Empresaria Group plc

Condensed consolidated interim report for the six months ended 30 June 2010

Contents

9th September 2010

EMPRESARIA GROUP PLC

Interim Results for the six months ended 30 June 2010

The Group has delivered a strong performance in the period, benefiting from exposure to emerging economies and developing staffing markets, and experiencing double digit Revenue and Net fee income growth across each of the three reporting regions. The Group now operates from over 100 branches in 17 countries. In the current period 66% of Net fee income was derived from markets outside of the UK.

Highlights

- Revenue increased 20% to £108.2m (June 2009: £89.9m)
- Permanent revenue increased 54% and temporary staffing revenues increased 19%
- Net fee income/gross profit increased 29% to £23.8m (June 2009: £18.5m)
- Increased international diversification with 66% of Net fee income from outside the UK (61% in 2009)
- Revenue and Net fee income growth across all reporting regions driven particularly by increased demand for temporary staff in Germany, permanent staff in the UK and by market growth in Asia
- Continued focus on cost control
- Adjusted profit before tax* of £2.6m (June 2009: loss of £0.3m)
- Profit before tax of £2.3m (June 2009: loss of £1.6m)
- Earnings per share# of 2.2p (June 2009: loss of 3.8p)
- Net debt reduced to £7.6m (June 2009: £11.3m)
- Trading continues to be strong into the third quarter with full year results expected to be ahead of current market expectations

  * adjusted to exclude amortisation of intangible assets, exceptional items (of which there were none in the 6 months to 30 June 2010) and movements in the fair values of put and call options
  # earnings per share is from continuing and discontinued operations

Chief Executive Miles Hunt said:

"The Group has delivered a strong performance in the period. Revenue and Net fee income grew at double digit rates in each of the reporting regions with particularly strong improvements seen in

Germany where temporary staffing demand contributed towards 39% net fee income growth for the Continental European region as well as in the developing Asia markets which contributed towards 36% Net fee income growth for the Rest of the World region.

Empresaria's strategy is to develop a leading international specialist staffing group, balanced in terms of sector, geography and operational coverage. This diversification strategy helped to limit the downside effects to the Group in 2009 from the worldwide economic decline. Our exposure to emerging economies and developing staffing markets helped to drive the growth in the first half of 2010.

The operational focus has been to develop temporary staffing operations, which are generally more stable than permanent recruitment, and to invest in business models and sectors that we perceive to offer attractive long term growth potential, particular examples being our Recruitment Process Outsourcing business in India and our Corporate Training/e-Learning operations in South East Asia.

Trading continues to be strong into the third quarter with full year results expected to be ahead of current market expectations. We are maintaining a firm control on costs and a cautious approach to investment. We continue to strengthen our existing operations both in terms of management and service capability and to identify areas for further expansion. As a consequence we are well placed to take advantage of current and future growth opportunities and to respond to changes in the economic environment."

- Ends –

<u>Notes for editors:</u>

- Empresaria Group plc (AIM: EMR; Sector: Support Services, Staffing) Operates in 17 countries with over 100 offices and over 800 internal staff.
- Empresaria Group plc applies a management equity philosophy and business model with each group company management team holding significant equity in their own business.

Enquiries;

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Full results announcement attached. A presentation of these results will be made to analysts and investors at 9.00am on 9 September 2010, and a copy of this will be available later that morning on the Empresaria Group plc website: www.empresaria.com.

Chief Executive's Statement

Results

The Group has delivered a strong performance in the period, reporting Revenue of £108.2m, an increase of 20% on the prior year and Net fee income (gross profit) of £23.8m, up 29% on 2009. These results reflect a combination of improved market conditions and growth in demand for our services in emerging staffing markets.

Adjusted operating profit, before exceptional items and amortisation of intangible assets, was £3.1m, significantly up on £0.1m the year before. At the Adjusted profit before tax level, a profit of £2.6m was achieved, against a loss of £0.3m in the prior year. There have been no exceptional costs this period, compared with £1.4m charged in 2009.

