



Interim Results  
for the six months ended 30 June 2007

**OneClickHR plc**

## Chairman's statement

### Financial Review

I am pleased to report that the first 6 months has seen the Group increase revenues and as a consequence increase its profitability.

In accordance with the AIM rules, we are now reporting our results in accordance with International Financial Reporting standards (IFRS) as opposed to UK accounting standards. The principle changes have been the re-evaluation of revenue recognition and the requirement to capitalise software product development expenditure when specific criteria are met. In total IFRS adjustments have added £49,000 to profits for the period of which £13,000 is due to product capitalisation, where we have adopted a short period for the amortisation to recognise that the introduction of new functionality within software is a continual activity. We remain committed to developing our software by listening to our customers and by employing a large dedicated development team.

Total revenues for the period are £3.5m (30 June 2006: £2.9m) an increase of 20%. Gross profit has fallen slightly to 46.4% (30 June 2006: 50%) as we undertook an

increased marketing campaign during the first half resulting in an operating profit of £80,000 (30 June 2006: loss of £155,000).

### Operating review

We added a number of major new customers in the period including RNIB, Mitsui, Saia Burgess and Cushman Wakefield. Saia Burgess, part of Johnston Electric, is a 4,000 person business with 18 locations across Europe. HR.net will be deployed in 12 languages across this business. Cushman Wakefield is a pan-European property management business and following this win it means that HR.net is now used by 4 of the top 12 property companies in the UK.

Our relationship with Ceridian continues to evolve resulting in their decision to exercise their option to purchase a software license under the agreement we entered into last year. This is a tremendous endorsement of our HR.net technology by an industry leader:

During the period we invested significantly in marketing activity with the aim of increasing our pipeline of HR.net opportunities for remainder of 2007 and into 2008.

This multi-channel approach included using a specialist agency, as well as using direct mail, advertising and seminars to supplement our in-house telemarketing team. This has resulted in both expansion and some broadening in our sales pipeline as we move into the second half of the year.

In June we completed the pilot programme to migrate customers from our older technologies to HR.net. The roll-out of the full programme commenced over the summer and the initial signs are encouraging.

Our consulting business continues, helped by an increasing number of situations where customers request changes and alteration to their systems.

## **Outlook**

The first half has been profitable for the Group. Our challenge is to build upon this going forward. In a competitive market place we have increased our sales pipeline, both in value and in the number of potential clients with whom we are engaged.

Our consulting revenues will grow as we add further HR.net clients and as we win repeat business from existing clients. However significant progress for the group is dependant upon further HR.net sales success. Customer sales decisions are often protracted, making sales forecasting difficult but with the increased sales pipeline and a focussed direct sales team we have a clear approach to achieving our goals.

Momentum is growing in our migration programme to bring customers into our latest products. Backed by a small dedicated sales team, we have already signed a number of customers and expect this progress to continue.

A new HR.net release in the second half means that we continue to lead the market in product functionality and flexibility. Our plans are already well advanced for a release in 2008.

Lord Sheppard of Digimere  
Chairman  
26 September 2007

## Consolidated Interim Income Statement

Unaudited results

	Note	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 (restated) £'000	Year ended 31 Dec 2006 (restated) £'000
<b>Revenue</b>		<b>3,469</b>	2,858	6,100
Cost of sales		<b>(1,859)</b>	(1,411)	(3,151)
<b>Gross profit</b>		<b>1,610</b>	1,447	2,949
Administrative expenses		<b>(1,530)</b>	(1,602)	(3,017)
Exceptional profit on disposal	3	-	-	352
<b>Operating profit / (loss)</b>	4	<b>80</b>	(155)	284
Finance income		<b>10</b>	10	10
Finance costs		-	-	(2)
<b>Profit / (loss) before taxation</b>		<b>90</b>	(145)	292
Income tax expense	5	-	-	-
<b>Profit / (loss) for the period attributable to shareholders</b>		<b>90</b>	(145)	292
<b>Earnings / (loss) per ordinary share</b>	6			
Basic		<b>0.1p</b>	(0.1) p	0.2p
Diluted		<b>0.1p</b>	(0.1) p	0.2p

