For Immediate Release 27 July 2016

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Staffline, the Staffing services, outsourcing, training and Employability organisation, providing people and operational expertise to industry, today announces its unaudited Interim Results for the six months ended 30 June 2016.

Financial highlights:

- Revenues up 39.5% to £414.7m (H1 2015: £297.2m)
- Gross profit up 48.6% to £62.4m (H1 2015: £42.0m)
- Underlying profit before tax* grew 50.5% to £15.2m (H1 2015: £10.1m)
- Underlying diluted EPS* rose 49.4% to 48.1p (H1 2015: 32.2p)
- Net debt significantly reduced from FY 2015 position, from £63.1m to £43.7m and on track to be below 0.75x EBITDA by the end of FY 2016
- Interim dividend increased 40% to 10.5p (H1 2015: 7.5p)

Operational highlights:

- Record first half within Staffing division:
  - OnSites grew by 36 locations in H1; total locations now 341 (H1 2015: 267)
  - First two white-collar OnSites established
  - Driving Plus, Ireland and Agriculture all made positive contributions in the period
- Acquisitions completed in Q4 2015, Diamond Recruitment and Milestone, performing ahead of initial expectations
- Employability trading in line and Work Programme contracts delivered significant performance improvements, particularly in the acquired A4e contracts
- Current trading remains positive and on track for full year expectations

* Excludes amortisation of intangible assets arising on business combinations, acquisition costs and the non-cash charge/credit for share based payment costs

Commenting on the results and prospects for the rest of 2016, Andy Hogarth, Chief Executive, said:
"This positive first half of the year reflects the continuation of the growth and success which the Group enjoyed in 2015. It is hugely encouraging to see that, even in these uncertain economic times, Staffline can continue to thrive, with another record of OnSites opened in our Staffing division and a continuing strong new business pipeline. Our PeoplePlus business has also made huge strides in improving the former A4e Work Programme contracts.
We have every confidence that our strategic initiatives will translate into delivering current market expectations for 2016 and drive long term shareholder value."

<u>A presentation for analysts will be held at 9.30am on Wednesday 27 July 2016 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN.</u>

<u>A presentation for private and retail investors will be held at 1.30pm on Monday 1 August 2016 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. Admittance is strictly limited to those who register their attendance for the event by 5pm Friday 29th August 2016 with Buchanan.</u>

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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 over 340 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 provider
- 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
- PeoplePlus Money

Market Abuse Regulation

As with previous financial announcements, the information communicated in this announcement includes inside information. Staffline Group plc has included this statement in this announcement in order to comply with the Market Abuse Regulation, which came into effect on 3 July 2016.

Chief Executive and Chairman's Combined Report

The first half of 2016 continued where 2015 left off, in particular with our Staffing division achieving further significant organic growth and another record in total ***OnSites***. Our Employability division meanwhile has made good progress as a fully integrated business now rebranded as 'PeoplePlus' following the acquisition of A4e in April 2015.

We are in the fourth year of our five year programme to 'Burst the Billion', seeking to grow Group revenues to over £1 billion in 2017, and the performance in the first half supports our confidence in achieving this. Total sales in the first half of 2016 grew 39.5% to £414.7m (H1 2015: £297.2m), including the benefit of a full six month contribution from A4e which was acquired in April 2015. Group organic growth for the same period was 14.2%. Underlying profit , before tax and amortisation charges on intangible assets arising on business combinations, acquisition costs and the non-cash credit/charge for share based payment costs ("SBPC"), increased by 50.5% to £15.2m (H1 2015: £10.1m). Diluted EPS increased by 49.4% to 48.1p (H1 2015: 32.2p).

Our Staffing business has continued to go from strength to strength, achieving considerable organic growth and ending the period having grown by 36 ***OnSites*** with a new record total of 341 locations (H1 2015: 267). This was further enhanced by the two acquisitions made towards the end of 2015, Diamond Recruitment and Milestone. Both have performed well following their integration into the Group and customer wins have meant that they are trading above our initial expectations. All of our Staffing divisions have traded profitably during the period and have, to date, seen no effect on volumes or profitability since the EU referendum on 23 June 2016. The introduction of the National Living Wage in April 2016, leading to an increase of 7.5% in what was the national minimum wage, also had no negative impact on demand for labour from our clients. The pipeline of new OnSite opportunities remains strong and we expect new business to continue in line with first half performance.

