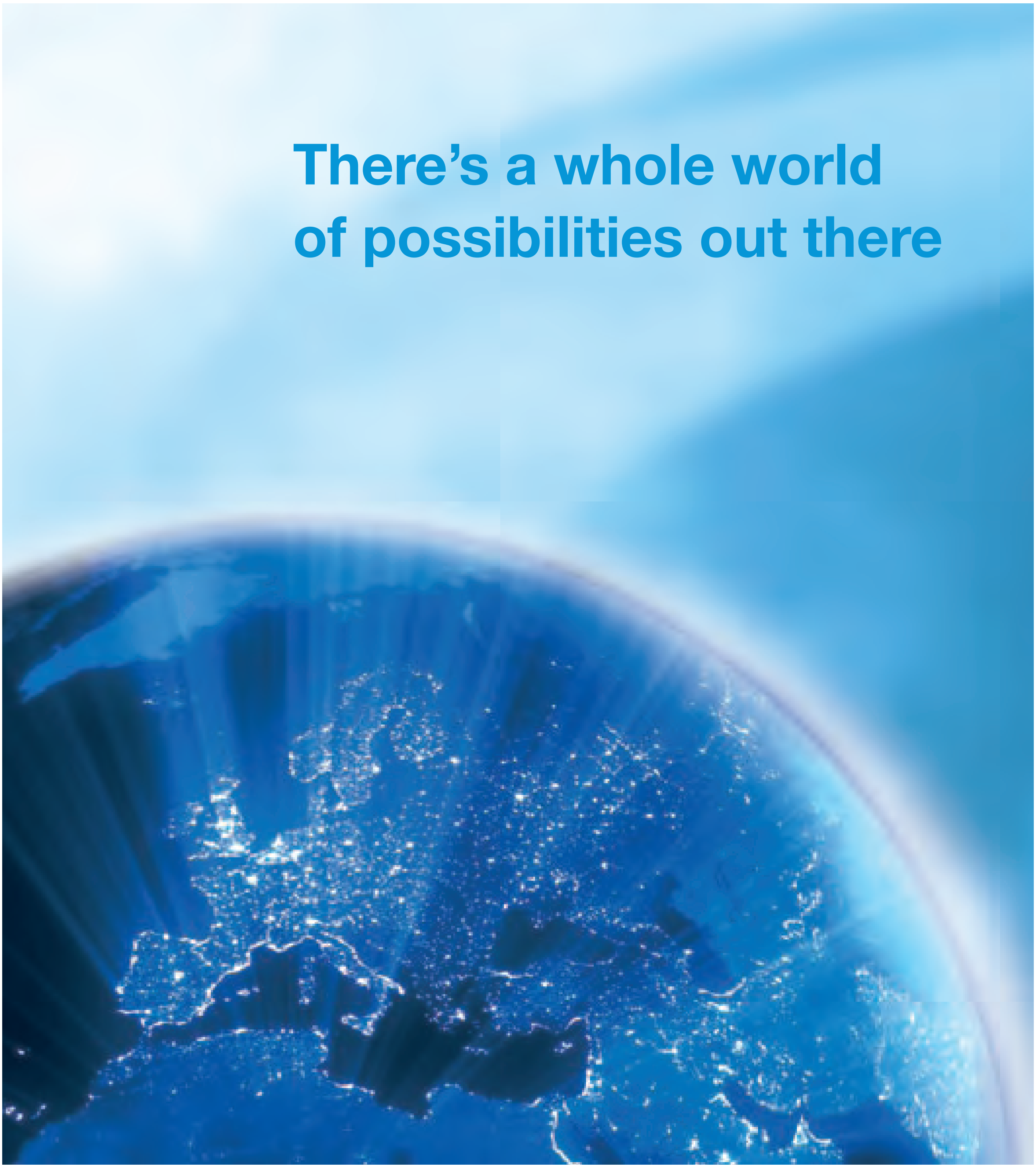
cpl resources plc

Annual Report for the year ended 30 June 2010

global search local jobs



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Directors and other information

Directors	Breffni Byrne (Non-Executive) Paul Carroll John Hennessy (Non-Executive Chairman) Anne Heraty (Chief Executive) Garret Roche Oliver Tattan (Non-Executive) Josephine Tierney (Finance Director)
Secretary	Wilton Secretarial Limited First Floor Fitzwilton House Wilton Place Dublin 2
Registered office	83 Merrion Square Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Solicitors	William Fry Fitzwilton House Wilton Place Dublin 2
Principal bankers	AIB Plc 62 St Brigid's Road Artane Dublin 5
Registrars and paying agents	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18
UK paying agents	Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol BS99 6ZZ England

Directors and other information *(continued)*

Board of Directors

John Hennessy	(Non-Executive – Chairman)
Breffni Byrne *	(Non-Executive)
Oliver Tattan **	(Non-Executive)
Anne Heraty	(Executive)
Paul Carroll	(Executive)
Garret Roche	(Executive)
Josephine Tierney	(Executive)

** Chairman of the Audit Committee*
*** Chairman of the Nomination and Remuneration Committee*

John Hennessy is a member of the Audit Committee and of the Nomination and Remuneration Committee. Breffni Byrne is a member of the Nomination and Remuneration Committee.

John Hennessy, Chairman, joined the Board of Cpl Resources Plc in 1999. He is a practicing barrister and a chartered accountant.

Breffni Byrne joined the Board of Cpl Resources Plc in December 2007. He is chairman of NCB Stockbrokers and is a non-executive director of Irish Life and Permanent Plc, Coillte Teoranta, Hikma Pharmaceutical Plc, Tedcastle Holdings Limited and a number of other companies. A chartered accountant, he was formerly a Senior Partner of the Audit and Business Advisory practice of Arthur Andersen in Ireland.

Oliver Tattan joined Cpl Resources Plc in December 2007. He was the founder and CEO of Vivas Insurance Limited. He previously held the role of chief executive at VHI Healthcare and was co-founder of Daon.

Anne Heraty, Paul Carroll and Garret Roche each entered into service agreements dated 22 June 1999 with the Company in respect of their appointment as executive directors. Josephine Tierney entered into a service agreement dated 1 July 2001 with the Company in respect of her appointment as an executive director.

John Hennessy entered into an engagement letter dated 22 June 1999 with the Company in respect of his appointment as non-executive director of the Company. Breffni Byrne and Oliver Tattan both entered into engagement letters dated 1 December 2007 with the Company in respect of their appointments as non-executive directors of the Company.

All directors are required to present themselves for re-election every three years.

Chairman's statement

The year to 30 June 2010 was a very challenging one for many Irish-based businesses. The downturn in the global economy, and particularly in Ireland, has been severe, and full recovery from it will take considerable time.

The effect of these economic conditions on the employment market presented particular challenges for the Cpl Group in the year just ended. As Ireland's leading provider of employment services, economic changes affecting the jobs market have an immediate impact on our business.

I am therefore pleased to report a pre-tax profit of €5.3 million for the year ended 30 June 2010. This compares with pre-tax profits of €1.7 million (after impairment charges of €8.1 million) for the prior year.

In the year to 30 June 2010 Group gross profit fell by 19% when measured against the same period last year. However, the Group's gross profit for the six months to June 2010 was 18% higher than the six months to December 2009, and 5% higher than the gross profit generated in the six months to June 2009.

Net fee income generated by our permanent placement business, decreased by 36% in the twelve months to June 2010. However, the rate of decline slowed to 15% in the six months to December 2009, and permanent placement net fee income in the six months to June 2010 increased by 28% when compared to the previous six months. Net fee income in our temporary placement business has been more resilient to date across most of the Group. Unfortunately the pricing environment in the temporary placement business has become more challenging. This has resulted in an 11% decline in gross profit in this segment of our business compared with last year. We are, however, beginning to see an increase in demand for temporary staff, and net fee income in our temporary business in the six months to June 2010 was 14% greater than the preceding six month period and 4% higher than in the six months to June 2009.

The Group had cash balances of €43.5 million at 30 June 2010. The business generated €4.2 million from operating activities in the twelve months to June 2010, while €1.8 million was spent on acquisitions in the same period. We continue to manage our debtor book actively and carefully. Our debtor days are similar to last year, and we remain focused on ensuring that cash is collected from debtors as quickly as possible. As a result, we have not experienced any significant increase in levels of bad or doubtful debts.

In line with our stated strategy to increase the range of services we offer to our customers, we acquired four businesses in the year to June 2010. These are:

- Loss Control Services Limited (trading as Nifast) – one of Ireland's leading providers of training and consultancy in all aspects of Health & Safety;
- Ecom Interaction Services Limited – a business process outsourcing company for customer contact management, outsourced insurance administration and back-office processes;
- Techstaff International Limited – a construction contractor business; and
- Servisource – a provider of a broad range of homecare and healthcare staffing services. We focus on services that deliver value to our clients and candidates. We continue to grow our capabilities organically and, where appropriate, acquire companies which will enhance our service offering and improve the breadth and geographic balance of our business.

Our strategy balances the need to take actions to protect current profitability with the investment required to build both now and for the next cycle of growth. Despite the uncertainty we still face in the economic landscape, there are a number of positive factors that will drive growth momentum over the coming years. These include deregulation, skills shortages and increased demand for flexible employment.

Chairman's statement *(continued)*

I am particularly grateful to everyone who has worked with Cpl in a very challenging year. We are operating in more difficult times but we are fortunate to have a group of highly skilled and motivated people who are committed to the Group and are constantly looking for new ways to deliver value and outstanding service to our clients and candidates. I would also like to extend the appreciation of the Board to our customers for their continued loyalty and support.

The Board is recommending a final dividend of 2.5 cent per share. This will bring the total dividend for the year to 4.0 cent per share. The dividend, if approved by the shareholders, will be payable on 26 November 2010 to shareholders on the company's register at the close of business on the record date of 19 November 2010.

Outlook

Although it is too early to conclude that a sustained economic recovery has begun in Ireland or in the other markets in which we operate, we are currently experiencing gradual, but noticeable, improvements in those markets. We believe that we are well positioned to take full advantage of economic recovery as and when it occurs and to avail of other opportunities that may arise for profitable growth in our business.

John Hennessy
Chairman

7 September 2010

Chief Executive's review

Against a backdrop of the most severe labour market conditions and operating environment in our 20 year history I am pleased to report profit before tax of €5.3 million and net cash of €43.5 million in the year to June 2010. Our strong financial position is complemented by a focused team of talented people who are committed to supporting our customers with innovative and flexible workforce solutions to meet their business needs in a very difficult operating environment.

