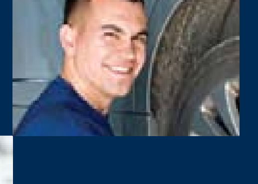
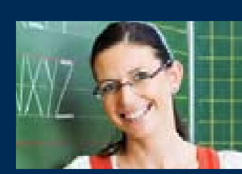


Empresaria Group plc

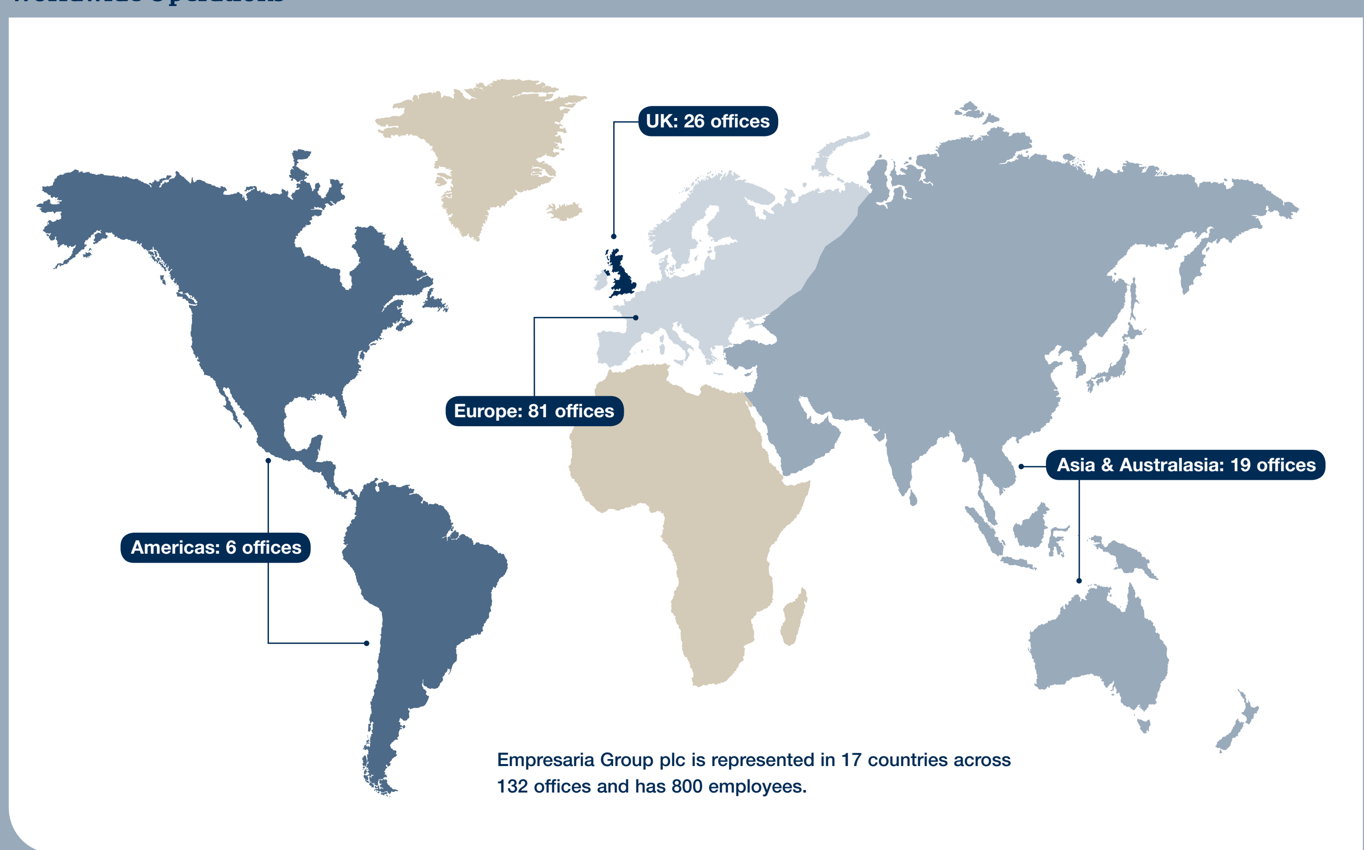
Report and Accounts 2009



Empresaria Group plc is an international specialist staffing business committed to expansion through investment in existing or start-up operations and through management-led acquisitions. Our businesses are operationally autonomous, although subject to strict financial discipline and run by teams incentivised by management equity.

Our focus is on accelerating growth and reducing risk by building a balanced and diverse portfolio of operations across specialist market sectors and geographies.

Worldwide Operations



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Headlines 2009

Financial	Revenues of **£195.2m** (2008: £207.7m)
	Gross profit of **£41.4m** (2008: £51.5m)
	Adjusted profit before tax* **£3.2m** (2008: £6.4m)
	Adjusted operating profit* **£4.1m** (2008: £7.5m)
	Adjusted earnings per share** **3.1p** (2008: 8.6p)
	Operating loss of **£2.5m** (2008: profit of £2.4m)
	Loss before tax of **£3.4m** (2008: profit of £1.3m)
	Loss per share of **12.4p** (2008: 4.8p)
	Group net debt at year end **£8.0m** (2008: £9.1m)
	Proposed dividend of **0.35p** (2008: 0.35p)

Operational	19% increase in second half net fee income compared to first half (2008: 4%)
	Decisive action to reduce costs and rationalise business portfolio taken in first half of 2009 resulted in a 15% reduction in administrative costs
	80% of gross profit from more resilient temporary staffing
	Increased focus on specialist divisions in German operations drive improved revenues and margins in second half of 2009
	Growth enjoyed by our Indian, SE Asian, Chinese and UK construction businesses
	Strong performance from healthcare businesses purchased in 2008
	Reduction in net debt of £3.3m in second half

* Figures based on underlying profits excluding amortisation of intangible assets and exceptional items.
** See reconciliation in note 23.

Cautionary Statement

The Chairman's Statement and Operating and Financial Review ('the reviews') have been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The reviews should not be relied on by any party or for any other purpose.

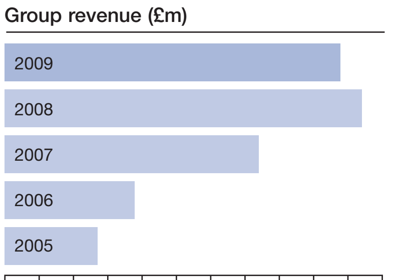
The reviews contain certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

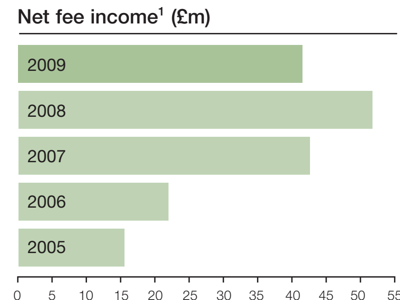
Financial Highlights

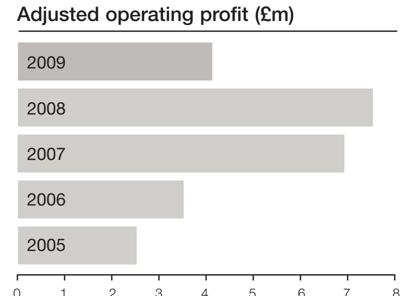
Overview of performance	2009	2008	2007	2006	2005
Revenue (£m)	195.2	207.7	147.8	75.5	54.1
Gross profit (£m)	41.4	51.5	42.4	21.8	15.4
Adjusted profit before tax (£m)*	3.2	6.4	6.2	2.9	2.2
Adjusted operating profit (£m)*	4.1	7.5	6.9	3.5	2.5
Adjusted earnings per share (pence)**	3.1	8.6	9.2	7.2	5.7
Proposed dividend per share (pence)	0.35	0.35	0.55	0.50	0.45

* Figures based on underlying profits excluding amortisation of intangible assets and exceptional items.
** See reconciliation in note 23.

The amounts disclosed for 2005 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRSs. The principal difference between UK GAAP and IFRSs is amortisation of goodwill as it applies to Empresaria.

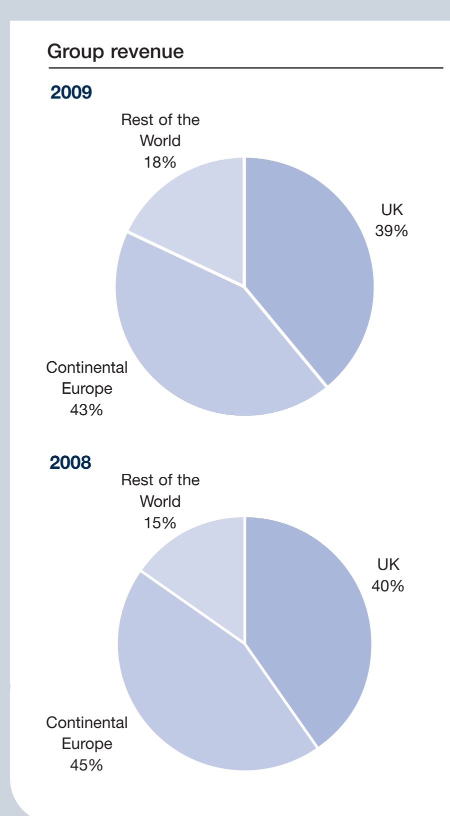


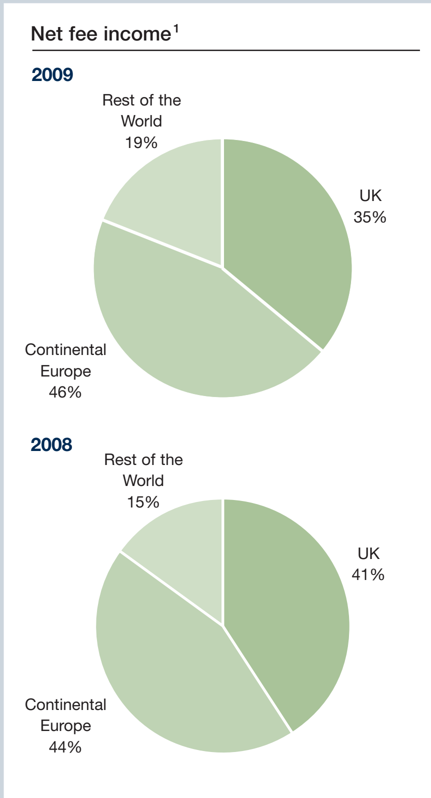


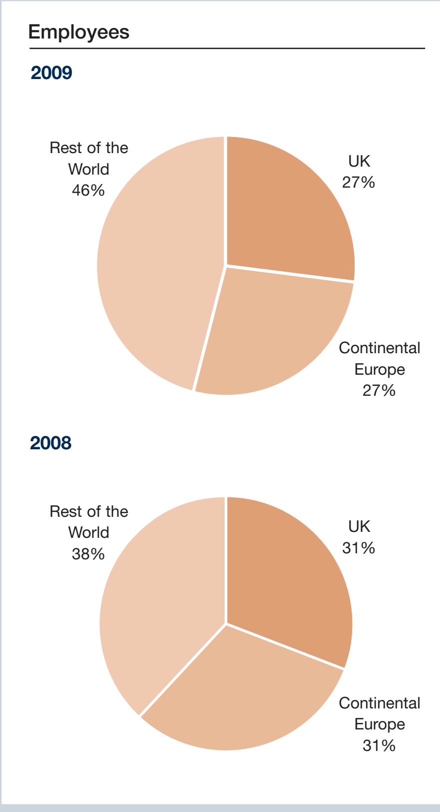


Progress in international diversification

The charts shown below demonstrate the progress made in diversifying the Group internationally, with the United Kingdom's share of revenue and net fee income reducing from 40% and 41% respectively in 2008 to 39% and 35% in 2009.







[1] Net fee income is equivalent to gross profit.

Our Businesses

Financial summary by region

In accordance with our strategy of creating a diversified international specialist staffing business we review the regional performance of our operations, a summary of which is provided below.

UK

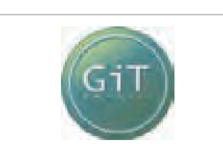
The UK Group provides permanent and temporary staffing solutions across four main sectors; Construction and Property Services, Financial Services, Supply Chain and Other Brands.

Financial highlights	2009	2008
Revenue (£m)	75.7	83.6
Net fee income (£m) [1]	14.8	20.9
Adjusted operating profit (£m) [2]	2.0	3.8
Number of trading companies	13	18
Average number of employees	207	281

Continental Europe

Following the acquisition of headwayholdings GmbH ('Headway') in May 2007, the Group has a significant foothold in the German recruitment market. In addition the Group has interests in companies based in Holland, Finland, Slovakia and the Czech Republic.

Financial highlights	2009	2008
Revenue (£m)	84.8	92.1
Net fee income (£m) [1]	18.9	22.9
Adjusted operating profit (£m) [2]	1.8	3.0
Number of trading companies	7	13
Average number of employees	205	278



Rest of the World

The Group has interests in companies based in Japan, South East Asia, Australia, India, China and South America.

Financial highlights	2009	2008
Revenue (£m)	34.7	32.0
Net fee income (£m) [1]	7.7	7.7
Adjusted operating profit (£m) [2]	0.3	0.7
Number of trading companies	13	21
Average number of employees	351	342

[1] Net fee income is equivalent to gross profit.

[2] Figures based on underlying profits excluding amortisation of intangible assets and exceptional items.

The recovery experienced in the second half of 2009 reflects a growing momentum within the Group's temporary staffing operations which has continued into the first months of 2010

Tony Martin
Chairman

The change in market conditions has generated a change in the development approach, with management and financial resources being concentrated on supporting existing Group businesses

Overview 2009

2009 has been the first year in the thirteen year history of the Group in which revenues and net fee income have declined, reflecting the challenges presented by global economic and market environments faced by the Group during the year. The fact, however, that revenues and margins were maintained at relatively high levels reflects the benefit of our international development programme and the strength of our diversified portfolio of operations.

