For Immediate Release **4 September 2013**

Staffline Group plc
Adding value to your business

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Staffline, the national recruitment and outsourcing organisation providing people and operational expertise to industry, today announces its preliminary results for the six months ended 30 June 2013.

Financial highlights:

- Revenues up 14% to £187.2 million (H1 2012: £163.9 million)
- Gross margin up by 0.9%, to 10.2% (H1 2012: 9.3%)
- Operating profit before amortisation and Share Based Payment Charges up by 31.2%, to £5.1 million (H1 2012: £3.9 million)
- Underlying profit before tax up by 32% to £4.9m (H1 2012: £3.7m)
- Fully diluted underlying EPS pre amortisation and share based payment charge up 35% at 17.0p (H1 2012: 12.6p)
- Interim dividend increased by 22.6% to 3.8p (H1 2012: 3.1p)
- Net debt of £2.7 million, reduced by £5.7m (H1 2012: net debt of £8.4 million)

Operational highlights:

- Continued expansion of the OnSite model, increasing by 4 sites during the period to 183
- Eos ranked No 1 of 40 Work Programme Contracts Nationally in June 2013 and now generating financial returns for the Group
- New five year growth strategy in place and on track
- In line to meet market expectations for the full year

Commenting on the results and prospects for the remainder of 2013, Andy Hogarth, Chief Executive, said:

"Staffline continues to trade ahead of the broader recruitment sector with demand for our Onsite model and broader outsourcing services underpinning growth. We are still seeing a strong pipeline of new business enquiries from both new and existing customers and believe increasing regulatory and budgetary pressures will continue to drive strong levels of demand for our services.

Current trading remains robust and the confidence we place in our future trading performance supports our commitment to a progressive dividend policy."

A presentation for analysts and investors will be held at 9.30am on 4 September 2013 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN

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About Staffline

Staffline Group plc is a recruitment organisation specializing in food processing, manufacturing, e-retail, driving and logistics. Staffline provides and manages industrial workforces and uses training and business improvement techniques to ensure increased levels of efficiency to give their clients a significant commercial advantage. Operating from over 200 locations in the UK, Staffline supplies up to 30,000 blue collar workers each day. Brands include Select Appointments, providing white collar staff and Staffline Express , both High Street branch operations, ***OnSite*** based on clients' premises, Elpis Training a national training and consultancy organisation, OSP a specialist volume recruitment call centre and EOS, a Welfare to Work provider.

Chief Executive and Chairman's Report

The first half of 2013 has seen a great deal of change within the Group. We opened and invested in a number of new divisions as part of our 5 year growth strategy which has had a short term drag on 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 clients. Our Welfare to Work division continues to help significant numbers of the long term unemployed back into sustainable work and we have seen our investment in this division start to make a significant financial return. Overall, profitability in the Group has increased in line with expectation.

In the first half of the year Tim Jackson, Shaun Brittain and Marshall Evans resigned their positions on the board, Tim to pursue an opportunity in the charitable sector, Shaun to take up his position as joint MD of Staffline Recruitment Ltd and Marshall to reduce his working hours while remaining with the Group in a part-time capacity. We would like to thank them all for their tireless support and dedication to the Group.

Diane Martyn, previously CEO of Randstad Staffing in the UK, moved from a non-executive director of Staffline in the company to that of Group Managing Director with effect from 25 February 2013. We have also appointed Philip Ledgard as Group Finance Director with effect from 9 October. Philip is currently FD of the £400m Facilities Management division of G4S, having gained his accountancy qualification with PwC.

Financial Review

Growth in sales during the first six months of 2013 has been relatively modest compared to earlier years mainly due to lower levels of acquisitive growth. That aside, total sales grew by 14.2% to £187.2m with gross profit increasing by £4.0m, or 26.0% to £19.2m. Net profit before tax, amortisation and the non-cash charge for share based payment costs (SBPC) rose by 31.2% and net profit before tax rose by 24.1% to £3.42m. Similarly earnings per share also rose, basic EPS by 15% to 11.1p, fully diluted pre amortisation and SBPC to 17.1p.

Our balance sheet has continued to strengthen, with shareholders' funds exceeding £40m for the first time and the ratio of current assets to current liabilities being in excess of 1.3. 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 the temporary workers who are essential to ensure continued production.

