

WORK GROUP PLC
(the "Company" or the "Group")

Interim Results for the six months ended 30 June 2015

Headlines

- Group unaudited operating loss £648k (2014: loss £132k)
- Good performances from our US and Hong Kong operations supported by UK
- Tight working capital controls limit cash outflow
- Disposal of trading business as announced on 11 December 2015
- Company reclassification as Rule 15 investing company on receipt of shareholder approval as announced on 11 December 2015

	Six months ended 30-Jun-15 £m	Six months ended 30-Jun-14 £m	Year ended 31-Dec-14 £m
Revenue	3.4	4.0	7.6
Gross profit (net fee income)	2.0	2.4	4.3
Operating loss before exceptional items	(0.6)	(0.1)	(1.2)
Operating loss after exceptional items	(0.6)	(0.1)	(3.4)
Loss after tax	(0.7)	(0.1)	(3.6)
Basic losses per share including EBT shares	(2.30)	(0.37)	(12.41)
Diluted losses per share-adjusted*	(2.63)	(0.43)	(5.16)

Chairman's Statement

The first six months of 2015 continued the trend seen in 2014 with good performances from the overseas businesses, while the UK teams continued to operate in a challenging market.

We have been able to leverage the experience of our UK based strategic and creative teams to help overseas offices both win new business and deliver innovative solutions. This has vindicated the substantial investment we have made in recent years in opening and growing our overseas offices.

Our continuing losses necessitated tight working capital management with cash outflow in the period limited to £177,000.

The Circular to shareholders published on 11 December 2015 detailed the disposals of the trading operations, and the calling of a General Meeting on 29 December 2015.

On approval of the resolutions at that meeting, the Company will become an investing company in accordance with Rule 15 of AIM.

Simon Howard

16 December 2015

**Consolidated income statement
for the six month period ended 30 June 2015**

	Six months ended		Year ended
	30-Jun-15	30-Jun-14	31-Dec-14
	£'000	£'000	£'000
Revenue	3,441	4,016	7,575
Cost of sales	(1,412)	(1,628)	(3,278)
Gross profit (net fee income)	2,029	2,388	4,297
Net operating expenses	(2,677)	(2,520)	(7,742)
Operating (loss)	(648)	(132)	(3,445)
Analysed as:			
Operating loss before exceptional items	(648)	(396)	(1,184)
Exceptional items	-	264	(2,261)
Finance income	-	-	-
Finance costs	(11)	-	(4)
Loss before taxation	(659)	(132)	(3,449)
Income tax expense	-	26	(103)
Loss from the year attributable to owners of the company	(659)	(106)	(3,552)
Basic losses per share (pence)	(2.30)	(0.37)	(12.41)
Diluted losses per share (pence)	(2.63)	(0.43)	(5.16)

**Consolidated statement of comprehensive income
for the six month period ended 30 June 2015**

	30-Jun-15	30-Jun-14	31-Dec-14
	£'000	£'000	£'000
Loss for the period	(659)	(106)	(3,552)
Other comprehensive income			
Currency translation differences	(4)	(19)	17
Total comprehensive loss for the period	(664)	(125)	(3,535)

**Consolidated balance sheet
as at 30 June 2015**

	30-Jun-15	30-Jun-14	31-Dec-14
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	89	533	134
Intangible assets	89	2,145	100
Deferred tax asset	21	47	21
	199	2,725	255
Current assets			
Inventories	(313)	38	108
Trade and other receivables	1,485	1,735	1,640
Cash and cash equivalents	(36)	505	140
Current tax asset	-	103	-
	1,136	2,381	1,888
Liabilities			
Current liabilities			
Trade and other payables	(1,432)	(1,311)	(1,863)
Current tax liabilities	(309)	(106)	-
	(1,741)	(1,417)	(1,863)
Net current assets/(liabilities)	(605)	964	25
Net assets/(liabilities)	(406)	3,689	280
Shareholders' equity			
Ordinary share capital	572	572	572
Share premium	8,239	8,240	8,240
Special reserve	2,826	2,826	2,826
Shares held by EBT	(334)	(312)	(312)
Foreign exchange reserves	53	21	57
Retained earnings/(losses)	(11,762)	(7,658)	(11,103)
Total equity	(406)	3,689	280

**Consolidated cash flow statement
for the six month period ended 30 June 2015**

	Six months ended		Year ended
	30-Jun-15	30-Jun-14	31-Dec-14
	Unaudited		Audited
	£'000	£'000	£'000
Cash flows from operating activities			
Cash used in operations	(157)	(561)	(1,075)
Interest paid	(11)	-	(4)
Tax received/(paid)	-	-	-
Net cash used in operating activities	(168)	(561)	(1,079)
 Cash flows from investing activities			
Purchase of property, plant and equipment	(9)	(212)	(59)
Net cash generated from / (used in) investing activities	(9)	(212)	(59)
Net increase / (decrease) in cash and cash equivalents in the period/year	(177)	(773)	(1,138)
Cash and cash equivalents at start of period/year	140	1,278	1,278
Cash and cash equivalents at end of period/year	(36)	505	140

Notes to the interim financial information for the six month period ended 30 June 2015

1 Financial information and presentation

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Marble Arch Tower, 55 Bryanston Street, London, W1H 7AA.

The Company has its primary listing on AIM, a market operated by the London Stock Exchange.

This condensed consolidated Interim Report does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the Board of Directors on 10 December 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did contain an emphasis of matter paragraph as detailed below and did not contain any statement under section 498 of the Companies Act 2006.