Group financial performance in 2009 was a tale of two halves. In the first half of the year the focus was on managing the continued decline in demand that had commenced in late 2008. Not all businesses were affected, with some operations in developing economies (such as Indonesia) or in specific market sectors (such as construction infrastructure) continuing to thrive. In the majority of our markets, however, remedial action was necessary, resulting in a 15% reduction in our cost base and underlying operating profits at break even in the first half.

In the second half of the year a combination of market stability, with improved trading conditions in some countries and sectors, and a lower cost base resulted in underlying operating profits of £4.1m. More importantly, the recovery experienced in the second half of 2009 reflects a growing momentum within the Group's temporary staffing operations which has continued into the first months of 2010. As enterprises examine the flexibility of their cost base to accommodate new economic challenges and respond quickly to new opportunities, they continue to appreciate the potential value from temporary and outsourced staffing models. This in turn will create opportunities for organisations such as Empresaria that provide entrepreneurial and flexible staffing solutions.

Group strategy

Group strategy, following the move to AiM in late 2004, has been to develop a specialist international staffing group balanced both in terms of sector focus and geographical coverage. This diversification strategy is designed to reduce the impact over time of market volatility and gain access to higher growth economies and staffing markets.

The development programme implemented between 2004 and early 2008 focused on a combination of green field investments in emerging economies, and investments in existing businesses in more developed staffing markets where economies of scale or barriers to entry justified this approach. In each case investments have been made alongside local management teams who have acquired or retained a material equity stake in their business. Empresaria currently operates in 17 countries and has approximately 800 internal staff.

The change in market conditions has generated a change in the development approach, with management and financial resources being concentrated on supporting existing Group businesses. Having planted investment seeds in a number of emerging markets over recent years, we are now concentrating on fulfilling this growth potential. Issuing new shares and raising

new funds in May 2009 has allowed the Group to provide increased financial support for our developing operations in countries such as India and Indonesia at the same time as supporting the working capital requirements of staffing operations across the rest of the Group.

Financial performance

Revenues declined in the year by 6% to £195.2m (2008: £207.7m). Net fee income declined 20% to £41.4m (2008: £51.5m). Profit before tax (adjusted for intangible amortisation and exceptional items) reduced to £3.2m from £6.4m in the previous year. The Group incurred exceptional cash expenditure of £1.2m in the year, the bulk of which was booked in the first half of the year as part of a restructuring process. As indicated when reporting on the 2009 interim results, this restructuring process has now been largely concluded and, although we will continue to review our portfolio of operations, unless there is a dramatic deterioration in current market conditions there is no expectation of material restructuring charges in the current year. In a similar vein, the reduction in profitability in a number of Group companies in 2009 and subsequent review of goodwill carrying values has led to goodwill impairment charges of £4.6m. As with cash related restructuring costs, unless there is a material change in circumstances or market conditions, there is no expectation of further goodwill impairment charges in 2010.

Group net borrowings decreased by £1.1m in the year to £8.0m and by £3.3m in the six months to December 2009. The balance sheet is expected to continue to strengthen in 2010 as cash inflows from trading are used to fund working capital requirements and continue to reduce overall Group debt over the full year.

Empresaria's people

The challenges faced by the Group in 2009 were reflected in the constant pressure on all of our people who have each had to deal with uncertain and often difficult trading conditions. 2009 was a year of change and of personal challenge and sacrifice. It was also though a year of entrepreneurial flair and endeavour, the benefit of which will be felt in the future. We thank them all for their creativity, forbearance and perseverance in a difficult year.

Current trading and outlook

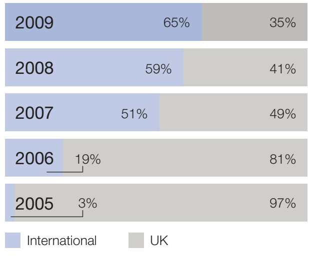
We have seen an improved trading environment in recent months, although any forward view is clouded by uncertainty as to the macro-economic outlook.

A number of internal indicators suggest that the outlook for Empresaria in 2010 is a positive one. We finished 2009 with strengthening financial performances from all three of our regions. This has been driven by a combination of three key factors: stable and growing temp numbers in the UK and Germany, increased permanent recruitment activity and increased profits from maturing companies in emerging economies. This positive momentum has continued into the first months of 2010 with both revenues and net fee income significantly higher than in 2009 and on a materially lower cost base, giving confidence as to the full year outlook.

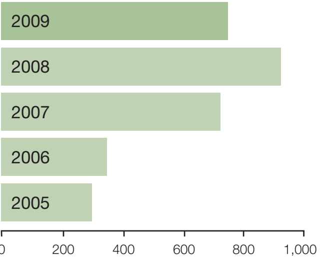
Tony Martin
Chairman
24 March 2010

A number of internal indicators suggest that the outlook for Empresaria in 2010 is a positive one

Net fee income



Number of internal employees



The Group has enjoyed increases to net fee income in Q3 and Q4 2009, culminating in an overall increase of 19% over the first half

Miles Hunt
Chief Executive

Gross margin in the second half of 2009 improved by 1.6 percentage points to 22.0%

Group results

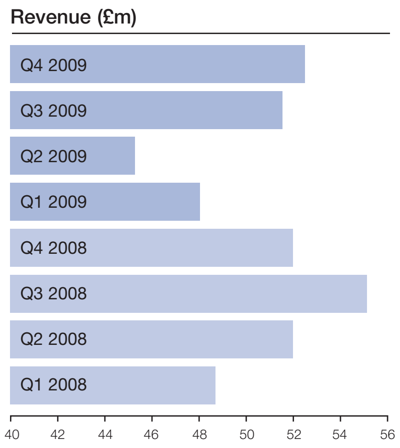
The Group, having broken even in the first half, achieved an operating profit for the full year, before exceptional items and amortisation, of £4.1m. Net borrowings reduced by £1.1m over the year, driven by an improved second half where net borrowings reduced by £3.3m.

During the latter part of 2008 and first quarter of 2009, Empresaria experienced a sharp decline in revenues and net fee income and responded quickly to reduce costs and refine its portfolio of businesses. In the second quarter, markets stabilised and we experienced some improvement in trading conditions. As shown in the graphs below, the Group has enjoyed increases to net fee income in Q3 and Q4 2009, culminating in an overall increase of 19% (2008: 4%) over the first half. This trend, combined with a lower cost base following the restructuring in the early part of the year, resulted in the strong improvement in profitability.

The Group derives the majority of its revenues from placing people in permanent and temporary positions of employment with its clients. For the placement of permanent staff ('permanent sales'), a one-time fee is charged on commencement of employment; for temporary placements ('temporary sales') the client is charged an hourly or daily rate which includes payroll and associated costs (tax, insurance etc.) borne by the Group plus a profit margin. Gross profit ('net fee income') comprises the gross value of permanent sales plus the profit margin earned on temporary sales.

Overall in the year revenue was 6% lower in 2009 at £195.2m (2008: £207.7m) due to a 4% fall in temporary sales and a 34% decline in permanent sales. A substantial proportion of the Group's business is conducted overseas and after adjusting for movements in exchange rates and changes in the business portfolio, like for like revenues were 11% lower.

Gross profit or net fee income was 20% lower at £41.4m (2008: £51.5m) due to a combination of lower permanent sales, idle time costs incurred



in Continental Europe in the first quarter of 2009 and some price pressure on temporary sales margin during the year. After adjusting for movement in exchange rates and changes in the business portfolio, like for like net fee income was 24% lower than previous year.

Gross margin, the ratio of net fee income to revenue, was 21.2% in 2009 (2008: 24.8%). Lower permanent sales gave rise to approximately half of the fall in margin and this combined with idle time in Continental Europe in the first quarter represented the majority of the decrease. Gross margin in the second half of 2009 improved by 1.6 percentage points to 22.0% (1st half: 20.4%).

Administrative costs, before intangible amortisation and exceptional items, reduced by 15%, or £6.7m, to £37.3m (2008: £44.0m). After adjusting for movements in exchange rates and portfolio changes in the year, the like for like reduction in costs was 17% or £7.4m. Operating profit, adjusted for exceptional items and intangible amortisation, was £4.1m (2008: £7.5m).

Stuart Kilpatrick
Group Finance Director

Market and business overview

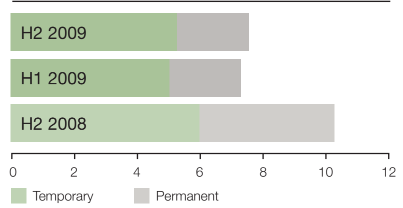
UK

Revenues decreased by 9% to £75.7m (2008: £83.6m) and net fee income decreased by 29% to £14.8m (2008: £20.9m). Net fee income showed a far sharper decline than revenues mainly because permanent sales fell by 51% to £4.4m (2008: £8.9m) compared with a 5% reduction in temporary sales, where the gross margin on temporary sales also fell to 14.5% from 16%. As a result the gross profit percentage for UK operations fell from 25% to 19% and temporary staffing contributed a significantly greater proportion of net fee income (70% of the total in 2009 against 57% in 2008).

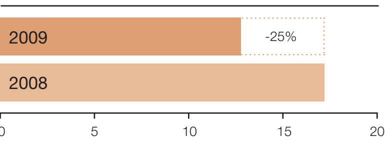
At the end of 2008 and in the first quarter to 2009, we acted quickly to reduce the UK cost base. As a result total costs, before intangible amortisation and exceptional items, fell by 25% to £12.8m from £17.1m in 2008. These reductions were achieved largely through lower remuneration costs, rationalising the UK property portfolio and by merging a number of smaller operations. These measures helped the UK Group to an adjusted operating profit of £2.0m which, although down 47% from the 2008 figure of £3.8m, was a significant achievement given difficult market conditions.

Administrative expenses reduced by 15%

UK: Split of temporary and permanent net fee income (£m)



UK: Overheads (£m)



Cost reductions have enabled the UK Group to benefit from the somewhat improved market conditions in the second half of the year and have positioned it well for a sustained recovery. From July to December, year on year net fee income fell by 25%, compared with 34% in the first six months. The trend was most noticeable in Q4, where net fee income was 17% down on 2008.

Our Property Services and Engineering Sector performed extremely well in the year, with revenue and net fee income growth driven by a focus on infrastructure work, especially rail and airport projects.

With a marked reduction in permanent sales, most of the other UK operations found market conditions challenging, although almost all delivered an operating profit by the end of the year and look well placed to benefit from improved activity levels in the first months of 2010, with evidence of growing temporary sales and indications of increased demand for permanent staff.

Continental Europe

Revenues decreased by 8% to £84.8m (2008: £92.1m) and net fee income declined 17% to £18.9m (2008: £22.9m). During 2009, the gross margin on temporary sales reduced by 3% to 22% (2008: 25%).

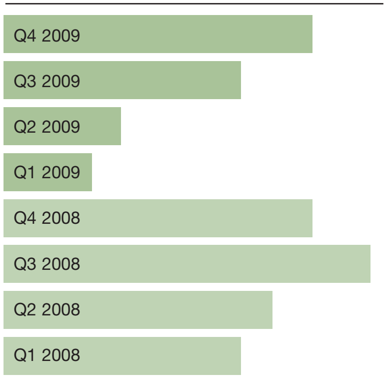
2009 was an unprecedented year in the European staffing industry with rapid and severe revenue declines across most industry sectors. Empresaria's revenues in the region declined in the first half of the year by 14%. These results significantly improved in the second half with revenues in Q4 being up 4% on the same period in 2008 and 8% up on Q3 performance.

The drop in net fee income was driven largely by margin reductions in our core German market, where a combination of pricing pressure and idle time costs incurred in the first quarter of the year reduced percentage gross margins from 24% to 20%. The second half of the year did, however, see margins improving to 24%, with overall gross margin for the year being 22%.

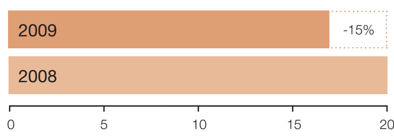
To compensate for the decline in revenues, operating companies reduced their cost base by a total of 15% in local currency terms. Restructuring initiatives did, however, result in one off exceptional costs related to staff redundancy pay.

Our German operations account for approximately 88% (2008: 88%) of Group revenues in Continental Europe. Although a developed economy, the German staffing market is immature, having grown rapidly from a small base since the Hartz reforms to the labour market in 2004. Being relatively under developed compared to other European staffing markets, there is still a predominance of blue collar operations. Our Headway brand operates mainly within the Engineering and Logistics sectors and, as with many German temporary staffing companies, had a proportion of skilled/semi-skilled temporary workers on its books in late 2008. The extended factory closures over the winter of 2008/9 resulted in a dramatic fall in demand for these workers and the consequent need to reduce costs. As with all temporary markets, however, the economic downturn acted as a stimulus for employers to consider the benefits of increasing flexibility within the workforce. Although the German economy has stabilised rather than entered a phase of recovery, the German staffing market and the performance of our Headway operations, particularly in the second half of 2009, have been positive. Revenues generated in the final quarter of 2009 were comparable

Continental Europe: Net fee income



Continental Europe: Overheads (£m)



to those in the same period of 2008 but on a much lower cost base and with a greater proportionate contribution from the specialist divisions and, in particular, from longer term outsourcing contracts. The growth and success of the Headway Logistics operations, specifically in the outsourcing of warehouse management and staffing, have led to the management teams of both Headway and the UK's Logistics operations agreeing to form a joint venture in the UK, to offer a combination of Headway expertise and UK management market knowledge.

