5 September 2013

EMPRESARIA GROUP PLC

Half Yearly Results for the six months ended 30 June 2013

Empresaria Group plc ("Empresaria" or the "Group", AIM: EMR), the international specialist staffing group announces its unaudited interim results for the six month period ended 30 June 2013.

Financial Highlights

- Revenue decreased 2% to £95.6m (June 2012: £97.8m), with permanent revenue up 7% and temporary staffing revenues down 3%, year on year

- Net fee income (gross profit) decreased 7% to £20.9m (30 June 2012: £22.4m)

- Adjusted* operating profit up 11% at £2.0m (June 2012: £1.8m)

- Net fee income diversified by geography with UK 38%, Continental Europe 32% and Rest of the World 30% (June 2012: UK 35%, Continental Europe 38%, Rest of the World 27%)

- Conversion ratio improved to 9.4% (June 2012: 7.7%)

- Adjusted* profit before tax up 21% to £1.7m (June 2012: £1.4m)

- Earnings per share** up 29% to 1.8p (June 2012: 1.4p)

- Net debt of £8.9m at period end (June 2012: £8.5m; December 2012: £8.1m) after acquisition of minority interests

Operational Highlights

- Strong performance from Rest of the World region

- Focus on operational efficiency has helped to increase profitability despite slightly reduced revenue levels

- Restructuring of German operations substantially completed

- Investment in staff and new office space in South East Asia driven by continued strong demand

- Acquisitions of minority interests in Japanese and Finnish businesses

* adjusted to exclude amortisation of intangible assets and exceptional items
** earnings per share is from continuing and discontinued operations

Joost Kreulen, Chief Executive Officer of Empresaria said:

"The Group has delivered growth of 21% in adjusted profit before tax on the prior year, despite a fall in revenue and net fee income. We have seen another strong performance from the Rest of the World region which now represents 30% of Group net fee income. The UK has been fairly stable and shows signs of improving over the second half of the year. The markets in Continental Europe have been the most challenging, but cost controls have helped offset lower net fee income.

We remain focused on improving operational efficiency to deliver sustainable profit growth. We are committed to developing the Group through organic expansion and by taking a selective approach to external investment opportunities."

- Ends –

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<u>Notes for editors:</u>

- Empresaria Group plc (AIM: EMR; Sector: Support Services, Staffing) operates in 18 countries with over 800 internal staff and has a strong focus on the development of emerging markets and speciality niche staffing sectors.
- Empresaria Group plc applies a management equity philosophy and business model, with group company management teams holding significant equity in their own business.
- Continental Europe is represented by Austria, Czech Republic, Estonia, Finland, Germany and Slovakia.
- Rest of the World is represented by Australia, Chile, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore and Thailand.

Board statement

Performance

The Group generated a 14% growth in profit before tax to £1.6m despite a 2% drop in revenue and 7% lower net fee income. Costs have been controlled with operating profit up 6% on the prior year at £1.9m, with 2012 benefiting from exceptional income of £0.1m. On an adjusted basis, excluding the impact of exceptional items and amortisation of intangibles, operating profit was up 11% and profit before tax was up by 21% on the prior year.

Permanent revenue grew by 7%, with 12% growth coming from the Rest of the World region and 1% growth in the UK. There was a decline in Continental Europe, which has predominantly temporary revenue, as 2012 included a significant one-off temp-to-perm fee in Finland that did not recur in 2013. The growth in permanent revenue was offset by a 3% reduction in temporary revenue, with the decline mainly due to Continental Europe (down 11%), whereas the Rest of the World was up 12% and the UK was broadly stable. The lower sales in Germany were as expected following the introduction of equal pay legislation which has been implemented over a 9 month period from November 2012. The full impact was seen at the net fee income level, down 17% on 2012 with a resulting decline in temporary margin. Overall the Group's temporary margin was 15.3% (2012: 16.6%), but excluding Continental Europe was only 0.4% lower. The growth in permanent sales meant the operational mix was slightly higher for permanent margin, at 35% of net fee income (2012: 34%).

