

Cpl Resources Plc
Results for the six months ended 31 December 2015

CPL delivers Strong double-digit earnings growth in First Half of 2016

Cpl Resources Plc ('Cpl' or the 'Group'), Ireland's leading employment services group, today announced results for the half year ended 31 December 2015.

Chairman's Statement

I am pleased to report that in the six months to 31 December 2015 the Group delivered continued strong growth in revenues, net fee income and profits.

Highlights

- 12% increase in revenues to €16.4 million
- 20% increase in gross profit (net fee income) to €34.0 million
- Adjusted operating profit* of €8.4 million, an increase of 39% over the same period last year
- 37% increase in adjusted profit before tax*, to €8.4 million
- 25% increase in profit before tax to €7.6 million
- 11% increase in interim dividend to 5.25 cent per share

<u>Half year highlights</u>	Half year ended	Half year ended	% change
€000s except where indicated	31-Dec-15	31-Dec-14	
Revenue	216,364	193,218	12%
Gross Profit	33,999	28,227	20%
Adjusted Operating profit*	8,415	6,044	39%
Adjusted Profit before tax*	8,421	6,125	37%
Operating profit	7,565	5,970	27%
Profit before tax	7,571	6,051	25%
Earnings per share	21.2 cent	17.2 cent	23%
Dividend per share	5.25 cent	4.75 cent	11%
<u>Conversion ratio **</u>			
Adjusted Operating Profit	24.8%	21.4%	
Adjusted Profit before tax	24.8%	21.7%	
Operating Profit	22.3%	21.1%	
Profit before tax	22.3%	21.4%	
Net fee income - permanent placements	13,640	11,162	22%
Net fee income – temporary and contract	20,359	17,065	19%
Permanent net fee income as a % of total gross profit	40%	40%	
Temporary and contract net fee income as a % of total gross profit	60%	60%	

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

** As a % of gross profit.

Revenues for the six months to 31 December 2015, including four months' trading in Clinical Professionals, our recent UK acquisition, increased by 12% to €16.4 million. Our gross profit grew by 20% against the same period last year to €34.0m. The Group's adjusted operating profit, which excludes non-cash LTIP charges, was €8.4 million for the six months to 31 December 2015, 39% higher than the same period last year. Adjusted profit before tax increased by €2.3 million to €8.4 million. Including the non-cash LTIP charge, profit before tax increased by 25%. The non-cash LTIP charge was €850k in the six months to 31 December 2015 and €74k in the six months to 31 December 2014. The LTIP charge for the six months to 31 December 2015 reflects current expectations on achieving the performance targets included in the LTIP awards which may result in the vesting of these instruments.

The Group delivered earnings per share of 21.2 cent for the six months to 31 December 2015, up 23% on same period last year.

We have achieved growth across all of our main business units and markets, and the acquisition of Clinical Professionals in September 2015 also contributed to our strong performance during the period. Our conversion rate of gross profit to operating profit (excluding LTIP) has increased to 24.8%, from 21.4% in the same period last year.

During the six months ended 31 December 2015, we have experienced improvements in conditions in our markets, including markets outside of Ireland which delivered 26% of total fees in the period. However, skills shortages in certain sectors continue to cause challenges. 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. Margin pressure continues across the temporary staffing market and this market segment remains highly competitive.

We continue to employ professional and committed people within the Group, and we were pleased to see the quality of our people and our services recognised by the National Recruitment Federation, which recently awarded us the title Recruitment Agency of the Year for 2015. 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 €7.6 million as at 31 December 2015. In the six months to 31 December 2015 €8.8 million was generated in cash flow from operating activities before acquisition consideration and changes in working capital. Our business requires significant investment in working capital and this, together with our acquisition of Clinical Professionals for an initial net cash consideration of €4.5m, has given rise to a net cash outflow from cash and cash equivalents of €2.9 million in the period.

Dividend

The Board proposes to pay an interim dividend of 5.25 cent per share, an increase of 11% on last year's interim dividend which reflects the Group's strong performance in the period and attractive prospects. The dividend will be payable on 4th March 2016 to shareholders on the register at the close of business on the record date of 5th February 2016.

