

4 September 2014

# EMPRESARIA GROUP PLC

(“Empresaria” or the “Group”)

## Half Yearly Results for the six months ended 30 June 2014

Empresaria (AIM: EMR), the international specialist staffing group, announces its unaudited interim results for the six month period ended 30 June 2014.

The Group has delivered a strong growth in profit over the prior year with earnings per share up 22% on 2013, showing the benefit of our diversified and balanced business model.

### Financial Highlights

	2014	2013	% change	% change (constant currency)**
Revenue	£94.0m	£95.6m	(2%)	4%
Net fee income (gross profit)	£21.6m	£20.9m	3%	10%
Operating profit	£2.3m	£1.9m	21%	30%
Adjusted operating profit*	£2.4m	£2.0m	20%	31%
Profit before tax	£2.0m	£1.6m	25%	41%
Adjusted profit before tax*	£2.1m	£1.7m	24%	42%
Earnings per share	2.2p	1.8p	22%	
Adjusted earnings per share*	2.5p	2.0p	25%	

- Group delivering against strategy with strong first half performance, with profit before tax up 41% in constant currency (25% reported)
- Currency headwinds impacted revenues, decreasing 2% to £94.0m (June 2013: £95.6m), with permanent revenue up 10% and temporary staffing revenues down 3%, year on year
- Net fee income (“NFI”) up 10% in constant currency (3% reported)
- Four consecutive quarters of underlying growth in NFI over the prior year
- Conversion ratio (adjusted operating profit divided by net fee income) increased to 10.9% (2013: 9.4%)
- 27% reduction in reported net debt to £6.5m (2013: £8.9m)

\* Adjusted to exclude amortisation of intangible assets, exceptional items, gain or loss on disposal of business and accounting movements in fair values.

\*\* The constant currency movement is calculated by translating the 2013 results at the 2014 exchange rates.

### Operational Highlights

- All regions delivered good underlying growth, with market conditions improving in the UK and Germany
- Acquisition of Dubai based professional search firm announced in March 2014
- Organic investments in new offices in Hong Kong, Malaysia, Chile and Mexico provides long term growth opportunities
- Geographically diversified NFI (UK 36%, Rest of the World 33% and Continental Europe 31%)

Chief Executive Officer, Joost Kreulen said:

“The Group has made strong progress to date in 2014, both financially and operationally, and is delivering on its brand led strategy with a focus on growth markets and sectors. In the first half of

2014 the Group experienced a 24% increase in Adjusted profit before tax, with Adjusted earnings per share increasing 25%.

As per the stated strategy, we continue to invest in our brands to deliver future growth, with new offices opened in Hong Kong, Malaysia, Chile and Mexico. During the period we also made an investment in a Dubai based professional search firm which allowed Empresaria to enter into a new and important geographic region. We continue to investigate further investment opportunities to help drive our business forward.

Despite currency headwinds we see exciting growth opportunities ahead and are confident in our ability to deliver profit growth over the next few years. Based on performance to date, we are confident that earnings for the full year will be in line with market expectations and look forward to delivering further growth.”

- Ends –

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The investor presentation of these results will be made available during the course of today on the Group's website: [www.empresaria.com](http://www.empresaria.com)

**Notes for editors:**

**Empresaria Group plc (AIM: EMR; Sector: Support Services, Staffing)** applies a multi brand, management equity philosophy and business model, with Group company management teams holding significant equity in their own business. The Group offers both temporary and permanent staffing solutions.

The Group has operations across the globe including UK, Germany, Japan, Indonesia, China, India, Chile, Thailand, Singapore, Finland, UAE and Australia. Empresaria provides candidates into sectors such as Financial, IT Digital & Design, Technical & Industrial and Retail.

## Board statement

### Performance

The Group is delivering on its brand led strategy to produce sustainable growth in earnings per share, with a 22% increase against the prior year. Profit before tax grew by 25% to £2.0m, despite adverse currency movements, in particular across our Rest of the World region. On a constant currency basis profit before tax increased 41% on the prior year.

The Group is focussed on creating a diversified and balanced business by both geography and sector. This is being achieved by expanding existing brands, through the opening of new offices in Hong Kong, Malaysia, Chile and Mexico in the first half of 2014, as well as acquiring a Dubai based professional search firm. The acquisition marked the Group's entry into this exciting and growing market.