Earnings per share increased 29% to 1.8p (2012: 1.4p). On an adjusted basis, earnings per share grew 43% to 2.0p (2012: 1.4p) due to the increased profit contribution and acquisition of minority shares over recent years. During the first half year there were further purchases of shares in Skillhouse (Japan) and Mediradix (Finland & Estonia).

The Group has focused on improving its operating performance, in particular from the recent investments in Singapore and Hong Kong, where losses in the previous two years have been turned into a break even position, and in Chile where the results have improved significantly over the prior year following internal restructuring and a change in the client mix. Lower costs in Germany, resulting from the restructuring exercise started in 2012, helped offset the lower net fee income. Overall the Group conversion ratio of 9.4% was up on 7.7% in the prior year and remains a key area of management focus.

Operations

UK

£'m	30 June 2013	30 June 2012
Revenue	33.6	33.7
Net fee income	7.8	7.9
Adjusted operating profit	0.9	1.1
% of Group net fee income	38%	35%

Revenue in the period was marginally down at £33.6m (2012: £33.7m) with net fee income down 1% to £7.8m (2012: £7.9m). Permanent revenue grew by 1%, offset by a 1% decline in temporary sales. The temporary margin was down 0.5%, as a consequence of the mix of sales in the construction sector.

Adjusted operating profit was down to £0.9m (2012: £1.1m), with increased costs mostly for staff in expectation of more favourable market conditions in the second half of the year. The economic outlook in the UK is more positive than at year end with key business confidence indicators showing upward trends. The performance over the first half year has also reflected this improving confidence, with the second quarter up against the prior year for revenue, net fee income and profit before tax, after being behind in the first quarter. The Group is well placed to benefit from increased demand in the second half, with the prior year comparative figures including the slowdown due to the Olympic Games.

Continental Europe

£'m	30 June 2013	30 June 2012
Revenue	38.6	43.3
Net fee income	6.7	8.5
Adjusted operating profit	0.3	0.2
% of Group net fee income	32%	38%

Revenue decreased by 11% to £38.6m (2012: £43.3m) with net fee income falling further by 21% to £6.7m (2012: £8.5m). Cost savings helped adjusted operating profit to increase over 2012 to £0.3m (2012: £0.2m). The largest impact has been in Germany, which as expected was negatively impacted at the gross profit level by the adoption of new equal pay surcharges of up to 50% on temporary pay rates. This has been seen fully at net fee income as the surcharges generally did not include full margins. Costs were down across the region with most of the savings in Germany where staff costs were 20% lower following the restructuring exercise that started in the second quarter of 2012. Costs continue to be reviewed to identify further areas for savings.

The second quarter profit was up against 2012, after a decline in the first quarter. Whilst revenue and net fee income were down on their comparative periods in 2012 for both quarters, the rate of decline was greatly reduced in the second quarter.

The provision for retrospective pay and social security in Germany stands at £0.9m at 30 June 2013 (31 December 2012: £1.0m; 30 June 2012: £1.4m). No new claims have been made in the first half year and only one case remains unsettled at this date. The final position should be clear by the year end. The Board believe this provision covers all future liability.

In the Baltic region, our healthcare business experienced a decline in net fee income of 44%, partly due to a temp-to-perm fee in 2012 not repeating this year, but also due to increased competition in the core Estonian market. The company is broadening the candidate base in the second half of the year with a trial of doctors from Spain and a focus on the local Finnish market.

Rest of the World

£'m	30 June 2013	30 June 2012
Revenue	23.4	20.8
Net fee income	6.4	6.0
Adjusted operating profit	0.8	0.5
% of Group net fee income	30%	27%

Revenue in the period increased by 12% to £23.4m (2012: £20.8m) and net fee income increased by 6% to £6.4m (2012: £6.0m). The improved performance, in particular in Chile, Singapore and Hong Kong, helped adjusted operating profit increase by 60% to £0.8m (2012: £0.5m). The region performed above the prior year in both the first and second quarters, from revenue through to profit.

