

Interim results 2011

8 September 2011

Miles Hunt – Chief Executive

Spencer Wreford – Finance Director

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Highlights

- Revenue growth of 1% to £105.2m
- Net fee income level with prior year at £22.4m
- Adjusted PBT down to £1.2m
- Margin pressure in Germany in first half following adoption of new labour agreements
- Provision against German CGZP issue of £3.0m
- Investments in new start ups and office openings
- Adjusted earnings per share* of 0.9p
- Net debt of £8.5m
- Strong growth continues in Rest of the World, particularly in Asia
- Management changes at end of 2011

* Adjusted earnings per share is from continuing and discontinued operations

Strategy and Structure

- Developing a leading international specialist staffing group
- Balanced growth and managed risk
- Diversified portfolio by geography and sector
- Investment emphasis on developing staffing markets and emerging economies
- Focus on more stable temporary staffing revenues
- Multi brand rather than single brand
- Decentralised structure and management equity philosophy

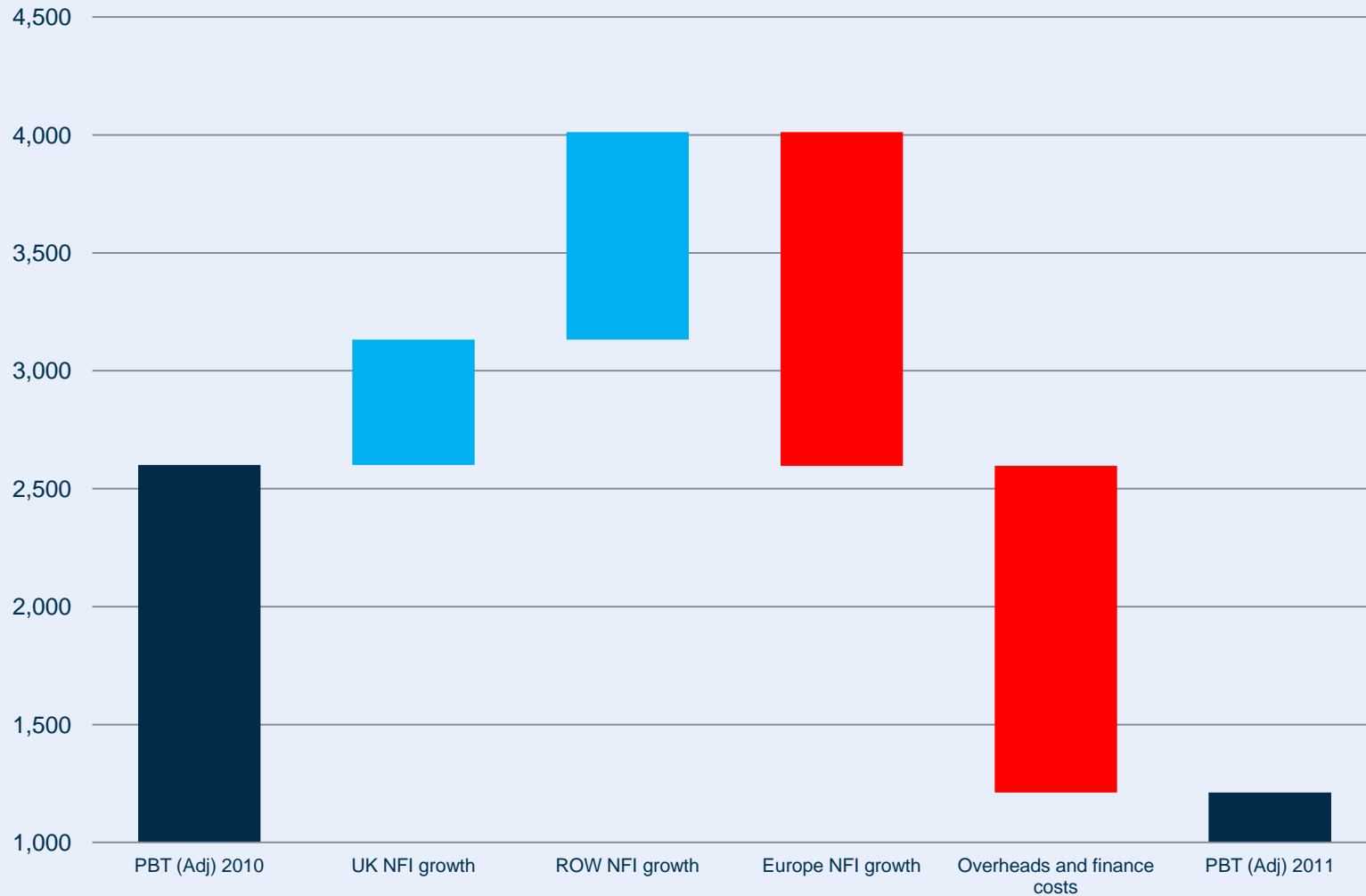
Income statement – Six months to June 2011