The above results relate to continuing operations (see also note 3)

# Consolidated Interim Balance Sheet

Unaudited

	Notes	30 June 2007 £'000	30 June 2006 (restated) £'000	31 Dec 2006 (restated) £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>175</b>	242	220
Intangible assets	7	<b>132</b>	78	101
		<b>307</b>	320	321
<b>Current assets</b>				
Inventories		<b>38</b>	48	42
Trade and other receivables	8	<b>2,096</b>	1,982	2,351
Cash and cash equivalents		<b>917</b>	90	338
		<b>3,051</b>	2,120	2,731
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		<b>378</b>	364	370
Current income tax liabilities		<b>383</b>	218	362
Provisions and other liabilities	9	<b>1,183</b>	1,033	1,065
Total liabilities		<b>1,944</b>	1,615	1,797
<b>Total net assets</b>		<b>1,414</b>	825	1,255
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	10	<b>1,487</b>	1,487	1,487
Share premium		<b>10,922</b>	10,922	10,922
Cumulative translation reserve		<b>9</b>	(24)	(34)
Retained earnings		<b>(11,004)</b>	(11,560)	(11,120)
<b>Total equity</b>		<b>1,414</b>	825	1,255

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## Consolidated Interim Statement of Recognised Income & Expense

Unaudited

	Six months ended 30 June 2007	Six months ended 30 June 2006 (restated)	Year ended 31 Dec 2006 (restated)
	£'000	£'000	£'000
Currency translation differences	<b>43</b>	(24)	(34)
Net profits/(losses) recognised directly in equity	<b>43</b>	(24)	(34)
Net profit / (loss) for period	<b>90</b>	(145)	292
<b>Total recognised income and expense for the period attributable to shareholders</b>	<b>133</b>	(169)	258

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## Consolidated Interim Cash Flow Statement

Unaudited

Note		Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 (restated) £'000	Year ended 31 Dec 2006 (restated) £'000
<b>Cash flows from operating activities</b>				
	Net cash inflows / (outflows) from operations	11 <b>729</b>	(337)	14
	Net interest received	<b>10</b>	10	8
	Taxation paid	-	-	-
	Net cash from / (used in) operating activities	<b>739</b>	(327)	22
<b>Net cash outflows from investing activities</b>				
	Purchase of property, plant and equipment	<b>(17)</b>	(143)	(162)
	Purchase of intangible assets	<b>(39)</b>	(9)	(9)
	Capitalised development expenditure	<b>(106)</b>	(65)	(158)
	Net cash used in investing activities	<b>(162)</b>	(217)	(329)
	Effects of exchange rate changes on cash and cash equivalents	<b>2</b>	(16)	(5)
	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>579</b>	(560)	(312)
	Cash and cash equivalents at beginning of period	<b>338</b>	650	650
	<b>Cash and cash equivalents at end of period</b>	<b>917</b>	90	338

# Accounting Policies

## Basis of preparation

The Group is required to prepare its consolidated financial statements (from 1 January 2007) in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). Accordingly, this interim financial report for the period 1 January 2007 to 30 June 2007 has been prepared using accounting policies consistent with those which the Group expects to apply in the IFRS Annual Report and Accounts for the year ending 31 December 2007.

The accounting policies are based on the recognition and measurement principles of IFRS in issue and expected to be effective at 31 December 2007. IFRS currently in issue are subject to ongoing review and endorsement by the European Commission and are therefore subject to possible change. Further standards or interpretations may also be issued that could be applicable for the full year consolidated financial statements. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.

This statement has been prepared in accordance with the requirements of IAS 34 as adjusted for the presentation and disclosures that the Group consider are appropriate for the size and nature of operations.