Strategic progress

Empresaria's strategy is to develop a leading international specialist staffing group, balanced in terms of sector, geography and operational coverage. This diversification strategy helped to limit the downside effects to the Group in the prior year from the worldwide economic decline. Our exposure to emerging economies and developing staffing markets helped to drive the growth in the first half of 2010. The Group now operates from over 100 branches in 17 countries. In the current period 66% of Net fee income was derived from markets outside of the UK (2009: 61%).

The operational focus has been to develop temporary staffing operations, which are generally more stable than permanent recruitment, and to invest in business models and sectors that we perceive to offer attractive long term growth potential, particular examples being our Recruitment Process Outsourcing business in India and our Corporate Training/e-Learning operations in South East Asia.

Market Overview

2009 was a challenging year for the Group and wider world economy. Market conditions in the first half of 2010 were much improved (and in stark contrast) to those experienced last year with positive trends experienced across all the regions where the Group is represented. These trends have continued into the third quarter of the year. The improvement in financial performance in the period was driven by a combination of increased demand for our services and the cost benefits of restructuring carried out in 2009. Increased demand has been partly a function of the recovery in the macro-economy and confidence amongst clients to invest in permanent staff. In addition, uncertainty as to the future economic outlook is causing companies to invest more in flexible labour and innovative resourcing solutions. In the case of developing staffing markets we are experiencing a combination of underlying growth and, as is the case in Germany, continued stimulus from recent structural changes to labour markets. The reductions made to our cost base in 2009 have put the Group in a stronger position, not only to benefit from the improved operational gearing in the current market environment but also to adapt quickly to potential adverse changes to that environment. Whilst costs have increased this period, these are in line with trading performance and are primarily linked to the variable remuneration structures operated throughout the Group. We maintain a strong focus on cost control at the same time as investing selectively within the Group where growth opportunities are identified. Group internal headcount has increased to 840 from 760 as at December 2009, with most of the growth in Asia.

Operations

UK

Revenue increased by 11% to £41.1m in the period (2009: £37.1m) and Net fee income rose by 14% to £8.1m (2009: £7.1m). Both were helped by the improved revenue from permanent recruitment, rising £600k to £2.9m, a 26% increase over the prior year. Revenue from temporary recruitment also increased, up 10% on the prior year to £38.2m (2009: £34.8m). Growth came from all sectors, in particular in Financial Services, Supply Chain and within Other Brands, our Recruitment-to-Recruitment and Creative sector operations.

Continental Europe

Revenue increased by 33% to £47.0m in the period (2009: £35.3m) and Net fee income increased by 39% to £10.4m (2009: £7.5m). Within Continental Europe Group operations are primarily temporary staffing and outsourced HR services and are dominated by Headway, operating in Germany and Austria and accounting for approximately 90% of the regional Net fee income. The strong rebound in demand for our services in Germany in particular is reflective of the country's economic recovery, the continued market stimulus created by labour reforms in 2004 and the success of Headway's innovative labour solutions in the Logistics and Engineering sectors. In recent months we have invested in new Healthcare and Training operations in Germany.

After Headway, our largest operation in Continental Europe is Mediradix, a healthcare staffing business based in Finland and Estonia and where we also experienced strong growth with an increase in Net fee income in excess of 50%.

In April 2010 the Group sold its Dutch subsidiary, EAR. This had been a loss making concern for some time and with its dependency on the struggling Dutch construction sector, there were concerns over the outlook for the business.

Rest of the World

Revenue increased by 15% to £20.1m in the period (2009: £17.5m) and Net fee income increased by 36% to £5.3m (2009: £3.9m). This region, which includes Asia Pacific and South America, has the highest proportion of permanent revenue contribution, at 80% of total regional Net fee income, and this increased by 91% over the prior year to £3.1m. Revenue from temporary recruitment also increased, up 8% to £17.0m.