In Japan both businesses have performed well. Our fashion retail brand, FINES, added a team of six consultants specialising in permanent recruitment in the second quarter. They are already contributing positively and this has helped to strengthen the brand which was previously focused mostly on temporary sales. In India our Recruitment Process Outsourcing business has grown strongly following a restructure in 2011, with growth coming from the UK and US markets in particular. The new businesses in Singapore and Hong Kong are performing much better and are in an overall break even position over the first half year, with pipelines indicating profits for the second half. Our executive search brand, Monroe, operating across South-East Asia, saw a small decline in profit, following investments in new staff and office space, but expectations for the full year remain positive as demand continues to be strong in their markets.

In Chile there is a small loss in the first half as the business finalised the exit from higher risk contracts and its restructuring programme. Sales have grown with new clients replacing the discontinued business and they are in line to generate profit over the full year.

Finance

Net borrowing at the half year increased to £8.9m (30 June 2012: £8.5m). The average net borrowing over the prior twelve months was level at £8.8m (2012: £8.8m). Total debt, including non-recourse invoice financing was £16.1m (30 June 2012: £16.9m). Total debt as a percentage of trade debtors was consistent with 2012 at 52%.

Cash generated from operations in the period increased to £2.5m (2012: £1.1m). After accounting for tax and interest payments net cash from operating activities was £1.3m (2012: deficit of £0.2m). Cash outflows included £1.2m on the acquisition of minority shares, £0.2m on dividends to shareholders and £0.3m on capital expenditure. The dividend to shareholders represents a phasing difference as it has previously been paid in July but has been brought forward to June from 2013. There was a £0.6m inflow on working capital, but this was largely offset by a £0.5m outflow on exceptional costs.

The acquisition of minority shares included £0.5m for the final payment for the shares in Headway in Germany. A further £0.5m was paid for 10% of Skillhouse (Japan) and £0.2m for 9% of Mediradix (Finland and Estonia).

New bank facilities have been introduced in Australia and Czech Republic through our Group banker, HSBC, to provide working capital funding for the temporary business. Overall bank facilities have increased since the year end.

Bank facilities	30 June 2013 £m	30 December 2012 £m
Overdrafts, loans and other bank debt	18.4	18.0
Invoice financing facilities	11.0	11.0
	29.4	29.0
Amount of facility undrawn at period-end	4.3	4.8

The amount of undrawn facility excludes the headroom on the invoice financing facility, which is only available to companies in the UK.

Dividend

In line with previous years, the Board is not recommending the payment of an interim dividend for the six months ended 30 June 2013 (2012: nil).

Outlook

The Group is trading in line with our expectations. Markets remain changeable but there are increasing signs of improving economic conditions and whilst visibility continues to be limited, we are confident of our ability to deliver profitable growth.

We remain focused on improving the efficiency of operations and delivering sustainable profit growth and are also taking a selective approach to external investment opportunities. Based on performance to date, we remain confident that earnings for the full year are expected to be in line with market expectations and look forward to delivering further growth with confidence.

4 September 2013

Condensed consolidated income statement
Six months ended 30 June 2013

	Notes	**6 months to 30 June 2013**	6 months to 30 June 2012	Year to 31 December 2012
		Unaudited	Unaudited	
		£m	£m	£m
Revenue		**95.6**	97.8	194.3
Cost of sales		**(74.7)**	(75.4)	(150.4)
Gross profit		**20.9**	22.4	43.9
Administrative costs		**(18.9)**	(20.6)	(38.5)
Operating profit before exceptional items and intangible amortisation		**2.0**	1.8	5.4
Exceptional items	11	**-**	0.1	(0.7)
Intangible amortisation		**(0.1)**	(0.1)	(0.3)
Operating profit		**1.9**	1.8	4.4
Finance income	4	**-**	-	0.1
Finance costs	4	**(0.3)**	(0.4)	(0.9)
Profit before tax		**1.6**	1.4	3.6
Income tax	7	**(0.6)**	(0.5)	(1.7)
Profit for the period from continued operations		**1.0**	0.9	1.9
Profit for the year		**1.0**	0.9	1.9
		-		
Attributable to:				
Equity holders of the parent		**0.8**	0.6	1.4
Non-controlling interest		**0.2**	0.3	0.5
		1.0	0.9	1.9
Earnings per share :				
From continuing operations				
Basic and diluted (pence)	6	**1.8**	1.4	3.0
Adjusted (pence)	6	**2.0**	1.4	5.0