Net debt fell significantly during the period, from £8.4m at June 30 2012 and £4.6m at 31 December 2012 to £2.7m at 30 June 2013.

Operational Review

Recruitment

The first half of 2013 has continued to be a challenging environment, both for many of our clients and therefore for ourselves. Despite this, there continue to be opportunities for us to grow in our core business, both by organic growth with new customer attraction as well as by making acquisitions. We continue to assess many business acquisition opportunities, but during the first half of the year did not identify any that met our desired criteria.

We increased the net number of ***OnSites*** from which we operate by four ending the period with a total of 183 locations, the gross increase being reduced by some plant closures and loss of business on price.

Following the acquisition of Select Appointments at the end of 2012 we have spent the first six months of 2013 improving systems and the operating environment for our franchisees. With a new operations manual, new branding, new market offering and new website due to go live in the next couple of weeks we will launch the new package at the Franchise Show to be held at the NEC Birmingham on 4 and 5 October. We have reduced the initial set up cost of a franchise business by a third to £24,750 and are actively looking to recruit new franchisees that currently work in the industry in management roles but wish to significantly increase their potential earnings.

In addition to these recruitment initiatives, we have opened a number of new divisions including Driving+ and Ireland during the period and the initial start-up costs incurred together with a significantly larger share based payment charge has meant that this division suffered a slight reduction in profitability during the period.

Welfare to Work and Training

The contract we hold for HM Government's Work Programme in Birmingham, Solihull and the Black Country has now entered its third of the five year contract. Figures released in June by the Department of Work and Pensions (DWP) confirmed that our contract was, in year two, the highest performing area out of the 40 covering the UK. This contract has now reached the point where the initial consumption of working capital is completed and the business has started to contribute positive cash flow to the Group. We expect this contract to be cash positive for its remaining years. As foreshadowed in my last report profitability has returned to the division, losses of £0.6m in the previous period being replaced by a profit of £0.7m.

The two European Social Fund contracts we were awarded in October 2011 have also historically been a significant drain on our working capital, however recent changes in the way referrals and payments are made means that we are confident that these contracts will become cash positive in 2014.

Our training business, Elpis, was included in the Welfare to Work offering during the period and this has resulted in significant growth of revenues which we expect to lead to greater profitability in 2014.

Market Overview

Gangmaster Licencing Authority (GLA)

We remain convinced that the GLA has done much to improve standards and drive many sub-standard operators out of the regulated sector. Recent changes in the senior management of the organisation have further significantly improved their effectiveness, uncovering and stopping significant abuse of people being trafficked from Eastern Europe. We have also seen a much increased level of activity from the GLA in relation to those licensed operators who offer or operate certain Travel and Subsistence schemes.

Marshall Evans, who was Operations Director until 25 February 2013, continues to be a member of the Board of Directors of the GLA as well as being a member of the REC Council and Chairman of its Policy Committee. Andy Hogarth also sits on the Board of the Association of Labour Providers and Diane Martyn is a member of the REC Council. These roles allow us to understand and have a say in future industry trends and Government policy.

PAYE and Travel and Subsistence Schemes

We are greatly encouraged by the recent action taken by the GLA, which has resulted in two umbrella companies being unable to trade in the regulated sector, and also by HMRC which closed down one of the largest umbrella operators in the industrial sector.

We have also seen specific action by HM Treasury with legislation effective from April 2014 which will prevent workers from being pay rolled offshore and therefore avoiding the cost of Employers National Insurance. Whilst during the year we lost a small number of clients to competitors operating these schemes we also won new and returning business from customers who are realising the potential liabilities they face if they allow their supplier to use certain of these schemes unscrupulously. The much greater emphasis in the media about any exploitative tax avoidance schemes is resulting in clients becoming more adverse to the potential reputational risk to their businesses if they are seen to profit from them.

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. Total hours worked are up 9% for this period in comparison to last year and we are pleased to report a 43% decrease in reported accidents for the period.

ISO 9001 and Investors in People (IIP)

In March 2013, Staffline successfully concluded its 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

Staffline is currently trialling online applications which will significantly reduce the need for paper based applications, and the use of email payslips remains at over 90%. 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 518 employees in our recruitment business and Shared Services with an additional 288 people employed by EOS, bringing the group's total workforce to 806.

