

4 July 2011

WorkPlace Systems International PLC (“WorkPlace” or the “Company”)

Audited Preliminary Results for the year ended 31 March 2011

Chairman’s Statement

The Financial Year ended 31 March 2011 saw increased interest in the WorkPlace Software-as-a-Service (“SaaS”) business model, particularly from the Retail and Hospitality markets, which addressed the challenges of this sector to increase revenues whilst tightly controlling on-going expenditure.

During the First Half, business confidence remained weak and this was reflected in the First Half results reported in October 2010. During the Second Half, activity levels increased significantly in the UK market enabling the Company to trade profitably once again on the back of a number of pilots for UK Retail and Hospitality groups. The pilot or phased project approach by customers to this new business model had been anticipated by the Board. However, the economic conditions caused a greater level of business uncertainty within the targeted sectors and, as a result, a number of these pilots were extended and are now likely to be rolled out during 2011/12.

In the Financial Year, the Company maintained its total revenue at prior year levels whilst continuing the transition to a SaaS model which grew to 27% of total revenue compared to 17% in the year ended 31 March 2010.

The difficult trading conditions of 2009 and early 2010 meant that the Board prioritised the conservation of cash and tight control over the company’s cost base for the 2010-2011 Financial Year, whilst continuing to develop the Company’s products and respond to opportunities. During the year, the Group spent 25% of turnover on Research and Development, focusing on the internationalisation of the SaaS service for Europe and North America whilst continuing to develop the traditional WorkPlace products and to integrate the two business technologies. This level of expenditure is similar to previous years and is expected to be continued in the future to enable the company to extend its SaaS offering into Europe and other geographic areas.

The Company continues to maintain a strong customer base in the UK and Europe and during the year supported a number of clients in their international expansion within Europe. The business continues to provide a strong level of Annual Use and Maintenance revenue on conventional products which, together with our growing SaaS business, increased Recurring Revenues to over 51% of total revenues, compared with 44% in the prior year.

WorkPlace’s US operation continued to be profitable during the year and additional staff were employed in Chicago to support existing customers and to develop the SaaS business in this market. The Company is developing a strong reputation within the US and in the International Pharmacy Retail sector. We expect to see further benefits in the coming year.

Whilst the rate of progress was slower than originally anticipated, particularly during the first half of

the year, the Board believes that the underlying strength of the WorkPlace customer base together with the growth in the WorkPlace OnLine SaaS business sets the foundations for significant growth in the future.

During the Financial Year, the Company contracted with Navisite to establish a UK Hosting Centre on a similar configuration to that of the US Centre set up during 2010. The establishment of this data centre provides the Group with global hosting coverage and the ability to provide fully-mirrored environments to ensure the SaaS service meets both internal targets and contracted service levels.

Financial Results

Revenue for the year ended 31 March 2011 was £9.1m (2010: £9.1m). Gross margins reduced to 89% (2010: 91%) reflecting the move to the SaaS model and the recognition of hosting costs as a cost of sale. Recurring revenue received from Annual Use Licences, Managed Services and SaaS revenues rose to £4.6m (2010 £4.0m) and accounts for 51% of total revenue (2010: 44%).

Following the First-Half loss, a Second-Half profit of £130k (2010: £17k) resulted in a loss for the year of £355k (2010: profit of £46k). Finance income on deposits generated £6k (2010: £4k) and the Loss before Tax was £349k (2010: profit £50k).

EPS was a loss of 0.24p per share (2010: profit 0.03p).

Cash Position

WorkPlace remains debt free and, in spite of the loss incurred during the financial year, maintains cash balances of £2.3m, a small increase compared with the prior year (31 March 2010: £2.1m). These balances are held predominately in short term deposits denominated in sterling with operating levels of currency held in US Dollars, Euro and Australian Dollars. At a time of continued pressure on credit and increasing cost of borrowing, the Board believes that this positions WorkPlace strongly when compared to a number of our highly geared competitors. Cash balances at 31 March 2011 were £2.3m (2010: £2.1m).

