

## Cpl Resources plc

### Results for the Half Year Ended 31 December 2014

Cpl Resources plc ('Cpl', the 'Group' or the 'Company'), Ireland's leading employment services group, today announced results for the half year ended 31 December 2014.

#### *Chairman's statement*

I am pleased to report that in the six months to 31 December 2014 the Group delivered a growth in revenues and gross profit. We have also made significant investment in our operations during the period.

#### **Highlights**

- 5% increase in revenue to €193.2 million
- 5% increase in gross profit to €28.2 million
- 13% decrease in operating profit and earnings per share as we invest in operations
- Interim dividend unchanged at 4.75 cent per share

<b>Half Year Highlights</b>	<b>6 months ended 31 December 2014</b>	<b>6 months ended 31 December 2013</b>	<b>% change</b>
	<b>€000's</b>	<b>€000's</b>	
Revenue	193,218	184,327	5%
Gross profit	28,227	27,002	5%
Operating profit	5,970	6,855	(13%)
Profit before tax	6,051	6,956	(13%)
Earnings per share	17.2 cent	19.8 cent	(13%)
Dividend per share	4.75 cent	4.75 cent	-
<b>Conversion Ratio*</b>			
Operating profit	21.1%	25.4%	
Profit before tax	21.4%	25.8%	
Permanent gross profit	11,162	10,043	11%
Temporary gross profit	17,065	16,959	1%
Permanent gross profit as % of the total gross profit	40%	37%	
Temporary gross profit as % of the total gross profit	60%	63%	

\* as % of gross profit.

During the six months to 31 December 2014 the Group delivered growth across the business, resulting in revenues of €193.2 million for the half year. Our gross profit grew by 5% against the same period last year to €28.2m. The Group's operating profit of €6.0 million for the six months to 31 December 2014 is 13% lower than the same period last year. Profit before tax decreased by €0.9 million to €6.1 million as the Group invested in its operations during the period. The Group delivered earnings per share of 17.2 cent for the six months to 31 December 2014.

We have made significant investment in our people, operations, infrastructure and facilities, and much of the associated cost has been charged against profits. As a consequence, our conversion rate of gross profit to operating profit has fallen to 21.1%, from 25.4% in the same period last year.

We are experiencing gradual improvements in market conditions, although significant pricing challenges and economic headwinds are being experienced in a number of sectors and locations. The Cpl team has continued to work closely with our clients to understand their specific requirements and with our candidates in order to match their skills to those client requirements. As a result our gross profit generated from permanent placements in the six months to 31 December 2014 was €11.2 million, an increase of 11%. Permanent fees generated outside of Ireland represented 42% of total permanent fees in the period.

In the six months to 31 December 2014 revenue generated from temporary assignments was €82.0 million, representing 5% growth over same period last year. The gross profit on these fees was €7.1 million, 1% higher than the six months to 31 December 2013.

Margin pressure continues across the temporary staffing market and this market segment remains highly competitive. We have an average number of people placed with our clients of 11,079 for the period ended 31 December 2014.

We continue to employ talented and energetic people within the Group. On behalf of the Board I wish to express my gratitude for the continuing hard work and dedication of our people and for their commitment to the Group.

## **Cash**

The Group has a cash balance of €24.2 million as at 31 December 2014. In the six months to 31 December 2014 €6.3 million was generated in cash flow from operating activities before changes in working capital. Our temporary business requires significant investments in working capital and this, together with our investments in our operations, has given rise to a net cash outflow from cash and cash equivalents of €6.3 million in the period.

## **Dividend**

The Board has decided that the Company will pay an interim dividend of 4.75 cent per share. The dividend will be payable on 6th March 2015 to shareholders on the company's register at the close of business on the record date of 6th February 2015. The Group has a progressive dividend policy which reflects underlying earnings growth and the continued strength of the Group's balance sheet.

## **Outlook**

In the six month period to 31 December 2014 we have increased significantly our investment in the Group's operations. We have done so in order to be well positioned to take advantage of expected improvements in our key markets. Although we still face challenges in several markets and sectors arising from economic uncertainty and continuing competitive and client pressures, our strong financial position will provide us with the resources to capitalise on growth opportunities as they arise. While the pace of recovery remains uncertain in many markets, we expect the remainder of the financial year to show profitable growth on the previous six months for the Group.