Board

Having been a director of the Group since its flotation, Garret Roche today retires from the Board. On behalf of my fellow directors and all of our people I would like to thank Garret for his exceptional dedication and commitment to his role as a director and for his valuable contribution to our success. Mark Buckley, our Chief Financial Officer, has been appointed to the Board with effect from today, and I welcome him to the Board and look forward to continuing to work with him as he takes on this additional role. Additional disclosures in respect of Mr. Buckley under paragraph (g) of Schedule Two of the AIM and ESM Rules will be made under a separate regulatory filing.

Outlook

In the six month period to 31 December 2015 we have seen continued organic growth across key business sectors. The acquisition of Clinical Professionals was completed in the period and performance from this business has been in line with expectations.

While the pace of growth in many markets remains somewhat uncertain, 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
28 January 2016

Condensed Group Statement of Comprehensive Income
for the period ended 31 December 2015

	6 months ended	6 months ended	Year ended
	31-Dec-15	31-Dec-14	30-Jun-15
	€000	€000	€000
	(Unaudited)	(Unaudited)	(Audited)
Revenue	216,364	193,218	393,648
Cost of sales	(182,365)	(164,991)	(334,981)
Gross profit	<u>33,999</u>	<u>28,227</u>	<u>58,667</u>
Distribution expenses	(2,091)	(1,852)	(3,726)
Administrative expenses	(24,343)	(20,405)	(40,984)
Operating profit	<u>7,565</u>	<u>5,970</u>	<u>13,957</u>
Financial income	6	81	125
Profit before taxation	<u>7,571</u>	<u>6,051</u>	<u>14,082</u>
Income tax expense	(984)	(787)	(1,797)
Profit for the financial period/year	<u>6,587</u>	<u>5,264</u>	<u>12,285</u>
Other comprehensive income			
Foreign currency translation differences - foreign operations	33	(91)	(304)
Total comprehensive income for the period/year	<u>6,620</u>	<u>5,173</u>	<u>11,981</u>
Profit attributable to:			
Owners of the Parent	6,482	5,264	12,374
Non - controlling interests	105	-	(89)
	<u>6,587</u>	<u>5,264</u>	<u>12,285</u>
Total comprehensive income attributable to			
Owners of the Parent	(51)	(91)	(304)
Non - controlling interests	84	-	-
	<u>33</u>	<u>(91)</u>	<u>(304)</u>
Basic earnings per share (cent)	21.2	17.2	40.5
Diluted earnings per share (cent)	21.2	17.2	40.5

Condensed Group Balance Sheet
as at 31 December 2015

	31-Dec-15	31-Dec-14	30-Jun-15
	€000	€000	€000
	(Unaudited)	(Unaudited)	(Audited)
Fixed Assets			
Non current assets			
Property, plant and equipment	1,933	1,817	1,835
Goodwill and intangible assets	18,701	12,346	12,661
Deferred tax asset	444	422	439
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Total non-current assets	21,078	14,585	14,935
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Current assets			
Trade and other receivables	90,689	77,891	81,831
Current tax recoverable	-	-	451
Cash and Cash equivalents	28,591	24,226	30,475
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Total current assets	119,280	102,117	112,757
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Total assets	140,358	116,702	127,692
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Capital and reserves			
Issued share capital	3,053	3,053	3,053
Share premium	1,705	1,705	1,705
Other reserves	(2,052)	(2,688)	(2,851)
Retained earnings	85,096	74,482	80,141
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Equity attributable to owners of the Company	87,802	76,552	82,048
Non - controlling interests	172	-	(89)
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Total equity	87,974	76,552	81,959
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Liabilities			
Non current liabilities	1,285	-	-
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Total non current liabilities	1,285	-	-
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Current liabilities			
Trade and other payables	48,667	40,051	45,733
Interest bearing loans and borrowings	983	-	-
Provisions	1,375	-	-
Current tax payable	74	99	-
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Total current liabilities	51,099	40,150	45,733
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Total liabilities	52,384	40,150	45,733
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Total equity and liabilities	140,358	116,702	127,692
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Condensed Group Statement of Changes in Equity
for the period ended 31 December 2015

