22 August 2018

Empresaria Group plc ("Empresaria" or "Group")

Unaudited Interim Results for the six months ended 30 June 2018

Empresaria Group plc (AIM: EMR), the international specialist staffing group, announces its unaudited interim results for the six month period ended 30 June 2018.

Empresaria continues to deliver on its diversification strategy with organic profit growth in the first half.

Financial Highlights

	2018	2017	% change	% change (constant currency)[4]
Revenue	£178.3m	£173.4m	+3%	+5%
Net fee income (gross profit)	£34.0m	£34.4m	-1%	+1%
Operating profit	£4.2m	£3.8m	+11%	+11%
Adjusted operating profit[1]	£5.0m	£4.9m	+2%	+4%
Profit before tax	£3.9m	£3.5m	+11%	+12%
Adjusted profit before tax[1]	£4.7m	£4.6m	+2%	+3%
Adjusted net debt[2]	£19.5m	£22.3m		
Debt to debtors ratio[3]	44%	52%		
Diluted earnings per share	3.8p	4.0p		
Diluted, adjusted earnings per share*	5.0p	5.7p		

- Diversified strategy continues to deliver profit growth
- Adjusted profit before tax up 2% (constant currency up 3%)
- Conversion ratio (adjusted operating profit divided by net fee income) increases to 14.7% (2017: 14.2%)
- Adjusted net debt of £19.5m in line with 31 December 2017 and expected to reduce in second half
- Diluted, adjusted earnings per share down 12% on last year, reflecting profit mix, but remains in line with full year market forecasts

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, exceptional items, gain or loss on disposal of businesses, fair value charges on acquisition of non-controlling shares and in the case of earnings also adjusted for any related tax.
2 Cash and cash equivalents excluding cash held in respect of pilot bonds, less borrowings.
3 Adjusted net debt as a percentage of trade receivables
4 The constant currency movement is calculated by translating the 2017 results at the 2018 exchange rates.

A video interview with management covering the first half performance is available here: http://bit.ly/EMR_H1

Chief Executive Officer, Spencer Wreford said:

"We are investing in our brands to drive growth and productivity improvements through new staff and technology solutions. We are working through the effects of regulatory changes in two of our key markets, Germany and Japan, and are well positioned to return those businesses to growth.

"We continue to look at external investment opportunities and are building a pipeline of possible investments as we look for businesses that will fit with our Group culture and help us to deliver future growth.

"The Group is trading in line with market expectations and we have confidence in our prospects and ability to deliver growth."

- Ends –

Enquiries:

Empresaria Group plc Spencer Wreford, Chief Executive Officer Tim Anderson, Group Finance Director	via Alma PR
Arden Partners (Nominated Adviser and Broker) John Llewellyn-Lloyd / Steve Douglas / Ciaran Walsh	020 7614 5900
Alma PR (Financial PR) Rebecca Sanders-Hewett / Sam Modlin / Susie Hudson	020 8004 4217 empresaria@almapr.com

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

<u>Notes for editors:</u>

- Empresaria Group plc is an international specialist staffing group with 19 brands operating in 21 countries across the globe including the UK, Germany, Japan, India, UAE, Indonesia, Chile, Australia, Thailand, Singapore, Austria, Finland, USA, New Zealand, China, Malaysia, Vietnam, the Philippines, Hong Kong, Mexico and Peru.

- Empresaria offers temporary/contract and permanent staffing solutions as well as Offshore Recruitment Services in seven key sectors: Technical & Industrial, Aviation services, IT & Design, Professional services, Healthcare, Executive search 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 review

Empresaria has delivered an 11% increase in profit before tax to £3.9m (2017: £3.5m), up 2% to £4.7m on an adjusted basis. In constant currency, adjusted profit before tax was up 3% on prior year. The adjusted measure excludes the impact of amortisation of intangible assets identified in business combinations, exceptional items, gain or loss on disposal of businesses and fair value charges on acquisition of non-controlling shares.

The first half profit before tax has delivered overall organic growth, despite the previously communicated regulatory changes in Germany and Japan. We have seen a number of strong performances, notably in India with our Offshore Recruitment Services ("ORS") business, in the UK with Professional services, in our business in Chile and in the recent investments in ConSol Partners, Rishworth Aviation and Pharmaceutical Strategies.

In India we continue to see strong growth and, in response to increasing demand from both the UK and US markets, we have started working from a second city, with a new office opened in Jaipur during July 2018, which helps us to access talent from a wider pool. In Professional services, we are pleased that the restructuring undertaken last year is delivering the desired results, with a strong performance across all divisions. In Chile our strategy of diversifying into traditional temporary and permanent recruitment continues to deliver growth, alongside the steady outsourcing business.

We have seen strong performances from our recent investments ConSol Partners, Rishworth Aviation and Pharmaceutical Strategies. Within ConSol Partners, there has been a stand-out performance in the US, where the positive momentum from the second half of last year has continued into 2018. In Rishworth Aviation the investments made last year to support new pilot bases is paying off with improved revenue. Pharmaceutical Strategies has delivered a growth in profit with positive momentum moving into the second half of the year. Their strategy of diversifying into other related areas of long-term care and walk-in clinics is opening up new areas for development.

In the Middle East we are pleased with the improved performance of our business, which is trading in line with our expectations and looking ahead to the seasonally stronger second half period with good momentum. We are confident that the issues from previous years have been resolved.