£m	<u>2011</u>	<u>2010</u>	<u>Change</u>	
Revenue	105.2	104.4	1%	Revenue increased by 1%, with a 26% increase in permanent sales and 1% decline in temporary sales. There was minimal currency impact (like-for-like revenues were flat year on year)
Net fee Income/ Gross profit	22.4	22.4	0%	
Overheads	<u>(20.7)</u>	<u>(19.3)</u>	7%	Net Fee Income was level with prior year. Gross margin reduced to 21.3% from 21.5% with specific margin pressures in Germany. Again there is minimal currency impact (like-for-like net fee income flat year on year)
Adjusted operating profit*	1.7	3.1		
Interest	<u>(0.5)</u>	<u>(0.5)</u>		
Adjusted profit before tax*	1.2	2.6		Overheads increased by 7%, partly due to investments in new offices and start ups. Conversion ratio down to 8% from 14%
Movements in put and call options	0.0	(0.1)		
Exceptional items and amortisation	(3.1)	(0.2)		Provision of £3.0m made for the German CGZP issue
Tax	0.5	(0.8)		Underlying tax rate of 34% (excluding exceptional item)
(Loss)/profit from discontinued operations	(0.2)	0.2		
(Loss)/profit for the period	<u><u>(1.6)</u></u>	<u><u>1.7</u></u>		In May 2011 the UK Supply chain business was sold
Adjusted EPS* (p)	0.9	1.9		
IFRS EPS (p)	(3.3)	2.2		

* Adjusted results are before exceptional items, amortisation of intangible assets and fair value movements in put and call options

Income statement – Profit bridge

Empresaria Group - Adjusted PBT bridge (£'000)



Balance sheet – June 2011

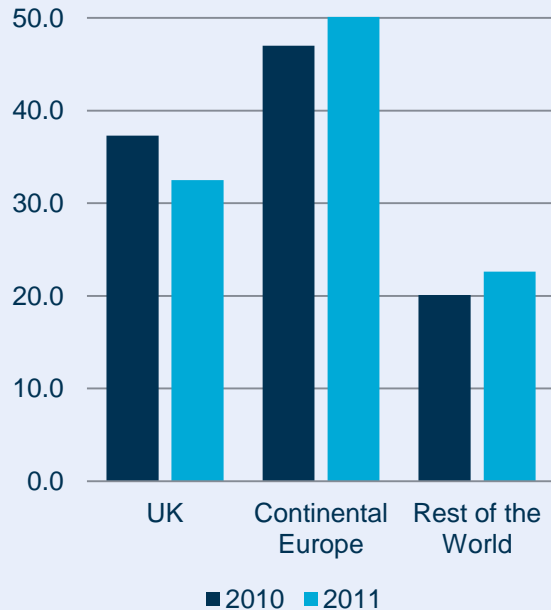
£m	<u>2011</u>	<u>2010</u>	
Property, plant & equipment	1.8	1.8	
Goodwill and intangibles	29.0	28.0	Goodwill and intangibles movement from disposal of UK Supply chain of £0.4m and forex
Deferred tax asset	1.9	0.5	
Call option asset	<u>0.4</u>	<u>0.6</u>	
	33.1	30.9	
Trade and other receivables	33.2	33.4	Average debtor days consistent with prior year
Cash and bank balance	<u>7.9</u>	<u>5.5</u>	
	41.1	38.9	
Trade and other payables	(27.4)	(26.0)	Trade and other payables includes £3.0m provision for German legal issue
Current tax liability	(1.4)	(2.0)	
Short-term borrowings	<u>(7.4)</u>	(5.0)	Net debt of £8.5m at end of June
Put option liability	<u>(0.6)</u>	<u>(1.1)</u>	
	(36.8)	(34.1)	
Long-term borrowings	<u>(9.0)</u>	(8.1)	
Deferred tax liabilities	<u>(0.7)</u>	<u>(0.5)</u>	
	(9.7)	(8.6)	
Net assets	<u>27.7</u>	<u>27.1</u>	
Equity attributable to equity holders of parent	(24.4)	(24.1)	Includes investment in minority interests in Japan
Non-controlling interests	(3.3)	(3.0)	
Total equity	<u>(27.7)</u>	<u>(27.1)</u>	

