Empresaria Group plc

Annual report and accounts 2010

Resilience
Performance
Growth

Contents

Overview

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Financials

Empresaria is an international specialist staffing Group. Our companies, each specialising in specific markets or services, operate across the world with representation in 18 countries through over 100 offices. Our service capabilities include temporary and permanent recruitment, Recruitment Process Outsourcing, HR consulting and corporate training.

The strategy of the Group is to develop a diversified business across sectors and geographies, with a focus on high-growth markets. The Group operates through sector-specific brands, with each brand positioned and developed to be a specialist in its own field.

The Group applies a philosophy of management equity to align the interests of shareholders and Group management teams through the sharing of risk and reward by way of equity participation. Group structure is decentralised with local management retaining operational autonomy and responsibility and with central functions focussing on financial planning and control, Group development and administration.

Overview of performance

	2010**	2009**	2008	2007	2006
Revenue (£m)	**223.4**	190.5	207.7	147.8	75.5
Gross profit (£m)	**49.0**	40.6	51.5	42.4	21.8
Profit/(loss) before tax (£m)	**6.7**	(1.5)	1.3	6.0	2.9
Adjusted profit before tax (£m)*	**6.8**	3.5	6.4	6.2	2.9
Operating profit/(loss) (£m)	**7.5**	(1.0)	2.4	6.7	3.5
Adjusted operating profit (£m)*	**7.8**	4.3	7.5	6.9	3.5
Earnings/(loss) per share (pence)	**7.0**	(11.6)	(4.8)	8.4	6.7
Adjusted earnings per share (pence)*	**6.2**	3.1	8.6	9.2	7.2
Proposed dividend per share (pence)	**0.35**	0.35	0.35	0.55	0.5

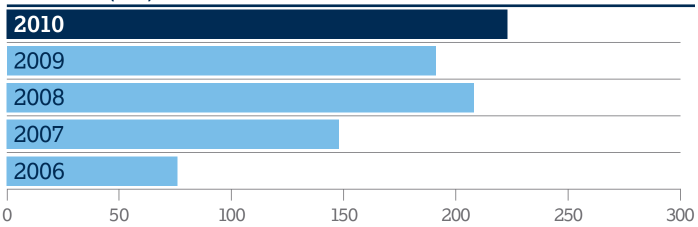
* Figures based on underlying profits excluding amortisation of intangible assets, movements on put and call options and any exceptional items. See reconciliation in note 11.

** The figures for 2010 and 2009 exclude the results from discontinued operations (see note 6 for details).

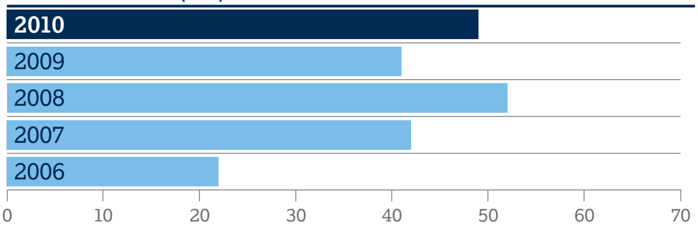
The figures for 2009 have been restated. See note 28 for details.

Highlights

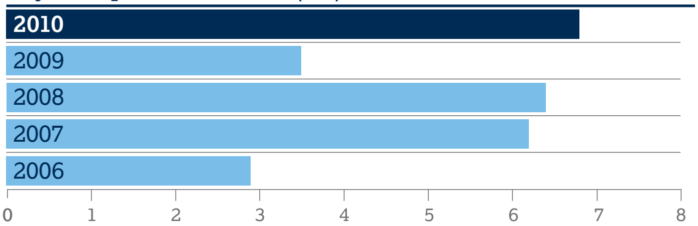
Revenue (£m)



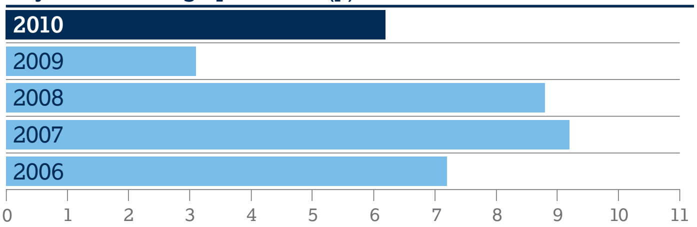
Net fee income (£m)



Adjusted profit before tax (£m)



Adjusted earnings per share (p)



58% growth in permanent revenue

15% growth in temporary revenue

Conversion ratio improved to 16%

Strong cash generation with cash generated from operations of £8.3m

Net debt reduced by £1.9m to £6.1m despite investment of £2m in minority share purchases and investment in working capital for growth

Operational focus on strengthening and investing in existing operations as well as adding new capabilities

NFI growth across all reporting regions
- 31% in Rest of the world
- 21% in Continental Europe
- 15% in UK

Development of incubator concept in Asia with first hub established in Singapore with support from four Group brands

Cautionary statement
The Chairman's statement and Chief Executive's business 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.

At a glance

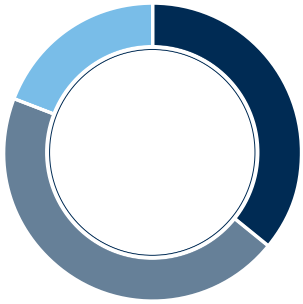
An international business.

Empresaria operates in international markets that are characterised by a balanced combination of established scale and growth potential.

Quick facts

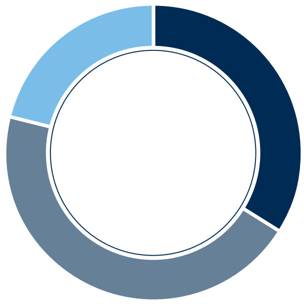
	2010	2009	2008
Regions of operation	3	3	3
Countries	18	17	20
Trading companies	38	33	52
Employees (average number)	832	763	901

Group revenue



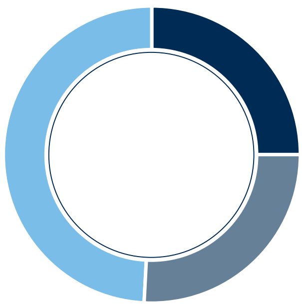
- UK 36%
- Continental Europe 45%
- Rest of the world 19%

Net fee income

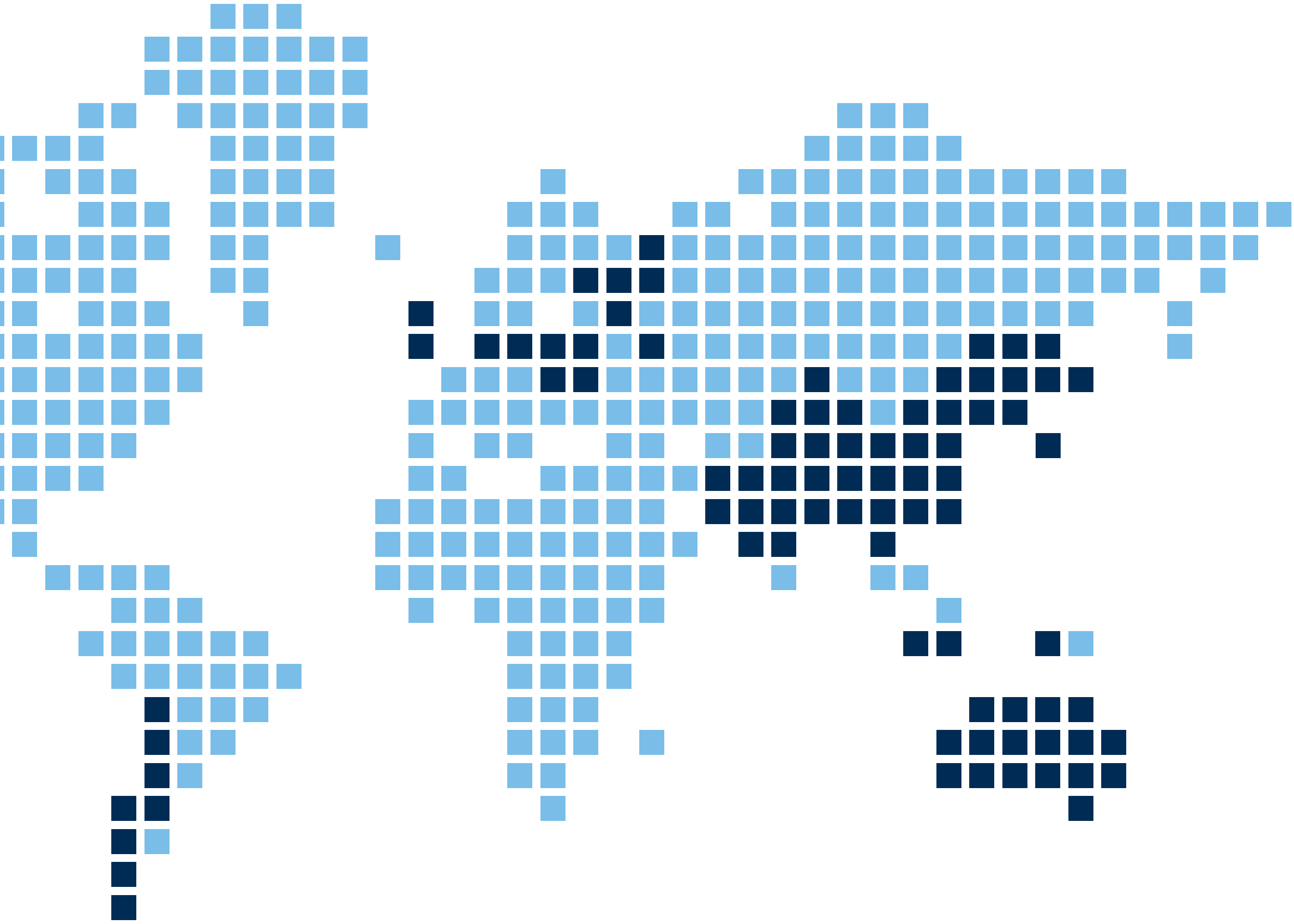


- UK 35%
- Continental Europe 45%
- Rest of the world 21%

Employees



- UK 25%
- Continental Europe 26%
- Rest of the world 49%



Regions of operation

UK
United Kingdom

Continental Europe
Germany
Austria
Hungary
Finland
Estonia
Czech Republic
Slovakia

Rest of the world
Japan
Indonesia
Chile
China
India
Thailand
Philippines
Malaysia
Singapore
Australia

Key sector specialisms

UK
Financial services
Creative & media
Outsourcing
Domestic service
Retail
Property services & construction
Supply chain & logistics

Continental Europe
Engineering
Supply chain & logistics
IT
Healthcare
Training services

Rest of the world
IT
Retail
Outsourcing
Creative & media
Training services
Executive search

Chairman's statement

Tony Martin
Chairman

The Group performed strongly in the year, with impressive net fee income and profit growth across all regions.

Overview 2010

The Group performed strongly in the year, in line with expectations that were revised upwards on a number of occasions. The focus during 2010 has been on strengthening our operations throughout the world through investment in new capabilities and resources within our existing businesses. This approach has paid dividends in the form of impressive net fee income and profit growth, with revenues and profit before tax in the year exceeding previous highs.

Group strategy

Group strategy is to continue to develop an international, multi-sector specialist staffing Group balanced both in terms of sector and geographical coverage, with an investment focus on developing staffing markets and emerging economies. This combination of diversification and international market focus is designed to mitigate market volatility at the same time as creating greater growth opportunities. Underpinning this strategy is the philosophy of management equity, with operating company management teams investing directly in their own businesses, thereby aligning management and shareholder interests.

Since moving to AIM in late 2004 Empresaria has taken a number of steps in the implementation of this strategy. It has moved from being 100% UK focussed to now having only one third of its net fee income generated in the UK, with meaningful exposure to some of the fastest growing staffing markets in the world. The Group has still though some way to go to achieve its strategic objectives. Focus will be on continuing to strengthen and expand our existing brands and capabilities, on re-shaping the Group to increase the contribution from professional staffing operations, and on expanding into new geographies with growth potential.

Financial performance

Revenue for the year grew 17% to £223.4m (2009: £190.5m) and net fee income increased 21% to £49.0m (2009: £40.6m). Profit before tax (adjusted for intangible amortisation and exceptional items) increased 94% to £6.8m (2009: £3.5m). There were no exceptional items in the current year.

Revenue, net fee income and profits grew across all reporting regions. The significant increase in profit contribution from companies operating in Asia reflects the maturing nature of these companies, almost all green-field start ups of recent years, and of their future growth potential.

The Group was strongly cash generative in the year such that, despite investments in working capital to support growth and the acquisition of minority shareholdings, reported net debt reduced by £1.9m to £6.1m at the year end (2009: £8.0m).

Dividend

For the year ended 31 December 2010, the board is proposing a dividend of 0.35p per share (2009: 0.35p per share) which, if approved by shareholders at the Company's Annual General Meeting, will be paid on 15 August 2011 to shareholders on the register on 15 July 2011.

Empresaria people

The number of people working within the Group, across the world, grew in 2010 from 763 to 883 at the year end.

Empresaria's success is largely dependent on their efforts and contribution. We recognise the importance of our people and seek to demonstrate this at Group level in a number of ways. These include the promotion of the newly launched International Recruitment MBA programme within the Group and the development of consultant exchange programmes between companies and countries. The board would like to thank them for all of their hard work and achievement in the year.

Current trading and outlook

Group operations around the world continue to benefit from broadly positive market environments. Our South East Asia markets have been particularly strong in recent months. The two geographies where we are experiencing some challenges and market uncertainty are Japan and Germany. In the case of Japan, our two trading companies have both been adversely affected by the earthquake and tsunami and we do expect some months of further disruption. In the case of Germany, recent legal challenges to certain collective labour agreements have created some short-term market turbulence and gross margin erosion as well as exposed a significant number of staffing companies operating in Germany to possible future claims from third parties.

Forward visibility, as ever, remains somewhat limited but the Group is well positioned to benefit from its exposure to growing markets as well as from its continued investment in people and capabilities.

Tony Martin
Chairman
30 March 2011

The number of people working within the Group, across the world, grew in 2010 to 883 at the year end.

Image above supplied by FastTrack Management Services.

Overview

Employees
(at year end)

	2010	2009
UK	215	185
Europe	220	210
Rest of the world	448	354

Chief Executive's business review

Miles Hunt
Chief Executive

Our primary business objectives are to create sustainable growth in adjusted EPS and to be a leading international diversified and specialist staffing Group.

Group results

The Group has delivered a strong performance in the year under review, reporting a 17% increase in revenue to £223.4m, and a 21% increase in net fee income (gross profit) to £49.0m. These results reflect a combination of improved market conditions generally, plus growth in demand for our services in our key staffing markets.

Each of our reporting regions delivered improved performances, most notably the Rest of the World region, where our maturing Asian businesses helped to contribute to a 31% increase in net fee income over 2009. The Asian economies were not as severely affected by the worldwide economic decline in 2009 and our investments over the past five years are now generating material profits. The region continues to be a focus for Group expansion. In January 2011 we opened a new hub office in Singapore which has allowed Group companies to enter this market at a lower cost and risk. At launch there were four brands operating for the first time in Singapore.

Our Continental Europe region also performed well, helped predominantly by the strength of the recovery of the German economy and by growing demand for healthcare workers in Scandinavia. Net fee income in this region grew by 21% to £21.9m (2009: £18.1m).

Growth was more modest in the UK, reflecting the maturity of the staffing market and the relatively poor economic environment. Despite this, net fee income still grew by 15% to £17.0m (2009: £14.8m).

Overall gross margin for 2010 was 22% (2009: 21%). This increase was mainly driven by growth in our permanent revenue, which increased by 58% over 2009 and contributed 26% of Group net fee income (2009: 20%). The Group's temporary revenue increased by 15%, with margins maintained at 18% despite some margin erosion in Germany.

Administrative costs increased by 13% to £41.2m (2009: £36.3m), a lower rate than the increase in net fee income, mainly as a result of higher staff costs, due to performance related commissions and bonuses and the start of investments in headcount to drive future growth in the business.