Reported net fee income ("NFI"), a key performance indicator, increased 3% during the period. However, underlying growth in NFI was even stronger at 11%. We have now seen four consecutive quarters of underlying growth in NFI over the prior year, with overall market conditions looking more favourable than at any time in the last few years. Due to our bias towards temporary recruitment (which accounts for 60% of NFI) it is more meaningful to compare the level of NFI rather than revenue to understand the performance of the business.

£'m	UK	Continental Europe	Rest of the World	Total Group
2013	7.8	6.7	6.4	20.9
Acquisitions/(disposals)	(0.6)	-	0.6	-
Branch closures	(0.2)	(0.3)	-	(0.5)
Currency impact	-	(0.2)	(1.0)	(1.2)
Underlying growth	0.8	0.6	1.0	2.4
2014	7.8	6.8	7.0	21.6
Reported % growth	0%	1%	9%	3%
Underlying % growth	10%	9%	16%	11%

All regions delivered good underlying growth, with market conditions improving in the UK and Germany (our main presence in Continental Europe). In the Rest of the World the markets have been broadly positive with particularly strong performances in Japan and India, although the military coup in Thailand and Presidential elections in Indonesia impacted on business confidence in those countries in the first half of 2014. As highlighted at the end of last year, we have seen significant currency movements this year, with average exchange rates against prior year being down 29% in Indonesia, 25% in Chile and between 16% and 19% in Japan, Thailand and India. Despite this headwind we have delivered an increase in reported NFI and profit before tax.

The acquisition relates to the investment in Dubai announced in March 2014, with the disposal being the payroll services business in the UK, effective from the end of June 2013. The branch closures were within the Technical & Industrial sector, with the disposal of a regional branch office in the UK in the second half of 2013 and the final part of the restructuring in Germany and Austria last year.

Sector	% NFI 2014	% NFI 2013
Technical & Industrial	44%	41%
IT, Digital & Design	15%	15%
Financial	11%	9%
Retail	8%	8%
Executive search	6%	10%
Healthcare	3%	3%
Other services	13%	16%

Growth has been driven by the Technical & Industrial, Financial and IT, Digital & Design sectors, where the market conditions have started to recover after the global financial crisis. In line with our strategy we have also seen an increase in the share of NFI from Professional and Specialist services to 81% (2013: 79%) with this coming from an improving mix the aforementioned sectors and new investments focussed on Professional and Specialist levels.

Overall Group permanent revenue grew by 10%, with the UK up 20% and Rest of the World up 8%. Temporary revenue declined by 3%, impacted by the planned branch closures in the Technical & Industrial sectors in the UK and Continental Europe. Excluding these there was a 2% increase year on year, reflecting on our focus of developing more profitable business in the temporary sector.

### Profits and Conversion Rates

Overall the Group gross margin was 23%, up on the prior year of 22% due to the growth in permanent revenue. The Group's temporary margin was maintained at 15.3%, which was achieved despite the disposal, in 2013, of the higher margin UK payroll business. We are particularly pleased that the temporary margin in Continental Europe showed a modest increase, as we see market conditions and business confidence slowly improving.

The growth in permanent sales meant the operational mix was slightly higher for permanent margin, at 40% of NFI (2013: 35%). The proportion of NFI from non-UK operations increased slightly to 64% (2013: 62%).

We continue to control our costs and the actions taken during the last two years to restructure the cost base have helped our conversion ratio increase by 1.5% to 10.9%, in line with our long-term plan to reach a full year ratio of 20%.

Basic earnings per share in the period were 2.2p (2013: 1.8p) an increase of 22%. The Group achieved a 25% growth in Adjusted earnings per share to 2.5p (2013: 2.0p). This measure excludes exceptional items, intangible amortisation, gain or loss on business disposals and accounting movements in fair values, so provides a better understanding of the underlying trading performance.

## Operations

### UK

£'m	30 June 2014	30 June 2013	30 June 2012
Revenue	<b>33.6</b>	33.6	33.7
Net fee income	<b>7.8</b>	7.8	7.9
Adjusted operating profit	<b>1.0</b>	0.9	1.1
% of Group NFI	<b>36%</b>	38%	35%

Revenue and NFI in the period were flat at £33.6m and £7.8m respectively, but the prior year included our payroll services business which has since been disposed of. On a like-for-like basis revenue grew by 2% and NFI by 9%. Permanent revenue grew strongly by 20%. On a like-for-like basis temporary revenue was flat. There was a slight reduction in temporary margin due to a change in the

business mix with an increase in higher volume projects, with tighter margins, in the Technical & Industrial sector.

