being acted upon which will flow into The One Planet Strategy. This will continue to focus on the following areas:

- Energy Consumption
- Waste
- Travel
- Sustainable Materials

In addition to ESOS 2015 has seen regular audits carried out to create baseline data with Key Performance Indicators and SMART targets implemented which continue to demonstrate the Group's ongoing positive environmental commitment.

IS0 27001

PeoplePlus has achieved this very demanding accreditation for the security of our IT systems, which represents a very important certification when dealing with the personal details of so many people.

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 Licensing 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 an active member and supporter of the Stronger Together initiative to help prevent exploitation and trafficking of workers.

Investing for Growth

Our five year strategic growth plan, aimed at broadening our market reach and increasing the scale of all of our divisions, is now moving into its fourth year and we are on track to achieve our ambition of growing revenues to £1 billion by 2017. As part of this growth plan, in the past three years, we have invested significant sums in both new divisions and new contracts. We are already seeing the fruits of these investments and we are confident that the new divisions will continue to develop in the coming years and contribute to driving both revenue and profit growth.

As part of our strategic plans we have continued to invest in our bespoke customer relationship management ("CRM") system, Infinity+, which will further improve our operating efficiency alongside investment in mobile technology which seeks to simplify how we interact with our customers and clients. We have also invested in excess of £560,000 in our technical infrastructure for Staffing which has greatly improved our business continuity capability and we are confident that this is now industry leading.

Over the next 12 months, we plan to upgrade our payroll and billing system alongside the development of a new data warehouse. These upgrades will support our business growth and provide better analytics on which to forecast and refine our product offerings, allowing us to provide ever more added value to our customers.

Current Trading

2016 has started well, buoyed by additional contract wins from existing customers which are due to start by the end of the first quarter. In addition, we also have a sales pipeline which is larger than ever before and we are focused on maintaining our strong track record of organic growth by supporting our clients' requirements effectively and efficiently.

As we have reported before, the number of available HGV qualified drivers remains very low and to improve the situation for our clients we have extended our comprehensive training scheme, 'Warehouse to Wheels' in which we fund the training of suitably experienced contractors and client staff to enable them to become fully qualified HGV drivers. We believe initiatives such as these will set us apart from other recruiters in the sector in the years ahead.

We remain responsive and focused on adapting to new regulations and government change. An example of this is the introduction of the apprenticeship levy which will be a further opportunity for us to differentiate ourselves from our competition as we are developing a number of products which will allow our clients to derive significant value for their businesses from this change.

Our Employability division, PeoplePlus, is now fully integrated and making good progress and we expect the enlarged business to have a significant impact financially and operationally in 2016 and beyond.

In addition to driving organic growth, we continue to look for further bolt-on acquisitions primarily within our core Staffing business and remain in discussions with a number of companies.

Outlook

Having made significant progress in 2015, we are confident that our strategic initiatives, our relationships with Government Departments, our track record of successful delivery for our clients and our ability to take advantage of industry trends will support our momentum. As a result, we expect to exceed current market expectations for 2016 and continue to achieve strong returns for our shareholders.

As an expression of our confidence in the Group's prospects, the Directors propose to increase the final dividend by 47% from 8.5p per share to 12.5p per share, this dividend will be payable on 5 July 2016 to shareholders on the register at 3 June 2016. The ex-dividend date is 2 June 2016. This will give a total dividend for the 2015 year of 20p per share, an increase of 48%.

John Crabtree	Andy Hogarth
Chairman	Chief Executive

26 January 2016

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Note	2015 Underlying £'000	2015 Non underlying* £'000	2015 Total £'000	2014 Underlying £'000	2014 Non underlying* (restated) £'000	2014 Total (restated) £'000
Continuing operations							
Sales revenue	2	702,206	-	702,206	503,167	-	503,167
Cost of sales		(615,456)	-	(615,456)	(438,320)	-	(438,320)
Gross profit		**86,750**	**-**	**86,750**	**64,847**	**-**	**64,847**
Administrative expenses	3	(56,439)	(22,814)	(79,253)	(45,478)	(8,137)	(53,615)
Operating profit		**30,311**	**(22,814)**	**7,497**	**19,369**	**(8,137)**	**11,232**
Finance costs		(2,021)	-	(2,021)	(779)	-	(779)
Profit for the period before taxation		**28,290**	**(22,814)**	**5,476**	**18,590**	**(8,137)**	**10,453**
Tax expense		(5,188)	2,791	(2,397)	(4,342)	687	(3,655)
Profit from continuing operations		**23,102**	**(20,023)**	**3,079**	**14,248**	**(7,450)**	**6,798**
Loss after tax on discontinued operations				(712)			-
Profit for the period				**2,367**			**6,798**
Items that will not be reclassified to the profit and loss account - actuarial gains				563			-
Items that may be reclassified to the profit and loss account – cumulative translation loss				(84)			-
Net profit and total comprehensive income for the period				**2,846**			**6,798**
Earnings per ordinary share	4						
Continuing operations:							
Basic				12.4p			28.6p
Diluted				12.3p			28.5p
Discontinued operations:							
Basic				(2.9p)			-
Diluted				(2.8p)			-