As a diversified group operating with 19 brands in 21 countries, we don't expect all businesses to deliver at the same rate. Our strategy reduces our dependence on any single market and so we are able to mitigate the impact of localised issues with more positive markets elsewhere. This strategy has helped us to deliver profitable growth for the last five years and our first half results continue that trend. The slower growth rate this year was impacted by the previously flagged legislation changes in Germany and Japan, which resulted in higher pay rates and limitations on the maximum duration of a temporary worker's contract. As a result of these changes we have seen a reduction in temporary worker numbers in our German logistics business and in the IT sector in Japan. Whilst these impact negatively on our results in the short-term, both markets remain attractive in the medium-term and we are taking action to improve our results and get back to previous levels.

Elsewhere we have experienced challenges in domestic services and marketing in the UK, and in our executive search brand in Asia Pacific. In domestic services, profits were down due to lower productivity, however measures have been taken to address this and we expect these to deliver better results in the second half. In marketing, part of the IT, digital and design sector, the business has struggled in poor market conditions and delivered lower permanent sales resulting in a loss in the period. We have made staff changes and reduced costs in order to return this business to profit. Our executive search brand has seen lower profits in their main markets of Indonesia and Thailand, with better results in China and Malaysia. Across the region there is a challenge to bring in good quality consultants and this remains a high priority for the business.

In the first half there was an increase in Group revenue of 3%, with permanent revenue down 8%, temporary revenue up 3% and offshore recruitment services up 30%. At the net fee income level there was a 1% decline, although in constant currency it was up 1%. The temporary gross margin reduced by 0.5% to 12.2%, primarily coming from Germany and Japan.

	UK	Continental Europe	Asia Pacific	Americas	Central	Total
2017	12.1	7.8	11.1	3.4	-	34.4
Movement	(0.5)	(0.5)	0.8	1.0	(0.2)	0.6
Divestments	-	-	(0.3)	-	-	(0.3)
Currency	-	0.2	(0.7)	(0.2)	-	(0.7)
2018	11.6	7.5	10.9	4.2	(0.2)	34.0

There was underlying growth of 2% in net fee income in the period, with increases in Asia Pacific and Americas, offset by Continental Europe and the UK. There was a positive currency impact in Continental Europe, but negative in Asia Pacific and Americas, with the largest impacts from New Zealand, Japan, Indonesia, India and the USA. The divestment is the training business in Indonesia sold in 2017.

There was an improvement in the conversion ratio, up from 14.2% in 2017 to 14.7%. The Group generated 66% of net fee income from outside the UK (2017: 65%). Permanent sales represented 37% of net fee income (2017: 42%) with 5% from ORS and 58% from temporary sales. The share of net fee income from professional & specialist levels was 85% (2017: 89%).

To deliver sustainable organic growth we look at the following areas:

<u>Invest in new staff and improve productivity</u>

The average number of staff has increased against the prior year amount by 107, driven by our ORS business in the Asia Pacific region. The decrease in the UK reflects the effect of the mergers in Professional services and Technical & Industrial last year and staff churn within IT and Technical & industrial. In Continental Europe the increase is due to the need to take certain workers as employed staff that were previously employed at client sites.

	Average number of employees first half 2018	Average number of employees first half 2017	Increase/ (decrease)
UK	284	302	(18)
Continental Europe	139	123	16
Asia Pacific	924	815	109
Americas	132	132	-
Total	1,479	1,372	107

Staff productivity has reduced slightly from 1.69 in 2017 to 1.67 this year. Whilst it is not a significant change we target improvements in productivity and there has been an increase in training activities across the Group.

Use technology tools to help staff operate more effectively

We are making good progress in this area with a dedicated resource in the central team introduced in March to review a large number of technology solutions, from ATS/CRM systems to the latest AI based tools. We have started the first test projects and will continue to roll these out across the Group in the second half of the year. With our brands operating in different sectors and countries, with different permanent and temporary splits, there is no single technology solution, so we are tailoring the technology to the specific needs of each business.

Opportunities to increase geographic coverage of brands

Geographical coverage of existing brands has reduced in the period, with the Middle East office for domestic services moving back to the UK team. The new office in Vietnam opened last year and is making progress, but remains loss making at this early stage as we invest in the team and build the client base. We continue to review opportunities to open new offices but the primary focus is to grow existing offices.

Cost efficiencies

Administrative costs are down £0.5m on prior year and we manage the business with a close eye on cost control. There is always a balance with investing in the business and we plan to grow staff numbers and see further investment in the central team over the next year.

Regional review

UK

£'m	30 June 2018	30 June 2017	30 June 2016
Revenue	42.1	43.9	32.0
Net fee income	11.6	12.1	9.2
Adjusted operating profit	1.0	0.9	0.6
% of Group net fee income	34%	35%	34%

Net fee income was down across the region with the exception of Professional services, but lower costs helped by the measures taken last year meant profit was ahead for the region.

In Professional services LMA delivered an excellent performance following the merger of the insurance business last year and carries a good momentum into the second half. In both the IT and Technical & industrial sectors, ConSol Partners and FastTrack had lower net fee income but improved profits. Their focus is to increase staff numbers to drive higher sales.

There was a partial offset from weaker trading in other areas, with a loss in our Marketing brand and lower profit in Domestic services. Costs have been reduced in the former, with the business being restructured, and there is a focus on improving productivity in the latter, with a more positive outlook moving into the second half of the year.