Adjusted operating profit increased to £1.0m (2013: £0.9m). Whilst market conditions have been improving across the UK during 2014, we have seen the most marked improvements in the Financial and Technical & Industrial sectors, which had been worst hit in the recession. We have now started to see candidate shortages which have increased the need for specialist recruitment companies. Moving into the second half of the year, there is a note of caution in the Technical & Industrial sector, where the implementation of the new false self-employment legislation will have a negative impact at the lower end of the market. In line with our strategy of focusing on professional and specialist roles, rather than the unskilled and generalist roles, the impact of this legislation on the Group will reduce over time.

### Continental Europe

£'m	30 June 2014	30 June 2013	30 June 2012
Revenue	<b>37.4</b>	38.6	43.3
Net fee income	<b>6.8</b>	6.7	8.5
Adjusted operating profit	<b>0.7</b>	0.3	0.2
% of Group NFI	<b>31%</b>	32%	38%

Revenue decreased by 3% to £37.4m (2013: £38.6m) but NFI increased by 1% to £6.8m (2013: £6.7m), helped by an improved temporary margin of 0.9%, primarily in the Technical & Industrial sector. In Germany and Austria, excluding the impact of branch closures, we have seen the stabilisation of the temporary worker numbers over the second half of 2013, with steady increases coming through in the first half of 2014. Following the completion of the restructuring in Germany and Austria we now have a more appropriate cost base and the full impact of this reduction in costs is highlighted by the increase in Adjusted operating profit of 133% to £0.7m (2013: £0.3m).

In Healthcare, our business is trading in line with expectations. The market conditions remain poor but we have seen doctor levels stabilise and start to show signs of improvement. We are confident that the measures taken by management will deliver tangible improvements over the second half of the year.

### Rest of the World

£'m	30 June 2014	30 June 2013	30 June 2012
Revenue	<b>23.0</b>	23.4	20.8
Net fee income	<b>7.0</b>	6.4	6.0
Adjusted operating profit	<b>0.7</b>	0.8	0.5
% of Group NFI	<b>33%</b>	30%	27%

NFI increased by 9% to £7.0m (2013: £6.4m), on a constant currency basis currency basis NFI growth was 16%. The growth in NFI was achieved despite a 13% reduction in revenue in Chile, where we withdrew from low margin contracts.

In Asia Pacific there was an increase in both permanent and temporary revenue of 9% and 7% respectively, with stable temporary margins.

Adjusted operating profit declined by 12% to £0.7m (2013: £0.8m) but this includes an investment of £0.1m for new office launches and £0.2m currency impact. The new offices have all started well and are trading in line with management expectations. On a constant currency basis we saw the

strongest performances in Japan, India and Thailand. The newly acquired business in Dubai delivered £0.6m of NFI but only broke even for the first half, due to investments in new staff to address market opportunities; we are very pleased with how the business is progressing and the growth opportunities in their market.

In China we have hired a new managing director, who is a Chinese national with 15 years of recruitment experience. The Group is increasing its effective ownership of this business, with the investment being finalised in July for an initial consideration of £0.3m, with an additional deferred amount of £0.1m payable in one year.

## Finance

Net borrowing at the half year fell to £6.5m (2013: £8.9m) with average net borrowing over the first half year also at £6.5m (2013: £9.2m). Total debt, including non-recourse invoice financing was £14.2m (2013: £16.1m). Total debt as a percentage of trade debtors reduced to 44%, down from 52% at June 2013 and 47% at December 2013.

Cash generated from operations in the period was £0.8m, down from £2.5m in 2013, due to an investment in working capital of £2.0m (2013 inflow of £0.6m). After accounting for tax and interest payments, net cash from operating activities was £0.2m (2013: £1.3m). Cash outflows included £0.3m on the acquisition of BW&P in Dubai, £0.4m on tangible fixed assets and £0.2m on dividends to shareholders.