The disclosures required by IFRS 1, 'First Time Adoption of International Financial Reporting Standards' are set out in note 1 below. The general principle is that on first-time adoption of IFRS, standards are applied with full retrospective effect. IFRS 1 sets out certain mandatory exceptions to retrospective application and certain optional exemptions. The optional exemptions adopted by the Group are;

- (i) not to restate business combinations made prior to 1 January 2006 to comply with IFRS 3 Business Combinations
- (ii) to deem cumulative translation differences for all foreign operations to be £nil at 1 January 2006.

The interim financial information has not been audited but has been reviewed under Bulletin 99/4 of the Auditing Practices Board. The above unaudited financial information does not constitute statutory

accounts as defined in Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2006, which included an unqualified auditors' report, have been filed with the Registrar of Companies.

In the light of the previous trading losses of the Group, the directors keep the going concern position under constant review by reference to the actual trading performance, the expected future trading performance and the sources of funding available to the Group. Accordingly the Group continues to adopt the going concern basis in preparing these financial statements.

This statement was approved by the directors on 26 September 2007

### **Prior Year Adjustment**

In connection with the transition to IFRS the Group has reviewed its accounting policies. Note 1 below identifies the principal changes that have arisen as a result

### **Basis of consolidation**

The Group financial statements consolidate those of the Company and its subsidiaries made up to 30 June 2007. The profits and losses of subsidiary undertakings are consolidated from the effective date of acquisition.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated on the date control ceases.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent

liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

### **Segment reporting**

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is a group of assets and operations engaged in providing services in a particular economic environment that are subject to risks and returns that are different from those of other economic environments.

### **Revenue**

The Group derives revenue from software licences, professional services, maintenance support and other products and services. Maintenance support includes the provision of telephone support and the issue of licence updates. Other products and services include the provision of HR and Training services and the sale of business forms.

The Group recognises the revenue in respect of software licences when all the following conditions have been satisfied:

- There is persuasive evidence of a sale arrangement existing;
- The Group has transferred to the buyer the significant risks and rewards of ownership of the licence;
- The Group does not retain continuing managerial involvement to the degree usually associated with ownership over the license sold;
- The amount of revenue is determinable and can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services such as training and consultancy is recognised when the service has been delivered to the customer. Revenue is accrued throughout the delivery of the service to the customer, the rate of accrual being based upon the rate payable by the customer and an assessment by the Group of the services delivered.

Revenue from support activities is deferred and recognised over the period of the support agreement, usually one year, on a straight line basis.

## Research and Development expenditure

The Group employs a number of staff dedicated to the research and development of its software products. Where expenditure is on research activities or activities paid for by customers, the costs are recognised as an expense in the period it is incurred. Where the expenditure relates to the development of software, it will be capitalised, as an

intangible asset, if all of the following conditions are met:

- It is probable that the asset will create future economic benefits;
- The development costs can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is the intention to complete the asset and use or sell it;
- There is the ability to use or sell the asset; and
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available.

The estimated useful life of internally generated intangible assets is 1 – 2 years.

Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

## Impairment

Intangible assets and tangible assets are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value is more than its recoverable amount. The recoverable amount is the higher of the market value (adjusted for disposal costs) and an internal assessment of the value in use.

## Property, plant and equipment

Property, plant and equipment is stated at cost when originally purchased. These assets are reviewed annually to consider whether there is any indication of impairment.

Office equipment, computers and furniture and fittings are depreciated over their anticipated useful lives under the following methods and at the following rates:

Office equipment, furniture and fittings  
straight line                      5 years

Computer equipment and software  
straight line                      3 years

## Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand and deposits held with banks where the original maturity is three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## Inventories

Inventories are valued at the lower of cost and net realisable value less provision for obsolescence. Cost includes all expenditure incurred in bringing the product to its present location and condition. Net realisable value is based on normal estimated selling prices less further costs expected to be incurred to completion and disposal.