Continental Europe

£'m	30 June 2018	30 June 2017	30 June 2016
Revenue	47.2	46.5	43.2
Net fee income	7.5	7.8	8.1
Adjusted operating profit	1.6	1.9	1.9
% of Group net fee income	22%	23%	30%

The increase in revenue was due to currency, with a 1% decline in constant currency. Net fee income was down 6% in constant currency. There was also an impact from the introduction of equal pay legislation for temporary workers, with higher rates being paid to workers with no corresponding increase in net fees, resulting in lower temporary margins. As expected, the largest impact from the new legislation has been in the logistics business in Germany, which saw a 15% drop in revenue against the prior year. In the Technical & industrial business there was an improved result with revenue and profit ahead of 2017 in both Germany and Austria. We believe that the greatest impact on the business is from the equal pay changes that have applied over the last twelve months. We have seen the market stabilising from this effect and we do not expect to see as great an impact from the 18 month rule when it applies from October 2018.

The Finnish Healthcare business is performing in line with expectations, with results up on prior year.

Asia Pacific

£'m	30 June 2018	30 June 2017	30 June 2016
Revenue	68.2	64.2	16.2
Net fee income	10.9	11.1	7.9
Adjusted operating profit	1.5	1.8	1.1
% of Group net fee income	32%	32%	29%

Although revenue increased in the period, there was a mix effect on net fee income, where temporary and ORS revenue were ahead of prior year but with a lower temporary margin. Permanent revenue was down on prior year, resulting in net fee income of £10.9m (2017: £11.1m). Currency movements were also significant, with net fee income seeing growth in constant currency of 4%.

There was a strong result in the ORS business in India, which has seen continued strong demand from key markets in the USA and UK. Rishworth Aviation was also ahead of prior year, helped by the investments made last year. In the Middle East our business has delivered a much improved result, following the restructuring and right-sizing exercise undertaken in the last two years.

Conditions have been challenging in Japan, with new legislation impacting our business in IT, resulting in a decline in revenue and profit against the prior year. The “5 year rule” applied from April 2018 and enables workers to request an indefinite term contract with the agency after working for 5 years. The “3 year rule” applies from October 2018 and limits a temporary role and worker to a three year period. These legislative changes have caused some clients to review their policies on temporary workers and led to delayed hiring decisions at the beginning of the year. With the legislation impacts now widely understood by clients we expect there will be a smaller impact in October, although at this time it is not possible to be certain.

Our Executive search brand, Monroe Consulting, saw declines in their key markets of Indonesia and Thailand, with results in Malaysia and China up on last year and the team building in the newest office in Vietnam. The focus in the second half is to increase hiring of new consultants across the region.

Following the divestment of the loss-making training business in Indonesia in 2017, there was a comparative drop in revenue but improved profit contribution.

Americas

£'m	30 June 2018	30 June 2017	30 June 2016
Revenue	21.0	18.8	14.8
Net fee income	4.2	3.4	2.0
Adjusted operating profit	0.9	0.3	0.4
% of Group net fee income	12%	10%	7%

Our business in Chile continues to deliver good results, with growth mainly from the permanent and temporary recruitment divisions.

In the USA we have seen positive results from Pharmaceutical Strategies with the business continuing to make progress in diversifying its service lines and building up its client base.

In ConSol Partners there has been a significant improvement against the prior year. Demand remains strong in their markets and having more experienced consultants has delivered quicker returns. They are looking to bring in new consultants over the second half of the year to capitalise on their opportunities.

Management changes

In May 2018 Joost Kreulen stepped down as CEO and resigned from the board. He continues to assist the Group working as a part time consultant in Germany to support the Headway brands. The board would like to thank Joost for his commitment and success over the last nine years. Having taken over the business in a challenging position, he helped to stabilise and then turn it round, leaving the Group with record profit levels and a stronger balance sheet.

Spencer Wreford has taken over as CEO, having previously been the Group Finance Director and Chief Operating Officer. In March 2018, we welcomed Tim Anderson as the new Group Finance Director. The board continues to look for opportunities to strengthen its commercial operations.

Investment in Grupo Solimano

Whilst the main focus this year is on our existing brands, we are pleased to have finalised our investment in Grupo Solimano in Peru during July. This is an important strategic investment, building our presence in the Latin American market, a region we believe has long-term growth prospects.

Grupo Solimano is an established provider of outsourced and temporary staffing services in Peru. Total consideration for our 60% interest is expected to be approximately £2.1 million, comprising an initial cash payment of £1.35 million, a deferred payment of approximately £0.55 million due to be paid by September 2018 and a contingent amount of £0.2 million dependent on the final results for the year ended 31 December 2018. The Group will consolidate the acquired business from the date of acquisition and so their results will be included for the first time in the full year financial statements.

Finance Review

Results for the period

Adjusted operating profit was up 2% on 2017, up 4% in constant currency. This reflects the strong cost control across the Group with the reduction in administrative costs more than offsetting the fall in net fee income.

Operating profit of £4.2m is 11% higher than the prior year which included a £0.3m charge on acquisition of non-controlling shares that is not repeated in 2018. The amortisation of intangible assets identified in business combinations is in line with prior year.

Net finance costs remain low at £0.3m (2017: £0.3m) reflecting the current low levels of variable interest payable on the Group's debt.

