18 August 2016

Empresaria Group plc

Half Yearly Results for the six months ended 30 June 2016

Empresaria Group plc (AIM: EMR), the international specialist staffing group, announces its unaudited interim results for the six month period ended 30 June 2016.

Empresaria continues to deliver on its strategy with a solid first half performance showing strong growth in profit over the prior half year with adjusted earnings per share up 26% on 2015.

Financial Highlights

	2016	2015	% change	% change (constant currency)**
Revenue	£106.1m	£92.4m	15%	11%
Net fee income (gross profit)	£27.2m	£24.1m	13%	9%
Operating profit	£3.4m	£2.9m	17%	14%
Adjusted operating profit*	£4.0m	£3.0m	34%	27%
Profit before tax	£3.1m	£2.7m	15%	10%
Adjusted profit before tax*	£3.7m	£2.8m	30%	24%
Diluted earnings per share	3.4p	3.2p	6%	
Diluted adjusted earnings per share*	4.3p	3.4p	26%	

- Diversified business model delivering strong growth in profit
- Adjusted profit before tax up 30% (constant currency up 24%)
- Permanent revenue up 4% (constant currency up 2%)
- Temporary revenue up 17% (constant currency up 12%)
- Net fee income ("NFI") up 13% (constant currency up 9%)
- Twelve consecutive quarters of underlying growth in NFI over the prior year
- Conversion ratio (adjusted operating profit divided by net fee income) increased to 14.8% (2015: 12.4%)
- Debt to debtors ratio of 28% with net debt of £10.2m (2015: 32% with net debt of £9.9m)

* Adjusted to exclude amortisation of intangible assets, exceptional items, gain or loss on disposal of business and fair value charges on acquisition of non-controlling interests.

** The constant currency movement is calculated by translating the 2015 results at the 2016 exchange rates.

Chief Executive Officer, Joost Kreulen said:

"Empresaria's diversified business model has delivered strong results for the first half of the year with adjusted profit before tax up 30% on the prior year. We continue to deliver on our strategy, driving both organic growth and undertaking further external investments as we develop leading brands that are diversified and balanced by geography and sector. The stronger growth in temporary and contract income has progressed alongside further growth from professional and specialist job levels. Our aim is to protect against any particular slowdown in any region of the world or staffing industry sector. So far this has produced twelve consecutive quarters of balanced growth.

We are pleased to have finalised our recent investment in Rishworth Aviation, the second largest international recruitment company in the Aviation sector and whose revenues are geographically diversified. We look forward to integrating it into our Group and providing a platform for its further growth and development. We expect it to be earnings enhancing on an adjusted basis this year.

Our focus on continuing to drive organic growth is matched with an invest and develop approach with a pipeline of interesting prospects. We see good growth opportunities across our existing brands and from further potential investments. We remain confident in our ability to meet current market expectations."

- Ends –

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The investor presentation of these results will be made available during the course of today on Empresaria's website: empresaria.com

Notes for editors:

- Empresaria Group plc is an international specialist staffing group operating in 19 countries across the globe in the UK, Germany, Japan, India, UAE, Indonesia, China, Chile, Australia, Thailand, Singapore, Finland, USA, New Zealand, Austria, Mexico, Malaysia, Hong Kong and the Philippines.
- Empresaria offers Temporary/Contract and Permanent staffing solutions as well as Offshore Recruitment Services in seven key sectors including Technical & Industrial, Aviation services, IT & Design, Professional services, Healthcare and Retail.
- Empresaria applies a multi brand, management equity philosophy and business model, with Group company management teams holding significant equity in their own business.
- Empresaria is listed on AIM under ticker EMR. For more information:empresaria.com

Board statement

Performance overview

The Group has demonstrated the benefit of its diversified business model with a 15% growth in profit before tax. We also look at the adjusted profit measure, excluding the impact of amortisation, exceptional items, profit or loss on business disposals and fair value charges on investments, to provide a better understanding of underlying trading performance, which showed a 30% increase, up 24% on a constant currency basis.

Our strategy is to develop leading brands within our sector expertise, with diversification and balance across both geography and sector. We are excited by the development of the Group and we continue to make good progress against our five year plan of 10% annual net fee income growth, a 20% conversion ratio and debt to debtors ratio of 25%.

Underpinning this strategy is our focus on investing in our existing brands and developing them to build long-term sustainable profit streams. Supplementing this we continue to build a diversified and robust group through an invest and develop approach, focusing on sectors with strong growth potential. In the first half 2016 we recognised a full six month contribution from Pharmaceutical Strategies, an investment made in the USA in October 2015, which performed in line with expectations. Post this investment we have split our Rest of the World region into Asia Pacific and Americas. Following the half year, on 5 July 2016, we announced we had invested in an 82.6% share in Rishworth Aviation, a leading international recruitment company in the Aviation sector, which we expect to be earnings enhancing on an adjusted basis this year. We have a pipeline of further interesting prospects.

Revenue grew by 15%, up 11% in constant currency, primarily from growth in temporary/contract revenue. Having restructured our temporary sales over the last two years to remove low value work, we are pleased to see the sales level return to growth.