## Financial instruments

Financial assets are the rights to receive cash or similar payments and are recognised when the Group becomes a party to the contractual provisions of the instrument. Receivables are non-derivative financial assets with fixed or determinable

payments to the Group that are not quoted on an active market. Receivables are measured subsequent to initial recognition at cost less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or are transferred so that the Group no longer retains substantially all the risks and rewards of ownership.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Liabilities are recorded at fair value with all transaction costs recognised

immediately in the income statement. Finance charges, including interest, premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

## **Taxation**

The charge for taxation is based on the profit or loss for the year at current rates of tax and takes into account deferred taxation.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted

by the balance sheet date and are expected to apply when the deferred income tax asset is realised or liability settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Cumulative translation reserve” represents the differences arising from translation of investments in overseas subsidiaries.
- “Profit and loss reserve” represents retained profits and losses adjusted for equity-settled share-based employee remuneration until such share options are exercised.

## Foreign currencies

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are re-translated at the rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results after tax of the foreign subsidiary are translated at actual rates of exchange throughout the period. The balance sheet is translated at the rate ruling at the balance sheet date. Exchange differences arising from the re-translation of the opening net investment in subsidiaries are recognised as a separate component of equity.

## Leases

Equipment acquired under finance leases, which transfer to the lessee substantially all benefits and risks of ownership, are capitalised, and the capital element of the related rental obligations are included in

the balance sheet. The interest element of rental obligations is charged against profit in proportion to the reducing capital element outstanding.

Rentals applicable to operating leases, where the risks and rewards of ownership are not transferred to the Group, are charged to the income statement as incurred.

## **Pensions**

Contributions to defined contribution pension schemes are charged to the income statement as they are incurred.

## **Share-based payments**

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in profit and loss with a corresponding credit to additional

paid in capital, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of shares options expected to vest. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as share premium.

## **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the present obligations arising from legal or constructive commitment resulting from past events, will probably lead to an outflow of

economic resources from the Group which can be estimated reliably.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### **Critical accounting estimates and judgements**

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related results. Where estimates are revised or the final outcome differs from the amounts originally recorded, such adjustments are recognised in the period in which the revision is made.

The estimates and assumptions that have a significant affect on the carrying values of assets and liabilities are discussed below:

#### **a) Property, plant and equipment**

Tangible fixed assets are carried at historical cost less depreciation calculated to write off the cost of such assets over their estimated useful lives. Management determines the estimated useful lives and related depreciation charges at acquisition but will revise the depreciation charge where estimated useful lives are found to be different from previous estimates.

#### **b) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

#### **c) Revenues**

In some cases the customer may not enter into the Groups standard contract for the provisions of products or services. In such situations, the Group will assess the nature of the evidence available to it regarding the transaction and whether this is sufficient to ensure that the consideration is fixed and determinable and whether there is persuasive evidence of an agreement existing with the customer:

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# Notes to the Financial Report 30 June 2007

## I Restatement summary

Except as noted below, the adoption of IFRS has not resulted in substantial changes to the Group's accounting policies for the periods under review. A reconciliation of the effect of the changes from UK GAAP to IFRS is set out below.

Profit/(loss) after tax	Six months ended 30 June 2006 (restated) £'000	Year to 31 Dec 2006 (restated) £'000
As previously reported under UK GAAP	(70)	279
IAS 19 - Holiday pay	(27)	(3)
IAS 38 - Capitalisation of research and development	49	81
IAS 18 - Revenue recognition	(97)	(65)
Restated under IFRS	(145)	292

**Reconciliation of net equity**

1 January 2006	UK GAAP £'000	IAS 38 £'000	IAS 19 £'000	IAS 18 £'000	Restated IFRS £'000
Intangible assets		32			32
Property, plant and equipment	198	(32)			166
Non current assets	198	-	-	-	198
Inventories	48				48
Trade and other receivables	1,968			(316)	1,652
Cash and cash equivalents	650				650
Current assets	2,666	-	-	(316)	2,350
Trade and other payables	(754)		(16)		(770)
Current tax liabilities	(320)				(320)
Deferred income	(464)				(464)
Current liabilities	(1,538)	-	(16)	-	(1,554)
Total net assets	1,326	-	(16)	(316)	994
Equity					
Share capital	1,487				1,487
Share premium	10,922				10,922
Translation reserve		-			
Retained earnings	(11,083)		(16)	(316)	(11,415)
Total Equity	1,326	-	(16)	(316)	994