Adjusted profit before tax was £4.7m, up 2% on 2017 (up 3% in constant currency). Profit before tax was up 11% to £3.9m.

The tax charge in the period was £1.4m (2017: £1.4m) representing an effective rate of 30% (2017: 30%). On an adjusted basis the effective tax rate was 34% (2017: 33%).

Adjusted, diluted earnings per share was 5.0p, a reduction of 12% against 2017 (5.7p). This reflects the allocation of profits to non-controlling interests and has been impacted by the profit mix in the period. Expectations for the full year remain in line with market forecasts. Diluted, earnings per share, calculated on an unadjusted basis, was 3.8p (2017: 4.0p).

Management equity

The Group's management equity philosophy continues to be at the core of its business model. This is evidenced by the investment in Grupo Solimano discussed above in which management have retained a 40% equity interest.

During the period the Group increased its investment in LMA Singapore from 60% to 75%, in Teamsales from 95% to 96.7% and in BW&P from 88.5% to 98.5%. Total consideration was less than £0.1m.

Based on the Group's results for the year ended 31 December 2017 and ignoring holding period requirements, the potential payment to acquire non-controlling interests in full would be in the range of £7m to £9m, with the lower end of the range based on the Empresaria's current share price and the upper end assessed using the maximum multiple that could be applied. There is no legal obligation on the Group to acquire the shares held by management at any time.

Treasury

Cash flow from operating activities was £1.8m (2017: £1.1m) reflecting reduced tax payments offset by an increased working capital outflow. The tax payments in the prior period were comparatively high reflecting the settlement of tax audits which were fully provided in the income statement and balance sheet, 2018 does not have any such significant one off outflows. The operating inflow is offset by capital expenditure (£0.6m), dividend payments (£0.6m) and the purchase of own share (£0.4m) which were subsequently transferred to the Empresaria Employee Benefit Trust ("EBT"). As at 30 June 2018 a total of 576,204 shares are held in the EBT to be used to satisfy the exercise of options vested under the Company's long term incentive plans. As at 30 June 2018, 2.0m options had vested but not been exercised.

Adjusted net debt (which excludes £7.3m cash held in respect of pilot bonds) was £19.5m as at 30 June 2018, lower than the £22.3m as at 30 June 2017 and in line with 31 December 2017 (£19.5m). The Group's debt to debtors ratio (adjusted net debt as a percentage of trade receivables) reduced to 44% (30 June 2017: 52%, 31 December 2017: 45%).

Total borrowings were £39.1m being mostly bank overdrafts (£26.1m) and invoice financing (£9.4m). The Group's borrowings are principally held to fund working capital requirements and so are predominantly current borrowings due within one year. As at 30 June 2018, £2.2m of borrowings are shown as non-current, the majority of which is the amount drawn under the Group's revolving credit facility.

Cash balances totalled £19.6m excluding amounts held in respect of pilot bonds. Under IFRS it is a requirement to show overdraft and cash balances gross, even where they are part of a formal pooling arrangement. The cash balance of £19.6m includes £4.8m in respect of such arrangements where the net position is overdrawn.

During the period the German term loan of €5m, which was due to be repaid in 2018, was refinanced by extending the German overdraft by €5m, and the Group's $1.5m UK overdraft facility, no longer required following the implementation of a local $2m facility in the US in 2017, was cancelled.

As in prior years the Group's cash flow is weighted towards the second half of the year when a more significant operating cash inflow is typically recorded. We would therefore expect adjusted net debt to reduce in the second half of the year, even after allowing for the investment in Grupo Solimano.

A breakdown of the facilities as at 30 June 2018 is given below:

	30 June 2018 £m	30 June 2017 £m	31 December 2017 £m
UK facilities			
- Overdrafts	**7.5**	8.7	8.6
- Revolving credit facility	**10.0**	10.0	10.0
- Term loan	**1.2**	2.7	2.0
- Invoice financing facility	**13.0**	13.0	13.0
Total UK facilities	**31.7**	34.4	33.6
Continental Europe facilities	**12.7**	12.6	12.7
Asia Pacific facilities	**1.4**	1.5	1.3
Americas facilities	**3.8**	1.4	2.9
	49.6	49.9	50.5
Undrawn facility (excluding invoice financing)	**16.9**	13.4	19.1

The Revolving Credit Facility covenants are tested on a quarterly basis. The Group continues to have significant headroom and the covenants as at 30 June 2018 are as follows:

Measure	**Covenant**	**Actual**
Net debt:EBITDA	< 2.5 times	0.6
Interest cover	> 5.0 times	16.0
Debt service cover	> 1.25 times	4.8

Dividend

In line with prior years, the Board is not recommending the payment of an interim dividend for 2018 (2017: nil). The 2017 full year dividend of 1.32p per share was paid during the period.

Outlook

Empresaria has a clear multi-branded strategy to be diversified by geography and sector. We are investing in building our staff numbers and implementing new technology across the Group to deliver sustainable organic growth and productivity improvements. We are working through the effects of legislation changes in two of our key markets of Germany and Japan and are well positioned to return these businesses back to growth.

Following the recently announced investment in Peru, we continue to look at external investment opportunities and are building a pipeline of possible investments as we look for businesses that will fit with our Group culture and help us to deliver future growth.