Cash generated from operations in the year was £8.3m (2009: £3.4m). After accounting for tax and interest, the Group generated free cash flow of £5.1m, with £2.9m used to acquire management equity and fixed assets and £1.1m to pay dividends to shareholders and to holders of minority interests in the subsidiaries. Group net debt reduced to £6.1m at the end of 2010 (2009: £8.0m).

Business overview

The principal activity of the business is the provision of recruitment services on a permanent and temporary contract basis in the regions of the UK, Continental Europe and Rest of the world (comprising Asia Pacific and South America). Activities also include Recruitment Process Outsourcing, HR consulting and training services.

Management equity

The key managers within the operating companies hold shares in their company, so aligning the interests of shareholders and the management team through the sharing of risks and rewards of equity participation. This acts as an important incentive to grow their business and fosters an entrepreneurial spirit.

The shareholdings held by management vary by company but will range from 49% to less than 5%, depending on the stage of development of the company. The opportunity to invest directly in a Group company is also used to attract experienced and ambitious individuals to the Group.

Autonomous, decentralised structure

The Group operates in a highly decentralised structure, with autonomous operating companies managed by entrepreneurial teams, with a small central team focussing on financial planning and control, Group development and administration.

The operating companies have commercial autonomy and responsibility, and are run by local teams who have local knowledge and experience and are able to react to changes in the local markets. They operate under strict financial controls, overseen centrally.

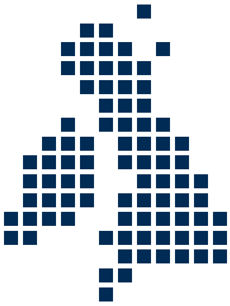
The management teams are encouraged to develop their businesses and drive organic growth. Whilst the Group operates through separate brands and management teams, key staff from individual Group companies meet regularly to explore how they can work better together and exploit the skills and capabilities of other Group companies for their own business.

Strategy to achieve objectives

Our objective is to create sustainable growth in adjusted EPS. Our focus is on accelerating growth and reducing risk by building a balanced and diverse portfolio of operations across specialist market sectors and geographies.

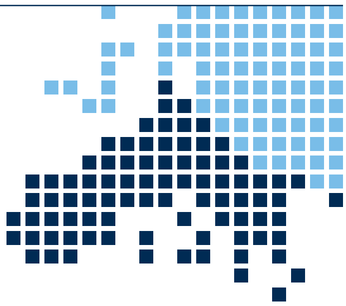
Strategic focus

Balanced growth and managed risk – accelerate growth but reduce risk	Empresaria has a strong growth record, despite a setback in 2009 due to the worldwide economic downturn. The focus in recent years has been on strengthening our existing businesses and improving cash generation to continue to drive organic growth.
Diversification by geography and sector	Despite the cyclical nature of our industry, we have succeeded in reducing volatility through sector and regional diversification. We have made good progress in diversifying from an historic UK-based business, with 65% of net fee income currently from outside the UK. We are also focussing on diversifying our sector focus and are targeting growth in white collar and professional staffing sectors.
Specialist staffing rather than generalist	The Group is focussed on developing strong specialist staffing brands. Specialist staffing operations benefit generally from higher margins and higher growth opportunities. Our clients benefit also from sector experience and knowledge that helps provide a better quality and value added service.
Operational mix – temporary focus to minimise volatility	Whilst we have a strong permanent recruitment presence, our key focus is on temporary recruitment as this is more stable throughout the economic cycle and has been the driver of long-term growth in our industry. We continue to provide a range of services, and our model allows us to react quickly to changes in the industry.
High-growth markets – developing staffing markets or emerging economies	We have developed our international presence to benefit from the higher growth opportunities from emerging economies and developing staffing markets stimulated by structural change. We will continue to look for opportunities in higher growth markets where the Group is not currently represented.
Multi-branded rather than single brand	In order to take best advantage of the opportunities in our market, we apply a multi-brand strategy. This enables us to act quickly and to retain a specialist focus through the individual expertise and reputation of each of our brands in their specialist area.



UK

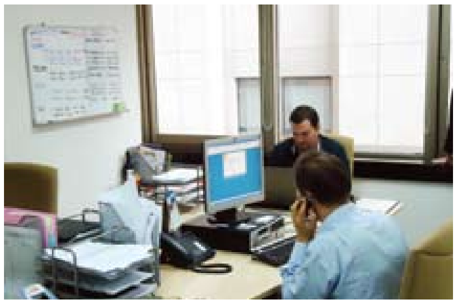
In the UK, our creative staffing business recently opened a second office in Melbourne, Australia, to complement their existing team in Sydney.



Continental Europe

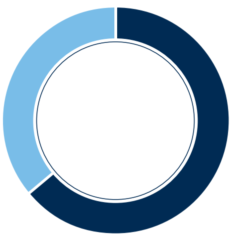
In Germany we invested in two new divisions in 2010, Healthcare and Training, to deliver growth over the next few years. We also acquired a small recruitment firm in Hungary to help provide staffing services to the growing German market.

Rest of the world



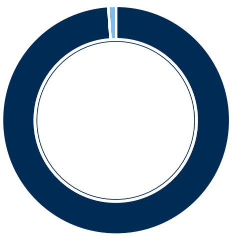
Empresaria launched a hub office in Singapore in January 2011, which already has four Group companies as joiners, all gaining access to a new market at reduced cost and risk.

Split of net fee income between permanent and temporary



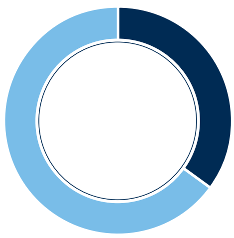
● Temporary 64%
● Permanent 36%

	2010	2009
Revenue (£m)	**81.0**	75.7
Net fee income (£m)	**17.0**	14.8
Employees (Ave no.)	**210**	207



● Temporary 99%
● Permanent 1%

	2010	2009
Revenue (£m)	**99.4**	80.1
Net fee income (£m)	**21.9**	18.1
Employees (Ave no.)	**212**	205



● Temporary 35%
● Permanent 65%

	2010	2009
Revenue (£m)	**43.0**	34.7
Net fee income (£m)	**10.1**	7.7
Employees (Ave no.)	**409**	351

United Kingdom

A good performance in the year with net fee income growth of 15%, despite continued economic uncertainty.

Operating performance

£m	2010	2009
Revenue	**81.0**	75.7
Net fee income	**17.0**	14.8
Adjusted operating profit	**2.2**	2.0
% of Group net fee income	**35%**	35%

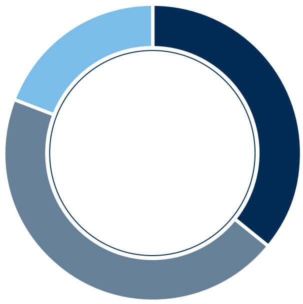
Quick facts

12 **13** 2009 | **18** 2008
Trading companies

210 **207** 2009 | **281** 2008
Employees (average number)

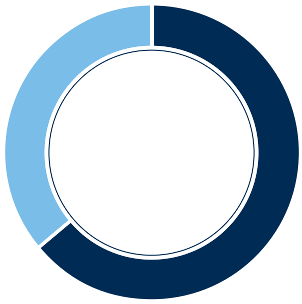
Group revenue

% of Group revenue

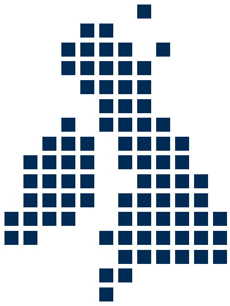


- **UK 36%**
- Continental Europe 45%
- Rest of the world 19%

Net fee income



- Temporary 64%
- Permanent 36%



Our financial services business experienced a strong rebound in demand, particularly for permanent positions.

Image above supplied by LMA Recruitment.

Revenue increased 7% to £81.0m (2009: £75.7m) and net fee income grew by 15% to £17.0m (2009: £14.8m), driven largely by a 41% increase in permanent revenues to £6.2m (2009: £4.4m). As a result, the gross profit percentage for UK operations increased from 19.5% to 21%. Temporary staffing accounted for 64% of net fee income (2009: 70%), reflecting the improved permanent market and a steady temporary market. Adjusted operating profit increased by 10% to £2.2m (2009: £2.0m).

The improved market conditions experienced towards the end of 2009 continued in 2010. Growth rates slowed slightly in the second half of the year, largely reflecting the effect of the inclement weather on our Construction and Supply Chain operations.

Our financial services business experienced a strong rebound in demand, particularly for permanent positions. Banking and insurance markets performed particularly well and the life and pensions markets recovered after a difficult 2009.

Our Supply Chain operations showed an improved performance on 2009, with both permanent and temporary revenue contributing to a strong increase in net fee income. The medium-term outlook for this sector, which is heavily dependent on the retail market, is uncertain and we are reviewing how best to address the challenges that this uncertainty represents.

Our Property Services and Engineering businesses experienced a small reduction in temporary net fee income reflecting lower volumes in publicly sponsored infrastructure work, partially offset by steadily improving permanent revenue.

All businesses in our Other Brands category contributed to net fee income growth in the year, with noteworthy contributions from McCall, reflective of the general recovery in the recruitment-to-recruitment market and our creative brand, Become, which experienced a strong performance in both its UK and Australian markets.

A number of investments were made by UK businesses outside the UK. At the end of the year our financial services brands, LMA and Mansion House, as well as our recruitment-to-recruitment brand, McCall, all commenced operations in our Singapore hub.

Continental Europe
The strength of the German market helped net fee income grow by 21%.

Operating performance

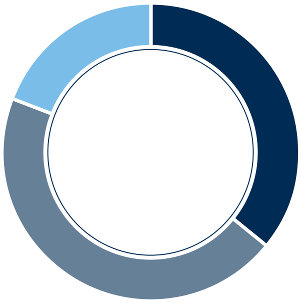
£m	2010	2009
Revenue	**99.4**	80.1
Net fee income	**21.9**	18.1
Adjusted operating profit	**3.9**	2.0
% of Group net fee income	**45%**	46%

Quick facts

12 Trading companies — **7** 2009 | **13** 2008

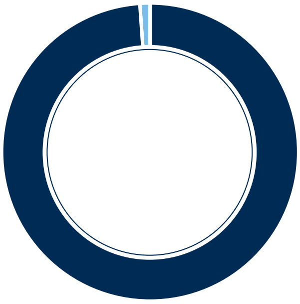
212 Employees (average number) — **205** 2009 | **278** 2008

Group revenue
% of Group revenue

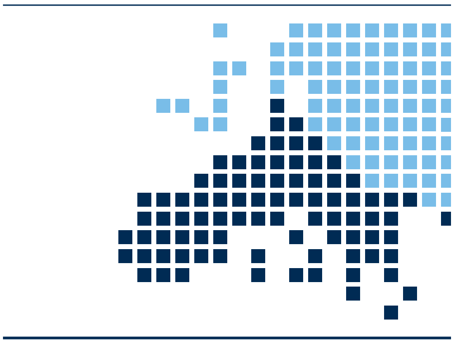


- UK 36%
- **Continental Europe 45%**
- Rest of the world 19%

Net fee income



- Temporary 99%
- Permanent 1%



Our healthcare staffing operations based in Finland and Estonia, continued to perform very strongly in 2010, increasing sales, net fee income and profits.

Image above supplied by MediradiX.

Revenue increased by 24% to £99.4m (2009: £80.1m) and net fee income by 21% to £21.9m (2009: £18.1m). Some pressure on temporary gross margins resulted in the gross margin declining from 22.3% to 22.0%. Despite this, adjusted operating profit increased 95% to £3.9m (2009: £2.0m).

Our German operations benefitted from improved market conditions, particularly in exporting industries, and continued demand for their services. The staffing industry as a whole proved once more to be a very effective solution to meet the increased demand for skills with most new jobs created being filled by temporary staff.

We experienced growth across all sectors in Germany, particularly within the Logistics and Engineering divisions. During the course of the year we also invested in new Healthcare and Training divisions.

In December 2010 the German federal labour court held that a collective labour agreement applied by a large number of staffing companies operating in Germany, including a number of Headway companies, was invalid. This ruling was published on 25 February 2011. As a result of this ruling Headway may be subject to claims from temporary workers as well as from the German government. It is not clear at this time whether the ruling will be applied retroactively or how any potential liability could be quantified. For this reason, no provision for any liability has been made. From January 2011 these Headway operating companies have changed to another collective labour agreement which has increased pay for temporary workers and is having a short-term impact on gross margins pending renegotiation of billing rates with clients.

Our Healthcare staffing operations based in Finland and Estonia, continued to perform very strongly in 2010, increasing sales, net fee income and profits despite further investment in internal staff, recruitment activities and training. The structural shortage of healthcare staff in Finland is expected to worsen owing to the aging population of existing healthcare specialists.

GIT, our specialist IT, Telecoms and Banking agencies, experienced the recovery in the hard hit economies of the Czech Republic and Slovakia towards the end of the year and are well positioned to benefit from any further economic growth in 2011.

Rest of the world

This region is seeing maturing businesses deliver material profits, with net fee income growth of 31%.

Operating performance

£m	2010	2009
Revenue	**43.0**	34.7
Net fee income	**10.1**	7.7
Adjusted operating profit	**1.6**	0.3
% of Group net fee income	**21%**	19%

Quick facts

14 | **13** 2009 | **21** 2008

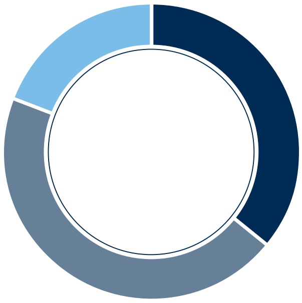
Trading companies

409 | **351** 2009 | **342** 2008

Employees (average number)

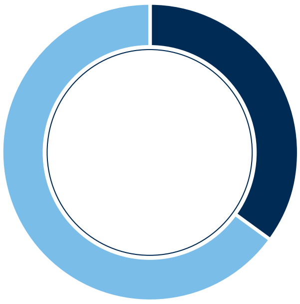
Group revenue

% of Group revenue



- UK 36%
- Continental Europe 45%
- **Rest of the world 19%**

Net fee income



- Temporary 35%
- Permanent 65%

IMS, our Indian operation, experienced growth in both its domestic market as well as for its Recruitment Process Outsourcing operations abroad.

Image above supplied by IMS.

Revenue increased by 24% to £43.0m (2009: £34.7m) and net fee income increased by 31% to £10.1m (2009: £7.7m). Net fee income from this region represents 21% of the Group total (2009: 19%) and has grown at the fastest rate. For the first time this region contributed materially to Group profitability with adjusted operating profit in the year of £1.6m (2009: £0.3m).

In 2010 all of our Asian operations benefitted from improved market conditions and have shown robust revenue and profit growth.

Our Japanese temporary staffing companies recovered from the downturn that negatively affected the Japanese IT and retail markets in 2009. Although net fee income growth was modest, profitability strongly improved in 2010 compared to 2009. Trading conditions returned to a more stable situation during the year. The recent earthquake and tsunami in Japan is having a disruptive effect on operations and the overall financial impact will be dependent on the speed of recovery in confidence. In the year to 31 December 2010 Japan accounted for 6% of the Group net fee income. Based on our experience in Chile in 2010, we anticipate several months' disruption in demand before normal business activity resumes. It is still too early to gauge the effect on the wider Japanese economy.

Within the South East Asian region, strong revenue and profit growth continued in 2010, particularly in Indonesia where we benefitted from high demand for our executive recruitment and corporate training services.

In the second half of the year we initiated a new incubator concept to support the growth of the Group within the Asian region. The Group's recruitment hub is a shared full service facility that gives all Group companies the opportunity to establish a presence in new pockets of growth at minimum cost. The first hub was launched in January 2011 in Singapore, resulting in four Group brands (three from outside the Asia region) entering the Singapore market.