John Hennessy  
Chairman  
29 January 2015

**Condensed Group Statement of Comprehensive Income**  
*for the period ended 31 December 2014*

	6 months ended 31 December 2014 €000 (Unaudited)	6 months ended 31 December 2013 €000 (Unaudited)	Year ended 30 June 2014 €000 Audited
<b>Revenue</b>	193,218	184,327	369,273
Cost of sales	(164,991)	(157,325)	(314,601)
<b>Gross profit</b>	28,227	27,002	54,672
Distribution expenses	(1,852)	(1,650)	(3,423)
Administrative expenses	(20,405)	(18,497)	(37,032)
<b>Operating profit</b>	5,970	6,855	14,217
Financial income	81	107	170
Financial expenses	-	(6)	(3)
<b>Profit before tax</b>	6,051	6,956	14,384
Income tax expense	(787)	(904)	(1,937)
<b>Profit for the financial period/year - all attributable to equity shareholders</b>	<b>5,264</b>	<b>6,052</b>	<b>12,447</b>
<b>Other Comprehensive Income</b>			
Foreign currency translation differences - foreign operations	(91)	(70)	(101)
<b>Total comprehensive income for the period/year all attributable to equity shareholders</b>	<b>5,173</b>	<b>5,982</b>	<b>12,346</b>
<b>Basic earnings per share</b>	17.2 cent	19.8 cent	40.7 cent
<b>Diluted earnings per share</b>	17.2 cent	19.8 cent	40.7 cent

**Condensed Group Statement of Changes in Equity**  
*for the period ended 31 December 2014*

	Share Capital €000	Share Premium €000	Capital redemption reserve fund €000	Capital conversion reserve fund €000	Merger reserve €000	Currency translation reserve €000	Share Based Payment Reserve €000	Retained earnings €000	Total equity €000
<b>Balance at 1 July 2013</b>	3,053	1,705	667	57	(3,357)	10	-	61,124	63,259
<b>Total comprehensive income for the period</b>									
Profit for the financial period	-	-	-	-	-	-	-	6,052	6,052
Foreign currency translation	-	-	-	-	-	(70)	-	-	(70)
<b>Transactions with shareholders</b>									
Dividends paid	-	-	-	-	-	-	-	(1,375)	(1,375)
<b>Balance at 31 December 2013</b>	<b>3,053</b>	<b>1,705</b>	<b>667</b>	<b>57</b>	<b>(3,357)</b>	<b>(60)</b>	<b>-</b>	<b>65,801</b>	<b>67,866</b>
<b>Balance at 1 July 2014</b>	3,053	1,705	667	57	(3,357)	(91)	54	70,745	72,833
<b>Total comprehensive income for the period</b>									
Profit for the financial period	-	-	-	-	-	-	-	5,264	5,264
Foreign currency translation	-	-	-	-	-	(91)	-	-	(91)
Share based payment charge	-	-	-	-	-	-	73	-	73
<b>Transactions with shareholders</b>									
Dividends paid	-	-	-	-	-	-	-	(1,527)	(1,527)
<b>Balance at 31 December 2014</b>	<b>3,053</b>	<b>1,705</b>	<b>667</b>	<b>57</b>	<b>(3,357)</b>	<b>(182)</b>	<b>127</b>	<b>74,482</b>	<b>76,552</b>