	Share Capital €000	Share Premium €000	Other denominated capital fund €000	Capital conversion reserve fund €000	Merger reserve €000	Currency translation reserve €000	Share based payment reserve €000	Retained earnings €000	Total €000	Non - controlling interests €000	Total Shareholders equity €000
Balance at 1 July 2014	3,053	1,705	667	57	(3,357)	(91)	54	70,745	72,833	-	72,833
Total comprehensive income for the period											
Profit for the financial period	-	-	-	-	-	-	-	5,264	5,264	-	5,264
Foreign currency translation	-	-	-	-	-	(91)	-	-	(91)	-	(91)
Transactions with shareholders											
Share based payment charge	-	-	-	-	-	-	73	-	73	-	73
Dividends paid	-	-	-	-	-	-	-	(1,527)	(1,527)	-	(1,527)
Balance at 31 December 2014	3,053	1,705	667	57	(3,357)	(182)	127	74,482	76,552	-	76,552
Balance at 1 July 2015	3,053	1,705	667	57	(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	667	57	(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	667	57	(3,357)	(446)	1,027	85,096	87,802	172	87,974

Condensed Group cash flow statement
for the period ended 31 December 2015

	6 months ended 31-Dec-15 €000 (Unaudited)	6 months ended 31-Dec-14 €000 (Unaudited)	Year ended 30-Jun-15 €000 (Audited)
Cash flows from operating activities			
Profit for the financial period/year	6,587	5,264	12,285
Depreciation on property, plant and equipment	274	192	425
Share based payment charge	850	73	123
Amortisation of intangible assets	145	43	165
Financial income	(6)	(81)	(125)
Income tax expense	984	787	1,797
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Operating cash flows before changes in working capital	8,834	6,278	14,670
(Increase) in trade and other receivables	(5,347)	(8,088)	(12,199)
Increase/(decrease) in trade and other payables and provisions	487	(841)	4,073
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Cash generated from/(used) in operations	3,974	(2,651)	6,544
Income tax (paid)	(464)	(1,110)	(1,919)
Interest received	60	165	176
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Net cash provided by/(used in) operating activities	3,570	(3,596)	4,801
Cash flows from investing activities			
Deferred consideration paid	-	(75)	(75)
Acquisition of business, net of cash acquired	(4,471)	-	-
Purchase of property, plant and equipment	(307)	(689)	(949)
Purchase of intangible assets	(132)	(405)	(842)
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Net cash (outflow) from investing activities	(4,910)	(1,169)	(1,866)
Cash flows from financing activities			
Dividends paid	(1,527)	(1,527)	(2,978)
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Net cash (used in) financing activities	(1,527)	(1,527)	(2,978)
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Net (decrease) in cash and cash equivalents	(2,867)	(6,292)	(43)
Cash and cash equivalents at beginning of period/year	30,475	30,518	30,518
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Cash and cash equivalents at end of period/year	27,608	24,226	30,475
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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 2015 which have a significant impact on the Group’s accounting policies or on the reported results.

The figures for the half year ended 31 December 2015 are unaudited. The comparative figures for the half year ended 31 December 2014 are also unaudited. The amounts for the year ended 30 June 2015 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 financial statements for the year ended 30 June 2015 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

	6 months ended 31-Dec-15 €000	6 months ended 31-Dec-14 €000	Year ended 30-Jun-15 €000
Ordinary dividends:			
Interim dividends paid (<i>4.75c per ordinary share</i>)	-	-	1,451
Final dividends paid (<i>5.0c per ordinary share</i>)	1,527	1,527	1,527
	<u>1,527</u>	<u>1,527</u>	<u>2,978</u>

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 2015 is 30,545,159 (period ended 31 December 2014 - 30,545,159; year ended 30 June 2015 - 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 2015 of €6,482,000 (period ended 31 December 2014 - €5,264,000; year ended 30 June 2015 - €12,374,000).

4. Acquisitions

On 2 September 2015 the Group acquired an 89.8% stake in Pharma Professionals Limited (“PPG”). PPG is the parent company of Clinical Professionals Limited a leading UK based pharmaceutical and Life Sciences recruitment company. At completion 63.5% of the consideration payable was paid and the balance sheet is contingent on certain earn out targets being achieved.

5. Share Based Payments

The LTIP charge for the six months to 31 December 2015 was €850k and €74k in the six months to 31 December 2014. 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 26 of the 2015 Annual report.

6. Events after the reporting date

There have been no significant event since the period end 31 December 2015.

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