

**OneClickHR plc
(The "Group")**

Preliminary results for the year ended 31 December 2006

Chairman's Statement

Financial review

During the past year we have continued to focus our business around HR.net, our enterprise level HR solution aimed at larger organisations.

Turnover has increased by 4% compared to the last year and was £6,165,000 (2005: £5,920,000). Excluding the exceptional profit of £352,000 arising from the sale to Northgate Information Systems plc we had an operating loss for the year of £81,000 (2005 restated: profit £15,000) which after recording an operating loss of £80,000 at the half year means that we have been operating at approximately break-even in the second half.

We have expensed £839,000 (2005: £851,000) of development expenditure during the year. Whilst we have a stable platform of software products, to ensure that we offer high levels of usability and functionality we have an on-going programme to develop and enhance these products.

Operating review

In 2006 we continued to add significant new HR.net clients and these include Aberdeen Asset Management, Avis, Regus, Foster and Partners, PM Group, Bullock Construction, Colliers CRE, Telent and Hoares Bank. Over the course of the year we added a total of 40 new HR.net customers (compared to 20 in 2005). During the last half of 2006 we also secured our first HR.net customers in Australia, the US and Hong Kong.

We concluded our negotiations with Ceridian, the payroll and HR services company, resulting in a licensing agreement whereby they will sell HR.net into their significant customer base in the UK with the potential to expand into the USA and Canada.

In December we concluded a transaction to sell certain intellectual property and on-going contracts to Northgate Information Systems plc. We undertook this transaction after concluding that we did not have the resources to grow this aspect of the business as quickly as we wished. Whilst this will have a small impact on turnover going forward, there will be future benefits from having a more streamlined and focussed product offering. The net result for the group of this transaction is an exceptional profit of £352,000.

Our commitment to invest in our software continues and we are just completing the next scheduled release of HR.net to ensure compatibility with the latest generation of Microsoft technologies including Vista and SQL Server 2005. We have expanded development capacity in Chennai where we continue to improve our programming processes and knowledge base to help us deliver ever improving products.

We were awarded Microsoft Gold Partner status, which is a terrific endorsement of our software development methodologies and a great marketing tool when selling to larger enterprises.

During the past year we have also invested heavily in our HR.net implementation consultancy team. We established a team of consultants in our Chennai office and trained them extensively. This team is now fully integrated with our UK based team and has a deep understanding of the HR.net product and are now delivering consulting assignments from that office. The foundations we have put in place, including the training of our people and improved process, gives us the ability to service existing contracts and to scale this part of our business profitably, as our customer base expands.

As we move forward in our development we are pleased to have recruited experienced industry professionals for the key positions of Finance Director, Head of Sales and Head of Professional Services. These appointments, together with the hard work from our continuing members of staff mean that we are continually improving our abilities and experience. My thanks go to all staff who have contributed towards these results during the year.

Outlook

In 2007 our main priority will be to continue to increase our sales momentum, to increase sales force productivity and to ensure that HR.net addresses its full potential in the market. The second priority is to remain focussed on profitable and excellent customer implementations and relationships using our staff in both the UK and Chennai.

Our new Head of Sales, who joined in September, has focussed on re-orienting the existing sales team and has recruited new members to that team. He has also looked at improving the marketing and lead generation and together with the appointment of a new channel manager will look at working more profitably with our indirect channel. We have also expanded the reach of our indirect channel

We continue to wrestle with the frustrations of longer sales cycles, particularly on larger deployments where the decision making is protracted and requires more pre-sales resource. This has been partly addressed by more intensive training and stronger direction of the sales team, but remains a feature of our market.

Whilst we have had some success in migrating existing users of our Personnel Manager and Personnel Director to HR.net in the past we now plan to accelerate this by introducing a new migration proposition. The primary aim of this activity will be to increase the customers using HR.net.

In the coming year, we also plan to exploit the functionality in HR.net by creating products aimed at specific vertical markets and by commercialising functionality already developed for existing customers.

