

Company	Workplace Systems International PLC
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Headline	Half Year Results
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Workplace Systems International PLC
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WorkPlace Systems International PLC ('WorkPlace' or the 'Company')

Half Year Results for the six months ended 30 September 2011

In May 2011 the Company celebrated its 25th Anniversary, a notable achievement for an independent UK software company. It is apt that this coincided with a continuation of and improvement in the operating profit of the Company which started in the second-half of the previous Financial Year.

As previously reported to the market, the first half of the Financial Year focused on the SaaS pilots being run by the Company in each of its operating regions and the conversion of these pilots into full roll-outs. On 1 September the Company announced that it had succeeded in moving to roll-out its OnLine SaaS solution at a major retailer in the US in addition to a number of high street operators in the UK. The Company also won contracts in the Middle East and South Africa for its SaaS solution and in the Baltics for its On-premise StaffPlanner product.

During the period the Company sold its investment in EASE Inc, a US Labour Standards Software and Consultancy company whilst maintaining its Distribution Rights for the retail EASE product. The Company also sold its remaining freehold property in Woodstock which it had sublet for a number of years. The Company made a combined profit of £27k, after transaction costs, on the sale of these two assets releasing over £400k of working capital.

Financial Results

The operating profit for the half-year of £286k compared favourably to the loss of £480k in the comparable period of 2010 and the £125k profit recorded in the second-half of the Financial Year ended 31 March 2011.

Revenue for the six month period ended 30 September 2011 increased to £5.3m (2010: £4.7m). The gross margin increased to 90% (2010: 88%) as the fixed cost element of the Company's SaaS infrastructure was now spread across a greater number of customers. The Company's overhead base increased during the period from £3.9m in the six months to 31 March 2011 to £4.5m (2010: £4.6m) reflecting the cost of additional staff during the period to support the growing revenue streams. At 30 September 2011 the Company retained cash balances of £1.5m (2010: £2.1m). The reduction in cash was more than offset by an increase in working capital as the timing of new contracts and the extended credit requested by several retail customers was recognised through the business.

Business Performance

Interest in WorkPlace On-Line continues to grow in all regions in which the Company operates and a growing awareness of the benefits that can be achieved through a true SaaS solution has been important in winning business in all regions. The value of the Company's rapid implementation process has been recognised in the retail sector and the delivery of SaaS via the internet has opened new opportunities for customers with multiple small format outlets.

In addition the Company has continued to develop its On-premise product and, during the period, received further orders from existing customers to enable them to roll-out the On-Premise software into new countries.

Outlook

The progress made by the Company during the last twelve months in developing the SaaS solution alongside the existing On-Premise software is reflected in the half-year figures and the orders that were announced in September.

Ian Lenagan
Chairman

Consolidated statement of comprehensive income
for the six months ended 30 September 2011

	Six months ended 30 September 2011 unaudited £'000	Six months ended 30 September 2010 unaudited £'000	Year ended 31 March 2011 audited £'000
Notes			
Continuing operations			
Revenue	5,289	4,651	9,097
Profit/(loss) from operations	286	(480)	(355)
Finance income	4	1	6
Profit/(Loss) before tax	290	(479)	(349)
Income tax	(12)	-	-
Profit/(loss) for the period	278	(479)	(349)
Other comprehensive income			
Exchange differences arising on translation of foreign operations	(68)	(70)	(36)
Total Comprehensive income for the period	210	(549)	(385)
Profit/loss attributable to Equity holders of the Company	294	(493)	(383)
Non Controlling interests	(16)	14	34
	278	(479)	(349)
Total Comprehensive income attributable to			
Equity holders of the Company	226	(563)	(419)
Non Controlling interests	(16)	14	34
	210	(549)	(385)
Earnings/(Loss) per share from continuing operations	[2]		
Basic (pence)	0.20	(0.33)	(0.24)
Diluted (pence)	0.18	(0.30)	(0.24)