The Group is trading in line with market expectations and we have confidence in our prospects and ability to deliver growth.

21 August 2018

Condensed consolidated income statement
Six months ended 30 June 2018

	Notes	**6 months to 30 June 2018 Unaudited £m**	6 months to 30 June 2017 Unaudited £m	Year to 31 December 2017 £m
Revenue		**178.3**	173.4	357.1
Cost of sales		**(144.3)**	(139.0)	(287.7)
Net fee income		**34.0**	34.4	69.4
Administrative costs		**(29.0)**	(29.5)	(57.8)
Adjusted operating profit		**5.0**	4.9	11.6
Fair value charge on acquisition of non-controlling shares		**-**	(0.3)	(0.3)
Loss on business disposal		**-**	-	(0.9)
Amortisation of intangibles identified in business combinations		**(0.8)**	(0.8)	(1.7)
Operating profit		**4.2**	3.8	8.7
Finance income	4	**0.1**	0.1	0.1
Finance costs	4	**(0.4)**	(0.4)	(0.7)
Net finance costs	4	**(0.3)**	(0.3)	(0.6)
Profit before tax		**3.9**	3.5	8.1
Taxation	6	**(1.4)**	(1.4)	(3.6)
Profit for the period		**2.5**	2.1	4.5
Attributable to:				
Equity holders of the parent		**2.0**	2.1	4.1
Non-controlling interests		**0.5**	-	0.4
		2.5	2.1	4.5
Earnings per share				
Basic (pence)	7	**3.8**	4.1	8.0
Diluted (pence)	7	**3.8**	4.0	7.9
Earnings per share (adjusted)				
Basic (pence)	7	**5.0**	5.9	12.6
Diluted (pence)	7	**5.0**	5.7	12.5

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2018

	6 months to 30 June 2018 Unaudited £m	6 months to 30 June 2017 Unaudited £m	Year to 31 December 2017 £m
Profit for the period	**2.5**	2.1	4.5
Other comprehensive income			
Items that may be reclassified subsequently to income statement:			
Exchange differences on translation of foreign operations	**(0.2)**	(0.4)	(1.2)
Items that will not be reclassified to income statement:			
Exchange differences on translation of non-controlling interests in foreign operations	**(0.1)**	(0.1)	(0.1)
Other comprehensive loss for the period	**(0.3)**	(0.5)	(1.3)
Total comprehensive income for the period	**2.2**	1.6	3.2
Attributable to:			
Equity holders of the parent	**1.8**	1.7	2.9
Non-controlling interests	**0.4**	(0.1)	0.3
	2.2	1.6	3.2

Condensed consolidated balance sheet
As at 30 June 2018

	Notes	**30 June 2018 Unaudited £m**	30 June 2017 Unaudited £m Re-presented	31 December 2017 £m
ASSETS				
Non-current assets				
Property, plant and equipment		**1.5**	1.4	1.4
Goodwill		**35.8**	36.1	35.9
Other intangible assets		**17.3**	19.7	18.2
Deferred tax assets		**1.0**	1.0	1.0
		55.6	58.2	56.5
Current assets				
Trade and other receivables	10	**54.9**	52.3	53.1
Cash and cash equivalents	9	**26.9**	22.7	25.9
		81.8	75.0	79.0
Total assets		**137.4**	133.2	135.5
LIABILITIES				
Current liabilities				
Trade and other payables	11	**42.3**	40.9	42.0
Current tax liabilities		**2.2**	1.6	2.6
Borrowings	8	**36.9**	31.6	36.6
		81.4	74.1	81.2
Non-current liabilities				
Borrowings	8	**2.2**	7.0	1.3
Deferred tax liabilities		**4.0**	4.3	4.1
		6.2	11.3	5.4
Total liabilities		**87.6**	85.4	86.6
Net assets		**49.8**	47.8	48.9
EQUITY				
Share capital		**2.4**	2.4	2.4
Share premium account		**22.4**	22.4	22.4
Merger reserve		**0.9**	0.9	0.9
Retranslation reserve		**4.8**	5.7	5.0
Equity reserve		**(7.7)**	(7.3)	(7.5)
Other reserves		**(0.7)**	(0.3)	(0.7)
Retained earnings		**20.6**	17.7	19.6
Equity attributable to owners of the company		**42.7**	41.5	42.1
Non-controlling interests		**7.1**	6.3	6.8
Total equity		**49.8**	47.8	48.9

Condensed consolidated statement of changes in equity
Six months ended 30 June 2018