We continued to invest in the service capabilities and geographic reach of IMS, our Indian operation. The business experienced growth in both its domestic market as well as for its Recruitment Process Outsourcing operations abroad. IMS now services clients in the UK, Australia, the US and in East Africa and offers a range of recruitment and HR-related solutions.

Our operations in China also grew revenue, net fee income and profitability as well as headcount, capabilities and coverage. In the second half of 2010 we invested in a new office in Tianjin.

In South America, our retail and telecommunications focussed operations were affected by the earthquake in Chile early in 2010. Our office in Concepcion was destroyed and a number of employees and contractors suffered loss of property and possessions. Clients, staff, suppliers and colleagues around the Group all contributed to the recovery effort. Both the Chilean economy and our operations in the country are fully recovered and performing in line with expectations.

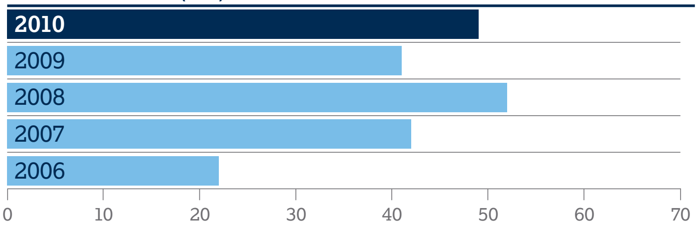
Key performance indicators

Net fee income

Comprises gross revenue minus temporary payroll costs.

Growth in 2010 was £8.4m (21%) as the business recovered from the difficult trading conditions of 2009.

Net fee income (£m)



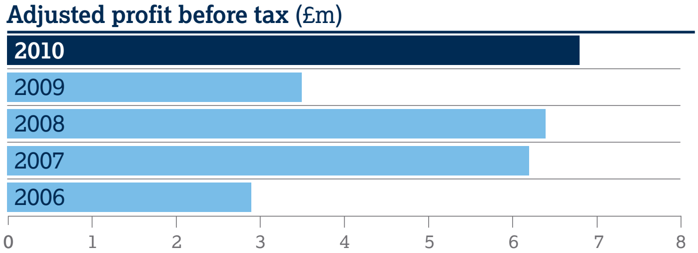
Adjusted profit before tax

The adjusted profit before tax measures the operating return from the business, after the costs of financing. The adjusted measure excludes exceptional items, movements in the value of put and call options and amortisation of goodwill.

Growth in 2010 was £3.3m (94%).

See note 11 for details.

Adjusted profit before tax (£m)



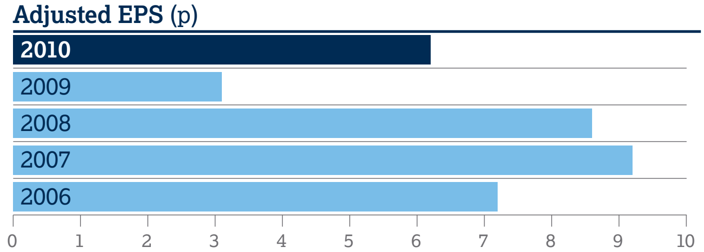
Adjusted EPS

This measures the return to shareholders after the impact of the share of minority interests. The Group's objective is to grow the earnings for shareholders.

Adjusted EPS in 2010 was 6.2p, up 100% on 2009.

See note 12 for details.

Adjusted EPS (p)

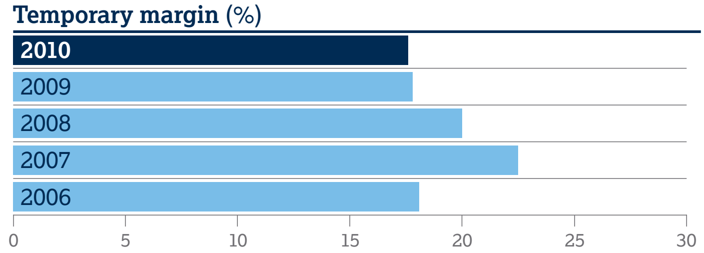


Temporary margin

The Group has a focus on the temporary recruitment market, being 74% of total net fee income. The temporary margin reflects the return to the Company.

The temporary margin in 2010 was 17.6%, in line with 2009.

Temporary margin (%)

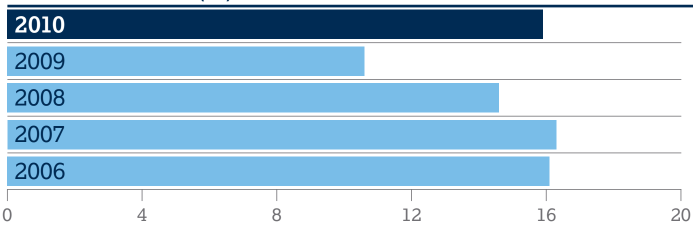


Conversion ratio

The conversion ratio shows the efficiency of managing the cost base and investment spend as it measures adjusted operating profit as a percentage of net fee income. The growth of shareholder return is from both growth in the top line revenue and management of the cost base.

In 2010 the conversion ratio was 15.9%, up from 10.6% in 2009.

Conversion ratio (%)

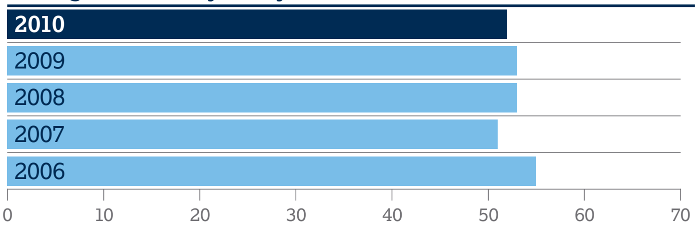


Average debtor days

This shows how efficient the Group is at collecting its sales from customers and this has a direct impact on the funding of working capital for a growing business.

Group average debtor days at the end of 2010 were 52, down from 53 in 2009.

Average debtor days for year

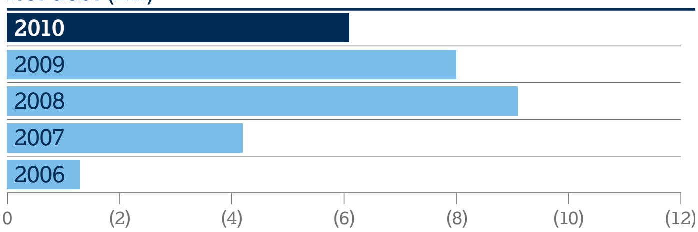


Net debt

The Group is in an overall net debt position and this must be managed to reduce interest costs and allow the business the funds for development activity.

Group net debt was £6.1m at the end of 2010, down from £8.0m at the end of 2009.

Net debt (£m)



Finance review

Spencer Wreford
Group Finance Director

Adjusted operating profit was £7.8m, an increase of 81% over the prior year.

Revenue and gross profit

Revenue for the year was £223.4m (2009: £190.5m), a 17% increase. Gross profit increased 21% to £49.0m (2009: £40.6m). Gross margin was 21.9% (2009: 21.3%). This is due to a change in the mix of permanent and temporary sales. Permanent sales grew by 58% and accounted for 26% of the gross profit (2009: 20%). Temporary revenue increased by 15%. The margin on temporary revenues was 17.6% (2009: 17.8%).

The proportion of net fee income from non-UK operations remained at 65% (2009: 65%). On a constant currency basis the net fee income increased by 20% over 2009.

Group trading summary

	2010 £m	2009 £m Restated	% change
Revenue	**223.4**	190.5	17%
Gross profit	**49.0**	40.6	21%
Administrative costs	**(41.2)**	(36.3)	13%
Adjusted operating profit	**7.8**	4.3	81%
Net interest payable and receivable	**(1.0)**	(0.8)	25%
Adjusted profit before tax	**6.8**	3.5	94%

The adjusted operating profit and adjusted profit before tax figures exclude exceptional items, intangible amortisation and movements in the values of put and call options.

Operating profit

Administrative costs increased by 13% to £41.2m, mainly due to higher salary and commission costs, following the improved trading performance. Adjusted operating profit was £7.8m, an increase of 81% over the prior year. The conversion ratio improved to 15.9% (2009: 10.6%).

Operating profit, after intangible amortisation and exceptional items was £7.5m (2009: loss of £1.0m). In 2010 there were no exceptional items (2009: £5.0m).

Finance income and costs

Finance income in the year was £0.4m (2009: £0.7m). Bank interest income was £0.1m (2009: £0.2m). Finance costs were £0.8m (2009: £1.2m). Interest payable on invoice discounting and bank loans and overdrafts was £1.1m (2009: £1.0m). There was a net gain of £0.2m from the movement in the fair value of put and call options over minority shares in Group companies (2009: £0.3m).

Taxation

The total tax charge for the year was £2.3m (2009: £0.8m) representing an effective tax rate of 34% (2009: loss before tax). This is unusually high due to a combination of prior year tax charges, unrelieved withholding taxes and the mix of profits in the different jurisdictions in which the Group operates.

Discontinued operations

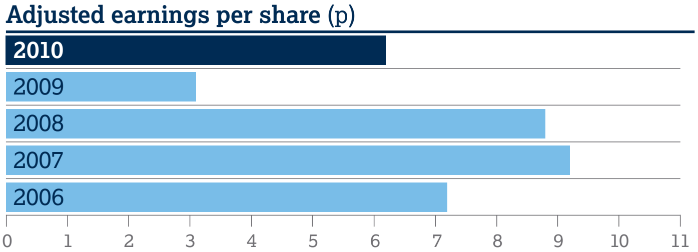
On 14 April 2010, the Group disposed of EAR Holdings BV (EAR), which carried out operations in the Netherlands. A profit of £0.3m arose on the disposal of EAR, being the costs of disposal less the carrying amount of the subsidiary's net liabilities and attributable goodwill. Consideration received was €1, with payments due to the buyer of €175,000. This has been accounted for as a discontinued operation.

Earnings per share

Earnings per share from continuing and discontinued operations was 7.0p (2009: loss of 11.6p).

The Group achieved an adjusted earnings per share of 6.2p (2009: 3.1p). This measure excludes exceptional items and intangible amortisation and provides a better understanding of underlying trading. There were no exceptional items in the year.

Adjusted earnings per share (p)



There were no movements in the number of shares in issue during the year.

Dividend

During the year the Group paid a dividend of £0.2m in respect of the year ended 31 December 2009, being 0.35p per share. For the year ended 31 December 2010, the board is proposing a dividend of 0.35p per share which, if approved by shareholders at the Annual General Meeting, will be paid on 15 August 2011 to shareholders on the register on 15 July 2011.

Treasury

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 £30.1m (2009: £29.4m).

Bank facilities at 31 December

	2010 £m	2009 £m
Overdrafts, loans and other bank debt	**16.5**	15.8
Invoice financing facilities	**13.5**	13.5
Other debt	**0.1**	0.1
	30.1	29.4

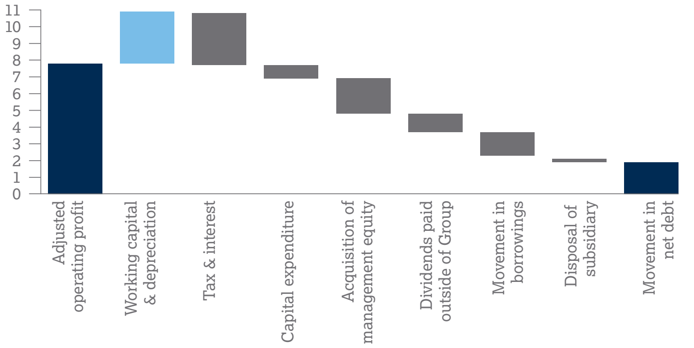
The Group renewed its bank facilities in March 2011. The overdraft facility has increased to £6.1m from £4.8m and is renewable annually, the revolving credit facility has reduced to £6.25m from £7.25m and is for a 5 year term and a new term loan of £3.0m has been provided for 5 years, in addition to the remaining balances of the current term loans which continue to amortise on the same basis as before.

Finance review continued

Cash flow

Net borrowings decreased by £1.9m in the year to £6.1m at the year end (2009: £8.0m). There was a cash inflow from working capital movements of £2.2m and a cash outflow on investments of £2.1m, being £1.9m for the acquisition of minority shares in Group companies and £0.2m of deferred consideration for Saleslink in the UK. Tax payments were £2.1m and there were cash outflows of £1.0m on net interest costs and £0.8m on capital expenditure. Dividends payable to minority shareholders represented £0.9m with a further £0.2m of dividend paid to Group shareholders.

Cash flow bridge (£m)



Bank facilities

Group net debt decreased from £8.0m at 31 December 2009 to £6.1m at 31 December 2010, as detailed below:

	2010 £m	2009 £m
Cash at bank and in hand	**7.1**	4.9
Overdraft facilities	**(3.8)**	(2.1)
Invoice financing (with recourse)	**(0.8)**	(1.4)
Bank loans	**(8.6)**	(9.3)
Leases	**–**	(0.1)
	(6.1)	(8.0)

The Group's bank covenant tests at 31 December 2010 were net debt: EBITDA of 0.7 times (covenant < 2.5 times), interest cover of 8.6 times (covenant > 3 times) and debt service cover of 3.1 times (covenant > 1.25 times). The same covenants apply for the renewed facilities.

Acquisitions

In October 2010 the Group acquired 28% of the shares in FastTrack Management Services (London) Limited for £1.8m. The total consideration is up to a maximum of £2.0m, with contingent consideration of up to £163,000, payable in 2011 if certain performance criteria are met.

The Group has also made payments of contingent consideration for the Saleslink business, acquired in 2009, of £0.2m.

Balance sheet

The Group's net assets as at 31 December 2010 were £29.2m (31 December 2009: £26.9m). The increase was due to higher trade receivables of £2.5m, a decrease in the net debt of £1.9m, a higher deferred tax asset of £0.5m, an increase in the put and call net asset of £0.2m, less an increase in trade and other payables of £2.5m. Further details on the put and call net asset are in note 28.

Going concern

The board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Despite the 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.

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 statement on pages 29 to 30.

Risk	Actions taken to mitigate risk
People The Group's future success relies on recruiting, developing and incentivising its senior management and other key employees. The loss of key personnel may have an adverse impact on the Group's business and relationships.	The Group's philosophy of management equity ensures that key management are appropriately incentivised through equity ownership. The Group operates through autonomous business units, so allowing key staff career development and progression.
Economic instability The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate. An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.	The Group's strategy of geographic and sector diversification is designed to minimise the effect of a downturn in any one market. The Group is constantly looking at how it can further diversify its business. The Group has a focus on the temporary recruitment market which is expected to minimise the negative impact of economic cycles. Nevertheless, a significant global economic downturn will impact all businesses.
Competitive risk Competition exists in all our markets, most notably in the most developed economies. This increases the pressure on margins and the ability to fill positions.	The Group's strategy is to focus on growing in developing economies and staffing markets, where opportunities for growth are greatest.
Legal and regulatory changes The Group's business is subject to European, UK and overseas employment legislation and regulations. Any changes to these may impact on the manner in which Empresaria conducts its business and could therefore affect the financial performance of the Group.	The Group closely monitors the legal and regulatory situations in the markets in which it operates. The Group is a member of local industry associations which help identify arising issues and lobby on behalf of the industry.
Financial risks The main financial risks facing the Group are availability of funds to meet business needs, credit risk arising from customer defaults, fluctuations in interest rates and foreign exchange risk.	**Funding** The Group finances its operations by a combination of cash reserves from retained profit and bank borrowings. Treasury management is led by the Group finance team, which manages and monitors external and internal funding requirements. **Credit risk** Credit risk is tightly managed to reduce any bad debts from non-payment by our customers. This is led by the Group finance team. Average debtor days in 2010 were 52 days (2009: 53 days). **Interest rate risk** The Group is exposed to movements in interest rates for its primary facilities. The Group does not currently hedge this exposure. **Foreign exchange risk** A proportion of the Group's business is transacted overseas and so is exposed to movements in exchange rates. The Group does not currently hedge translation risk as there is to some degree a natural hedge from operating in a wide range of countries.
Technology Empresaria's businesses are highly dependent on IT systems for the day-to-day running of their operations. A large amount of confidential data is stored on these systems.	There is an ongoing review to ensure that IT and telecommunication 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.

