

Cpl Resources Plc
Results for the six months ended 31 December 2016

**CPL delivers revenue, gross profit and earnings growth in
the first half of financial year 2017**

Cpl Resources Plc ('Cpl' or the 'Group'), Ireland's leading employment services group, today announced results for the half year ended 31 December 2016.

Chairman's Statement

I am pleased to report that in the six months to 31 December 2016 the Group delivered continued growth in revenues, net fee income and profits.

Half year highlights

- 6% increase in revenues to €228.7 million
- 6% increase in gross profit (net fee income) to €36.2 million
- Profit before tax of €8.1m a 7% increase
- Earnings per share increases 8.5% to 23.0 cent
- 10% increase in interim dividend to 5.75 cent per share

| <u>Half year highlights</u> | Half year ended | Half year ended | % change |
|-----------------------------------------------------------------------|------------------------|------------------------|-----------------|
| €000s except where indicated | 31-Dec-16 | 31-Dec-15 | |
| Revenue | 228,717 | 216,364 | 5.7% |
| Gross Profit | 36,188 | 33,999 | 6.4% |
| Adjusted Operating profit* | 8,971 | 8,475 | 5.9% |
| Adjusted Profit before tax* | 8,979 | 8,481 | 5.9% |
| Operating profit | 8,088 | 7,565 | 6.9% |
| Profit before tax | 8,096 | 7,571 | 6.9% |
| Earnings per share | 23.0 cent | 21.2 cent | 8.5% |
| Dividend per share | 5.75 cent | 5.25 cent | 9.5% |
| <u>Conversion ratio **</u> | | | |
| Adjusted Operating Profit | 24.8% | 24.9% | |
| Adjusted Profit before tax | 24.8% | 24.9% | |
| Operating Profit | 22.3% | 22.3% | |
| Profit before tax | 22.4% | 22.3% | |
| Net fee income - permanent placements | 13,279 | 13,640 | (2.6%) |
| Net fee income – temporary and contract | 22,909 | 20,359 | 12.5% |
| Permanent net fee income as a % of total gross profit | 37% | 40% | |
| Temporary and contract net fee income as a % of total gross profit | 63% | 60% | |

* Adjusted operating profit and adjusted profit before tax exclude non-cash charges relating to the Group's Long-Term Incentive Plan (LTIP) and foreign exchange

** As a % of gross profit.

During the six months ended 31 December 2016, we experienced further improvements in trading conditions in certain of our markets. Revenues for the six months to 31 December 2016 increased by 6% to €228.7 million. Our gross profit increased by 6% against the same period last year to €36.2 million. The Group's adjusted operating profit, which excludes non-cash foreign exchange and LTIP charges, was €9.0 million for the six months to 31 December 2016, a 6% increase on the same period last year. Our conversion rate of gross profit to operating profit (excluding LTIP & foreign exchange) was 24.8% in the period.

The foreign exchange charge of €0.5 million in the period was mainly due to the accounting translation of sterling into euro, as a result of fluctuations in the sterling exchange rate following the Brexit vote. The foreign exchange charge was €0.1 million for the period to 31 December 2015. The non-cash LTIP charge was €0.4 million in the six months to 31 December 2016 and €0.9 million in the six months to 31 December 2015. The LTIP charge for the six months to 31 December 2016 reflects current expectations in relation to the achievement of performance targets included in the LTIP awards.

The Group delivered a 9% increase in earnings per share to 23.0 cent for the six months to 31 December 2016.

The Group continues to work with clients to understand their specific requirements and with our candidates in order to match their skills to those client requirements. The proportion of our net fee income that is made up of permanent fees has reduced from 40% in the same period last year to 37%, mainly as a result of longer lead times in appointing nursing staff in the UK following regulatory changes. The temporary staffing market remains highly competitive but we have seen some margin improvement.

We continue to grow and develop our people within the Group and on behalf of the Board I wish to express my gratitude for the continuing hard work and dedication of all of our people and for their commitment to the Group.

Cash

The strength of our Balance Sheet reflects the positive cash-generating capability of Cpl. The Group has a cash balance of €35.2 million as at 31 December 2016 (December 2015: €27.6 million). In the six months to 31 December 2016 €9.0 million was generated in cash flow from operating activities before tax and changes in working capital. Although our business requires significant investment in working capital, we recorded a net cash inflow of €2.2 million in the period.