*the non-underlying result includes the share based payment charge, amortisation of acquired intangible assets, acquisition costs and exceptional reorganisation costs.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Share capital £'000	Own shares JSOP £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2015 as restated	**2,775**	**(9,776)**	**39,930**	**61**	**31,470**	**64,460**
Dividends	-	-	-	-	(3,989)	(3,989)
Vesting of JSOP shares	-	742	-	-	9,089	9,831
Share options issued in equity settled share based payments	-	-	-	30	-	30
Issue of new shares	-	-	2	-	-	2
Transactions with owners	**-**	**742**	**2**	**30**	**5,100**	**5,874**
Profit for the period	-	-	-	-	2,367	2,367
Actuarial gains	-	-	-	-	563	563
Cumulative translation adjustments	-	-	-	-	(84)	(84)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,846**	**2,846**
At 31 December 2015	**2,775**	**(9,034)**	**39,932**	**91**	**39,416**	**73,180**

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2015

	Share capital £'000	Own shares JSOP £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account (restated) £'000	Total Equity £'000
At 1 January 2014 as previously stated	**2,569**	**(9,211)**	**24,195**	**31**	**28,166**	**45,750**
Prior year adjustment (note 1)	-	-	-	-	(744)	(744)
At 1 January 2014 as restated	**2,569**	**(9,211)**	**24,195**	**31**	**27,422**	**45,006**
Dividends	-	-	-	-	(2,750)	(2,750)
Issue of new shares to JSOP	6	(565)	559	-	-	-
Share options issued in equity settled share based payments	-	-	-	30	-	30
Issue of new shares	200	-	15,800	-	-	16,000
Share issue costs	-	-	(624)	-	-	(624)
Transactions with owners	**206**	**(565)**	**15,735**	**30**	**(2,750)**	**12,656**
Profit for the period (restated)	-	-	-	-	6,798	6,798
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**6,798**	**6,798**
Balance at 31 December 2014 (restated)	**2,775**	**(9,776)**	**39,930**	**61**	**31,470**	**64,460**

Consolidated statement of financial position

As at 31 December 2015

	Note	2015 £'000	2014 (restated) £'000
Assets			
Non-current assets			
Goodwill		89,306	69,733
Other intangible assets		36,714	12,014
Property, plant & equipment		9,338	4,885
Deferred tax asset		940	327
		136,298	**86,959**
Current			
Trade & other receivables		117,776	76,414
Retirement benefit asset		2,437	-
Current assets held for sale		1,687	-
Cash and cash equivalents		5,026	18,364
		126,926	**94,778**
Total assets		**263,224**	**181,737**
Liabilities			
Current			
Trade and other payables		102,506	69,466
Borrowings		20,702	13,363
Current liabilities held for sale		2,540	-
Other current liabilities		2,967	5,489
Current tax liabilities		233	2,335
		128,948	**90,653**
Non-current			
Borrowings		47,447	22,401
Other non-current liabilities		7,576	2,044
Deferred tax liabilities		6,073	2,179
		61,096	**26,624**
Total liabilities		**190,044**	**117,277**
Equity			
Share capital	5	2,775	2,775
Own shares		(9,034)	(9,776)
Share premium		39,932	39,930
Share based payment reserve		91	61
Profit & loss account		39,416	31,470
Total equity		**73,180**	**64,460**
Total equity & liabilities		**263,224**	**181,737**