**Reconciliation of net equity**

30 June 2006	UK GAAP £'000	IAS 38 £'000	IAS 19 £'000	IAS 18 £'000	Translation reserve £'000	Restated IFRS £'000
Intangible assets		78				78
Property, plant and equipment	271	(29)				242
Non current assets	271	49	-	-	-	320
Inventories	48					48
Trade and other receivables	2,395			(413)		1,982
Cash and cash equivalents	90					90
Current assets	2,533	-	-	(413)	-	2,120
Trade and other payables	(364)		(43)			(407)
Current tax liabilities	(218)					(218)
Deferred income	(990)					(990)
Current liabilities	(1,572)	-	(43)	-	-	(1,615)
Total net assets	1,232	49	(43)	(413)	-	825
Equity						
Share capital	1,487					1,487
Share premium	10,922					10,922
Translation reserve	-				(24)	(24)
Retained earnings	(11,177)	49	(43)	(413)	24	(11,560)
Total Equity	1,232	49	(43)	(413)	-	825

**Reconciliation of net equity**

31 December 2006	UK GAAP £'000	IAS 38 £'000	IAS 19 £'000	IAS 18 £'000	Translation reserve £'000	Restated IFRS £'000
Intangible assets		101				101
Property, plant and equipment	240	(20)				220
Non current assets	240	81	-	-	-	321
Inventories	42					42
Trade and other receivables	2732			(381)		2,351
Cash and cash equivalents	338					338
Current assets	3112	-	-	(381)	-	2,731
Trade and other payables	(370)		(19)			(389)
Current tax liabilities	(362)					(362)
Deferred income	(1,046)					(1,046)
Current liabilities	(1,778)	-	(19)	-	-	(1,797)
Total net assets	1,574	81	(19)	(381)	-	1,255
Equity						
Share capital	1,487					1,487
Share premium	10,922					10,922
Translation reserve	0				(34)	(34)
Retained earnings	(10,835)	81	(19)	(381)	34	(11,120)
Total Equity	1,574	81	(19)	(381)	0	1,255

**a) IAS 38 Intangible assets**

The adoption of IAS 38 "Intangible Assets" has resulted in a change in the accounting policy for Research and Development and also purchased computer software.

Under UK GAAP all costs incurred for Research and Development connected with the development of software products was charged to the profit and loss account when it was incurred. Under IAS 38 all expenditure relating to the development of software products is capitalised and amortised over its estimated economic life through the profit and loss account. The accounting policy in note 1 describes the conditions that need to be fulfilled for expenditure to be capitalised. The Group has therefore increased intangible assets on the balance sheet to account for this. The Group considers that the conditions necessary for capitalisation had not been met prior to 1 January 2006.

Under IAS 38 purchased software is disclosed as an intangible asset, rather than a tangible asset. A transfer has been made at each balance sheet date to reflect this. The net book value of purchased software is as follows: 1 January 2006 £32,000 , 30 June 2006 £29,000 , 31 December 2006 £20,000

**b) IAS 19 - Holiday pay**

The adoption of IAS 19 "Employee Benefits" has resulted in a change in the accounting policy for staff costs. Previously the Group did not recognise a value for holiday accrued but untaken by its employees at the balance sheet date since the amount did not represent a monetary amount that the Group expected to pay. The Group now attributes a value to this holiday accrued but untaken at each balance sheet date to reflect the value of the services provided by its employees.

**c) IAS 18 - Revenue recognition**

The adoption of IAS 18 "Revenue" has resulted in a change in accounting policy for certain license sales. Previously the Group recognised the full value of a license sale when the benefit of license had been passed to the customer. In some cases the Group recognised license sales where payment from the customer was expected to be over a number of years. The Group has concluded that such transactions should be recognised as revenue on a basis more closely aligned with the payment terms so that the revenue receivable can be fixed and determinable. Accordingly as at 1 January 2006 revenues of £316,000 have been deducted from prior year reserves. During the year ended 31 December 2006 revenues of £65,000 (30 June 2006 £97,000) have been deducted from the results for the period.