Corporate social responsibility

The Group is committed to good practice in its social, environmental and ethical responsibilities.

Empresaria believes that corporate and social responsibility is an important part of the Group's culture and looks to adopt good practice in these areas. The board gives due consideration to risks arising from social, environmental and ethical issues as part of its ongoing risk review process.

Social interaction

The Group, as a diversified international business, recognises the importance of working in a culturally sensitive way with the local community and that its employment policies are non-discriminatory and encourage the employment of local nationals at all levels in the Group.

Employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability.

The Group recognises the need to provide a safe working environment for its staff and clients. Each office is responsible for ensuring that their business operates in compliance with Group policies and local health and safety legislation.

The Group has recently launched an employee exchange programme, open to all employees within the organisation. It is designed to allow staff to spend between a week and a month working in an office of another Group company in another country, to learn how their business operates and to swap ideas and best practice. The first swap is scheduled to take place in 2011.

The Group believes in continuous communication with all staff and in 2010 launched "Empresaria One", a Group-wide intranet. This helps enable groups of employees from different businesses to come together to work on new initiatives and ideas, to see Group policies and procedures and be updated on Group news and activities.

The Group is supportive of staff working with their local communities and charitable concerns. Some examples of Group's charitable support can be seen on the next page.

Ethics

The Company actively promotes integrity in its dealings with employees, shareholders, customers and suppliers and the authorities of the countries in which it operates. Empresaria recognises that its reputation is a valuable asset gained over a long period.

The Company promotes high ethical standards in carrying on its business activities and has clear guidelines for dealing with gifts, hospitality, corruption, fraud and the use of inside information. All staff must comply with the laws and regulations of the country in which they operate.

The Group aims to provide a high-quality service to clients and candidates alike and seeks to build strong and lasting relationships with both parties. The Group ensures that advertising and public communications avoid untruths or overstatements. Empresaria builds relationships with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business.

The Group builds relationships with candidates based on trust and quality of service. It recognises that information about candidates is sensitive and confidential and must be kept securely and not disclosed without a candidate's permission.

Environment

Whilst it is recognised that the Group operates in a business sector that has a low environmental impact, the Group remains committed to minimising its impact on the environment. The Group is aware that this is an area of increasing importance to employees, shareholders and customers alike. The Group is not involved in the manufacture of any tangible products and has identified the principal areas of environmental impact as energy use, waste recycling, paper and printing, and travel.

The Group encourages the recycling of office waste and waste paper and is looking at how it can increase the recycling rates across the Group.

The Group is reducing the amount of printed materials it produces and places a greater reliance on electronic media for its marketing materials.

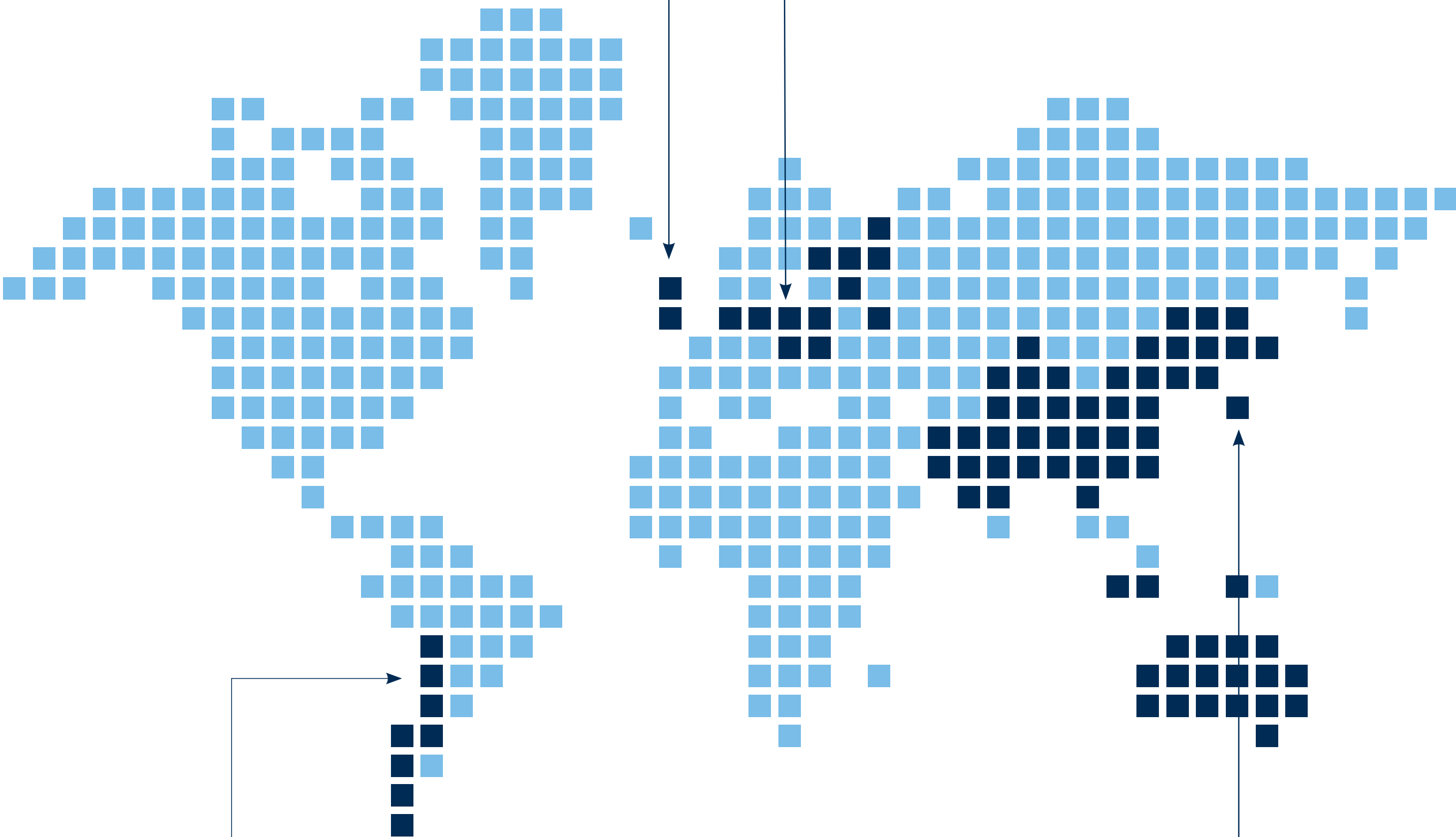
As an internationally diverse Group we recognise that some travel is inevitable and necessary for the effective management of the business, however, full use is made of telephonic conference facilities and working from home to minimise the need for business travel.

UK

Reflex HR sponsor 3 children through the Rakshak Trust, a children's home near Narainpur in Central India. They have supported the trust since 2007 when they started to work with another Group company, IMS, based in India.

Germany and Austria

Headway Holding based in Germany made a donation to a statewide charity, Bayern 3 Sternstunden e.V, for children in need whilst Headway Austria donated presents to local children at Christmas.



Chile

Following the devastating earthquake an appeal was made across the Group and in November 2010 a cheque for US $5,000 was presented to Alternattiva.

Japan

Funds are raised for the Franciscan Chapel Center's (FCC) 'Rice Program' in Tokyo by "TEAM Skillhouse" though charity bike rides.

Business review

Board of Directors

The board has a balance of skills and experience

1 Tony Martin
Chairman

Tony served as Chairman and CEO of Select Appointments (Holdings) Limited from 1992 to 1999 when he became Vice Chairman and member of the board of Management of Vedior NV, the world's third largest staffing services group. In August 2000 he assumed the role of Chairman and CEO, which he served until his retirement in February 2004. Tony held the position of Executive Chairperson at Corporate Services Group until standing down in September 2007.

2 Miles Hunt
Chief Executive

Miles trained as a solicitor before completing an MBA at Warwick and establishing ProSource Limited, a procurement outsourcing company, in 1995. He set up Empresaria in 1996 and has been Chief Executive since then. From 2000 to 2004 Miles was a non-executive Director of Tribal Group plc.

3 Spencer Wreford
Group Finance Director

Spencer was appointed Group Finance Director in May 2010 and has over 10 years' experience in senior finance roles. He joined Empresaria from BPP Group, where he was the Finance Director of the BPP Professional Education division, a provider of international professional training. Prior to this he spent 8 years at ITE Group Plc, the international conference and exhibition organising group, as Deputy Finance Director, during which time he also spent six months as Acting Group Finance Director. Spencer is a member of the Institute of Chartered Accountants of England & Wales, qualifying with Arthur Andersen.

4 Penny Freer
Non-executive Director

Penny has worked in investment banking for over 25 years. She is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chairman of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Penny is an independent director of three quoted companies: in addition to Empresaria she also sits on the boards of Advanced Medical Solutions plc and Sinclair Pharma plc. She joined the board of Empresaria in December 2005. Penny is the Chairperson of Empresaria's Remuneration committee and also sits on the Audit committee.

5 Zach Miles
Non-executive Director

Zach joined the board on 1 October 2008, having recently held the position of Chairman and Chief Executive Officer of Vedior N.V. He was a member of the board of Management from 1999, and Chairman since February 2004. Before joining Vedior, Zach was CFO and a member of the board of Directors of Select Appointments Plc. His career in the recruitment industry began in 1988. He was formerly a partner in the international accountancy firm Arthur Andersen and is a qualified Chartered Accountant. He sits on the Remuneration committee and is the Chairperson of the Audit committee.

Directors' report

The Directors present their annual report on the affairs of the Empresaria Group plc, together with the financial statements and auditors' report, for the year ended 31 December 2010. The Corporate governance statement set out on pages 29 to 30 forms part of this report.

Principal activities

Empresaria Group plc is the holding company of the Group. The principal activities of the Group are to provide specialist staffing services. Our companies offer a full complement of recruitment and HR related services to a diversity of clients ranging from Fortune 500 companies to small businesses, from central government agencies to local community services.

Empresaria companies, each specialising in specific markets or services, operate across the world with representation in 18 countries and over 100 offices. Our sector focus includes Engineering, Logistics, Construction and Infrastructure, Banking and Financial Services, IT and Telecommunications, Healthcare and Professional Services. Our service capabilities include temporary and permanent recruitment, Recruitment Process Outsourcing, HR consulting and corporate training.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 6 to the financial statements of the Company.

Business review and future prospects

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found in the Chairman's statement, Chief Executive's operating review and Finance review on pages 4 through to 21.

Financial instruments

Information about the policy, exposure and use of financial instruments by the Company and its subsidiaries is disclosed in note 22.

Results and dividends

The results for the year are set out on page 36. Details about the final dividend for the year are disclosed in the Finance review on page 19.

Articles of Association

The Articles of Association may be amended by special resolution of the shareholders. The current Articles can be found on the Company website.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. Shares which have been allotted to satisfy consideration payments on the acquisition of minority interests in the Group subsidiaries (pursuant to shareholders' agreements) hold a two year restriction on sale. The number of issued shares subject to this restriction represents 0.08% of the current issued share capital, as at the date of this report.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Issue and acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions dated 3 June 2010, to:

issue the following number of the Company's ordinary shares:
- 23,354,282, under resolution 7 (a);
- 29,708,565, under resolution 7 (b); and

purchase through the market the following number of the Company's ordinary shares:
- 2,228,142, under resolution 9.

All authorities expire on the earlier of 31 August 2011 or the conclusion of the next Annual General Meeting. The Directors have not exercised these authorities.

Details of employee share schemes

There are no employee share schemes operated within the Group. Shareholder approval of a Long Term Incentive Plan for the issue of shares in Empresaria Group plc to Directors and senior executives was obtained in 2008. There have been no awards made under this plan. Details can be found in the Directors' remuneration report on page 33.

Directors and their interests

The Directors who held office at 31 December 2010 had the following interests in the Company's ordinary share capital:

	31/12/2010 Number of ordinary shares	31/12/2009 Number of ordinary shares
Executive Directors		
Miles Hunt, Chief Executive	**3,988,092**	3,963,092
Spencer Wreford, Group Finance Director (from 4 May 2010)	**15,000**	–
Stuart Kilpatrick, Group Finance Director (until 4 May 2010)	**–**	10,000
Non-executive Directors		
Tony Martin, Chairman	**9,203,046**	9,203,046
Penny Freer, Chairperson of Remuneration committee	**15,000**	15,000
Zach Miles, Chairperson of Audit committee	**–**	–

Director changes
Spencer Wreford was appointed as Group Finance Director on 4 May 2010, replacing Stuart Kilpatrick. Spencer Wreford was re-elected by shareholders at the Annual General Meeting held on 3 June 2010.

Directors' interests
No changes took place in the interests of the Directors between 31 December 2010 and the date of this report. None of the Directors had interests in other Group companies.

Appointment, retirement and replacements of Directors
The Company is governed by its Articles of Association, the Companies Act and related legislation, AIM rules and applies the UK Corporate Governance Code. This requires that all Directors retire at least every three years and that a third of the Directors retire by rotation. At the next Annual General Meeting Tony Martin retires by rotation and, being eligible, offers himself for re-election.

Directors' powers
The Directors' powers are conferred on them by UK legislation and by the Articles of Association. Further details can be found in the Corporate governance statement on pages 29 to 30.

Directors' indemnities
The Company has made no qualifying third-party indemnity provisions for the benefit of its Directors during the year.

Substantial shareholdings
As at 30 March 2011, 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%
Liontrust Asset Management	3,127,909	7.02%
Ennismore Fund Management	2,897,027	6.50%
Tim Sheffield (ex board Director)	2,049,307	4.60%

Supplier payment policy
The Company and Group do not follow any specified code or standard on payment practice. However, it is the Company and Group's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the Company and the Group's policy to abide by these terms. Trade creditors of the Group at 31 December 2010 were equivalent to 32 (2009: 30) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Fixed assets
There is no material difference between the book value and the current open market value of the Group's interests in land and buildings.

Employee consultation 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 as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Company's website and Company intranet.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Charitable and political contributions
During the year the Group made charitable donations of £7,500 (2009: nil). The Group made no political donations during the year (2009: nil).

Independent auditors and statement of provision of information to the independent auditors
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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.

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.

Approved by the board of Directors and signed on its behalf by:

Anne-Marie Clarke
Company Secretary
30 March 2011

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law 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 chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 then 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, International Accounting Standard 1 requires that Directors:

- 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 that 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 Chairman's statement and Chief Executive's business review and Finance review, 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.

By order of the board

Miles Hunt
Director
30 March 2011

Spencer Wreford
Director

Corporate governance statement

Corporate governance

The board is committed to maintaining its high standards of corporate governance, managing the Group in an efficient, effective, entrepreneurial and ethical manner for the benefit of shareholders over the longer term. Whilst the Company is not subject to the UK Corporate Governance Code published in June 2008 (the "Code") applicable to companies listed on the Official List, the Directors recognise the value and importance of sound corporate governance and support the principles of the Code. The board has considered the implications of the 2010 UK Corporate Governance Code on the Group's governance and will comply with those provisions considered appropriate for the size of the Group.

An explanation of how the main principles have been applied is set out below and in the Directors' remuneration report and Audit committee report.

Directors

The board constitution and procedures

The Company is controlled through the board of Directors which meets regularly during the year. The Non-executive Directors meet without the Executive Directors being present if required.

The board has a balance of skills and experience, and biographies of the Directors can be found on page 25. The board is made up of two Executive Directors, Miles Hunt and Spencer Wreford, and three Non-executive Directors of whom two (Penny Freer and Zach Miles) are deemed by the board to be independent of management and free from any business or other relationships which could materially interfere with the exercise of their independent judgement. The Chairman is not considered to be independent as he holds a significant shareholding in the Company. Recognising that the Chairman is not an independent director, the board will appoint one of the independent Non-executive Directors to the position of Senior independent director during 2011. This position will enable shareholders to address any concerns to the board through an independent channel of communication.