The three main markets of Japan, Indonesia and Chile account for approximately 70% of regional Net fee income. The Japanese market was the last of the Group's markets affected by the economic downturn to recover lost ground with a strong rebound in the IT and Financial Services sectors in early 2010 and some tentative signs in recent months of an improvement in the retail sector. In Indonesia there were strong results from the our executive recruitment and corporate training businesses in particular, with Indonesia in total up over 100% at the Net fee income level over the prior year. Recent investment in e-Learning capabilities is starting to reap rewards with new business opportunities being converted across South East Asia. In Chile, the earthquake in February 2010 disrupted operations for a number of months but trading is now showing a recovery and revenue is up against the prior year, albeit at lower margins.

In the South Asia region, our Indian based Recruitment Process Outsourcing operations continue to grow with Net fee income up 36% on the prior year, driven by growing demand for innovative resourcing solutions in the UK, Australia and, most recently, the US. We have now established sales distribution channels in Australia and the US, and in January 2010 invested in a dedicated sales operation based in the UK.

Finance

Net borrowings decreased to £7.6m in the first half of 2010 from £11.3m at June 2009. Net cash from operating activities was £1.0m, an improvement of £3.7m over the prior half year. Cash payments included £0.5m on dividends to non-controlling interests, capital expenditure of £0.3m and £0.1m on the disposal of EAR.

Dividend

In line with previous years, the Board is not recommending the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

Management

Spencer Wreford joined the Group in May 2010 as Group Finance Director, following the departure of Stuart Kilpatrick to James Fisher & Sons plc. The Board would like to thank Stuart for his contribution over the past two years. There have been no further Board changes.

Prospects

This strong performance reflects the benefits of our diversified investment portfolio and the decision to focus investment activity in recent years on emerging staffing markets. In addition, however, the relative financial performance of the Group in 2010 against 2009 does reflect also the changing macro-economic environment and recent improvement in sentiment. We have had a good first half year and trading continues to be strong into the third quarter with full year results expected to be ahead of current market expectations. We are maintaining a firm control on costs and a cautious approach to investment. We continue to strengthen our existing operations both in terms of management and service capability and to identify areas for further expansion. As a consequence we are well placed to take advantage of current and future growth opportunities and to respond to changes in the economic environment.

Miles Hunt
Chief Executive
8 September 2010

Condensed consolidated income statement
Six months ended 30 June 2010

	Notes	**6 months to 30 June 2010 £ m**	6 months to 30 June 2009 £ m (Restated)	Year to 31 December 2009 £ m (Restated)
Revenue		**108.2**	89.9	190.5
Cost of sales		**(84.4)**	(71.4)	(149.9)
Gross profit		**23.8**	18.5	40.6
Administrative costs		**(20.7)**	(18.4)	(36.3)
Operating profit before exceptional items and intangible amortisation		**3.1**	0.1	4.3
Exceptional items	6	**-**	(1.4)	(5.0)
Intangible amortisation		**(0.2)**	(0.2)	(0.3)
Operating profit/(loss)		**2.9**	**(1.5)**	(1.0)
Finance income	4	**-**	0.7	0.7
Finance costs	4	**(0.6)**	(0.8)	(1.2)
Profit/(loss) before tax		**2.3**	(1.6)	(1.5)
Tax	9	**(0.8)**	0.3	(0.8)
Profit/(loss) for the period from continuing operations		**1.5**	(1.3)	(2.3)
Discontinued operations				
Profit/(loss) for the period from discontinued operations	7	**0.2**	(0.3)	(1.6)
Profit/(loss) for the period		**1.7**	(1.6)	(3.9)
Attributable to:				
Equity holders of the parent		**1.0**	(1.4)	(4.7)
Non-controlling interest		**0.7**	(0.2)	0.8
		1.7	(1.6)	(3.9)
Earnings/(loss) per share :				
From continuing operations				
Basic and diluted (pence)	8	**1.8**	(2.9)	(7.6)
Adjusted earnings per share (pence)	8	**2.1**	(0.1)	3.9
From continuing and discontinued operations				
Basic and diluted (pence)	8	**2.2**	(3.8)	(11.6)
Adjusted earnings per share (pence)	8	**1.9**	(0.6)	3.1