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2013

	6 months to 30 June 2013 Unaudited £m	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Exchange differences on translation of foreign operations	**0.8**	(0.9)	(1.0)
Net income/(expense) recognised directly in equity	**0.8**	(0.9)	(1.0)
Profit for the year	**1.0**	0.9	1.9
Total comprehensive income for the year	**1.8**	0.0	0.9
Attributable to:			
Equity holders of the parent	**1.6**	(0.3)	0.4
Non-controlling interest	**0.2**	0.3	0.5
	1.8	0.0	0.9

Condensed consolidated balance sheet
As at 30 June 2013

	Notes	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m Restated	31 December 2012 £m
ASSETS				
Non-current assets				
Property, plant and equipment		**1.2**	1.5	1.3
Goodwill		**25.5**	24.6	24.8
Other intangible assets		**1.7**	1.9	1.8
Deferred tax assets		**1.2**	1.4	1.2
Call option asset		**-**	0.2	-
		29.6	29.6	29.1
Current assets				
Trade and other receivables	9	**29.4**	30.2	27.4
Cash and cash equivalents		**6.6**	5.9	6.2
		36.0	36.1	33.6
Total assets		**65.6**	65.7	62.7
LIABILITIES				
Current liabilities				
Trade and other payables	10	**22.8**	23.3	21.8
Current tax liabilities		**1.4**	1.4	1.7
Borrowings	8	**7.7**	6.2	6.4
Put option liability		**-**	-	-
		31.9	30.9	29.9
Non-current liabilities				
Borrowings	8	**7.8**	8.2	7.9
Deferred tax liabilities		**0.9**	0.8	0.9
Total non-current liabilities		**8.7**	9.0	8.8
Total liabilities		**40.6**	39.9	38.7
Net assets		**25.0**	25.8	24.0
EQUITY				
Share capital		**2.2**	2.2	2.2
Share premium account		**19.4**	19.4	19.4
Merger reserve		**1.5**	1.5	1.5
Retranslation reserve		**3.9**	3.4	3.3
Option reserve		**-**	0.5	-
Equity reserve		**(6.6)**	(3.7)	(6.1)
Other reserves		**(1.1)**	(1.4)	(1.3)
Retained earnings		**2.2**	0.6	1.6
Equity attributable to owners of the company		**21.5**	22.5	20.6
Non-controlling interest		**3.5**	3.3	3.4
Total equity		**25.0**	25.8	24.0

Condensed consolidated statement of changes in equity
Six months ended 30 June 2013

	Share capital £m	Share premium account £m	Merger reserve £m	Retranslation reserve £m	Option reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 31 December 2011	2.2	19.4	1.5	4.0	0.8	(2.4)	(1.1)	(0.3)	3.5	27.6
Profit for the year	-	-	-	-	-	-	-	0.6	0.3	0.9
Currency translation differences	-	-	-	(0.6)	-	-	(0.3)	-	-	(0.9)
Non-controlling interest acquired during the year	-	-		-	-	(1.3)	-	-	(0.1)	(1.4)
Movement in put options	-	-	-	-	(0.3)	-	-	0.3	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Balance at 30 June 2012 (Unaudited)	2.2	19.4	1.5	3.4	0.5	(3.7)	(1.4)	0.6	3.3	25.8
Balance at 31 December 2011	2.2	19.4	1.5	4.0	0.8	(2.4)	(1.1)	(0.3)	3.5	27.6
Profit for the year	-	-	-	-	-	-	-	1.4	0.5	1.9
Dividend	-	-	-	-	-	-	-	(0.2)	-	(0.2)
Currency translation differences	-	-	-	(0.7)	-	-	(0.3)	-	-	(1.0)
Shared based payment	-	-	-	-	-	-	0.1	-	-	0.1
Non-controlling interest acquired during the year	-	-	-	-	-	(3.7)	-	-	(0.2)	(3.9)
Movement in put options	-	-	-	-	(0.8)	-	-	0.7	-	(0.1)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(0.4)	(0.4)
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	-	-	-	-	-	-	-	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 year	-	-	-	-	-	(0.5)	-	-	(0.1)	(0.6)
Balance at 30 June 2013 (Unaudited)	**2.2**	**19.4**	**1.5**	**3.9**	**-**	**(6.6)**	**(1.1)**	**2.2**	**3.5**	**25.0**