The Chairman is primarily responsible for the running of the board. At the beginning of each year board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda together with the board papers is distributed at least seven days before each board meeting. All Directors receive sufficient relevant information on financial, business and corporate issues to enable informed decisions to be taken at the board meetings. The regional heads of operations in the UK, Europe and Asia are invited to attend board meetings on a rotational basis to provide an update on the implementation of strategy, business objectives and performance in the relevant region. Any specific actions arising during meetings are agreed by the board and a follow-up procedure ensures their completion. The Chief Executive's responsibilities focus on implementing Group strategy and running the board of Management. The board of Management comprises the two Executive Directors and the regional heads of operations in the UK, Europe and Asia.

The principal roles of the board are the protection and advancement of shareholders' interests, providing overall direction for the Group and establishing and maintaining a framework of delegated authorities and controls which ensure the efficient and effective management of the Group's operations. A formal schedule of matters reserved for consideration by the board gives it responsibility for:

- overall Group strategy and objectives;
- approval of the Group annual budget and progress towards achievement of these budgets;
- changes to the Group's capital structure;
- changes to the Group's activities;
- changes to the senior management structure;
- approval of Group financing arrangements and treasury policy;
- approval of major acquisitions, disposals and additional investments in existing operations; and
- approval of major unbudgeted capital expenditure projects.

The Directors have access to the advice and services of the Company Secretary and all Directors are able to take independent professional advice in the furtherance of their duties if necessary.

All Directors, in accordance with the Code, will submit themselves for re-election at least once every three years. Any Directors appointed to the board during the year will submit themselves for re-election at the next Annual General Meeting following their appointment. In accordance with the Company's Articles of Association one-third of the board is required to retire by rotation each year.

Board committees

The board delegates clearly defined powers to its Audit committee and Remuneration committee. Following each committee meeting the Chairperson of the committee updates the board on the matters discussed. The terms of reference for each of the committees are available to view on the Company's website. Details of the work carried out by the Audit and Remuneration committees can be found in the Audit committee report on pages 31 to 32 and the Directors' remuneration report on pages 33 to 34.

The board has deemed it appropriate for all members of the board to participate in the recruitment of members of the board. All board Directors have the opportunity to independently assess the suitability of potential candidates for vacancies which arise. Final approval for board appointments is given by the board as a whole. The appointment of Spencer Wreford, as Group Finance Director, followed a process of engaging an external search agency to source potential candidates based on a written job specification. Interviews were conducted initially by the Chief Executive and subsequently by the board Chairman and Chairman of the Audit committee prior to the final proposal and approval being sought from the board.

Corporate governance statement continued

Board evaluation
The board is reviewing its current system of appraisal of the Chairman and Non-executive Directors which will incorporate the role of the Senior independent director in the appraisal of the Chairman. This work will be completed during 2011.

Attendance at meetings
During the year the number of meetings of the board and committees and individual attendance by the members were as follows:

	Main board	Audit committee	Remuneration committee
Number of meetings held	**7**	**2**	**1**
Tony Martin (Chairman)	7	1	–
Miles Hunt (Chief Executive)	7	–	–
Spencer Wreford (Group Finance Director from 4 May 2010)	5	–	–
Stuart Kilpatrick (Group Finance Director until 4 May 2010)	2	–	–
Penny Freer (Non-executive Director)	7	1	1
Zach Miles (Non-executive Director)	7	2	1

All Directors attended all meetings that they were eligible to attend.

Remuneration
The level and make-up of remuneration and procedure for fixing the individual remuneration packages of individual Directors is described in the Directors' remuneration report on pages 33 to 34.

Accountability and audit
Internal control
The board is responsible for the effectiveness of the Group's system of internal control. A review has been completed by the board for the year ended 31 December 2010 and up to the date of approval of the annual report.

The board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Audit committee assists the board in discharging its review responsibilities.

During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has not been considered appropriate.

The Group's system of internal control is designed to safeguard the Group's assets and to ensure the reliability of information used within the business and for publication. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Audit committee and auditors
A separate Audit committee report is set out on pages 31 to 32 and provides details of the role and activities of the committee and its relationship with the external auditors.

Relations with shareholders
Dialogue with institutional shareholders
The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by:

- making annual and interim presentations to institutional investors;
- meeting shareholders to discuss long-term issues and obtain their views; and
- communicating regularly during the year.

Relations with shareholders are managed principally by the Chief Executive Officer and Group Finance Director. The views of shareholders are communicated to the board as a whole through regular board meetings and communication between meetings. Although primary responsibility for effective communication with shareholders lies with the Chairman, the Executive Directors prepare presentations for analysts and institutional investors following the interim and preliminary announcements.

During 2010 Penny Freer conducted meetings with major shareholders to develop an understanding of their views about the Company. These views were communicated to the board.

Constructive use of the Annual General Meeting
The board seeks to use the Annual General Meeting to communicate to shareholders. Shareholders are encouraged to participate in the Annual General Meeting at which the Chairman will present an update on the Group's performance. The board, together with the Chairpersons of the Audit and Remuneration committees will be available at the Annual General Meeting to answer questions from shareholders.

Audit committee report

Role of the Audit committee

The Audit committee is appointed by the board from the Non-executive Directors of the Company. The Audit committee's terms of reference include all matters indicated in the UK Corporate Governance Code and can be found on the Company's website at www.empresaria.com.

The Audit committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems;
- making recommendations to the board, for a resolution to be put to the shareholders for their approval in general meeting, on the appointment of the external auditors and the approval of the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing a policy on the engagement of the external auditors to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

The Audit committee is required to report its findings to the board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

Composition of the Audit committee

The members of the Audit committee are:

Name	Date of appointment
Zach Miles (Chairperson)	01/10/2008
Penny Freer	02/11/2010

Membership of the committee is reviewed by the Chairperson of the committee and the board Chairman. On 2 November 2010 Tony Martin, board Chairman, stepped down from the committee, to be replaced by Penny Freer. It is the board's firm position that both Zach Miles and Penny Freer are independent.

The committee is required to comprise of a minimum of two independent Non-executive Directors, one of whom should be a financially qualified member. Currently the Audit committee Chairperson fulfils this requirement as Zach Miles is a chartered accountant.

Meetings

The Audit committee is required to meet formally twice per year and has an agenda linked to the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit committee Chairperson on behalf of his fellow members. Each Audit committee member has the right to require reports on matters of interest in addition to the cyclical items.

The committee meets twice during the year: in December to approve various matters relating to the planning of the annual audit process, and in March to approve the auditors' report on their audit of the annual report and financial statements.

The Audit committee invites the Group Finance Director and senior representatives of the external auditors to attend all of its meetings, although it reserves the right to request any of these individuals to withdraw from the meeting.

Overview of the actions taken by the Audit committee to discharge its duties

Since the beginning of 2010 the Audit committee has:

- reviewed the December 2009 and December 2010 report and financial statements. As part of this review the committee received a report from the external auditors on their audit of the annual report and financial statements;
- reviewed and considered the Group-wide process used to identify, evaluate and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the auditors;
- considered a report from the external auditors on their review of the effectiveness of controls across the Group and received a report on management action taken in response to work undertaken by the auditors 2009;
- agreed the fees to be paid to the external auditors for their audit of the December 2009 and December 2010 financial statements;
- reviewed its own effectiveness;
- reviewed the requirement for an internal audit function; and
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process. This included consideration of a report on the audit firm's own quality control procedures and the audit firm's annual transparency report.

Audit committee report continued

External auditors

The Audit committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The terms of reference assigns responsibility for monitoring the independence, objectivity and compliance with ethical and regulatory requirements to the Audit committee and day-to-day responsibility to the Group Finance Director. It states that the external auditors are jointly responsible to the board and the Audit committee and that the Audit committee is the primary contact. The Audit committee has established a policy on the non-audit services which the external auditors will and will not be allowed to provide to the Group, subject to de minimis levels.

To fulfil its responsibility regarding the independence of the external auditors, the Audit committee reviewed:

- the external auditors' plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years. In accordance with these rules, the senior audit partner has been replaced for the audit of the December 2010 annual report and financial statements;
- the arrangements for day-to-day management of the audit relationship; and
- the overall extent of non-audit services provided by the external auditors, in addition to its case-by-case approval of the provision of non-audit services by the external auditors:

The committee has considered the likelihood of a withdrawal of the auditor from the market and noted that there are no contractual obligations to restrict the choice of external auditors.

To assess the effectiveness of the external auditors, the Audit committee reviewed:

- the effectiveness for ensuring the external auditors' independence and objectivity;
- the external auditors' fulfilment of the agreed audit plan and any variations from the plan;
- the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements; and
- the contents of the external auditor's reporting on internal control.

Following the above, the Audit committee has recommended to the board that Deloitte LLP is re-appointed.

Internal audit function

The Audit committee is required to assist the board to fulfil its responsibilities relating to the adequacy of the resourcing and plans for the provision of an internal audit function. Due to the size of the Group the Audit committee has recommended to the board that there is no requirement for an internal audit function, however the regional financial controllers perform a review of the financial reporting provided by the subsidiary operations.

The Group's whistleblowing policy contains arrangements for the Group Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

Overview

As a result of its work during the year, the Audit committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

The Chairperson of the Audit committee will be available at the Annual General Meeting to answer any questions about the work of the committee.

On behalf of the Audit committee

Zach Miles
Chairperson of the Audit committee
30 March 2011

Directors' remuneration report

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006 (The Act). This report also meets the relevant requirements of the AIM rules and describes how the board has applied the principles relating to Directors' remuneration in the UK Corporate Governance Code.

A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved. The Act requires the auditors to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration committee

The Company has established a Remuneration committee which is constituted in accordance with the recommendations of the UK Corporate Governance Code. The terms of reference of the Remuneration committee are available at www.empresaria.com.

The members of the committee during 2010 were:

- Penny Freer (Chairperson);
- Zach Miles.

All members of the committee are independent Non-executive Directors.

None of the committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The committee determines the individual remuneration packages for each Executive Director and members of the board of management, comprising regional directors who report to the Chief Executive.

During the year the committee met formally once and the following matters were discussed:

- review and agree the salary levels for the Executive Directors and members of the board of management for 2011;
- agree how the annual bonus plan will operate in 2011;
- agree to make awards under the long-term incentive plan during 2011.

Remuneration policy for the Executive Directors

Executive remuneration packages are designed to attract, retain, motivate and reward Directors. The Group's policy on Executive Directors is as follows:

Basic salary

The basic salary of each Director is reviewed annually by the Remuneration committee with changes taking effect on 1 January each year.

Pensions and other benefits

In addition to the basic remuneration payable under the service agreements, each of the Executive Directors is entitled to a pension provision and a range of other benefits, including private medical insurance and car allowance.

Annual bonus payments

The committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. For the financial year 2010 the targets and % of bonus payable were as follows:

	2010
Chief Executive	
Bonus at 80% of target	0%
Bonus at 100% of target	50%
Bonus at 120% of target	100%
Group Finance Director	
Bonus at 80% of target	0%
Bonus at 100% of target	25%
Bonus at 120% of target	50%

The maximum bonus that can be earned by the Chief Executive is 100% of basic salary and for the Group Finance Director is 50% of basic salary.

Targets were as detailed below:

Target	2010
Cash generated from operations	50% of bonus
EPS	50% of bonus

80% of both targets must be met for any bonus to be payable. All of the bonus is payable in cash.

For the year ending 2010 the cash generated from operations target was met in full and the EPS target was partially met. The bonus structure will remain the same for the coming year.

Directors' remuneration report continued

Long-term incentive plan (LTIP)

In July 2008 the Company gained shareholder approval to introduce a LTIP for Executive Directors and senior executives within the business. The committee has responsibility for supervising the scheme and making awards under its terms. No awards have been made under this scheme as at 31 December 2010.

Pension arrangements

The Company does not operate a pension scheme. For the Executive Directors the Company has agreed to make a contribution equal to 10% of salary into private pension schemes. For the Group Finance Director, pension contributions commenced 6 months following the start of employment.

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company, however details of shares held can be found in the Directors' report on page 26.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of one year's notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of the basic salary for the notice period.

Tony Martin, who is proposed for re-election at the next Annual General Meeting, being a Non-executive Director, does not have a service contract.

The details of the Directors' contracts are summarised in the table below:

Name of Director	Date of contract	Notice period
Miles Hunt (Chief Executive)	27 October 2004	12 months
Spencer Wreford (Group Finance Director)	4 May 2010	6 months

Chairman and Non-executive Directors

All Non-executive Directors, including the Chairman, serve under letters of appointment. Their remuneration is determined by the board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. Neither the Chairman nor the Non-executive Directors have any right to compensation on the early termination of their appointment.

The fees are reviewed in December of each year as part of the annual budgeting process.

The fee structure will remain the same for the coming year.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2010 £'000	2009 £'000
Emoluments	**605**	426
Gain on exercise of share options	**–**	26
Money purchase pension contributions	**28**	31
	633	483

Name of Director	**Salary and fees £'000**	**Benefits in kind £'000**	**Annual bonuses £'000**	**2010 Total £'000**	2009* Total £'000
Executive					
Miles Hunt	**201**	**16**	**83**	**300**	197
Spencer Wreford (from 4 May 2010)	**83**	**4**	**25**	**113**	–
Stuart Kilpatrick (until 4 May 2010)	**67**	**5**	**17**	**89**	137
Non-executive					
Tony Martin	**47**	**–**	**–**	**47**	42
Penny Freer	**28**	**–**	**–**	**28**	25
Zach Miles	**28**	**–**	**–**	**28**	25
	455	**25**	**125**	**605**	426

* During 2009 all Directors agreed to a 10% reduction of their basic salary/fees to contribute to the cost reduction exercises being taken throughout the Group.

Benefits in kind include car allowance and private medical insurance.

Long term incentive plan (LTIP)

There have been no awards made under the LTIP during 2010 (2009: nil).

Directors' pension entitlements

The Executive Directors are paid a percentage of their basic salary as a contribution to their private pension schemes. Contributions paid by the Company in respect of such Directors were as follows:

	2010 £'000	2009 £'000
Miles Hunt	**19**	18
Spencer Wreford (from 4 May 2010)	**7**	–
Stuart Kilpatrick (until 4 May 2010)	**2**	13
	28	31

This report was approved by the board of directors on 30 March 2011 and signed on its behalf by:

Penny Freer
Chairperson, Remuneration committee
30 March 2011

Independent auditor's 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 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' responsibilities, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2010 and of its profit 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 Group 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 matters where the Companies Act 2006 requires us 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 2010.

Ian Smith (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
30 March 2011

Consolidated Income Statement

	Note	2010 £m	2009 £m Restated
Continuing operations			
Revenue	4	**223.4**	190.5
Cost of sales		**(174.4)**	(149.9)
Gross profit	4	**49.0**	40.6
Administrative costs		**(41.2)**	(36.3)
Operating profit before exceptional items and intangible amortisation		**7.8**	4.3
Exceptional items	5	**–**	(5.0)
Intangible amortisation		**(0.3)**	(0.3)
Operating profit/(loss)	4,7	**7.5**	(1.0)
Finance income	9	**0.4**	0.7
Finance costs	9	**(1.2)**	(1.2)
Profit/(loss) before tax	11	**6.7**	(1.5)
Income tax	10	**(2.3)**	(0.8)
Profit/(loss) for the period from continued operations		**4.4**	(2.3)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	6	**0.2**	(1.6)
Profit/(loss) for the year		**4.6**	(3.9)
Attributable to:			
Equity holders of the parent		**3.1**	(4.7)
Non-controlling interest		**1.5**	0.8
		4.6	(3.9)
Earnings/(loss) per share:			
From continuing operations			
Basic and diluted (pence)	12	**6.5**	(7.6)
Adjusted earnings per share (pence)	12	**6.4**	3.9
From continuing and discontinued operations			
Basic and diluted (pence)	12	**7.0**	(11.6)
Adjusted earnings per share (pence)	12	**6.2**	3.1

Details of the restatement can be seen in note 28.