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2010

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m (Restated)	Year to 31 December 2009 £ m (Restated)
Exchange differences on translation of foreign operations	**(1.1)**	(3.7)	(2.5)
Net loss recognised directly in equity	**(1.1)**	(3.7)	(2.5)
Profit/(loss) for the period	**1.7**	(1.6)	(3.9)
Total comprehensive income/(expense) for the period	**0.6**	(5.3)	(6.4)
Attributed to:			
Equity holders of the parent	**(0.1)**	(5.1)	(7.2)
Non-controlling interest	**0.7**	(0.2)	0.8
	0.6	(5.3)	(6.4)

Condensed consolidated balance sheet
As at 30 June 2010

	Notes	**30 June 2010 £ m**	30 June 2009 £ m Restated	31 December 2009 £ m Restated
Non-current assets				
Property, plant and equipment		**1.8**	2.0	2.0
Goodwill		**25.6**	29.7	26.5
Other intangible assets		**2.4**	2.8	2.7
Interests in associates		**-**	0.1	-
Deferred tax assets		**0.5**	0.9	0.5
Call option asset		**0.6**	0.4	0.5
		30.9	35.9	32.2
Current assets				
Trade and other receivables	12	**33.4**	28.8	28.5
Cash and cash equivalents		**5.5**	3.7	4.9
		38.9	32.5	33.4
Total assets		**69.8**	68.4	65.6
Current liabilities				
Trade and other payables	13	**26.0**	21.6	22.3
Borrowings	11	**5.0**	6.3	4.3
Corporation tax		**2.0**	1.7	1.8
		33.0	29.6	28.4
Non-current liabilities				
Borrowings	11	**8.1**	8.7	8.6
Other creditors		**-**	-	0.2
Deferred tax liabilities		**0.5**	0.6	0.6
Put option liability		**1.1**	0.8	0.9
Total non-current liabilities		**9.7**	10.1	10.3
Total liabilities		**42.7**	39.7	38.7
Net assets		**27.1**	28.7	26.9
Equity				
Share capital		**2.2**	2.2	2.2
Share premium account		**19.4**	19.4	19.4
Merger reserve		**1.5**	1.5	1.5
Retranslation reserve		**3.1**	3.2	3.9
Option reserve		**(0.6)**	(0.6)	(0.6)
Other reserves		**(1.0)**	(1.2)	(0.7)
Retained earnings		**(0.5)**	2.0	(1.5)
Equity attributable to owners of the company		**24.1**	26.5	24.2
Non-controlling interests		**3.0**	2.2	2.7
Total equity		**27.1**	28.7	26.9

Condensed consolidated statement of changes in equity

Six months ended 30 June 2010

	Share capital	Share premium account	Merger reserves	Retranslation reserve	Option reserve	Other reserve	Retained earning	Non-controlling interest	Total equity
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 for the period	-	-	-	-	-	-	(1.4)	(0.2)	(1.6)
Currency translation	-	-	-	(2.4)	-	(1.3)	-	-	(3.7)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(0.3)	(0.3)
Balance as at 30 June 2009	2.2	19.4	1.5	3.2	(0.6)	(1.2)	2.0	2.2	28.7
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 period	-	-	-	-	-	-	(4.7)	0.8	(3.9)
Dividend	-	-	-	-	-	-	(0.2)	-	(0.2)
Currency translation	-	-	-	(1.7)	-	(0.8)	-	-	(2.5)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(0.7)	(0.7)
Balance as at 31 December 2009 (Restated)	2.2	19.4	1.5	3.9	(0.6)	(0.7)	(1.5)	2.7	26.9

Condensed consolidated statement of changes in equity (continued)
Six months ended 30 June 2010