Our Employability division underwent a significant expansion following the acquisition of A4e in April 2015 which has now positioned Staffline as the largest provider to the Department of Work and Pensions of Work Programme contracts in the UK. Following the operational and management changes we made at the end of 2015 PeoplePlus has started to outperform most of our competitors on the Work Programme and our nine prime contracts have achieved considerable performance improvements in the period. However, the positive economic backdrop has continued to negatively impact referral levels across our Work Programme contracts and we have continued to reduce overheads related to these contracts through the first half of 2016 to ensure these contracts maintain their expected profitability.

In addition, we have been encouraged by the Transforming Rehabilitation contract which originally commenced in February 2015. Further organic growth has however been constricted by delays in decision making regarding a number of new tender opportunities, which we are hopeful will now start to move forward given the more stable political backdrop.

Overall, we are pleased to report that sales and profitability in the Group remain in line with expectations for the full year.

Financial Review

Sales in the period grew by 39.5% to £414.7m (H1 2015: £297.2m) with gross profit increasing by £20.4m, or 48.6% to £62.4m (H1 2015: £42.0m). This increase has come from a mixture of strong organic growth and a full six month contribution from the A4e, Diamond Recruitment and Milestone Operations acquisitions. Underlying profit before tax and amortisation charges on intangible assets arising on business combinations, acquisition and the non-cash SBPC credit/charge increased by 50.5% to £15.2m (2015: £10.1m). On this basis underlying diluted EPS rose 49.4% to 48.1p (H1 2015: 32.2p). Statutory declared profit before tax increased by £10.6m to £11.4m (H1 2015: £0.8m).

The Group's net debt position improved considerably from the 2015 year end position, falling by £19.4m, from £63.1m to £43.7m. This was achieved despite a significant organic increase in sales and therefore, working capital requirements. The unwinding of one-off non-standard payment terms for several clients, which arose following an acquisition in H2 2015, also helped this improvement. With improving free cash flow levels, net debt is expected to continue to fall quickly in this financial year, from 1.86x underlying EBITDA at the end of FY 2015 to below 0.75x underlying EBITDA by the end of FY 2016. We expect to be in a net cash position by the end of 2017.

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 and we are confident of being able to renew our status in 2016.

Operational Review

Staffing

During the half year all of our Staffing businesses saw good organic growth. Staffing sales rose by 44.4% to £336.7m, driven both by organic growth and also by the acquisitions of Diamond Recruitment in Northern Ireland and Milestone Operations in Q4 2015. Our Staffing gross profit margin has marginally declined by 0.6% to 7.9% compared to full year 2015, driven by the on-boarding costs of such a significant number of new ***OnSite*** locations and the impact of the rise of both the National Minimum Wage ("NMW") in October 2015 and the larger National Living Wage increase of 7.5% in April 2016, increasing our sales but keeping the gross profit cash margin the same. The segmental gross profit rose by 31.7% to £26.6m (H1 2015: £20.2m), whilst the segmental underlying operating profit rising by 28.3% to £6.8m (H1 2015: £5.3m).

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 half year total of 36 (H1 2015: 32), ending the period with a total of 341 locations. This increase has resulted from a number of new clients choosing Staffline as well as extensions to current contracts. Our new locations 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 in 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 period.

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, a move which has significantly improved the quality of service we deliver in the country over the course of the H1 2016.

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 so far been able to fulfil all of our customer requirements and we have contingent plans to ensure that we continue to do so. However the tightening labour market is likely to lead to greater wage inflation and hence a greater cost of recruitment in future years, supporting demand for our flexible labour. The introduction of the National Living Wage ("NLW"), something which we support, increased the minimum wage from £6.70 to £7.20 in April 2016 and will no doubt start to encourage more people to enter the labour market, especially as further increases are introduced in the coming years.

Employability

The completion of the A4e acquisition in April 2015 significantly enhanced our position in the Employability arena. The combined PeoplePlus business benefits from significant scale within the Department of Work and Pensions' ("DWP") main contract, 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. Our performance in the nine prime contracts has improved hugely during 2016 and the current performance puts all of them in the top half of the league tables.