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.
- "Option reserve" relates to the initial recorded value of the liability relating to the put options held by non-controlling interests over the shares in the subsidiary companies net of the initial recorded value of the call options held by the Group over shares held by non-controlling interests.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 (2008).
- "Other reserves" 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 £0.1m.
- "Retained earnings" represents accumulated profits less distributions and income/expense recognised in equity from incorporation.

Condensed consolidated cash flow statement
Six months ended 30 June 2013

	6 months to 30 June 2013 Unaudited £m	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Profit for the year	**1.0**	0.9	1.9
Adjustments for:			
Depreciation	**0.4**	0.5	0.9
Intangible amortisation	**0.1**	0.1	0.3
Taxation expense recognised in income statement	**0.6**	0.5	1.7
Exceptional items	**-**	(0.1)	0.7
Share based payments	**-**	-	0.1
Cash paid for exceptional items	**(0.5)**	(0.1)	(1.0)
Net finance charge	**0.3**	0.4	0.8
	1.9	2.2	5.4
Increase / (decrease) in invoice discounting	**1.2**	(0.5)	(2.9)
(Increase) / decrease in trade receivables	**(2.1)**	0.9	6.0
Increase / (decrease) in trade payables	**1.5**	(1.5)	(3.3)
Cash generated from operations	**2.5**	1.1	5.2
Interest paid	**(0.3)**	(0.4)	(0.9)
Income taxes paid	**(0.9)**	(0.9)	(1.6)
Net cash from / (used in) operating activities	**1.3**	(0.2)	2.7
Cash flows from investing activities			
Business disposals	**-**	0.2	0.2
Purchase of property, plant and equipment and intangibles	**(0.3)**	(0.3)	(0.5)
Finance income	**-**	-	0.1
Net cash used in investing activities	**(0.3)**	(0.1)	(0.2)
Cash flows from financing activities			
Further shares acquired in existing subsidiaries	**(1.2)**	(1.4)	(3.2)
Increase in borrowings	**0.4**	2.7	1.9
Proceeds from bank loan	**0.8**	-	1.5
Repayment of bank and other loan	**(0.4)**	(0.5)	(1.6)
Dividends paid to shareholders	**(0.2)**	-	(0.2)
Dividends paid to non-controlling interest in subsidiaries	**-**	(0.4)	(0.4)
Net cash from financing activities	**(0.6)**	0.5	(2.0)
Net increase in cash and cash equivalents	**0.4**	0.1	0.5
Effect of foreign exchange rate changes and disposal	**-**	(0.2)	(0.3)
Cash and cash equivalents at beginning of the year	**6.2**	6.0	6.0
Cash and cash equivalents at end of the year	**6.6**	5.9	6.2

Notes to the interim financial statements
Six months ended 30 June 2013

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 2013. 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 2012 has been derived from audited statutory accounts for the year ended 31 December 2012. The information for the year ended 31 December 2012 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 2013 and 2012 has been neither audited nor reviewed.

These interim financial statements were approved for issue by the Board of Directors on 4 September 2013.

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 2012.

Notes to the interim financial statements
Six months ended 30 June 2013

3 Segment analysis

The revenue and operating profit are attributable to the Group's one principal activity, the provision of staffing and recruitment services, and can be analysed be geographic segment as follows. 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 profit or loss from operations before amortisation of intangible assets and exceptional items.