	Share capital	Share premium account	Merger reserves	Retranslation reserve	Option reserve	Other reserve	Retained earnings	Non-controlling interest	Total equity
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 period	-	-	-	-	-	-	1.0	0.7	1.7
Currency translation	-	-	-	(0.8)	-	(0.3)	-	-	(1.1)
Disposal of subsidiary	-	-	-	-	-	-	-	0.1	0.1
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(0.5)	(0.5)
Balance as at 30 June 2010	**2.2**	**19.4**	**1.5**	**3.1**	**(0.6)**	**(1.0)**	**(0.5)**	**3.0**	**27.1**

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 minority shareholders 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 minority interest shareholders.
- "Other reserves" represents exchange differences on intercompany long-term receivables which are treated as a net investment in foreign operations.
- "Retained earnings" represents accumulated profits from incorporation.

Condensed consolidated cash flow statement
Six months ended 30 June 2010

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m	Year to 31 December 2009 £ m
Operating activities			
Profit/(loss) for the period	**1.7**	(1.6)	(3.9)
Adjustments for:			
Depreciation	**0.4**	0.5	0.9
Intangible amortisation	**0.2**	0.2	0.3
Tax charge/(credit)	**0.8**	(0.3)	0.8
Finance costs	**0.6**	0.2	0.6
Exceptional items	**-**	1.5	6.3
Gain on disposal of subsidiary	**(0.3)**	-	-
Cash paid for exceptional items	**-**	(0.7)	(1.2)
Operating cash flow before movement in working capital	**3.4**	(0.2)	3.8
(Decrease)/increase in invoice discounting	**(3.6)**	(1.3)	1.7
(Increase)/decrease in trade receivables	**(3.4)**	3.2	1.3
Increase/(decrease) in trade and other payables	**5.1**	(3.5)	(3.4)
Cash generated from/(used by) operations	**1.5**	(1.8)	3.4
Income taxes paid	**(0.5)**	(0.9)	(1.7)
Net cash from/(used in) operating activities	**1.0**	(2.7)	1.7
Cash flows from investing activities			
Further investments in existing subsidiaries	**(0.1)**	(0.2)	(0.2)
Disposal of subsidiaries	**(0.1)**	-	-
Purchase of property, plant and equipment	**(0.3)**	(0.3)	(0.6)
Finance income	**-**	0.1	0.2
Net cash used in investing activities	**(0.5)**	(0.4)	(0.6)
Cash flows from financing activities			
Issue of shares	**-**	2.7	2.7
Increase/(decrease) in short-term borrowings	**1.4**	-	(2.2)
Proceeds from bank loans	**0.3**	0.1	0.3
Repayment of bank and other loans	**(0.6)**	(0.2)	(0.5)
Interest paid	**(0.5)**	(0.6)	(1.0)
Dividends paid	**-**	-	(0.2)
Dividends paid to non-controlling interests	**(0.5)**	(0.3)	(0.7)
Net cash from/(used in) financing activities	**0.1**	1.7	(1.6)
Net increase/(decrease) in cash and cash equivalents	**0.6**	(1.4)	(0.5)
Effect of foreign exchange rate changes	**-**	(0.6)	(0.3)
Cash and cash equivalents at beginning of period	**4.9**	5.7	5.7
Cash and cash equivalents at end of period	**5.5**	3.7	4.9

Notes to the interim financial statements
Six months ended 30 June 2010

1 General information

Empresaria Group plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Empresaria Group plc's registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS, United Kingdom. Its shares are listed on AIM, a market of London Stock Exchange plc.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statement as applied in the Groups latest annual audited financial statements, except as described below and in note 14.

In the current financial year, the Group has adopted International Financial Reporting Standard 3 'Business combinations' (revised 2008) and International Accounting Standard 27 'Consolidated and Separate Financial Statements' (revised 2008). Their adoption has not had any significant impact on the amounts reported in these condensed financial statement but may impact the accounting for future transactions and arrangements.