Most labour market and economic indicators continued to deteriorate in 2010. Recent official figures show that 13.7% of the workforce was unemployed at the end of June. The sectors that experienced the biggest job losses since the recession began in early 2008 were the more labour intensive sectors such as construction, and wholesale/retail. Most sectors lost jobs with the exception of the ICT (Information and Communication Technology) sector where there was a small increase in jobs. There is some tentative indication that unemployment may be starting to stabilise, with the number of job losses decreasing as the year progressed. Most commentators focus on the unemployment rate, a more prescient indicator of the health of the labour market, from a recruitment point of view, is the employment rate. This is the percentage of the population between the ages of 15 – 64 who are actually in employment. Unfortunately the employment rate was down by over 9% between the last quarter of 2007 and quarter one 2010. The employment rate now stands at 60.1%, or 1.86 million people in employment, the lowest level since 1998.

In spite of these severe market conditions there were some notable achievements during the year which will help position us for long-term growth.

- We were profitable generating €5.3 million profit before tax.
- We reduced our cost base by €2.6 million while continuing to invest in people and infrastructure to support profitable growth.
- Over 10,500 people worked on assignments through Cpl during the year.
- We placed over 2,500 people in permanent jobs.
- We increased the number of consultants from 194 at the start of the year to 222 at year end.
- We retained all our top customers and we had a number of significant customer wins.
- We are in the process of implementing a fully integrated, web-enabled enterprise-wide information systems platform. Phase 1 is now successfully complete.
- We continued to build our European footprint with investment in new offices in Poland and Hungary.
- We continued to invest in our healthcare business, setting up Homecare 24-7 and acquiring Servisource.
- Our permanent placement business, which is most correlated with the economic environment, improved in the second half of the year. Fees generated in the six months to June 2010 were 28% higher than the fees generated in the preceding six months.
- Net fees generated from our temporary staffing business increased by 14% sequentially in the second half of the year compared with the six months to December 2009.

Financial highlights

Group revenue declined by 11% to €189.9 million in the year to 30 June 2010 *(2009: €212.4 million)*. Gross profit was €28.2 million *(2009: €35.0 million)* down 19%. The Group's gross margin decreased by 1.6% to 14.9% down from 16.5% in 2009, partly from a reduction in the spread between our bill and pay rates and also as a result of the deterioration in permanent placement which has higher gross margin.

Profit before tax was €5.3 million *(2009: €1.7 million)*.The results for 2009 include a goodwill and intangible asset impairment charge of €8.1 million. Earnings per share were 12.2 cent *(2009:1.7 cent)*.

Operating expenses were €24.3 million *(2009: €26.8 million)*. Excluding acquisitions, operating expenses were €21.8 million, down 18.7% on a like for like basis. Of our cost base, 62% relates to salaries which include bonuses and commissions which are highly correlated to gross profit. Most of our additional investment in the year was made in improving our technology infrastructure which will help us achieve greater efficiencies. We continue to tightly manage our operating expenses and to align our cost base with our fee generation.

Chief Executive's review *(continued)*

At 30 June 2010, the Group had net cash of € 43.5 million *(2009: €42.5 million)*. Even in recession, Cpl produces strong cashflow with cash generated from operating activities before payment for acquisition of €4.2 million. Our debtor and cash balances are significant assets in Cpl. We ended the year with €23.1 million in trade debtors. Our cash balances and debtors are equivalent to 85% of our total assets.

We paid our shareholders an interim dividend of 1.5 cent per share. The Board is recommending a final dividend of 2.5 cent per share in respect of the year to 30 June 2010. The total dividend per share for the year is 4 cent, 33% higher than last year.

Operations review

Cpl Resources Plc is recognised as a leader in the provision of specialist recruitment and outsourcing services. Our capability spans the entire employment lifecycle and includes permanent, temporary and contract recruitment, workforce management, training, performance consulting, outsourcing and career transition. We have a broad and diverse range of customers from market-leading multi-nationals to small and medium enterprises.

During the year we continued to measure performance and some of our key performance indicators are outlined below.

Key Performance Indicators

	2010	2009
Gross Margin	**14.9%**	16.5%
Operating Margin	**2.1%**	**3.9%
Conversion Ratio	**18.8%**	**27.8%
Permanent Fees as % of total gross profit	**28%**	35%
Temporary Fees as % of total gross profit	**72%**	65%
Contractor and temporary staff headcount at year end	**4,680**	4,860
Number of Recruiters at year end	**222**	194

** 2009 figures are stated before impairment charges.

Our Gross margin in 2010 declined by 1.6%. This is partly due to pricing pressure and also to the business mix, with higher margin permanent placement facing a severe downturn. Net fee income from temporary staff recruitment declined by 10.5%, and represented 72% of gross profit in 2010. Our permanent business which generates 100% gross margin declined by 36% and represented 28% of gross profit in 2010.

Our operating margin was 2.1%, down from 3.9%. We are continuing to focus on effectively managing our cost base and at the same time we are targeting investment where we see opportunity for long-term growth and profitability. This year we invested in a web-enabled enterprise-wide information systems platform which will enable us to continue to improve our services to customers and to drive efficiencies across our business. We developed new web sites for our businesses in Poland, Czech Republic, and Slovakia. We also invested in start up costs to open new offices in Hungary and Poland and to launch our Homecare business.

Our conversion ratio was 18.8% down from 27.8%. The time to fill rate which is the length of time it takes a recruiter to fill a job has a significant impact on our productivity and conversion ratio. In recession it takes longer to place a candidate in a job with a higher risk of vacancies being cancelled or hiring freezes and candidates become more cautious about moving jobs.

Permanent Placement

Overall net fees from permanent placement were down 36% in the year to June 2010, this followed on a 51% drop in the year to June 2009. The first half of the year was exceptionally difficult; however we experienced an increase in demand in the second half, particularly for people with specialist skills. This resulted in an increase of 28% in net fees from permanent placement in the second half of the year to June 2010. With the severity of the recession, many employers have had to make deep and painful cutbacks in their workforce. We believe they are now finding that they may have cut too deep and now need to hire, particularly in specialist areas. In addition, some employers are seeing an opportunity to build capability in their business, taking advantage of what is an exceptionally good time to hire talented people.

Chief Executive's review *(continued)*

Temporary/contract placement

Our temporary and contract staff work in a wide range of industries and functional areas. We source interesting and challenging assignments for them and pay competitive rates while also providing flexible work options. Temporary and contract work is increasingly perceived as an attractive option by individuals, it enables them to gain a broad range of experience, build their skills and therefore increase their earning potential.

Fees generated from temporary assignments continued to be more resilient than fees from permanent placement. Fees from temporary/contract placement represented 72% of Group fees. While the number of temporary staff on customer site was down year on year, the trend in the second half was upward with an increase of 14% in fees from temporary assignments between the first and second half of the year. In a very difficult economic environment the advantage of using temporary and contract staff is clear. Cpl has the ability to deliver a variable cost component to a customer's otherwise fixed labour costs. With the need to make painful cutbacks in workforces fresh in the minds of many employers they may now see the benefit of employing temporary workers. While the use of temporary staffing is widely accepted for lesser skilled roles, this year we saw the number of professionals looking to work on a temporary/contract basis increasing. This, we believe, is due to the candidate's desire for more flexible hours and work arrangements and also the desire for challenging and interesting work which helps build skills and experience. Cpl has a large well established technical contracting business with contractors working assignments both here in Ireland and across Europe. We are seeing greater demand for temporary and project work in other professional roles such as Accountancy, Finance and Engineering.

Acquisitions

In line with our stated strategy, to increase the range of services we offer to our customers, we acquired the business and assets of the following companies during the year.

July 2009	Nifast is one of Ireland's leading providers of training and consultancy in all aspects of health & safety. Established 22 years ago, Nifast assists companies in reducing the risks of accidents in the workplace and in managing their health and safety compliance to fulfil their statutory duties as employers. They are now fully integrated into the Cpl Group and are providing additional services to our customer base.
July 2009	Ecom Interaction is a business process outsourcing company for customer contact management, outsourced insurance administration and back-office processes. They have a blue chip customer base in finance, technology and commercial sectors. We are pleased with the performance of Ecom Interaction during the year, we have had some significant client wins and the business was profitable throughout the year.
July 2009	Techstaff International Limited supplies contractors in the construction sector. The business has integrated well with our technical & engineering company, Tech Skills Resources Limited. The combined entity specialises in the Irish technical services arena.
Feb 2010	Servisource was established in 2000 to provide a broad range of homecare and healthcare staffing services. Healthcare is a diverse and dynamic industry and the acquisition of Servisource complements Cpl's existing healthcare business. There is a growing need for qualified specialist healthcare staff on both a temporary and full time basis and employees are looking for more flexibility with their careers. The challenges of healthcare provision have become more complex, resulting in a significant opportunity for our healthcare business. The key drivers of these opportunities are advances in medical procedures and technology, an aging population, the need for flexibility to meet spikes in demand and the shortage of specialist nurses and healthcare professionals.

Chief Executive's review *(continued)*

Cpl continues to look for suitable acquisition opportunities in order to enhance our service offering to our customers and to improve the geographic balance of our business.

Overseas offices

We are continuing to build our international presence. The economic environment last year affected both revenue and profitability in our overseas offices. We made a number of organisational changes during the year, hiring additional talent, building our web presence in each country and opening an office in Hungary and a second office in Poland. As a result of these changes we saw improvement in net fees in the second half of the year and this momentum has continued over the summer months. We see significant opportunity for these offices.

People

The Cpl team worked incredibly hard to navigate the company through a difficult year. I want to take this opportunity to thank each and every member of our team for their commitment to delivering for our customers. I would like to welcome those people who joined us during the year, especially those who were employees of the businesses we acquired. We will continue to proactively invest in our people, supporting them to build their skills and capability. This in turn strengthens our service to clients. I would like to thank our customers for their loyalty and support.

Outlook

While there is a large amount of uncertainty about the economic outlook for the coming year, we are committed to improving our performance by growing our revenue and our profitability. We are determined to earn more of our existing customers' business in addition to winning new customers. There are strong long-term demand drivers for our business such as an aging population, the declining tenure of employees, the need for flexibility, increased globalisation and the pressures on customers to minimise costs. We believe that as a result of the actions we have taken this year, Cpl is well positioned to take advantage of this market opportunity. Given the current market uncertainty we remain cautious in our short-term outlook, however, we are optimistic about the longer term opportunities.

Anne Heraty
Chief Executive
7 September 2010

Directors' report

The directors present their annual report and audited consolidated and Company financial statements for the year ended 30 June 2010.