Dividend

The Board proposes to pay an interim dividend of 5.75 cent per share, an increase of 10% on last year's interim dividend, reflecting the Group's strong performance in the period. The interim dividend will be payable on 3rd March 2017 to shareholders on the register at the close of business on the record date of 3rd February 2017.

Outlook

In the six month period to 31 December 2016 we have seen continued organic growth across many of our key business sectors. Political and economic events globally during the period to 31 December 2016 have had limited impact on our key sectors, except for foreign exchange translations. During calendar year 2017 we expect the outcome of these events to become clearer, and consequent opportunities and challenges to present themselves.

We remain confident in the outlook for the business and expect to deliver continued profitable growth for the remainder of the financial year.

John Hennessy
Chairman
26 January 2017

Condensed Group Statement of Comprehensive Income
for the period ended 31 December 2016

| | 6 months ended | 6 months ended | Year ended |
|------------------------------------------------------------------|-----------------------|-----------------------|----------------------|
| | 31-Dec-16 | 31-Dec-15 | 30-Jun-16 |
| | €'000 | €'000 | €'000 |
| | (Unaudited) | (Unaudited) | (Audited) |
| Revenue | 228,717 | 216,364 | 433,391 |
| Cost of sales | (192,529) | (182,365) | (363,338) |
| Gross profit | <u>36,188</u> | <u>33,999</u> | <u>70,053</u> |
| Distribution expenses | (2,190) | (2,091) | (4,059) |
| Administrative expenses | (25,910) | (24,343) | (50,610) |
| Operating profit | <u>8,088</u> | <u>7,565</u> | <u>15,384</u> |
| Financial income | 8 | 6 | 61 |
| Financial expenses | - | - | (55) |
| Profit before taxation | <u>8,096</u> | <u>7,571</u> | <u>15,390</u> |
| Income tax expense | (1,052) | (984) | (1,968) |
| Profit for the financial period/year | <u>7,044</u> | <u>6,587</u> | <u>13,422</u> |
| Other comprehensive income | | | |
| Foreign currency translation differences - foreign operations | (43) | 33 | (198) |
| Total comprehensive income for the period/year | <u><u>7,001</u></u> | <u><u>6,620</u></u> | <u><u>13,224</u></u> |
| Profit attributable to: | | | |
| Owners of the Parent | 7,024 | 6,482 | 13,434 |
| Non - controlling interests | 20 | 105 | (12) |
| | <u>7,044</u> | <u>6,587</u> | <u>13,422</u> |
| Total comprehensive income attributable to | | | |
| Owners of the Parent | (107) | (51) | (64) |
| Non - controlling interests | 64 | 84 | (134) |
| | <u>(43)</u> | <u>33</u> | <u>(198)</u> |
| Basic earnings per share (cent) | 23.0 | 21.2 | 43.9 |
| Diluted earnings per share (cent) | 23.0 | 21.2 | 43.9 |

Condensed Group Balance Sheet
as at 31 December 2016

| | 31-Dec-16 | 31-Dec-15 | 30-Jun-16 |
|----------------------------------------------|--------------------|--------------------|------------------|
| | €'000 | €'000 | €'000 |
| | (Unaudited) | (Unaudited) | (Audited) |
| Fixed Assets | | | |
| Non current assets | | | |
| Property, plant and equipment | 1,980 | 1,933 | 1,994 |
| Goodwill and intangible assets | 17,185 | 18,701 | 17,489 |
| Deferred tax asset | 786 | 444 | 786 |
| | <hr/> | <hr/> | <hr/> |
| Total non-current assets | 19,951 | 21,078 | 20,269 |
| | <hr/> | <hr/> | <hr/> |
| Current assets | | | |
| Trade and other receivables | 93,071 | 90,689 | 90,333 |
| Cash and Cash equivalents | 36,014 | 28,591 | 34,843 |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 129,085 | 119,280 | 125,176 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 149,036 | 140,358 | 145,445 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Capital and reserves | | | |
| Issued share capital | 3,053 | 3,053 | 3,053 |
| Share premium | 1,705 | 1,705 | 1,705 |
| Other reserves | (1,181) | (2,052) | (1,462) |
| Retained earnings | 95,712 | 85,096 | 90,444 |
| | <hr/> | <hr/> | <hr/> |
| Equity attributable to owners of the Company | 99,289 | 87,802 | 93,740 |
| Non - controlling interests | 55 | 172 | (29) |
| | <hr/> | <hr/> | <hr/> |
| Total equity | 99,344 | 87,974 | 93,711 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Liabilities | | | |
| Non current liabilities | 400 | 1,285 | 1,601 |
| | <hr/> | <hr/> | <hr/> |
| Total non current liabilities | 400 | 1,285 | 1,601 |
| | <hr/> | <hr/> | <hr/> |
| Current liabilities | | | |
| Trade and other payables | 48,076 | 49,724 | 50,133 |
| Provisions | 1,216 | 1,375 | - |
| | <hr/> | <hr/> | <hr/> |
| Total current liabilities | 49,292 | 51,099 | 50,133 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 49,692 | 52,384 | 51,734 |
| | <hr/> | <hr/> | <hr/> |
| Total equity and liabilities | 149,036 | 140,358 | 145,445 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Condensed Group Statement of Changes in Equity
for the period ended 31 December 2016