The Transforming Rehabilitation contract, awarded by the Ministry of Justice, is also showing positive results, having successfully commenced in the first half of last year. The only published metric to date shows that we received the highest user satisfaction rating of all the 21 providers.

Revenues in the Employability division grew by 21.7% to £78.0m reflecting the full six month effect of A4e, with gross profit increasing by 64.2% to £35.8m. Underlying segmental operating profitability before tax and amortisation charges on intangible assets arising on business combinations, acquisition costs and the non-cash SBPC credit/charge rose by 76.8% to £9.9m. Profitability of the enlarged PeoplePlus division has been in line with our initial expectations although, due to the improving economy, referrals 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 9 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.

Further organic growth in the first half has been impacted by delays in new tender opportunities. At the time of writing, we are awaiting overdue decisions on 14 existing tenders and the publishing of 28 other new potential contracts. We believe that PeoplePlus is well placed to benefit from the growth opportunity that these tenders represent, many of which cannot continue to be delayed indefinitely. Similarly, the tendering process for the new replacement Work Programme contracts has yet to begin and whilst there remains uncertainty around the timing of the start of the new contracts and following previous contract extensions the Group believes it is well placed for the next contract round given its market leading position in the sector.

Brexit

At present, it is less than a month since the citizens of the UK voted to leave the EU. In that short period we have not seen a reduction in demand for our services or in availability of contractors. Whilst it is too early to tell what the long-term impact of Brexit may be, as the market-leading provider of temporary workers, our scale and capability has enabled us to manage a gradual tightening of the labour market and gives us confidence that we will continue to do so. Staffline benefits from a reliable workforce of over 263,000 available contractors on our database. Furthermore, any tightening in the labour market is also likely to help the Employability side of our business as this may make our Work Programme candidates easier to place.

ISO 9001 and Investors in People ("IIP")

Our organisation has grown significantly over the last couple of years, both organically and through acquisition. This has been both exciting and has posed many operating challenges, however, we are delighted that we have now been accredited with IIP for our Shared Service function. We continue to review, and monitor our working practices, looking for ways to improve our services. We have streamlined our processes and procedures across all the business areas through automation, creating efficiencies whilst introducing a self-service approach to managing data, all of which supports our ability to provide Management Information.

In addition to the above, we have achieved the Recruitment and Employment Confederation's accreditation for the Group for 2016 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.

IS0 27001

We are pleased that 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.

People

We continue with our focus on enhancing capability within the Group, driving a high performance culture whilst harnessing talent which enables us to be more agile. With the Group continuing to expand, we have seen an increase number of employees in our Staffing business and related shared services and a reduction of people employed by the PeoplePlus business, bringing the Group's total workforce at 30 June 2016 to 2,957. Our residential management development programme has been delivered to 125 delegates through the Leadership Camp since its launch in 2012 and has been further complemented with one to one Coaching sessions. An additional suite of management workshops have been delivered to 317 managers, of which 151 attended this year, incorporating;

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

Our additional People Management workshops were launched this year along with Manager Toolkits. This has taken the business by storm, with over 20 workshops having been delivered and 202 managers having attended. A further six workshops are scheduled to be delivered before peak trading this year. In addition, 29 people have attended our in-house workshop "Finance for Non-Financial Managers".

Having gained accreditation in the delivery of REC Level 3 Recruitment Qualification, 29 delegates have so far attended workshops and are due to sit exams in August this year. A further 30 delegates are scheduled to attend workshops in October. In addition, we continue to gain further accreditation with the REC to deliver level 2 later this year and we are planning for higher level qualifications next year.

Our ethos supports 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, and we continue to review our training needs in line with our vision, values and ambition to be an employer of choice. We are also ambassadors of the Apprenticeship programmes and look to see how we can enhance our portfolio across the Group, including management/degree level. We currently have 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.

Current Trading & Outlook
The second half of 2016 has started well. Our sales pipeline, which remains significant, will support continued growth. As a result, we remain on track to deliver current expectations for FY 2016.

Furthermore, Staffline continues to work towards its longer term growth ambitions. In the uncertain political climate we remain responsive and focused on adapting to new regulations and government change. Whether this is the NLW or the potential changes which the UK's exit from the EU may bring over time, our scale and capabilities mean that organisations increasingly look to Staffline to ensure their access to a flexible and efficient workforce.