Principal activities, business review (including principal risks and uncertainties) and future developments

Cpl Resources Plc is the leading Irish employment services organisation, specialising in the placement of candidates in permanent, temporary and contract positions and the provision of human resources consultancy services. The Group's principal activities cover the areas of: technology, accounting and finance, sales, engineering, light industrial, healthcare/ pharmaceutical, and office administration. Cpl Resources Plc is the holding company for the Group's twenty three subsidiaries:

- Computer Placement Limited
- Cpl Solutions Limited
- Careers Register Limited
- Multiflex Limited
- Tech Skills Resources Limited
- Medical Recruitment Specialists Limited
- Richmond Recruitment Limited
- Occipital Limited
- Kate Cowhig International Recruitment Limited
- Flexsource Limited
- Cpl Healthcare Limited
- Cpl Training Limited
- Cpl (Northern Ireland) Limited
- Nursefinders UK Limited
- Cpl Jobs S.r.o. – Czech Republic
- Cpl Jobs S.r.o. – Slovakia
- Cpl Jobs Sp z.o.o
- Cpl Recruitment S.L.
- Cpl International Holdings Limited
- Cpl Resources Ireland Holdings Limited
- Servisource Healthcare Limited
- Servisource Recruitment Limited
- Cpl Jobs Kft

The directors are satisfied with the performance of the Group and are committed to improving the performance of the Group by growing revenue and profitability.

The directors consider the principal risks and uncertainties the Group faces to be as follows:

1. The performance of the Group has a very close relationship with and dependence on the underlying growth of the economies of the countries in which it operates.

2. The Group continues to face competitor risk in the markets where the provision of permanent and temporary recruitment is most competitive and fragmented. There is strong competition for clients and the Group faces pricing and margin pressures in its temporary business across its major specialist activities.

3. The Group is not reliant on any single key client. However, the Group is always subject to the risk that a large customer might default on its payments. Against this current economic backdrop there is a risk that Cpl could experience an increased level of bad debts.Principal activities, business review (including principal risks and uncertainties) and future developments (continued)

4. The Group relies heavily on its information systems to store, process manage and protect large amounts of financial, candidate and client information. If it fails to properly develop and implement technology the business could be harmed.

5. As employment laws are changed they bring with them new risks and opportunities. The temporary market is more heavily regulated and changes in legislation (e.g. changes to temporary worker rights) may impact the Group's profitability.

6. As the Group increases its international activities, it will be exposed to a number of risks that it would not face if it conducted its business solely in Ireland. Any of these risks or expenses could cause a material negative effect on the Group's profitability. For example, less flexible labour laws and regulations, foreign exchange fluctuations, and difficulties staffing and managing foreign offices as a result of distance, language and cultural difference.

Directors' report *(continued)*

7. The Group has acquired several companies and it may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm the Group's business, including diverting management's attention away from the core business and failing to successfully integrate the acquisitions
8. Cpl's success depends on its ability to attract and retain key management and recruitment consultants. Loss of a team or key members of a team could disrupt the business.

The directors believe that these risks are managed as follows:

- Cpl management monitor economic developments to ensure that they can react quickly to any changes that may have an impact on the business. Management are also aware of the need to ensure that the business can be scaled in line with economic developments. Management prepare rolling forecasts to ensure that they have as much visibility as possible on the impact economic events may have on the performance of the business.
- Management continue to work closely with the Group's clients to ensure a quality of service that will differentiate the Group from its competitors and thus minimise the risk of losing business to a competitor.
- The Group continually monitors the performance and robustness of its IT suppliers to ensure business-critical processes are safeguarded as far as is practicably possible. The Group has put in place clear governance structures to review project status when replacing certain key operational and financial systems, ensuring the necessary specialist resources are available and by following a clear project management process.

Key performance indicators that are focused on by management include:

- Management review team productivity including monitoring average fees per consultant and activity levels. Management also monitor average margins achieved per tem and sector. The objective to increase the Group's average margins has been set as the primary KPI for the senior team this year.
- Management review the number of temporary employees placed with the Group's clients. The number of new starters and leavers are reviewed on a weekly basis. Management also review all margins to ensure to try to limit margin erosion.
- Management prepare rolling forecasts to evaluate performance against budget and to evaluate any impact external economic factors may be having on the profitability of the business.
- Management monitor debtor days to ensure the Group remains cash generative and maximises its cash balances.
- The quality and range of services delivered to clients is critical to Cpl's success. As part of the Group's performance improvement plan, new service quality targets were implemented focusing on both client and candidate needs. The Group continues to increase client satisfaction levels, which are independently measured, and to experience a high level of repeat business.

Financial risk management

Details of the Group's financial risk management policies are outlined in Note 23 of the financial statements.

Results and dividends

The Chief Executive's review on pages 6 to 9 contains a comprehensive review of the operations of the Group for the year. The audited financial statements for the year are set out on pages 20 to 59.

Operating profit for the year ended 30 June 2010 amounted to €4.0 million *(2009: €8.2 million before impairment of goodwill and intangible assets)*. The profit for the financial year ended 30 June 2010 amounted to €4.5 million *(2009: €0.7 million)*. Basic earnings per share for the year amounted to 12.2 cent *(2009: 1.7 cent)*, while adjusted fully diluted earnings per share for the year amounted to 12.2 cent *(2009: 23.4 cent)*.

An interim dividend of 1.5 cent per share *(2009: 1.5 cent)* was paid during the year. A final dividend of 2.5 cent per share *(2009: 1.5 cent)* is proposed by the directors. No further dividends or transfers to reserves are recommended by the directors.

Shareholders' equity at 30 June 2010 amounted to €63.0 million *(2009: €59.6 million)*.

Directors' report *(continued)*

Directors and secretary and their interests

The directors and secretary who held office at 30 June 2010 had no interests other than those shown below in the shares in the Company or Group companies.

	No. of shares 30 June 2010	No. of shares 30 June 2009
Shares in Cpl Resources Plc Ordinary shares of €0.10 each		
Anne Heraty*	**12,907,764**	12,907,764
Paul Carroll*	**2,234,061**	2,234,061
John Hennessy	**125,000**	125,000
Breffni Byrne	**10,000**	10,000
Oliver Tattan	**-**	-
Garret Roche	**63,192**	63,192
Josephine Tierney	**40,000**	40,000
Wilton Secretarial Limited (Secretary)	**-**	-

** Anne Heraty and Paul Carroll are husband and wife.*

There have been no changes in the interests of the directors, the secretary and their families in the share capital of the Company between 30 June 2010 and 7 September 2010.

Other than as disclosed above and in note 25 of the financial statements and the directors' service agreements with the Company as disclosed on page 3, none of the directors had a beneficial interest in any material contract with the Company or any of its subsidiaries during the year ended 30 June 2010. The directors did not hold any share options at 30 June 2010 *(30 June 2009: nil)*.

Significant shareholdings and share price

At 30 June 2010, A. Heraty and P. Carroll together held 40.7% *(2009: 40.7%)* of the share capital of the Company. Bank of Ireland Nominees Limited and State Street Nominees Limited had shareholdings in excess of 5% at 30 June 2010.

During the year, the lowest and highest share prices were €1.30 and €2.78 respectively. At year end, the share price was €2.55.

Post balance sheet events

There have been no significant post balance sheet events that would require disclosure in the financial statements.

Political donations

The Company made no political donations during the year.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at the Company's premises at Merrion Place, Dublin 2.

Corporate governance

Principles

The Board of Cpl Resources Plc is firmly committed to business integrity, high ethical values and professionalism in all its activities and operations. It is therefore committed to maintaining the highest standards of corporate governance. As an Enterprise Securities Market 'ESM' listed company, Cpl Resources Plc is not required to comply with the principles and provisions of the Combined Code on Corporate Governance as issued by the Financial Reporting Council in June 2008 ("the Combined Code"). However, the Board has undertaken to comply with the Combined Code, as far as practicable, having regard to the size and nature of the Group.

This following report describes how the principles and provisions of the Combined Code have been applied.

The Board

The Group is controlled through its Board of Directors. The Board's main roles are to create value for shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

Directors' report *(continued)*

Specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; approving appointments of directors and Company secretary; approving policies relating to directors' remuneration and the severance of directors' contracts; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to the executive management team: the development and recommendation of operational plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring the operating and financial results against plans and budgets; monitoring the quality of the investment process against objectives; prioritising the allocation of capital, technical and human resources; monitoring the composition and terms of reference of divisional management teams; and developing and implementing risk management systems.

The Board currently comprises the non-executive Chairman, four executive directors and two other non-executive directors. Each director retires by rotation every 3 years although there is no specific term of appointment set down. The Board considers all of its non-executive directors to be independent in character and judgement and each have wide ranging business skills and commercial acumen. No non-executive director:

- has been an employee of the Group within the last five years
- has, or has had within the last three years, a material business relationship with the Group
- receives remuneration other than a director's fee
- has close family ties with any of the Group's advisers, directors or senior employees; or
- represents a significant shareholder.

In addition the Board has considered the tenure of the Chairman, John Hennessy, and notwithstanding that he has been a director for more than nine years, considers him to be independent.

Board meetings are held at least eight times each year with agendas sent out in advance of each meeting. There is a schedule of formal matters reserved for Board approval. All directors have access to advice from the Company secretary and independent professional advisors at the Group's expense.

Board committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee. These committees have written terms of reference.

Audit Committee

The Audit Committee meets at least three times each year. The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual financial statements, as well as reviewing the scope and performance of the Group's internal finance function and reviewing the Group's systems of financial control and risk management. It also discusses the scope and results of the audit with the external auditor and reviews the effectiveness and independence of the auditor. The external auditor attends Audit Committee meetings. The Chief Executive and the Finance Director also attend. The external auditor has the opportunity to meet with the members of the Audit Committee in the absence of executives of the Group at least once a year.

In the year ended 30 June 2010, the Audit Committee, operating under its terms of reference, discharged its responsibilities by:

- reviewing risks associated with the business.
- reviewing the appropriateness of the Group's accounting policies.
- reviewing the external auditor's plan for the audit of the Group's 2010 financial statements, which included an assessment of the audit scope, key risk areas, confirmation of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit.