Permanent revenue grew by 4% (2% in constant currency), despite our previously announced slowdown in May and June in the UK in the lead up to the EU referendum. The Middle East market has been impacted by the low oil price, leading to hiring decisions being put on hold, however we expect this to improve by the end of the year, given the infrastructure projects that need to be started in the region with the Dubai World Expo in 2020 and Qatar World Cup in 2022. In the interim period, costs have been managed to protect margins. The most notable growth was in India and China, the latter having responded well to a restructure of the management team last year and focus on local business in growth sectors.

Temporary or contract revenue grew by 17% (12% in constant currency), in particular from the Technical & Industrial sector in both Germany and the UK, with growth also in Chile following a drive to grow their temporary business. The performance in Japan was also strong and the Group benefited from the inclusion of the new temporary/contract focused business in the USA. The Group temporary margin increased to 16.4% (2015: 15.9%).

Net fee income, a key performance indicator, grew by 13% (9% in constant currency), driven by the strong growth in temporary revenue. Permanent sales represented 44% of net fee income in the first half of 2016 (2015: 47%), in line with our operational focus to move the business mix more towards temporary sales. The share of net fee income from professional and specialist levels also increased to 88%, from 86% in the prior year.

The conversion ratio improved to 14.8%, the fifth year in a row of growth (2015: 12.4%). The first half year is generally our seasonally weaker period so we expect to see an increased ratio for the full year in line with our target to reach 20% by 2018. Costs remain closely managed, up 11%, although staff costs were only up 6%. The average number of staff was 1,215, up 15% over the prior year.

	Average number of employees 2016	Average number of employees 2015	Increase/ (decrease)
UK	239	229	10
Continental Europe	126	123	3
Asia Pacific	759	630	129
Americas	91	74	17
Total	1,215	1,056	159

The largest increase in staff numbers was in India, up 48% on the prior year. In the Americas region the increase is from the investment in Pharmaceutical Strategies.

Operating profit of £3.4m was up 17% on 2015 (£2.9m), up 14% in constant currency. This includes the effect of amortisation of £0.4m and the fair value on acquiring second generation equity in subsidiary companies of £0.2m. Excluding these items, the adjusted operating profit of £4.0m was up 34% on the prior year (2015: £3.0m), up 27% in constant currency.

Interest costs were higher in the period at £0.3m (2015: £0.2m), due to interest on late paid tax. Net debt at the end of June 2016 was £10.2m, up from £9.9m at the prior year. Average net debt of £10.5m was up 14% on prior year, due to the investment spend in the period of £3.4m, including a deferred payment for Pharmaceutical Strategies of £3.0m. However, despite the increase in debt levels, the ratio of net debt to trade receivables was 28% at the end of June, down from 32% in 2015, as the scale of the business has grown, with net trade receivables up 16% to £36.3m. Debtor days at the end of June were 51, down against 52 in the prior year. The debt to EBITDA ratio (using the prior 12 month period for EBITDA) was 1.0 at 30 June 2016 (2015: 1.3).

Profit before tax was up 15% to £3.1m (2015: £2.7m), up 10% in constant currency. On an adjusted basis, profit was £3.7m (2015: £2.8m), up 30% on 2015. This was up 24% in constant currency, with 14% from organic growth and 11% from acquisitions.

The tax charge in the period was £1.3m (2015: £0.9m) representing an effective rate of 37% (on an adjusted basis), up against 34% in the prior year. This reflects the change in mix of profits, with a greater share coming from jurisdictions with higher tax rates than the UK, plus higher levels of prior year charges.

Diluted earnings per share in the period was 3.4p (2015: 3.2p). On an adjusted basis the growth was 26% to 4.3p (2015: 3.4p).

As a Group that is diversified by geography we are subject to movements in currency rates when translating subsidiary results into Sterling. In the first six months of 2016 the split of our net fee income was 34% from the UK, 30% from Continental Europe, 29% from Asia Pacific and 7% from the Americas. In the first half year there has been a positive impact on our profits, due to the relative weakness of Sterling against the Euro, Indonesian Rupiah and Japanese Yen based on the average rate across the period. Against that we saw average Sterling strength against the Indian Rupee, Chilean Peso and Thai Baht. As at 30 June 2016 all of the major currencies we operate with had strengthened against Sterling, ranging between 9% (India) to 28% (Japan). Therefore, if currency rates remain at these levels throughout the rest of 2016, we would expect to see a greater positive translation effect in the second half of the year.

Operations

UK

£'m	30 June 2016	30 June 2015	30 June 2014
Revenue	32.0	31.9	33.6
Net fee income	9.2	9.3	7.8
Adjusted operating profit	0.6	1.0	1.0
% of Group net fee income	34%	39%	36%

Overall UK revenue was up on prior year, with a 1% increase in temporary sales, partially offset by a 1% decline in permanent sales. However, combined with a small drop in temporary margin of 20 basis points, net fee income was down £0.1m on prior year. Permanent revenue now represents 59% of net fee income, a small decrease on 2015.

The growth in temporary sales was helped by a good performance in the Technical & Industrial sector. We also saw temporary sales grow in Professional services, although this was offset by falls in permanent sales. Since the global financial crisis the businesses in this sector have diversified away from a primary focus on financial services, so are better placed to deal with any slowdown in this area. In the IT & Digital sector we have made changes to the senior management teams. This is having a short-term negative impact on profitability but is necessary to reposition the businesses on a growth trajectory.