The Group has to meet certain bank covenant tests on a quarterly basis. These tests were all met during the period. The figures at 30 June 2014 were:

Covenant	Target	Actual
Net debt:EBITDA	< 2.5 times	0.9
Interest cover	> 3.0 times	12.2
Debt service cover	> 1.25 times	3.4

We have seen an increase in debtor days to 52 at the end of June (2013: 49 days) with the average 12 month balance also up by 2 days to 52. This is mostly due to the Technical & Industrial sector in the UK, where involvement in large scale projects has increased but typically with less favourable credit terms than on smaller assignments. We expect this trend to continue throughout the year.

## Dividend

In line with our stated policy of investing in growing the business, at this time the Board is not recommending the payment of an interim dividend for the six months ended 30 June 2014 (2013: nil).

## Outlook

The Group has delivered a good first half result, in line with our expectations. Market conditions have generally improved over the last twelve months and whilst there are still risks and threats to the global economic recovery, we are confident in our ability to deliver profitable growth.

We have a clear brand led strategy to build a business that is balanced and diversified by sector and geography and we are pleased with our progress to date. We remain focused on driving organic growth from the existing business. We are also identifying suitable investment opportunities to bolt on to existing brands, to fill gaps within our current sector coverage or improve our geographic spread.

Based on performance to date, we are confident that earnings for the full year will be in line with market expectations and look forward to delivering further growth.

3 September 2014

**Condensed consolidated income statement**  
**Six months ended 30 June 2014**

		6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 December 2013
	Notes	Unaudited £m	Unaudited £m	£m
Revenue		<b>94.0</b>	95.6	194.4
Cost of sales		<b>(72.4)</b>	(74.7)	(151.8)
Net fee income		<b>21.6</b>	20.9	42.6
Administrative costs		<b>(19.2)</b>	(18.9)	(36.6)
Operating profit before exceptional items and intangible amortisation		<b>2.4</b>	2.0	6.0
Exceptional items	11	-	-	(0.3)
Intangible amortisation		<b>(0.1)</b>	(0.1)	(0.2)
Operating profit		<b>2.3</b>	1.9	5.5
Finance income	4	-	-	0.1
Finance cost	4	<b>(0.3)</b>	(0.3)	(0.7)
Profit before tax		<b>2.0</b>	1.6	4.9
Income tax	7	<b>(0.7)</b>	(0.6)	(2.1)
Profit for the period from continued operations		<b>1.3</b>	1.0	2.8
Profit for the year		<b>1.3</b>	1.0	2.8
Attributable to:				
Equity holders of the parent		<b>1.1</b>	0.8	2.4
Non-controlling interest		<b>0.2</b>	0.2	0.4
		<b>1.3</b>	1.0	2.8
Earnings per share :				
From continuing operations				
Basic and diluted (pence)	6	<b>2.2</b>	1.8	5.2
Adjusted (pence)	6	<b>2.5</b>	2.0	6.2

**Condensed consolidated statement of comprehensive income**  
**Six months ended 30 June 2014**

	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
Items that may be reclassified subsequently to profit/(loss):			
Exchange differences on translation of foreign operations	<b>(0.8)</b>	0.8	(1.2)
Net (expense)/income recognised directly in equity	<b>(0.8)</b>	0.8	(1.2)
Profit for the year	<b>1.3</b>	1.0	2.8
Total comprehensive income for the year	<b>0.5</b>	1.8	1.6
<b>Attributable to:</b>			
Equity holders of the parent	<b>0.4</b>	1.6	1.7
Non-controlling interest	<b>0.1</b>	0.2	(0.1)
	<b>0.5</b>	1.8	1.6