Directors' report *(continued)*

- reviewing and approving the 2010 audit fee and reviewing non-audit fees payable to the Group's external auditor in 2010.
- reviewing performance improvement observation reports on internal controls in the Group's businesses prepared by the external auditor as part of the Group's audit process. Corporate governance (continued)
- reviewing the Group's interim results prior to Board approval.
- reviewing the Group's draft 2010 financial statements prior to Board approval and reviewing the external auditor's detailed reports thereon.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee meets at least twice a year. It comprises three non-executive directors and the Chief Executive attends by invitation. Emoluments of executive directors and senior management are determined by the Committee. In the course of each financial year, the Committee determines basic salaries as well as the parameters for any possible bonus payments. The Committee applies the same philosophy in determining executive directors' remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. The Committee is mindful of the need to ensure that in a competitive environment the Group can attract, retain and motivate executives who can perform to the highest levels of expectation. Annual bonuses, if any, are determined by the Committee on the basis of objective assessments based on the Group's performance during the year measured by reference to key financial indicators, as well as by a qualitative assessment of the individual's performance.

In respect of potential nominations to the Board, the Committee meets at least once a year. The Committee considers the mix of skills and experience that the Board requires and seeks to propose the appointment of directors to meet its assessment of what is required to ensure that the Board is effective in discharging its responsibilities.

Attendance at Board and Committee meetings

Attendance at scheduled Board meetings and Committee meetings during the year ended 30 June 2010:

	Full Board	**Audit Committee**	**Nomination & Remuneration Committee**
Number of meetings held in 2010			
Directors and position held:			
John Hennessy – Non-Executive Chairman	10	3	2
Breffni Byrne – Non-Executive	9	3	2
Oliver Tattan – Non-Executive	10	-	2
Anne Heraty – Chief Executive Officer	10	3	2
Paul Carroll – Executive	10	-	-
Garret Roche – Executive	10	-	-
Josephine Tierney – Executive	10	3	-

Relations with shareholders

There are regular meetings between the representatives of the Group and representatives of its principal investors. Announcements of results are communicated promptly to all shareholders. Management gives feedback to the Board of meetings between directors and shareholders. All directors normally attend the Annual General Meeting. All shareholders are welcome at the Annual General Meeting where they have the opportunity to ask questions of the Board. The non-executive chairman also gives a statement on the current trading conditions at the Annual General Meeting.

Internal control

The directors have considered the implications of the Turnbull Report on internal controls on the Group's operations. Having reviewed the effectiveness of its current controls, procedures and practice, the directors believe that the Group, throughout the year and up to the date of approval of the financial statements, has complied with the principles and provisions of the Combined Code relating to internal control.

The directors are responsible for ensuring that the Group maintains a system of internal control. This system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

Key elements of this control system, including internal financial control, are:

- an organisation structure with defined lines of responsibility and delegation of authority.
- a budgeting system with actual performance being measured against budget on a regular basis.
- regular reviews of the key business risks relevant to the Group's operations. These risks are reviewed annually for the purpose of ensuring that they remain appropriate to the business and the current trading environment.
- control procedures to address the key business risks, including policies and procedures appropriate to the operations of the business. The Board considers the adequacy of the control procedures at the same time as it reviews the key business risks. In addition, certain prescribed matters are reserved for Board approval.
- a management review of the operation of the system of internal controls.

The Audit Committee has reviewed the effectiveness of the Group's internal control system up to and including the date of approval of the financial statements. This review includes a consideration of issues raised in performance improvement observation reports received from the external auditor.

Going forward, the Board will actively monitor the continued adequacy of the Group's management and control system to ensure that as the Group develops, appropriate resources are available for this purpose.

Internal audit

While the Group is not required to comply with provision C.3.5 of the Combined Code, the Group has voluntarily undertaken to review the need for an internal audit function. The Group does not have an Internal Audit department. The Board believes that the internal controls currently operated by the Group are adequate and that the Group's present size does not justify the establishment of an internal audit function. However, the Board and the Audit Committee continue to keep the matter under review.

Non-audit services

The Audit Committee regularly monitors the non-audit services being provided to the Group by its external auditor. A formal Auditor Independence Policy has been developed to check that the non-audit services do not impair the independence or objectivity of the external auditor. The policy sets out four key principles which underpin the provision of non-audit services by the external auditor. These are: the auditor should not audit its own firm's work; make management decisions for the Group; have a mutuality of financial interest with the Group; or be put in the role of advocate for the Group. Activities that may be perceived to be in conflict with the role of the external auditor must be submitted to the committee for approval prior to engagement, regardless of the amounts involved.

Directors' report *(continued)*

Going concern

The Group has considerable financial resources. As a consequence, the directors believe that Cpl is well placed to manage its business risks successfully despite the current uncertain economic outlook and difficult trading conditions experienced by the Group. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Auditor

In accordance with Section 160 (2) of the Companies Act, l963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John Hennessy	**Anne Heraty**
Director	Director

7 September 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. As required by the ESM Rules the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group. The Companies Acts, 1963 to 2009 provide in relation to such financial statements that references in the relevant part of those Acts to financial statements giving a true and fair view are references to their achieving a fair presentation. The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

Under applicable law, the directors are also responsible for preparing a Directors' Report.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

Independent auditor's report to the members of Cpl Resources Plc

We have audited the Group and Company financial statements ("the financial statements") of Cpl Resources Plc for the year ended 30 June 2010 which comprise the Group Income Statement, the Group and Company Statements of Changes in Shareholders' Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

The statement of directors' responsibilities on page 17 sets out the directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU, and have been properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether at the balance sheet date there exists a financial situation requiring the convening of an extraordinary general meeting of the Company under Section 40(1) of the Companies (Amendment) Act, 1983; and whether the information given in the Directors' Report is consistent with the financial statements.

In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of ESM regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report to the members of Cpl Resources Plc *(continued)*

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 30 June 2010 and of its profit for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts, 1963 to 2009, of the state of the parent Company's affairs as at 30 June 2010; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' Report on pages 10 to 16 is consistent with the financial statements.

The net assets of the Company, as stated in the Company Balance Sheet on pages 23 and 24, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 30 June 2010 a financial situation, which under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

KPMG
Chartered Accountants
Registered Auditor

1 Stokes Place
St. Stephen's Green
Dublin 2

7 September 2010

Group Income Statement

for the year ended 30 June 2010

	Note	2010 €'000	Before impairment losses 2009 €'000	Impairment losses 2009 €'000	Total 2009 €'000
Revenue	1	**189,856**	212,398	-	212,398
Cost of sales		**(161,640)**	(177,410)	-	(177,410)
Gross profit		**28,216**	34,988	-	34,988
Distribution expenses		**(1,677)**	(1,575)	-	(1,575)
Administrative expenses		**(22,574)**	(25,209)	(8,061)	(33,270)
Operating profit	3	**3,965**	8,204	(8,061)	143
Financial income	2	**1,335**			1,552
Financial expenses	2	**(9)**			(12)
Profit before tax	3	**5,291**			1,683
Income tax expense	6	**(793)**			(1,002)
Profit for the financial year		**4,498**			681
Attributable to:					
Equity Shareholders		**4,525**			639
Non-controlling interest		**(27)**			42
		4,498			681
Basic earnings per share	8	**12.2 cent**			1.7 cent
Diluted earnings per share	8	**12.2 cent**			1.7 cent

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

Group Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital €'000	Share premium €'000	Capital Conversion reserve fund €'000	Merger reserve €'000	Retained earnings €'000	Share holders equity €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 July 2008	3,720	1,705	57	(3,357)	58,309	60,434	56	60,490
Total comprehensive income for the year								
Profit for the financial year	-	-	-	-	639	639	42	681
Transactions with owners								
Dividends paid	-	-	-	-	(1,488)	(1,488)	-	(1,488)
Balance at 30 June 2009	3,720	1,705	57	(3,357)	57,460	59,585	98	59,683
Balance at 1 July 2009	3,720	1,705	57	(3,357)	57,460	59,585	98	59,683
Total comprehensive income for the year								
Profit/(loss) for the financial year	-	-	-	-	4,525	4,525	(27)	4,498
Transactions with owners								
Dividends paid	-	-	-	-	(1,116)	(1,116)	-	(1,116)
Balance at 30 June 2010	**3,720**	**1,705**	**57**	**(3,357)**	**60,869**	**62,994**	**71**	**63,065**

Company Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital €'000	Share premium €'000	Capital conversion reserve fund €'000	Retained earnings €'000	Total equity €'000
Balance at 1 July 2008	3,720	1,705	57	1,704	7,186
Total comprehensive income for the year					
Profit for the financial year	-	-	-	1,403	1,403
Transactions with shareholders					
Dividends paid	-	-	-	(1,488)	(1,488)
Balance at 30 June 2009	3,720	1,705	57	1,619	7,101
Balance at 1 July 2009	3,720	1,705	57	1,619	7,101
Total comprehensive income for the year					
Profit for the financial year	-	-	-	4,100	4,100
Transactions with shareholders					
Dividends paid	-	-	-	(1,116)	(1,116)
Balance at 30 June 2010	**3,720**	**1,705**	**57**	**4,603**	**10,085**

Group and Company Balance Sheets

as at 30 June 2010

	Note	Group		Company	
		2010	2009	**2010**	2009
Assets		**€'000**	€'000	**€'000**	€'000
Non-current assets					
Property, plant and equipment	*10*	**1,424**	1,444	**137**	103
Goodwill and intangible assets	*11*	**11,293**	9,979	**45**	-
Investments in subsidiaries	*12*	**-**	-	**11,199**	10,504
Deferred tax asset	*13*	**325**	263	**4**	20
Total non-current assets		**13,042**	11,686	**11,385**	10,627
Current assets					
Trade and other receivables	*14*	**33,703**	29,424	**23,235**	22,115
Corporation tax receivable		**322**	409	**85**	88
Short-term bank deposits	*15*	**-**	19,995	**-**	19,995
Cash and cash equivalents	*15*	**43,461**	22,505	**42,062**	21,224
Assets classified as held for sale	*20*	**150**	-	**-**	-
Total current assets		**77,636**	72,333	**65,382**	63,422
Total assets	*1*	**90,678**	84,019	**76,767**	74,049
Equity					
Issued share capital	*16*	**3,720**	3,720	**3,720**	3,720
Share premium	*16*	**1,705**	1,705	**1,705**	1,705
Other reserves	*16*	**(3,300)**	(3,300)	**57**	57
Retained earnings		**60,869**	57,460	**4,603**	1,619
Total equity attributable to shareholders of the company		**62,994**	59,585	**10,085**	7,101
Non-controlling interests	*26*	**71**	98	**-**	-
Total equity		**63,065**	59,683	**10,085**	7,101

