

**OneClickHR plc**  
(the "Group")

**Preliminary Results for the year ended 31 December 2008**

OneClickHR, the AIM quoted HR software, training services and solutions provider, is pleased to announce its preliminary results for the year ended 31st December 2009 (the 'period').

**Highlights:**

- Pre-tax profits of £304,000, ahead of market expectation (2007: pre-tax loss of £46,000).
- Earnings per share (both basic and diluted) at 0.19p (2007: loss per share 0.03p)
- Cash balances strengthened to £861,000 (2007:£422,000)
- 73 new HR.net clients added in 2008 (2007: 48)
- New blue chip clients including: Hilton Hotels, Savills, Foster Wheeler, EMI Music, Rentokil Initial

Frank Beechinor, OneClickHR's chief executive officer, commented:

"In 2008, we achieved our goals of profitability and cash generation. Our HR software solution HR.net is attracting new multinational corporations and its SaaS offering maintains strong appeal. We remain careful with our costs and combined with our strengthened cash balances and debt-free position, we believe we can continue to grow successfully in 2009."

**Enquiries:**

OneClickHR plc [www.oneclickhrplc.com](http://www.oneclickhrplc.com) +44 (0) 844 7700 250

Frank Beechinor, CEO / Stephen Oliver, CFO

KBC Peel Hunt Ltd, Nominated Adviser and Broker + 44 (0)20 7418 8900

Oliver Scott / Oliver Stratton

Hansard Group + 44 (0) 207 245 1100

Adam Reynolds / Vikki Krause

About HR.net

Designed and developed by OneClickHR plc the software was designed for rapid deployment in a standard web enabled environment, all users need is an internet browser.

Available as a traditional licence purchase or as a SaaS (Software as a Service) solution HR.net provides total flexibility to enable clients to configure their entire HR processes to meet local, national, international and company specific requirements. Annual Appraisals, Employee Self Service, E-Recruitment, Performance Management, Talent Management and Salary Reviews can all be swiftly implemented with the confidence of using up to date and accurate data .

## **Chairman's statement**

### **Financial review**

I am delighted to report that in 2008 the Group delivered its stated financial objectives of profitability and cash generation whilst simultaneously developing and expanding the market for both HR.net, our flagship enterprise level HR solution, and the underlying HR.net technology.

During the period, the Group recorded a pre-tax profit of £304,000 compared to a loss of £46,000 in 2007. The figure represents a significant improvement and the turnaround was driven by ensuring our cost base was commensurate with our revenues. This re-alignment was carefully undertaken to enable the maintenance of an operational infrastructure that will support progress and growth in the future.

Our commitment to the future growth of the business is evident in our continued spending on software development. At 13% of total revenue (2007:14%) we believe that investing in this level of innovation and development is important to our customers and highlights our commitment to work and grow in partnership with them.

In total terms, revenues decreased to £5,851,000 for the year (2007: £6,338,000). However the decrease was partly anticipated; 2007 revenues included a one-off licence sale to a large payroll provider. On a like-for-like basis, excluding this exceptional item, revenues advanced by 7%. The initial sale of a software licence leads to additional revenues from implementation consultancy services and annual support fees. Both our Professional Service and Support teams were more active as the customer base they support grew.

In the period, our balance sheet strengthened substantially; cash generation was £424,000 (2007: £80,000) and year-end cash balances grew to £861,000 (2007: £422,000). The Group remains entirely debt-free, establishing a healthy position to weather the current economic conditions.

### **Operating review**

In spite of the economic turbulence experienced during 2008 and, in particular, the second half of the year, the market for HR.net remained steady. Businesses recognise the need to reduce costs and increase efficiencies. In many organisations, workforce performance improvements can have a major impact on their ability to trade successfully at this time.

In 2008, our HR.net user base increased with the addition of 73 clients (48 new clients in 2007). As you would expect from an enterprise solution we have secured an increased number of respected clients. These included Savills, the UK's largest property management company; Foster Wheeler the international engineering services group with 9,000 employees worldwide; Matheson Ormsby Prentice, Ireland's largest law firm; ED&F Man, the commodities trading company; Rentokil Initial and EMI Music. Many other customers have also chosen HR.net for its ease of use, flexibility and extensive functionality.