The build up to the EU referendum led to a slowdown during May and June as business confidence dropped and hiring decisions slowed or were postponed. Following the vote to leave the EU the market has stabilised and sales pipelines are holding up well, but it remains too early to see what impact this will have on our businesses for the rest of the year. Being globally diversified, we are well positioned to manage the effects of a slowdown in any particular sector or geography.

Adjusted operating profit was down 40% to £0.6m (2015: £1.0m). This reflects increased costs in staff and rent. Given the current market conditions, we are closely monitoring the situation, with a focus to reduce costs if trading levels drop in the second half of the year.

Continental Europe

£'m	30 June 2016	30 June 2015	30 June 2014
Revenue	43.2	36.0	37.4
Net fee income	8.1	6.6	6.8
Adjusted operating profit	1.9	1.1	0.7
% of Group net fee income	30%	27%	31%

Revenue increased by 20% to £43.2m (2015: £36.0m), helped by exchange rates with a constant currency growth of 13%. Net fee income was up 23%, with the temporary margin increasing from 18.4% to 18.8%. In constant currency net fee income was up 15%.

Germany (and Austria) represent 94% of regional net fee income and our Headway brand continues to perform strongly. Both divisions are up on prior year with the Logistics services division growing net fee income by 12% (constant currency) through greater client penetration and the temporary division growing by 20% (constant currency) with a focus on investing in new staff and training to develop new sector coverage. Costs remain tightly controlled, helping to increase the conversion ratio. Market conditions in Germany remain positive.

As previously highlighted, new legislation has been announced in Germany to be implemented in January 2017, which will limit the time a worker can be a temporary worker at the same client to 18 months. Whilst the final wording of the legislation is still not available, we are already working on plans to address this.

In our Finnish Healthcare business, results are following a positive trend, but they continue to operate in a weak economic market. Cost reductions made last year are helping to improve profits with net fee income flat on a constant currency basis.

Asia Pacific

£'m	30 June 2016	30 June 2015	30 June 2014
Revenue	16.2	15.0	13.9
Net fee income	7.9	7.3	6.3
Adjusted operating profit	1.1	0.8	0.7
% of Group net fee income	29%	30%	29%

Our Asia Pacific region spans the UAE, through India to Japan and down to Australasia. Revenue increased by 8% to £16.2m (2015: £15.0m), with both permanent sales and temporary sales up against prior year, although on a constant currency basis revenue growth was 0.5%.

Net fee income growth of 8% to £7.9m (2015: £7.3m) was up 2% in constant currency with the temporary margin flat at 20.2%. Our best performers were in Japan, India and China. The latter has seen significant growth following a restructure of the team in the second half of last year, with a focus on the local Shanghai market and showing no signs of being impacted by the wider Chinese economic slowdown. However, the economic conditions in South East Asia have been mixed, with the Executive search brand in the Philippines and Malaysia seeing growth, but Indonesia and Thailand down year on year. The training business in Indonesia has stabilised, with cost reductions made last year offsetting a small drop in net fee income. In the Middle East the fall in the oil price has negatively impacted on business confidence and the market has seen a slowdown in the first six months of 2016. Middle East net fee income is down 27% against prior year in what is purely a permanent market, but costs have been reduced in line with the reduced trading and we expect the business to remain profitable this year. There are a number of important infrastructure projects that are expected to be started by the end of this year, being work to get Dubai ready for the Expo 2020 and in Qatar for the football world cup in 2022. Whilst some of this work has been postponed due to local economic conditions the timetable requires work to start in earnest shortly, which should provide a boost to the local staffing market next year.

Overall costs are being controlled, helping Adjusted operating profit to increase by 38% to £1.1m (2015: £0.8m).

Americas

£'m	30 June 2016	30 June 2015	30 June 2014
Revenue	14.8	9.5	9.1
Net fee income	2.0	0.9	0.7
Adjusted operating profit	0.4	0.1	0.0
% of Group net fee income	7%	4%	3%

Following our investment in October 2015 in Pharmaceutical Strategies in the USA, we have now split out the Americas as a separate region. This new business has performed in line with expectations and has started work with a number of new clients which should help generate growth over the next 18 months. We are pleased with how the brand has integrated into the Group.

In Chile we have seen good growth in their seasonally stronger half year. Over the last couple of years we have focused on developing temporary and permanent sales services, to complement their traditional outsourcing business. This is progressing well, helping revenue grow 15% against prior year (up 19% in constant currency). The outsourcing business is growing through greater client penetration.

The start-ups in Mexico and Chile in Executive search are progressing, although as we have seen in recent years, it takes time to get traction with new office openings.

Investment in brands

In April 2016 we increased our interest in Ball and Hoolahan (IT & Design sector) from 75% to 100%, acquiring from the founder who left the business as part of a planned transfer of ownership. The consideration was £0.2m, all paid in cash.

In June 2016 we increased our shareholding in Monroe (Executive search in Thailand) by 10%, taking our interest up to 70%. The consideration of £0.2m was paid in cash. In line with accounting rules, where certain restrictions are in place for the management shares, the value of consideration can be in excess of the fair value under IFRS 13, and as such a £0.2m fair value charge has been recognised in the income statement.