Group and Company Balance Sheets *(continued)*

as at 30 June 2010

	Note	Group		Company	
		2010	2009	**2010**	2009
		€'000	€'000	**€'000**	€'000
Liabilities					
Non-current liabilities					
Financial liabilities	*17*	**158**	81	**-**	-
Provisions	*18*	**700**	-	**700**	-
Total non-current liabilities		**858**	81	**700**	-
Current liabilities					
Financial liabilities	*17*	**126**	34	**-**	-
Trade and other payables	*19*	**26,620**	23,814	**65,982**	66,631
Provisions	*18*	**9**	407	**-**	317
Total current liabilities		**26,755**	24,255	**65,982**	66,948
Total liabilities	*1*	**27,613**	24,336	**66,682**	66,948
Total equity and liabilities		**90,678**	84,019	**76,767**	74,049

On behalf of the Board

John Hennessy
Director

Anne Heraty
Director

Group and Company Cash Flow Statements

for the year ended 30 June 2010

	Note	Group		Company	
		2010	2009	**2010**	2009
		€'000	€'000	**€'000**	€'000
Cash flows from operating activities					
Profit for the financial year		**4,498**	681	**4,100**	1,403
Adjustments for:					
Depreciation on property, plant and equipment	*10*	**463**	437	**31**	25
Loss on disposal of property, plant and equipment		**7**	-	**-**	-
Deferred consideration write back	*18*	**(317)**	-	**(317)**	-
Amortisation of intangible assets	*11*	**594**	409	**27**	-
Financial income	*2*	**(1,335)**	(1,552)	**(1,333)**	(1,548)
Financial expense	*2*	**9**	12	**-**	-
Income tax expense	*6*	**793**	1,002	**16**	-
Impairment of goodwill	*3*	**-**	7,157	**-**	-
Impairment of intangible assets	*3*	**-**	904	**30**	-
Impairment of financial assets	*12*	**-**	-	**7**	8,000
Operating cashflows before changes in working capital and provisions		**4,712**	9,050	**2,561**	7,880
(Increase)/decrease in trade and other receivables		**(1,685)**	6,459	**(859)**	(13,225)
Increase/(decrease) in trade and other payables and provisions		**924**	(5,017)	**(646)**	14,038
Cash generated from operations		**3,951**	10,492	**1,056**	8,693
Interest (paid)		**(9)**	(12)	**-**	-
Income tax (paid) / refunded		**(800)**	(1,852)	**-**	12
Interest received		**1,078**	1,405	**1,072**	1,401
Net cash from operating activities		**4,220**	10,033	**2,128**	10,106
Cash flows from investing activities					
Acquisition of business, net of cash acquired	*20*	**(1,628)**	(760)	**(2)**	-
Deferred consideration paid	*18*	**(162)**	(2,416)	**-**	(2,046)
Purchase of property, plant and equipment	*10*	**(236)**	(340)	**(65)**	(13)
Purchase of intangible assets	*11*	**(87)**	(75)	**(102)**	-
Transfer from/(to) short-term deposits	*15*	**19,995**	(19,995)	**19,995**	(19,995)
Net cash from investing activities		**17,882**	(23,586)	**19,826**	(22,054)

Group and Company Cash Flow Statements *(continued)*

for the year ended 30 June 2010

	Note	Group		Company	
		2010	2009	**2010**	2009
		€'000	€'000	**€'000**	€'000
Cash flows used in financing activities					
Decrease in finance leases		**(30)**	-	**-**	-
Dividends paid	7	**(1,116)**	(1,488)	**(1,116)**	(1,488)
Net cash used in financing activities		**(1,146)**	(1,488)	**(1,116)**	(1,488)
Net increase/(decrease) in cash and cash equivalents		**20,956**	(15,041)	**20,838**	(13,436)
Cash and cash equivalents at beginning of year		**22,505**	37,546	**21,224**	34,660
Cash and cash equivalents at end of year	15	**43,461**	22,505	**42,062**	21,224

Significant accounting policies

for the year ended 30 June 2010

Cpl Resources Plc (the "Company") is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group and Company financial statements were authorised for issue by the directors on 7 September 2010.

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU. The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2009 which permits a company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU as applied by the Company and Group in the preparation of these financial statements are those that were effective at 30 June 2010.

Basis of preparation

The Group and individual financial statements of the Company which are presented in euro rounded to the nearest thousand, have been prepared under the historical cost convention. The accounting policies have been applied consistently by Group entities. The Group has adopted the following new and amended IFRSs in respect of the year ended 30 June 2010:

- IFRS 3, *Business Combinations (2008)* and IAS 27, *Consolidated and separate financial statements (2008)*

IFRS 3 (2008) impacts primarily on the amounts recorded in goodwill and in the income statement for business combinations and incorporates the following changes:

- Contingent consideration is measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transactions costs, other than share and debt issue costs, are expensed as incurred.
- Any pre-existing interest in the acquiree is measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling interest is measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction by transaction basis.
- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

Under IAS 27 (Amended), acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised.

- IFRS 8, *Operating Segments*
  In line with IFRS 8, the Group undertook a review of its reportable segments and presents operating segments based on the information provided internally to the Chief Operating Decision Maker ("CODM").

- IAS 1 (Amended), *Presentation of financial statements*
  The revised standard introduces presentational changes to the Group's primary statements which have been reflected in these financial statements.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Particular areas which are subject to accounting estimates and judgements in these financial statements are judgemental provisions and accruals, and impairment testing. Estimates in respect of goodwill are disclosed in note 11 to the financial statements.

Accounting for subsidiaries

Group financial statements

Subsidiaries are those entities over which the Group has the power to control the operating and financial policies so as to obtain economic benefit from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end where necessary. All significant subsidiaries have coterminous financial year ends.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent that they provide evidence of impairment.

Company financial statements

Investments in subsidiaries are carried at cost less impairment, if any. Dividend income is recognised when the right to receive payment is established.

Revenue recognition

Revenue represents the fair value of amounts receivable for services provided in the normal course of business, net of trade discounts and Value Added Tax. Revenue in respect of permanent placements is recognised when the candidate commences employment. Revenue in respect of the Group's contractors and temporary employees is recognised when the related hours have been worked. Revenue recognised but not yet billed is included as accrued income within receivables.

Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The Group has determined that its operating segments of recruitment of temporary staff, and permanent placement of candidates are its reportable operating segments.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Financial income and expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest rate method. Financial income comprises interest received on cash deposits. All financial expenses are recognised in profit or loss, except to the extent that they arise on the acquisition or construction of a qualifying asset.

Taxation

Income tax for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is provided for any differences that exist between the tax base and the carrying value of intangible assets arising from business combinations. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Pensions and other post-employment benefits

Pension contributions to defined contribution pension schemes are charged to the income statement in the period to which they relate. Any amounts of contributions due or paid in advance at the balance sheet date are included in accruals or prepayments as appropriate.

Dividends

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in euro which is the Company's functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, which is primarily euro.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the balance sheet rate and the exchange differences are dealt with in the income statement.

Group companies

Results and cash flows of subsidiaries which do not have the euro as their functional currency are translated into euro at average exchange rates for the year and the related balance sheets are translated at the rates of exchange ruling at the balance sheet date. Any material adjustments arising on translation of the results of such subsidiaries at average rates and on the restatement of the opening net assets are dealt with in other comprehensive income and presented within a separate translation reserve in the balance sheet.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

	Years
Buildings	50
Equipment	5
Fixtures and fittings	5
Motor vehicles	3

The residual value of assets, if not insignificant, and the useful life of assets is reassessed annually.

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

Business combinations

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries, joint ventures and associates by the Group. The Group availed of the exemption under IFRS 1, *"First-time Adoption of International Financial Reporting Standards",* whereby business combinations prior to the transition date of 1 July 2004 have not been restated. IFRS 3, *"Business Combinations (2004)"*, was applied with effect from the transition date of 1 July 2004 and goodwill amortisation ceased from that date. IFRS 3 (2008) has been applied to acquisitions from 1 July 2009.

The cost of a business combination is measured as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. Deferred consideration arising on business combinations is determined through discounting the amounts payable to their present value. The discount element is reflected as an interest charge in the income statement over the life of the deferred payment. Contingent consideration is measured at fair value, with subsequent changes therein recognised with effect from 1 July 2009 in profit or loss. In the case of a business combination, the assets and liabilities are measured at their provisional fair values at the date of acquisition. Adjustments to provisional values allocated to assets and liabilities are made within 12 months of the acquisition date and reflected as a restatement of the acquisition balance sheet.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Goodwill

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising on acquisitions prior to the date of transition to International Financial Reporting Standards as adopted by the EU, 1 July 2004, has been retained at the previous Irish GAAP amount being its deemed cost and is tested annually for impairment. Goodwill relating to acquisitions from 1 July 2004 and goodwill carried in the balance sheet at 1 July 2004 is not amortised. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Intangible assets other than goodwill

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition. Subsequent to initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement. The amortisation of intangible assets is calculated to write-off the book value of intangible assets over their useful lives on a straight-line basis. Amortisation rates used are as follows:

Software assets	5 years
Brands	1-5 years
Customer contracts & databases	1-5 years

Impairment reviews

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Leases

Where the Group has entered into lease arrangements on land and buildings the lease payments are allocated between land and buildings and each is assessed separately to determine whether it is a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and benefits of ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement as part of financial expenses. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Guarantees

The Company guarantees certain liabilities of subsidiary companies. These are considered to be insurance arrangements and are accounted for as such i.e. treated as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Financial instruments

Short-term bank deposits

Short-term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets available for sale within current assets and stated at fair value in the balance sheet.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other receivables

Trade receivables, which generally have 30 to 60 day terms, are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any incurred losses. An estimate of incurred losses is made when collection of the full amount is no longer probable.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cashflows.

Significant accounting policies *(continued)*

for the year ended 30 June 2010

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Forthcoming requirements

There are a number of new standards, amendments to standards and interpretations published but not yet effective, and not applied in preparing these consolidated financial statements. These comprise principally:

- Changes to various standards arising from the IASB's annual improvement project
- Revised IAS 24, *Related party disclosures*, which is effective for annual periods beginning on or after 1 January 2011.

These new standards are not expected to have a material impact on the Group's financial statements.

Notes

forming part of the financial statements

1 Operating segment reporting

Segment information is presented in respect of the Group's operating segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Cpl's primary activity is recruitment. The Group's operations are divided into:

- Recruitment of temporary staff
- Permanent placement of candidates

Information regarding the results of each operating segment are included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board.