Consolidated Statement of Comprehensive Income

	2010 £m	2009 £m Restated
Exchange differences on translation of foreign operations	**0.6**	(2.5)
Net income/(expense) recognised directly in equity	**0.6**	(2.5)
Profit/(loss) for the year	**4.6**	(3.9)
Total comprehensive income/(expense) for the year	**5.2**	(6.4)
Attributable to:		
Equity holders of the parent	**3.4**	(7.2)
Non-controlling interest	**1.8**	0.8
	5.2	(6.4)

Details of the restatement can be seen in note 28.

Consolidated Balance Sheet

	Note	2010 £m	2009 £m Restated	2008 £m Restated
ASSETS				
Non-current assets				
Property, plant and equipment	13	**1.9**	2.0	2.3
Goodwill	14	**26.4**	26.5	31.2
Other intangible assets	15	**2.5**	2.7	3.2
Interest in associates		**–**	–	0.1
Deferred tax assets	20	**1.0**	0.5	0.5
Call option asset	22	**0.9**	0.5	0.8
		32.7	32.2	38.1
Current assets				
Trade and other receivables	17	**31.0**	28.5	33.3
Cash and cash equivalents	19	**7.1**	4.9	5.7
		38.1	33.4	39.0
Total assets		**70.8**	65.6	77.1
LIABILITIES				
Current liabilities				
Trade and other payables	18	**25.0**	22.3	26.4
Current tax liabilities		**1.8**	1.8	2.6
Borrowings	19	**12.7**	4.3	5.4
Put option liability	22	**1.0**	0.9	1.4
		40.5	29.3	35.8
Non-current liabilities				
Borrowings	19	**0.5**	8.6	9.4
Other creditors		**–**	0.2	–
Deferred tax liabilities	20	**0.6**	0.6	0.6
Total non-current liabilities		**1.1**	9.4	10.0
Total liabilities		**41.6**	38.7	45.8
Net assets		**29.2**	26.9	31.3
EQUITY				
Share capital	21	**2.2**	2.2	1.7
Share premium account		**19.4**	19.4	17.0
Merger reserve		**1.5**	1.5	1.5
Retranslation reserve		**4.1**	3.9	5.6
Option reserve		**(0.6)**	(0.6)	(0.6)
Equity reserve		**(1.9)**	–	–
Other reserves		**(0.6)**	(0.7)	0.1
Retained earnings		**1.5**	(1.5)	3.4
Equity attributable to owners of the Company		**25.6**	24.2	28.7
Non-controlling interest		**3.6**	2.7	2.6
Total equity		**29.2**	26.9	31.3

Details of the restatement can be seen in note 28.

These financial statements of Empresaria Group plc were approved by the board of Directors and authorised for issue on 30 March 2011.

Signed on behalf of the board of Directors

Miles Hunt
Director

Spencer Wreford
Director

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium account £m	Merger reserve £m	Retran-slation reserve £m	Option reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m	Non-cont rolling interest £m	Total equity £m
Balance at 1 January 2008	1.7	16.6	1.5	1.0	–	–	(0.1)	5.3	2.7	28.7
Issue of share capital	–	0.4	–	–	–	–	–	–	–	0.4
Loss for the year	–	–	–	–	–	–	–	(1.6)	1.1	(0.5)
Dividend	–	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	4.6	–	–	0.1	–	–	4.7
Recognising option value in equity	–	–	–	–	(0.6)	–	–	–	–	(0.6)
Non-controlling interest acquired during the year	–	–	–	–	–	–	0.1	(0.1)	(0.4)	(0.4)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(0.8)	(0.8)
Balance at 1 January 2009 (Restated)	1.7	17.0	1.5	5.6	(0.6)	–	0.1	3.4	2.6	31.3
Issue of share capital	0.5	2.4	–	–	–	–	–	–	–	2.9
(Loss)/profit for the year	–	–	–	–	–	–	–	(4.7)	0.8	(3.9)
Dividend	–	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	(1.7)	–	–	(0.8)	–	–	(2.5)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(0.7)	(0.7)
Balance at 31 December 2009 (Restated)	2.2	19.4	1.5	3.9	(0.6)	–	(0.7)	(1.5)	2.7	26.9
Profit for the year	–	–	–	–	–	–	–	3.1	1.5	4.6
Dividend	–	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	0.2	–	–	0.1	–	0.3	0.6
Disposal of subsidiary	–	–	–	–	–	–	–	–	0.1	0.1
Non-controlling interest acquired during the year	–	–	–	–	–	(1.9)	–	–	(0.1)	(2.0)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(0.9)	(0.9)
Balance at 31 December 2010	**2.2**	**19.4**	**1.5**	**4.1**	**(0.6)**	**(1.9)**	**(0.6)**	**1.5**	**3.6**	**29.2**

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" relates to premiums arising on shares issued subject to the provisions of section 612 "Merger relief" of the Companies Act 2006.
- "Retranslation reserve" represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- "Option reserve" relates to the initial recorded value of the liability relating to the put options held by non-controlling interests over the shares in the subsidiary companies net of the initial recorded value of the call options held by the Group over shares held by non-controlling interests.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 (2008).
- "Other reserves" represents exchange differences on inter-Company long-term receivables which are treated as a net investment in foreign operations.
- "Retained earnings" represents accumulated profits from incorporation.

Consolidated Cash Flow Statement

	Note	2010 £m	2009 £m Restated
Profit/(loss) for the year		**4.6**	(3.9)
Adjustments for:			
Depreciation		**0.8**	0.9
Intangible amortisation		**0.3**	0.3
Taxation expense recognised in income statement		**2.3**	0.8
Exceptional charges and impairments		**–**	6.3
Gain on disposal of subsidiary		**(0.3)**	–
Cash paid for exceptional items		**–**	(1.2)
Net finance charge		**0.8**	0.6
Operating cash flows before movement in working capital		**8.5**	3.8
(Decrease)/increase in invoice discounting		**(2.4)**	1.7
(Increase)/decrease in trade receivables		**(1.5)**	1.3
Increase/(decrease) in trade payables		**3.7**	(3.4)
Cash generated from operations		**8.3**	3.4
Interest paid		**(1.1)**	(1.0)
Income taxes paid		**(2.1)**	(1.7)
Net cash from operating activities		**5.1**	0.7
Cash flows from investing activities			
Further shares acquired in existing subsidiaries		**(2.1)**	(0.2)
Disposal of subsidiary		**(0.2)**	–
Purchase of property, plant and equipment		**(0.8)**	(0.6)
Finance income		**0.1**	0.2
Net cash used in investing activities		**(3.0)**	(0.6)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	2.7
Increase/(decrease) in borrowings		**1.8**	(2.2)
Proceeds from bank loan		**–**	0.3
Repayment of bank and other loans		**(0.8)**	(0.5)
Dividends paid		**(0.2)**	(0.2)
Dividends paid to non-controlling interest		**(0.9)**	(0.7)
Net cash from financing activities		**(0.1)**	(0.6)
Net increase/(decrease) in cash and cash equivalents		**2.0**	(0.5)
Effect of foreign exchange rate changes		**0.2**	(0.3)
Cash and cash equivalents at beginning of period		**4.9**	5.7
Cash and cash equivalents at end of period	19	**7.1**	4.9

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 Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS. Its company registration number is 03743194.

The consolidated financial statements are for the twelve months ended 31 December 2010. 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.

Adoption of new and revised standards

The following new and revised Standards and Interpretation have been adopted in the current year and have affected the amounts reported in these financial statements.

- IFRS 3 (2008) Business Combinations
- IAS 27 (2008) Consolidated and Separate Financial Statements

These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary. IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions.

The following new and revised Standards and Interpretations 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.

- IAS 28 (2008) Investments in Associates
- Amendment to IFRS 2 (Share based Payment) – following the issue of IFRS 3 (2008), IFRS 2 has been amended to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2.
- IFRS 2 (amended) (Group Cash-settled Share-based Payment Transactions) – The amendment clarifies the accounting for share based payment transactions between Group entities.
- Amendment to IAS 17 (Leases) – IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17.
- Amendment to IAS 39 (Financial Instruments: Recognition and Measurement) – IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard.
- IFRIC 17 (Distributions of Non-cash Assets of Owners) – The Interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled.

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 9 Financial Instruments
- IAS 24 (amended) Related Party Disclosures
- IAS 32 (amended) Classification of Right issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (amended) 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. 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.

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. 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 March 2012 and, based on informal discussions the board has had with its lenders, we have 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. Thus the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

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 2010. 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition 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. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the income statement as per IFRS3 (2008). Changes in the fair value of contingent consideration classified as equity are not recognised.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (ie the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except for deferred tax assets and liabilities or assets related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits respectively. Liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with IFRS 2 Share based Payment. 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 are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete, which are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect the new information obtained. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year.

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired 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 not amortised but is tested at least annually for impairment. Goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated against goodwill and then to the other assets of the unit on a pro-rata basis. Goodwill is carried at cost less accumulated impairment losses.

2 Summary of significant accounting policies continued

On disposal of a subsidiary, the attributable goodwill is included in the calculation of profit or loss on disposal.

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

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.

Amortisation of 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

Impairment of assets

The carrying amounts of the Group's tangible and intangible assets are reviewed against their recoverable amount for any indication of impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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. Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that it does not exceed the carrying amount that would have existed had no impairment loss been recognised. The reversal of the impairment loss is recognised in profit or loss.

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.

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 two 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.

Cash and cash equivalents

Cash and cash equivalents 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 liabilities – short-term borrowings.

Financial assets

Financial assets are recognised in the Group's balance sheet and, 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 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 profit or loss. The Group's trade and other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements continued

2 Summary of significant accounting policies continued

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 profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through 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. Trade receivables are reported net of non-recourse invoice financing liabilities.

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.

The Group is a party to a number of put and call options over the remaining non-controlling interests in some of its subsidiaries. The initial fair value of these commitments is recognised as an asset or liability with a corresponding movement in reserves. Subsequent changes in the value are reflected in the consolidated 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.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the 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.

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, trade discounts and other sales-related taxes.

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 period based on timesheets submitted.

Employee benefits

Retirement benefit costs

Payments made to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share based payments

The Group issues equity-settled share based payments to certain key employees, which 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.

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.

2 Summary of significant accounting policies continued

Leases

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 installments 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. Where an incentive is received to enter into an operating lease, such incentive is treated as a liability and recognised as a reduction to the rental expense on a straight-line basis over the period of the lease.

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 tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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. 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. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient future taxable profit to allow the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the relevant 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.

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. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in other comprehensive income. These exchange differences are reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(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.

Notes to the Consolidated Financial Statements continued

2 Summary of significant accounting policies continued

(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 may use 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.

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 closing rate. The Group has elected to treat goodwill arising on acquisitions before the date of transition to IFRSs as Sterling-denominated assets and liabilities.

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 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. Details of the impairment review calculation are set out in note 14.

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 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.

The carrying amount at the balance sheet date of goodwill was £26.4m (2009: £26.5m), of other intangible assets was £2.5m (2009: £2.7m) and of contingent consideration was £0.3m (2009: £0.3m). The Group has recognised amortisation of intangible assets of £0.3m (2009: £0.3m). Further details of these balances are disclosed in notes 14 and 15.

Valuation of put and call options

The Group's acquisition of the Headway companies in Germany included put and call arrangements which enable the purchaser or the seller to exercise options to purchase or sell any remaining interest in the acquired entity. The Group accounts for the value of the put option based on the value that is considered payable based on the term of the option. The value is reviewed at each reporting period. The Group recognises the fair value of the call option using a Black Scholes option pricing model. The Black Scholes option pricing model requires management to make certain assumptions and estimates in respect of market multiples, risk-free rates and volatility.

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 options attached to the Headway acquisition, a penalty is payable if certain options are not exercised. 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 revenue and profit before taxation are attributable to the Group's one principal activity, the provision of staffing and recruitment services, and can be analysed by geographic segment as follows. The Group's reportable segments are business units based in different geographic regions. Each unit is managed separately with local management responsible for determining local strategy.

Information reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance is based on profit or loss from operations before amortisation of intangible assets and exceptional items.

The analysis of the Group's business by geographical origin is set out below:

Year ended 31st December 2010	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	**Total £m**
Revenue	81.0	99.4	43.0		**223.4**
Gross profit	17.0	21.9	10.1		**49.0**
Adjusted operating profit*	2.2	3.9	1.7		**7.8**
Operating profit	2.2	3.7	1.6		**7.5**
Goodwill	8.1	14.0	4.3		**26.4**
Segmental assets	45.4	23.1	16.3	(40.5)	**44.3**
Segmental liabilities	(44.4)	(25.1)	(8.5)	36.3	**(41.7)**
Net assets	9.1	12.0	12.1	(4.2)	**29.0**
Capital expenditure incurred (including intangibles)	0.3	0.3	0.2		**0.8**
Significant non-cash expenses (depreciation, amortisation and impairment)	0.3	0.5	0.3		**1.1**

* Adjusted operating profit represents operating profit before exceptional items and intangible amortisation.

Year ended 31st December 2009 (Restated)	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Revenue	75.7	80.1	34.7		190.5
Gross profit	14.8	18.1	7.7		40.6
Adjusted operating profit	2.0	2.0	0.3		4.3
Operating profit/(loss)	0.5	0.7	(2.2)		(1.0)
Goodwill	8.1	14.5	3.9		26.5
Segmental assets	50.4	22.6	13.2	(47.1)	39.1
Segmental liabilities	(48.3)	(25.7)	(9.9)	45.2	(38.7)
Net assets	10.2	11.4	7.2	(1.9)	26.9
Capital expenditure incurred (including intangibles)	0.3	0.3	0.1		0.7
Significant non-cash expenses (depreciation, amortisation and impairment)	1.4	1.9	2.5		5.8

Notes to the Consolidated Financial Statements continued

4 Segment analysis continued

Year ended 31st December 2008 (Restated)	UK £m	Continental Europe £m	Rest of the World £m	Eliminations £m	Total £m
Goodwill	8.7	17.1	5.4		31.2
Segmental assets	50.2	25.4	12.0	(41.7)	45.9
Segmental liabilities	(49.2)	(28.3)	(7.0)	38.7	(45.8)
Net assets	9.7	14.2	10.4	(3.0)	31.3
Capital expenditure incurred (including intangibles)	0.3	0.3	0.1		0.7
Significant non-cash expenses (depreciation, amortisation and impairment)	0.9	1.9	0.3		3.1

5 Exceptional items

Exceptional items are those which, in management's judgement, need to be disclosed separately by virtue of their size or incidence in order for the reader to obtain a proper understanding of the financial information.

Exceptional items from continuing operations	**2010 £m**	2009 £m
UK		
Goodwill impairment and businesses disposed	**–**	1.2
Restructuring costs	**–**	0.3
	–	1.5
Continental Europe		
Goodwill impairment and businesses disposed	**–**	0.3
Restructuring costs	**–**	0.8
	–	1.1
Rest of the World		
Goodwill impairment and businesses disposed	**–**	2.4
	–	2.4
Total	**–**	5.0
Exceptional items from discontinuing operations		
Continental Europe		
Goodwill impairment and businesses disposed	**–**	0.9
Restructuring costs	**–**	0.4
	–	1.3
Total exceptional items from continuing and discontinued operations	**–**	6.3

6 Discontinued operations

On 14 April 2010, the Group disposed of EAR Holdings BV (EAR), which carried out operations in the Netherlands. The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	2010 £m	2009 £m
Revenue	**0.3**	4.7
Costs	**(0.4)**	(5.0)
Loss from discontinued operations	**(0.1)**	(0.3)
Goodwill impairment	**–**	(0.9)
Exceptional restructuring costs	**–**	(0.4)
Profit on disposal of subsidiary	**0.3**	–
Net profit/(loss) from discontinued operations	**0.2**	(1.6)

A profit of £0.3m arose on the disposal of EAR, being the costs of disposal less the carrying amount of the subsidiary's net liabilities and attributable goodwill. Consideration received was €1, with payments due to the buyer of €175,000.