**d) Reclassifications**

In addition to the accounting changes detailed above, there are significant changes to both format and terminology that the Group is required to reflect. The reclassifications arising from these changes have no impact on the reported profits or shareholders' funds of the Group.

**e) Exemptions**

The Group has taken advantage of certain exemptions allowed in IFRS 1 "Presentation of Financial Statements".

The recording of net exchange differences into the Cumulative Translation Reserve, required by IAS 21, has been applied prospectively from 1 January 2006. All exchange differences arising prior to that date remain in retained earnings.

## 2 Segment 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 customer support forms the major business segment. Other products and services include the provision of HR and Training services and the sale of business forms. The major business segment accounts for in excess of 90% of revenues, costs and assets. Accordingly the Group has not separately disclosed segmental information about its operations.

Geographically, the Group operates from offices in the UK and India, with a direct sales force based in the UK. Consequently the majority of sales are made to UK based customers, although these may be serviced by staff based both in the UK and India.

	Six months ended 30 June 2007	Six months ended 30 June 2006 (restated)	Year ended 31 Dec 2006 (restated)
Sales to external customers by location of customer	£'000	£'000	£'000
United Kingdom	<b>3,302</b>	2,839	5,866
European Union (excluding UK)	<b>96</b>	6	110
Rest of the World	<b>71</b>	13	124
	<b>3,469</b>	2,858	6,100
Assets by geographic area			
United Kingdom	<b>3,065</b>	2,242	2,860
India	<b>293</b>	198	192
	<b>3,358</b>	2,440	3,052
Liabilities by geographic area			
United Kingdom	<b>(1,922)</b>	(1,573)	(1,745)
India	<b>(22)</b>	(42)	(52)
	<b>(1,944)</b>	(1,615)	(1,797)
Capital expenditure by geographic area			
United Kingdom	<b>30</b>	105	114
India	<b>26</b>	47	57
	<b>56</b>	152	171

### 3 Exceptional item

During the year ended 31 December 2006 the Group disposed of certain intellectual property and contracts to provide payroll services. It was not possible to identify the separate trading costs relating to the assets disposed of and as such this has not been disclosed as a discontinued operation.

### 4 Operating profit / (loss)

The following items have been charged/(credited) in arriving at operating profit:

	Six months ended 30 June 2007	Six months ended 30 June 2006 (restated)	Year ended 31 Dec 2006 (restated)
	£'000	£'000	£'000
Foreign exchange differences	27	(29)	(24)
Depreciation of tangible assets	56	59	98
Amortisation of intangible assets			
- purchased software	21	12	21
Research and development expenditure			
Total expenditure	436	426	839
Amounts capitalised	(106)	(65)	(158)
Amortisation for period	93	16	77
Net amount charged to income statement	423	377	758

## 5 Income tax expense

The taxation charge for the period is based upon the estimated effective rate for the full year. As the Group has tax losses of approximately £3.6m it is considered that no tax charge will arise for the period.

A deferred tax asset is not recognised in respect of the tax losses, as the Group cannot be certain that sufficient taxable profits will be generated to utilise the tax losses.

## 6 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of by weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, adjusted to take account of the potential dilutive effect of outstanding share options. Share options are not considered dilutive where the exercise price is higher than the prevailing market price.

	Six months ended 30 June 2007 £'000	Six months ended 30 June 2006 (restated) £'000	Year ended 31 Dec 2006 (restated) £'000
<hr/>			
Profit attributable to shareholders (£'000)			
Profit / (loss) after tax	90	(145)	292
<hr/>			
Weighted average number of shares ('000s)			
For basic earnings per share	148,760	148,760	148,760
Effect of potential dilutive share options	4,311	-	-
For diluted earnings per share	153,071	148,760	148,760