Consolidated statement of financial position
as at 30 September 2011

		As at 30 September 2011 unaudited £'000	As at 30 September 2010 unaudited £'000	As at 31 March 2011 audited £'000
Non-current assets				
Property, plant and equipment	[3]	219	433	335
Goodwill	[4]	1,663	1,663	1,663
Other intangible assets	[4]	867	612	750
Investments		-	204	204
Total non-current assets		2,749	2,912	2,952
Current assets				
Trade and other receivables		2,810	1,985	2,534
Cash and cash equivalents		1,535	2,058	2,256
Total current assets		4,345	4,043	4,790
Total assets		7,094	6,955	7,742
Current liabilities				
Trade and other payables		(1,329)	(1,354)	(1,356)
Deferred income		(1,738)	(1,968)	(2,622)
Total current liabilities		(3,067)	(3,322)	(3,978)
Non-current liabilities				
Trade and other payables		(38)	(164)	(68)
Total liabilities		(3,105)	(3,486)	(4,046)
Net assets		3,989	(3,469)	3,696
Equity				
Issued share capital	[5]	7,410	7,379	7,403
Share premium		8,833	8,811	8,825
Capital redemption reserve		1,871	1,871	1,871
Retained earnings		(14,770)	(15,140)	(14,996)
Share option reserve		647	554	579
Equity				
Attributable to equity holders of the parent		3,991	3,475	3,682
Non Controlling interests		(2)	(6)	14
Equity shareholders' funds	[6]	3,989	3,469	3,696

Consolidated statement of cash flows
for the six months ended 30 September 2011

	Six months ended 30 September 2011 unaudited £'000	Six months ended 30 September 2010 unaudited £'000	Year ended 31 March 2011 audited £'000
Operating activities			
Operating profit/(loss)	286	(480)	(356)
Share option charge	68	66	91
Depreciation	44	61	86
Profit on sale of Freehold property	(47)	-	-
Loss on sale of Investment	20	-	-
Amortisation of intangibles	225	179	368
Overseas taxes paid	(12)	-	-
(Decrease)/Increase in working capital	(1,217)	451	436
Net cash generated/(used) from operating activities	(633)	277	626
Investing activities			
Purchase of computer software	(121)	-	-
Internally generated intangible assets	(342)	(193)	(447)
Purchases of property, plant and equipment	-	(32)	(32)
Disposal of Investment	184	-	-
Disposal of Freehold Property	240	-	-
Net cash (used) from investing activities	(39)	(225)	(479)
Financing			
Issue of share capital	15	-	38
Finance income	4	1	6
Net cash generated from financing activities	19	1	44
Net (decrease)/increase in cash and cash equivalents	(653)	51	191
Cash and cash equivalents at the beginning of the period	2,256	2,077	2,077
Effect of foreign exchange rates	(68)	(70)	(12)
Cash and cash equivalents at the end of the period	1,535	2,058	2,256

Notes to the accounts for the six months to 30 September 2011

1.1 Basis of preparation

The accounting policies set out below and used in the preparation of the consolidated interim financial statements represent the principal policies expected to apply to the preparation of the financial statements for the year ending 31 March 2012.

The financial information contained in this report has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for 2011, which were prepared under International Accounting Standards (IAS), have been delivered to the Registrar of Companies with an unqualified audit opinion.

The consolidated interim financial statements are prepared under the historical cost convention. United Kingdom company law requires the Directors to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Directors have elected to prepare financial statements for the Company in accordance with IFRS as adopted by the European Union.

Copies of this statement of interim results are being sent to all shareholders shortly and thereafter will be available from the Group's registered office.

1.2 Basis of consolidation

The consolidated interim financial statements incorporate the results of WorkPlace Systems International plc and subsidiaries as at 30 September 2011.

The accounting policies have been consistently applied throughout the group for the purposes of the preparation of these consolidated interim financial statements.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in accordance with the Group's principal activities, net of VAT.

Software licence revenue is recognised when customer contractual obligations have been performed.

Revenue from consulting services and project management are recognised monthly as incurred, or as services are completed, as appropriate.

Fees for annual use/maintenance contracts are contracted for and paid annually in advance, being noncancellable. Revenue is recognised on a straight line basis over the period of the contract. The residual revenue which has been received in advance is shown within current liabilities as deferred revenue.

1.4 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date.

1.5 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the net fair value of the separable assets, liabilities and contingent liabilities of the subsidiary or an interest in an associate undertaking recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Assets to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating asset is less than the carrying amount of the asset, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the asset.

