



cpl resources plc



results for the half year ended 31 December 2009

Net fee income from our permanent placement business decreased by 58% when compared to the corresponding period last year. However, permanent fees generated in the six months to December 2009 were only 15% lower than the six months to June 2009. 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 a 26% decline in gross profit from this sector of our business compared with the same period 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 December 2009 was similar to that generated in the six months to June 2009.

The Group had cash balances of €42 million at 31 December 2009. The business generated €1.7 million from operating activities in the six months to December 2009, while €1.3 million was spent on acquisitions in the same period. We continue to manage our debtor book actively and carefully, and we have not experienced any significant increase in bad debts.

In line with our stated strategy to increase the range of services we offer to our customers, we acquired three businesses in the six months to December 2009. Loss Control Services Limited (trading as 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 compliance with their statutory duties as employers. Ecom Interaction Services Limited is a business process outsourcing company for customer contact management, outsourced insurance administration and back-office processes. It has a blue chip customer base in the finance, technology and commercial sectors. Techstaff International Limited is a construction contractor business. Cpl continues to look for suitable acquisition opportunities which will enhance our service offering to customers and improve the breadth and geographic balance of our business.

Our goal is to consistently remain profitable regardless of the economic circumstances. Our team has demonstrated their commitment to delivering a value based strategy. For this I thank them. Our sales force and delivery teams remain committed to providing our customers with innovative and flexible solutions to meet their business needs in a constantly changing environment. We value our customers and I would also like to thank them for their continued support.

Outlook

The markets in which Cpl operates remain challenging, and the economic outlook remains uncertain in Ireland and in our other locations. In these conditions we are continuing to manage our cost base carefully, to provide excellent service to our clients and to pursue opportunities to add to our business as they arise. We do not anticipate any significant expansion or retraction in demand for our services in the short term. We note, however, that some commentators are forecasting a return to economic growth in Ireland towards the end of 2010, and we remain well positioned to take advantage of any upturn in the market as and when it occurs.

The Board is recommending an interim dividend of 1.5 cent per share. The dividend will be payable on 5 March 2010 to shareholders on the company's register at the close of business on the record date of 5 February 2010.

John Hennessy

Chairman

Thursday, 28 January 2010

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Group income statement

for the period ended 31 December 2009

	Half Year ended 31 Dec 2009 €'000 (Unaudited)	Half Year ended 31 Dec 2008 €'000 (Unaudited)	Year ended 30 Jun 2009 €'000 (Audited)
Revenue	91,378	118,945	212,398
Cost of sales	(78,420)	(98,428)	(177,410)
Gross profit	12,958	20,517	34,988
Distribution expenses	(762)	(982)	(1,575)
Administrative expenses before impairment charge	(10,514)	(14,344)	(25,209)
Operating profit before impairment charge	1,682	5,191	8,204
Impairment	–	(4,500)	(8,061)
Operating profit	1,682	691	143
Financial income	694	832	1,552
Financial expenses	(2)	(1)	(12)
Profit before tax	2,374	1,522	1,683
Income tax expense	(309)	(783)	(1,002)
Profit for the Financial Year	2,065	739	681
Attributable to:			
Equity Shareholders	2,054	697	639
Minority interest	11	42	42
	2,065	739	681
Basic earnings per share	5.5 cent	2.0 cent	1.7 cent
Diluted earnings per share	5.5 cent	2.0 cent	1.7 cent

Consolidated Balance Sheet

at 31 December 2009

	31 Dec 2009 €'000 (Unaudited)	31 Dec 2008 €'000 (Unaudited)	30 Jun 2009 €'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	1,426	1,436	1,444
Goodwill and Intangible assets	10,668	13,875	9,979
Deferred tax asset	229	93	263
Total non-current assets	12,323	15,404	11,686
Current assets			
Trade and other receivables	29,666	34,387	29,424
Cash and cash equivalents	16,531	36,437	22,505
Short-term bank deposits	25,535	–	19,995
Corporation tax refundable	135	–	409
Total current assets	71,867	70,824	72,333
Total assets	84,190	86,228	84,019
Equity			
Issued capital	3,720	3,720	3,720
Share premium	1,705	1,705	1,705
Merger reserve	(3,300)	(3,300)	(3,300)
Retained earnings	58,956	58,075	57,460
	61,081	60,200	59,585
Minority Interest	109	98	98
Total equity	61,190	60,298	59,683
Liabilities			
Non-current liabilities			
Financial liabilities	68	56	81
Provisions	–	268	–
Total non-current liabilities	68	324	81
Current liabilities			
Financial liabilities	32	21	34
Trade and other payables	22,870	24,401	23,814
Corporation tax payable	–	941	–
Provisions	30	243	407
Total current liabilities	22,932	25,606	24,255
Total liabilities	23,000	25,930	24,336
Total equity and liabilities	84,190	86,228	84,019