**Condensed Group Balance Sheet**  
*at 31 December 2014*

	31 December 2014 €000 (Unaudited)	31 December 2013 €000 (Unaudited)	30 June 2014 €000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,817	1,268	1,320
Goodwill and intangible assets	12,346	11,679	11,984
Deferred tax asset	422	507	386
<b>Total non-current assets</b>	<b>14,585</b>	<b>13,454</b>	<b>13,690</b>
<b>Current assets</b>			
Trade and other receivables	77,891	71,335	69,978
Cash and cash equivalents	24,226	22,097	30,518
Current tax recoverable	-	702	-
<b>Total current assets</b>	<b>102,117</b>	<b>94,134</b>	<b>100,496</b>
<b>Total assets</b>	<b>116,702</b>	<b>107,588</b>	<b>114,186</b>
<b>Equity</b>			
Issued share capital	3,053	3,053	3,053
Share premium	1,705	1,705	1,705
Other reserves	(2,688)	(2,693)	(2,670)
Retained earnings	74,482	65,801	70,745
<b>Total equity</b>	<b>76,552</b>	<b>67,866</b>	<b>72,833</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	-	-	-
Bank overdraft	-	-	-
Trade and other payables	40,051	39,648	40,892
Current tax payable	99	-	386
Provisions	-	74	75
<b>Total current liabilities</b>	<b>40,150</b>	<b>39,722</b>	<b>41,353</b>
<b>Total liabilities</b>	<b>40,150</b>	<b>39,722</b>	<b>41,353</b>
<b>Total equity and liabilities</b>	<b>116,702</b>	<b>107,588</b>	<b>114,186</b>

**Condensed Group Cash Flow statement**  
*for the period ended 31 December 2014*

	6 months ended 31 December 2014 €000 (Unaudited)	6 months ended 31 December 2013 €000 (Unaudited)	Year ended 30 June 2014 €000 (Audited)
<b>Cash flows from operating activities</b>			
Profit for the financial period/year	5,264	6,052	12,447
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	192	245	415
Share based payment charge	73	-	54
Amortisation of intangible assets	43	40	81
Financial income	(81)	(107)	(170)
Financial expense	-	6	3
Income tax expense	787	904	1,937
<b>Operating cash flows before changes in working capital</b>	<b>6,278</b>	<b>7,140</b>	<b>14,767</b>
(Increase) in trade and other receivables	(8,088)	(9,471)	(8,097)
(Decrease)/increase in trade and other payables and provisions	(841)	(876)	368
<b>Net cash (used in)/generated from operations</b>	<b>(2,651)</b>	<b>(3,207)</b>	<b>7,038</b>
Interest paid	-	(6)	(3)
Income tax paid	(1,110)	(900)	(724)
Interest received	165	92	108
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,596)</b>	<b>(4,021)</b>	<b>6,419</b>
<b>Cash flows from investing activities</b>			
Deferred consideration paid	(75)	(76)	(75)
Purchase of property, plant and equipment	(689)	(342)	(567)
Purchase of intangible assets	(405)	(20)	(364)
<b>Net cash (used in) investing activities</b>	<b>(1,169)</b>	<b>(438)</b>	<b>(1,006)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(1,527)	(1,375)	(2,826)
<b>Net cash (used in) financing activities</b>	<b>(1,527)</b>	<b>(1,375)</b>	<b>(2,826)</b>
Net (decrease)/increase in cash and cash equivalents	(6,292)	(5,834)	2,587
Cash and cash equivalents at beginning of period/year	30,518	27,931	27,931
<b>Cash and cash equivalents end of period/year</b>	<b>24,226</b>	<b>22,097</b>	<b>30,518</b>

## Notes supporting condensed interim financial statements

### 1. Basis of preparation

The consolidated 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 committees and adopted by the EU.

The figures for the half year ended 31 December 2014 are unaudited. The comparative figures for the half year ended 31 December 2013 are also unaudited. The amounts for the year ended 30 June 2014 represent an abbreviated version of the Group's full financial statements for the year on which the auditors issued an unqualified audit report. The financial statements for the year ended 30 June 2014 have been filed with the Registrar of Companies.

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

	<b>6 months ended 31 December 2014 €000</b>	<b>6 months ended 31 December 2013 €000</b>	<b>Year ended 30 June 2014 €000</b>
<b>Ordinary dividends:</b>			
Interim dividends paid	-	-	1,451
Final dividend paid	1,527	1,375	1,375
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	1,527	1,375	2,826

### 3. Earnings per ordinary 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 2014 is 30,545,159 (*period ended 31 December 2013 – 30,545,159; year ended 30 June 2014 – 30,545,159*). It has been calculated based on the profit for the financial period ended 31 December 2014 of €5,264,000 (*period ended 31 December 2013 - €6,052,000; year ended 30 June 2014 - €12,447,000*).