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

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**
Gross profit	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**

Six months to 30 June 2012	UK	Continental Europe	Rest of the World	Total
	£m	£m	£m	£m
Revenue	33.7	43.3	20.8	97.8
Gross profit	7.9	8.5	6.0	22.4
Adjusted operating profit*	1.1	0.2	0.5	1.8
Operating profit	1.1	0.3	0.4	1.8

Year to 31 December 2012	UK	Continental Europe	Rest of the World	Total
	£m	£m	£m	£m
Revenue	66.5	83.2	44.6	194.3
Gross profit	16.0	15.7	12.2	43.9
Adjusted operating profit*	2.2	1.7	1.5	5.4
Operating profit	2.2	0.8	1.4	4.4

* Adjusted operating profit represents operating profit before exceptional items and intangible amortisation.

Notes to the interim financial statements
Six months ended 30 June 2013

4 Finance income and cost

	6 months to 30 June 2013 Unaudited £m	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Finance income			
Bank interest receivable	**-**	-	0.1
	-	-	0.1
Finance cost			
On amounts payable to invoice discounters	**(0.1)**	(0.1)	(0.2)
Bank loans and overdrafts	**(0.2)**	(0.3)	(0.7)
	(0.3)	(0.4)	(0.9)
Net finance cost	**(0.3)**	(0.4)	(0.8)

5 Reconciliation of adjusted profit before tax to profit before tax

	6 months to 30 June 2013 Unaudited £m	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Profit before tax	**1.6**	1.4	3.6
Amortisation of intangibles	**0.1**	0.1	0.3
Exceptional items	**-**	(0.1)	0.7
Adjusted profit before tax	**1.7**	1.4	4.6

Notes to the interim financial statements
Six months ended 30 June 2013

6 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the 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.

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

	6 months to 30 June 2013 Unaudited £m	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Earnings			
Earnings attributable to equity holders of the parent	**0.8**	0.6	1.4
Earnings from continuing operations for the purpose of basic and diluted earnings per share	**0.8**	0.6	1.4
Adjustments :			
Exceptional items	**-**	(0.1)	0.7
Amortisation of intangible assets	**0.1**	0.1	0.3
Tax on exceptional items and intangible amortisation	**-**	-	(0.1)
Earnings for the purpose of adjusted earnings per share	**0.9**	0.6	2.3
Number of shares			
Weighted average number of shares- basic	**44.6**	44.6	44.6
Weighted average number of shares- diluted	**45.2**	44.8	44.9
Earnings per share			
Basic and diluted	**1.8**	1.4	3.0
Adjusted earnings per share	**2.0**	1.4	5.0

7 Taxation

The tax charge for the six month period is £0.6m, representing an effective tax rate of 36%. For the six months ended 30 June 2012 there was a tax charge of £0.5m and for the year ended 31 December 2012 there was a tax charge of £1.7m. 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 2013

8 Financial liabilities

a) Borrowings	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m	31 December 2012 £m
Current			
Bank overdrafts	**3.7**	4.0	3.2
Amounts related to invoice financing	**1.4**	1.3	1.1
Current portion of bank loans	**2.6**	0.9	2.1
	7.7	6.2	6.4
Non-current			
Bank loans	**7.8**	8.2	7.9
	7.8	8.2	7.9
Total financial liabilities	**15.5**	14.4	14.3

b) Movement in net borrowings	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m	31 December 2012 £m
As at 1 January	**(8.1)**	(5.6)	(5.6)
Net increase in cash and cash equivalents	**0.4**	0.1	0.5
Increase in loans	**(0.9)**	(1.7)	(1.7)
Decrease in invoice financing	**(0.3)**	(1.1)	(1.1)
On disposal of business	**-**	(0.2)	(0.2)
As at 31 December	**(8.9)**	(8.5)	(8.1)

c) Analysis of net borrowings	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m	31 December 2012 £m
Financial liabilities – borrowings	**(15.5)**	(14.4)	(14.3)
Cash and cash equivalents	**6.6**	5.9	6.2
As at 31 December	**(8.9)**	(8.5)	(8.1)

The bank loans include two revolving credit facilities which expire in 2013 and 2016 and a term loan of £1.7m which expires in 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain subsidiaries. Interest rates vary over the term of the loans. In 2013, interest was payable at 2.0% over UK base rate on the term loans, and 2.0% over EURIBOR on the revolving credit facilities.