We have also finalised a second generation plan in Germany, with four managers buying up to 16% shares in their respective legal entities of our largest brand, Headway, highlighting their long-term commitment in this important market. In line with our equity model, the second generation shares only create value if the profits exceed historic levels.

Post balance sheet event

On 5 July 2016 we announced an investment in 82.6% of the shares in Rishworth Aviation. Total consideration was US$10.0m (£7.5m), paid fully in cash on completion. The remaining 17.4% interest is held by the senior management team in line with our management equity philosophy. Management have entered into our standard shareholders' agreement, with shares expected to be held for a minimum holding period of three to four years before they can be offered for sale, over a minimum of a further two years, with no obligation on Empresaria to acquire them.

Rishworth is a specialist leading recruitment business in the Aviation sector, providing pilots and aviation personnel to clients across the globe, with a significant presence in Europe, Africa and Asia. It is geographically diversified and is a 100% contract business for specialist professional roles, with pilot contracts typically lasting between three and five years.

Empresaria funded the investment with a new five year Revolving Credit Facility from HSBC Bank plc, entered into on 30 June 2016. Rishworth had net liabilities on completion of approximately

US$600,000 (£451,000), with an adjusting payment due to reflect the actual net liability on completion if different to this. As part of this they held cash of approximately US$9.3m (£7.0m), so at a Group level we will only see a small increase in net debt from this investment.

Treasury

Cash generated from operations in the period was £4.1m, up from £1.5m in 2015, primarily due to a lower investment in working capital of £0.9m (2015: £2.8m) and the prior year spend of £0.5m on German social security costs. The working capital movement includes a £0.7m decrease in invoice discounting (2015: decrease of £1.3m), which from an accounting perspective is now being recognised as a cash flow from financing activities.

The tax payment has increased to £2.9m, up from £0.7m in the prior year, with most of the increase in Germany following a tax review.

There was £3.0m cash outflow on the deferred consideration for Pharmaceutical Strategies and £0.4m on purchasing management shares (2015: £0.3m). The increased final dividend to shareholders of £0.5m was paid in May (2015: £0.3m).

At 30 June 2016 we took out a new £10.0m Revolving Credit Facility with HSBC Bank plc to provide investment funding. There is also a £5.0m accordion which has been agreed in principle by the bank but would need new credit approval for any draw down from this amount. The term loan provided last year to help fund the investment in Pharmaceutical Strategies has been fully drawn down. All other facilities are in place to fund working capital for existing businesses. As we have previously stated, our underlying philosophy is to fund investments through equity or operating cash flows and to use debt for working capital funding. This new bank facility does not mean a departure from this philosophy, rather a recognition of current market conditions. Since the beginning of the year the stock market has been volatile with a negative impact on our share price and rating. At the same time we have access to low cost debt finance through our close relationship with HSBC Bank plc, a supportive partner of our long-term growth plans. Interest rates are currently at low levels and are generally expected to remain low in the short-term.

A breakdown of the facilities as at 30 June 2016 is below:

	30 June 2016 £m	30 June 2015 £m	31 December 2015 £m
Overdrafts (UK)	**6.1**	4.7	6.5
Revolving credit facility (UK)	**10.0**	-	-
Term loan (UK)	**4.5**	0.5	4.5
Overdrafts and other loans (non-UK)	**14.5**	12.2	12.7
Invoice discounting facility (UK)	**13.0**	13.0	13.0
	48.1	30.4	36.7
Amount of facility undrawn at period end (excluding headroom under invoice discounting facility)	**15.4**	8.2	15.6

As part of the new Revolving Credit Facility we will need to meet bank covenant tests on a quarterly basis, the first test being for the quarter ended 30 June 2016. The covenants, and our performance against them, are as follows:

Covenant	**Target**	**Actual**
Net debt:EBITDA*	< 3.0 times	0.9
Interest cover	> 5.0 times	14.0
Debt service cover	> 1.25 times	2.8

* target reduces to 2.75 from the quarter ended 31 December 2016 and to 2.5 from the quarter ended 31 December 2017

The debt to debtors ratio has decreased to 28%, from 32% last year (2015 year end: 23%). The first half year typically sees debt levels increase above the year end position, with a stronger cash generation in the second half period. This effect was exacerbated by the investment spend noted above of £3.4m so we are pleased to see the year on year improvement.

Dividend

The Group traditionally only pays a final dividend and therefore, in line with prior years, the Board is not recommending the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

Outlook

Empresaria has a clear multi-branded strategy, which is underpinned by investing in our existing brands, to help develop them to build long-term sustainable profit streams. Complementing this we continue to build a diversified and robust group through an Invest and Develop approach, where we evaluate external investment opportunities and strengthen our presence in sectors where we feel we are under-represented. This approach will help us develop leading brands in a group that is diversified and balanced by sector and geography.

We continue to look for suitable external investments to fill in gaps in our sector or geographic coverage with a pipeline of interesting prospects, as well as investing in our existing brands as part of their long-term growth plans. We believe in a balanced growth programme to create a business that is not dependent on one sector or geography for growth.

We see strong growth opportunities across the Group and we remain confident in our ability to deliver increasing profits.