Group Cash Flow statements

for the period ended 31 December 2009

	Half Year ended 31 Dec 2009 €'000 (Unaudited)	Half Year ended 31 Dec 2008 €'000 (Unaudited)	Year ended 30 Jun 2009 €'000 (Audited)
Cash flows from operating activities			
Profit for the financial year	2,066	739	681
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	287	274	437
Amortisation of Intangible assets	83	138	409
Deferred Consideration write back	(317)		
Financial income	(694)	(832)	(1,552)
Financial expense	2	1	12
Impairment of Goodwill	–	4,500	7,157
Impairment of Intangible assets	–	–	904
Income tax expense	309	783	1,002
Operating profit before changes in working capital and provisions	1,736	5,603	9,050
Decrease/(Increase) in trade and other receivables	483	698	6,459
(Decrease)/Increase in trade and other payables and provisions	(979)	(4,576)	(5,017)
Cash generated from operations	1,240	1,725	10,492
Interest paid	(2)	(1)	(12)
Income tax refund/(paid)	–	(28)	(1,852)
Interest received	495	666	1,405
Net cash from operating activities	1,733	2,362	10,033
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	(1,198)	–	(760)
Deferred consideration paid	(127)	(2,361)	(2,416)
Purchase of property, plant and equipment	(199)	(170)	(340)
Purchase of intangible assets	(70)	–	(75)
Purchase of investments			
Transfer to short-term deposits	(5,540)	–	(19,995)
Net cash used in investing activities	(7,134)	(2,531)	(23,586)
Cash flows from financing activities			
Repayment of borrowings	(15)	(10)	–
Dividends paid	(558)	(930)	(1,488)
Proceeds from issue of share capital	–	–	–
Net cash from financing activities	(573)	(940)	(1,488)
Net increase/(decrease) in cash and cash equivalents	(5,974)	(1,109)	(15,041)
Cash and cash equivalents at beginning of period/year	22,505	37,546	37,546
Cash and cash equivalents at end of period/year	16,531	36,437	22,505

Notes supporting interim financial statements

1. Basis of preparation

The consolidated financial information of the Group has been prepared 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 2009 are unaudited. The comparative figures for the half year ended 31 December 2008 are also unaudited. The amounts for the year ended 30 June 2009 represent an abbreviated version of the Group’s full financial statements for the year on which the auditors issued an unqualified audit report.

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

	Half Year ended 31 Dec 2009 €'000	Half Year ended 31 Dec 2008 €'000	Year ended 30 Jun 2009 €'000
Ordinary dividends:			
Interim dividends paid	–	–	558
Final dividend paid	558	930	930
	558	930	1,488

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 2009 is 37,211,825 (*period ended 31 December 2008 – 37,211,825; year ended 30 June 2009 – 37,211,825*). It has been calculated based on the profit for the financial period ended 31 December 2009 of €2,054,000 (*period ended 31 December 2008 – €697,000; year ended 30 June 2009 – €639,000*).

4. Provisions

	Group €'000
<i>Deferred and contingent consideration</i>	
Balance at 30 June 2009	407
Amount recognised during the year (note 5)	67
Paid during the year	(127)
Revision to estimate during the year	(317)
Balance at 31 December 2009	30
Current	30
Non-current	–
	30

5. Acquisition of business undertakings

In July 2009, the Group acquired the businesses and certain assets of Loss Control Services Limited (trading as Nifast) (in receivership), Ecom Interaction Services Limited (in receivership), and Techstaff International Limited. The carrying value of the assets which were acquired, determined in accordance with IFRS at the acquisition dates was €0.8 million. Total consideration amounted to €1.2 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 combination. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2010 Annual Report as stipulated by IFRS 3, *Business Combinations*.



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