Our companies in Holland, Czech Republic and Slovakia were also affected by the change in market conditions. In the former due to a dependency on the Dutch construction sector and a drop in demand for technical temporary staff and in the latter two markets it was due to a predominance of permanent recruitment in the operational mix. There are indications of improved trading in the Czech Republic and Slovakia, although the outlook for the Dutch staffing market, where we have a relatively small presence, remains a concern.

MediradiX, our healthcare staffing operation in Finland and Estonia performed well throughout the year, growing revenues, net fee income and operating profit. The outlook for this business is excellent as the structural scarcity of doctors and dentists in the Nordic region is expected to remain for years to come.

Rest of the World

Revenues increased by 8% to £34.7m (2008: £32.0m) and net fee income remained constant at £7.7m (2008: £7.7m). Temporary sales increased by 9% in the period but the gross margin percentage reduced from 16% to 14% mainly as a consequence of changing the mix of temporary staffing sales with growth from lower margin sectors and operations being offset by declines in higher margin operations.

Reviewing year-on-year comparisons, the results in the Rest of the World region, made up primarily of operations in Asia and South America, have been stable in the face of more difficult market conditions. Looking at our operations in more detail, there were a range of outcomes and company performances in the region as well as a change from dependency on a small number of key markets to a broader portfolio of contributing businesses. In 2008,

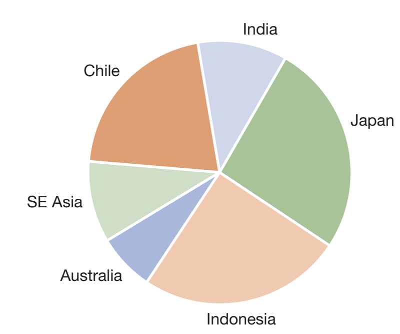
The outlook for MediradiX, our Nordic healthcare staffing operation, is excellent as the structural scarcity of doctors and dentists in this region is expected to remain for years to come

64% of regional net fee income was derived from Japan and Chile. In 2009 this reduced to 58% due both to volume declines in these markets caused by market deterioration and to the influence of growing operations in India and SE Asia. Year-on-year comparisons are also skewed by reason of the decision to sell our underperforming People Intelligence business in Australia to the management team in April 2009. This business contributed £0.1m of net fee income in 2009 (2008: £1.1m).

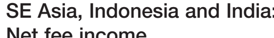
Within our principal regional markets, our Japanese temporary staffing companies (Skillhouse and FINES) were both severely impacted by the downturn in the Japanese IT and Retail markets although there was evidence of more stable trading conditions during the second half of the year. Our Chilean operations, also retail focused, suffered a drop in demand during the first half of the year, although there was evidence of recovery and a return to growth in later months and the outlook for this market, despite considerable disruption caused by the recent earthquake, is positive in 2010.

The compensation for this drop in net fee income came from our growing Indian, SE Asian and Chinese operations. In particular,

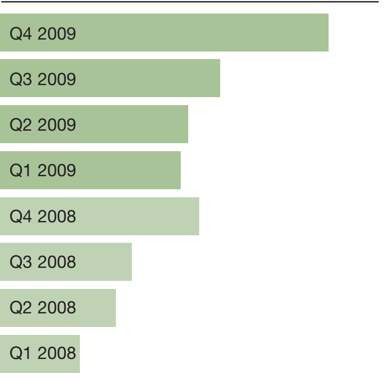
Rest of the World: Net fee income



IMS, our Indian operation, expanded its Recruitment Process Outsourcing operations to Australia and East Africa



SE Asia, Indonesia and India:
Net fee income



our Monroe Consulting (executive recruitment) and Learning Resources (corporate training) operations in Indonesia saw strong revenue and profit growth. In the case of Learning Resources, growth was underpinned by a series of new eLearning products launched early in the year. IMS, our Indian operation, both grew revenues in the year and improved profitability through expanding its Recruitment Process Outsourcing operations to cover new markets, including Australia and East Africa. In addition, on the back of demand for its services in the UK, it opened its first overseas branch there in January 2010. Shanghai HR Intelligence, our operation in mainland China also grew as a result of new HR outsourcing contracts as well as increased demand for permanent staff.

Exceptional items

International Financial Reporting Standards (IFRS) require that items of income and expenditure that are material in terms of their nature or amount be disclosed separately. Such items have been disclosed as exceptional within this report and the Board considers that the information presented in this report provides useful additional information relating to the underlying performance of the Group. This information should not be considered as an alternative but as supplementary to the full IFRS income statement on page 22.

An exceptional charge of £6.3m (2008: £4.8m) comprises £4.6m of impairments to goodwill and £1.7m of redundancy, restructuring and business disposal costs. The annual goodwill impairment review compares the discounted cash flow valuation of a cash generating unit ('CGU') to the carrying value of goodwill. Having carried out sensitivity analysis and taking a medium term view of the markets in which some of our businesses operate, impairments of £1.2m in the UK, £1.3m in Continental Europe and £2.1m in the Rest of the World region have been charged. The impairments primarily relate to our retail business in Tokyo, Japan, the UK Logistics business and EAR in Holland. There are no current year cash outflows in relation to the impairment charge.

Exceptional restructuring costs amounted to £1.1m in the year and these were incurred in the UK and in Continental Europe, primarily in the first quarter of 2009 when the Group reacted quickly to reduce its cost base due to the economic downturn. In addition the Group incurred one-off asset write downs and closure costs of £0.6m as it adjusted its portfolio of businesses to reflect market conditions. Cash spent in the year on restructuring and reorganisation was £1.2m.

Taxation

The total tax charge for the year was £0.8m (2008: £1.8m). Tax on adjusted profits before exceptional items and goodwill amortisation was £1.0m representing an effective rate of 31.3% (2008: 32.8%). This is higher than the standard rate in the UK of 28.0% due to a combination of unrelieved losses and the mix of profits in the different jurisdictions in which the Group operates.

(Loss)/earnings per share

Reported earnings per share from continuing operations, under IFRS, was a loss of 12.4p (2008: 4.8p). This is due mainly to goodwill impairments which do not attract tax relief or an adjustment for minority interest. To gain a better understanding of underlying performance for the year, the Group also reports earnings per share

adjusted for items classified as exceptional and for intangible amortisation. Adjusted earnings per share decreased to 3.1p (2008: 8.6p) due to the lower adjusted profit before taxation and a higher number of shares in issue.

Dividend

During the year the Group paid a dividend in respect of the year ended 31 December 2008 of 0.35p per share. For the year ended 31 December 2009, the Board is proposing a dividend of 0.35p per share which, if approved, will be paid on 16 August 2010 to shareholders on the register on 16 July 2010.

Cash flow

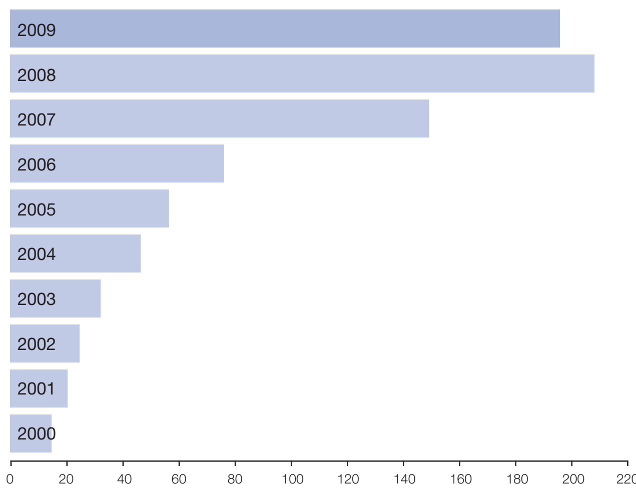
Net borrowings decreased by £1.1m in the year to £8.0m and by £3.3m in the period since 30 June 2009. The cash generated in the second half was due to the operating profit (before exceptional items and goodwill amortisation) and a net reduction in working capital of £1.1m due to a continued focus on debtor collection, with good results at Headway, Germany and Alternattiva, Chile.

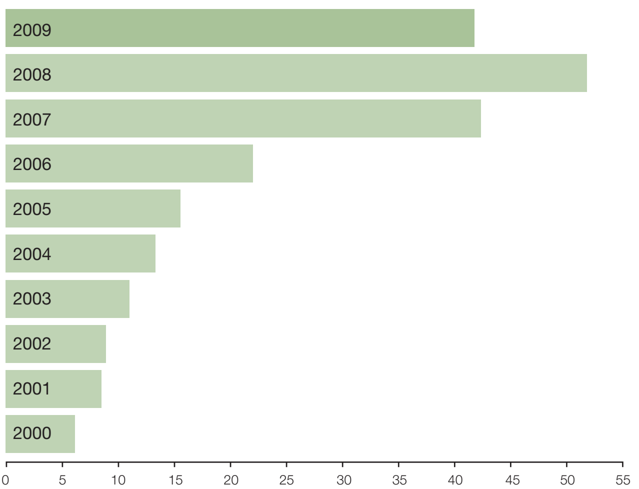
The cash outflow from investments during the year comprised £0.4m of deferred consideration in relation to Headway, Germany net of £0.2m cash consolidated on conversion of an associate to a subsidiary.

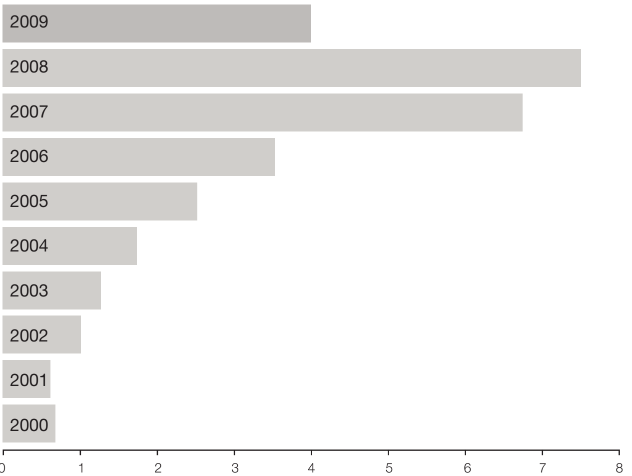
The Group raised additional cash of £2.7m net of expenses in May 2009 from a share placing which strengthened the balance sheet and ensures that the Group can continue to capitalise on its medium term growth opportunities.

Balance sheet

IAS 8 requires that where a newly issued or modified IFRS does not include transitional provisions, a resultant change in accounting policy must be applied retrospectively. As a result of a modification of IAS 38, which relates to expenditure on promotional and advertising activities, the Group has restated its prior year balance sheets to reflect adjustments to the fair value as at the date of acquisition. The effect of the change of accounting policy is set out in note 28.







Net borrowings decreased by £1.1m in the year to £8.0m and by £3.3m in the period since 30 June 2009

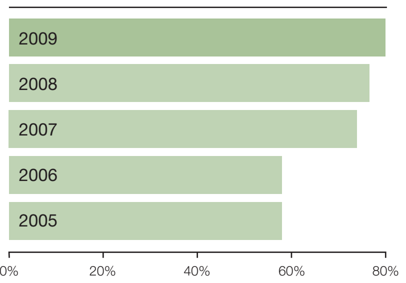
Bank facilities
The Group maintains a range of facilities appropriate to manage its working capital and medium term financing requirements. At the year end the Group had banking facilities totalling £29.4m (2008: £30.2m).

The Group's bank covenant tests at 31 December 2009 were net debt: EBITDA of 1.6 times (covenant < 2.5 times), interest cover of 5.6 times (covenant > 3 times) and debt service cover of 1.9 times (covenant >1.25 times).

Principal risks and uncertainties
The Group has a process that identifies certain risks that could affect business operations and hence the financial results of Empresaria. Further information on this process is set out in the Corporate Governance report on page 17.

Dependence on key executives and personnel
The Group's future success is substantially dependent on retaining and incentivising its senior management and certain key employees. The loss of the service of key personnel may have an adverse impact on the Group's business and relationships. However, the Group's philosophy of management equity ensures that key management is appropriately incentivised through equity ownership. In addition, as the Group grows and diversifies geographically, its reliance on any one company and the individuals associated with that company reduces.

Contribution of temporary business to total net fee income



Operational risks
Empresaria's businesses are highly dependent on IT systems for the day to day running of their operations. As a consequence there is an ongoing review process to ensure that systems are maintained adequately and that repairs and upgrades are made as necessary. It is Group policy that each business has a process in place to protect against potential malicious attacks to its IT systems. In common with many organisations, although preventative procedures are in place, there remains a residual risk of disruption to voice and data infrastructure.

Financial risks
The Group maintains a comprehensive insurance programme with limits and deductibles that are set so as to optimise the total cost of risk borne by the Group. Empresaria works with underwriters and insurance brokers to ensure appropriate cover is in place. As with all businesses there is the risk of failure of financial controls. The Group's internal control framework is set out in the Corporate Governance report on page 17.

Growth management
The Group's strategy includes investing in new businesses and managing start-ups. This strategy has certain inherent risks and failure to quickly address underperformance in start-up businesses and or acquired businesses may adversely impact results, including the Group's cash flow. Failure to ensure the Group has sufficient senior management resources to manage and control its growth could adversely impact its profitability. The Board regularly assesses the number and suitability of its senior management resources and adapts this resource to the needs of the Group.

Market risks

Political environment

A change in government policy may impact on the level of public spending in the key sectors in which the Group operates. Changes of this nature in the macro-economic environment could adversely affect the financial performance of the Company.

Economic environment

The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate. Empresaria's strategy of diversification within individual geographic markets and its expansion internationally is designed to mitigate the effect of a downturn in any one economy. Nevertheless, a significant global economic downturn, such as we experienced in 2009, has resulted in reduced revenues and profits for the Group.