In terms of trading, the first quarter of 2007 has seen a number of HR.net sales opportunities that we had expected to complete being delayed until later in the year. We have however been successful in selling an HR.net licence to Ceridian for use across its global operations.

Lord Sheppard of Didgemere

Chairman

14 May 2007

OneClickHR plc
Consolidated profit and loss account
for the year ended 31 December 2006

		2006	2005
	Note	(unaudited)	restated *
		£'000	(audited)
			£'000
Turnover		6,165	5,920
Cost of sales		(3,232)	(2,843)
Gross profit		2,933	3,077
Administrative expenses		(3,014)	(3,062)
Operating (loss) / profit	2	(81)	15
Exceptional profit on disposal	3	352	-
Interest receivable		10	28
Interest payable		(2)	-
Profit on ordinary activities before taxation		279	43
Tax on loss on ordinary activities	4	-	6
Profit for the financial year		279	49
Earnings per ordinary share			
Basic and diluted	5	0.19p	0.03p

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

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2006

		2006	2005
		(unaudited)	restated *
		£'000	(audited)
			£'000
Profit for the financial year		279	49
Currency translation differences		(34)	43
Total recognised gains for the year		245	92

* 2005 results have been restated to reflect the adoption of Financial Reporting standard 20 "Share Based Payments" as described in note 1.

OneClickHR plc
Consolidated balance sheet
31 December 2006

	Note	2006 (unaudited) £'000	2005 (audited) £'000
Fixed assets			
Tangible assets		240	198
		<hr/> 240 <hr/>	198
Current assets			
Stocks		42	48
Debtors	6	2,732	1,968
Cash at bank and in hand		338	650
		<hr/> 3,112 <hr/>	2,666
Creditors			
Amounts falling due within one year	7	(1,778)	(1,538)
		<hr/> 1,334 <hr/>	1,128
Net current assets			
		<hr/> 1,574 <hr/>	1,326
Net assets			
Capital and reserves			
Called up share capital		1,487	1,487
Share premium account		10,922	10,922
Other reserves		167	167
Profit and loss account		(11,002)	(11,250)
		<hr/> 1,574 <hr/>	1,326
Equity shareholders' funds	8	<hr/> 1,574 <hr/>	1,326

OneClickHR plc
Consolidated statement of cash flows
for the year ended 31 December 2006

	Note	2006 (unaudited) £'000	2005 (audited) £'000
Net cash outflow from operating activities	9	(144)	(529)
Returns on investments and servicing of finance			
Net interest received		8	27
Taxation			
Corporation tax paid		-	(20)
Corporation tax recovered		-	26
Capital expenditure			
Proceeds on disposal of tangible fixed assets		-	9
Payments to acquire tangible fixed assets		(171)	(104)
Net cash outflow before use of liquid resources and financing		(307)	(591)
Management of liquid resources			
Decrease in short term deposits with banks		320	306
Financing			
Share issue costs refunded		-	18
Increase / (decrease) in cash		13	(267)

OneClickHR plc
Notes to the financial information

1. Basis of preparation

The financial information set out in this announcement does not constitute statutory accounts for the year ended 31 December 2005 or 31 December 2006.

The financial information in this announcement has been prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 1985 as set out in the group's 2005 published accounts. The directors have reviewed the group's accounting policies and consider that the financial statements are prepared in accordance with FRS 18 "Accounting Policies". The particular accounting policies adopted have been consistently applied.

FRS 20 "Share Based Payments" has been adopted for the first time in 2006. This requires an expense to be charged to the profit and loss account based upon the fair value of options granted to employees over the vesting period of these options. The financial information for the year ended 31 December 2005 has been restated to incorporate a charge to the profit and loss account of £15,000. There is no impact on the balance sheet. The consolidated profit and loss account for 31 December 2005 and the associated notes have been restated accordingly.

