

WorkPlace

WORKFORCE MANAGEMENT SOLUTIONS

Interim Report &
Accounts 2008

INTERIM RESULTS

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Chairman's Statement

Introduction

As indicated at the time of the trading update on 7 October 2008 the trading performance of WorkPlace during the six month period to 30 September 2008 was in line with results for the corresponding period of 2007. Revenue for the six month period remained at £5.3m whilst Profit Before Tax fell marginally to £422,000. At 30 September 2008, cash balances were £2.6m (2007: £2.3m) and the company remained free of bank and other third party debt.

The first half of the financial year was divided into a quiet initial three month period followed by an active second quarter. As a result of the increased order activity towards the end of the period WorkPlace commenced the second half with an order book £1m (55%) higher on 30 September 2008 than on the corresponding date in 2007.

Financial Results

Revenue was £5.3m for the six months ended 30 September 2008 (2007: £5.3m) producing an Operating Profit of £356,000 (2007: £419,000). After net interest received of £66,000 (2007: £43,000) the company recorded a Profit Before Tax of £422,000 (2007: £462,000). Recurring revenues received for Annual Use Licences were £1.7m (2007: £1.9m) and accounted for 32% of turnover (2007: 35%).

Business Performance

WorkPlace experienced difficult trading conditions in the UK and Europe during the first quarter of the year as customers reviewed expenditure in the light of uncertainty surrounding the financial markets and reports of potential recession. As the economic situation became clearer during the second quarter, WorkPlace saw increased activity in many sectors and won significant orders from customers operating throughout Europe. In particular, the Company won a major rollout contract with the retail group H&M following an initial pilot in Norway. In addition, WorkPlace won a breakthrough order from Strathclyde Fire Services at the end of the period for a Workforce Management solution. This order is viewed as significant by the Board since it opens a new, Government-funded sector to the business at a time when Retail customers are experiencing the impact of recession.

In North America, WorkPlace delivered Staff Planner to Armani Exchange and won its second order from Tacoma Goodwill, delivering the initial software before the end of the half year. The Board believes that these software orders are a significant development in the Company's North American operation and provide the basis for further expansion within the Retail market in the future.

Investment

WorkPlace continues to invest in both new and existing products to expand the range of solutions to existing and target customers. Investment in new business modules enabled the launch of WorkPlace On-Line, a Software-as-a-Service product, to the smaller end of the Retail and Hospitality markets in October 2008. During the second half of the financial year, a pilot version of the new Task Management module will be delivered.

As announced on 12 November 2008 WorkPlace has concluded an investment of US\$250,000 for a 25% stake in EASE Inc, a California-based Labour Standards software company with whom WorkPlace has worked for a number of years in US Retail markets. The investment also secured distribution rights of the entire EASE product range in the UK and Europe.

Outlook

The objective for the second half of the financial year is to successfully deploy roll-out projects to existing clients in addition to commencing delivery on several new projects. The strengthening of the Company's presence within Emergency Services complements the core Retail, Engineering and Transport customer base of WorkPlace and provides the opportunity for further expansion in the future.

In the current global and UK economic climates there is a great deal of uncertainty. However, at this time the Board remains cautiously optimistic for the rest of the financial year and of the Company's financial position to withstand the current trading climate and to emerge in a position to benefit from the investment cycle that is likely to follow.

Ian F Lenagan - Chairman
10th December 2008

WorkPlace Systems International plc
Consolidated Income Statement
For six months ended 30 September 2008

	Six months ended 30 September 2008 unaudited £'000	Six months ended 30 September 2007 unaudited £'000	Year ended 31 March 2008 audited £'000
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Note

Continuing operations

Revenue	5,341	5,332	10,844
Operating profit	356	419	1,137
Finance income	66	43	91
Exceptional items	-	-	112
Profit before tax	422	462	1,340
Income tax	-	-	75
Retained profit	422	462	1,415
Earnings per share from continuing operations			
Basic (pence)	0.288	0.322	0.980
Diluted (pence)	0.260	0.316	0.890

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WorkPlace Systems International plc
Consolidated Balance Sheet
As at 30 September 2008