Legislative change

The Group's business is subject to European, UK and overseas employment legislation. Any changes to this may impact on the manner in which Empresaria conducts its business and could therefore affect the financial performance of the Group.

Currency exposures

The Group operates in 17 countries and is exposed to potential changes in the values of 13 different currencies. The revenues and costs of each of the Group's businesses are typically in the currency of operation and Empresaria has little exposure to transactional risk. The Group's reporting currency is sterling and the results of each business are translated into sterling at average rates for the year. Empresaria does not seek to hedge translation risk as there is to some degree a natural hedge from operating in a wide range of countries.

Treasury risks

The Group operates a central treasury function which manages and monitors external and internal funding requirements and the following treasury risks:

i) Credit risk

ii) Liquidity risk

iii) Market risk

The Group's policies and procedures to manage these risks are set out in note 20.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Despite the significant uncertainty in the economy and its inherent risk and impact on the business, the Board has concluded, given the level of borrowings and bank facilities, that the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements. Further details on going concern are found in note 1.

Miles Hunt
Chief Executive
24 March 2010

Stuart Kilpatrick
Group Finance Director
24 March 2010

IMS – Recruitment Process Outsourcing specialist

Operational regions:
India, United Kingdom

Background

In May 2006, Empresaria invested in Interactive Manpower Solutions (IMS) – a start-up staffing business based initially in Ahmedabad in India.

The IMS strategy was to build a traditional staffing business across India and to launch an offshore Recruitment Process Outsourcing (RPO) offering to international recruitment businesses.

Recruitment Process Outsourcing (RPO) – the opportunity

IMS quickly realised that the traditional staffing models were changing in many global economies. In particular, off-shoring routine recruitment processes had the potential to deliver significant value to clients.

In 2007, IMS launched its off-shore RPO solution to 3 clients in the UK. The solution combined the effective use of internet and web 2.0 technologies with a dynamic management structure and robust processes. By the end of 2009, IMS had 70 RPO clients.

Medacs Healthcare – sourcing over 500 locums per month in a candidate short market

Medacs Healthcare (Medacs) is a market leader in UK healthcare recruitment, providing locum (temporary) doctors to NHS and privately owned hospitals and trusts. Medacs was finding it challenging to source candidates for short hour and short notice shifts.

Medacs engaged IMS to build, from scratch, a database of short hour/part time locum doctors. This was a significant challenge as candidates were scarce. Steve Moore, Managing Director – Doctors at Medacs commented:

"Within 30 days of being engaged, IMS had conducted a detailed onshore process mapping study and deployed 30 placement officers to source candidates. Within a year, IMS had built a sufficiently large database to enable it to support Medacs in filling an average of 500 jobs per month and had implemented appropriate compliance procedures to ensure that quality was maintained.

IMS therefore played a key role in helping Medacs to further develop existing contracts and fill rates as well as win new contracts. Off-shoring in this instance was focused on adding incremental revenue streams."

The future

Following the success of RPO, IMS has opened a marketing function in the UK to further develop its client base and, through strategic partnerships, has replicated the model in Australia and New Zealand.

Understanding the road of evolution it has embarked upon, IMS has taken a further leap by embracing the credo of a 'staffing ideas' company rather than a 'staffing solutions' company.

A 'staffing ideas' approach ensures that if it is about people at IMS, it is possible!

Learning Resources – eLearning solution

Operational region:
Indonesia

Background

Learning Resources joined the Empresaria Group during 2006 and provides corporate training courses and materials. Learning Resources' primary market is Indonesia and between 2007 and 2009, its operating profit increased by more than 30%.

Due to the disparate geography of Indonesia, local companies can find it very difficult to deliver training programmes to all their branch offices and, normally, large workforces without incurring major productivity disruption and cost.

Learning Resources recognised that there was an opportunity to build on its core expertise in on site training to offer an on-line, multi-site eLearning solution that would combine the convenience of on-line with the quality of Learning Resources' training expertise. As a result, the Learning Resources' eLearning solution was launched during 2009.

PT Pharos Indonesia – *Sales based eLearning saves IDR 2 billion in training costs*
PT Pharos is an Indonesian pharmaceutical company with approximately 2,500 employees. Prior to implementing eLearning, PT Pharos sales training consisted of a 3 day classroom based course. This approach did not meet the operational requirements of the business as new medical representatives needed to wait until the next scheduled course rather than receiving training when needed and then, to attend the course, they were removed from field sales for at least 3 days.

To address these operational issues, PT Pharos purchased Learning Resources' eLearning programme entitled *'Salesmanship for Medical Representatives'* for its 1,500 new medical representatives. The eLearning course covered the same topics as the classroom based training – product knowledge, selling skills and operational sales procedures – but managed to condense the training to a 5 hour, on-line course accessible at all company sites.

PT Pharos estimate that by implementing eLearning they have saved IDR 2 billion in training related costs and transformed the training lead time for new medical representatives.

Commenting on the eLearning programme, Andre Lembong, President Director from PT Pharos said:

"We like the eLearning concept from Learning Resources because they can transform the content of my 3 day programme into one compact eLearning programme. With convenient packaging, now all our medical representatives can get what they need to go immediately to the field."

PT Jaminan Sosial Tenaga Kerja (Jamsostek) – *eLearning delivered to more than 3,000 employees*
Jamsostek is the biggest government owned insurance company in Indonesia, with 15,000 employees spread throughout 200 cities.

Due to the dispersed nature of its offices, Jamsostek embraced eLearning as a way to provide timely, effective training with minimal operational disruption. Jamsostek purchased the *'Supervisory skills'* eLearning product from Learning Resources and rolled it out to 3,100 supervisors across its network of offices.

Commenting on the implementation of the eLearning module, Mulyani Rar, Head of Training and Education Bureau commented:

"Learning Resources brings a new and fresh eLearning idea, providing us with a dynamic and attractive means of training delivery. The game-based learning concept increases the use of eLearning in our company."

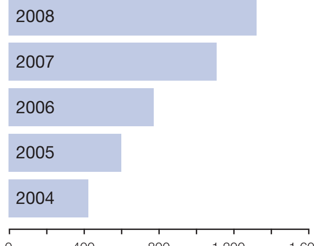
The future

Learning Resources plans to capitalise on the strong performance in 2009 by investing in content design and technologies developed in the US market and introducing its customised, tailor-made solutions to the Indonesian market.

FastTrack: Building a successful business

Operational region:
United Kingdom

FastTrack Temp workers



Background

FastTrack joined the Empresaria Group in February 2004 and since then has enjoyed 6 years of sustained year on year growth. In 2004, the business had a turnover of £14 million and operated from one location. Today, sales have grown to over £50 million and the company operates from Watford, London, Birmingham and Brighton and employs over 50 staff. FastTrack can thereby provide its clients who operate in the UK construction industry with a national service for both their permanent and temporary recruitment needs.

Despite recent economic turmoil, particularly within construction, FastTrack sales revenue grew by 23% in 2009.

FastTrack's success has been built on 3 key principles. Firstly, FastTrack management has made it a priority to position the company within a number of different market sectors, reducing the company's exposure to the effect of a downturn in any one particular market. Secondly, FastTrack invests in key relationships in its client base and ensures that they are provided with a high quality, 24/7 service. Finally, the FastTrack corporate culture develops, rewards and celebrates excellence in its employees.

In addition, a number of FastTrack's infrastructure clients made significant investments during 2009. Consequently, FastTrack was less exposed to the problems evident in general construction and as a service provider to the London Underground Network, national rail, airport infrastructure and facilities, a robust performance in these markets helped to support the strong growth in 2009.

The construction sector

The UK construction generates 10% of the UK's gross domestic product, employs 1.9 million people and is worth around £65 billion per annum. In the last few months there have been a number of significant increases in activity, in part stimulated by government.

- New infrastructure output in the 12 months to the third quarter of 2009 was 7% higher compared with the previous 12 months
- New work in the public non-housing sector (excluding infrastructure) in the 12 months to the third quarter of 2009 was 25% higher compared with the previous 12 months and 7% higher in the third quarter of 2009 compared with the previous quarter
- Housing repair and maintenance work in the private sector in the 12 months to the third quarter of 2009 was 6% lower compared with the previous 12 months but was 6% higher in the third quarter of 2009 compared with the previous quarter

FastTrack has seen, and has benefited from this increase in infrastructure and publicly funded activity. London Underground is committed to significant future investment, at least £4.4 billion in the next seven years and, as an existing key service provider, FastTrack is well placed to continue to service the demands of its clients in that area. This work, together with Cross Rail and infrastructure work across the UK, is expected to drive further growth over the next five years.

The future

2012 is the year in which the Olympics comes to London with the largest construction project ever undertaken in the UK. FastTrack fully expects the whole construction sector, and the demand upon companies like FastTrack, to increase as a result.

In Rail, opportunities are expected to be created by the Cross Rail project, the second tranche of the London Underground Limited refurbishment programme and continuing upgrades to the national rail network. At the airports there is the rebuilding of Terminal 2 at Heathrow and in recent months there have been increased levels of enquiries in general construction, as well as hospital and school construction projects.

Corporate Governance

The Board is committed to ensuring that sound principles of corporate governance are applied throughout the Group and is structuring its approach to achieve a position commensurate with the size of the business and its status as an AiM listed company.

As the Group increases the size and complexity of its operations, the Group adapts its approach to Corporate Governance. Whilst there is no requirement to provide corporate governance disclosures due to the Company's AiM listed status, the major elements of the Group's approach are listed below:

Systems of internal control and its effectiveness

The Directors acknowledge their responsibilities for the Group's system of internal control. Such a system can provide reasonable, but not absolute, assurance against material misstatement or loss. As in previous years the following key controls existed throughout the year:

- Empresaria Group plc's operations are structured into profit centres. Annual budgets are prepared for each profit centre and approved by the Board of Directors. The performance of each profit centre against budget is monitored on a monthly basis. Significant variances against budget are thoroughly investigated and corrective action taken.
- Day to day responsibility for the management and operations of the business has been delegated to the Chief Executive and the Board of Management, comprising the Group Finance Director and Regional Heads of Operations. Clear levels of authority and terms of reference exist for the Management Board. As far as possible, the business units are given autonomy, whilst operating within an established framework of internal controls.
- The Executive Directors attend regular meetings with operating company management to review performance and agree future strategy.
- The Board of Directors meets every two months to review the performance of the Group. Members of the Board of Directors meet formally with operating company management on a regular basis to review business performance and to address operational and strategic issues.
- There existed within the Group throughout the year under review appropriate levels of delegated authority covering the key areas of the Group's operations.

The Group continues to operate initiatives to enable subsidiary company management to identify and manage risk effectively, using seminars and forums. During 2009, the Company has continued to communicate Corporate Governance through its intranet site and businesses within the Group have been encouraged to see it as a mechanism to share information and good practice.

Improvements will continue to be made to embed internal control and risk management further into the operations of the business and to deal with areas of importance which come to management and the Board's attention.

Board of Directors

The Board of Directors comprises two Executive Directors and three Non Executive Directors. These Directors bring a wide range of business and sector experience to the decision making processes of the Board. The Board considers all of the Non Executive Directors to be independent. Details of all the Directors are set out on the Company's website at www.empresaria.com.

The Board exercises full and effective control over the Group, meeting on a regular basis. Its responsibilities include strategy and management of performance, acquisitions and safeguarding the Group's assets.

Board Committees

The Group has the following Committees in operation.

Audit Committee

The Audit Committee is chaired by a Non Executive Director, Zach Miles, and meets at least twice a year to consider matters relating to accounting, internal control and the statutory audit. The Chairman, Tony Martin, is also a member of the Audit Committee.

The Audit Committee meets with the external auditors, without the presence of the Executive Directors, at least twice each year.

The Group does not currently operate an internal audit function as the Directors do not believe that, given the current size and complexity of the Group, the cost would deliver appropriate benefits.

The Group has a formal policy in respect of the provision of non-audit services provided by the auditors.

Remuneration Committee

The Remuneration Committee is chaired by a Non Executive Director, Penny Freer, who is joined on the committee by one of the Group's other Non Executive Directors, Zach Miles. The Remuneration Committee is responsible for formulating and reviewing the Group's executive remuneration policy and for making recommendations to the Board on the remuneration details for Directors.

S C Kilpatrick
Group Finance Director
24 March 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standard and Applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group's financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with the relevant financial reporting framework give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Directors' Report

The Directors present their annual report and the audited financial statements of Empresaria Group plc for the year ended 31 December 2009.

Principal activities

The principal activity of the Group is the provision of staffing services. The principal activities of the Company were those of investing in subsidiaries, acting as a recruitment company and providing management services.

Review of the business and future prospects

This is covered by the Chairman's Statement and Operating and Financial Review on pages 4 and 6 respectively.

Results and dividends

The results for the year are set out on page 22. Details about the final dividend for the year are disclosed in the Operating and Financial Review on page 11.

Directors and their interests

The Directors who served during the year and their beneficial interests in the Company's ordinary share capital were as stated below:

	31 Dec 2009 Number of ordinary shares	31 Dec 2008 Number of ordinary shares
Executive Directors		
M W R Hunt	3,963,092	3,837,571
S C Kilpatrick	10,000	10,000
Non Executive Directors		
A V Martin	9,203,046	5,615,368
P A Freer	15,000	15,000
C K Z Miles	–	–

None of the Directors had interests in other Group companies.

Share option schemes

The Group operated an Executive Equity Participation Plan (EEPP) prior to July 2008. Awards that were outstanding at 31 December 2008 had either vested at that date and were settled in 2009 or were cancelled, with investment shares returned to the participants.

The Group introduced a new Long Term Incentive Plan (LTIP) in July 2008. No awards have been made under this scheme as at 31 December 2009.