| | Share Capital €'000 | Share Premium €'000 | Other denominated capital fund €'000 | Merger reserve €'000 | Currency translation reserve €'000 | Put option reserve €'000 | Share based payment reserve €'000 | Retained earnings €'000 | Total €'000 | Non - controlling interests €'000 | Total Shareholders equity €'000 |
|--------------------------------------------------|---------------------------|---------------------------|--------------------------------------------------|----------------------------|---------------------------------------------|-----------------------------------|-----------------------------------------------|-------------------------------|----------------|--------------------------------------------|------------------------------------------|
| Balance at 1 July 2015 | 3,053 | 1,705 | 724 | (3,357) | (395) | - | 177 | 80,141 | 82,048 | (89) | 81,959 |
| Total comprehensive income for the period | | | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | 6,482 | 6,482 | 105 | 6,587 |
| Foreign currency translation | - | - | - | - | (51) | - | - | - | (51) | 84 | 33 |
| Transactions with shareholders | | | | | | | | | | | |
| Share based payment charge | - | - | - | - | - | - | 850 | - | 850 | - | 850 |
| Dividends paid | - | - | - | - | - | - | - | (1,527) | (1,527) | - | (1,527) |
| Total contributions and distribution | 3,053 | 1,705 | 724 | (3,357) | (446) | - | 1,027 | 85,096 | 87,802 | 100 | 87,902 |
| Changes in ownership interests | | | | | | | | | | | |
| Non controlling interest on acquisition in year | - | - | - | - | - | - | - | - | - | 72 | 72 |
| Total changes in ownership interests | - | - | - | - | - | - | - | - | - | 72 | 72 |
| Balance at 31 December 2015 | 3,053 | 1,705 | 724 | (3,357) | (446) | - | 1,027 | 85,096 | 87,802 | 172 | 87,974 |
| Balance at 1 July 2016 | 3,053 | 1,705 | 724 | (3,357) | (593) | (400) | 2,164 | 90,444 | 93,740 | (29) | 93,711 |
| Total comprehensive income for the period | | | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | 7,024 | 7,024 | 20 | 7,044 |
| Foreign currency translation | - | - | - | - | (107) | - | - | - | (107) | 64 | (43) |
| Transactions with shareholders | | | | | | | | | | | |
| Share based payment charge | - | - | - | - | - | - | 388 | - | 388 | - | 388 |
| Dividends paid | - | - | - | - | - | - | - | (1,756) | (1,756) | - | (1,756) |
| Balance at 31 December 2016 | 3,053 | 1,705 | 724 | (3,357) | (700) | (400) | 2,552 | 95,712 | 99,289 | 55 | 99,344 |