## 7 Intangible assets

	Purchased software £'000	Capitalised Development Expenditure £'000	Total £'000
<b>Cost</b>			
At 1 January 2006	32	-	32
Additions	9	65	74
At 30 June 2006	41	65	106
Additions	-	93	93
At 31 December 2006	41	158	199
Additions	39	106	145
At 30 June 2007	80	264	344
<b>Amortisation</b>			
At 1 January 2006	-	-	-
Charge for period	12	16	28
At 30 June 2006	12	16	28
Charge for period	9	61	70
At 31 December 2006	21	77	98
Charge for period	21	93	114
At 30 June 2007	42	170	212
<b>Net book value</b>			
At 30 June 2006	29	49	78
At 31 December 2006	20	81	101
<b>At 30 June 2007</b>	<b>38</b>	<b>94</b>	<b>132</b>

**8 Trade and other receivables**

	30 June 2007 £'000	30 June 2006 (restated) £'000	31 Dec 2006 (restated) £'000
Trade receivables	<b>1,311</b>	1,209	1,467
Accrued income	<b>382</b>	450	558
Other receivables and prepayments	<b>403</b>	323	326
	<b>2,096</b>	1,982	2,351

**9 Provisions and other liabilities**

	30 June 2007 £'000	30 June 2006 (restated) £'000	31 Dec 2006 (restated) £'000
Deferred income	<b>686</b>	741	602
Accruals and other payables	<b>497</b>	292	463
	<b>1,183</b>	1,033	1,065

## 10 Statement of Changes in Equity

	Share capital	Share premium	Cumulative translation reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2006	1,487	10,922	-	(11,415)	994
Retained loss for the period	-	-	-	(145)	(145)
Currency translation differences	-	-	(24)	-	(24)
Total of recognised income and expense for the period	-	-	(24)	(145)	(169)
Share based payments				-	-
<b>At 30 June 2006</b>	<b>1,487</b>	<b>10,922</b>	<b>(24)</b>	<b>(11,560)</b>	<b>825</b>
Retained profit for the period	-	-	-	437	437
Currency translation differences	-	-	(10)	-	(10)
Total of recognised income and expense for the period	-	-	(10)	437	427
Share based payments				3	3
<b>At 31 Dec 2006</b>	<b>1,487</b>	<b>10,922</b>	<b>(34)</b>	<b>(11,120)</b>	<b>1,255</b>
Retained profit for the period	-	-	-	90	90
Currency translation differences	-	-	43	-	43
Total of recognised income and expense for the period	-	-	43	90	133
Share based payments				26	26
<b>At 30 June 2007</b>	<b>1,487</b>	<b>10,922</b>	<b>9</b>	<b>(11,004)</b>	<b>1,414</b>

## 11 Net cash flow from operations

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

	Six months ended 30 June 2007	Six months ended 30 June 2006 (restated)	Year ended 31 Dec 2006 (restated)
	£'000	£'000	£'000
Profit / (loss) after tax	<b>90</b>	(145)	292
Net interest receivable	<b>(10)</b>	(10)	(8)
Amortisation and depreciation	<b>170</b>	87	197
Movements in inventories	<b>4</b>	-	6
Decrease / (increase) in receivables	<b>302</b>	(330)	(719)
Increase in current liabilities	<b>147</b>	61	243
Share based payments	<b>26</b>	-	3
Net cash inflow / (outflow) from operations	<b>729</b>	(337)	14

## 12 Interim Report

Copies of the Interim Report will be available from the registered office and at the Group's website [www.OneClickHRplc.com](http://www.OneClickHRplc.com)

# Independent Review report to OneClickHR plc

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated interim income statement, consolidated interim balance sheet, consolidated interim statement of recognised income and expense, consolidated interim cash flow statement, accounting policies and the related notes 1 to 12. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

## Directors' responsibilities

The interim report including the financial information contained therein is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report.

As disclosed in the accounting policies, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

GRANT THORNTON UK LLP  
CHARTERED ACCOUNTANTS  
Gatwick

26 September 2007

The maintenance and integrity of the OneClickHR plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the interim report differ from legislation in other jurisdictions.

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