Retirement of Directors

The Company Articles of Association ('Articles') and the Combined Code require that all Directors retire at least every three years. At the next Annual General Meeting Miles Hunt is required to retire and will offer himself for re-election.

Directors' powers

The Directors' powers are conferred on them by UK legislation and by the Articles. The Board has the power conferred upon it by shareholders to purchase it own shares.

Capital structure

The Company's issued share capital consists of ordinary shares of 5p each and as at the year end was 44,562,847 (2008: 34,066,356).

On 18 May 2009 the Company placed 10 million new ordinary shares of 5p each at 28p per share raising £2.7m net of expenses. Tony Martin and Miles Hunt participated in the placing with Tony Martin investing £1.0m to acquire 3.6 million new shares.

All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attached to them in addition to those conferred on their holders by law, are set out in the Company's Articles. Other than those specific provisions set out in the Articles, there are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them.

Substantial shareholdings

As at 31 December 2009, excluding the Directors, the following interests in 3% or more of the issued ordinary share capital in the register maintained under the provision of section 113 of the Companies Act 2006 were identified:

Name of holder	Number of ordinary shares	Percentage holding
Caledonia Investment plc	10,249,264	23.00%
Ennismore Fund Management	2,897,027	6.50%
T Sheffield	2,049,307	4.60%
Liontrust Asset Management	1,873,745	4.20%

There are no significant agreements to which the Company is a party which take effect, alter or terminate in the event of a change in control of the Company. There are no agreements providing for compensation for Directors or employees on change of control.

Financial instruments
The Group's policy and exposure to derivatives and other financial instruments is disclosed in note 20 and discussed in the Operating and Financial Review.

Directors' and officers' liability insurance
The Company maintains liability insurance for the Directors and officers of the Company and its subsidiaries. No Director or officer was in receipt of any indemnity from the Company during the year.

Policy and practice on the payment of suppliers
The Company and Group do not follow any specified code or standard on payment practice. However, it is Company and Group policy to negotiate terms with its suppliers and ensure that they are aware of the terms of payment when business is agreed. It is also Company and Group policy to abide by these terms. Suppliers are paid on average within 30 (2008: 30) days.

Employee communication and disabled employees
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the Group and Company. This is achieved through formal and informal meetings, and the Company's website. Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Charitable and political donations
The Group made no charitable or political donations in the year (2008: nil).

Independent auditors and statement of provision of information to the independent auditors
Deloitte LLP have expressed their willingness to continue in office as auditors of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

A M Clarke
Company Secretary
24 March 2010

Independent Auditors' Report to the Members of Empresaria Group plc

We have audited the Group financial statements of Empresaria Group plc for the year ended 31 December 2009 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent Company financial statements of Empresaria Group plc for the year ended 31 December 2009.

Neil Harris
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Crawley, United Kingdom
24 March 2010

Consolidated Income Statement

	Note	2009 Before intangible amortisation & exceptional items £m	2009 Intangible amortisation & exceptional items (note 5) £m	2009 Total £m	2008 Before intangible amortisation & exceptional items £m	2008 Intangible amortisation & exceptional items (note 5) £m	2008 Total £m
CONTINUING OPERATIONS							
Revenue	4	195.2	–	195.2	207.7	–	207.7
Cost of sales		(153.8)	–	(153.8)	(156.2)	–	(156.2)
Gross profit	4	41.4	–	41.4	51.5	–	51.5
Intangible amortisation		–	(0.3)	(0.3)	–	(0.3)	(0.3)
Administrative costs		(37.3)	(6.3)	(43.6)	(44.0)	(4.8)	(48.8)
Operating profit/(loss)	4, 7	4.1	(6.6)	(2.5)	7.5	(5.1)	2.4
Finance income	9	0.2	–	0.2	0.3	–	0.3
Finance costs	9	(1.1)	–	(1.1)	(1.3)	–	(1.3)
Share of operating loss from associates		–	–	–	(0.1)	–	(0.1)
Profit/(loss) before tax		3.2	(6.6)	(3.4)	6.4	(5.1)	1.3
Income tax	10	(1.0)	0.2	(0.8)	(2.1)	0.3	(1.8)
Profit/(loss) for the year		2.2	(6.4)	(4.2)	4.3	(4.8)	(0.5)
Attributable to:							
Equity holders of the parent		1.3	(6.3)	(5.0)	3.0	(4.6)	(1.6)
Minority interest		0.9	(0.1)	0.8	1.3	(0.2)	1.1
		2.2	(6.4)	(4.2)	4.3	(4.8)	(0.5)
Loss per share from continuing operations (pence)	23			(12.4)			(4.8)
Adjusted earnings per share from continuing operations (pence)	23			3.1			8.6

Consolidated Statement of Comprehensive Income

	2009 £m	2008 £m
Available-for-sale investments: valuation gains taken to equity	–	0.1
Exchange difference on net assets of overseas subsidiaries	(2.5)	4.5
Net (expense)/income recognised directly in equity	(2.5)	4.6
Loss for the period	(4.2)	(0.5)
Total recognised income and expense for the period	(6.7)	4.1
Attributable to:		
Equity holders of the parent	(7.5)	3.0
Minority interest	0.8	1.1
	(6.7)	4.1

Consolidated Balance Sheet

	Note	2009 £m	2008 £m Restated	2007 £m Restated
ASSETS				
Non-current assets				
Property, plant and equipment	11	2.0	2.3	1.9
Goodwill	12	26.5	31.2	22.6
Other intangible assets	13	2.7	3.2	2.7
Interests in associates	14	–	0.1	1.0
Deferred tax assets	18	0.5	0.5	1.0
		31.7	37.3	29.2
Current assets				
Trade and other receivables	15	28.5	33.3	32.2
Cash and bank balance	24	4.9	5.7	4.1
		33.4	39.0	36.3
Total assets		65.1	76.3	65.5
LIABILITIES				
Current liabilities				
Trade and other payables	16	22.4	26.4	25.5
Current tax liabilities		1.8	2.6	2.1
Short-term borrowings	17	4.3	5.4	6.2
		28.5	34.4	33.8
Non-current liabilities				
Long-term borrowings	17	8.6	9.4	2.1
Other creditors		0.2	–	–
Deferred tax liabilities	18	0.6	0.6	0.9
Total non-current liabilities		9.4	10.0	3.0
Total liabilities		37.9	44.4	36.8
Net assets		27.2	31.9	28.7
EQUITY				
Share capital	19	2.2	1.7	1.7
Share premium account		19.4	17.0	16.6
Merger reserve		1.5	1.5	1.5
Translation reserve		3.9	5.6	1.0
Other reserves		(0.7)	0.1	(0.1)
Retained earnings		(1.8)	3.4	5.3
Equity attributable to equity holders of the parent		24.5	29.3	26.0
Minority interest		2.7	2.6	2.7
Total equity		27.2	31.9	28.7

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 24 March 2010.

Signed on behalf of the Board of Directors

M W R Hunt
Director

S C Kilpatrick
Director

Consolidated Statement of Changes in Equity

Group	Share capital £m	Share premium account £m	Merger reserve £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Attributable to Company share holders £m	Minority interest £m	Total equity £m
Balance at 1 January 2007	1.2	5.2	1.5	–	(0.1)	2.9	10.7	0.8	11.5
Issue of share capital	0.5	11.4	–	–	–	–	11.9	–	11.9
Profit for the year	–	–	–	–	–	2.6	2.6	1.6	4.2
Dividend	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Currency translation differences	–	–	–	1.0	–	–	1.0	(0.1)	0.9
Minorities acquired during the year	–	–	–	–	–	–	–	0.9	0.9
Dividend paid to minority	–	–	–	–	–	–	–	(0.5)	(0.5)
Balance at 31 December 2007	1.7	16.6	1.5	1.0	(0.1)	5.3	26.0	2.7	28.7
Issue of share capital	–	0.4	–	–	–	–	0.4	–	0.4
Loss for the year	–	–	–	–	–	(1.6)	(1.6)	1.1	(0.5)
Dividend	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Currency translation differences	–	–	–	4.6	0.1	–	4.7	–	4.7
Minorities acquired during the year	–	–	–	–	0.1	(0.1)	–	(0.4)	(0.4)
Dividend paid to minority	–	–	–	–	–	–	–	(0.8)	(0.8)
Balance at 31 December 2008	1.7	17.0	1.5	5.6	0.1	3.4	29.3	2.6	31.9
Issue of share capital	0.5	2.4	–	–	–	–	2.9	–	2.9
Loss for the year	–	–	–	–	–	(5.0)	(5.0)	0.8	(4.2)
Dividend	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Currency translation differences	–	–	–	(1.7)	(0.8)	–	(2.5)	–	(2.5)
Dividend paid to minority	–	–	–	–	–	–	–	(0.7)	(0.7)
Balance at 31 December 2009	2.2	19.4	1.5	3.9	(0.7)	(1.8)	24.5	2.7	27.2

Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares.
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- 'Merger reserve' The merger reserve relates to premiums arising on shares issued subject to the provisions of section 612 'Merger relief' of the Companies Act 2006.
- 'Retained earnings' represents accumulated profits from incorporation.
- 'Translation reserve' represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Consolidated Cash Flow Statement

	Note	2009 £m	2008 £m
Net cash from operating activities	24	1.7	3.9
Cash flows from investing activities			
Acquisition of new subsidiaries	6	–	(2.2)
Further shares acquired in existing subsidiaries		(0.2)	(1.6)
Forward contract settlement		–	(2.0)
Loans made to associates		–	(0.8)
Purchase of property, plant and equipment		(0.6)	(0.5)
Finance income		0.2	0.3
Net cash used in investing activities		(0.6)	(6.8)
Cash flows from financing activities			
Proceeds from issue of share capital		2.7	–
(Decrease)/increase in borrowings		(2.2)	6.0
Proceeds from bank loan		0.3	–
Payment of bank loan		(0.5)	(0.3)
Finance cost		(1.0)	(1.3)
Dividends paid		(0.2)	(0.2)
Dividends paid to minority shareholders in subsidiary undertakings		(0.7)	(0.8)
Net cash from financing activities		(1.6)	3.4
Net (decrease)/increase in cash and cash equivalents		(0.5)	0.5
Foreign exchange		(0.3)	1.1
Cash and cash equivalents at beginning of year		5.7	4.1
Cash and cash equivalents at end of year	24	4.9	5.7

Notes to the Consolidated Financial Statements

1 Basis of preparation and general information

Empresaria Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 1 Peveril Court, 6 - 8 London Road, Crawley, West Sussex RH10 8JE. Its company registration number is 03743194.

The consolidated financial statements are for the twelve months ended 31 December 2009. They have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRS as adopted by the European Union (EU) and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain financial assets and liabilities. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£) because that is the presentational currency of the Group. Foreign operations are included in accordance with the policies set out in note 2.

The following new and revised Standards and Interpretation have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- IFRS 8 Operating Segments
- IAS 1 (revised) Presentation of Financial Statements
- IAS 32 (amended) Financial Instruments: Presentation
- IAS 39 (amended) Financial Instruments: Recognition and Measurement of Eligible Hedged Items
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 Transfers of Assets from Customers

The Group is presenting a restated prior year balance sheets due to a modification to IAS 38. The impact of the same is disclosed in note 28.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective and in some cases have not yet been adopted by the EU:

• IFRS 1 (revised 2008 and amendments 2009)	First-time Adoption of IFRS
• IAS 24 (revised 2009)	Related Party Disclosures
• IFRS 9 (2009)	Financial Instruments: Classification and Measurement
• IFRS 7 (amendments 2009)	Improving Disclosures about Financial Instruments
• IAS 39 and IFRIC 9 (amendments 2009)	Embedded Derivatives
• Improvements to IFRSs (April 2009)	Improvements to IFRSs
• IFRS 2 (2009)	Group Cash-settled Share-based Payment Transactions
• IAS 32 (amendments 2009)	Classification of Right issues
• IFRIC 17	Distributions of Non-cash Assets to Owners
• IFRIC 18	Transfer of Assets from Customers
• IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
• IFRIC 14 (amendments)	Prepayments of a Minimum Funding Requirement

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group other than the requirement to expense all costs relating to acquisitions and additional disclosures.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

The Group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained under the respective accounting policy.

1 Basis of preparation and general information (continued)

Going concern

The Group's activities are funded by a combination of long term equity capital, term loans, a revolving credit facility, short term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading and from invoice discounting facilities. Given the pressures from the current general economic climate, the Board has reviewed the Group's profit and cash flow projections, and applied sensitivities to the underlying assumptions.

These projections suggest that the Group will meet its obligations as they fall due with the use of existing facilities. The Group's overdraft facilities are due for renewal in September 2010 and, based on informal discussions with its lenders, the Board has no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future. The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate significantly or if the funding available from invoice discounting or overdrafts were to become unavailable.

2 Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings as at 31 December 2009. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Intra-group transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liability incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sales and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Associates

In the Group financial statements, investments in associates are accounted for using the equity method. The consolidated income statement includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates is shown in the consolidated balance sheet.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any balance of goodwill is included in the carrying value of the investment in associates and is assessed for impairment as part of that investment.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each of Empresaria Group plc's subsidiaries are measured using the individual currency of the primary economic environment in which that subsidiary operates (its 'functional currency'). The consolidated financial statements of Empresaria Group plc are presented in Pounds Sterling which is Empresaria Group plc's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 Summary of significant accounting policies (continued)

Foreign currencies (continued)

(iii) Group companies

The results and financial position of Empresaria Group plc's subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from Empresaria Group plc's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such accumulated exchange differences are recognised in the income statement as part of the gain or loss on sale.