	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2016	2.4	22.4	0.9	6.1	(7.3)	(0.4)	16.2	6.4	46.7
Profit for the period	-	-	-	-	-	-	2.1	-	2.1
Exchange differences on translation of foreign operations	-	-	-	(0.4)	-	-	-	(0.1)	(0.5)
Total comprehensive income for the period	-	-	-	(0.4)	-	-	2.1	(0.1)	1.6
Dividend	-	-	-	-	-	-	(0.6)	-	(0.6)
Share-based payments	-	-	-	-	-	0.1	-	-	0.1
Balance at 30 June 2017 (Unaudited)	2.4	22.4	0.9	5.7	(7.3)	(0.3)	17.7	6.3	47.8
Balance at 31 December 2016	2.4	22.4	0.9	6.1	(7.3)	(0.4)	16.2	6.4	46.7
Profit for the year	-	-	-	-	-	-	4.1	0.4	4.5
Exchange differences on translation of foreign operations	-	-	-	(1.1)	-	(0.1)	-	(0.1)	(1.3)
Total comprehensive income for the year	-	-	-	(1.1)	-	(0.1)	4.1	0.3	3.2
Dividend	-	-	-	-	-	-	(0.6)	-	(0.6)
Non-controlling interests acquired and other movements during the year	-	-	-	-	(0.2)	-	-	0.1	(0.1)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.1)	-	(0.1)
Shared-based payments	-	-	-	-	-	(0.2)	-	-	(0.2)
Balance at 31 December 2017	2.4	22.4	0.9	5.0	(7.5)	(0.7)	19.6	6.8	48.9
Profit for the period	-	-	-	-	-	-	2.0	0.5	2.5
Exchange differences on translation of foreign operations	-	-	-	(0.2)	-	-	-	(0.1)	(0.3)
Total comprehensive income for the period	-	-	-	(0.2)	-	-	2.0	0.4	2.2
Dividend	-	-	-	-	-	-	(0.6)	-	(0.6)
Non-controlling interests acquired and other movements during the year	-	-	-	-	(0.2)	-	-	(0.1)	(0.3)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.4)	-	(0.4)
Share-based payments	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018 (Unaudited)	**2.4**	**22.4**	**0.9**	**4.8**	**(7.7)**	**(0.7)**	**20.6**	**7.1**	**49.8**

Condensed consolidated cash flow statement
Six months ended 30 June 2018

	6 months to 30 June 2018 Unaudited	6 months to 30 June 2017 Unaudited	Year to 31 December 2017
	£m	£m	£m
		Re-presented	
Profit for the period	**2.5**	2.1	4.5
Adjustments for:			
Depreciation and software amortisation	**0.4**	0.5	1.0
Amortisation of intangibles identified in business combinations	**0.8**	0.8	1.7
Loss on business disposed	**-**	-	0.9
Share-based payments	**-**	0.1	(0.2)
Net finance costs	**0.3**	0.3	0.6
Taxation charge	**1.4**	1.4	3.6
	5.4	5.2	12.1
Increase in trade and other receivables	**(2.1)**	(2.4)	(2.8)
Increase in trade and other payables	**0.7**	1.7	3.3
Cash generated from operations	**4.0**	4.5	12.6
Interest paid	**(0.4)**	(0.4)	(0.7)
Income taxes paid	**(1.8)**	(3.0)	(5.5)
Net cash from operating activities	**1.8**	1.1	6.4
Cash flows from investing activities			
Consideration paid for business acquisition	**-**	(5.6)	(5.6)
Consideration received for business disposals	**-**	-	0.1
Purchase of property, plant and equipment and software	**(0.6)**	(0.3)	(0.9)
Finance income	**0.1**	0.1	0.1
Net cash used in investing activities	**(0.5)**	(5.8)	(6.3)
Cash flows from financing activities			
Purchase of own shares in Employee Benefit Trust	**(0.4)**	-	(0.1)
Increase in overdrafts	**5.7**	12.0	15.3
Proceeds from bank loan	**1.0**	-	0.1
Repayment of bank loans	**(5.2)**	(3.9)	(9.2)
(Decrease)/increase in invoice financing	**(0.2)**	(0.3)	0.7
Dividends paid to shareholders	**(0.6)**	(0.6)	(0.6)
Dividends paid to non-controlling interests in subsidiaries	**(0.2)**	-	(0.1)
Net cash from financing activities	**0.1**	7.2	6.1
Net increase in cash and cash equivalents	**1.4**	2.5	6.2
Effect of foreign exchange rate changes	**(0.4)**	(0.1)	(0.6)
Cash and cash equivalents at beginning of the period	**25.9**	20.3	20.3
Cash and cash equivalents at end of the period	**26.9**	22.7	25.9
Bank overdrafts at beginning of the period	**(20.4)**	(5.1)	(5.1)
Increase in the period	**(5.7)**	(12.0)	(15.3)
Effect of foreign exchange rate changes	**-**	0.2	-
Bank overdrafts at end of the period	**(26.1)**	(16.9)	(20.4)
Cash, cash equivalents and bank overdrafts at end of the period	**0.8**	5.8	5.5

Notes to the interim financial statements
Six months ended 30 June 2018

1 Basis of preparation and 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 2018. 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 2017 has been derived from audited statutory accounts for the year ended 31 December 2017. The information for the year ended 31 December 2017 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 2018 and 2017 has been neither audited nor reviewed.

Going concern
The Group's activities are funded by a combination of long-term equity capital, revolving credit facilities, term loans, short-term invoice financing and bank overdraft facilities. The day to day operations are funded by cash generated from trading, invoice financing 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.

Re-presentation of cash pooling arrangements
As set out in the Group's 2017 annual report, following an agenda decision by the IFRS Interpretation Committee regarding offsetting and cash pooling arrangements, the Group has revised the presentation of its cash pooling arrangements. As a result the comparative balance sheet as at 30 June 2017 and the comparative cash flow statement for the 6 months to 30 June 2017 have been re-presented. The impact is to increase cash and cash equivalents and short term borrowings by £7.7m at 30 June 2017. This is a presentational change only and there is no impact on the Group's profit, net assets or adjusted net debt.

These interim financial statements were approved for issue by the Board of Directors on 21 August 2018.