The information for the year ended 31 December 2009 has been derived from audited statutory accounts for the year ended 31 December 2009 as adjusted by the unaudited restatement as disclosed in Note 14. The information for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2010 and 2009 has been neither audited nor reviewed.

These interim financial statements were approved for issue by the Board of Directors on 8 September 2010.

2 Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2009.

3 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 be 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.

Notes to the interim financial statements
Six months ended 30 June 2010

3 Segment analysis (continued)

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

	UK £ m	Continental Europe £ m	Rest of the World £ m	**Total** **£ m**
Six months to 30 June 2010				
Revenue	41.1	47.0	20.1	**108.2**
Gross profit	8.1	10.4	5.3	**23.8**
Adjusted operating profit	1.0	1.4	0.7	**3.1**
Operating profit	1.0	1.3	0.6	**2.9**
Six months to 30 June 2009				
Revenue	37.1	35.3	17.5	89.9
Gross profit	7.1	7.5	3.9	18.5
Adjusted operating profit/(loss)	0.5	(0.3)	(0.1)	0.1
Operating loss	-	(1.1)	(0.4)	(1.5)
Year ended 31 December 2009				
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)

4 Finance income and cost

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m Restated	Year to 31 December 2009 £ m Restated
Finance income			
Bank interest receivable	-	0.1	0.2
Movement in Put option liability	-	0.6	0.5
	-	0.7	0.7
Finance cost			
Amounts payable on invoice discounting	(0.2)	(0.2)	(0.3)
Bank loans and overdrafts	(0.3)	(0.3)	(0.7)
Movement in Put option liability	(0.1)	-	-
Movement in fair value of Call option asset	-	(0.3)	(0.2)
	(0.6)	(0.8)	(1.2)
Net finance cost	(0.6)	(0.1)	(0.5)

5 Reconciliation of Adjusted profit before tax to Profit before tax

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m Restated	Year to 31 December 2009 £ m Restated
Profit/(loss) before tax	**2.3**	(1.6)	(1.5)
Amortisation of intangibles	**0.2**	0.2	0.3
Exceptional items	**-**	1.4	5.0
Movement in Put option liability	**0.1**	(0.6)	(0.5)
Movement in fair value of Call option asset	**-**	0.3	0.2
Adjusted profit before tax from continuing operations	**2.6**	(0.3)	3.5

6 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.

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m	Year to 31 December 2009 £ m
Exceptional items from continuing operations			
UK			
Restructuring costs	**-**	0.4	0.3
Goodwill impairments and business disposals	**-**	0.1	1.2
	-	0.5	1.5
Continental Europe			
Restructuring costs	**-**	0.4	0.8
Goodwill impairments and business disposals	**-**	0.3	0.3
	-	0.7	1.1
Rest of the World			
Goodwill impairments and business disposals	**-**	0.2	2.4
	-	0.2	2.4
Total	**-**	1.4	5.0
Exceptional items from discontinued operations			
Continental Europe			
Restructuring costs	**-**	0.1	0.4
Goodwill impairments and business disposals	**-**	-	0.9
Profit on disposal of discontinued operations	**-**	-	-
Total	**-**	0.1	1.3
Total exceptional items from continuing and discontinued operations	**-**	1.5	6.3

7 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:

	6 months to 30 June 2010	6 months to 30 June 2009	Year to 31 December 2009
	£ m	£ m	£ m
Revenue	**0.3**	2.6	4.7
Costs	**(0.4)**	(2.8)	(5.0)
Loss from discontinued operations	**(0.1)**	(0.2)	(0.3)
Goodwill impairment	**-**	-	(0.9)
Exceptional restructuring costs	**-**	(0.1)	(0.4)
Profit on disposal of subsidiary	**0.3**	-	-
Net profit/(loss) from discontinued operations	**0.2**	(0.3)	(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, of which €75,000 remains payable in September 2010.