These wins confirm our increased confidence in the competitiveness of HR.net in the enterprise HR software market. The geographical and sector spread of customers achieved in 2008 demonstrates that we are not overly dependent on any one vertical market. Many of our customers are multi-country deployments further strengthening our assertions regarding HR.net's reputation as an international HR solution, providing a very clear differentiator from competitor products.

We already work with companies in Australia, the Caribbean, Europe and the Middle East. During the year we secured our first HR.net customer in New Zealand through our local partner. Our model of working with local partners in overseas territories is one we believe will continue to be effective going forward as it reduces both the risk and the cost of expanding our addressable market.

We continue to build our SaaS ('Software as a Service') offering; as recently announced we signed a significant deal with Hilton Hotels on this basis to meet their needs as they undertake substantial business process change. We have also migrated customers from our older technology, Personnel Manager and Personnel Director, to HR.net, building our annuity revenue from these customers.

During the year we released the latest versions of HR.net on schedule and our development organisation in India has gone from strength to strength. The implementation consultancy services team which operates through an onshore/offshore model performed particularly well with increased revenue and profitability and with a strong flow of repeat business from existing customers. The client feedback for our support desk services was again very complimentary.

## **Outlook**

During 2009, the current HR.net offering will be re-branded as HR.net Enterprise and we will introduce HR.net Lite, HR.net Express and HR.net Professional. These new products will replace our legacy products which have historically been aimed at small- and medium-sized enterprises. The principle target audience for these products will be our large established customer base who currently use Personnel Manager and Personnel Director, but who have not yet migrated to HR.net. Having such a large customer base for these new products is expected to mitigate the need to solely source new business in the current difficult economic climate.

We also plan to release these new products to the general market providing us with a low cost offering where budget is a priority ahead of functionality and flexibility. We expect sales of the new products to add to our recurring revenue and consulting revenue streams.

The Group will continue to enter new territories through the strategy of identifying and working with strong local partners who already operate with complementary products. This minimises our costs of market entry and maximises the incremental revenues from these markets.

In 2009, we expect that prospective clients' overall budgets for enterprise technology will reduce, however buyers will give greater consideration to vendors such as ourselves. Our established credentials as specialists in the HR field, supported by a blue chip client list confirm that we have a strong proposition for customers. The Group offers a combination of powerful technology, attractive pricing and a low cost base. These factors combined with our high levels of product investment put us in a very strong position compared to other vendors in the enterprise market. Our ability to take these advantages into a new, lower price point market means that we are well prepared for the coming year.

**Lord Sheppard of Didgemere**

**Chairman**

26 March 2009

## Consolidated Income Statement for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Revenue</b>	3	<b>5,851</b>	6,338
Costs of sales		<b>(3,091)</b>	(3,593)
<b>Gross profit</b>		<b>2,760</b>	2,745
Administrative expenses		<b>(2,470)</b>	(2,813)
<b>Operating profit / (loss)</b>		<b>290</b>	(68)
Finance income		<b>14</b>	22
<b>Profit / (loss) before taxation</b>		<b>304</b>	(46)
Tax expense	5	<b>(24)</b>	-
<b>Profit / (loss) attributable to shareholders</b>		<b>280</b>	(46)
Earnings / (loss) per ordinary share	6		
Basic		<b>0.19p</b>	(0.03)p
Diluted		<b>0.19p</b>	(0.03)p

The above results relate entirely to continuing operations.