Emphasis of matter - Going Concern

In forming their opinion on the financial statements, which was not modified, the auditors have considered the adequacy of the disclosures made in note 1 to the 2014 financial statements concerning the group's ability to continue as a going concern. As set out in Note 1 to the 2014 financials statement, contracts have been exchanged for the sale of the company's two overseas subsidiaries and of the business of its UK subsidiary to a third party. However, the contracts are conditional (inter-alia) upon the approval of the Company's shareholders in a General meeting to be held on 29 December 2015.

If this approval is not received or other conditions to completion are not fulfilled, preventing the sale contracts, then the going concern basis of preparation may not be appropriate. These conditions indicate the existence of material uncertainties which may cast significant doubt over the group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and Company was unable to continue as a going concern.

2 Principal accounting policies

Basis of preparation

This condensed consolidated financial information is for the half-year ended 30 June 2015 and has been prepared in accordance with AIM Rules and accounting policies set out in the Group's 2014 Annual Report as amended for new standards effective during the period where relevant. These accounting policies are based on the EU-adopted IFRS and IFRIC interpretations that are applicable at the balance sheet date. IFRS and IFRIC interpretations that will be applicable at 31 December 2015, including those that will be applicable on an optional basis have not been applied. It is therefore possible that further changes may be required before publication of the 2015 annual report and accounts.

Exceptional items

Exceptional items are those income or costs recognised as one-off or non-recurring in nature, and substantive in size. There are no exceptional items for the six-month period ended 30 June 2015.

Notes to the interim financial information (continued)
for the six month period ended 30 June 2015

2 Principal accounting policies (continued)

Seasonality of operations

Due to the seasonal nature of the recruitment segment, higher revenues and operating profits are usually expected in the second half of the year than in the first six months.

3 Taxation

The deferred tax asset for the six month period ended 30 June 2015 is based on the estimated expected effective tax rate of 21.49 per cent. (2014 actual rate: 20 per cent.). No taxation has been provided on profits of overseas subsidiaries because of prior year losses brought forward.

4 Earnings per share

	Six month period ended						Year ended		
	30-Jun-15			30-Jun-14			31-Dec-14		
	Unaudited			Unaudited			Audited		
Losses	Weighted average number of shares	Per share amount	Losses	Weighted average number of shares	Per share amount	Losses	Weighted average of shares	Per share amount	
£'000	'000	pence	£'000	'000	pence	£'000	'000	pence	
Adjusted basic losses per share including shares held by EBT	(659)	28,622	(2.30)	(106)	28,622	(0.37)	(1,291)	28,622	(4.51)
Less weighted average treasury shares	-	-	-	-	(658)	(0.01)	-	-	-
Less weighted average shares held by EBT	-	(3,595)	(0.33)	-	(3,595)	(0.05)	-	(3,594)	(0.65)
Adjusted basic losses per share excluding treasury and shares held by EBT	(659)	25,028	(2.63)	(106)	24,369	(0.43)	(1,291)	25,028	(5.16)
Effect of dilutive share options	-	-	-	-	-	-	-	-	-
Adjusted diluted losses per share excluding shares held by EBT	(659)	25,028	(2.63)	(106)	25,188	(0.43)	(1,291)	25,028	(5.16)

As there are basic losses per share the effect of share options is anti-dilutive, consequently diluted losses per share equates to the basic losses per share.

Notes to the interim financial information (continued)
for the six month period ended 30 June 2015

5 Reconciliation of operating loss to cash used in operations

	Six month period ended		Year ended
	30-Jun-15	30-Jun-14	31-Dec-14
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Loss attributable to shareholders	(659)	(106)	(3,552)
Foreign exchange loss on Intercompany recharges	1	-	-
Adjustments:			
Taxation	(1)	(26)	103
Finance income	(0)	-	-
Finance costs	11	-	4
Depreciation of plant property and equipment/write off of assets	65	45	194
Amortisation of intangible assets	-	-	8
Proceeds from disposal of business unit	-	174	-
Treasury shares movement	(21)	-	-
(Increase)/decrease in inventories	420	32	(40)
Decrease/(increase) in trade and other receivables	132	63	400
(Decrease) in trade and other payables	(106)	(743)	(336)
Impairment of goodwill	-	-	2,144
Cash used in operations	(157)	(561)	(1,075)

**Notes to the interim financial information (continued)
for the six month period ended 30 June 2015**

6 Post balance sheet events

As detailed above, on 10 December 2015, the Company exchanged contracts for the sale of its business in the UK and its subsidiaries in Hong Kong and USA. These disposals are conditional, inter-alia, on the approval of the Company's shareholders at the General meeting to be held on 29 December 2015.

Attention is drawn to note 1 Going Concern in the Company's 2014 annual accounts and the considerable financial uncertainty in the event such approval was not received consequently that the sales did not complete.

Statement of directors' responsibilities

The directors confirm that this Interim Report has been prepared in accordance with AIM rules and accounting policies set out in the Group's 2014 annual report as amended for new standards effective during the period.

The directors are also responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors of Work Group plc are listed in the Work Group plc Annual Report for 31 December 2014. A list of current directors is maintained on the Work Group plc website: www.workgroup.plc.uk.

7 Principal risks and uncertainties

The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in our last Annual Report and Accounts to 31 December 2014. Full details of the risks and uncertainties are detailed in the Directors' report section of those accounts. The principal risks to the business are:

- a. Economic uncertainty
- b. Loss of clients
- c. Loss of key employees
- d. Financial risk
- e. Restructuring

By order of the Board

Simon Howard

Executive Chairman

16 December 2015

Rose Colledge

Group Managing Director

16 December 2015