During the period EAR contributed £0.3m to the Group's net operating cash outflows (2009: £0.3m outflow) and paid £nil in respect of financing activities (2009: £0.1m).

The net assets of EAR at the date of disposal were as follows:

	2010 £m
Property, plant and equipment	**0.1**
Trade and other receivable	**0.8**
Trade and other payable	**(1.2)**
Bank borrowings	**(0.3)**
Net liabilities	**(0.6)**
Non-controlling interest and retranslation reserve	**0.1**
Disposal costs	**0.2**
Profit on disposal	**0.3**

7 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2010 £m	2009 £m Restated
Depreciation of property, plant and equipment	**0.8**	0.9
Amortisation of intangible assets	**0.3**	0.3
Operating lease charges:		
– Land and buildings	**1.6**	1.7
– Motor vehicles	**0.7**	0.7
Goodwill impairments	**–**	4.6
Trade receivable impairments	**0.1**	0.3
Auditors' remuneration	**0.1**	0.1

Operating profit includes a foreign exchange loss of £41,000 (2009: gain £23,000).

Notes to the Consolidated Financial Statements continued

7 Operating profit/(loss) continued

The analysis of auditors' remuneration is as follows:

	2010 £m	2009 £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

Auditors' remuneration includes fees payable of £12,000 (2009: £12,000) to the Company auditors for the audit of the Company's subsidiaries pursuant to legislation and fee payable of £3,000 (2009: £nil) for tax advisory services.

8 Directors and employees

	2010 £m	2009 £m Restated
Staff costs		
Wages and salaries	**22.5**	19.7
Social security costs	**3.0**	2.6
Pension costs	**0.3**	0.2
	25.8	22.5

	No.	No.
Average monthly number of persons employed (including Directors)		
Sales, distribution and administration	**832**	763

9 Finance income and cost

	2010 £m	2009 £m Restated
Finance income		
Bank interest receivable	**0.1**	0.2
Movement in put option liability	**–**	0.5
Movement in call option assets	**0.3**	–
	0.4	0.7
Finance cost		
Bank loans and overdrafts	**(0.8)**	(0.7)
On amounts payable to invoice discounters	**(0.3)**	(0.3)
Movement in put option liability	**(0.1)**	–
Movement in call option assets	**–**	(0.2)
	(1.2)	(1.2)
Net finance cost	**(0.8)**	(0.5)

10 Taxation

(a) The tax charge for the year was based on the following:

	2010 £m	2009 £m
Current taxation		
Current tax	**(2.4)**	(0.8)
Adjustment to tax charges in respect of previous periods	**(0.3)**	(0.1)
	(2.7)	(0.9)
Deferred tax	**0.4**	0.1
Total income tax expense in the income statement	**(2.3)**	(0.8)

(b) Factors affecting the tax charge for the year

	2010 £m	2009 £m
Profit before taxation	**6.7**	(1.5)
Profit before tax at standard rate of corporation tax in the UK of 28% (2009: 28%)	**(1.9)**	0.4
Effects of:		
Expenses not deductible for tax purposes	**(0.1)**	(0.1)
Non-taxable income	**0.1**	–
Losses not recognised tor tax purposes	**(0.2)**	(0.5)
Deferred tax on losses and other timing differences previously not recognised	**0.3**	–
Adjustment to tax charges in respect of previous periods	**(0.3)**	(0.1)
Overseas tax at different tax rates	**(0.2)**	0.1
Amortisation of intangibles, goodwill impairment	**–**	(0.6)
Tax expense	**(2.3)**	(0.8)

The movement in deferred tax is explained in note 20.

11 Reconciliation of adjusted profit before tax to profit before tax

	2010 £m	2009 £m Restated
Profit/(loss) before tax	**6.7**	(1.5)
Amortisation of intangibles	**0.3**	0.3
Exceptional items	**–**	5.0
Movement in put option liability	**0.1**	(0.5)
Movement in fair value of call option assets	**(0.3)**	0.2
Adjusted profit before tax from continuing operations	**6.8**	3.5

12 Earnings/(loss) per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the 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. A reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

The calculation of the basic and diluted earnings per share is based on the following data:

a) From continuing and discontinued operations

	2010 £m	2009 £m Restated
Earnings		
Earnings/(loss) attributable to equity holders of the parent	**3.1**	(4.7)
Adjustments:		
Exceptional items	**–**	6.3
Gain on business disposal	**(0.3)**	–
Movement in put option liability	**0.1**	(0.5)
Movement in fair value of call option asset	**(0.3)**	0.2
Amortisation of intangible assets	**0.3**	0.3
Tax on exceptional items and intangible amortisation	**–**	(0.2)
Non-controlling interest in intangible amortisation and exceptional items	**(0.1)**	(0.1)
Earnings for the purpose of adjusted earnings per share	**2.8**	1.3
Number of shares	**Millions**	Millions
Weighted average number of shares – basic and diluted	**44.6**	40.6
Earnings/(loss) per share		
Basic and diluted	**7.0**	(11.6)
Adjusted earnings per share	**6.2**	3.1

b) From continuing operations

	2010 £m	2009 £m Restated
Earnings		
Earnings/(loss) attributable to equity holders of the parent	**3.1**	(4.7)
Adjustments to exclude (profit)/loss from discontinued operations	**(0.2)**	1.6
Earnings from continuing operations for the purpose of basic and diluted earnings per share	**2.9**	(3.1)
Adjustments:		
Exceptional items	**–**	5.0
Movement in put option liability	**0.1**	(0.5)
Movement in fair value of call option asset	**(0.3)**	0.2
Amortisation of intangible assets	**0.3**	0.3
Tax on exceptional items and intangible amortisation	**–**	(0.2)
Non-controlling interest in intangible amortisation and exceptional items	**(0.1)**	(0.1)
Earnings for the purpose of adjusted earnings per share	**2.9**	1.6
Number of shares	**Millions**	Millions
Weighted average number of shares – basic and diluted	**44.6**	40.6
Earnings/(loss) per share		
Basic and diluted	**6.5**	(7.6)
Adjusted earnings per share	**6.4**	3.9

13 Property, plant and equipment

	Leasehold property £m	Fixtures, fittings and equipment £m	Motor vehicles £m	**Total £m**
Cost				
At 1 January 2010	0.2	7.2	0.2	**7.6**
Additions	–	0.8	–	**0.8**
Disposals	–	(0.8)	–	**(0.8)**
At 31 December 2010	0.2	7.2	0.2	**7.6**
Accumulated depreciation				
At 1 January 2010	0.1	5.4	0.1	**5.6**
Charge for the year	–	0.8	–	**0.8**
Disposals	–	(0.7)	–	**(0.7)**
At 31 December 2010	0.1	5.5	0.1	**5.7**
Net book value				
At 31 December 2009: restated and disclosed	0.1	1.8	0.1	**2.0**
At 31 December 2010	0.1	1.7	0.1	**1.9**

Fixtures, fittings and equipment includes £0.1m (2009: £0.1m, 2008: £0.3m) of secured finance leases.

	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	–	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 2010	0.1	4.9	0.1	5.1
Acquisition	–	(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 2008: restated and disclosed	0.1	2.1	0.1	2.3
At 31 December 2009: restated and disclosed	0.1	1.8	0.1	2.0

Notes to the Consolidated Financial Statements continued

14 Goodwill

	2010 £m	2009 £m	2008 £m
At 1 January	**26.5**	31.2	22.6
Acquisition of new subsidiary undertakings	–	1.1	2.0
Acquisition of additional shares in existing subsidiaries	–	0.3	3.8
Impairments	–	(4.6)	(1.9)
Foreign exchange	**(0.1)**	(1.5)	4.7
At 31 December	**26.4**	26.5	31.2

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 each 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 derived from the Group budget for the year ended 31 December 2011 and managements' internal 5 year forecast which have then been extrapolated over a total period of 15 years. The key assumptions for this calculation are in growth rates and discount rates. The growth rates applied after the forecasts are based on the relevant country GDP growth estimates for the next 5 years, which ranged from 1.8% to 5.0%. Any growth rate in excess of 5.0% was capped for the purpose of this calculation. A discount rate of 8.5% (2009: 5.7%) has been applied in discounting the projected cash flows, being the Group's weighted average cost of capital. Where higher growth rates were applied a discount rate of 9.5% has been used to reflect the greater risk to the forecast.

As part of the impairment review, management has considered the sensitivity of the recoverable amount for each unit to changes in the growth rate and discount rate. This sensitivity analysis showed that the long-term growth rate could reduce to nil without giving rise to an impairment of goodwill and that the discount rate could increase to 17.5% without giving rise to an impairment of goodwill. Neither of these changes in the key assumptions are expected to reasonably occur.

The carrying amount of goodwill has been allocated as follows:

	2010 £m	2009 £m	2008 £m
Goodwill by region			
United Kingdom	**8.1**	8.1	8.7
Continental Europe	**14.0**	14.5	17.1
Rest of the world	**4.3**	3.9	5.4
	26.4	26.5	31.2

15 Intangible assets

	Customer relations £m	Trade marks £m	Software £m	Total £m
Carrying amount at 1 January 2010	2.8	0.5	0.2	**3.5**
Foreign exchange	–	0.1	–	**0.1**
Gross carrying amount at 31 December 2010	2.8	0.6	0.2	**3.6**
Amortisation				
Carrying amount at 1 January 2010	0.5	0.2	0.1	**0.8**
Charge for year	0.2	0.1	–	**0.3**
Accumulated amortisation at 31 December 2010	0.7	0.3	0.1	**1.1**
Net book value as at 31 December 2010	**2.1**	**0.3**	**0.1**	**2.5**
Net book value as at 31 December 2009: restated and disclosed	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

16 Subsidiaries

A list of the significant investment in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 6 to the Company's financial statements.

17 Trade and other receivables

	2010 £m	2009 £m	2008 £m
Current			
Trade receivables	**26.9**	23.9	26.9
Less provision for impairment of trade receivables	**(0.2)**	(0.7)	(0.6)
Net trade receivables	**26.7**	23.2	26.3
Loans to associates	**–**	–	0.8
Prepayments and accrued income	**1.9**	2.5	3.3
Other receivables	**2.4**	2.8	2.9
	31.0	28.5	33.3

Trade receivables includes £0.8m (2009: £1.4m, 2008: £2.2m) 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 22.

18 Trade and other payables

	2010 £m	2009 £m	2008 £m
Current			
Trade payables	**2.2**	1.8	1.8
Other tax and social security	**6.5**	5.3	5.4
Other payables	**6.4**	7.3	9.8
Accruals	**9.6**	7.6	9.3
Contingent consideration	**0.3**	0.3	0.1
	25.0	22.3	26.4

All amounts are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

Notes to the Consolidated Financial Statements continued

19 Financial liabilities

a) Borrowings

	2010 £m	2009 £m	2008 £m
Current			
Bank overdrafts	**3.8**	2.1	2.6
Amounts related to invoice financing	**0.8**	1.4	2.2
Current portion of bank loans	**8.1**	0.8	0.6
	12.7	4.3	5.4
Non-current			
Bank loans	**0.5**	8.5	8.6
Other loan creditors	**–**	0.1	0.8
	0.5	8.6	9.4
Total financial liabilities	**13.2**	12.9	14.8

The bank loans include a revolving credit facility and two term loans which expire in 2011 and 2013. 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 2010, interest was payable at between 1.25% and 2.0% over base rate on the term loans, and between 1.75% and 2.5% over LIBOR on the revolving credit facility.

The interest rate on the bank overdrafts was fixed in 2010 at rates of 1.5% and 2.25% above base rate.

The amounts above for invoice financing represent with-recourse facilities. The Group also has non-recourse invoice financing which is offset against trade receivables. The non-recourse invoice financing at 31 December 2010 was £8.5m (2009: £10.4m, 2008: £8.6m).

b) Movement in net borrowings

	2010 £m	2009 £m	2008 £m
As at 1 January	**(8.0)**	(9.1)	(4.2)
Net increase/(decrease) in cash and cash equivalents	**2.0**	(0.5)	0.5
(Increase)/decrease in loans	**(1.0)**	1.6	(5.7)
Decrease in invoice financing	**0.5**	0.8	–
On acquisition of business	**–**	(0.7)	(0.2)
On disposal of business	**0.3**	–	–
Currency translation differences	**0.1**	(0.1)	0.5
As at 31 December	**(6.1)**	(8.0)	(9.1)

c) Analysis of net borrowings

	2010 £m	2009 £m	2008 £m
Financial liabilities – borrowings	**(13.2)**	(12.9)	(14.8)
Cash and cash equivalents	**7.1**	4.9	5.7
As at 31 December	**(6.1)**	(8.0)	(9.1)

Cash and cash equivalents at 31 December 2010 include cash with banks of £0.3m (2009: £0.2m, 2008: £0.2m) held by a subsidiary which is subject to currency exchange restrictions.

20 Deferred tax

	Tax losses £000	Capital allowances £000	Holiday pay £000	Timing differences £000	Intangible assets £000	**Total 2010 £000**	2009 £000	2008 £000
1 January	488	61	–	–	(562)	**(13)**	(106)	88
(Charge)/credit to income	277	(6)	81	47	(23)	**376**	93	(230)
Acquisition of business	–	–	–	–	–	**–**	–	78
Foreign exchange difference	63	–	–	–	(26)	**37**	–	(135)
31 December	828	55	81	47	(611)	**400**	(13)	(106)

Analysis of deferred tax

	2010 £000	2009 £000	2008 £000
Deferred tax asset	**1,011**	549	524
Deferred tax liability	**(611)**	(562)	(630)
	400	(13)	(106)

At the balance sheet date, the Group has unused tax losses of £5.9m (2009: £4.8m) available for offset against future profits. A deferred tax asset has been recognised in respect of £2.9m (2009: £1.8m) of such losses. No deferred tax asset has been recognised in respect of the remaining £3.0m (2009: £3.0m) as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of £2.4m (2009: £2.0m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

21 Share capital

	2010 Number of shares	**£m**	2009 Number of shares	£m	2008 Number of shares	£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**	44,562,847	2.2	34,066,356	1.7

22 Financial instruments

The principal financial assets of the Group are cash and cash equivalents and 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:

Classes of financial assets – carrying amounts	**2010 £m**	2009 £m
Cash and cash equivalents	**7.1**	4.9
Trade and other receivables	**31.0**	28.5

Notes to the Consolidated Financial Statements continued

22 Financial instruments continued

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 of reporting date is as follows:

	2010 £m	2009 £m
0-30 days	**17.0**	13.6
31-60 days	**8.1**	6.7
61-90 days	**1.1**	1.7
Over 90 days	**0.5**	1.2
Total trade receivables (note 15)	**26.7**	23.2

Average debtor days during the year were 52 days (2009: 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 £0.1m (2009: £0.3m) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £1.6m (2009: £2.9m) 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:

	2010 £m	2009 £m
Balance as 1 January	**0.7**	0.6
Impairment loss recognised	**0.1**	0.3
Impairment loss utilised	**(0.6)**	(0.2)
Balance at 31 December	**0.2**	0.7

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 2010, Empresaria's liabilities have contractual maturities which are summarised below:

		Current				Non-current	
		within 6 months		6 to 12 months		1 to 5 years	
	Effective interest rate	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Long-term bank loans	2.8%	**0.3**	0.4	**7.6**	0.4	**0.4**	8.5
Other long-term creditors	4.0%	**–**	–	**–**	–	**–**	0.3
Trade payables	–	**25.0**	22.4	**–**	–	**–**	–
Other short-term financial liabilities	4.3%	**4.6**	3.5	**–**	–	**–**	–
Total		**29.9**	26.3	**7.6**	0.4	**0.4**	8.8

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

22 Financial instruments continued

All bank loans are on floating interest rates.

At the year end the Group had £4.2m (2009: £4.4m) of undrawn bank facilities.

There was no loan repayment default during the year (2009: nil). At the year end past due loans were nil (2009: nil).