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 2017.

Notes to the interim financial statements
Six months ended 30 June 2018

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 the Americas.

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

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

Six months to 30 June 2018	UK	Continental Europe	Asia Pacific	Americas	Intragroup	**Total**
	£m	£m	£m	£m	£m	**£m**
Revenue	42.1	47.2	68.2	21.0	(0.2)	**178.3**
Net fee income	11.6	7.5	10.9	4.2	(0.2)	**34.0**
Adjusted operating profit*	1.0	1.6	1.5	0.9	-	**5.0**
Operating profit	0.7	1.5	1.3	0.7	-	**4.2**

Revenue of Continental Europe includes £39.2m from Germany and Revenue of Asia Pacific includes £51.1m from New Zealand.

Six months to 30 June 2017	UK	Continental Europe	Asia Pacific	Americas	Total
	£m	£m	£m	£m	£m
Revenue	43.9	46.5	64.2	18.8	173.4
Net fee income	12.1	7.8	11.1	3.4	34.4
Adjusted operating profit*	0.9	1.9	1.8	0.3	4.9
Operating profit	0.7	1.8	1.3	-	3.8

Revenue of Continental Europe includes £39.4m from Germany and Revenue of Asia Pacific includes £46.2m from New Zealand.

Year to 31 December 2017	UK	Continental Europe	Asia Pacific	Americas	Total
	£m	£m	£m	£m	£m
Revenue	86.7	98.8	132.7	38.9	357.1
Net fee income	23.4	16.5	22.2	7.3	69.4
Adjusted operating profit*	2.2	5.1	3.5	0.8	11.6
Operating profit	1.7	4.9	1.8	0.3	8.7

Revenue of Continental Europe includes £83.9m from Germany and Revenue of Asia Pacific includes £97.5m from New Zealand.

* Adjusted operating profit is stated before exceptional items, gain or loss on business disposal, amortisation of intangibles identified in business combinations and fair value charge on the acquisition of non-controlling shares.

Notes to the interim financial statements
Six months ended 30 June 2018

4 Finance income and costs

	6 months to 30 June 2018 Unaudited £m	6 months to 30 June 2017 Unaudited £m	Year to 31 December 2017 £m
Finance income			
Bank interest receivable	**0.1**	0.1	0.1
	0.1	0.1	0.1
Finance costs			
On invoice financing facilities	**(0.1)**	(0.1)	(0.2)
Bank loans and overdrafts	**(0.3)**	(0.3)	(0.5)
	(0.4)	(0.4)	(0.7)
Net finance costs	**(0.3)**	(0.3)	(0.6)

5 Reconciliation of profit before tax to adjusted profit before tax

	6 months to 30 June 2018 Unaudited £m	6 months to 30 June 2017 Unaudited £m	Year to 31 December 2017 £m
Profit before tax	**3.9**	3.5	8.1
Fair value charge on acquisition of non-controlling shares	**-**	0.3	0.3
Loss on business disposal	**-**	-	0.9
Amortisation of intangibles identified in business combinations	**0.8**	0.8	1.7
Adjusted profit before tax	**4.7**	4.6	11.0

6 Taxation

The tax charge for the six month period is £1.4m (6 months ended 30 June 2017: £1.4m, year ended 31 December 2017: £3.6m), representing an effective tax rate of 37% (6 months ended 30 June 2017: 39%). On an adjusted basis (excluding adjusting items as set out in note 5 and their tax effect), the effective tax rate is 34% (6 months ended 30 June 2017: 33%). The tax charge for the period is assessed using the best estimate of the effective tax rates expected to be applicable 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 2018

7 Earnings per share

Basic and diluted earnings per share are calculated in accordance with IAS 33 Earnings Per Share. The group also presents adjusted earnings per share measures. A reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

	6 months to 30 June 2018 Unaudited £m	6 months to 30 June 2017 Unaudited £m	Year to 31 December 2017 £m
Earnings			
Earnings attributable to equity holders of the parent	**2.0**	2.1	4.1
Adjustments:			
Fair value charge on acquisition of non-controlling shares	**-**	0.3	0.3
Loss on business disposal	**-**	-	0.9
Amortisation of intangibles identified in business combinations	**0.8**	0.8	1.7
Non-controlling interests share of intangible amortisation	**(0.1)**	-	(0.2)
Tax on intangible amortisation	**(0.1)**	(0.2)	(0.4)
Earnings for the purpose of adjusted earnings per share	**2.6**	3.0	6.4
Number of shares			
Weighted average number of shares - basic	**50.7**	50.6	50.9
Dilution effect of share options	**0.4**	1.4	0.5
Weighted average number of shares - diluted	**51.1**	52.0	51.4
Earnings per share	**Pence**	Pence	Pence
Basic	**3.8**	4.1	8.0
Dilution effect of share options	**-**	(0.1)	(0.1)
Diluted	**3.8**	4.0	7.9
Earnings per share (adjusted)	**Pence**	Pence	Pence
Basic	**5.0**	5.9	12.6
Dilution effect of share options	**-**	(0.2)	(0.1)
Diluted	**5.0**	5.7	12.5

The weighted average number of shares in the basic calculation is calculated after adding the weighted average number of nil price share options which have vested but not been exercised and after deducting the weighted average number of shares held in the Empresaria Employee Benefit Trust.

The dilution on the number of shares is from share options granted to the Executive directors and senior executives which have not yet vested.