17 August 2016

Condensed consolidated income statement
Six months ended 30 June 2016

	Notes	**6 months to 30 June 2016**	6 months to 30 June 2015	Year to 31 December 2015
		Unaudited	Unaudited	
		£m	£m	£m
Continuing operations				
Revenue		**106.1**	92.4	187.3
Cost of sales		**(78.9)**	(68.3)	(138.1)
Net fee income		**27.2**	24.1	49.2
Administrative costs		**(23.2)**	(21.1)	(41.2)
Operating profit before exceptional items, loss on business disposal, intangible amortisation and fair value on acquisition of non-controlling shares		**4.0**	3.0	8.0
Exceptional items		**-**	-	-
Loss on business disposal		**-**	-	-
Fair value on acquisition of non-controlling shares		**(0.2)**	-	-
Intangible amortisation		**(0.4)**	(0.1)	(0.4)
Operating profit		**3.4**	2.9	7.6
Finance income	4	**-**	-	0.1
Finance cost	4	**(0.3)**	(0.2)	(0.6)
Profit before tax		**3.1**	2.7	7.1
Tax	7	**(1.3)**	(0.9)	(2.6)
Profit for the period		**1.8**	1.8	4.5
Attributable to:				
Equity holders of the parent		**1.7**	1.5	4.4
Non-controlling interest		**0.1**	0.3	0.1
		1.8	1.8	4.5
From continuing operations				
Earnings per share				
Basic (pence)	6	**3.5**	3.3	9.6
Diluted (pence)	6	**3.4**	3.2	9.3
Earnings per share (adjusted)				
Basic (pence)	6	**4.4**	3.5	10.2
Diluted (pence)	6	**4.3**	3.4	9.9

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2016

	6 months to 30 June 2016 Unaudited £m	6 months to 30 June 2015 Unaudited £m	Year to 31 December 2015 £m
Items that may be reclassified subsequently to income statement:			
Exchange differences on translation of foreign operations	**3.2**	(1.1)	(0.5)
Items that will not be reclassified to income statement:			
Exchange differences on translation of foreign operations of non-controlling interest	**0.4**	(0.2)	(0.2)
Net expense recognised directly in equity	**3.6**	(1.3)	(0.7)
Profit for the period	**1.8**	1.8	4.5
Total comprehensive income for the period	**5.4**	0.5	3.8
Attributable to:			
Equity holders of the parent	**4.9**	0.4	3.9
Non-controlling interest	**0.5**	0.1	(0.1)
	5.4	0.5	3.8

Condensed consolidated balance sheet
As at 30 June 2016

	Notes	**30 June 2016 Unaudited £m**	30 June 2015 Unaudited £m	31 December 2015 £m
ASSETS				
Non-current assets				
Property, plant and equipment		**1.6**	1.1	1.5
Goodwill		**27.4**	22.5	25.2
Other intangible assets		**7.6**	2.1	7.3
Deferred tax assets		**1.0**	0.7	0.9
		37.6	26.4	34.9
Current assets				
Trade and other receivables	9	**42.3**	36.5	35.9
Cash and cash equivalents		**15.4**	6.3	7.7
		57.7	42.8	43.6
Total assets		**95.3**	69.2	78.5
LIABILITIES				
Current liabilities				
Trade and other payables	10	**26.6**	22.2	24.0
Current tax liabilities		**2.5**	2.6	3.7
Borrowings	8	**12.4**	12.4	9.9
		41.5	37.2	37.6
Non-current liabilities				
Borrowings	8	**13.2**	3.8	5.1
Other creditors		**1.0**	-	1.0
Deferred tax liabilities		**1.1**	1.1	1.1
Total non-current liabilities		**15.3**	4.9	7.2
Total liabilities		**56.8**	42.1	44.8
Net assets		**38.5**	27.1	33.7
EQUITY				
Share capital		**2.4**	2.2	2.4
Share premium account		**22.4**	19.4	22.4
Merger reserve		**0.9**	0.9	0.9
Retranslation reserve		**4.2**	0.4	1.0
Equity reserve		**(7.2)**	(7.2)	(7.2)
Other reserves		**(0.5)**	(0.7)	(0.6)
Retained earnings		**13.1**	9.0	11.9
Equity attributable to owners of the company		**35.3**	24.0	30.8
Non-controlling interest		**3.2**	3.1	2.9
Total equity		**38.5**	27.1	33.7

Condensed consolidated statement of changes in equity
Six months ended 30 June 2016