Gearing ratio

	2010 £m	2009 £m
Gross borrowings	**13.2**	12.9
Less: cash and cash equivalents	**(7.1)**	(4.9)
Net debts	**6.1**	8.0
Equity attributable to Company shareholders	**25.6**	24.2
Net debt to equity ratio	**23.8%**	33.1%

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 19, cash and cash equivalents disclosed in note 19 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 21 and in the Consolidated statement of changes in equity.

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 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.

During the year ended 31 December 2010 no forward exchange contracts were entered into.

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	
	2010 £m	2009 £m	2010 £m	2009 £m
Euro	**19.8**	18.5	**17.2**	16.4
Japanese Yen	**2.8**	2.2	**2.1**	1.2
Chilean Peso	**4.0**	4.2	**2.1**	2.0
Indonesian Rupiah	**2.4**	1.5	**1.5**	1.0

22 Financial instruments continued

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.

	2010				2009			
	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m	Euro £m	Japanese Yen £m	Chilean Peso £m	Indonesian Rupiah £m
Net result for the year	**(0.2)**	**–**	**–**	**–**	0.1	0.2	–	–
Equity	**(1.8)**	**(0.2)**	**(0.3)**	**(0.1)**	(1.8)	(0.1)	(0.3)	–

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.

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 2010, 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 19. 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

	2010 £m	2009 £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.

The following table provides an analysis of financial instruments that are measured subject to initial recognition at fair value, grouped into level 2 based on the degree to which the fair value is observable:

Level 2: Call option and put option is measured from inputs other that quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly.

	2010 £m	2009 £m
Call option assets (level 2)	**0.9**	0.5
Put option liability (level 2)	**(1.0)**	(0.9)

There were no transfers between level 1, 2 and 3 during the current or prior year.

There were no level 1 and level 3 financial instruments during the current or prior year.

23 Financial commitments

Operating leases

	Motor vehicles		Land and buildings	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Total minimum operating lease payments due:				
Within one year	**0.7**	0.6	**1.3**	1.5
One to five years	**1.0**	0.8	**1.3**	1.6
After five years	**–**	–	**0.1**	0.1
	1.7	1.4	**2.7**	3.2

24 Dividends

	2010 £000	2009 £000
Amount recognised as distribution to equity holders in the period:		
Final dividend for the year ended 31 December 2009 of 0.35p (2008: 0.35p) per share	**156**	153
Proposed final dividend for the year ended 31 December 2010 is 0.35p (2009: 0.35p) per share	**156**	156

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.

25 Contingent liabilities

Contingent consideration

Various contingent consideration payments have been deemed probable at 31 December 2010 totalling £0.3m (2009: £0.3m). 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 and 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 €2.2m (2009: €2.1m). As at 31 December 2010, 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.

25 Contingent liabilities continued

German legal issue

In December 2010 the German federal labour court ruled that the CGZP union is not entitled to conclude a collective labour agreement. This ruling was published on 25 February 2011. As a result the collective labour agreement concluded by CGZP is not valid at this time. In April 2011 the court in Berlin is expected to rule on whether this collective labour agreement can be declared invalid with retroactive effect. A number of operating companies within the Headway group applied this collective labour agreement until early or mid-2010. From January 2011 these operating companies have changed to BZA (the German Association of Private Employment Agencies) which has not been the subject of legal challenge. This change in pay structure for temporary workers is having a short-term impact on gross margins.

These legal rulings could lead to claims from temporary employees as well as from the German government with regard to the payment of social security premiums. It is still not sufficiently clear at this time whether the invalidity of the collective labour agreement will have any retroactive consequences or what the possible amount of claims from third parties could be. For this reason no provision is being taken by the Group at this time for possible claims from third parties.

26 Profit of parent Company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial year was £0.5m (2009: loss of £0.8m).

27 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. These transactions include intra-Group management charges and net interest charges to subsidiaries, which amounted to £2.0m (2009: £1.9m) and £0.3m (2009: £0.4m), respectively.

Remuneration of key management personnel

The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' remuneration report on page 34.

	2010 £m	2009 £m
Short-term employee benefits	0.6	0.5

There were no share based payments, long-term benefits or other benefits in the year.

Directors' transactions

Dividends totalling £46,274 (2009: £46,239) were paid in the year in respect of ordinary shares held by the Company's Directors.

Empresaria Group plc transacted with 24/7 Translations Limited for the provision of translation services. Spencer Wreford, Group Finance Director, jointly owns this company with his wife. In total the services charged were for £700.

28 Prior year restatement

Following a review of the Group's accounting for the put and call arrangement relating to the Headway acquisition the accounting for the option arrangement has been amended with a restatement of the prior year amounts. Under the revised accounting treatment the Group has recognised a put option liability arising from the put options held by minority shareholders over the shares in subsidiary companies. The amount of this liability is reviewed at each period end and adjusted to reflect the amount that is considered will become payable to the minority shareholders based on the terms of the put option. The debit arising from the initial recognition of the put option liability has been taken to reserves with the subsequent movement in the liability being recognised in finance income/(expense). The put option liability has not been discounted as any adjustment to the liability would not be material. Under the revised accounting the Group has also recognised the fair value of the call option asset, being the fair value of the call option held by the Group over shares held by minority interest shareholders. The fair value has been established based on the terms of the call option using a Black Scholes option pricing model. The credit arising from the initial recognition of the call option asset has been taken to reserves with the subsequent movement in the fair value of the asset being recognised in finance income/(expense).

The impact of the restatement as of the following dates and for the financial periods ended on those dates is summarised below.

31 December 2008		Finance income	Finance cost	Call option asset	Put option (liability)	Option reserve	Retained earnings
As disclosed	£m	(0.3)	1.3	–	–	–	(3.4)
Adjustment	£m	–	–	0.8	(1.4)	0.6	–
Restated	£m	(0.3)	1.3	0.8	(1.4)	0.6	(3.4)

31 December 2009		Finance income	Finance cost	Call option asset	Put option (liability)	Option reserve	Retained earnings
As disclosed	£m	(0.2)	1.0	–	–	–	1.8
Adjustment	£m	(0.5)	0.2	0.5	(0.9)	0.6	(0.3)
Restated	£m	(0.7)	1.2	0.5	(0.9)	0.6	1.5

The impact of the restatement on earnings/(loss) per share is as below:

31 December 2009		Continuing operations	Continuing and discontinued operations
Basic and diluted			
As disclosed	(pence)	(8.4)	(12.4)
Adjustment	(pence)	0.8	0.8
Restated	(pence)	(7.6)	(11.6)

There was no impact of the above changes on 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 2010 which comprise Parent Company Balance Sheet and the related notes 1 to 12. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' responsibilities, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent Company financial statements: give a true and fair view of the state of the Company's affairs as at 31 December 2010 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 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 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.

Other matter

We have reported separately on the Group financial statements of Empresaria Group plc for the year ended 31 December 2010.

Ian Smith (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Crawley, United Kingdom
30 March 2011

Parent Company Balance Sheet

	Note	2010 £m	2009 £m Restated
Fixed assets			
Tangible assets	5	**0.2**	0.2
Investments	6	**29.2**	28.3
Call option asset	12	**0.9**	0.5
		30.3	29.0
Current assets			
Debtors (including amounts falling due after more than one year of £2.4m (2009: £5.1m)	7	**17.7**	15.5
Cash at bank		**0.1**	0.7
Creditors: amounts falling due within one year	8	**(18.8)**	(8.2)
Net current assets		**(1.0)**	8.0
Total assets less current liabilities		**29.3**	37.0
Creditors: amounts falling due after more than one year	9	**(3.9)**	(11.8)
Put option liability	12	**(0.1)**	(0.3)
Net assets		**25.3**	24.9
Capital and reserves			
Called up share capital	10,11	**2.2**	2.2
Share premium account	10	**19.4**	19.4
Other reserves	10	**1.5**	1.5
Option reserves	10	**0.4**	0.4
Profit and loss account	10	**1.8**	1.4
Shareholders' funds	10	**25.3**	24.9

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the board of Directors and authorised for issue on 30 March 2011.

Signed on behalf of the board of Directors

Miles Hunt
Director

Spencer Wreford
Director

Notes to the parent Company financial statements

1 Basis of preparation and significant accounting policies

The financial statements are for the twelve months ended 31 December 2010. 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.

Foreign currencies

(i) Monetary assets and liabilities

Monetary 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.

(ii) 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. Gain and losses deferred in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

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 five 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 profit and loss account and solely relate to contributions made to staff personal pension schemes. 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.

2 Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit after tax for the financial year ended 31 December 2010 of £0.5m (2009: £0.8m).

3 Directors and employees

	2010 £m	2009 £m
Staff costs		
Wages and salaries	**1.2**	0.9
Social security costs	**0.1**	0.1
	–	–
	1.3	1.0

	2010 Number	2009 Number
Average monthly number of persons employed (including Directors)	**11**	11

Pension contributions made in the year were £30,294 (2009: £37,170).

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

4 Dividends

During 2010 Empresaria Group plc paid a dividend of £0.2m to its equity shareholders (2009: £0.2m). This amounted to 0.35p per ordinary share (2009: 0.35p).

A final dividend is proposed for the year ended 31 December 2010 of 0.35p per ordinary share (2009: 0.35p). 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 15 August 2011 to members registered on 15 July 2011.

5 Property, plant and equipment

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

Cost	Fixtures, fittings and equipment £m
At 1 January 2010	0.4
Additions	0.1
Disposals	(0.1)
At 31 December 2010	**0.4**
Accumulated depreciation	
At 1 January 2010	0.2
Charge for the year	0.1
Disposals	(0.1)
At 31 December 2010	**0.2**
Net book value	
At 31 December 2010	**0.2**
At 31 December 2009	0.2

Notes to the parent Company financial statements continued

6 Investments held as fixed assets

	Loans to subsidiary undertakings £m	Shares in subsidiary undertakings £m	Total £m
Cost			
At 1 January 2010	6.8	26.2	33.0
Additions	–	2.1	2.1
At 31 December 2010	6.8	28.3	35.1
Impairment			
At 1 January 2010	–	4.7	4.7
Impairment charge	–	1.2	1.2
Foreign exchange movements	–	–	–
At 31 December 2010	–	5.9	5.9
Net book value			
As 31 December 2010	**6.8**	**22.4**	**29.2**
At 31 December 2009	6.8	21.5	28.3

The exchange movement in the loans to subsidary undertakings is recognised in other reserves as the receivable is treated as a net investment in foreign operations.

Investments comprise of the following principal subsidiary companies:

Company	Class of share held	%	Country of Incorporation
Bar 2 Limited*	“A & B” Ordinary	71	UK
FastTrack Management Services (London) Limited*	“A” Ordinary	94	UK
Greycoat Placements Limited*	Ordinary	100	UK
LMA Recruitment Limited*	“A” Ordinary	63	UK
McCall Limited*	“A & B” Ordinary	79	UK
The Logistics Network Limited*	“A & B” Ordinary	65	UK
The Recruitment Business Limited*	“A” Ordinary	79	UK
Headway Holding GmbH	Ordinary	80	Germany
Interactive Manpower Solutions Private Limited*	Equity Share	76	India
Mediradix Oy*	Ordinary	60	Finland
Learning Resources	Shares	51	Indonesia
Marketing y Promociones S.A. ‘Alternattiva’	Common	56	Chile
Monroe Consulting Group	Shares	55	Indonesia
Skillhouse Staffing Solutions K.K.	Ordinary	75	Japan
The Recruitment Business Pty Limited	Ordinary	100	Australia

* These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held.

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

7 Debtors

	2010 £m	2009 £m
Amounts owed by Group undertakings (including amounts falling due after more than one year of £2.4m (2009: £5.1m)	**16.0**	13.8
Other debtors	**1.2**	1.1
Prepayments and accrued income	**0.5**	0.6
	17.7	15.5

8 Creditors: amounts falling due within one year

	2010 £m	2009 £m
Bank overdraft and loans due within one year	**16.8**	7.7
Trade creditors	**0.1**	0.1
Amounts owed to subsidiary undertakings	**1.0**	–
Deferred consideration and other creditors	**0.2**	–
Accruals	**0.7**	0.4
	18.8	8.2

Other creditors include a finance lease of £25,851 (2009: £45,433).

9 Creditors: amounts falling due after more than one year

	2010 £m	2009 £m
Loan from subsidiary undertakings	**3.6**	3.5
Bank loans	**0.3**	8.3
	3.9	11.8

The bank loans include a revolving credit facility and two term loans which expire in 2011 and 2013 respectively. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain subsidiaries. Interest rates vary over the term of the loan. In 2010, interest was payable at between 1.75% and 2.25% over base rate on the term loans, and between 1.75% and 2.50% over LIBOR on the revolving credit facility.

	2010 £m	2009 £m
Bank loan		
Repayable within one year	**8.0**	0.8
Repayable between one and two years	**0.2**	0.5
Repayable between two and five years	**0.1**	7.8
	8.3	9.1

Financials

Notes to the parent Company financial statements continued

10 Reconciliation of movements in shareholders' funds

	2010 Share capital £m	2010 Share premium £m	2010 Other reserve £m	2010 Option reserves £m	2010 Profit and loss account £m	2010 Total Shareholders' funds £m	2009 Total Shareholders' funds £m Restated
Profit/loss for the financial year	–	–	–	–	0.5	0.5	0.8
Dividend paid	–	–	–	–	(0.2)	(0.2)	(0.2)
Foreign exchange to equity	–	–	–	–	–	–	(0.2)
Recognising option value in equity	–	–	–	–	–	–	–
Net proceeds from issue of shares	–	–	–	–	–	–	2.9
Net addition to shareholders' funds	–	–	–	–	0.3	0.3	3.3
Opening shareholders' funds (restated)	2.2	19.4	1.5	0.4	1.4	24.9	21.6
Closing shareholders' funds	2.2	19.4	1.5	0.4	1.8	25.3	24.9

Profit for the year after tax was £533,000 (2009: £770,000).

11 Called up share capital

	2010 Number of shares	£m	2009 Number of shares	£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	44,562,847	2.2

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 2010 no ordinary shares were issued (2009: 10,496,491 for a premium of £2.4m).

12 Prior year restatement

Following a review of the Company's accounting for the put and call arrangement relating to the Headway acquisition the accounting for the option arrangement has been amended with a restatement of the prior year amounts. Under the revised accounting treatment the Company has recognised a put option liability arising from the put options held by minority shareholders over the shares in subsidiary companies. The amount of this liability is reviewed at each period end and adjusted to reflect the amount that is considered will become payable to the minority shareholders based on the terms of the put option. The debit arising from the initial recognition of the put option liability has been taken to reserves with the subsequent movement in the liability being recognised in finance income/(expense). The put option liability has not been discounted as any adjustment to the liability would not be material. Under the revised accounting the Company has also recognised the fair value of the call option asset, being the fair value of the call option held by the Company over shares held by minority interest shareholders. The fair value has been established based on the terms of the options using a Black Scholes option pricing model. The credit arising from the initial recognition of the call option asset has been taken to reserves with the subsequent movement in the fair value of the asset being recognised in finance income/(expense).

The impact of the restatement as of the following dates and for the financial periods ended on those dates is summarised below.

31 December 2008		Call option asset	Put option liability	Option reserve	Retained earnings
As disclosed	£m	–	–	–	0.8
Adjustment	£m	0.8	(0.4)	(0.4)	–
Restated	£m	0.8	(0.4)	(0.4)	0.8

31 December 2009		Call option asset	Put option liability	Option reserve	Retained earnings
As disclosed	£m	–	–	–	1.6
Adjustment	£m	0.5	(0.3)	(0.4)	(0.2)
Restated	£m	0.5	(0.3)	(0.4)	1.4

Officers and professional advisers

Directors
Miles Hunt, Chief Executive
Spencer Wreford, Group Finance Director
Tony Martin, Chairman
Penny Freer, Non-executive Director
Zach Miles, Non-executive director

Company Secretary
Anne-Marie Clarke

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