(iv) Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts to hedge the foreign currency exposures. The Group does not use financial instruments for speculative purposes. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

(v) Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of net investment hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss. Gains and losses deferred in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of depreciation and any provisions for impairment.

Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the income statement over their useful economic lives as follows:

Leasehold property	over the term of the lease
Fixtures, fittings and equipment	between one and five years
Motor vehicles	over five years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Leased assets

Leases that result in the Group receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet and depreciated over the shorter of its estimated useful life and the lease term. Future instalments net of finance charges are included within borrowings. Minimum lease payments are apportioned between the finance charge element, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the income statement and the principal element which reduces the outstanding liability. Rental costs arising from operating leases are charged on a straight line basis over the period of the lease.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Goodwill

The acquisition of subsidiaries is accounted for using the purchase method. Goodwill arising on acquisition is recognised as an asset and is stated after separating out identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. If, after measurement, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. Goodwill is allocated to each of the Group's cash generating units and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisition before the date of transition to IFRS as sterling denominated assets and liabilities.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

2 Summary of significant accounting policies (continued)

Amortisation and other intangible assets
Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:

Customer relations	over fifteen years
Trademarks	over fifteen years
Software	between one and two years

Cash and bank balance
Cash and bank balance comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current financial liabilities – borrowings.

Financial assets
Financial assets, other than hedging instruments, can be divided into the following categories:

- loans and receivables
- financial assets at fair value through profit and loss
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in the profit or loss or charged directly against equity.

Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. For receivables, this is based on the latest credit information available, (ie. recent third party defaults and external credit ratings). Financial assets that are substantially past due are also considered for impairment. All income and expense relating to financial assets are recognised in the income statement line item 'finance costs' or 'finance income', respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the profit or loss. Group's trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due at the balance sheet date or when objective evidence is received that a specific third party will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a third party. The percentage of the write-down is then based on recent historical third party default rates for each identified group.

Financial assets at fair value through the profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through the profit or loss upon initial recognition. By definition, all derivative financial instruments that do not qualify for hedge accounting fall into this category. Empresaria's management, however, does not consider any other financial asset for designation into this category.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions.

All other financial assets within this category are measured at fair value, with changes in value recognised in equity. Gains and losses arising from financial instruments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement. Losses recognised in prior period consolidated income statements resulting from the impairment of loans and receivables are reversed through the income statement.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities
The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities). Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings, trade and other payables are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in the profit or loss are included in the income statement line items 'finance costs' or 'finance income'.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 Summary of significant accounting policies (continued)

Financial liabilities and equity instruments (continued)

Contingent consideration

Where a business combination agreement provides for an adjustment to the cost that is contingent on future events, contingent consideration is included in the cost of an acquisition if the adjustment is probable (that is, more likely than not) and can be measured reliably. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The difference between the cost of acquisition and the net assets acquired is capitalised as goodwill.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Impairment of assets

The carrying amount of non-current assets other than deferred tax is compared to the asset's recoverable amount at each balance sheet date for any indication of impairment. For goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement and not reversed in a subsequent period.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the greater of fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax and trade discounts.

Permanent placement revenue is recognised at the point when the candidate commences employment. Contract placement revenue is recognised on the basis of actual work performed in the relevant year based on timesheets submitted.

Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the tax currently payable based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Employee benefits

Defined contribution pension scheme

Pension costs are charged to the income statement related to a defined contribution scheme. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the income statement as they become due for payment.

Share based payments

The Group issues equity-settled share-based payments to certain key employees. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market based vesting conditions.

2 Summary of significant accounting policies (continued)

Employee benefits (continued)

Share based payments (continued)

The fair value of the options granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on the value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Intangible assets (including goodwill)

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital.

In addition, management must assess the value of any contingent consideration that it is due to the seller following the completion of the initial purchase. The value of this consideration is frequently based on the financial performance of the business post acquisition. Therefore management must assess the likely value of this performance and so give a value to the expected contingent consideration. Actual post completion performance may vary from management's estimate.

Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly.

Goodwill of £26.5m (2008: £31.2m, 2007: £22.6m) and other intangible assets of £2.7m (2008: £3.2m, 2007: £2.7m) have been recognised by the Group. Contingent consideration of £0.3m (2008: £0.1m) was recognised. Amortisation of intangible assets of £0.3m (2008: £0.3m) was also recognised. Details are disclosed in note 12 Goodwill, note 13 Intangible assets and note 6 Business combinations.

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 will be required to settle the obligation.

As part of the put and call option attached to the Headway acquisition, a penalty is payable. At year end management do not believe that it is probable that the penalty will be payable and therefore only disclose this liability. Full details are disclosed in note 25.

Recognition of deferred tax asset

Empresaria's management bases its assessment of the probability of future taxable income on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The specific tax rules in the jurisdiction Empresaria operates in are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Empresaria's management based on the specific facts and circumstances.

4 Segment analysis

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segment and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment reporting) required the Group to identify two sets of segments (business and geographical), using a risks and return approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. Since, the Group operates in a single business segment, staffing and recruiting; as a result the identification of the Group's reportable segments has not been changed.

4 Segment analysis (continued)

The segmental results are shown below:

	2009 £m	2008 £m
Revenue		
United Kingdom	75.7	83.6
Continental Europe	84.8	92.1
Rest of the World	34.7	32.0
	195.2	207.7
Gross profit		
United Kingdom	14.8	20.9
Continental Europe	18.9	22.9
Rest of the World	7.7	7.7
	41.4	51.5
Operating (loss)/profit		
United Kingdom	0.5	2.2
Continental Europe	(0.8)	0.4
Rest of the World	(2.2)	(0.2)
	(2.5)	2.4

	2009 £m	2008 £m Restated	2007 £m Restated
Total segmental assets			
United Kingdom	74.6	75.7	66.9
Continental Europe	32.0	33.1	27.1
Rest of the World	14.0	12.3	11.6
Eliminations	(55.5)	(44.8)	(40.1)
	65.1	76.3	65.5
Total segmental liabilities			
United Kingdom	47.2	46.8	37.3
Continental Europe	25.1	27.5	21.6
Rest of the World	9.9	8.5	6.9
Eliminations	(44.3)	(38.4)	(29.0)
	37.9	44.4	36.8
Net assets			
United Kingdom	27.4	28.9	29.6
Continental Europe	6.9	5.6	5.5
Rest of the World	4.0	3.8	4.7
Eliminations	(11.1)	(6.4)	(11.1)
	27.2	31.9	28.7
Capital expenditure incurred (including intangibles)			
United Kingdom	0.3	0.3	0.3
Continental Europe (including intangibles £nil, 2008: £nil, 2007: £2.3m)	0.3	0.3	2.8
Rest of the World (including intangibles £nil, 2008: £nil, 2007: £0.4m)	0.1	0.1	0.7
	0.7	0.7	3.8
Significant non-cash expenses (depreciation, amortisation and impairment)			
United Kingdom (including impairment £1.2m, 2008: £0.5m, 2007: £0.7m)	1.4	0.9	1.0
Continental Europe (including impairment £1.3m, 2008: £1.4m, 2007: £nil)	1.9	1.9	0.4
Rest of the World (including impairment £2.1m, 2008: £nil, 2007: £nil)	2.5	0.3	0.1
	5.8	3.1	1.5

5 Exceptional items

	2009 £m	2008 £m
United Kingdom		
Loss on businesses disposed of or closed	–	1.0
Goodwill impairment	1.2	–
Restructuring costs	0.3	0.5
Aborted acquisition costs	–	0.4
	1.5	1.9
Continental Europe		
Loss on businesses disposed of or closed	0.3	–
Goodwill impairment	1.3	1.4
Restructuring costs	0.8	0.5
	2.4	1.9
Rest of the World		
Loss on businesses disposed of or closed	0.3	0.4
Goodwill impairment	2.1	–
Impact of significant legislative changes in Chile	–	0.6
	2.4	1.0
Total	6.3	4.8

Following the adoption of IFRS items which, in management's judgement, need to be disclosed separately by virtue of their size or incidence, are presented as exceptional items. This separate presentation is intended to assist the reader in obtaining a better understanding of the financial information.

In the UK, goodwill impairments of £1.2m were recognised on the supply chain businesses and a permanent recruitment business having taken a conservative view on the economic conditions likely to prevail in the medium term. In addition, the UK businesses acted quickly in response to the economic downturn to reduce costs which resulted in a restructuring and redundancy charge of £0.3m.

In Continental Europe, goodwill impairments of £1.3m were made in respect of EAR (Holland) and in respect of the Group's Eastern European operations, taking a prudent view of the likelihood of an economic recovery in their markets. In addition a small business in the Czech Republic was closed. Restructuring costs of £0.8m were incurred in EAR, Holland (£0.4m) and at Headway, Germany (£0.4m), when the Group reduced costs in response to the economic downturn.

In the Rest of the World region, the Group sold to management its search business in Australia and mothballed operations in Singapore. A goodwill impairment of £2.1m related to the retail business in Tokyo, Japan and to the Monroe group of businesses.

6 Business combinations

The Group made two acquisitions during the year (2008: five). Under IFRS 3 (Business Combinations) management have a period of 12 months from acquisition to finalise their calculations of fair value of the assets and liabilities of the acquired businesses. The details of the acquisitions made are as follows:

In January 2009, the Group acquired a further 26% of the share capital of FINES K.K., a company incorporated in Japan, by converting a debenture into equity shares. FINES K.K. was an associate of the Group during 2008 and on 1 January 2009 it became subsidiary.

In October 2009, Teamsales acquired the trade of SalesLink for a consideration based on future performance of £0.3m.

The transactions have been accounted for by the purchase method of accounting.

6 Business combinations (continued)

	2009 £m
Fair value and book values	
Trade and other receivables	0.7
Cash and cash equivalents	0.3
Total assets	1.0
Current liabilities	(1.8)
Total liabilities	(1.8)
Net liabilities acquired	(0.8)
Goodwill	1.1
Total consideration	0.3
Satisfied by	
Contingent consideration accrued	0.3
Total cash payments for new acquisition	–
Maximum contingent consideration outstanding on balance sheet date	0.3

The above table represents fair value and book value on the acquisition date. On acquisition there was no difference between the fair value and book value of the acquired assets and liabilities.

The goodwill arising on the acquisition of these entities is attributed to the key management and other employees as well as the anticipated profitability of the Group's services in the new markets which cannot be recognised as intangible assets under IAS 38 'Intangible Assets'.

The acquisitions have contributed £0.1m to the Group loss attributed to equity holders of the parent to the period ended 31 December 2009.

Had all the acquisitions occurred on 1 January 2009 the Group would have generated additional revenue of £0.6m in the year ended 31 December 2009 and the Group profit attributed to equity holders of the parent for the period would have been increased by £0.1m.

A list of the Group's principal subsidiaries is given in note 6 to the parent company's separate financial statements.

7 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2009 £m	2008 £m
Depreciation of property, plant and equipment	0.9	0.8
Amortisation of intangible assets	0.3	0.3
Operating lease charges:		
– Land and buildings	1.7	1.9
– Motor vehicles	0.7	0.9
Goodwill impairments	4.6	1.9
Trade receivable impairments	0.3	0.6
Auditors remuneration	0.1	0.1

The analysis of auditors' remuneration is as follows:

	2009 £m	2008 £m
Auditors' remuneration:		
– Fee payable to the Company's auditors for the audit of the Company's annual accounts	0.1	0.1
Total auditors' remuneration	0.1	0.1

8 Directors and employees

	2009	2008
	£m	£m
Staff costs		
Wages and salaries	20.5	25.1
Social security costs	2.3	2.3
Pension costs	0.3	0.4
	23.1	27.8

	Number	Number
Average monthly number of persons employed (including Directors)		
Sales, distribution and administration	763	901

	2009	2008
	£m	£m
Directors' remuneration, who are considered the only key employees		
Emoluments for qualifying services (including bonus £nil (2008: £112,000))	0.4	0.6

The number of directors accruing benefits under money purchase pension scheme arrangements was 2 (2008: 2).

	2009	2008
	£m	£m
Highest paid director		
Remuneration (including bonus £nil (2008: £112, 000))	0.2	0.3

9 Finance income and cost

	2009	2008
	£m	£m
Finance income		
Bank interest receivable	0.2	0.3
	0.2	0.3
Finance cost		
On amounts payable to invoice discounters	(0.4)	(0.6)
Bank loans and overdrafts	(0.7)	(0.7)
	(1.1)	(1.3)
Net finance cost	(0.9)	(1.0)

10 Taxation

(a) The tax charge for the year was based on the following	2009	2008
	£m	£m
Current taxation		
Current tax	(0.9)	(1.6)
Deferred tax	0.1	(0.2)
Total income tax expense in the income statement	(0.8)	(1.8)

10 Taxation (continued)

(b) Factors affecting the tax charge for the year	2009 £m	2008 £m
Profit before taxation	(3.4)	1.3
Profit before tax at standard rate of corporation tax in the UK of 28% (2008: 28.5%)	0.9	(0.4)
Effects of:		
Other expenses not deductible for tax purposes	(0.1)	(0.1)
Unrecognised deferred tax assets	(0.5)	(0.5)
Adjustment to tax charges in respect of previous periods	(0.1)	(0.1)
Overseas tax at different tax rates	0.1	(0.1)
Amortisation of intangibles and goodwill impairment	(1.1)	(0.6)
Tax expense	(0.8)	(1.8)

Movement in deferred tax is explained in note 18.

The standard rate of corporation tax in the UK reduced from 30% to 28% on 1 April 2008.