Consolidated statement of cash flows

For the year ended 31 December 2015

	Note	2015 £'000	2014 (restated) £'000
Cash flows from operating activities	6	**14,431**	**17,599**
Taxes paid		(5,016)	(2,495)
Net cash inflow from operating activities		**9,415**	**15,104**
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,935)	(2,707)
Sale of property, plant and equipment		-	14
Purchase of intangible assets		(500)	-
Acquisition of businesses - cash paid, net of cash acquired		(20,073)	(26,614)
Net cash used in investing activities		**(24,508)**	**(29,307)**
Cash flows from financing activities:			
New loans (net of transaction fees)		53,141	9,575
Loan repayments		(35,335)	(1,352)
Acquisition of businesses - deferred consideration for prior acquisitions		(11,000)	(165)
Lease repayments		(28)	-
Interest paid		(1,773)	(602)
Dividends paid		(3,989)	(2,750)
Proceeds from sale of JSOP shares		9,832	-
Settlement of JSOP liability		(9,088)	-
Proceeds from the issue of share capital		-	15,376
Net cash flows from financing activities		**1,760**	**20,082**
Net change in cash and cash equivalents		**(13,333)**	**5,879**
Cash and cash equivalents at beginning of period		**18,359**	**12,480**
Cash and cash equivalents at end of period		**5,026**	**18,359**

1 Accounting policies

Basis of preparation

The consolidated financial statements are prepared for the 52 weeks ended 3 January 2016.

The consolidated financial statements of the Group have been prepared on a going concern basis using the significant accounting policies and measurement bases summarised below, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements are prepared under the historical cost convention except for contingent consideration and cash settled share options which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in sterling, which is also the functional currency of the parent company.

The principal accounting policies of the Group are set out within the financial statements for the Group and have been consistently applied.

Prior year adjustment

Following a review of the carrying value of the Group's deferred tax assets, a prior year adjustment has been made in the 2014 comparatives to reduce the deferred tax asset on the share based payment reserve as at 31 December 2014 from £1,514,000 to £58,000. The prior year tax charge has accordingly increased from £2,943,000 to £3,655,000 with £744,000 posted to the 2013 closing profit and loss reserve. Earnings per share has also been restated. The impact on the prior year net assets is a reduction of £1,456,000.

The dilapidation provision in the prior year has been reclassified from accruals to other liabilities to more accurately reflect the nature of the cost. There is no impact on net assets.

In the consolidated statement of cash flows, deferred consideration paid on acquisition of businesses is now classified within financing activities, rather than investing activities.

2 Segmental reporting

Management currently identifies two operating segments: the provision of recruitment and outsourced human resource services to industry ('Staffing Services') and the provision of welfare to work services, skills training and, as of February 2015, probationary services - collectively this segment is called 'PeoplePlus'. These operating segments are monitored by the Chief Operating Decision Maker, the Group's Board, and strategic decisions made on the basis of segment operating results.

2 Segmental reporting (continued)

Segment information for the reporting year is as follows:

	Staffing Services 2015	**PeoplePlus 2015**	**Total Group 2015**	Staffing Services 2014	PeoplePlus 2014	Total Group 2014
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Segment continuing operations:						
Sales revenue from external customers	554,489	147,717	702,206	437,452	65,715	503,167
Cost of sales	(507,610)	(107,846)	(615,456)	(398,836)	(39,484)	(438,320)
Segment gross profit	**46,879**	**39,871**	**86,750**	**38,616**	**26,231**	**64,847**
Administrative expenses	(33,124)	(19,692)	(52,816)	(26,549)	(16,953)	(43,502)
Depreciation	(557)	(3,066)	(3,623)	(499)	(1,477)	(1,976)
Segment underlying operating profit before amortisation of intangibles, acquisition costs, reorganisation costs and share based payment charge	**13,198**	**17,113**	**30,311**	**11,568**	**7,801**	**19,369**
Administrative expenses - share based payment charge	(8,948)	-	(8,948)	(3,665)	-	(3,665)
Administrative expenses – reorganisation costs	-	(3,200)	(3,200)	-	-	-
Administrative expenses – transaction costs	(167)	(687)	(854)	(23)	(637)	(660)
Amortisation of intangibles	(616)	(9,196)	(9,812)	(530)	(3,282)	(3,812)
Segment profit from operations	**3,467**	**4,030**	**7,497**	**7,350**	**3,882**	**11,232**
Total non-current assets	36,439	99,859	136,298	28,773	58,186	86,959
Total current assets	92,757	34,169	126,926	75,763	19,015	94,778
Total liabilities	148,982	41,062	190,044	99,467	17,810	117,277
Capital expenditure	608	3,327	3,935	681	2,026	2,707

During 2015, one customer in the Staffing Services segment contributed greater than 10% of the Group's revenues being 15.1% (£83m) of that segment's revenues (2014: one customer being 18.5%, £81m); the amount receivable from this customer at 31 December 2015 is £11.0m (2014: £9.6m). The PeoplePlus segment has one customer contributing more than 10% of the Group's revenue, being 66% of that segment's revenues (2014: none); the amount receivable from this customer at 31 December 2015 is £0.9m (2014 £nil).