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

In addition to driving organic growth, we continue to identify further bolt-on acquisition opportunities, in particular within our Staffing business. We remain in discussions with a number of companies where we see the potential to develop our reach and offering further.

As an expression of our confidence in the Group's prospects, the Directors therefore propose to increase the interim dividend by 40%, from 7.5p per share declared H1 2015, to 10.5p per share. This dividend will be payable on 15 November 2016 to shareholders on the register at 14 October 2016. The ex-dividend date is 13 October 2016.

John Crabtree	Andy Hogarth
Chairman	Chief Executive

27 July 2016

Consolidated statement of comprehensive income

For the six months ended 30 June 2016

	Note	Six month period ended 30 June 2016 Underlying Unaudited £'m	Six month period ended 30 June 2016 Non underlying Unaudited £'m	Six month period ended 30 June 2016 Total Unaudited £'m	Six month period ended 30 June 2015 Unaudited £'m	Year ended 31 December 2015 Audited (restated) £'m
Continuing operations						
Sales revenue	2	414.7	-	414.7	297.2	702.2
Cost of sales		(352.3)	-	(352.3)	(255.2)	(601.3)
Gross profit		**62.4**	**-**	**62.4**	**42.0**	**100.9**
Administrative expenses (underlying)		(45.7)	-	(45.7)	(31.1)	(70.6)
Underlying Operating profit, before non-underlying administrative expenses		**16.7**	**-**	**16.7**	**10.9**	**30.3**
Administrative expenses (non-underlying)*	3	-	(3.8)	(3.8)	(9.3)	(22.8)
Operating profit/(loss)	2	**16.7**	**(3.8)**	**12.9**	**1.6**	**7.5**
Finance costs		(1.4)	-	(1.4)	(0.8)	(2.0)
Loss on disposal of subsidiary investment		(0.1)	-	(0.1)	-	-
Profit/(loss) for the period before taxation		**15.2**	**(3.8)**	**11.4**	**0.8**	**5.5**
Underlying				*15.2*	*10.1*	*28.3*
Non-underlying*	3			*(3.8)*	*(9.3)*	*(22.8)*
Tax expense		(2.9)	1.4	(1.5)	(1.4)	(2.4)
Profit/(loss) from continuing operations		**12.3**	**(2.4)**	**9.9**	**(0.6)**	**3.1**
Underlying				*12.3*	*7.9*	*23.1*
Non-underlying*	3			*(2.4)*	*(8.5)*	*(20.0)*
Loss after tax on discontinued operations				-	-	(0.7)
Profit/(loss) for the period				**9.9**	**(0.6)**	**2.4**
Items that will not be reclassified to the profit and loss account - actuarial gains and losses				(0.6)	-	0.5
Items that may be reclassified to the profit and loss account – cumulative translation loss				-	-	(0.1)
Net profit/(loss) and total comprehensive income for the period				**9.3**	**(0.6)**	**2.8**
Earnings per ordinary share	4					
Continuing operations: Basic				39.0p	(2.2p)	12.4p
Diluted				38.7p	(2.2p)	12.3p
Discontinued operations: Basic				-	-	(2.9p)
Diluted				-	-	(2.8p)
Underlying continuing operations: Basic				48.5p	32.3p	92.8p
Diluted				48.1p	32.2p	92.4p

*the non-underlying result includes amortisation of intangible assets arising on business combinations, acquisition costs, the non-cash charge/credit for share based payment costs and exceptional reorganisation costs.

Consolidated statement of changes in equity

For the six months ended 30 June 2016

Unaudited

	Share capital £'m	Own shares JSOP £'m	Share premium £'m	Share based payment reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2016 (audited)	**2.8**	**(9.0)**	**39.9**	**0.1**	**39.4**	**73.2**
Dividends	-	-	-	-	-	-
Vesting of JSOP shares	-	-	-	-	-	-
Share options issued in equity settled share based payments	-	-	-	0.3	-	0.3
Issue of new shares	-	-	-	-	-	-
Transactions with owners	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Profit for the period	-	-	-	-	9.9	9.9
Actuarial gains and losses	-	-	-	-	(0.6)	(0.6)
Cumulative translation adjustments	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**9.3**	**9.3**
At 30 June 2016 (unaudited)	**2.8**	**(9.0)**	**39.9**	**0.4**	**48.7**	**82.8**