		As at 30 September 2008 unaudited £'000	As at 30 September 2007 unaudited £'000	As at 31 March 2008 audited £'000
	Note			
Non-current assets				
Property, plant and equipment	3	214	426	215
Assets held for resale		211	212	212
Intangible fixed assets	4	3,187	2,941	2,985
Investments		137	-	137
Total non-current assets		3,749	3,579	3,549
Current assets				
Inventories		-	40	-
Trade and other receivables		3,352	3,071	3,983
Cash and cash equivalents		2,613	2,304	2,727
Total current assets		5,965	5,415	6,710
Total assets		9,714	8,994	10,259
Equity				
Issued share capital	5	7,338	7,178	7,336
Share premium		8,811	8,607	8,811
Capital redemption reserve		1,871	1,871	1,871
Retained earnings		(11,374)	(12,495)	(11,547)
Equity shareholders' funds	6	6,646	5,161	6,471
Current liabilities				
Trade and other payables		1,140	1,597	1,648
Deferred income		1,928	2,236	2,140
Total current liabilities		3,068	3,833	3,788
Total liabilities		3,068	3,833	3,788
Total equity and liabilities		9,714	8,994	10,259

WorkPlace Systems International plc Consolidated Cash Flow Statement For six months ended 30 September 2008	Six months ended 30 September 2008 unaudited £'000	Six months ended 30 September 2007 unaudited £'000	Year ended 31 March 2008 audited £'000
Operating activities			
Operating profit	356	419	1,249
Share option charge	45	70	105
Depreciation	78	72	139
Profit on sale of fixed assets	-	-	(170)
(Increase)/decrease in working capital	(318)	(833)	(1,295)
Income tax refund	230	279	262
Net cash generated from operating activities	391	7	290
Investing activities			
Finance income	66	43	91
Internally generated intangible assets	(222)	-	(42)
Purchases of property, plant and equipment	(57)	(48)	(88)
Proceeds on disposal of property, plant and equipment	-	374	729
Purchase of investment	-	-	(137)
Net cash (used) / generated from investing activities	(213)	369	553
Financing			
Proceeds from issue of shares	2	4	-
Dividends paid	(294)	-	-
Net cash (used) / generated from financing	(292)	4	-
Net (decrease) /increase in cash and cash equivalents	(114)	380	843
Cash and cash equivalents at the beginning of the period	2,727	1,898	1,898
Effect of foreign exchange rates	-	26	(14)
Cash and cash equivalents at the end of the period	2,613	2,304	2,727

WorkPlace Systems International plc
Notes to the Accounts
For six months ended 30 September 2008

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 2009.

The summarised unaudited half year financial information does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 March 2008 prepared under IFRS, have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The consolidated interim financial statements are prepared on the basis of all International Accounting Standards (IAS) and IFRS published by the International Accounting Standards Board (IASB) that are currently in issue. An element of uncertainty still surrounds the application of IFRS as the European Union may not endorse all IASB pronouncements, new interpretations may be issued by the International Financial Reporting Interpretations Committee (IFRIC) on existing standards and best practice continues to evolve.

These financial statements have been prepared under the historical cost convention.

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 2008.

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 represents amounts in respect of software licence, consulting services and annual use/maintenance contracts, excluding value added tax, as set out below:

Software licence revenue

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

Income from consulting services

Consulting services and project management revenues are recognised monthly as earned.

Income from annual use/maintenance contracts

Annual use/maintenance contracts are contracted for and paid annually in advance and are non-cancellable. Revenue is recognised on a straight line basis over the period of the contract. The residual income which has been received in advance is shown within current liabilities as deferred income.

WorkPlace Systems International plc
Notes to the Accounts
For six months ended 30 September 2008

1.4 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 identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is stated at the amortised value as at 1st April 2006 less any accumulated impairment losses on an annual basis. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. 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 unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

1.5 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 of assets over their estimated useful lives, using the straight-line method. Estimated useful lives of all assets is four years.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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.

1.6 Other intangible assets

Where computer software does not form an integral part of the machinery or computer hardware to which it relates, it is presented as an intangible asset. Computer software costs are included at cost and amortised on a straight line basis over their expected useful economic life, which are expected to be four years.

WorkPlace Systems International plc
Notes to the Accounts
For six months ended 30 September 2008

1.7 Research and development

Research expenditure is written off as incurred.