Dividend

The Board does not propose a dividend to be paid based on the results for the Financial Year ended 31 March 2011. In the current climate the Board considers it prudent to conserve cash within the Company with the expectation of a resumption of dividend payments in future periods when trading conditions improve.

Outlook

The company has started the new Financial Year with a number of pilots being undertaken by customers in the UK and the expectation that a number of these will develop into full roll-out within the current Financial Year. Whilst the decision making within a number of customers remains cautious, business levels for both the Company's SaaS and On Premise customer base have continued to grow and provide the basis for strong confidence in the future.

Ian Lenagan – Chairman

Chief Executive's Statement

The financial year under review continued our development and transformation to a SaaS provider of Workforce Management Solutions with WorkPlace OnLine. Commercial gains were made with WorkPlace OnLine in all three regions in which the Group operates – Europe, North America and Australia.

In these difficult times, the SaaS speed of deployment methodology with its operational payment plan results in an early return of investment for WorkPlace's clients. The model is now becoming widely understood and accepted, and this augurs well for your Company as we go forward.

The SaaS business has grown from 17% to 27% as a percentage of revenue during the year.

The Company continued to roll-out solutions with its existing On Premise, StaffPlanner and StaffTracker, clients and new customers were also added for this range of products in the UK.

Whilst the economic climate during the last two years has been challenging, the Company has continued to invest in its products. During the year under review we invested £2.2m into Research and Development, a similar level to the previous financial year.

Investment was undertaken to add new modules to WorkPlace OnLine which provided our customers with greater integration with their existing systems, introduced new features and resulted in our clients being provided with increased value from the service. The Company also continued to invest in its large On Premise solutions.

It is important to note that computing power and high availability are very important in the SaaS world. The year saw the opening of a UK data centre, operated by the Company's US Partner Navisite to run WorkPlace OnLine, which replicates the SAS70 environment that is offered to customers in North America. This allows UK clients to enjoy the high level of service provided in North America.

UK and Europe

A number of large organisations in the UK have chosen to pilot the WorkPlace OnLine solution as a means to introduce this new service to their organisations. The number of clients who are running pilots of the SaaS solution in the UK has grown to eight, with several of these pilots commencing after the year end. Initial feedback from these customers is that the pilots are achieving their business case requirements and the Company is confident that a number will convert to roll-out in the current financial year.

During the year the focus continued on the Retail Sector with success in the international expansion of major customers including Metro and H&M. In addition, new customers were signed including Fiskars, the international consumer products group, who have chosen to roll-out the WorkPlace OnLine solution across Europe.

In other sectors the breadth of functionality within the Company's products allowed WorkPlace to win further business in transportation and other sectors, including the expansion of the Menzies Aviation contract and the previously announced win at Mersey Rail.

North America

Progress in North America has continued on the back of the Company's major US customer who ordered additional services during the year. Following WorkPlace's well publicised success at this major pharmacist, the Company has entered into talks with a number of other large US groups and believes that it is creating a reputation as a specialist in this area. WorkPlace OnLine in the US has proved extremely reliable with uptime in excess of 99.98% throughout the twelve month period on a 24 / 7 basis, the downtime of 0.02% including scheduled maintenance time.

Australia

The potential of the Australian operation continues to grow as WorkBuddy, the Company's Australian subsidiary, has benefited from the size and experience of the Group to sell to larger customers in its local market. During the financial year WorkBuddy moved into profitability for the first time and the SaaS revenue model in Australia enables the Company to view the future success of this operation with confidence.

Product Development

In our SaaS suite, WorkPlace On-Line, the Company further developed the integration between modules to facilitate the more seamless transfer of data. The look and feel of our User Interface was upgraded and standardised across modules to give a very easy to use and efficient user experience.

Working closely with its customers the Company enhanced a number of the core modules to support mobile devices. This enhancement allows fast accurate dissemination of schedule, assignment and other information to handheld devices irrespective of location of the users. These new features have been made available across the product range.

Customers of the On Premise solutions continue to rely on WorkPlace expertise to extend and enhance the software with new features. These enhancements have helped customers to extend the use of WorkPlace solutions and further empower their employees to improve productivity.