	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2014	2.2	19.4	0.9	1.8	(7.1)	(1.1)	7.8	3.2	27.1
Profit for the period	-	-	-	-	-	-	1.5	0.3	1.8
Dividend	-	-	-	-	-	-	(0.3)	-	(0.3)
Currency translation differences	-	-	-	(1.4)	-	0.3	-	(0.2)	(1.3)
Non-controlling interest acquired during the period	-	-	-	-	(0.1)	-	-	(0.2)	(0.3)
Share based payment	-	-	-	-	-	0.1	-	-	0.1
Balance at 30 June 2015 (Unaudited)	2.2	19.4	0.9	0.4	(7.2)	(0.7)	9.0	3.1	27.1
Balance at 31 December 2014	2.2	19.4	0.9	1.8	(7.1)	(1.1)	7.8	3.2	27.1
Profit for the year	-	-	-	-	-	-	4.4	0.1	4.5
Dividend	-	-	-	-	-	-	(0.3)	-	(0.3)
Shares issued	0.2	3.1	-	-	-	-	-	-	3.3
Expenses of issue of equity shares	-	(0.1)	-	-	-	-	-	-	(0.1)
Currency translation differences	-	-	-	(0.8)	-	0.3	-	(0.2)	(0.7)
Non-controlling interest acquired and other movements during the year	-	-	-	-	(0.1)	-	-	(0.2)	(0.3)
Shared based payment	-	-	-	-	-	0.2	-	-	0.2
Balance at 31 December 2015	2.4	22.4	0.9	1.0	(7.2)	(0.6)	11.9	2.9	33.7
Profit for the period	-	-	-	-	-	-	1.7	0.1	1.8
Dividend	-	-	-	-	-	-	(0.5)	-	(0.5)
Currency translation differences	-	-	-	3.2	-	-	-	0.4	3.6
Non-controlling interest acquired during the period	-	-	-	-	-	-	-	(0.2)	(0.2)
Share based payment	-	-	-	-	-	0.1	-	-	0.1
Balance at 30 June 2016 (Unaudited)	**2.4**	**22.4**	**0.9**	**4.2**	**(7.2)**	**(0.5)**	**13.1**	**3.2**	**38.5**

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.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 (2008).
- "Other reserves” represents exchange differences on intercompany long-term receivables which are treated as a net investment in foreign operations and the share based payment reserve of £0.7m.
- "Retained earnings" represents accumulated profits less distributions and income/expense recognised in equity from incorporation.
- "Non-controlling interest" represents equity in a subsidiary not attributable, directly or indirectly, to a parent.

Condensed consolidated cash flow statement
Six months ended 30 June 2016

	6 months to 30 June 2016 Unaudited	6 months to 30 June 2015 Unaudited Restated	Year to 31 December 2015 Restated
	£m	£m	£m
Profit for the year	**1.8**	1.8	4.5
Adjustments for:			
Depreciation	**0.4**	0.4	0.7
Intangible amortisation	**0.4**	0.1	0.4
Taxation expense recognised in income statement	**1.3**	0.9	2.6
Cash paid for exceptional items	**-**	(0.5)	(0.5)
Share based payments	**0.1**	0.1	0.2
Net finance charge	**0.3**	0.2	0.5
	4.3	3.0	8.4
Increase in trade receivables	**(3.2)**	(2.9)	(1.1)
Increase in trade payables	**3.0**	1.4	1.5
Cash generated from operations	**4.1**	1.5	8.8
Interest paid	**(0.3)**	(0.2)	(0.5)
Income taxes paid	**(2.9)**	(0.7)	(1.8)
Net cash from operating activities	**0.9**	0.6	6.5
Cash flows from investing activities			
Cash acquired with business acquisition	**-**	-	0.1
Overdraft acquired with business	**-**	-	(0.7)
Consideration paid for business acquisition	**(3.0)**	-	(5.3)
Consideration received for business disposals	**0.1**	0.1	0.1
Purchase of property, plant and equipment and intangibles	**(0.4)**	(0.3)	(0.9)
Finance income	**-**	-	0.1
Net cash used in investing activities	**(3.3)**	(0.2)	(6.6)
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	-	3.2
Further first generation shares acquired in existing subsidiaries	**(0.2)**	(0.3)	(0.4)
Increase/(decrease) in borrowings	**1.9**	2.5	(0.1)
Proceeds from bank loan	**8.9**	3.7	5.3
Repayment of bank and other loan	**(0.3)**	(5.8)	(6.2)
Decrease in invoice discounting	**(0.7)**	(1.3)	(1.2)
Dividends paid to shareholders	**(0.5)**	(0.3)	(0.3)
Dividends paid to non-controlling interest in subsidiaries	**-**	-	(0.1)
Net cash from financing activities	**9.1**	(1.5)	0.2
Net increase/(decrease) in cash and cash equivalents	**6.7**	(1.1)	0.1
Effect of foreign exchange rate changes	**1.0**	(0.4)	(0.2)
Cash and cash equivalents at beginning of the period	**7.7**	7.8	7.8
Cash and cash equivalents at end of the period	**15.4**	6.3	7.7

Notes to the interim financial statements
Six months ended 30 June 2016

1 General information

Empresaria Group plc is the Group's ultimate parent company. It is incorporated and domiciled in England. 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 condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2016. While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The information for the year ended 31 December 2015 has been derived from audited statutory accounts for the year ended 31 December 2015. The information for the year ended 31 December 2015 included herein 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 2016 and 2015 has been neither audited nor reviewed.

These interim financial statements were approved for issue by the Board of Directors on 17 August 2016.

Accounting policy for Company only 'Empresaria Group plc' in the United Kingdom: Cash flow exemption

During the year ended 31 December 2015 the Company presented its accounts under Financial Reporting Standard 102 ("FRS 102") for the first time. Whilst the Empresaria Group plc financial statements will continue to be presented in accordance with IFRS and the Company will continue to report under FRS 102, the Company will be taking advantage of certain disclosure exemptions that are available. In order to qualify for these exemptions it is a requirement that the Company must notify shareholders in writing of its intentions. A shareholder or shareholders who between them hold in aggregate 5% or more of the total allotted shares in the capital of the Company can serve written notice(s) of objection to the use of such disclosure exemptions on the Company, at its registered office, by no later than 31 December 2016. Such notice(s) must include the name of the registered shareholder, and the number of shares held.