During the first half of this year, we have seen many training successes with 18 employees passing their Certificate in Recruitment Practices (CERT RP) qualification and 20 attending Delight the Customer. In addition 12 undertook their external business writing course and 18 attended our six month Real Account Management programme.

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.

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. All of the Group's locations are now live with Infinity+ and we are already deriving a wide range of benefits from it. The new system will provide the platform for further development that will deliver greater efficiencies across the business .

Growth strategy

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.

We see significant opportunities to increase our market presence within Welfare to Work having already improved the operational performance of Eos in a relatively short period of time. All the major political parties are committed to supporting the Work Programme and our continuing strong performance on this contract leaves us confident we can add to our existing operations over the coming years.

Current Trading

We have started the second half well, buoyed by the recent hot weather which has seen a significant increase in demand for contractors from many of our clients, reflected in the strong retail figures for July. We have also seen strong levels of demand in our driving businesses highlighting the systemic shortage of available HGV drivers in the UK. With demand now increasing strongly, in particular 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 will continue to support this growing division.

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 22.6% from 3.1p to 3.8p. This dividend will be payable on 15 November 2013 to shareholders on the register at 16 October 2013. The ex-dividend date is 18 October 2013.

Andy Hogarth	John Crabtree
Chief Executive	Chairman

4 September 2013

Consolidated statement of comprehensive income

For the six month period to 30 June 2013

		Six month period ended 30 June 2013				
	Note	Underlying Unaudited £'000	Adjustments* Unaudited £'000	Total Unaudited £'000	Six month period ended 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Continuing operations						
Sales revenue		187,227	-	187,227	163,916	366,980
Cost of sales		(168,043)	-	(168,043)	(148,697)	(332,268)
Gross profit		**19,184**	**-**	**19,184**	**15,219**	**34,712**
Administrative expenses		(14,096)	-	(14,096)	(11,342)	(23,633)
Operating profit before amortisation of intangibles and share based payment charge		**5,088**	**-**	**5,088**	**3,877**	**11,079**
Administrative expenses – Share Based Payment Charge		-	(616)	(616)	(110)	(393)
Amortisation of intangibles		-	(891)	(891)	(839)	(1,802)
Profit from operations		**5,088**	**(1,507)**	**3,581**	**2,928**	**8,884**
Finance costs		(165)	-	(165)	(175)	(363)
Profit for the period before taxation		**4,923**	**(1,507)**	**3,416**	**2,753**	**8,521**
Tax expense		(1,114)	188	(926)	(697)	(2,111)
Net profit and total comprehensive income for the period		**3,809**	**(1,319)**	**2,490**	**2,056**	**6,410**
Total comprehensive income attributable to:						
Non-controlling interest		59	-	59	(32)	(11)
Owners of the parent		3,750	-	2,431	2,088	6,421
Earnings per ordinary share	3					
Basic		17.1	-	11.1p	9.7p	29.7p
Diluted		17.0	-	11.0p	9.3p	28.7p

* Adjustments: The share based payment charge relates to non-cash expense incurred as a result of the Group's joint share ownership plans in issue. Exceptional amortisation of intangibles relates to goodwill acquired as a result of acquisitions.

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**
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 six month period to 30 June 2012

	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 2012 (audited)	2,284	(1,157)	15,928	229	17,702	34,986	(87)	34,899
Dividends								
Share options issued in equity settled share based payments	-	-	-	9	-	9	-	9
Share options exercised	4	-	38	-	-	42	-	42
Transactions with owners	**4**	**-**	**38**	**9**	**-**	**51**	**-**	**51**
Profit for the period	-	-	-	-	2,088	2,088	(32)	2,056
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,088**	**2,088**	**(32)**	**2,056**
Balance at 30 June 2012 (unaudited)	**2,288**	**(1,157)**	**15,966**	**238**	**19,790**	**37,125**	**(119)**	**37,006**

Consolidated statement of changes in equity

For the year to 31 December 2012

	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 2012 (audited)	2,284	(1,157)	15,928	229	17,702	34,986	(87)	34,899
Dividends	-	-	-	-	(1,578)	(1,578)	-	(1,578)
Acquisition of non- controlling interest	-	-	-	-	(58)	(58)	58	-
Share options issued in equity settled share based payments	-	-	-	32	-	32	-	32
Share options exercised	5	-	41	(186)	186	46	-	46
Transactions with owners	**5**	**-**	**41**	**(154)**	**(1,450)**	**(1,558)**	**58**	**(1,500)**
Profit for the period	-	-	-	-	6,421	6,421	(11)	6,410
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**6,421**	**6,421**	**(11)**	**6,410**
Balance at 31 December 2012 (audited)	**2,289**	**(1,157)**	**15,969**	**75**	**22,673**	**39,849**	**(40)**	**39,809**