Development expenditure is also written off, except where the Directors are satisfied that a new or significantly improved product or process results and other relevant IAS 38 criteria are met as to the technical, commercial and financial viability of individual projects that would allow such costs to be capitalised. In such cases, the identifiable expenditure is capitalised and amortised over the period during which benefits are expected.

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

1.8 Investments

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

1.9 Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid/ (recovered) using the tax rate and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results, as stated in the Financial Statements, that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the company at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

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

WorkPlace Systems International plc
Notes to the Accounts
For six months ended 30 September 2008

1.11 Foreign Currency

The consolidated Financial Statements are presented in pounds sterling which is the Group's functional and presentational currency. The Group determines the functional currency of each entity and items included in the Financial Statements of each entity are measured using the functional currency. Transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the balance sheet date. Exchange differences are included in the Income Statement.

1.12 Retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the Income Statement in respect of pension costs and other post retirement benefits is the contributions payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.13 Share based payment

The Company operates an equity-settled share based incentive plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted measured by use of the Black-Scholes pricing method, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to reserves over the remaining vesting period. The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

1.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and bank overdrafts.

WorkPlace Systems International plc
Notes to the Accounts
For six months ended 30 September 2008

1.15 Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company/Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at fair value or initial recognition net of transaction costs and subsequently at amortised cost using the effective interest method, less provision for impairment.

Trade payables

Trade payables are not interest bearing and are stated at fair value on initial recognition and subsequently at amortised cost using the effective interest method.

1.16 Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value, cost being determined on a first in first out (FIFO) basis. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Provision for write-downs to net realisable value and losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. Reversals are recognised as a reduction in the amount previously recognised as an expense in the period in which the reversal occurs.

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2. Earnings per share

	Six months ended 30 September 2008 unaudited £'000	Six months ended 30 September 2007 unaudited £'000	Year ended 31 March 2008 audited £'000
Profit / (loss) per share - basic and diluted			
Profit / (loss) attributable to shareholders	422	462	1,415
Basic EPS			
Shares (000's)	146,758	143,493	144,781
EPS (pence)	0.288	0.322	0.98
Diluted EPS			
Shares (000's)	162,405	146,292	158,635
EPS (pence)	0.260	0.316	0.89

3. Property, plant and equipment

	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost			
At 1 April 2008	391	411	802
Additions	57	-	57
At 30 September 2008	448	411	859
Accumulated depreciation			
At 1 April 2008	238	349	587
Charge	47	11	58
At 30 September 2008	285	360	645
Net book value			
At 30 September 2008	163	51	214
At 31 March 2008	153	62	215

WorkPlace Systems International plc
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For six months ended 30 September 2008

4. Goodwill and other intangible fixed assets

	Goodwill £'000	Computer software £'000	Development costs £'000	Total £'000
Cost				
At 1 April 2008	3,324	7	42	3,373
Additions	-	-	222	222
At 30 September 2008	3,324	7	264	3,595
Accumulated depreciation				
At 1 April 2008	383	4	1	388
Charge	-	-	20	20
At 30 September 2008	383	4	21	408
Net book value				
At 30 September 2008	2,941	3	243	3,187
At 31 March 2008	2,941	3	41	2,985

5. Share capital

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

	Number of shares (thousands)	Nominal value £'000
At 1 April 2007	143,480	7,174
Shares issued	87	4
At 30 September 2007	143,567	7,178
Shares issued	3,150	158
At 31 March 2008	146,717	7,336
Shares issued	45	2
At 30 September 2008	146,762	7,338

WorkPlace Systems International plc
 Notes to the Accounts
 For six months ended 30 September 2008

6. Reconciliation of movement in shareholders' funds

	Six months ended 30 September 2008 unaudited £'000	Six months ended 30 September 2007 unaudited £'000	Year ended 31 March 2008 audited £'000
Opening shareholders' funds	6,471	4,599	4,599
Profit for the period	422	462	1,401
Dividend payment	(294)	-	-
Other recognised gains and losses	-	26	-
Shares issued in the period	2	4	162
Premium arising on equity shares	-	-	204
Share Option Reserve	45	70	105
Closing shareholders' funds	6,646	5,161	6,471

WorkPlace Systems plc

Precedent Drive, Rooksley, Milton Keynes MK13 8PP

t: +44 (0)1908 242 042 f: +44 (0)1908 201 148

w: www.workplacesystems.com