## Consolidated Statement of Recognised Income and Expense for the year ended 31 December 2008

	2008 £'000	2007 £'000
Currency translation differences	<b>40</b>	74
Net income recognised directly in equity	<b>40</b>	74
Profit / (loss) for the financial year	<b>280</b>	(46)
<b>Total recognised income and expense for the year attributable to shareholders</b>	<b>320</b>	28

## Consolidated Balance Sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	194	155
Property, plant and equipment		176	217
		<u>370</u>	<u>372</u>
<b>Current assets</b>			
Inventories		18	31
Trade and other receivables	8	2,025	1,969
Cash and cash equivalents		861	422
		<u>2,904</u>	<u>2,422</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,768	1,714
Current tax liabilities		37	-
<b>Total liabilities</b>		<u>1,805</u>	<u>1,714</u>
<b>TOTAL NET ASSETS</b>		<u>1,469</u>	<u>1,080</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	10	1,487	1,487
Share premium	10	10,922	10,922
Cumulative translation reserve	10	80	40
Retained earnings	10	(11,020)	(11,369)
<b>TOTAL EQUITY</b>	10	<u>1,469</u>	<u>1,080</u>

## Consolidated Statement of Cash Flows for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Operating activities</b>			
Net cash inflows from operations	11	880	422
Interest received		14	22
Interest paid		-	-
Taxation paid		(65)	-
<b>Net cash from operating activities</b>		<b>829</b>	<b>444</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(42)	(82)
Purchase of intangible assets		(25)	(35)
Capitalised development expenditure		(338)	(247)
<b>Net cash used in investing activities</b>		<b>(405)</b>	<b>(364)</b>
<b>Net increase in cash and cash equivalents</b>			
		<b>424</b>	<b>80</b>
Effects of exchange rate changes on cash and cash equivalents		15	4
Cash and cash equivalents at the beginning of period		422	338
<b>Cash and cash equivalents at end of period</b>		<b>861</b>	<b>422</b>

## 1. General information

As required by the AIM regulations, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OneClickHR plc is the Group's ultimate parent company. It is incorporated in England and has its registered office at 2 Bromley Road, Beckenham, Kent BR3 5JE. The Group operates from the registered address as well as locations in Weston super Mare (UK), Stoke on Trent (UK) and Chennai (India).

The shares of OneClickHR plc are listed on the AIM market which is regulated by the London Stock Exchange.

The financial statements for the year ended 31 December 2008 were approved by the board of directors on 26 March 2009.

The announcement set out above does not constitute a full financial statement of the group's affairs for the year ended 31 December 2008. The group's auditors have reported on the full accounts for the year ended 31 December 2008 and have issued an unqualified audit report. The full accounts have yet to be delivered to the Registrar of Companies.

The annual report and accounts will be posted to all shareholders and be available at [www.OneclickHRplc.com](http://www.OneclickHRplc.com) in due course.

## 2. Accounting policies

The principle accounting policies of the group are set out in the annual accounts for the year ended 31 December 2007. There have been no material changes in the accounting policies during 2008.

## 3. Segmental reporting

The Group manages its operations on the basis of the products and services supplied to customers. It considers that the sale of software, its implementation and the subsequent provision of customer support forms the primary business segment. The primary business segment accounts for in excess of 90% of revenues, costs and assets. Accordingly the Group has not disclosed segmental information about its operations analysed by business segment.

Geographically, the Group operates from offices in the UK and India, with its sales force based in the UK serving all markets. Services are supplied to customers from both the UK and India.

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Sales to external customers by location of customer</b>		
United Kingdom	<b>5,743</b>	5,875
European Union (excluding UK)	<b>73</b>	236
Rest of the World	<b>35</b>	227
	<b>5,851</b>	6,338

#### 4. Research and Development

Included within Cost of Sales are the costs that the Group has incurred in relation to the design, programming, testing and general development of software products.

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Actual costs incurred	<b>809</b>	945
Amounts capitalised	<b>(338)</b>	(247)
Amortisation for period	<b>303</b>	206
Amount charged to income statement	<b>774</b>	904

#### 5. Taxation

At 31 December 2008 there is a deferred tax asset in relation to carried forward trading losses in the UK of approximately £2.6m (2007: £2.6m). The group also has deferred tax assets in the UK of £102,000 (2007: £117,000) arising from the difference in accounting and tax treatment of plant, property and equipment assets. These deferred tax assets have not been recognised in the accounts as the Group cannot be certain that it will be sufficiently profitable in the future to utilise them.