Consolidated statement of financial position

For the six month period to 30 June 2013

	30 June 2013 Unaudited £'000	30 June 2012 Unaudited £'000	31 December 2012 Audited £'000
Assets			
Non-current assets			
Goodwill	30,950	30,033	30,971
Other intangible assets	2,138	3,058	3,031
Property, plant & equipment	2,072	2,467	2,343
Deferred tax asset	290	-	140
	35,450	**35,558**	**36,485**
Current			
Trade & other receivables	55,833	50,078	59,598
Cash and cash equivalents	4,877	3,215	3,650
	60,710	**53,293**	**63,248**
Total assets	**96,160**	**88,851**	**99,733**
Liabilities			
Current			
Trade and other payables	42,808	36,892	46,678
Borrowings	34	6,537	678
Other current liabilities	1,318	1,589	2,928
Current tax liabilities	1,239	951	1,325
	45,399	**45,969**	**51,609**
Non-current			
Borrowings	7,556	5,068	7,556
Other non-current liabilities	61	77	70
Deferred tax liabilities	449	731	689
Total liabilities	**53,465**	**51,845**	**59,924**
Equity			
Share capital	2,365	2,288	2,289
Own shares	(1,157)	(1,157)	(1,157)
Share premium	16,263	15,966	15,969
Share based payment reserve	67	238	75
Profit & loss account	25,138	19,790	22,673
	42,676	**37,125**	**39,849**
Non-controlling interest	19	(119)	(40)
Total equity	**42,695**	**37,006**	**39,809**
Total equity & liabilities	**96,160**	**88,851**	**99,733**

Consolidated statement of cash flows

For the six month period to 30 June 2013

	Six month period ended 30 June 2013 Unaudited	Six month period ended 30 June 2012 Unaudited	Year ended 31 December 2012 Audited
	£'000	£'000	£'000
Cash flows from operating activities			
Profit before taxation	3,416	2,753	8,521
Adjustments for:			
Finance costs	165	175	363
Depreciation, loss on disposal and amortisation	1,403	1,283	2,853
Employee cash settled share option charge	616	110	394
Employee equity settled share option charge	26	9	32
Operating profit before changes in working capital and provisions	**5,626**	**4,330**	**12,163**
Change in trade and other receivables	3,905	(3,334)	(6,482)
Change in trade and other payables	(5,249)	(2,113)	4,044
Cash generated from/(absorbed by) operations	**4,282**	**(1,117)**	**9,725**
Taxes paid	(1,012)	(1,262)	(2,882)
Net cash inflow/(outflow) from operating activities	**3,270**	**(2,379)**	**6,843**
Cash flows from investing activities			
Purchases of property, plant and equipment	(218)	(132)	(543)
Sale of property, plant and equipment	-	24	24
Acquisition of businesses - deferred consideration for prior acquisitions	(1,386)	(924)	(1,454)
Acquisition of businesses - deferred consideration for current acquisitions	-	-	(168)
Acquisition of businesses - cash acquired	-	-	315
Acquisition of businesses - cash paid	-	-	(2,810)
Net cash used in investing activities	**(1,604)**	**(1,032)**	**(4,636)**
Cash flows from financing activities:			
New loans	-	-	2,500
Repayment of bank and other loans	(612)	(480)	(1,060)
Interest paid	(165)	(175)	(338)
Dividends paid	-	-	(1,578)
Proceeds from the issue of share capital	370	41	46
Net cash flows from financing activities	**(407)**	**(614)**	**(430)**
Net change in cash and cash equivalents	**1,259**	**(4,025)**	**1,777**
Cash and cash equivalents at beginning of period	**3,618**	**1,841**	**1,841**
Cash and cash equivalents at end of period	**4,877**	**(2,184)**	**3,618**