**Condensed consolidated balance sheet**  
**As at 30 June 2014**

		<b>30 June 2014</b>	30 June 2013	31 December 2013
		<b>Unaudited</b>	Unaudited	
		<b>£m</b>	£m	£m
	Notes			
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment		<b>1.0</b>	1.2	1.0
Goodwill		<b>24.1</b>	25.5	24.3
Other intangible assets		<b>1.9</b>	1.7	1.7
Deferred tax assets		<b>0.7</b>	1.2	0.6
		<b>27.7</b>	29.6	27.6
Current assets				
Trade and other receivables	9	<b>29.3</b>	29.4	27.2
Cash and cash equivalents		<b>5.0</b>	6.6	5.7
		<b>34.3</b>	36.0	32.9
Total assets		<b>62.0</b>	65.6	60.5
<b>LIABILITIES</b>				
Current liabilities				
Trade and other payables	10	<b>22.5</b>	22.8	21.4
Current tax liabilities		<b>1.6</b>	1.4	1.7
Borrowings	8	<b>4.9</b>	7.7	4.2
		<b>29.0</b>	31.9	27.3
Non-current liabilities				
Borrowings	8	<b>6.6</b>	7.8	7.3
Deferred tax liabilities		<b>1.2</b>	0.9	1.2
Total non-current liabilities		<b>7.8</b>	8.7	8.5
Total liabilities		<b>36.8</b>	40.6	35.8
Net assets		<b>25.2</b>	25.0	24.7
<b>EQUITY</b>				
Share capital		<b>2.2</b>	2.2	2.2
Share premium account		<b>19.4</b>	19.4	19.4
Merger reserve		<b>0.9</b>	1.5	0.9
Retranslation reserve		<b>2.0</b>	3.9	2.6
Equity reserve		<b>(6.7)</b>	(6.6)	(6.7)
Other reserves		<b>(1.1)</b>	(1.1)	(1.2)
Retained earnings		<b>5.3</b>	2.2	4.4
Equity attributable to owners of the company		<b>22.0</b>	21.5	21.6
Non-controlling interest		<b>3.2</b>	3.5	3.1
Total equity		<b>25.2</b>	25.0	24.7

**Condensed consolidated statement of changes in equity**  
**Six months ended 30 June 2014**

	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2012	2.2	19.4	1.5	3.3	(6.1)	(1.3)	1.6	3.4	24.0
Profit for the period	-	-	-	-	-	-	0.8	0.2	1.0
Dividend	-	-	-	-	-	-	(0.2)	-	(0.2)
Currency translation differences	-	-	-	0.6	-	0.2	-	-	0.8
Non-controlling interest acquired during the period	-	-	-	-	(0.5)	-	-	(0.1)	(0.6)
<b>Balance at 30 June 2013 (Unaudited)</b>	<b>2.2</b>	<b>19.4</b>	<b>1.5</b>	<b>3.9</b>	<b>(6.6)</b>	<b>(1.1)</b>	<b>2.2</b>	<b>3.5</b>	<b>25.0</b>
Balance at 31 December 2012	2.2	19.4	1.5	3.3	(6.1)	(1.3)	1.6	3.4	24.0
Profit for the year	-	-	-	-	-	-	2.4	0.4	2.8
Dividend	-	-	-	-	-	-	(0.2)	-	(0.2)
Currency translation differences	-	-	-	(0.7)	-	-	-	(0.5)	(1.2)
Shared based payment	-	-	-	-	-	0.1	-	-	0.1
Non-controlling interest acquired during the year	-	-	-	-	(0.6)	-	-	(0.1)	(0.7)
Disposal of business	-	-	-	-	-	-	-	0.1	0.1
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(0.2)	(0.2)
Transfer of merger relief	-	-	(0.6)	-	-	-	0.6	-	-
<b>Balance at 31 December 2013</b>	<b>2.2</b>	<b>19.4</b>	<b>0.9</b>	<b>2.6</b>	<b>(6.7)</b>	<b>(1.2)</b>	<b>4.4</b>	<b>3.1</b>	<b>24.7</b>
Profit for the period	-	-	-	-	-	-	1.1	0.2	1.3
Dividend	-	-	-	-	-	-	(0.2)	-	(0.2)
Currency translation differences	-	-	-	(0.6)	-	-	-	(0.2)	(0.8)
Non-controlling interest acquired during the period	-	-	-	-	-	-	-	0.1	0.1
Share based payment	-	-	-	-	-	0.1	-	-	0.1
<b>Balance at 30 June 2014 (Unaudited)</b>	<b>2.2</b>	<b>19.4</b>	<b>0.9</b>	<b>2.0</b>	<b>(6.7)</b>	<b>(1.1)</b>	<b>5.3</b>	<b>3.2</b>	<b>25.2</b>

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" relates to premiums arising on shares issued subject to the provisions of section 612 "Merger relief" of the Companies Act 2006.
- "Retranslation reserve" represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 (2008).
- "Other reserves" mainly represents exchange differences on intercompany long-term receivables which are treated as a net investment in foreign operations and the share based payment reserve of £0.3m.
- "Retained earnings" represents accumulated profits less distributions and income/expense recognised in equity from incorporation.
- "Non-controlling interest" represents equity in a subsidiary not attributable, directly or indirectly, to a parent.