8 Borrowings

	30 June 2018 Unaudited	30 June 2017 Unaudited Re-presented	31 December 2017
	£m	£m	£m
Current			
Bank overdrafts	**26.1**	16.9	20.4
Amounts related to invoice financing	**9.4**	8.6	9.7
Bank loans	**1.4**	6.1	6.5
	36.9	31.6	36.6
Non-current			
Bank loans	**2.2**	7.0	1.3
	2.2	7.0	1.3
Total Borrowings	**39.1**	38.6	37.9

The following key bank facilities are in place at 30 June 2018:

A revolving credit facility of £10.0 million, expiring in June 2021. As at 30 June 2018 the amount outstanding is £2.0 million (30 June 2017: £5.5 million). Interest is payable at 1.5% plus LIBOR or EURIBOR.

A UK term loan of £1.2 million (30 June 2017: £2.7 million), expiring in October 2018. Interest is payable at 1.5% above UK base rate.

A German term loan of €5.0 million expired in February 2018 (30 June 2017: €5.0 million) and was replaced by an overdraft facility. Interest was payable at 3% above EURIBOR.

Overdraft facilities are in place in the UK with a limit of £7.5 million. The balance as at 30 June 2018 was £4.4 million (30 June 2017: £4.7 million). The interest rate was fixed at 1% above applicable currency base rates. A $1.5 million overdraft facility to provide working capital funding to Pharmaceutical Strategies was replaced with a US facility of $2 million. The balance on the $2 million facility is $0.5 million (30 June 2017: balance on the $1.5 million facility of $0.7 million). Interest on this USD facility is payable at 2% over LIBOR. A €13 million (30 June 2017: €8.0 million) overdraft facility is also in place in Germany. This loan facility increased by €5 million on the expiration of the term loan. The balance at 30 June 2018 was €10.3 million (30 June 2017: €4.4 million). Interest is payable at EURIBOR plus 2.3%.

The UK facilities are secured by a first fixed charge over all book and other debts given by the Company and certain of its UK subsidiaries, Headway in Germany and Rishworth Aviation in New Zealand.
Other overseas overdraft and loans had interest rates of between 1.0% and 7.4%.

9 Adjusted net debt

a) Adjusted net debt	**30 June 2018 Unaudited £m**	30 June 2017 Unaudited £m Re-presented	31 December 2017 £m
Cash and cash equivalents	**26.9**	22.7	25.9
Cash held in respect of pilot bonds	**(7.3)**	(6.4)	(7.5)
Adjusted cash	**19.6**	16.3	18.4
Total borrowings (see note 8)	**(39.1)**	(38.6)	(37.9)
Adjusted net debt	**(19.5)**	(22.3)	(19.5)

Cash held in respect of pilot bonds represents unrestricted funds held by Rishworth Aviation against the pilot bonds liability disclosed in more detail in note 10. While there is no legal restriction over this cash there is a requirement to repay the bond over the period of the pilots' contracts and as such this amount is excluded from the definition of adjusted net debt.

b) Movement in adjusted net debt	**6 months to 30 June 2018 Unaudited £m**	6 months to 30 June 2017 Unaudited Re-presented £m	Year to 31 December 2017 £m
As at 1 January	**(19.5)**	(15.7)	(15.7)
Net increase in cash and cash equivalents per consolidated cash flow statement	**1.4**	2.5	6.2
Increase in overdrafts and loans	**(1.5)**	(8.1)	(6.2)
Decrease/(increase) in invoice financing	**0.2**	0.3	(0.7)
Currency translation differences	**(0.3)**	(0.1)	(0.8)
Adjusted for decrease/(increase) in cash held in respect of pilot bonds	**0.2**	(1.2)	(2.3)
	(19.5)	(22.3)	(19.5)

10 Trade and other receivables

	30 June 2018 Unaudited £m	30 June 2017 Unaudited £m	31 December 2017 £m
Trade receivables	**44.8**	43.3	44.0
Less provision for impairment of trade receivables	**(0.3)**	(0.7)	(0.8)
Net trade receivables	**44.5**	42.6	43.2
Prepayments	**2.1**	2.3	1.5
Accrued income	**2.7**	3.0	3.1
Deferred and contingent consideration	**0.2**	0.2	0.2
Corporation tax receivable	**1.7**	0.7	1.8
Other receivables	**3.7**	3.5	3.3
	54.9	52.3	53.1

Notes to the interim financial statements
Six months ended 30 June 2018

11 Trade and other payables

	30 June 2018 Unaudited £m	30 June 2017 Unaudited £m	31 December 2017 £m
Current			
Trade payables	**2.1**	2.1	2.1
Other tax and social security	**8.1**	7.9	8.4
Pilot bonds*	**7.3**	6.4	7.5
Client deposits	**0.9**	0.8	0.7
Temporary recruitment worker wages	**4.0**	4.2	3.9
Other payables	**2.2**	1.5	2.0
Accruals	**17.7**	18.0	17.4
	42.3	40.9	42.0

* The pilot bonds represent unrestricted funds held by Rishworth Aviation that are repayable to the pilot over the course of the contract, which typically last between three and five years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason the value is shown as a current liability. If the bonds are repaid in line with existing contracts, £4.3m would be repayable in more than one year (30 June 2017: £4.0m, 31 December 2017: £4.5m).