11 Property, plant and equipment

	Leasehold property £m	Fixtures fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January 2009	0.2	7.0	0.2	7.4
Acquisition of associates	–	0.1	–	0.1
Additions	–	0.7	–	0.7
Disposals	–	(0.3)	–	(0.3)
Exchange differences	–	(0.3)	–	(0.3)
At 31 December 2009	0.2	7.2	0.2	7.6
Accumulated depreciation				
At 1 January 2009	0.1	4.9	0.1	5.1
Acquisition of associates	–	(0.1)	–	(0.1)
Charge for the year	–	0.9	–	0.9
Disposals	–	(0.2)	–	(0.2)
Exchange differences	–	(0.1)	–	(0.1)
At 31 December 2009	0.1	5.4	0.1	5.6
Net book value				
At 31 December 2009	0.1	1.8	0.1	2.0
At 31 December 2008: restated and disclosed	0.1	2.1	0.1	2.3

Fixtures, fittings and equipment includes £0.1m (2008: £0.3m, 2007: £0.1m) of secured finance leases.

11 Property, plant and equipment (continued)

	Leasehold property £m	Fixtures fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January 2008	0.1	5.1	0.2	5.4
Acquisition of associates	–	0.8	–	0.8
Additions	0.1	0.5	0.1	0.7
Disposals	–	(0.3)	(0.1)	(0.4)
Exchange differences	–	0.9	–	0.9
At 31 December 2008	0.2	7.0	0.2	7.4
Accumulated depreciation				
At 1 January 2008	–	3.5	–	3.5
Acquisition of associates	–	0.3	–	0.3
Charge for the year	–	0.7	0.1	0.8
Disposals	–	(0.2)	–	(0.2)
Exchange differences	0.1	0.6	–	0.7
At 31 December 2008	0.1	4.9	0.1	5.1
Net book value				
At 31 December 2008: restated and disclosed	0.1	2.1	0.1	2.3
At 31 December 2007: restated and disclosed	0.1	1.6	0.2	1.9

12 Goodwill

	2009 £m	2008 £m Restated	2007 £m Restated
At 1 January	31.2	22.6	10.4
Acquisition of new subsidiary undertakings	1.1	2.0	11.8
Acquisition of additional shares in existing subsidiaries	0.3	3.8	–
Impairments	(4.6)	(1.9)	(0.7)
Foreign exchange	(1.5)	4.7	1.1
At 31 December	26.5	31.2	22.6

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU), including goodwill, with the recoverable amount of that income-generating unit.

The recoverable amount of a cash-generating unit is determined based on the higher of value in use calculations and its fair value less costs to sell. The value in use calculations are based on cash flow projections from internal business plans approved by the Board. Short term cash flow projections are extrapolated over 20 years based on an estimated growth rate of 2.5%. This does not exceed average long term growth rates for the relevant markets. A discount rate of 5.7% (2008: 6.8%) has been applied in discounting the projected cash flows.

The carrying amount of goodwill has been allocated as follows:

		2009 £m	2008 £m Restated	2007 £m Restated
Goodwill				
United Kingdom	(comprising several CGUs)	8.2	8.7	7.9
Continental Europe	(comprising several CGUs)	14.5	17.1	12.2
Rest of the World	(comprising several CGUs)	3.8	5.4	2.5
		26.5	31.2	22.6

13 Intangible assets

	Customer relations £m	Trade marks £m	Software £m	Total £m
Carrying amount at 1 January 2009	3.0	0.5	0.2	3.7
Foreign exchange	(0.2)	–	–	(0.2)
Gross carrying amount at 31 December 2009	2.8	0.5	0.2	3.5
Amortisation				
Carrying amount at 1 January 2009	0.3	0.1	0.1	0.5
Charge for year	0.2	0.1	–	0.3
Accumulated amortisation at 31 December 2009	0.5	0.2	0.1	0.8
Net book value as at 31 December 2009	2.3	0.3	0.1	2.7
Net book value as at 31 December 2008: restated and disclosed	2.7	0.4	0.1	3.2
Net book value as at 31 December 2007: restated and disclosed	2.2	0.4	0.1	2.7

14 Interests in associates

	Investment in associates £m
Cost	
At 1 January 2009	0.1
Loss on disposal of associates	(0.1)
	–
Net book value	
At 31 December 2009	–
At 31 December 2008: restated and disclosed	0.1
At 31 December 2007: restated and disclosed	1.0

Results of associates

Aggregated amounts relating to associates:

	2009 £m	2008 £m
Total assets	–	1.3
Total liabilities	–	2.3
Revenues	–	2.5
Loss before tax	–	(0.4)

15 Trade and other receivables

	2009 £m	2008 £m Restated	2007 £m Restated
Current			
Trade receivables	23.9	26.9	25.7
Less provision for impairment of trade receivables	(0.7)	(0.6)	(0.1)
Net trade receivables	23.2	26.3	25.6
Loans to associate	–	0.8	0.6
Prepayments and accrued income	2.5	3.3	3.9
Other receivables	2.8	2.9	2.1
	28.5	33.3	32.2

Trade receivables includes £1.4m (2008: £2.2m, 2007: £2.0m) on which security has been given as part of the invoice finance liability.

All amounts are due within one year. The carrying value of trade receivables is considered to be a reasonable approximation of fair value.

Further analysis on trade receivables is set out in note 20.

16 Trade and other payables

	2009 £m	2008 £m Restated	2007 £m Restated
Current			
Trade payables	1.8	1.8	2.0
Other tax and social security	5.3	5.4	3.2
Other payables	7.7	9.9	12.1
Accruals	7.6	9.3	8.2
	22.4	26.4	25.5

All amounts are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.
Other payables includes contingent consideration of £0.3m (2008: £0.1m, 2007: £0.8m).

17 Financial liabilities – borrowings

	2009 £m	2008 £m Restated	2007 £m Restated
Current			
Bank overdrafts	2.1	2.6	2.5
Amounts related to invoice financing	1.4	2.2	2.0
Current portion of bank loans	0.8	0.6	1.7
	4.3	5.4	6.2
Non-current			
Bank loans	8.5	8.6	1.6
Other loan creditors	0.1	0.8	0.5
	8.6	9.4	2.1
Total financial liabilities	12.9	14.8	8.3

The bank loans include a revolving credit facility and three term loans which expire in 2010, 2011 and 2012. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2009, interest was payable at between 1.75% and 2.25% over base rate on the term loans, and 2.25% over LIBOR on the revolving credit facility.

18 Deferred tax

	2009 £m	2008 £m Restated	2007 £m Restated
1 January	(0.1)	0.1	0.2
Credit/(charge) to income	0.1	(0.2)	0.3
Foreign exchange difference	(0.1)	(0.1)	–
On acquisition of business	–	0.1	(0.4)
31 December	(0.1)	(0.1)	0.1

	2009 £m	2008 £m	2007 £m
Analysis of deferred tax			
Deferred tax asset	0.5	0.5	1.0
Deferred tax liability	(0.6)	(0.6)	(0.9)
	(0.1)	(0.1)	0.1

	2009 £m	2008 £m	2007 £m
Analysis of deferred tax asset			
Accelerated tax on depreciation	–	–	0.2
Tax losses	0.5	0.5	0.8
	0.5	0.5	1.0

	2009 £m	2008 £m	2007 £m
Deferred tax liability analysis			
Recognised on intangible assets	(0.6)	(0.6)	(0.9)
Other	–	–	–
	(0.6)	(0.6)	(0.9)

The Group has unrecognised deferred tax assets of £1.0m at 31 December 2009 (2008: £0.5m, 2007: £nil)

19 Share capital

(a) Share capital	2009 Number of shares	2009 £m	2008 Number of shares	2008 £m	2007 Number of shares	2007 £m
Authorised						
Ordinary shares of 5p each	60,000,000	3.0	60,000,000	3.0	60,000,000	3.0
Allotted and fully paid						
Ordinary shares of 5p each	44,562,847	2.2	34,066,356	1.7	33,368,649	1.7

During the year ended 31 December 2009, the Group issued a total of 10,496,491 ordinary shares (2008: 697,707, 2007: 9,500,123) for a premium of £2.4m (2008: £0.4m, 2007: £11.4m).

(b) Share based payments

The Company previously operated an Executive Equity Participation Plan (EEPP) for Directors. The EEPP was a discretionary scheme under which Board level Directors were invited to place a number of investment shares in the EEPP. The participants could either purchase the shares independently or lodge shares already held. Subject to earnings per share and shareholder return performance targets being met, the participants could then be awarded a number of nil cost matching shares. The award was capable of being made after a three year investment period and within ten years of the date of grant. Outstanding awards under the scheme were either settled, if the award had vested, or cancelled in April 2009. There are no outstanding awards under the EEPP.

The Group introduced a Long Term Incentive Plan (LTIP) in July 2008. No awards have been made under the scheme as at 31 December 2009.

The number of shares subject to an award for matching shares, the period in which they were granted and the period in which they may be exercised are given in the following table:

Year of grant	No. of awards outstanding 1 January '000s	Granted '000s	Exercised '000s	Lapsed/ cancelled '000s	No. of awards outstanding 31 December '000s	Exercise price per share pence	Exercise period
2008	116	249	–	–	365	Nil	01/01/2009 to 14/02/2018
2009	365	–	(116)	(249)	–	29.5	n/a

The Directors had the following interests in the Executive Equity Participation Plan (EEPP):

Director	Number of investment shares 2009	Number of investment shares 2008
A V Martin	Nil	43,461
M W R Hunt	Nil	189,647
S C Kilpatrick	Nil	Nil

20 Financial instruments

The principal financial assets of the Group are bank balances and cash, trade and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. Its principal financial liabilities are trade and other creditors that arise directly from its operations, amounts owed to invoice discounters and bank loans.

Credit risk analysis

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009 £m	2008 £m
Classes of financial assets – carrying amounts		
Cash and cash equivalents	4.9	5.7
Trade and other receivables	28.5	33.3

The credit risk on liquid funds is limited because the third parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and customers.

Debtors ageing and impairment losses

The age of trade receivables net of impaired debts as at the reporting date is as follows:

	2009 £m	2008 £m
0 – 30 days	15.4	16.8
31 – 60 days	4.9	6.7
61 – 90 days	1.7	1.7
Over 90 days	1.2	1.1
Total trade receivables (note 15)	23.2	26.3

Average debtor days during the year was 53 days (2008: 53 days).

All of the Group's trade receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and a provision of £0.3m (2008: £0.6m) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £2.9m (2008: £2.8m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009 £m	2008 £m
Balance at 1 January	0.6	0.1
Impairment loss recognised	0.3	0.6
Impairment loss utilised	(0.2)	(0.1)
Balance at 31 December	0.7	0.6

20 Financial instruments (continued)

Liquidity risk analysis

The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient undrawn committed borrowing facilities.

As at 31 December 2009, Empresaria's liabilities have contractual maturities which are summarised below:

		Current				Non-current	
	Effective interest rate	Within 6 months		6 to 12 months		1 to 5 years	
		2009	**2008**	**2009**	**2008**	**2009**	**2008**
	%	£m	£m	£m	£m	£m	£m
Long-term bank loans	2.8	0.4	0.3	0.4	0.3	8.5	8.6
Other long-term creditors	4.0	–	–	–	–	0.3	0.8
Trade payables	–	22.4	26.4	–	–	–	–
Other short-term financial liabilities	4.3	3.5	4.8	–	–	–	–
Totals		26.3	31.5	0.4	0.3	8.8	9.4

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

All bank loans are on floating interest rates.

At the year end the Group had £4.4m (2008: £4.5m) of undrawn bank facilities.

There was no loan repayment default during the year (2008: £nil). At the year end past due loans were £nil (2008: £nil).

Gearing ratio	**2009**	**2008**
	£m	£m
Gross debt	12.9	14.8
Less: cash and cash equivalents	(4.9)	(5.7)
Net debt	8.0	9.1
Equity attributable to Company shareholders	24.5	29.3
Net debt to equity ratio	32.6%	31.1%

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents disclosed in note 24 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 19 and in the consolidated statement of changes in equity.

20 Financial instruments (continued)

Foreign currency risk

Most of Empresaria Group plc's transactions are carried out in pounds sterling. Most of the subsidiary companies transactions are carried out in the local currency of their respective countries. Exposures to currency exchange rates arising from the overseas sales and purchases are minimal.

To mitigate the Group's exposure to foreign currency risk, non UK pound cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, Empresaria's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2009	2008	2009	2008
	£m	£m	£m	£m
Euro	18.5	20.0	16.4	18.4
Japanese Yen	2.2	2.2	1.2	1.1
Chilean Peso	4.2	5.6	2.0	1.4

The Group had no forward currency contracts outstanding at 31 December 2009. At 31 December 2008 the Group had a contract to sell JPY100m to an average exchange rate of £1 = Yen 136.95 in respect of loans to a Japanese associate company. The fair value and contract value were £0.7m.

Sensitivity analysis

A 10% strengthening of pounds sterling against the following currencies would have (decreased)/increased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2009			2008		
	Euro	Yen	Chilean Peso	Euro	Yen	Chilean Peso
	£m	£m	£m	£m	£m	£m
Net result for the year	0.1	0.2	–	(0.1)	–	–
Equity	(1.8)	(0.1)	(0.3)	(1.3)	(0.2)	(0.4)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Empresaria's exposure to currency risk.

20 Financial instruments (continued)

Interest rate risk

The Group has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances and overdrafts.

The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing. Management monitors movements in interest rates to determine the most advantageous debt profile for the Group. At 31 December 2009, Empresaria is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. For further information see note 17. All other financial assets and liabilities have fixed rates.

A change of 100 basis points in interest rates would have affected equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Interest rate	2009 £m	2008 £m
Net result for the year	0.2	0.2
Equity	0.2	0.2

Fair value

The carrying value of all financial instruments equates to fair value.