During the period EAR contributed £0.3m to the Group's net operating cash outflows (six months ended 30 June 2009: £0.1m outflow; year ended 31 December 2009: £0.3m outflow) and paid £nil in respect of financing activities (six months ended 30 June 2009: £0.1m; year ended 31 December 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

8 Earnings 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.

From continuing and discontinued operations

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

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m Restated	Year to 31 December 2009 £ m Restated
Earnings			
Earnings/(loss) attributable to equity holders of the parent	**1.0**	(1.4)	(4.7)
Adjustments:			
Exceptional items	**-**	1.5	6.3
Gain on business disposal	**(0.3)**	-	-
Movement in Put option liability	**0.1**	(0.6)	(0.5)
Movement in fair value of Call option asset	**-**	0.3	0.2
Amortisation of intangible assets	**0.2**	0.2	0.3
Tax on exceptional items and intangible amortisation	**(0.1)**	(0.1)	(0.2)
Minority interest in intangible amortisation and exceptional items	**-**	(0.1)	(0.1)
Earnings/(loss) for the purpose of adjusted earnings/(loss) per share	**0.9**	(0.2)	1.3

Number of shares	**6 months to 30 June 2010 millions**	6 months to 30 June 2009 millions	Year to 31 December 2009 millions
Weighted average number of shares – basic and diluted	**44.6**	36.6	40.6

Earnings/(loss) per share	**6 months to 30 June 2010**	6 months to 30 June 2009 Restated	Year to 31 December 2009 Restated
Basic and diluted	**2.2**	(3.8)	(11.6)
Adjusted earnings/(loss) per share	**1.9**	(0.6)	3.1

8 Earnings per share (continued)

From continuing operations

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m Restated	Year to 31 December 2009 £ m Restated
Earnings			
Earnings/(loss) attributable to equity holders of the parent	**1.0**	(1.4)	(4.7)
Adjustments to exclude (profit)/loss from discontinued operations	**(0.2)**	0.3	1.6
Earnings/(loss) from continuing operations for the purpose of basic and diluted earnings per share	**0.8**	(1.1)	(3.1)
Adjustments:			
Exceptional items	**-**	1.4	5.0
Movement in Put option liability	**0.1**	(0.6)	(0.5)
Movement in fair value of Call option asset	**-**	0.3	0.2
Amortisation of intangible assets	**0.2**	0.2	0.3
Tax on exceptional items and intangible amortisation	**(0.1)**	(0.1)	(0.2)
Minority interest in intangible amortisation and exceptional items	**-**	(0.1)	(0.1)
Earnings for the purpose of adjusted earnings per share	**1.0**	-	1.6

The denominators used are the same as those detailed above for earnings per share from continuing and discontinued operations.

	6 months to 30 June 2010	6 months to 30 June 2009 Restated	Year to 31 December 2009 Restated
Earnings/(loss) per share			
Basic and diluted	**1.8**	(2.9)	(7.6)
Adjusted earnings/(loss) per share	**2.1**	(0.1)	3.9

9 Taxation

The tax charge for the six month period is £0.8m, representing a 35% effective rate. For the six months ended 30 June 2009 there was a tax credit of £0.3m (19% effective rate) and for the year ended 31 December 2009 there was a tax charge of £0.8m on Losses before tax of £1.5m. The tax charge for the period represents the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

10 Net borrowings

a) Movement in net borrowings

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m	Year to 31 December 2009 £ m
Net borrowings at beginning of period	**(8.0)**	(9.1)	(9.1)
Increase/(decrease) in cash and cash equivalents	**0.6**	(1.4)	(0.5)
(Increase)/decrease in loans	**(1.1)**	(0.8)	1.6
Decrease/(increase) in invoice financing	**0.6**	0.9	0.8
On acquisition of business	**-**	(0.7)	(0.7)
On disposal of business	**0.3**	-	-
Currency translation differences	**-**	(0.2)	(0.1)
Net borrowings at end of period	**(7.6)**	(11.3)	(8.0)

b) Analysis of net borrowings

	6 months to 30 June 2010 £ m	6 months to 30 June 2009 £ m	Year to 31 December 2009 £ m
Financial liabilities – borrowings	**(13.1)**	(15.0)	(12.9)
Cash and cash equivalents	**5.5**	3.7	4.9
Net borrowings at end of period	**(7.6)**	(11.3)	(8.0)