The financial statements ending 31 December 2016 will summarise (in narrative form) the exemptions applied to the standalone parent accounts. The group consolidated accounts which report under IFRS will not be affected by these changes.

Notes to the interim financial statements
Six months ended 30 June 2016

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 2015.

3 Segment analysis

Information reported to the Group's Chief Executive Officer who is considered to be Chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance is based on geographic region. The Group's business is segmented into four regions, UK, Continental Europe, Asia Pacific and Americas. There is no material difference between the segmentation of the Group's turnover by geographic origin and destination.

The Group has one principal activity, the provision of staffing and recruitment services. Each unit is managed separately with local management responsible for determining local strategy.

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

Six months to 30 June 2016	UK	Continental Europe	Asia Pacific	Americas	**Total**
	£m	£m	£m	£m	**£m**
Revenue	32.0	43.2	16.2	14.8	**106.2**
Net fee income	9.2	8.1	7.9	2.0	**27.2**
Adjusted operating profit*	0.6	1.9	1.1	0.4	**4.0**
Operating profit	0.5	1.8	0.9	0.2	**3.4**

Six months to 30 June 2015	UK	Continental Europe	Asia Pacific	Americas	Total
	£m	£m	£m	£m	£m
Revenue	31.9	36.0	15.0	9.5	92.4
Net fee income	9.3	6.6	7.3	0.9	24.1
Adjusted operating profit*	1.0	1.1	0.8	0.1	3.0
Operating profit	1.0	1.0	0.8	0.1	2.9

Year to 31 December 2015	UK	Continental Europe	Asia Pacific	Americas	Total
	£m	£m	£m	£m	£m
Revenue	62.7	75.2	29.2	20.2	187.3
Net fee income	18.4	14.5	14.2	2.1	49.2
Adjusted operating profit*	2.2	3.9	1.6	0.3	8.0
Operating profit	2.1	3.7	1.6	0.2	7.6

* Adjusted operating profit excludes amortisation of intangible assets, exceptional items, fair value on the acquisition of non-controlling shares and gain or loss on disposal of business.

Notes to the interim financial statements
Six months ended 30 June 2016

4 Finance income and cost

	6 months to 30 June 2016 Unaudited £m	6 months to 30 June 2015 Unaudited £m	Year to 31 December 2015 £m
Finance income			
Bank interest receivable	**-**	-	0.1
	-	-	0.1
Finance cost			
On amounts payable to invoice discounters	**(0.1)**	(0.1)	(0.2)
Bank loans and overdrafts	**(0.1)**	(0.1)	(0.3)
Interest on tax payments	**(0.1)**	-	(0.1)
	(0.3)	(0.2)	(0.6)
Net finance cost	**(0.3)**	(0.2)	(0.5)

5 Reconciliation of Profit before tax to Adjusted profit before tax

	6 months to 30 June 2016 Unaudited £m	6 months to 30 June 2015 Unaudited £m	Year to 31 December 2015 £m
Profit before tax	**3.1**	2.7	7.1
Amortisation of intangibles	**0.4**	0.1	0.4
Fair value charge on acquisition of non-controlling shares	**0.2**	-	-
Exceptional items	**-**	-	-
Loss on business disposal	**-**	-	-
Adjusted profit before tax	**3.7**	2.8	7.5

Notes to the interim financial statements
Six months ended 30 June 2016

6 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 period. 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:

	6 months to 30 June 2016 Unaudited £m	6 months to 30 June 2015 Unaudited £m	Year to 31 December 2015 £m
Earnings			
Earnings attributable to equity holders of the parent	**1.7**	1.5	4.4
Adjustments :			
Exceptional items	**-**	-	-
Loss on business disposal	**-**	-	-
Fair value charge on acquisition of non-controlling shares	**0.2**	-	-
Amortisation of intangible assets	**0.4**	0.1	0.4
Tax on amortisation of intangible assets	**(0.1)**	-	-
Earnings for the purpose of adjusted earnings per share	**2.2**	1.6	4.8
Number of shares			
Weighted average number of shares- basic	**50.2**	45.8	46.4
Dilution effect of share options	**1.5**	1.1	1.5
Weighted average number of shares- diluted	**51.7**	46.9	47.9
Earnings per share	**Pence**	Pence	Pence
Basic	**3.5**	3.3	9.6
Dilution effect of share options	**(0.1)**	(0.1)	(0.3)
Diluted	**3.4**	3.2	9.3
Earnings per share (adjusted)	**Pence**	Pence	Pence
Basic	**4.4**	3.5	10.2
Dilution effect of share options	**(0.1)**	(0.1)	(0.3)
Diluted	**4.3**	3.4	9.9

The dilution on the number of shares is from share options granted to the executive directors.

7 Taxation

The tax charge for the six month period is £1.3m, representing an effective tax rate of 41% (2015: 33%), due to the impact of amortisation and fair value on acquisition of non-controlling shares. On an adjusted basis, excluding adjusting items and their tax effect, the effective tax rate is 37% (2015: 34%). For the six months ended 30 June 2015 there was a tax charge of £0.9m and for the year ended 31 December 2015 there was a tax charge of £2.6m. 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.