	2010	2009
	€'000	€'000
Temporary staff	182,040	200,209
Permanent placements	7,816	12,189
Revenue	189,856	212,398
Temporary staff	3,543	4,185
Permanent placements	422	4,019
Operating profit before impairment losses	3,965	8,204
Temporary staff	3,543	395
Permanent placements	422	(252)
Operating profit	3,965	143
Financial income – centrally controlled income	1,335	1,552
Financial expense – centrally controlled expense	(9)	(12)
Profit before tax	5,291	1,683
Temporary staff	285	220
Permanent placements	178	217
Group depreciation	463	437

Notes *(continued)*

1 Operating segment reporting (continued)

	2010	2009
	€'000	€'000
Temporary staff	**532**	306
Permanent placements	**62**	103
Group amortisation	**594**	409
Temporary staff	**41,541**	34,634
Permanent placements	**5,676**	6,885
	47,217	41,519
Centrally controlled assets	**43,461**	42,500
Group assets	**90,678**	84,019

At 30 June 2010, centrally controlled assets constitute cash and cash equivalents of €43.5 million *(2009: €22.5 million)* and short-term bank deposits of €Nil *(2009: €20 million).*

Temporary staff	**25,254**	22,001
Permanent placements	**2,359**	2,335
Group liabilities	**27,613**	24,336
Temporary staff	**158**	313
Permanent placements	**78**	46
Group capital additions	**236**	359
Temporary staff	**-**	3,790
Permanent placements	**-**	4,271
Group impairment charge	**-**	8,061

2 Financial income and expenses

	2010	2009
	€'000	€'000
Interest (income) on cash deposits	**(1,335)**	(1,552)
Interest expense on interest bearing borrowings	**-**	7
Finance lease interest	**9**	5
	9	12

3 Statutory and other information

Group

Profit before tax is stated after charging/(crediting) the following:

	2010	2009
	€'000	€'000
Auditor's remuneration – audit services	**113**	95
– other services	**64**	88
Operating lease rentals, principally in respect of premises	**253**	313
Depreciation	**463**	437
Amortisation of intangible assets	**594**	409
Sign on fee for contractors (i)	**-**	660
Negative goodwill on acquisition of Kenny Whelan	**-**	(424)

(i) The sign on fee of €660,000 was a non-recurring cost paid to contractors in the previous year and was recorded within cost of sales in the Group income statement.

Operating profit is stated after charging the following impairment losses:

	2010	2009
	€'000	€'000
Goodwill impairment charge (note 11)	**-**	7,157
Intangible asset impairment charge (note 11)	**-**	904
Impairment losses (included in administrative expenses)	**-**	8,061

4 Directors' remuneration

Directors' remuneration for the year was as follows:

	Salaries and other emoluments	Fees	Pension	Total 2010	Total 2009
	€'000	€'000	€'000	€'000	€'000
Executive directors					
Anne Heraty	267	-	98	**365**	389
Paul Carroll	243	-	76	**319**	330
Garret Roche	176	-	11	**187**	191
Josephine Tierney	208	-	11	**219**	242
	894	-	196	**1,090**	1,152
Non-executive directors					
John Hennessy	-	77	-	**77**	85
Breffni Byrne	-	50	-	**50**	55
Oliver Tattan	-	50	-	**50**	55
Total	894	177	196	**1,267**	1,347

5 Staff numbers and costs

Staff numbers

The average number of persons employed by the Group (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	2010	2009
Temporary staff	**3,756**	4,025
Recruitment consultants	**220**	238
Management and administration	**73**	95
	4,049	4,358

5 Staff numbers and costs (continued)

Staff costs (excluding directors)

	2010	2009
	€'000	€'000
The aggregate payroll costs of the persons employed by the Group were as follows:		
Wages and salaries	**111,065**	122,230
Social security costs	**11,940**	13,140
Pension costs (note 22)	**186**	254
	123,191	135,624

The weighted average number of persons employed by the Company (comprising the executive directors) during the year was four *(2009: four)* and their remuneration is disclosed in Note 4.

6 Income tax expense

	2010	2009
	€'000	€'000
Recognised in the income statement:		
Current tax expense		
Current year	**833**	1,353
Adjustments for prior years	**54**	(86)
Current tax expense	**887**	1,267
Deferred tax		
Origination and reversal of temporary differences (note 13)	**(94)**	(265)
Total tax in the income statement	**793**	1,002

6 Income tax expense (continued)

Reconciliation of effective tax rate	**2010**	2009
	€'000	€'000
Profit before tax	**5,291**	1,683
Tax based on Irish corporation tax rate of 12.5% *(2009: 12.5%)*	**661**	210
Non-deductible items	**122**	40
Goodwill impairment losses not deductible for tax purposes	**-**	894
Non-taxable adjustment for negative goodwill	**-**	(52)
Income taxed at higher rate	**101**	194
Loss relief	**(101)**	(171)
Foreign income taxed at higher rate	**(44)**	40
Other timing differences	**-**	(67)
Under /(over) provision in prior year	**54**	(86)
Total tax in income statement	**793**	1,002

7 Dividends to equity shareholders

Interim dividends to equity shareholders in Cpl Resources Plc are recognised when the interim dividend is paid by the Company. The final dividend in respect of each financial year is recognised when the dividend has been approved by the Company's shareholders. During the financial year, the following dividends were recognised:

	2010	2009
	€'000	€'000
Final dividend paid in respect of previous financial year of 1.5 cent *(2009: 2.5 cent)* per ordinary share	**558**	930
Interim dividend paid in respect of current financial year of 1.5 cent *(2009: 1.5 cent)* per ordinary share	**558**	558
	1,116	1,488

The directors have proposed a final dividend in respect of the 2010 financial year of 2.5 cent per ordinary share. This dividend has not been provided for in the Company or Group balance sheet as there was no present obligation to pay the dividend at the year end. The final dividend is subject to approval by the Company's shareholders at the Annual General Meeting.

8 Earnings per share

	2010	2009
	€'000	€'000
Numerator for basic and diluted earnings per share:		
Profit for the financial year attributable to equity shareholders	**4,525**	639
Denominator for basic earnings per share:		
Weighted average number of shares in issue for the year	**37,211,825**	37,211,825
Effect of dilutive potential ordinary shares (share options)	**-**	7,023
Denominator for diluted earnings per share:	**37,211,825**	37,218,848
Basic earnings per share	**12.2 cent**	1.7 cent
Diluted earnings per share	**12.2 cent**	1.7 cent
Adjusted fully diluted earnings per share		
Profit for the financial year attributable to equity shareholders	**4,525**	639
Adjustments		
Impairment losses	**-**	8,061
Adjusted fully diluted earnings	**4,525**	8,700
Denominator for adjusted diluted earnings per share:	**37,211,825**	37,218,848
Adjusted fully diluted earnings per share	**12.2 cent**	23.4 cent

9 Profit for the financial year

As permitted by Section 148(8) of the Companies Act, 1963, a separate income statement for the Company is not presented in these financial statements. The profit for the financial year of the holding Company was €4,100,000 *(2009: €1,403,000).*

Notes *(continued)*

10 Property, plant and equipment – Group

	Land & Buildings €'000	Equipment €'000	Fixtures & fittings €'000	Motor vehicles €'000	Total €'000
Cost					
Balance at 30 June 2008	552	2,381	555	229	3,717
Additions	-	43	244	53	340
Balance at 30 June 2009	552	2,424	799	282	4,057
Acquisitions (note 20)	150	-	160	51	361
Reclassification to "assets classified as held for sale"	(150)	-	-	-	(150)
Additions	-	142	72	22	236
Disposals	-	-	-	(21)	(21)
Foreign exchange revaluation	-	2	2	-	4
Balance at 30 June 2010	**552**	**2,568**	**1,033**	**334**	**4,487**
Depreciation and impairment losses					
Balance at 30 June 2008	126	1,478	402	170	2,176
Depreciation charge for the year	11	301	84	41	437
Balance at 30 June 2009	137	1,779	486	211	2,613
Depreciation charge for the year	11	270	131	51	463
Disposals	-	-	-	(14)	(14)
Foreign exchange revaluation	-	-	1	-	1
Balance at 30 June 2010	**148**	**2,049**	**618**	**248**	**3,063**
Net book value					
At 30 June 2010	**404**	**519**	**415**	**86**	**1,424**
At 30 June 2009	415	645	313	71	1,444

Included in motor vehicles are assets with a net book value of €86,000 *(2009: €71,000)* which were acquired under finance leases.

10 Property, plant and equipment – Company

	Equipment €'000	Fixtures & fittings €'000	Total €'000
Cost			
Balance at 30 June 2008	102	17	119
Additions	11	2	13
Balance at 30 June 2009	113	19	132
Additions	65	-	65
Balance at 30 June 2010	**178**	**19**	**197**
Depreciation and impairment losses			
Balance at 30 June 2008	2	2	4
Depreciation charge for the year	21	4	25
Balance at 30 June 2009	23	6	29
Depreciation charge for the year	28	3	31
Balance at 30 June 2010	**51**	**9**	**60**
Net book value			
At 30 June 2010	**127**	**10**	**137**
At 30 June 2009	90	13	103

11 Goodwill and intangible assets

Group

	Goodwill €'000	Brands €'000	Customer contracts & databases €'000	Software €'000	Total €'000
Cost					
Balance at 30 June 2008	17,970	450	1,012	995	20,427
Acquisitions (note 20)	-	-	56	-	56
Additions	-	-	-	19	19
Revision to contingent consideration estimate	(139)	-	-	-	(139)
Balance at 30 June 2009	17,831	450	1,068	1,014	20,363
Acquisitions (note 20)	1,375	164	252	30	1,821
Additions	-	-	-	87	87
Balance at 30 June 2010	**19,206**	**614**	**1,320**	**1,131**	**22,271**
Amortisation and impairment					
Balance at 30 June 2008	1,138	95	187	494	1,914
Amortisation for the year	-	89	187	133	409
Impairment for the year	7,157	266	638	-	8,061
Balance at 30 June 2009	8,295	450	1,012	627	10,384
Amortisation for the year	-	114	308	172	594
Balance at 30 June 2010	**8,295**	**564**	**1,320**	**799**	**10,978**
Net book value					
At 30 June 2010	**10,911**	**50**	**-**	**332**	**11,293**
At 30 June 2009	9,536	-	56	387	9,979

11 Goodwill and intangible assets (continued)

Company

	Software €'000	Total €'000
Cost		
Balance at 30 June 2008 and		
30 June 2009	-	-
Additions	102	102
Balance at 30 June 2010	**102**	**102**
Amortisation and impairment		
Balance at 30 June 2008 and		
30 June 2009	-	-
Amortisation for the year	27	27
Impairment for the year	30	30
Balance at 30 June 2010	**57**	**57**
Net book value		
At 30 June 2010	**45**	**45**
At 30 June 2009	-	-

Goodwill

Goodwill arises in connection with acquisitions and includes revisions of estimates of deferred consideration payable in respect of acquisitions in previous years.