Consolidated statement of changes in equity

For the six months ended 30 June 2015

Unaudited

	Share capital £'m	Own shares JSOP £'m	Share premium £'m	Share based payment reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2015 as restated (see note 1 - audited)	**2.8**	**(9.8)**	**39.9**	**0.1**	**31.5**	**64.5**
Dividends	-	-	-	-	-	-
Vesting of JSOP shares	-	-	-	-	-	-
Share options issued in equity settled share based payments	-	-	-	0.3	-	0.3
Issue of new shares	-	-	-	-	-	-
Transactions with owners	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Loss for the period	-	-	-	-	(0.6)	(0.6)
Actuarial gains	-	-	-	-	-	-
Cumulative translation adjustments	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
At 30 June 2015 (unaudited)	**2.8**	**(9.8)**	**39.9**	**0.4**	**30.9**	**64.2**

Consolidated statement of changes in equity

For the year ended 31 December 2015

Audited

	Share capital £'m	Own shares JSOP £'m	Share premium £'m	Share based payment reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2015 as restated (see note 1)	**2.8**	**(9.8)**	**39.9**	**0.1**	**31.5**	**64.5**
Dividends	-	-	-	-	(4.0)	(4.0)
Vesting of JSOP shares	-	0.8	-	-	9.1	9.9
Share options issued in equity settled share based payments	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-
Transactions with owners	**-**	**0.8**	**-**	**-**	**5.1**	**5.9**
Profit for the period	-	-	-	-	2.4	2.4
Actuarial gains	-	-	-	-	0.5	0.5
Cumulative translation adjustments	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2.8**	**2.8**
At 31 December 2015	**2.8**	**(9.0)**	**39.9**	**0.1**	**39.4**	**73.2**

Consolidated statement of financial position

As at 30 June 2016

	Note	30 June 2016 Unaudited £'m	30 June 2015 Unaudited (as restated) £'m	31 December 2015 Audited £'m
Assets				
Non-current assets				
Goodwill		88.5	89.5	89.3
Other intangible assets		30.4	14.1	36.7
Property, plant & equipment		11.2	16.2	9.3
Deferred tax asset		1.1	0.9	1.0
		131.2	**120.7**	**136.3**
Current				
Trade & other receivables		101.9	97.4	117.8
Retirement benefit asset		1.9	-	2.4
Current assets held for sale		-	-	1.7
Cash and cash equivalents		17.0	20.1	5.0
		120.8	**117.5**	**126.9**
Total assets		**252.0**	**238.2**	**263.2**
Liabilities				
Current				
Trade and other payables		94.1	88.4	102.5
Borrowings		11.7	17.0	20.7
Current liabilities held for sale		-	-	2.5
Other current liabilities		1.9	9.3	3.0
Current tax liabilities		3.3	1.9	0.2
		111.0	**116.6**	**128.9**
Non-current				
Borrowings		49.0	52.3	47.4
Other non-current liabilities		4.6	2.5	7.6
Deferred tax liabilities		4.6	2.6	6.1
		58.2	**57.4**	**61.1**
Total liabilities		**169.2**	**174.0**	**190.0**
Equity				
Share capital	5	2.8	2.8	2.8
Own shares		(9.0)	(9.8)	(9.0)
Share premium		39.9	39.9	39.9
Share based payment reserve		0.4	0.4	0.1
Profit & loss account		48.7	30.9	39.4
Total equity		**82.8**	**64.2**	**73.2**
Total equity & liabilities		**252.0**	**238.2**	**263.2**