Cash flow – Six months to June 2011

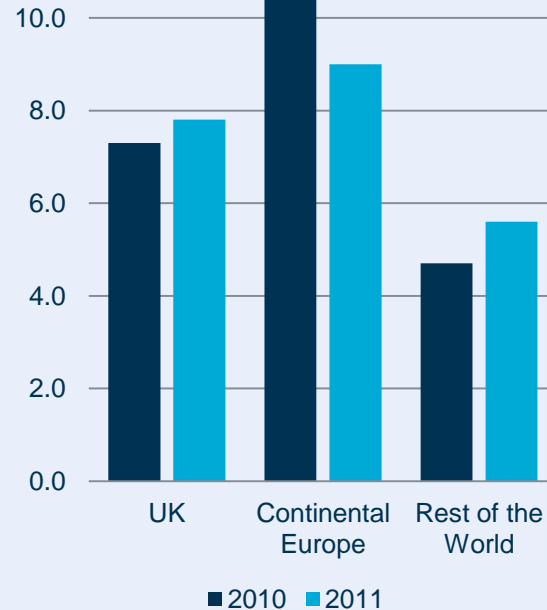
£m	2011	
Loss for the period	(1.6)	
Depreciation and amortisation	0.5	
Tax and interest added back	0.0	
Loss on disposal of subsidiary	0.1	
Exceptional - provision	3.0	
Working capital	(2.3)	
Cash used by operations	(0.3)	Cash used by operations was £0.3m, due to increased working capital
Tax, interest & capex	(1.7)	Higher tax payments (£0.9m) than prior year (£0.5m)
Dividends to non-controlling interests	(0.1)	
Investments and disposals	(0.5)	Includes £0.1m initial proceeds on the disposal of Supply chain and £0.5m of investment in Japan
Cash inflow from loans and borrowings	3.3	
Increase in cash in the period	0.7	New bank facilities from March 2011
Foreign exchange	0.1	
Net increase in borrowings	(3.2)	Second half to benefit from circa £0.8m initial proceeds from disposal of ACI (Indonesia) and unwind of local invoice financing facility
Net debt at 31 December 2010	(6.1)	
Net debt at 30 June 2011	(8.5)	

Regional review - Overview

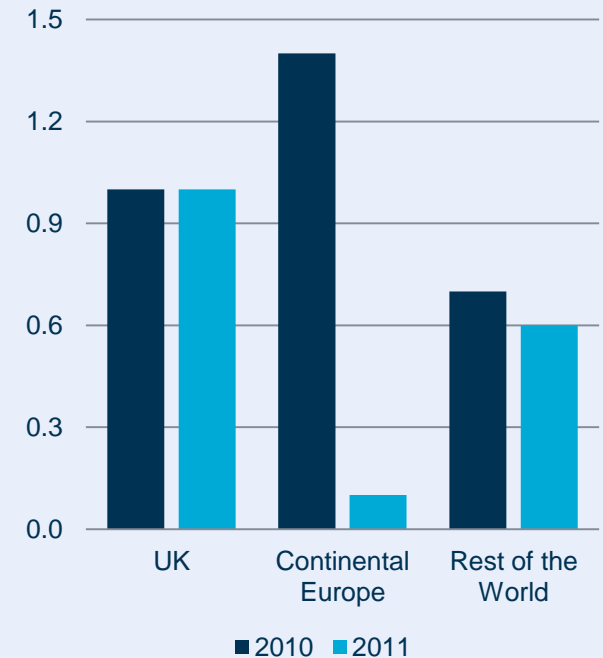
Revenue (£m)