The financial information for the year ended 31 December 2005 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies, except for the impact of the adoption of FRS 20, which has been accounted for as a prior year adjustment. The auditors (PricewaterhouseCoopers LLP) have reported on the 2005 accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The unaudited group results incorporate the unaudited results of the company and all of its subsidiaries for the year ended 31 December 2006. In accordance with s240(3) of the Companies Act 1985, such unaudited results do not constitute financial statements of the company or the group.

The statutory accounts for the year ended 31 December 2006 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information set out in this announcement was approved by the Board on 14 May 2007.

2. Operating (loss) / profit

This is stated after charging:

	2006 (unaudited) £'000	2005 (audited) £'000
Research and development	839	851
Depreciation	120	119
Amortisation	-	18

3. Exceptional profit on disposal

During the year the group disposed of certain intellectual property and contracts to provide payroll services. The revenues attributable to these operations, until the date of disposal, were £322,000 (2005: £292,000). It is not possible to identify separate trading costs relating to the assets disposed of and as such this has not been disclosed as a discontinued operation. Gross proceeds were £400,000 and the costs associated with the disposal were £48,000. There is no charge to tax due to the availability of group relief.

4. Taxation

As at 31 December 2006 the group has accumulated tax losses of approximately £2.6m. A deferred tax asset has not been recognised, as the group cannot be certain that the companies with the accumulated tax losses will generate sufficient future taxable profits in order to utilise the tax losses.

5. Earnings per share

The basic earnings per share is calculated on the profit after tax for the period divided by the weighted average number of ordinary shares in issue for the period.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect of share options. As at 31 December 2006 and 31 December 2005 the share option exercise price was not above the average share price and therefore the share options are considered not to have a dilutive effect on the earnings per share.

	2006	2005
	(unaudited)	restated
	£'000	(audited)
		£'000
Profit / (loss) after tax		
For basic and diluted earnings per share	279	49
Exceptional profit on disposal	(352)	-
For basic and diluted earning per share excluding exceptional items	(73)	49
Weighted average number of shares ('000)	148,760	148,760
Earnings per share	pence	pence
Basic and diluted	0.19	0.03
Earnings per share excluding exceptional items	(0.05)	0.03

6. Debtors

	2006	2005
	(unaudited)	(audited)
	£'000	£'000
Trade debtors	1,534	1,192
Other debtors	102	110
Accrued income	872	546
Prepayments	224	120
	2,732	1,968

7. Creditors

	2006	2005
	(unaudited)	(audited)
	£'000	£'000
Trade creditors	370	278
Taxation and social security	362	320
Other creditors	91	71
Accruals and deferred income	955	869
	1,778	1,538

8. Reconciliation of movements in shareholders' funds

	2006 (unaudited) £'000	2005 restated (audited) £'000
Profit for the financial year	279	49
Currency translation differences	(34)	43
Share based payments	3	15
Refund of share issue costs	-	18
Net movement in shareholders funds	248	125
Shareholders' funds at 1 January	1,326	1,201
Shareholders' funds at 31 December	1,574	1,326

9. Net cash flow from operating activities

	2006 (unaudited) £'000	2005 restated (audited) £'000
Operating (loss) / profit	(81)	15
Exceptional profit on disposal	352	-
Depreciation charges	120	119
Share option charge	3	15
Profit on disposal of fixed assets	-	(2)
Amortisation	-	18
Decrease in stocks	6	26
Increase in debtors	(784)	(467)
Increase / (decrease) in creditors	240	(253)
Net cash outflow from operating activities	(144)	(529)

10. Reconciliation of cash flow to movements in net funds

	2006 (unaudited) £'000	2005 (audited) £'000
Increase / (decrease) in cash	13	(267)
Decrease in short term deposits with banks	(320)	(306)
Change in net funds arising from cash flows	(307)	(573)
Exchange adjustments	(5)	41
Decrease in net funds	(312)	(532)
Net funds at 1 January	650	1,182
Net funds at 31 December	338	650

Copies of this statement are available from the Company Secretary at 2 Bromley Road, Beckenham, Kent, BR3 5JE and also from www.OneClickHRplc.com