Any goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	-	Over 50 years
Computer equipment	-	25% on cost
Fixtures and fittings	-	20-33 $\frac{1}{3}$ % on cost
Development expenditure	-	33 $\frac{1}{3}$ % on cost

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

1.7 Computer software and software rights and licences

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortised over their estimated useful economic lives of four years on a straight line basis and charged to Administration expenses in the Statement of Comprehensive Income.

1.8 Research and development

Research expenditure is written off as incurred.

An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes)
- it is probable that the asset created will generate future economic benefits;

- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development to either sell or use the asset.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

The useful economic lives of internally-generated intangible assets are considered by the Directors to be a period of three years and amortisation is charged to Administration expenses in the Income Statement.

Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

1.9 Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

1.10 Taxation

The taxation ('tax') expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.11 Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

1.12 Foreign currency

The consolidated Financial Statements are presented in pounds sterling which is the Group's functional and presentational currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are translated at the rate prevailing at the date of transaction.

On consolidation, revenues, costs and cash flows of undertakings abroad are included in the Group Income Statement at average rates of exchange for the year. The assets and liabilities denominated in foreign currencies are translated into United Kingdom pounds sterling using rates of exchange ruling at the balance sheet date.

Exchange differences on the re-translation of opening net assets and results for the year of foreign subsidiary undertakings are dealt with through reserves net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the consolidated income statement.

1.13 Retirement benefits

Where the Group contributes towards employees personal pension schemes contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

The Company provided no post-retirement benefits to its employees.

1.14 Share based payment

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's best estimate of shares that will eventually vest.

Fair value is measured by use of both a binomial lattice pricing model and by the Black-Scholes method. The expected lives used in the models have been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

1.15 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with maturities of less than 3 months.

1.16 Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets, including trade and other receivables together with intercompany receivables, are classified as loans and receivables as they have fixed or determinable payments that are not quoted in active market.

Financial liabilities, including trade and other payables, intercompany payables and obligations under finance leases, are classified as financial liabilities measured at amortised cost.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables are not interest-bearing and are stated at their nominal value.

2 Earnings per share

Six months ended	Six months ended	Year ended
30 September	30 September	31 March

	2011 unaudited £'000	2010 unaudited £'000	2011 audited £'000
Profit/(Loss) - basic and diluted attributable to shareholders	294	(493)	(349)
Basic EPS			
Shares (000's)	148,079	147,591	147,654
EPS (pence)	0.20	(0.33)	(0.24)
Diluted EPS			
Shares (000's)	163,886	163,861	163,886
EPS (pence)	0.18	(0.30)	(0.24)

3 Property, plant and equipment

	Freehold Property £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 April 2011	250	543	478	1,271
Additions	-	121	-	121
Disposals	(250)	-	-	(250)
At 30 September 2011	-	664	478	1,142
Accumulated depreciation				
At 1 April 2011	54	455	427	936
Charge	3	30	11	44
Disposals	(57)	-	-	(57)
At 30 September 2011	-	485	438	923
Net book value				
At 30 September 2011	-	179	40	219
At 31 March 2011	196	88	51	335

4 Goodwill and other intangible fixed assets

	Goodwill £'000	Computer software £'000	Development costs £'000	Total £'000
Cost				
At 1 April 2011	3,546	87	1,362	4,995
Additions	-	34	308	342
At 30 September 2011	3,546	121	1,670	5,337
Accumulated depreciation				
At 1 April 2011	1,883	15	684	2,582
Charge	-	1	224	225
At 30 September 2011	1,883	16	460	2,807
Net book value				
At 30 September 2011	1,663	105	762	2,530
At 31 March 2011	1,663	678	72	2,413

5 Share capital

The total authorised share capital is 250,000,000 ordinary shares of 5p each.

Issued share capital

	Number of Shares (thousands)	Nominal value £'000
At 31 March 2011	148,062,991	7,403
Shares issued	130,170	7
At 30 September 2011	148,193,161	7,410

6 Reconciliation of movement in shareholders' funds

	Six months ended 30 September 2011 unaudited £'000	Six months ended 30 September 2010 unaudited £'000	Year ended 31 March 2011 audited £'000
Opening shareholders' funds	3,696	3,952	3,952
Profit/(Loss) for the period	278	(479)	(349)
Other recognised gains and losses	(68)	(70)	(36)
Shares issued in the period	15	-	38
Share option reserve	68	66	91
Closing shareholders' funds	3,989	3,469	3,696