Goodwill acquired through business combinations has been allocated to Cash Generating Units (CGUs) for the purpose of impairment testing. A CGU represents the lowest level within the Group at which associated goodwill is monitored for management purposes and is not bigger than the segments determined in accordance with IFRS 8, *Operating Segments*.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of CGUs are based on value in use calculations.

11 Goodwill and intangible assets (continued)

Goodwill (continued)

Key assumptions used in the value in use calculations

The key assumptions in the value in use calculations used to assess impairment are outlined below:

These calculations use cash flow forecasts based on expected future operating results and cashflows and exclude incremental profits derived from acquisition activities. The computations use five year forecasts. For individual CGUs, one year forecasts have been approved by senior management. The remaining years' forecasts have been extrapolated using growth rates of between 0% to 2% based on the current operating results and budgeted performance of individual CGUs. For the purposes of calculating terminal values, a terminal growth rate of 0% has been adopted. The cashflow forecasts are discounted using appropriate risk adjusted discount rates averaging 10.77% *(2009: 12.1%)*, reflecting the risk associated with the individual future cash flows and the risk free rate.

Any significant adverse change in the expected future operating results and cash flows may result in the value in use being less than the carrying value of a business unit and would require that the carrying value of the business unit be stated at the greater of the value in use or the recoverable amount of the business unit.

Impairment losses
Applying the techniques and assumptions outlined above, no impairment losses arose in the year ended 30 June 2010 *(2009: €7,157,000)*.

The goodwill impairment losses were as follows:

	2010	2009
	€'000	€'000
Permanent placements	**-**	3,949
Temporary staff	**-**	3,208
Impairment charge	**-**	7,157

The results of impairment testing undertaken provide sufficient headroom such that any reasonable realistic movement in any of the underlying assumptions would not give rise to an additional impairment charge on the relevant CGUs.

Brands, customer contracts and databases, and software

Intangible assets comprise brands and customer contracts and databases which were acquired as part of the acquisitions made by the Group. The brands and customer contracts and databases were assessed as having a maximum finite life at their respective dates of acquisition of 5 years. During the year, the brands and customer databases have been amortised over their estimated useful lives. The amortisation has been recorded in administration expenses within the Group income statement.

In the prior year, brands and customer contracts and databases were impaired by €266,000 and €638,000 respectively following a reduction to the cash flow projections within the business plans for these intangible assets. No further impairment charges were required to be provided in the year ended 30 June 2010.

Software assets are amortised over their estimated useful life of 5 years.

Notes *(continued)*

12 Investments in subsidiaries – Company

Investment in subsidiary undertakings

	2010	2009
	€'000	€'000
Cost		
Balance at start of year	**10,504**	18,551
Acquisitions in the year	**702**	-
Adjustment to prior year impairment charge	**(7)**	-
Adjustment to consideration of previous acquisitions	**-**	(47)
Impairment charge for the year (a)	**-**	(8,000)
Balance at 30 June 2010	**11,199**	10,504

(a) In the prior year the Company recognised an impairment charge of €8 million in respect of its subsidiary undertakings as a consequence of the estimated reduced future cash flows of the respective undertakings.

At 30 June 2010, in the opinion of the directors, the investments are worth at least their carrying value.

At 30 June 2010, the Company had the following investments in subsidiaries:

Company	**Country of incorporation**	**Class of shares held**
Computer Placement Limited	Ireland	Ordinary
Cpl Solutions Limited	Ireland	Ordinary
Careers Register Limited	Ireland	Ordinary
Multiflex Limited	Ireland	Ordinary
Tech Skills Resources Limited	Ireland	Ordinary
Medical Recruitment Specialists Limited	Ireland	Ordinary
Richmond Recruitment Limited	Ireland	Ordinary
Occipital Limited	Ireland	Ordinary
Kate Cowhig International Recruitment Limited	Ireland	Ordinary
Flexsource Limited	Ireland	Ordinary
Cpl Healthcare Limited	Ireland	Ordinary
Cpl Training Limited	Ireland	Ordinary
Cpl (Northern Ireland) Limited	Northern Ireland	Ordinary
Nursefinders UK Limited	UK	Ordinary
Cpl Jobs S.r.o.	Czech Republic	Ordinary
Cpl Jobs S.r.o.	Slovakia	Ordinary
Cpl Jobs Sp z.o.o	Poland	Ordinary
Cpl Recruitment S.L.	Spain	Ordinary
Cpl International Holdings Limited	Ireland	Ordinary
Cpl Resources Ireland Holdings Limited	Ireland	Ordinary
Servisource Healthcare Limited	Ireland	Ordinary
Servisource Recruitment Limited	Ireland	Ordinary
Cpl Jobs Kft	Hungary	Ordinary

12 Investments in subsidiaries – Company (continued)

All subsidiaries are wholly owned with the exception of Servisource Healthcare Limited and Servisource Recruitment Limited (which are legally 80% owned with a put and call option over the remaining 20%) and Cpl Jobs S.r.o. (Czech Republic), and Cpl Jobs S.r.o. (Slovakia) which are 75% owned.

All companies, other than Cpl Jobs S.r.o., Cpl Jobs Sp z.o.o., Cpl Recruitment S.L., Cpl (Northern Ireland) Limited, Nursefinders UK Limited, and Cpl Jobs Kft have their registered offices at 83 Merrion Square, Dublin 2.

The registered office of Cpl Jobs S.r.o. is Dita Velcevova, Truhlarska 13-15, Praha 1, 110 00, Czech Republic.

The registered office of Cpl Jobs S.r.o. is Vysoka 14, 811 06, Bratislava, Slovakia.

The registered office of Cpl Jobs Sp z.o.o. is ORCO Tower Al. Jerozolimskie 81, 02-001 Warsaw, Poland.

The registered office of Cpl Recruitment S.L. is Avenue Portal De L'angel, 42 – Plt 3. Pta A, 08002 Barcelona, Spain.

The registered office of Cpl (Northern Ireland) Limited is Granite House, 31/35 St. Mary's Street, Newry, Co Down.

The registered office of Nursefinders UK Limited is 146A High Street, Tonbridge, Kent, TN9 1BB, United Kingdom.

Cpl Jobs Kft has a registered office at Teve U.1/ac, 1139 Budapest, Hungary.

13 Deferred tax assets and liabilities

Group

Movement in temporary differences during the year.

	1 July 2009 €'000	Arising in income €'000	Arising on acquisitions €'000	30 June 2010 €'000
Property, plant and equipment	62	(20)	-	**42**
Employee benefits	10	(7)	-	**3**
Losses forward	197	69	-	**266**
Intangible assets	(6)	52	(32)	**14**
Net deferred tax asset	263	94	(32)	**325**

	1 July 2008 €'000	Arising in income €'000	Arising on acquisitions €'000	30 June 2009 €'000
Property, plant and equipment	30	32	-	62
Employee benefits	32	(22)	-	10
Provisions against receivables	45	(45)	-	-
Losses forward	26	171	-	197
Intangible assets	(129)	129	(6)	(6)
	4	265	(6)	263

13 Deferred tax assets and liabilities (continued)

Company

At 30 June 2010, the Company has a deferred tax asset of €4,007 (2009: €20,000).

14 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000
Trade receivables	**23,114**	20,724	**-**	-
Accrued income	**8,905**	7,343	**-**	-
Prepayments and other debtors	**1,684**	1,357	**685**	352
Amounts due from subsidiary undertakings	**-**	-	**22,495**	21,717
VAT recoverable	**-**	-	**55**	46
	33,703	29,424	**23,235**	22,115

Amounts due from subsidiary undertakings are repayable on demand.

15 Net funds

	Group		Company	
	2010	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000
Short-term bank deposits	**-**	19,995	**-**	19,995
Cash and cash equivalents	**43,461**	22,505	**42,062**	21,224
Net funds	**43,461**	42,500	**42,062**	41,219

16 Share capital, share premium, and other reserves

	2010	2009
	€'000	€'000
Authorised		
50,000,000 ordinary shares at €0.10 each	**5,000**	5,000

	2010	2009
	€'000	€'000
Allotted, called up and fully paid		
37,211,825 *(2009: 37,211,825)* ordinary shares at € 0.10 each	**3,720**	3,720

During the year, no shares *(2009: Nil)* were issued as a result of the exercise of share options.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium at 30 June 2010 amounted to €1,705,000 *(2009: €1,705,000).*

Other reserves comprise a capital conversion reserve of €57,000 *(2009: €57,000)* and a merger reserve of €3,357,000 negative *(2009: €3,357,000 negative)*. The merger reserve arose in 1998 when the Company acquired by way of a share for share exchange the share capital of two group companies formerly under common ownership, management, and control. As permitted by Irish GAAP and Company Law, the distributable reserves of those companies were deemed to be distributable by the Company.

Capital management

The Board regularly reviews and monitors the Company's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital. The Company has the authority to purchase its own shares. This authority permits the Company to buy up to 10 per cent of the issued share capital at a price which may not exceed 105% of the average price over the previous five trading days. Any shares which may be purchased will be acquired through a subsidiary of the Company and will be held as treasury shares. Any purchases should have a positive effect on earnings per share.

17 Financial liabilities

Details of the Group and Company interest-bearing loans and borrowings are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000
Non-current liabilities				
Finance lease liabilities	**158**	81	**-**	-
Current liabilities				
Finance lease liabilities	**126**	34	**-**	-

Analysis of debt:	Group	
	2010	2009
	€'000	€'000
Debt can be analysed as falling due as follows:		
In one year or less, or on demand	**126**	34
Between one and two years	**101**	34
Between two and five years	**57**	47
In five years or more	**-**	-
	284	115

Total future minimum lease payments on finance leases amounts to €319,821 *(2009: €130,675)*.

18 Provisions

Deferred and contingent consideration	Group	Company
	€'000	€'000
Balance at 30 June 2009	407	317
Amount recognised during the year (note 20)	781	700
Paid during the year	(162)	-
Revision to estimate during the year	(317)	(317)
Balance at 30 June 2010	**709**	**700**

Current	9	-
Non-current	700	700
	709	700

Total deferred acquisition consideration amounting to €709,000 (2009: €407,000) is payable over the period from 30 June 2010 to 30 September 2012 subject to certain conditions.