**Condensed Group cash flow statement
for the period ended 31 December 2016**

| | 6 months ended 31-Dec-16 €'000 (Unaudited) | 6 months ended 31-Dec-15 €'000 (Unaudited) | Year ended 30-Jun-16 €'000 (Audited) |
|----------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------|
| Cash flows from operating activities | | | |
| Profit for the financial period/year | 7,044 | 6,587 | 13,422 |
| Depreciation on property, plant and equipment | 308 | 274 | 590 |
| Share based payment charge | 388 | 850 | 1,987 |
| Amortisation of intangible assets | 212 | 145 | 343 |
| Financial income | (8) | (6) | (61) |
| Financial expense | - | - | 55 |
| Income tax expense | 1,052 | 984 | 1,968 |
| | <hr/> | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | 8,996 | 8,834 | 18,304 |
| (Increase) in trade and other receivables | (2,368) | (5,347) | (4,849) |
| (Decrease)/increase in trade and other payables and provisions | (1,429) | 487 | 1,092 |
| | <hr/> | <hr/> | <hr/> |
| Cash generated from in operations | 5,199 | 3,974 | 14,547 |
| Interest (paid) | - | - | (55) |
| Income tax (paid) | (914) | (464) | (2,485) |
| Interest received | 4 | 60 | 110 |
| | <hr/> | <hr/> | <hr/> |
| Net cash provided by operating activities | 4,289 | 3,570 | 12,117 |
| | <hr/> | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Acquisition of business, net of cash acquired | - | (4,471) | (5,083) |
| Purchase of property, plant and equipment | (313) | (307) | (684) |
| Purchase of intangible assets | (63) | (132) | (602) |
| | <hr/> | <hr/> | <hr/> |
| Net cash (outflow) from investing activities | (376) | (4,910) | (6,369) |
| | <hr/> | <hr/> | <hr/> |
| Cash flows from financing activities | | | |
| Dividends paid | (1,756) | (1,527) | (3,131) |
| | <hr/> | <hr/> | <hr/> |
| Net cash (used in) financing activities | (1,756) | (1,527) | (3,131) |
| | <hr/> | <hr/> | <hr/> |
| Net increase/(decrease) in cash and cash equivalents | 2,157 | (2,867) | 2,617 |
| Cash and cash equivalents at beginning of period/year | 33,092 | 30,475 | 30,475 |
| | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents at end of period/year | 35,249 | 27,608 | 33,092 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes supporting condensed interim financial statements

1. Basis of preparation

The condensed consolidated interim financial information of the Group has been prepared in euro in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including interpretations issued by the International Accounting Standards Board (“IASB”) and its committee and adopted by the EU. There are no new standards, amendments to standards or interpretations which are mandatory for the first time for financial periods commencing on 1 July 2016 which have a significant impact on the Group’s accounting policies or on the reported results. The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the Annual Report for the financial year ended 30 June 2016.

The figures for the half year ended 31 December 2016 are unaudited. The comparative figures for the half year ended 31 December 2015 are also unaudited. The amounts for the year ended 30 June 2016 represent an abbreviated version of the Group's full financial statements for the year on which the auditors issued an unqualified audit report. The Group is not subject to significant seasonal factors.

The Annual Report and financial statements for the year ended 30 June 2016 have been filed with the Registrar of Companies and are publically available. The preparation of financial information 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. 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.

2. Dividends to equity shareholders

| | 6 months ended 31-Dec-16 €'000 | 6 months ended 31-Dec-15 €'000 | Year ended 30-Jun-16 €'000 |
|----------------------------|-----------------------------------------|-----------------------------------------|----------------------------------|
| Ordinary dividends: | | | |
| Interim dividends paid | - | - | 1,604 |
| Final dividends paid | 1,756 | 1,527 | 1,527 |
| | <hr/> | <hr/> | <hr/> |
| | 1,756 | 1,527 | 3,131 |
| | <hr/> | <hr/> | <hr/> |

3. Earnings per share

The earnings per ordinary share is calculated on the basis that the weighted average number of shares in issue for the half year ended 31 December 2016 is 30,545,159 (period ended 31 December 2015 - 30,545,159; year ended 30 June 2016 - 30,545,159). It has been calculated based on the profit attributable to the owners of the Company for the financial period ended 31 December 2016 of €7,024,000 (period ended 31 December 2015 - €6,482,000; year ended 30 June 2016 - €13,434,000).

4. Share Based Payments

The LTIP charge for the six months to 31 December 2016 was €388k and €850k in the six months to 31 December 2015. This reflects current expectations on achieving the performance targets included in the LTIP awards which may result in the vesting of these instruments. Full details of the scheme are outline in Note 29 of the 2016 Annual Report.

5. Events after the reporting date

There have been no significant events since the period end 31 December 2016 that would require disclosure in the interim financial statements.

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