Direction

The pipeline has grown throughout the financial year and I believe that our continued investment in the SaaS solution will generate solid returns in the coming years as it addresses many issues facing our customers in the current business environment.

The infrastructure for our SaaS solution has been put in place and I believe that this will enable the company to benefit in the future from the decisions and transition made by the Board during the last two years.

Barney Quinn – Chief Executive

**Audited Consolidated statement of comprehensive income
for the year ended 31 March 2011**

		2011	2010
Continuing operations	Notes	£'000	£'000
Revenue	2	9,097	9,064
Cost of sales		(970)	(839)
Gross profit		8,127	8,225
Administration expenses		(8,482)	(8,179)
(Loss)/profit from operations	2	(355)	46
Finance income		6	4
(Loss)/profit before tax	2	(349)	50
Tax		—	—
(Loss)/profit for the year		(349)	50
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(36)	(9)
Total comprehensive income for the year		(385)	41
(Loss)/profit attributable to:			
Equity holders of the Company		(383)	49
Non-controlling interests		34	1
		(349)	50
Total comprehensive income attributable to:			
Equity holders of the Company		(419)	40
Non-controlling interests		34	1
		(385)	41
(Loss)/earnings per share			
Basic (pence per share)	3	(0.24)	0.03
Diluted (pence per share)	3	(0.24)	0.03

The Group did not have any other income or expense in the year other than the loss for the year.

Audited Consolidated statement of financial position
as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Goodwill		1,663	1,663
Other intangible assets		750	671
Property, plant and equipment		335	389
Investments		204	204
		2,952	2,927
Current assets			
Trade and other receivables		2,534	3,174
Cash and cash equivalents		2,256	2,077
		4,790	5,251
Total assets		7,742	8,178
Current liabilities			
Trade and other payables		(1,356)	(1,509)
Current tax payable		—	
Deferred revenue		(2,622)	(2,523)
		(3,978)	(4,032)
Non current liabilities			
Trade and other payables		(68)	(194)
Total liabilities		(4,046)	(4,226)
Net assets		3,696	3,952
Equity			
Share capital		7,403	7,379
Capital redemption reserve		1,871	1,871
Share premium		8,825	8,811
Retained earnings		(14,996)	(14,577)
Share option reserve		579	488
Equity			
Attributable to equity holders of the parent		3,682	3,972
Non-controlling interests		14	(20)
Total equity		3,696	3,952

**Audited Consolidated Statement of changes in equity
for the year ended 31 March 2011**

Group	Capital Share capital £'000	Share premium £'000	redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity attributable to owners of parent £'000	Non- controlling interests £'000	Total £'000
At 1 April 2009	7,338	8,811	1,871	378	(14,618)	3,780	—	3,780
Profit for the year	—	—	—	—	49	49	—	49
– exchange differences arising on translation of foreign operations	—	—	—	—	(9)	(9)	—	(9)
Total comprehensive income	—	—	—	—	40	40	—	40
Issue of equity shares	41	—	—	—	—	41	—	41
Share option costs	—	—	—	110	—	110	—	110
Non-controlling interest Share of retained earnings relating to previously held ownership interest arising on business combination	—	—	—	—	1	1	—	1
	—	—	—	—	—	—	(20)	(20)
At 1 April 2010	7,379	8,811	1,871	488	(14,577)	3,972	(20)	3,952
Loss for the year	—	—	—	—	(383)	(383)	34	(349)
– exchange differences arising on translation of foreign operations	—	—	—	—	(36)	(36)	—	(36)
Total comprehensive income	—	—	—	—	(419)	(419)	34	(385)
Issue of equity shares	24	14	—	—	—	38	—	38
Share option costs	—	—	—	91	—	91	—	91
At 31 March 2011	7,403	8,825	1,871	579	(14,996)	3,682	14	3,696

Audited Consolidated statement of cash flows
for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Net cash generated from operating activities	4	626	160
Cash flows (used in)/from investing activities			
Internally generated intangible assets		(447)	(371)
Net increase of cash on acquisition		—	77
Purchases of computer software		—	(59)
Purchases of property, plant and equipment		(32)	(67)
Net cash flows used in investing activities		(479)	(420)
Cash flows from financing activities			
Issue of share capital		38	6
Finance income		6	4
Net cash flows from financing activities		44	10
Increase/(decrease) in cash and cash equivalents		191	(250)
Cash and cash equivalents			
At the beginning of the year		2,077	2,374
Effect of foreign exchange rate changes		(12)	(47)
At the end of the year		2,256	2,077

1. Basis of preparation

This announcement was approved by the Board of Directors on 1 July 2011. The abridged financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2011 or 2010. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's Annual General Meeting.