The taxation charge in the consolidated income statement arises from overseas taxation that cannot be offset against the tax losses of the group.

#### 6. Earnings / (loss) per share

Earnings per share have been calculated by dividing the net result attributable to shareholders by the weighted average number of shares in issue during the year. For diluted earnings per share, the weighted average number of shares in issue is adjusted for employee share options that are in issue and expected to vest. During 2007 the option exercise prices were in excess of the average open market value of the ordinary shares and therefore there was considered to be no dilution arising from share options.

	<b>2008</b>	2007
	<b>£'000</b>	£'000
<b>Earnings</b>		
Result for the year attributable to shareholders	<b>280</b>	(46)
	<b>Number</b>	Number
	<b>('000)</b>	<b>('000)</b>
<b>Weighted average number of shares in issue</b>		
For basic earning per share	148,760	148,760
Potentially dilutive shares	618	-
For diluted earning per share	149,378	148,760
	<b>Pence</b>	pence
<b>Earnings per share</b>		
Basic	<b>0.19p</b>	(0.03)p
Diluted	<b>0.19p</b>	(0.03)p

## 7. Intangible assets

	Purchased software	Capitalised Developmen t Expenditure	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2007	78	158	236
Additions	35	247	282
Net exchange differences	6	-	6
At 31 December 2007	119	405	524
Additions	25	338	363
Net exchange differences	11	-	11
<b>At 31 December 2008</b>	<b>155</b>	<b>743</b>	<b>898</b>
<b>Amortisation</b>			
At 1 January 2007	63	77	140
Amortisation	18	206	224
Net exchange differences	5	-	5
At 31 December 2007	86	283	369
Amortisation	24	303	327
Net exchange differences	8	-	8
<b>At 31 December 2008</b>	<b>118</b>	<b>586</b>	<b>704</b>
<b>Net Book Value</b>			
At 1 January 2007	15	81	96
At 31 December 2007	33	122	155
<b>At 31 December 2008</b>	<b>37</b>	<b>157</b>	<b>194</b>

## 8. Trade and other receivables

	2008	2007
	£'000	£'000
Trade receivables	1,161	1,478
Accrued income	513	234
Other receivables and prepayments	351	257
	<b>2,025</b>	<b>1,969</b>

## 9. Trade and other payables

	2008 £'000	2007 £'000
Trade payables	140	205
Accruals and other payables	397	325
Payroll and sales taxes	279	235
Deferred income	952	949
	1,768	1,714

## 10. Statement of changes in Equity

	Share Capital £'000	Share premium £'000	Cumulative translation reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 1 January 2007</b>	1,487	10,922	(34)	(11,374)	1,001
Loss for the year	-	-	-	(46)	(46)
Currency translation	-	-	74	-	74
Total recognised income and expense for the year	-	-	74	(46)	28
Share based compensation	-	-	-	51	51
<b>Balance at 31 December 2007</b>	1,487	10,922	40	(11,369)	1,080
Profit for the year	-	-	-	280	280
Currency translation	-	-	40	-	40
Total recognised income and expense for the year	-	-	40	280	320
Share based compensation	-	-	-	69	69
<b>Balance at 31 December 2008</b>	1,487	10,922	80	(11,020)	1,469

## 11. Net cash flow from operations

Reconciliation of profit / (loss) after tax to cash generated from operations

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Profit / (loss) profit after tax	<b>280</b>	(46)
Net interest receivable	<b>(14)</b>	(22)
Amortisation and depreciation	<b>422</b>	325
Tax expense	<b>24</b>	-
Movements in inventories	<b>13</b>	11
Decrease in receivables	<b>22</b>	382
Increase / (decrease) in payables	<b>64</b>	(279)
Share based compensation	<b>69</b>	51
<b>Net cash inflow from operations</b>	<b>880</b>	422