Reconciliation of
Movement in Net Debt

	Six month period ended 30 June 2013 Unaudited	Six month period ended 30 June 2012 Unaudited	Year ended 31 December 2012 Audited
	£'000	£'000	£'000
Net debt at beginning of year	**(4,585)**	**(4,921)**	**(4,921)**
Net change in cash and cash equivalents	1,259	(3,949)	1,777
Decrease in loans	612	480	1,060
Increase in RCF	-	-	(2,500)
Net debt at end of period	**(2,714)**	**(8,390)**	**(4,585)**

Notes to the financial statements (continued)

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 2013 (including the comparatives for the six month period ended 30 June 2012 and the year ended 31 December 2012) were approved by the board of directors on 4 September 2013. 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 information contained within this report does not constitute statutory accounts as defined in the Companies Act 2006. The full accounts for the year ended 31 December 2012 received an unqualified report from the auditors and did not contain a statement under Section 498 of the Companies Act 2006.

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.

Segment information for the reporting period is as follows:

	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	Recruit-ment services six month period ended 30 June 2012 Unaudited £'000	Welfare to work and training six month period ended 30 June 2012 Unaudited £'000	Total group six month period ended 30 June 2012 Unaudited £'000
Segment continuing operations:						
Sales revenue from external customers	177,797	9,430	187,227	158,372	5,544	163,916
Cost of sales	(161,540)	(6,503)	(168,043)	(144,066)	(4,631)	(148,697)
Segment gross profit	**16,257**	**2,927**	**19,184**	**14,306**	**913**	**15,219**
Administrative expenses	(11,915)	(1,691)	(13,606)	(9,881)	(1,017)	(10,898)
Depreciation	(214)	(276)	(490)	(156)	(288)	(444)
Underlying Segment operating profit	**4,128**	**960**	**5,088**	**4,269**	**(392)**	**3,877**
Administrative expenses – Share Based Payment Charge	(616)		(616)	(110)		(110)
Amortisation of intangibles	(665)	(226)	(891)	(613)	(226)	(839)
Segment profit from operations	**2,847**	**734**	**3,581**	**3,546**	**(618)**	**2,928**
Segment assets	85,268	10,601	95,869	83,010	5,841	88,851

Notes to the financial statements (continued)

2 Segmental reporting (continued)

	Recruit-ment services year ended 31 December 2012	Welfare to work and training year ended 31 December 2012	Total group year ended 31 December 2012
	Audited	Audited	Audited
	£'000	£'000	£'000
Segment continuing operations:			
Sales revenue from external customers	354,121	12,859	366,980
Cost of sales	(322,201)	(10,067)	(332,268)
Segment gross profit	**31,920**	**2,792**	**34,712**
Administrative expenses	(21,289)	(1,422)	(22,711)
Depreciation	(360)	(562)	(922)
Segment operating profit before amortisation of intangibles	**10,271**	**808**	**11,079**
Administrative expenses –share based payment charge	(393)	-	(393)
Amortisation of intangibles	(1,349)	(453)	(1,802)
Segment profit from operations	**8,529**	**355**	**8,884**
Segment assets	91,779	7,954	99,733

During the 6 month period to 30 June 2013, three customers in the recruitment services segment contributed greater than 10% of that segment's revenues being £71.5m (40% of total revenues) (2012: one customer greater than 10%, being £18.4m, 12% of total revenues). The welfare to work segment revenues relate solely to one customer (Department for Work and Pensions). The Group’s revenues from external customers and its non-current assets arose substantially in the United Kingdom.

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.

3 Earnings per share (continued)

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

`	Basic			Diluted		
	Six month period ended 30 June 2013	Six month period ended 30 June 2012	Year ended 31 December 2012	Six month period ended 30 June 2013	Six month period ended 30 June 2012	Year ended 31 December 2012
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	£'000	£'000	£'000	£'000	£'000	£'000
Earnings £'000	2,431	2,088	6,410	2,431	2,088	6,410
Weighted average number of shares	21,884,483	21,594,147	21,614,114	22,060,806	22,354,731	22,343,159
Earnings per share (pence)	11.1p	9.7p	29.7p	11.0p	9.3p	28.7p
Earnings per share pre amortisation and SBPC (pence)	17.1p	13.1p	37.8p	17.0p	12.6p	36.6p

The weighted average number of shares has been increased by 176,323 (period ended 30 June 2012: 760,584 and 31 December 2012: 729,045) shares to take account of all dilutive potential ordinary shares that could be issued under the share option scheme and all shares issued during the year excluding own shares.