Consolidated statement of cash flows

For the six month period to 30 June 2016

	Note	Six month period to 30 June 2016 Unaudited £'m	Six month period to 30 June 2015 Unaudited £'m	Year ended 31 December 2015 Audited £'m
Cash flows from operating activities	6	**26.1**	**7.8**	**14.4**
Taxes paid net of refunds		-	(3.2)	(5.0)
Net cash inflow from operating activities		**26.1**	**4.6**	**9.4**
Cash flows from investing activities				
Purchases of property, plant and equipment		(3.4)	(1.1)	(3.9)
Sale of property, plant and equipment		-	-	-
Purchase of intangible assets inc software		(0.8)	-	(0.5)
Acquisition of businesses - cash paid, net of cash acquired		(0.1)	(14.7)	(20.1)
Net cash used in investing activities		**(4.3)**	**(15.8)**	**(24.5)**
Cash flows from financing activities:				
New loans (net of transaction fees)		8.9	53.1	53.1
Loan repayments		(16.4)	(28.6)	(35.3)
Acquisition of businesses - deferred consideration for prior acquisitions		(1.0)	(11.0)	(11.0)
Lease repayments		-	-	-
Interest paid		(1.3)	(0.6)	(1.8)
Dividends paid		-	-	(4.0)
Proceeds from sale of JSOP shares		-	-	9.8
Settlement of JSOP liability		-	-	(9.1)
Proceeds from the issue of share capital		-	-	-
Net cash (outflows)/flows from financing activities		**(9.8)**	**12.9**	**1.7**
Net change in cash and cash equivalents		**12.0**	**1.7**	**(13.4)**
Cash and cash equivalents at beginning of period		**5.0**	18.4	18.4
Cash and cash equivalents at end of period		**17.0**	20.1	5.0

1 Interim accounts and Accounting policies

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 2016 (including the comparatives for the six month period ended 30 June 2015 and the year ended 31 December 2015) were approved by the board of directors on 26 July 2016. 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 December 2015 year-end financial statements and have been consistently applied.

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 2015 received an unqualified report from the auditors and did not contain a statement under Section 498 of the Companies Act 2006.

Basis of preparation

The interim consolidated financial statements are prepared to the nearest Sunday to 30 June. 2016 accounts are for the 26 weeks ended 3 July 2016, 2015 accounts being for the 26 weeks ended 1 July 2015.

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.

Prior year adjustment: June 2015 Consolidated Statement of Financial Position

Following a review of the carrying value of the Group's deferred tax assets at the December 2015 financial year end, a prior year adjustment was made in the 2014 comparatives to reduce the deferred tax asset on the share based payment reserve as at 31 December 2014 from £1.5m to £0.1m. The impact on the 31st December 2014 net assets is a reduction of £1.4m with a consequent adjustment to reserves as at 1st January 2015. The June 2015 balance sheet has therefore been amended from that originally reported to reflect these changes.

Prior year adjustment: December 2015 Consolidated Statement of Comprehensive Income

Following the completion of the integration of the trades of A4e and Avanta Enterprise businesses into the PeoplePlus division, and standardisation of reporting, a more appropriate split of costs between cost of sales and administrative expenses has now been identified. To reflect this new split, the December 2015 financial year costs have been restated, with £14.1m now being shown as administrative expenses whereby they were originally reported under cost of sales. In respect of the December 2015 year end results, the gross profit of the PeoplePlus division, and therefore the group, has increased by £14.1m. The December 2015 financial year gross profit margin of the PeoplePlus division has increased from the previously reported 27.0% to the restated 36.6%, with the group gross profit margin increasing from the previously reported 12.4% to the restated 14.4%. There is no impact on operating profit. June 2015 costs have not been restated as the effect is not considered to be material.

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 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.

Segment information for the reporting half year is as follows:

	Staffing Services Six months ended 30 June 2016 Unaudited £'m	**PeoplePlus Six months ended 30 June 2016 Unaudited £'m**	**Total Group Six months ended 30 June 2016 Unaudited £'m**	Staffing Services Six months ended 30 June 2015 Unaudited £'m	PeoplePlus Six months ended 30 June 2015 Unaudited £'m	Total Group Six months ended 30 June 2015 Unaudited £'m
Segment continuing operations:						
Sales revenue from external customers	336.7	78.0	414.7	233.1	64.1	297.2
Cost of sales	(310.1)	(42.2)	(352.3)	(212.9)	(42.3)	(255.2)
Segment gross profit	**26.6**	**35.8**	**62.4**	**20.2**	**21.8**	**42.0**
Administrative expenses (underlying)	(19.4)	(23.9)	(43.3)	(14.7)	(14.7)	(29.3)
Depreciation, software amortisation	(0.4)	(2.0)	(2.4)	(0.3)	(1.5)	(1.8)
Segment underlying operating profit*	**6.8**	**9.9**	**16.7**	**5.3**	**5.6**	**10.9**
Administrative expenses - share based payment credit/charge	2.6	-	2.6	(5.5)	-	(5.5)
Administrative expenses – reorganisation costs	-	-	-	-	-	-
Administrative expenses – acquisition costs	-	-	-	-	(0.5)	(0.5)
Amortisation of intangible assets arising on business combinations	(1.2)	(5.2)	(6.4)	(0.1)	(3.2)	(3.3)
Segment Operating profit/(loss)	**8.2**	**4.7**	**12.9**	**(0.4)**	**2.0**	**1.6**
Total non-current assets	45.2	86.0	131.2	35.7	85.0	120.7
Total current assets	86.3	34.5	120.8	71.2	46.3	117.5
Total liabilities	135.7	33.5	169.2	137.3	36.6	173.9
Capital expenditure inc software	0.4	3.8	4.2	0.3	0.8	1.1