Notes to the interim financial statements
Six months ended 30 June 2016

8 Financial liabilities

a) Borrowings	**30 June 2016 Unaudited £m**	30 June 2015 Unaudited £m	31 December 2015 £m
Current			
Bank overdrafts	**4.5**	4.9	2.3
Amounts related to invoice financing	**6.2**	6.8	6.9
Current portion of bank loans	**1.7**	0.7	0.7
	12.4	12.4	9.9
Non-current			
Bank loans	**13.2**	3.8	5.1
Total financial liabilities	**25.6**	16.2	15.0

b) Movement in net borrowings	**30 June 2016 Unaudited £m**	30 June 2015 Unaudited £m	31 December 2015 £m
As at 1 January	**(7.3)**	(9.8)	(9.8)
Net (decrease) / increase in cash and cash equivalents before cash/overdraft acquired with business acquisition	**6.7**	(1.1)	0.7
Net (overdraft)/cash acquired with business acquisition	**-**	-	1.2
(Increase) / decrease in loans & borrowings	**(10.5)**	(0.3)	(0.6)
Decrease in invoice financing	**0.7**	1.3	1.0
Currency translation differences	**0.2**	-	0.2
	(10.2)	(9.9)	(7.3)

c) Analysis of net borrowings	**30 June 2016 Unaudited £m**	30 June 2015 Unaudited £m	31 December 2015 £m
Financial liabilities – borrowings	**(25.6)**	(16.2)	(15.0)
Cash and cash equivalents	**15.4**	6.3	7.7
	(10.2)	(9.9)	(7.3)

During the period a new five year UK revolving credit facility of £10.0 million was entered into. At 30 June 2016 £6.0m had been drawn down in readiness for the investment in Rishworth Aviation (see note 11). The bank loans also include a £4.5m UK term loan which matures in October 2018. The overdrafts are renewable annually. The value of the UK overdrafts at 30 June 2016 was £0.9m (30 June 2015: £1.9m).

The bank loans also include a €5.0m term loan in Germany which expires in February 2018 (2015: €5.0m).

In total the Group has bank facilities of £48.1m at 30 June 2016 (2015: £30.4m). The amount of facility undrawn is £15.4m (2015: £8.2m), excluding the headroom on the invoice financing facility.

Notes to the interim financial statements
Six months ended 30 June 2015

9 Trade and other receivables

	30 June 2016 Unaudited £m	30 June 2015 Unaudited £m	31 December 2015 £m
Trade receivables	**36.8**	31.6	32.2
Less provision for impairment of trade receivables	**(0.5)**	(0.4)	(0.4)
Net trade receivables	**36.3**	31.2	31.8
Prepayments and accrued income	**3.1**	3.0	1.8
Deferred and contingent consideration	**0.3**	0.4	0.3
Other receivables	**2.6**	1.9	2.0
	42.3	36.5	35.9

10 Trade and other payables

	30 June 2016 Unaudited £m	30 June 2015 Unaudited £m	31 December 2015 £m
Current			
Trade payables	**0.9**	0.9	0.9
Other tax and social security	**6.6**	5.4	5.7
Other payables	**5.1**	3.8	3.6
Accruals	**13.8**	11.5	11.0
Deferred and contingent consideration	**0.2**	0.6	2.8
	26.6	22.2	24.0
Non-current			
Contingent consideration	**0.4**	-	0.5
Other payables	**0.6**	-	0.5
	1.0	-	1.0

11 Post Balance Sheet Event

On 5 July 2016 the Group invested in an 82.6% share in Rishworth Aviation Limited and its sister companies, an international specialist recruiter in the Aviation sector, with offices in New Zealand and Sweden. The total consideration was US$10.0m (£7.5m) which was fully paid in cash on completion. The remaining 17.4% interest is held by senior management of the business.

12 Going concern

The Group's activities are funded by a combination of long-term equity capital, revolving credit facilities, term loans, short-term invoice discounting and bank overdraft facilities. The day to day operations are funded by cash generated from trading, invoice discounting and overdraft 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 January 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. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

13 Restatement of prior year Cash flow statement presentation

Following a review of the Group's accounting policy, the presentation of the movement of invoice financing in the cash flow statement has been amended with a restatement of the prior year presentation, to provide shareholders with a clearer understanding of the operating cash flows of the Group. Under the revised accounting treatment this is now presented as part of 'Cash flow from Financing activities' rather than 'Cash flow from operating activities'.

The impact of the restatement is summarised below

In Cash flow statement	Cash generated from operations £m	Net cash from operating activities £m	Net cash from financing activities £m	Net cash and cash equivalents £m
Six months ended 30 June 2015				
Previously disclosed: Increase / (decrease)	0.2	(0.7)	(0.2)	(1.1)
Adjustment in invoice financing presentation	1.3	1.3	(1.3)	-
Restated: Increase / (decrease)	1.5	0.6	(1.5)	(1.1)
Year to 31 December 2015				
Previously disclosed: Increase / (decrease)	7.6	5.3	1.4	0.1
Adjustment in invoice financing presentation	1.2	1.2	(1.2)	-
Restated: Increase / (decrease)	8.8	6.5	0.2	0.1