NFI (£m)



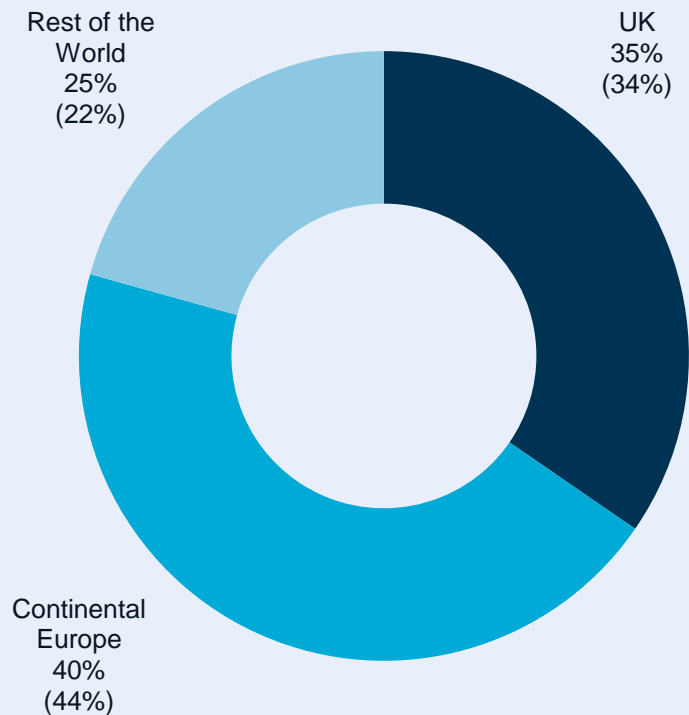
Adjusted operating profit (£m)



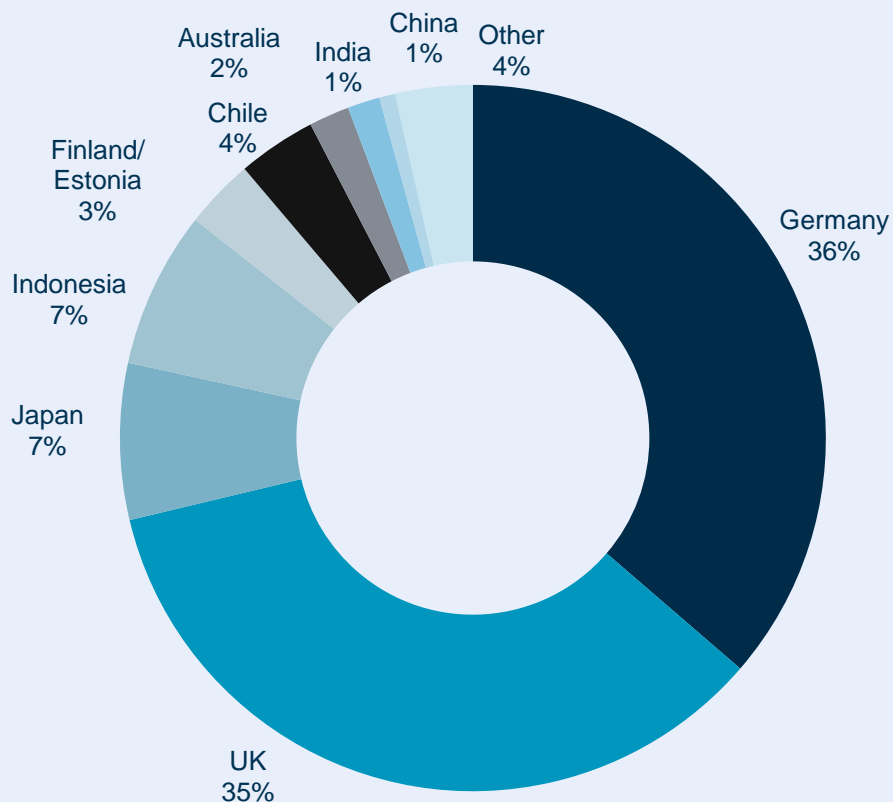
£m	<u>Revenue</u> 2011	<u>Revenue</u> 2010	<u>%</u> <u>change</u>	<u>NFI</u> 2011	<u>NFI</u> 2010	<u>%</u> <u>change</u>	<u>Adj Operating</u> <u>profit</u> 2011	<u>Adj Operating</u> <u>profit</u> 2010	<u>%</u> <u>change</u>
UK	32.5	37.3	(13%)	7.8	7.3	7%	1.0	1.0	0%
Continental Europe	50.1	47.0	7%	9.0	10.4	(14%)	0.1	1.4	(93%)
Rest of the World	22.6	20.1	12%	5.6	4.7	19%	0.6	0.7	(14%)
Total	105.2	104.4	1%	22.4	22.4	0%	1.7	3.1	(45%)