11 Financial liabilities – borrowings

	30 June 2010 £ m	30 June 2009 £ m	31 December 2009 £ m
Current			
Bank overdrafts	3.4	4.4	2.1
Amounts related to invoice financing	0.6	1.3	1.4
Current portion of bank loans	1.0	0.6	0.8
	5.0	6.3	4.3
Non-current			
Bank loans	8.1	8.4	8.5
Other loan creditors	-	0.3	0.1
	8.1	8.7	8.6
Total financial liabilities	13.1	15.0	12.9

The bank loans include a revolving credit facility and three term loans which expire in 2010, 2011 and 2012 respectively. 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, the applicable interest rates were 1.75% over LIBOR for the revolving credit facility and 2.25% over base rate for the three term loans.

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 total amount at 30 June 2010 was £7.4m (30 June 2009: £7.3m; 31 December 2009; £10.4m).

12 Trade and other receivables

	30 June 2010 £ m	30 June 2009 £ m	31 December 2009 £ m
Current			
Trade receivables	28.8	21.3	23.9
Less provision for impairment of trade receivables	(0.8)	(0.8)	(0.7)
Net trade receivables	28.0	20.5	23.2
Prepayments and accrued income	2.3	2.9	2.5
Other receivables	3.1	5.4	2.8
	33.4	28.8	28.5

13 Trade and other payables

	30 June 2010 £ m	30 June 2009 £ m	31 December 2009 £ m
Current			
Trade payables	2.3	3.2	1.8
Other tax and social security	6.9	4.0	5.3
Other payables	7.3	7.3	7.3
Accruals	9.3	7.0	7.6
Deferred consideration	0.2	0.1	0.3
	26.0	21.6	22.3

14 Restatement of prior year balance sheet

a) The balance sheet as at 30 June 2009 has been restated to reflect a modification to IAS 38 which states that for periods beginning on or after 1 January 2009 expenditure on advertising and promotional activities should be recognised as an expense. In addition, for the year ended 31 December 2009, the Group identified that certain liabilities relating to the statutory rights of temporary workers in Chile to holiday pay and termination payments on redundancy were not accrued in the prior year balance sheet. Full details of the restatement are in the Annual report and accounts for the year ended 31 December 2009.

The impact of the restatement on the June 2009 balance sheet can be summarised below:

	Goodwill	**Deferred tax assets**	**Trade and other receivables**	**Trade and other payables**	**Non-controlling interest**
30 June 2009					
As disclosed	29.1	0.8	29.0	(20.9)	(2.5)
Adjustment	0.6	0.1	(0.2)	(0.7)	0.3
Restated	29.7	0.9	28.8	(21.6)	(2.2)

There was no impact of the above changes on the Consolidated income statement or the Consolidated cash flow statement.

14 Restatement of prior year balance sheet (continued)

b) 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.

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

	Finance (income)	Finance cost	Call option asset	Put option (liability)	Option reserve	Retained (earnings)
30 June 2009						
As disclosed	(0.1)	0.5	-	-	-	(1.7)
Adjustment	(0.6)	0.3	0.4	(0.8)	0.6	(0.3)
Restated	(0.7)	0.8	0.4	(0.8)	0.6	(2.0)

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

14 Restatement of prior year balance sheet (continued)

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

30 June 2009	**Continuing operations**	**Continuing and discontinued operations**
Basic and diluted (pence)		
As disclosed	(3.7)	(4.6)
Adjustment	0.8	0.8
Restated	(2.9)	(3.8)

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

There was no impact of the above changes on the Consolidated cash flow statement.

15 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 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 majority of the Group's overdraft facilities fall due for renewal at the end of September each year and, based on informal discussions the Board has had with its lenders, has no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future.

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