**Condensed consolidated cash flow statement**  
**Six months ended 30 June 2014**

	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
Profit for the year	1.3	1.0	2.8
Adjustments for:			
Depreciation	0.4	0.4	0.9
Intangible amortisation	0.1	0.1	0.2
Taxation expense recognised in income statement	0.7	0.6	2.1
Exceptional items	-	-	0.3
Cash paid for exceptional items	(0.1)	(0.5)	(1.0)
Share based payments	0.1	-	0.1
Net finance charge	0.3	0.3	0.6
	<b>2.8</b>	<b>1.9</b>	<b>6.0</b>
(Decrease) / increase in invoice discounting	(1.6)	1.2	3.3
Increase in trade receivables	(1.0)	(2.1)	(4.2)
Increase in trade payables	0.6	1.5	2.7
Cash generated from operations	<b>0.8</b>	<b>2.5</b>	<b>7.8</b>
Interest paid	(0.3)	(0.3)	(0.8)
Income taxes paid	(0.3)	(0.9)	(1.6)
Net cash from operating activities	<b>0.2</b>	<b>1.3</b>	<b>5.4</b>
<b>Cash flows from investing activities</b>			
Business acquisition	(0.3)	-	-
Business disposals & deferred consideration received	0.1	-	0.2
Purchase of property, plant and equipment and intangibles	(0.4)	(0.3)	(0.8)
Finance income	-	-	0.1
Net cash used in investing activities	<b>(0.6)</b>	<b>(0.3)</b>	<b>(0.5)</b>
<b>Cash flows from financing activities</b>			
Further shares acquired in existing subsidiaries	(0.2)	(1.2)	(1.3)
Increase / (decrease) in borrowings	0.6	0.4	(1.1)
Proceeds from bank loan	-	0.8	-
Repayment of bank and other loan	(0.4)	(0.4)	(2.2)
Dividends paid to shareholders	(0.2)	(0.2)	(0.2)
Dividends paid to non-controlling interest in subsidiaries	-	-	(0.2)
Net cash from financing activities	<b>(0.2)</b>	<b>(0.6)</b>	<b>(5.0)</b>
Net (decrease) / increase in cash and cash equivalents	<b>(0.6)</b>	<b>0.4</b>	<b>(0.1)</b>
Effect of foreign exchange rate changes	(0.1)	-	(0.4)
Cash and cash equivalents at beginning of the year	<b>5.7</b>	<b>6.2</b>	<b>6.2</b>
Cash and cash equivalents at end of the year	<b>5.0</b>	<b>6.6</b>	<b>5.7</b>

## **Notes to the interim financial statements**

### **Six months ended 30 June 2014**

#### **1 General information**

Empresaria Group plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Empresaria Group plc's registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS, United Kingdom. Its shares are listed on AIM, a market of London Stock Exchange plc.

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2014. While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The information for the year ended 31 December 2013 has been derived from audited statutory accounts for the year ended 31 December 2013. The information for the year ended 31 December 2013 included herein does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2014 and 2013 has been neither audited nor reviewed.

These interim financial statements were approved for issue by the Board of Directors on 3 September 2014.

#### **Accounting policy for the Company in the United Kingdom**

The Company is currently preparing its financial statements using accounting policies consistent with "UK GAAP". Recent changes in UK accounting regulations require the Company to adopt FRS 101 or FRS 102 for the accounting year starting from 1 January 2015. The transition date for the purpose of preparing prior year comparative will be 1 January 2014.

The Company has decided that it will adopt FRS 102 from the year starting 1 January 2015. The first annual financial statements under the new FRS 102 will be published for the year ended 31 December 2015 and the prior year comparative from 1 January 2014 will be published along with those financial statements.

#### **2 Accounting estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2013.

## Notes to the interim financial statements

### Six months ended 30 June 2014

#### 3 Segment analysis

The Group has one principal activity, the provision of staffing and recruitment services, which is segmented into three regions, UK, Continental Europe and Rest of the World. The Group's reportable segments are business units based in different geographic regions. Each unit is managed separately with local management responsible for determining local strategy.

Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance is based on geographic region.

The analysis of the Group's business by geographical origin is set out below:

<b>Six months to 30 June 2014</b>	UK	Continental Europe	Rest of the World	<b>Total</b>
	£m	£m	£m	<b>£m</b>
Revenue	33.6	37.4	23.0	<b>94.0</b>
Net fee income	7.8	6.8	7.0	<b>21.6</b>
Adjusted operating profit*	1.0	0.7	0.7	<b>2.4</b>
Operating profit	1.0	0.6	0.7	<b>2.3</b>

Six months to 30 June 2013	UK	Continental Europe	Rest of the World	Total
	£m	£m	£m	£m
Revenue	33.6	38.6	23.4	95.6
Net fee income	7.8	6.7	6.4	20.9
Adjusted operating profit*	0.9	0.3	0.8	2.0
Operating profit	0.9	0.2	0.8	1.9

Year to 31 December 2013	UK	Continental Europe	Rest of the World	Total
	£m	£m	£m	£m
Revenue	70.7	76.9	46.8	194.4
Net fee income	15.8	13.9	12.9	42.6
Adjusted operating profit*	2.1	1.8	2.1	6.0
Operating profit	2.1	1.3	2.1	5.5

\* Adjusted operating profit excludes amortisation of intangible assets, exceptional items, gain or loss on disposal of business and accounting movements in fair values.

**Notes to the interim financial statements**  
**Six months ended 30 June 2014**

**4 Finance income and cost**

	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
<b>Finance income</b>			
Bank interest receivable	-	-	0.1
	-	-	0.1
<b>Finance cost</b>			
On amounts payable to invoice discounters	<b>(0.1)</b>	(0.1)	(0.2)
Bank loans and overdrafts	<b>(0.2)</b>	(0.2)	(0.5)
	<b>(0.3)</b>	(0.3)	(0.7)
<b>Net finance cost</b>	<b>(0.3)</b>	(0.3)	(0.6)

**5 Reconciliation of Adjusted profit before tax to Profit before tax**

	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
Profit before tax	<b>2.0</b>	1.6	4.9
Amortisation of intangibles	<b>0.1</b>	0.1	0.2
Exceptional items	-	-	0.3
<b>Adjusted profit before tax</b>	<b>2.1</b>	1.7	5.4

## Notes to the interim financial statements

### Six months ended 30 June 2014

#### 6 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. A reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
<b>Earnings</b>			
Earnings attributable to equity holders of the parent	1.1	0.8	2.4
Adjustments :			
Exceptional items	-	-	0.3
Amortisation of intangible assets	0.1	0.1	0.2
Tax on exceptional items and intangible amortisation	-	-	-
<b>Earnings for the purpose of Adjusted earnings per share</b>	<b>1.2</b>	0.9	2.9
<b>Number of shares</b>			
Weighted average number of shares- basic	44.6	44.6	44.6
Weighted average number of shares- diluted	45.8	45.2	45.4
<b>Earnings per share</b>			
Basic and diluted	2.2	1.8	5.2
Adjusted earnings per share	2.5	2.0	6.2

The dilution on the number of shares is from share options granted to the executive directors.

#### 7 Taxation

The tax charge for the six month period is £0.7m, representing an effective tax rate of 35% (2013: 36%). For the six months ended 30 June 2013 there was a tax charge of £0.6m and for the year ended 31 December 2013 there was a tax charge of £2.1m. The tax charge for the period represents the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.