Regional split by Net fee income

Region 2011 (2010)



Country 2011



Outlook

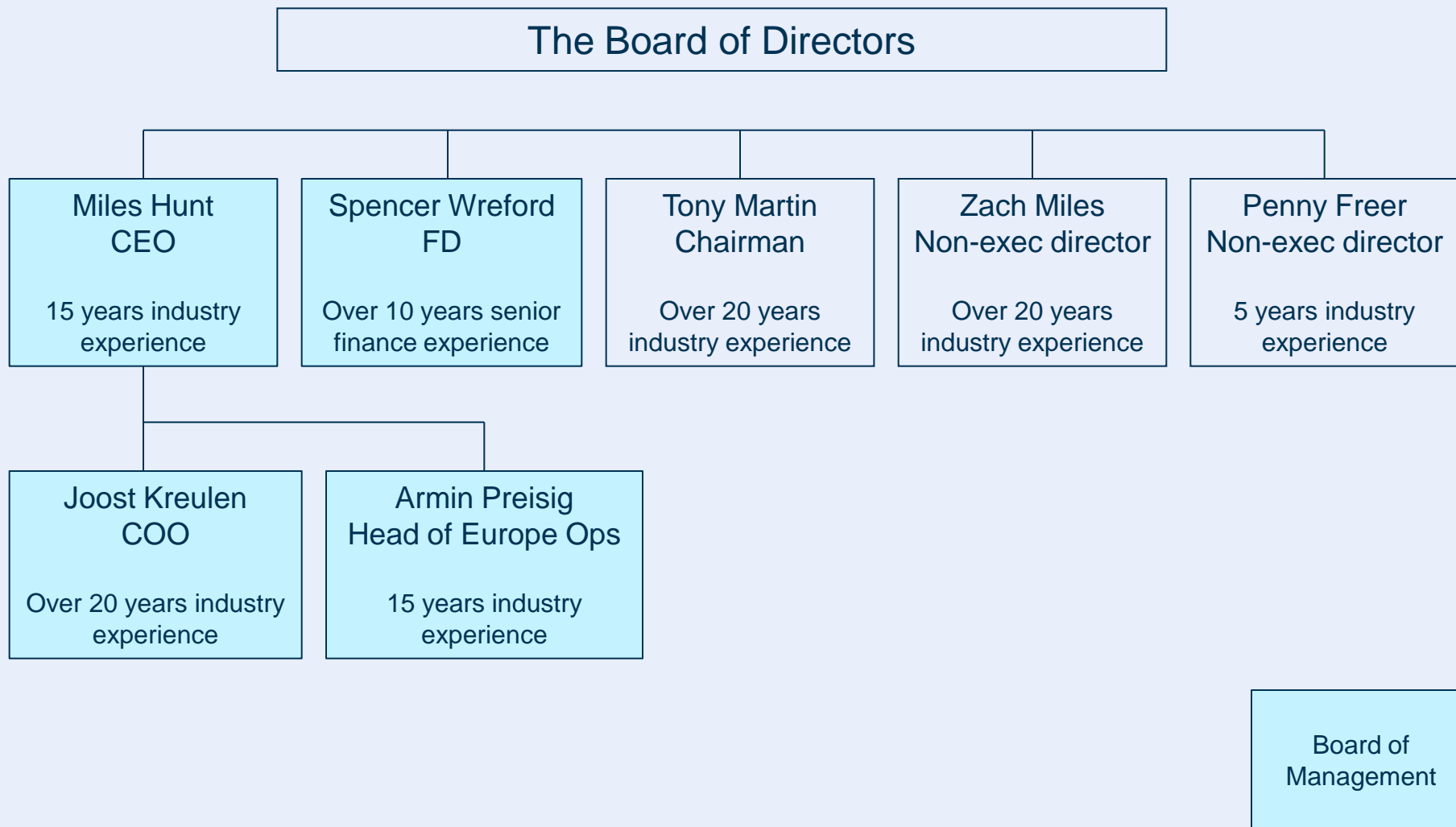
- Full year profit expected to be below current market forecasts
- Market conditions vary across regions
- Continued recovery in German business in Q3 and stronger performance expected in H2, although gross margins remain below prior year levels
- UK performing well but softer market conditions, especially in Construction sector
- Asia performing strongly, with exception of Japan. Overall Asia making more material financial contribution to Group
- Consolidation of position in new markets and offices (Singapore, Australia, Finland, China) with increased profit contribution in H2
- Group will continue to benefit from exposure to emerging staffing markets