19 Trade and other payables

Amounts falling due in less than one year

	Group		Company	
	2010	2009	**2010**	2009
	€'000	€'000	**€'000**	€'000
Trade creditors	**9,144**	8,143	**-**	1
Accruals and deferred income	**11,798**	11,480	**605**	468
VAT	**2,809**	2,000	**-**	-
PAYE/PRSI	**2,869**	2,191	**-**	-
Amounts due to subsidiary undertakings	**-**	-	**65,377**	66,162
	26,620	23,814	**65,982**	66,631

Amounts due to subsidiary undertakings are repayable on demand.

20 Acquisition of business undertakings

The Group made a number of acquisitions in the year. On 16 July 2009, the Group acquired the business and certain assets of Loss Control Services Limited (in receivership) and Ecom Interaction Services Limited (in receivership). On 29 July 2009, the Group acquired the business and certain assets of Techstaff International Limited. On 15 February 2010, the Group acquired Servisource Healthcare Limited (in examinership) and Servisource Recruitment Limited (in examinership).

The provisional fair values of the assets and liabilities which were acquired, determined in accordance with IFRS, were as follows:

	Book Value 2010 €'000	Fair Value adjustment 2010 €'000	Fair Value 2010 €'000
Property plant and equipment (i)	361	-	361
Brands	-	164	164
Customer databases	-	252	252
Software	-	30	30
Trade and other receivables	2,337	-	2,337
Trade and other payables	(1,879)	-	(1,879)
Deferred tax liability	-	(32)	(32)
Leases assumed on acquisition	(199)	-	(199)
Net identifiable assets and liabilities acquired	620	414	1,034
Goodwill arising on acquisition			1,375
			2,409

Satisfied by:	
Cash consideration	1,197
Cash acquired	(21)
Bank overdraft assumed on acquisition	452
Deferred consideration accrued	709
Deferred consideration (paid by year end)	72
Total consideration	**2,409**

(i) Included in property, plant & equipment was land valued at €150,000 which has been included in assets classified as held for sale in the balance sheet at 30 June 2010. Subsequent to year end the land was sold for €150,000.

20 Acquisition of business undertakings (continued)

The acquisitions contributed profit before tax of €222,000 on revenues of €9.5 million for the period from their acquisition dates to 30 June 2010. The combined profit before tax for the period assuming the businesses had been purchased on 1 July 2009 would have been approximately €530,000 on revenues of approximately €17.6 million.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above business combinations. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be reflected in the 2011 Annual Report as stipulated by IFRS 3, *Business Combinations*.

Prior year acquisitions

On 15 June 2009, the Group acquired the business and certain assets of Kenny-Whelan Associates Limited (in receivership). The carrying value of the assets and liabilities which were acquired, determined in accordance with IFRS at 15 June 2009, were as follows:

	Book Value 2009 €'000	Fair Value adjustment 2009 €'000	Fair Value 2009 €'000
Customer databases	-	56	56
Trade and other receivables	1,414	(110)	1,304
Deferred taxation	-	(6)	(6)
Net identifiable assets and liabilities acquired	1,414	(60)	1,354
Negative goodwill arising on acquisition			(424)
			930
Satisfied by:			
Cash consideration paid			760
Deferred acquisition consideration			90
Acquisition expenses accrued			80
Total consideration			**930**

The acquired business contributed a profit before tax for the period from 15 June 2009 (date of acquisition) to 30 June 2009 of €25,000 on revenues of €674,000.

21 Operating leases

The Group leases certain property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the leases after the initial period. During the year, €252,544 *(2009: €312,632)* was recognised as an expense in the income statement in respect of operating leases.

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2010	2009
	€'000	€'000
Payable in:		
Less than one year	**210**	257
Between one and five years	**791**	809
Greater than five years	**478**	676
	1,479	1,742

22 Pension arrangements

The Group contributes to defined contribution schemes for certain senior executives by way of contributions to unit linked funds. The Group's annual contributions are charged to the income statement in the year to which they relate. Details of contributions made on behalf of the directors during the year are set out in note 4. Amounts due to pension schemes at 30 June 2010 amounted to €27,875 *(2009: €76,820)*.

23 Financial instruments and risk management

The Group and Company are exposed to various financial risks that include credit risk and liquidity risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

(a) Credit risk

Credit risk arises from credit to customers and on outstanding receivables and cash balances.

The Group holds significant cash balances, which are invested on a short-term basis and are classified as either cash equivalents or short-term deposits. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty through regular review of market-based ratings, Tier 1 capital and by taking into account bank counterparties' systemic importance to the financial systems of the Republic of Ireland. Some of the Group's cash deposits have been placed with financial institutions that are part of the Irish Governments bank deposit guarantee scheme. The Group typically does not enter into deposits with a duration of more than 12 months.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group's exposure to credit risk is influenced by the individual characteristics of each customer. There is no concentration of credit risk by dependence on individual customers.

23 Financial instruments and risk management (continued)

(a) Credit risk (continued)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The impairment provisions are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

The following table details the ageing of the gross trade receivables and the related impairment provisions in respect of specific amounts:

Group	**Gross 30 June 2010 €'000**	**Impairment 30 June 2010 €'000**	**Gross 30 June 2009 €'000**	**Impairment 30 June 2009 €'000**
Not past due	**19,694**	**(2)**	18,141	(33)
Past due 0 – 30 days	**2,816**	**(128)**	2,090	(54)
Past due 31 –120 days	**806**	**(54)**	624	(96)
Past due 121 days – one year	**173**	**(191)**	301	(249)
More than one year	**361**	**(361)**	89	(89)
Total	**23,850**	**(736)**	21,245	(521)

Company

The Company had no trade receivables outstanding at 30 June 2010 *(2009: €Nil).*

Group

Movement on the provision for impairment of trade receivables is as follows:

	30 June 2010 €'000	30 June 2009 €'000
Balance at start of year	**521**	345
Charged in the year	**200**	321
Released/utilised in the year	**(417)**	(255)
Arising on acquisition	**432**	110
Balance at end of year	**736**	521

23 Financial instruments and risk management (continued)

(a) Credit risk (continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group		Company	
	30 June 2010	30 June 2009	**30 June 2010**	30 June 2009
	€'000	€'000	**€'000**	€'000
Euro	**22,730**	20,409	**-**	-
Sterling	**162**	45	**-**	-
Czech Koruna	**200**	172	**-**	-
Polish Zloty	**22**	98	**-**	-
	23,114	20,724	**-**	-

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group adopts an efficient working capital model in order to minimise liquidity risk. The Group has significant cash resources to provide flexibility in financing existing operations and acquisitions.

The following are the contractual maturities of the financial liabilities:

Group – 2010	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 -12 months**	**+ 1 year**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Non-derivative financial liabilities					
Finance lease liabilities	**284**	(320)	(73)	(57)	(190)
Trade and other payables	**20,942**	(20,942)	(20,942)	-	-
Provisions	**709**	(709)	(9)	-	(700)
	21,935	(21,971)	(21,024)	(57)	(890)

Group – 2009	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 -12 months**	**+ 1 year**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Non-derivative financial liabilities					
Finance lease liabilities	115	(131)	(17)	(17)	(97)
Trade and other payables	19,623	(19,623)	(19,623)	-	-
Provisions	407	(407)	(90)	(317)	-
	20,145	(20,161)	(19,730)	(334)	(97)

23 Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

Company – 2010	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 -12 months**	**+ 1 year**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Non-derivative financial liabilities					
Trade and other payables	**65,982**	(65,982)	(65,982)	-	-
Provisions	**700**	(700)			(700)
	66,682	(66,682)	(65,982)	-	(700)

Company – 2009	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 -12 months**	**+ 1 year**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Non-derivative financial liabilities					
Trade and other payables	66,631	(66,631)	(66,631)	-	-
Provisions	317	(317)	-	(317)	-
	66,948	(66,948)	(66,631)	(317)	-

(c) Interest rate risk

The Group's balance sheet contains interest bearing assets.

Cash flow sensitivity analysis

At 30 June 2010, the average interest rate being earned on the Group's cash and cash equivalents and short-term deposits was 2.9% *(2009: 3.4%)*. An increase or decrease of 50 basis points in interest rates at the reporting date would have the following effect on the income statement and equity. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2009:

	50 basis point increase		**50 basis point decrease**	
	Income Statement	Equity	Income Statement	Equity
	€'000	€'000	€'000	€'000
30 June 2010				
Variable rate instruments	**233**	**-**	**(233)**	**-**
30 June 2009				
Variable rate instruments	213	-	(213)	-

23 Financial instruments and risk management (continued)

(d) Currency risk

The Group has no material exposure to foreign currency risk as virtually all the assets and liabilities of the Group are denominated in euro, the functional currency of the Company and the currency in which these financial statements are presented.

24 Commitments and contingencies

The Company has guaranteed the liabilities of all of its subsidiaries incorporated in the Republic of Ireland (see note 12) for the purpose of obtaining exemptions allowed under Section 17 of the Companies (Amendment) Act, 1986, in relation to filing financial statements. These irrevocable guarantees cover the financial year ended 30 June 2010.

25 Related party transactions

Group

Under IAS 24, *Related Party Disclosures*, the Group has a related party relationship with its directors. Transactions with the directors are as follows:

- The Group has an annual commitment of €197,772 in respect of one of its offices in Dublin 2, which is leased by the Group from executive directors, Anne Heraty and Paul Carroll, at a rate based on the advice of an independent property advisor. The lease expires in November 2017 and is subject to rent reviews every 3 years.

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. In the case of Cpl, this key management is deemed to comprise the executive directors of Cpl Resources Plc. Details of the remuneration of the directors are set out in Note 4 while their interests in shares are set out in the Directors' Report.

Company

The Company has a related party relationship with its subsidiaries and with the directors of the Company. Transactions with subsidiaries are as follows:

	2010	2009
	€'000	€'000
Dividends received from subsidiaries	**5,000**	9,000
Group expenses recharged to subsidiaries	**2,230**	3,509

Directors of the Company and their immediate relatives control 40.7% *(2009: 40.7%)* of the voting shares of the Company.

26 Non-controlling interests

	2010	2009
	€'000	€'000
Balance at beginning of year	**98**	56
Share of comprehensive income for the year	**(27)**	42
Balance at end of year	**71**	98

27 Fair values

Cash and cash equivalents

For cash and cash equivalents, all of which have a remaining maturity of less than 3 months, the nominal amount is deemed to reflect fair value.

Trade and other receivables

For receivables and payables with a remaining life of less than 6 months or demand balances, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value.

Finance lease liabilities

Fair value is based on the present value of future cash flows discounted at market rates at the balance sheet date.

28 Post balance sheet events

There have been no significant post balance sheet events that would require disclosure in the financial statements.

29 Approval of financial statements

The consolidated financial statements were approved by the directors on 7 September 2010.

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