*Segment underlying operating profit before amortisation of intangible assets arising on business combinations, acquisition costs and the non-cash charge/credit for share based payment costs

2 Segmental reporting (continued)

Segment information for the year ended 31 December 2015 is as follows:

	Staffing Services Year ended 31 December 2015 Audited £'m	PeoplePlus Year ended 31 December 2015 Audited (restated) £'m	Total Group Year ended 31 December 2015 Audited £'m
Segment continuing operations:			
Sales revenue from external customers	554.5	147.7	702.2
Cost of sales	(507.6)	(93.7)	(601.3)
Segment gross profit	**46.9**	**54.0**	**100.9**
Administrative expenses (underlying)	(33.1)	(33.8)	(66.9)
Depreciation, software amortisation	(0.6)	(3.1)	(3.7)
Segment underlying operating profit*	**13.2**	**17.1**	**30.3**
Administrative expenses - share based payment charge	(8.9)	-	(8.9)
Administrative expenses – reorganisation costs	-	(3.2)	(3.2)
Administrative expenses – acquisition costs	(0.2)	(0.7)	(0.9)
Amortisation of intangible assets arising on business combinations	(0.6)	(9.2)	(9.8)
Segment Operating profit	**3.5**	**4.0**	**7.5**
Total non-current assets	36.4	99.9	136.3
Total current assets	92.8	34.1	126.9
Total liabilities	149.0	41.0	190.0
Capital expenditure inc software	0.6	3.8	4.4

*Segment underlying operating profit before amortisation of intangible assets arising on business combinations, acquisition costs, the non-cash charge/credit for share based payment costs and exceptional reorganisation costs.

During the six month period to 30 June 2016, one customer in the Staffing Services segment contributed greater than 10% of the Group's revenue of £414.7m, being 12.6% (£42.5m) of that segment’s revenues (six months to 30 June 2015: one customer being 16.0% or £37.2m); the amount receivable from this customer at 30 June 2016 is £10.8m (30 June 2015: £11.1m). The PeoplePlus segment also has one customer contributing more than 10% of the Group’s revenue, being 59.8% (£46.6m) of that segment’s revenues (2015: 69.0% or £44.3m); the amount receivable from this customer at 30 June 2016 is £16.1m (30 June 2015 £2.3m).

3 Administrative expenses (non-underlying)

	Six months ended 30 June 2016 Unaudited £'m	Six months ended 30 June 2015 Unaudited £'m	Year ended 31 December 2015 Audited £'m
Included within administrative expenses are the following non underlying costs			
Amortisation of intangible assets arising on business combinations	6.4	3.3	9.8
Share based payment charges	(2.6)	5.5	8.9
Acquisition costs	-	0.5	0.9
Reorganisation costs	-	-	3.2
	3.8	**9.3**	**22.8**
Tax credit on above non underlying costs	1.4	0.8	2.8
Post taxation effect on above non underlying costs	2.4	8.5	20.0

Reorganisation costs in 2015 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 shares held in the Joint Share Ownership Plan or “JSOP” – “own shares”. The calculation of the diluted earnings per share is based on the basic earnings per share as adjusted to take into account the potential issue of ordinary shares resulting from share options granted to certain senior management.