Empresaria Group plc

International Specialist Temporary & Permanent Staffing Group

Appendices

Management team



Directors

Tony Martin - Chairman

Tony was appointed Chairman of Empresaria in July 2004. Prior to joining Empresaria, Tony served as Chairman and Chief Executive of Select Appointments (Holdings) PLC from 1992 to 1999, which he and his team built into a global recruitment business before agreeing to sell the company to Vedior NV, one of the world's largest recruitment companies, for £1.1 billion, in cash, in 1999. Tony became Vice Chairman and member of the Board of Management of Vedior NV and in August 2000 he assumed the role of Chairman and Chief Executive until his retirement in February 2004. He owns approximately 21% of Empresaria.

Miles Hunt – Chief Executive

Miles qualified as a solicitor in 1990. After completing an MBA at Warwick Business School, Miles joined F. Bender Limited in 1992 as commercial manager and company secretary. In 1995, he established ProSource Limited, a management consultancy focusing on procurement and in 1996 formed Empresaria. Miles was a non-executive director of Tribal Group plc from January 2000 to September 2004. He currently owns approximately 9% of Empresaria.

Spencer Wreford - Group Finance Director

Spencer was appointed Group Finance Director in May 2010 and has over 10 years experience in senior finance roles. He joined Empresaria from BPP Group, where he was the Finance Director of the BPP Professional Education division, a provider of international professional training. Prior to this he spent 8 years at ITE Group Plc, the international conference and exhibition organising group, as Deputy Finance Director, during which time he also spent six months as Acting Group Finance Director. Spencer is a member of the Institute of Chartered Accountants of England & Wales, qualifying with Arthur Andersen. He currently owns approximately 0.03% of Empresaria.

Penny Freer – Non-executive Director

Penny Freer joined the Board in December 2005. Penny is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2004 she was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chairman of Robert W Baird Limited. Previously she was responsible for Credit Lyonnais' small and mid-cap equities activities. Penny currently owns approximately 0.03% of Empresaria and chairs the remuneration committee. Penny is also a non-executive director of Advanced Medical Solutions plc.

Zach Miles - Non-executive Director

Zach Miles joined the Board on 1st October 2008, having recently held the position of Chairman and Chief Executive Officer of Vedior N.V. He was a member of the Board of Management from 1999, and Chairman since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments Plc. His career in the recruitment industry began in 1988. He is a member of the remuneration committee and chairs the audit committee.

Shareholder information

<u>Shareholder</u>	<u>Number of shares (m)</u>	<u>% of total</u>
Caledonia Investments plc	10.3	23%
Tony Martin	9.2	21%
Miles Hunt	4.0	9%
Liontrust Asset Management	3.7	8%
Ennismore Fund Management	2.9	7%
T J D Sheffield	2.0	5%
	<hr/> 32.1	<hr/> 73%

Notes: Other directors hold 30,000 shares
Total number of shares in issue is 44.6m