The interest rate on the UK bank overdrafts (balance at 30 June 2013: £2.1m) was fixed during the year at rates up to 1.0% above applicable currency base rates. Other overdrafts (balance at 30 June 2013: £1.6m) had interest rates of between 3.0% and 5.75% during the year.

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 2013 was £7.2m (30 June 2012: £8.4m; 31 December 2012: £6.4m).

Notes to the interim financial statements
Six months ended 30 June 2013

9 Trade and other receivables

	30 June 2013 Unaudited £m	30 June 2012 Unaudited £m	31 December 2012 £m
Trade receivables	**23.9**	24.1	23.5
Less provision for impairment of trade receivables	**(0.3)**	(0.2)	(0.2)
Net trade receivables	**23.6**	23.9	23.3
Prepayments and accrued income	**3.6**	4.1	2.3
Deferred and contingent consideration	**-**	0.1	-
Other receivables	**2.2**	2.1	1.8
	29.4	30.2	27.4

10 Trade and other payables

	30 June 2013 Unaudited £m	30 June 2012 Unaudited £m Restated	31 December 2012 £m
Trade payables	**1.1**	1.3	1.1
Other tax and social security	**6.5**	5.8	5.9
Other payables	**4.1**	4.7	3.6
Accruals	**9.6**	9.8	8.9
Provision for exceptional items	**1.1**	1.7	1.5
Deferred and contingent consideration	**0.4**	-	0.8
	22.8	23.3	21.8

11 Exceptional items

Exceptional (charges)/releases	**6 months to 30 June 2013 Unaudited £m**	6 months to 30 June 2012 Unaudited £m	Year to 31 December 2012 £m
Release against potential retrospective pay claims and social security liability in Germany	**0.2**	0.1	0.4
Germany restructuring charges	**(0.2)**	-	(1.1)
	-	0.1	(0.7)

Provision for exceptional items	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m	31 December 2012 £m
Provision against potential retrospective pay claims and social security liability in Germany	**0.9**	1.4	1.0
Provision for social security in Finland	**-**	0.3	-
Germany restructuring charges	**0.2**	-	0.5
As on 30 June 2013	**1.1**	1.7	1.5

12 Post balance sheet event

On 30 August 2013, the Group announced the disposal of the whole of the business and trading assets carried on by Bar 2 Limited. In reviewing our portfolio of companies, which is primarily a staffing group focused on international emerging staffing markets, it was determined that Bar 2 Limited no longer fitted that strategy. Following this transaction, the Group no longer operates any UK based business providing umbrella payroll services. The consideration is an up-front cash receipt of £100,000 with a further £660,000 cash receivable in the future, contingent on performance.

13 Going concern

The Group's activities are funded by a combination of long-term equity capital, term loans, revolving credit facilities, 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.

Notes to the interim financial statements
Six months ended 30 June 2012

14 Prior year restatement

During year ended 31 December 2012, the Group has presented restated prior year balance sheets. As part of our periodic balance sheet review the Group identified some erroneous debit balances against certain accruals which was corrected in the year ended 31 December 2012. The amount of the restatement was £0.6m which was applied against the reserves for the year ended 31 December 2008. The restatement was between retained earnings and trade and other payables only.

The impact of the restatement on prior year balance sheets is disclosed below:

	Trade and other payables £m	Retained earnings £m
31 December 2009		
As previously disclosed	(22.3)	1.5
Adjustment	(0.6)	0.6
Restated	(22.9)	2.1
31 December 2010		
As previously disclosed	(25.0)	(1.5)
Adjustment	(0.6)	0.6
Restated	(25.6)	(0.9)
31 December 2011		
As previously disclosed	(24.5)	(0.3)
Adjustment	(0.6)	0.6
Restated	(25.1)	0.3
30 June 2012		
As previously disclosed	(22.7)	(1.2)
Adjustment	(0.6)	0.6
Restated	(23.3)	(0.6)