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

	Basic six month period ended 30 June 2016 Unaudited	Basic six month period ended 30 June 2015 Unaudited	Basic Year ended 31 December 2015 Audited	**Diluted six month period ended 30 June 2016 Unaudited**	Diluted six month period ended 30 June 2015 Unaudited	Diluted Year ended 31 December 2015 Audited
Earnings on continuing operations (£'m)	**9.9**	(0.6)	3.1	**9.9**	(0.6)	3.1
Earnings on discontinued operations (£’m)	**-**	-	(0.7)	**-**	-	(0.7)
Weighted average number of shares 000	**25,359**	24,550	24,883	**25,565**	24,657	24,990
Earnings per share (pence):						
Continuing	**39.0p**	(2.2p)	12.4p	**38.7p**	(2.2p)	12.3p
Discontinued	**-**	-	(2.9p)		-	(2.8p)
Underlying Earnings on continuing operations (£'m)	**12.3**	7.9	23.1	**12.3**	7.9	23.1
Underlying earnings per share (pence)*	**48.5p**	32.3p	92.8p	**48.1p**	32.2p	92.4p

*Earnings after adjusting for amortisation of intangible assets arising on business combinations, share based payment charge, acquisition costs and reorganisation costs including the tax effect.

The weighted average number of shares has been increased by 474,000 shares, on an undiluted basis, since 31st December 2015 to take account of the full year effect of the 809,000 shares exercised during 2015 under the 2010 JSOP.

Dividends

During the 6 month period to 30 June 2016, Staffline Group plc paid no dividends to its equity shareholders. A final dividend in respect of the 2015 financial year totalling £3.2m has been declared but has not been accrued within these financial statements. This represents a payment of 12.5p per share and was paid in July 2016. An interim dividend for 2016 of 10.5p per share is proposed for payment in November 2016, totalling £2.7m, but has not been accrued within these financial statements.

5 Share capital

	30 June 2016 Unaudited £'m	30 June 2015 Unaudited £'m	31 December 2015 Audited £'m
Authorised			
30,000,000 (June 2015: 30,000,000) ordinary 10p shares	**3.000**	3.000	3.000
Allotted and issued			
27,749,389 (June 2015: 27,747,551) ordinary 10p shares	**2.775**	**2.775**	2.775

	Six months ended 30 June 2016 000	Six months ended 30 June 2015 000	Year ended 31 December 2015 000
Shares issued and fully paid at the beginning of the period	**27,749**	27,748	27,748
Shares issued during the year	-	2	2
Shares issued and fully paid at end of period	**27,749**	27,749	27,749
Shares authorised but unissued	2,251	2,251	2,251
Total equity shares issued at end of period	**30,000**	30,000	30,000

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 Employee Benefit Trust where the right to dividends has been waived.

6 Cash flows from operating activities

	Six month period ended 30 June 2016 Unaudited £'m	Six month period ended 30 June 2015 Unaudited £'m	Year ended 31 December 2015 Audited £'m
Profit before taxation	11.4	0.9	5.5
Adjustments for:			
Loss on discontinued operations	-	-	(0.7)
Finance costs	1.4	0.8	2.0
Depreciation, loss on disposal and amortisation	8.7	5.1	13.4
Operating profit before changes in working capital and share options	**21.5**	**6.8**	**20.2**
Change in trade and other receivables	15.9	0.7	(7.1)
Change in trade and other payables	(8.7)	(5.2)	(6.9)
Cash generated from operations	**28.7**	**2.3**	**6.2**
Additional pension contributions	-	-	(0.7)
Employee cash settled share options	(2.6)	-	8.9
Employee equity settled share options	-	5.5	-
Net cash inflow from operating activities	**26.1**	**7.8**	**14.4**

Movement in net debt	**£'m**	**£'m**
Net debt at 1 January 2016 (excluding transaction fees)	(63.7)	(17.8)
Acquired debt	-	(25.3)
New loans (excluding transaction fees)	(8.9)	(53.5)
Unwinding of discount on loan notes	-	(0.1)
Loan repayments	16.4	46.3
Change in cash and cash equivalents	12.0	(13.3)
Net debt at 30 June 2016 (excluding transaction fees)	**(44.2)**	**(63.7)**

Represented by:	**£'m**	**£'m**
Cash and cash equivalents	17.0	5.0
Current borrowings	(11.7)	(20.7)
Non-current borrowings	(49.0)	(47.4)
Net debt including transaction fees	**(43.7)**	**(63.1)**
Transaction fees	(0.5)	(0.6)
Net debt at 30 June 2016 (excluding transaction fees)	**(44.2)**	**(63.7)**