The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

For the year ended 31 March 2011 and 2010, the Group has prepared its annual report and accounts in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS's)). This announcement does not itself contain sufficient information to comply with IFRS's.

Basis of consolidation

The Group financial statements comprise the financial statements of WorkPlace Systems International plc and all of its subsidiaries made up to 31 March 2011, on an acquisition accounting basis. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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 non-cancellable. Revenue is recognised on a straight line basis over the period of the contract. The advance revenue is shown within current liabilities as deferred revenue.

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 Statement of Comprehensive Income and is not subsequently reversed.

Cash generating units 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 cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit.

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.

Internally-generated intangible assets – development expenditure

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 Statement of Comprehensive Income.

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.

Impairment of tangible and intangible assets excluding goodwill

At each Reporting date, the Group reviews the net book amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Critical accounting judgements and key sources of estimation uncertainty

The application of the Group's accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Material estimates and assumptions are made in particular with regard to share-based payments, the amortisation period for intangible assets and impairment reviews and impairment of trade receivables.

Determining whether goodwill and investments are impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. Actual events may vary materially from management expectations.

For other intangible assets, management consider the recognition criteria as set out in the accounting policies which includes estimates regarding future economic benefits. Actual events may vary from management expectations.

2. Segmental analysis

The Board of Directors are considered to be the chief operating decision makers of the Group.

Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions. The Group uses three distinct operating geographical areas with different economic conditions and a different client base and client requirements. These are: United Kingdom and Europe, North America and Australia.

In addition the Board reviews its Global SaaS and on-premise software businesses to make strategic decisions.

An analysis of the revenue invoiced to third parties is given below:

	2011 £'000	2010 £'000
United Kingdom and Europe	7,002	7,280
North America	1,462	1,535
Australia	633	249
	9,097	9,064

All revenue represents sales to external customers and represents the sale of software related services.

An analysis of revenue by product type is given below:

	2011 £'000	2010 £'000
SaaS related revenue	2,495	1,555
On-premise software related revenue	6,602	7,509
	9,097	9,064

An analysis of revenue by sales type is given below:

	2011 £'000	2010 £'000
Software licence and bespoke development charges	1,764	2,432
Recurring revenue from maintenance and hosted services	4,594	3,962
Consultancy and implementation services	2,085	2,207
Other	654	463
	9,097	9,064

An analysis of the operating (loss)/profit before transfer pricing, exceptional items and tax together with a reconciliation to profit before tax is given below:

	2011 £'000	2010 £'000
United Kingdom and Europe	(682)	(628)
North America	260	671
Australia	67	3
	(355)	46
Central finance income	6	4
(Loss)/profit before tax	(349)	50

3. Earnings per share

	2011	2010
Basic (loss)/profit per share	(0.24)p	0.03p
Diluted (loss)/profit per share	(0.24)p	0.03p

Number of shares	2011 '000	2010 '000
Weighted average number of shares	147,654	147,333
Effect of dilutive potential ordinary shares:		
Share options	16,232	15,770
Weighted average number of shares for calculating diluted profit per share	163,886	163,103

4. Notes to the cash flow statement

Group	2011 £'000	2010 £'000
(Loss)/profit for the year	(355)	46
Depreciation of property, plant and equipment	86	109
Amortisation of intangibles	368	233
Share option schemes	91	110
Decrease/(increase) in receivables	640	(593)
(Decrease)/increase in payables	(180)	266
Exchange differences	(24)	(11)
Net cash flow from operating activities	626	160

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