Net investment hedge

During 2008 the Group utilised its revolving credit facility to hedge its Euro denominated net assets. At 31 December 2009 Euro denominated drawdowns of £nil were outstanding (2008: £1.8m). The hedge was fully effective during 2008 and no gains or losses were taken to the income statement.

21 Financial commitments

Operating leases	Motor vehicles		Land and buildings	
	2009 £m	2008 £m	2009 £m	2008 £m
Total minimum operating lease payments due:				
Within one year	0.6	0.8	1.5	1.9
One to five years	0.8	0.7	1.6	2.8
After five years	–	–	0.1	0.1
	1.4	1.5	3.2	4.8

22 Dividends

During 2009 Empresaria Group plc paid a dividend of £0.2m to its equity shareholders (2008: £0.2m). This amounted to 0.35 pence per ordinary share (2008: 0.55 pence).

A final dividend is proposed for the year ended 31 December 2009 of 0.35 pence per ordinary share (2008: 0.35 pence). The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. If approved, the dividend will be paid on 16 August 2010 to members registered on 16 July 2010.

23 (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Based on current trading conditions, the Directors are of the opinion that there would be no dilution to the earnings per share figure resulting from subsidiary minority shareholders trading up. There is no difference between basic and diluted earnings per share.

The earnings and weighted average number of shares are set out below.

	2009	2008
Loss after tax attributable to equity shareholders of the parent (£m)	(5.0)	(1.6)
Weighted average number of shares ('000s)	40,623	33,595
Loss per share (pence)	(12.4)	(4.8)

Adjusted earnings per share	**2009**	**2008**
	£m	£m
Loss attributable to equity shareholders of the parent	(5.0)	(1.6)
Add back:		
Exceptional items	6.3	4.8
Intangible amortisation	0.3	0.3
Tax on intangible amortisation and exceptional items	(0.2)	(0.3)
Minority interest on intangible amortisation and exceptional items	(0.1)	(0.3)
Adjusted earnings	1.3	2.9
Adjusted earnings per share (pence)	3.1	8.6

24 Notes to cash flow

a) Cash flows from operating activities	**2009**	**2008**
	£m	£m
Loss for the year	(4.2)	(0.5)
Adjustments for:		
Depreciation	0.9	0.8
Intangible amortisation	0.3	0.3
Taxation expense recognised in income statement	0.8	1.8
Exceptional charges and impairments	6.3	4.8
Cash paid for exceptional items	(1.2)	(1.3)
Share of losses in associates	–	0.1
Net finance charge	0.9	1.0
Increase in invoice discounting	1.7	1.9
Decrease in trade receivables	1.3	1.1
Decrease in trade payables	(3.4)	(4.3)
Cash generated from operations	3.4	5.7
Income taxes paid	(1.7)	(1.8)
Net cash from operating activities	1.7	3.9

24 Notes to cash flow (continued)

b) Components of cash and cash equivalents	2009 £m	2008 £m
Cash at bank	4.9	5.7

c) Movement in net borrowings	2009 £m	2008 £m
As at 1 January	9.1	4.2
Net decrease/(increase) in cash	0.5	(0.5)
Debt acquired on business acquisition	0.7	0.2
Proceeds from bank loan	0.3	–
Loan repayments	(0.5)	(0.3)
(Decrease)/increase in borrowings	(2.2)	6.0
Foreign exchange	0.1	(0.5)
As at 31 December	8.0	9.1

25 Contingent liabilities

Contingent consideration

Various contingent consideration payments have been deemed probable at 31 December 2009 totalling £0.3m (2008: £0.1m). As such, management has booked a liability for these liabilities. The fair value of contingent consideration is accrued once it is probable that all the conditions for payment will be met.

Guarantees

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies. Guarantees and contingencies exist in the ordinary course of business.

Headway penalty

As part of the acquisition of Headway in 2007, Empresaria Holding Deutschland GmbH (a subsidiary of the Company) signed a put & call option agreement in order to buy the residual shareholdings at a future date. Per the terms of this agreement, if certain call options are not exercised then a penalty will be due from Empresaria Holding Deutschland GmbH to the other shareholders. During 2008, one of the minority shareholders exited the business and thereby waived his rights to any future payment under the put and call option.

The discounted value of the penalty is Euro 2.1m (2008: Euro 1.9m). As at 31 December 2009, management assess that it is possible, but not probable, that a penalty may be payable under the terms of the put and call agreement. Therefore, no liability has been recognised for this amount.

26 Profit of parent Company

As permitted by Section 408 of the Companies Act 2006, retained earnings of the parent company are not presented as part of these financial statements. The parent company's gain for the financial year was £1.0m (2008: loss of £1.4m).

27 Related party transactions

There were no material related party transactions during the year.

Intra-group management charges and net interest charges to subsidiaries, which have been eliminated on consolidation, amounted to £1.9m (2008: £2.0m) and £0.4m (2008: £0.6m), respectively.

28 Restatement of prior year balance sheets

The Group is presenting restated prior year balance sheets due to a modification to IAS 38 which states that for periods beginning on or after 1 January 2009 expenditure on advertising and promotional activities should be recognised as an expense. IAS 8 states that where a newly modified IAS does not include transitional provisions (which IAS 38 does not) the accounting change must be applied retrospectively. This results in a restatement of prior year balance sheets. As the change in accounting policy results in a change to fair values at the date of acquisition, an adjustment has been made to goodwill, with corresponding changes to other receivables. In addition, the Group has identified that certain liabilities relating to the statutory rights of temporary employees in Chile to holiday pay and termination payments on redundancy were not accrued in the prior year balance sheet by the local management team. The obligation for these liabilities existed at the date of the acquisition of Alternattiva (Chile). The amount of the unrecorded liability was £0.8m as at 31 December 2009, 2008, and 2007 respectively. Deferred tax and minority interests were also adjusted.

The impact of restatement of prior year balance sheets is disclosed below:

	Goodwill	Deferred tax assets	Trade and other receivables	Trade and other payables	Minority interest
	£m	£m	£m	£m	£m
31 December 2007					
As disclosed	22.0	0.9	32.4	(24.7)	(3.0)
Adjustment	0.6	0.1	(0.2)	(0.8)	0.3
Restated	22.6	1.0	32.2	(25.5)	(2.7)
31 December 2008					
As disclosed	30.6	0.4	33.5	(25.6)	(2.9)
Adjustment	0.6	0.1	(0.2)	(0.8)	0.3
Restated	31.2	0.5	33.3	(26.4)	(2.6)

There was no impact of the above changes on the Consolidated Income Statement or the Consolidated Cash Flow Statement.

Independent Auditors' Report to the Members of Empresaria Group plc

We have audited the parent Company financial statements of Empresaria Group plc for the year ended 31 December 2009 which comprise the parent Company Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the parent Company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Harris
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Crawley, United Kingdom
24 March 2010

Parent Company Balance Sheet

	Note	2009 £m	2008 £m
Fixed assets			
Tangible assets	5	0.2	0.1
Investments	6	28.3	22.7
		28.5	22.8
Current assets			
Debtors (including amounts falling due after more than one year of £5.1m (2008: £10.2m)	7	15.5	20.5
Cash at bank		0.7	–
Creditors: amounts falling due within one year	8	(8.2)	(13.5)
Net current assets		8.0	7.0
Total assets less current liabilities		36.5	29.8
Creditors: amounts falling due after more than one year	9	(11.8)	(8.6)
Net assets		24.7	21.2
Capital and reserves			
Called up share capital	10, 11	2.2	1.7
Share premium account	10	19.4	17.0
Other reserves	10	1.5	1.7
Profit and loss account	10	1.6	0.8
Shareholders' funds	10	24.7	21.2

These financial statements Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 24 March 2010.

Signed on behalf of the Board of Directors

M W R Hunt
Director

S C Kilpatrick
Director

Notes to the Parent Company Financial Statements

1 Basis of preparation

The financial statements are for the twelve months ended 31 December 2009. They have been prepared in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent Company.

The accounting policies have been applied consistently throughout the period for the purposes of preparation of these financial statements.

Going concern

Details of going concern are given in note 1 to the Group accounts.

2 Summary of significant accounting policies

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the year end. Exchange rate differences are dealt with through the profit and loss account.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment: between one and two years.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provisions for impairment. Any impairment is charged to the income statement as it arises.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

Pension costs are charged to the income statement and solely relate to a defined contribution scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the income statement as they become due for payment.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3 Audit fees

Included in other operating expenses is remuneration to the auditors for audit and non-audit services as follows:

The analysis of auditors' remuneration is as follows:

	2009 £m	2008 £m
Auditors' remuneration:		
– Fee payable to the Company's auditors for the audit of the Company's annual accounts	0.1	0.1
Total auditors' remuneration	0.1	0.1

Amounts paid to the Company's auditor in respect of services to the Group, other than the audit of the Company's financial statements, have not been disclosed as this information has been disclosed in the consolidated financial statements of the Group.

4 Directors and employees

	2009 £m	2008 £m
Staff costs		
Wages and salaries	0.9	1.1
Social security costs	0.1	0.1
Pension costs	–	0.1
	1.0	1.3

	2009 Number	2008 Number
Average monthly number of persons employed (including Directors)	11	19

Details of Director remuneration are given in note 8 to the Group accounts.

5 Property, plant and equipment

The following table shows the significant additions and disposals of property, plant and equipment.

	Fixtures, fittings and equipment £m
Cost	
At 1 January 2009	0.3
Additions	0.1
At 31 December 2009	0.4
Accumulated depreciation	
At 1 January 2009	0.2
Charge for the year	–
At 31 December 2009	0.2
Net book value	
At 31 December 2009	0.2
At 31 December 2008	0.1

6 Investments held as fixed assets

	Loans to subsidiary undertakings £m	Shares in subsidiary undertakings £m	Total £m
Cost			
At 1 January 2009	–	25.5	25.5
Additions	–	0.8	0.8
Transfers	6.8	(0.1)	6.7
At 31 December 2009	6.8	26.2	33.0
Impairment			
At 1 January 2009	–	2.8	2.8
Impairment charge	–	1.9	1.9
At 31 December 2009	–	4.7	4.7
Net book value			
At 31 December 2009	6.8	21.5	28.3
At 31 December 2008	–	22.7	22.7

Investments comprise the following principal subsidiary companies:

Company	Class of share held	%	Country of incorporation
LMA Recruitment Limited	‘A & B’ Ordinary	75	UK
The Logistics Network Limited	‘A’ Ordinary	62	UK
FastTrack Management Services (London) Limited	‘A’ Ordinary	67	UK
Greycoat Placements Limited	‘A, B, C & D’ Ordinary	96	UK
Bar 2 Limited	‘A & B’ Ordinary	71	UK
McCall Limited	‘A & B’ Ordinary	79	UK
The Recruitment Business Limited	‘A’ Ordinary	79	UK
Headway Holding GmbH	Ordinary	80	Germany
Skillhouse Staffing Solutions K.K.	Ordinary	75	Japan
Marketing y Promociones S.A. ‘Alternattiva’	Common	56	Chile

*All the UK companies are directly held by Empresaria Group plc. The remaining investments are indirectly held.

The nature of each investment is the provision of staffing service and each entity operates in its country of incorporation.

7 Debtors

	2009 £m	2008 £m
Amounts owed by Group undertakings (including amounts falling due after more than one year of £5.1m (2008: £10.2m))	13.8	17.8
Other debtors	1.1	2.2
Prepayments and accrued income	0.6	0.5
	15.5	20.5

8 Creditors: amounts falling due within one year

	2009 £m	2008 £m
Bank overdraft and loans due within one year	7.7	8.4
Trade creditors	0.1	0.2
Amounts owed to subsidiary undertakings	–	3.3
Other creditors	–	1.2
Accruals and deferred income	0.4	0.4
	8.2	13.5

9 Creditors: amounts falling due after more than one year

	2009 £m	2008 £m
Loan from subsidiary undertakings	3.5	–
Bank loans	8.3	8.6
	11.8	8.6

The bank loans include a revolving credit facility and three term loans which expire in 2010, 2011 and 2012. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2009, interest was payable at between 1.75% and 2.25% over base rate on the term loans, and 2.25% over LIBOR on the revolving credit facility.

	2009 £m	2008 £m
Bank loan		
Repayable within one year	0.8	0.5
Repayable between one and two years	0.5	0.7
Repayable between two and five years	7.8	7.9
	9.1	9.1

10 Reconciliation of movements in Shareholders' funds

	2009 Share capital £m	2009 Share premium £m	2009 Other reserve £m	2009 Profit and loss account £m	2009 Total Shareholders' funds £m	2008 Total Shareholders' funds £m
Profit/loss for the financial year	–	–	–	1.0	1.0	(1.4)
Dividend paid	–	–	–	(0.2)	(0.2)	(0.2)
Foreign exchange to equity	–	–	(0.2)	–	(0.2)	0.2
Net proceeds from issue of shares	0.5	2.4	–	–	2.9	0.4
Net addition/(reduction) to Shareholders' funds	0.5	2.4	(0.2)	0.8	3.5	(1.0)
Opening Shareholders' funds	1.7	17.0	1.7	0.8	21.2	22.2
Closing Shareholders' funds	2.2	19.4	1.5	1.6	24.7	21.2

11 Called up share capital

	2009 Number of shares	2009 £m	2008 Number of shares	2008 £m
Authorised				
Ordinary shares of 5p each	60,000,000	3.0	60,000,000	3.0
Allotted and fully paid				
Ordinary shares of 5p each	44,562,847	2.2	34,066,356	1.7

The Company has one class of ordinary share which carries no rights to fixed income. All 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. All shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2009, the Company issued a total 10,496,491 ordinary shares (2008: 697,707) for a premium of £2.4m (2008: £0.4m).

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S C Kilpatrick
A V Martin
P A Freer
C K Z Miles

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A M Clarke

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