**Notes to the interim financial statements**  
**Six months ended 30 June 2014**

**8 Financial liabilities**

	<b>30 June 2014</b>	30 June 2013	31 December 2013
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
a) Borrowings			
Current			
Bank overdrafts	<b>2.7</b>	3.7	2.1
Amounts related to invoice financing	<b>1.5</b>	1.4	1.4
Current portion of bank loans	<b>0.7</b>	2.6	0.7
	<b>4.9</b>	7.7	4.2
Non-current			
Bank loans	<b>6.6</b>	7.8	7.3
	<b>6.6</b>	7.8	7.3
Total financial liabilities	<b>11.5</b>	15.5	11.5
	<b>30 June 2014</b>	30 June 2013	31 December 2013
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
b) Movement in net borrowings			
As at 1 January	<b>(5.8)</b>	(8.1)	(8.1)
Net (decrease) / increase in cash and cash equivalents	<b>(0.6)</b>	0.4	(0.1)
(Increase) / decrease in loans & borrowings	<b>(0.1)</b>	(0.9)	3.2
Increase in invoice financing	<b>(0.1)</b>	(0.3)	(0.3)
Currency translation differences	<b>0.1</b>	-	(0.5)
	<b>(6.5)</b>	(8.9)	(5.8)
	<b>30 June 2014</b>	30 June 2013	31 December 2013
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
c) Analysis of net borrowings			
Financial liabilities – borrowings	<b>(11.5)</b>	(15.5)	(11.5)
Cash and cash equivalents	<b>5.0</b>	6.6	5.7
	<b>(6.5)</b>	(8.9)	(5.8)

The bank loans include a revolving credit facility and term loan of £1.1m which both expire in 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loans. In 2014, interest was payable at 2.0% over UK base rate on the term loan and 2.0% over EURIBOR on the revolving credit facility.

The interest rate on the UK bank overdrafts was fixed during the year at rates up to 1.0% above applicable currency base rates. The value of the UK overdrafts at 30 June 2014 was £2.5m (30 June 2013: £2.1m). Other overseas overdrafts had interest rates of between 1.6% and 13.8% during the period.

The amounts above for invoice financing represent with-recourse facilities. The Group also has non-recourse invoice financing which is offset against trade receivables. The total amount of non-recourse invoice financing at 30 June 2014 was £7.7m (30 June 2013: £7.2m; 31 December 2013: £9.4m).

**Notes to the interim financial statements**  
**Six months ended 30 June 2014**

**9 Trade and other receivables**

	<b>30 June 2014 Unaudited £m</b>	30 June 2013 Unaudited £m	31 December 2013 £m
Trade receivables	<b>24.8</b>	23.9	23.1
Less provision for impairment of trade receivables	<b>(0.3)</b>	(0.3)	(0.2)
Net trade receivables	<b>24.5</b>	23.6	22.9
Prepayments and accrued income	<b>2.5</b>	3.6	1.3
Deferred and contingent consideration	<b>0.5</b>	-	0.6
Other receivables	<b>1.8</b>	2.2	2.4
	<b>29.3</b>	29.4	27.2

**10 Trade and other payables**

	<b>30 June 2014 Unaudited £m</b>	30 June 2013 Unaudited £m	31 December 2013 £m
Trade payables	<b>1.0</b>	1.1	1.0
Other tax and social security	<b>5.4</b>	6.5	5.7
Other payables	<b>3.8</b>	4.1	3.8
Accruals	<b>10.7</b>	9.6	9.6
Provision for exceptional items	<b>0.8</b>	1.1	0.9
Deferred and contingent consideration	<b>0.8</b>	0.4	0.4
	<b>22.5</b>	22.8	21.4

**Notes to the interim financial statements**  
**Six months ended 30 June 2014**

**11 Exceptional items**

Exceptional (charges)/releases	<b>6 months to 30 June 2014 Unaudited £m</b>	6 months to 30 June 2013 Unaudited £m	Year to 31 December 2013 £m
Release against potential retrospective pay claims and social security liability in Germany	-	0.2	0.3
Germany restructuring charges	-	(0.2)	(0.6)
	-	-	(0.3)

  

Provision for exceptional items	<b>30 June 2014 Unaudited £m</b>	30 June 2013 Unaudited £m	31 December 2013 £m
Provision against social security liability in Germany	<b>0.7</b>	0.9	0.7
Germany restructuring	<b>0.1</b>	0.2	0.2
	<b>0.8</b>	1.1	0.9

**12 Going concern**

The Group's activities are funded by a combination of long-term equity capital, term loans, revolving credit facility, short-term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading and invoice discounting facilities. The Board has reviewed the Group's profit and cash flow projections and applied sensitivities to the underlying assumptions. These projections suggest that the Group will meet its obligations as they fall due with the use of existing facilities.

The majority of the Group's overdraft facilities fall due for renewal at the end of January each year and, based on informal discussions the Board has had with its lenders, has no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future. As a result, the going concern basis continues to be appropriate in preparing the financial statements.