3 Administrative expenses

	2015	2014
	£'000	£'000
Included within administrative expenses are the following non underlying costs		
Amortisation of acquired intangible assets	9,812	3,812
Share based payment charges	8,948	3,665
Transaction costs	854	660
Reorganisation costs	3,200	-
	22,814	**8,137**

Reorganisation costs are the exceptional restructuring costs of forming the PeoplePlus division.

4 Earnings per share and dividends

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 2015	Basic* 2014	**Diluted 2015**	Diluted* 2014
Earnings on continuing operations (£'000)	**3,079**	6,798	**3,079**	6,798
Earnings on discontinued operations (£'000)	**(712)**	-	**(712)**	-
Weighted average number of shares	**24,882,807**	23,750,562	**24,989,777**	23,857,420
Earnings per share (pence):				
Continuing	**12.4p**	28.6p	**12.3p**	28.5p
Discontinued	**(2.9p)**	-	**(2.8p)**	-
Underlying earnings per share (pence)**	**92.8p**	60.0p	**92.4p**	59.7p

*Prior year earnings per share restated as a result of the prior year adjustment referred to in note 1.

**Earnings after adjusting for amortisation of acquired intangibles, share based payment charge, acquisition costs and reorganisation costs including the tax effect.

The weighted average number of shares has been increased by 1,132,245 (2014: 1,507,628) shares to take account of the two million shares issued during the year as part of the equity raise.

Dividends

During the year, Staffline Group plc paid interim dividends of £1,901,000 (2014: £1,227,500) to its equity shareholders. This represents a payment of 7.5p (2014: 5p) per share. A final dividend of £3,169,874 has been proposed (2014: £2,358,542) but has not been accrued within these financial statements. This represents a payment of 12.5p (2014: 8.5p) per share. The final dividend for 2014 of £2,358,542 was declared and paid in 2015.

5 Share capital

	2015 £'000	2014 £'000
Authorised		
30,000,000 (2014: 30,000,000) ordinary 10p shares	**3,000**	3,000
Allotted and issued		
27,749,389 (2014: 27,747,551) ordinary 10p shares	**2,775**	2,775

	Year ended 31 December 2015	Year ended 31 December 2014
Shares issued and fully paid at the beginning of the period	**27,747,551**	**25,687,551**
Shares issued during the year	1,838	2,060,000
Shares issued and fully paid	**27,749,389**	**27,747,551**
Shares authorised but unissued	2,250,611	2,252,449
Total equity shares issued at end of period	**30,000,000**	**30,000,000**

All ordinary shares have the same rights and there are no restrictions on the distribution of dividends or repayment of capital with the exception of the 2,390,400 shares held by the EBT where the right to dividends has been waived.

6 Cash flows from operating activities

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Profit before taxation	5,476	10,453
Adjustments for:		
Loss on discontinued operations	(712)	-
Finance costs	2,021	779
Depreciation, loss on disposal and amortisation	13,449	5,789
Operating profit before changes in working capital and share options	**20,234**	**17,021**
Change in trade and other receivables	(7,140)	(6,282)
Change in trade and other payables	(6,861)	3,195
Cash generated from operations	**6,233**	**13,934**
Additional pension contributions	(750)	**-**
Employee cash settled share options	8,918	3,635
Employee equity settled share options	30	30
Net cash inflow from operating activities	**14,431**	**17,599**

Movement in net debt	**£'000**
Net debt at 1 January 2015 (excluding transaction fees)	(17,764)
Acquired debt	(25,335)
New loans (excluding transaction fees)	(53,495)
Unwinding of discount on loan notes	(124)
Loan repayments	46,335
Change in cash and cash equivalents	(13,333)
Net debt at 31 December 2015	**(63,716)**

7 Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The consolidated summarised income statement, the consolidated summarised statement of changes in equity, the consolidated summarised balance sheet and the consolidated summarised cash flow statement and associated notes have been extracted from the Group's 2015 statutory financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498 of the Companies Act 2006.

Those financial statements have not yet been delivered to the registrar of companies.