

WFCA plc

("WFCA", "the Company" or "the Group")

INTERIM RESULTS

WFCA plc (AIM: WFCA.L), a leading regional advertising and marketing agency, today announces its interim results for the 6 months ended 31 December 2008.

Highlights

- Gross margin 17.9% (2007 H1: 7.8%)
- PBT (before exceptional credit and tax) £509k (2007 H1: £139k)
- Working capital has improved by £847,000

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Chairman's Statement

In the business review included in the 2008 annual report we drew attention to the evolving strength of the Group following the acquisition of WFCA Integrated Limited in April last year. The acquisition has materially enhanced the Group's profitability and we are pleased to announce that the profit before the exceptional credit and tax for the six months amounted to £509,000 compared to £139,000 for the comparable period in the last financial year and £91,000 for the year to June 2008. Gross margin has increased to 17.9% from the 7.8% reported for last year. The significance of WFCA to the Group has been formally recognised in the change of the Group's name from Ekay plc to WFCA plc on the 11th December 2008.

The result has been achieved by making strong operational and financial decisions during the period. In the current economic climate it is essential that all divisions are cash generative and their underlying cost base structured to the present economic conditions.

In the last report we drew attention to the difficulties being experienced in our Channel Islands division, Wallace Barnaby Associates, which necessitated the full impairment of the investment at the 30th June 2008. Regrettably it was not possible to restructure the division to a profitable level and as a consequence, the decision was made in October to place the division into liquidation. The liquidation of Wallace Barnaby has produced an exceptional credit as a result of the de recognition of its negative net worth from the consolidated balance sheet.

The impact of the Wallace Barnaby liquidation together with the enhanced profitability of the Group has been to materially improve the Group's net worth. Working capital has improved by £847,000 and should continue to improve in the second six months of the current financial year. As the conditions specified within the approval given by the High Court last June for the capital reduction have now been satisfied, the Special Reserve has been transferred to distributable reserves to facilitate the payment of future dividends.

Board changes

There have been two board changes since the last annual report. Bill Jones, WFCAs media director joined the board in December 2008 and Eddie Powell, the founder and Managing Director of the Ekay Group left the board on the 28th January 2009 to concentrate on other interests. The board wishes to thank Eddie for his long association with the Group and wishes him every success in the future.

Current trading and future prospects

Looking ahead the business environment continues to be challenging and we anticipate a tough second half. However, tight control of operating costs and new business development should ensure that the Group remains profitable and well placed to navigate through the current recession and move ahead when the economic climate improves.

CONSOLIDATED INCOME STATEMENT
For the 6 months ended 31 December 2008

	6 Months Ended 31st Dec 2008 Unaudited	6 Months Ended 31st Dec 2007 Unaudited	12 Months Ended 30th June 2008 Audited
Revenue	19,301,659	23,131,776	44,474,052
Direct Costs	(15,853,548)	(21,233,441)	(41,022,308)
Gross Profit	3,448,111	1,898,335	3,451,744
Other operating income	4,500	4,350	22,604
Operating costs before share option and release of provision	(2,888,368)	(1,689,062)	(3,338,285)
Share option credit / (charge)	(10,534)	(43,988)	17,131
Total operating costs	(2,898,902)	(1,733,050)	(3,321,154)
Depreciation	(44,399)	(57,202)	(116,858)
Total operating profit	509,310	112,433	36,336
Interest income	-	26,500	54,670
Profit before taxation	509,310	138,933	91,006
Income tax (charge) / credit	(142,756)	(41,590)	54,456
Profit before exceptional items and discontinued operations	366,554	97,343	145,462
Profit / (loss) from exceptional items	-	80,500	(3,237,609)
Profit from discontinued operations	350,539	-	-
Profit for the year attributable to equity holders of the parent	717,093	177,843	(3,092,147)
Earnings per share			
Basic earnings / (loss) per share	0.23p	0.45p	-4.62p
Diluted earnings / (loss) per share	0.23p	0.44p	-4.62p

CONSOLIDATED BALANCE SHEET
as at 31 December 2008

	As at 31st Dec 2008 Unaudited	As at 31st Dec 2007 Unaudited	As at 30th June 2008 Audited
Assets			
Non Current Assets			
Property, Plant and Equipment	338,910	433,132	470,746
Goodwill	8,497,907	2,399,815	8,497,907
	<u>8,836,817</u>	<u>2,832,947</u>	<u>8,968,653</u>
Current Assets			
Trade and Other Receivables	7,429,047	3,329,345	7,636,070
Cash & Short Term Deposits	302,684	397,997	757,249
Depreciation	<u>7,731,731</u>	<u>3,727,342</u>	<u>8,393,319</u>
Total operating profit			
Total Assets	<u>16,568,547</u>	<u>6,560,289</u>	<u>17,361,972</u>
Equity and Liabilities			
Share Capital	1,572,476	391,309	1,568,088
Share Premium	5,015	718,579	-
Special Reserve	-	-	6,499,126
Retained Earnings	3,169,115	(719,975)	(4,051,085)
	<u>4,746,606</u>	<u>389,913</u>	<u>4,016,129</u>
Non Current Liabilities			
Long Term Borrowings	1,015,288	-	1,030,983
Current Liabilities			
Trade & Other Payables	10,806,653	6,149,501	12,011,838
Provision for other liabilities	-	-	302,202
Corporate income tax payable.	-	20,875	820
Total liabilities	<u>11,821,941</u>	<u>6,170,376</u>	<u>13,345,843</u>
Total equity & liabilities	<u>16,568,547</u>	<u>6,560,289</u>	<u>17,361,972</u>

CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 31 December 2008

	6 Months Ended 31st Dec 2008 Unaudited	6 Months Ended 31st Dec 2007 Unaudited	12 Months Ended 30th June 2008 Audited
Cash inflow / (loss) from operating activities			
Profit / (loss) from operations	859,849	227,434	(3,201,273)
Share option credit / (charge) for the year	10,534	43,988	(17,131)
Impairment of investment in subsidiary	-	-	2,386,462
Impairment of property, plant & equipment	-	-	41,205
Depreciation of property, plant & equipment	49,597	57,202	116,857
Operating cash flows before movement in working capital	919,980	328,624	(673,880)
Depreciation	135,638	-	60,989
Total operating profit	26,014	(432,223)	772,621
Increase / (decrease) in payables	(3,610,390)	(1,696,320)	(2,554,241)
Cash (consumed) / generated from operations	(2,528,758)	(1,799,919)	(2,394,511)
Income tax received / (paid)	16,344	-	33,263
Net cash from operating activities	(2,512,414)	(1,799,919)	(2,361,248)
Cash inflow / (outflow) from investing activities			
Interest received	-	26,500	54,670
Acquisition of subsidiaries net of cash acquired	-	(13,353)	(2,417,593)
Proceeds from sale of property, plant & equipment	-	-	29,887
Purchase of property, plant and equipment	(53,499)	(56,616)	(115,016)
Net cash used in investment activities	(53,499)	(43,469)	(2,448,052)
Cash inflow from financing activities			
Proceeds from issue of shares	9,403	-	2,521,326
Costs of share issues	-	-	(64,000)
Costs of capital reduction	(6,553)	-	-
Net cash from financing activities	2,850	-	2,457,326
Net (decrease) in cash & cash equivalents	(2,563,063)	(1,843,388)	(2,351,974)
Cash & cash equivalents at beginning of period	(685,602)	1,666,372	1,666,372
Cash & cash equivalents at end of period	(3,248,665)	(177,016)	(685,602)
Cash & Cash Equivalents as at 31st December 2008			
Represented by;			
Cash & short term deposits	302,684	397,997	757,249
Bank overdrafts	(3,551,349)	(575,013)	(1,442,851)
Total cash & cash equivalents	(3,248,665)	(177,016)	(685,602)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 31 December 2008

	Share Capital £	Share Premium £	Special Reserve £	Retained Earnings £	Total £
Balances as at 1st July 2008	1,568,088	-	6,499,126	(4,051,085)	4,016,129
Charge for share options	-	-	-	10,534	10,534
Issue of share capital	4,388	5,015	-	-	9,403
Costs of creating Special Reserve	-	-	(6,553)	-	(6,553)
Transfer of Special Reserve	-	-	(6,492,573)	6,492,573	-
Profit for the six months ended 31st December 2008	-	-	-	717,093	717,093
Balances as at 31st December 2008	1,572,476	5,015	-	3,169,115	4,746,606

Basis of Preparation

This interim report is unaudited and does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The financial statements for the year to 30th June, which were prepared in accordance with International Financial Reporting Standards ('IFRS') and upon which the auditors have issued an unqualified report, have been delivered to the Registrar of Companies.

The financial statements for the half year to 31st December 2008 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies applied in these interim financial statements are consistent with those set out and applied in the Group's Annual report for the year to 30th June 2008.

The financial information for the six months ended 31 December 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes, has been reviewed by the Group's auditor. In addition, the Group's auditor has read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

The full Consolidated Statements and notes can be downloaded on the Company's website www.wfca.com.

Notes to Editor:

The Company was established in 1994 to create a full service advertising agency specialising in direct response advertising. The business grew rapidly and was listed on AIM in January 2006.

Significant growth was gained in April 2008 with the acquisition of WFCA Integrated Limited a Tunbridge Wells based full service agency originally founded in 1996. With the Company's aim of building the business and accelerating growth this resulted in the achievement of gaining 30th place in the UK agency rankings published by Nielsen in February 2008, together with other significant achievements within the industry.

The Company has a broad client list featuring household names and is able to provide a full advertising and marketing service.