



**Empresaria** Group plc

**An international specialist  
staffing group.**

**Balance and diversity runs  
through our business.**



**Summary Report 2014**

# Empresaria Group plc

## About Empresaria

**Empresaria is an international specialist staffing group, with a strategy to be diversified and balanced across geographies and sectors, with a focus on high-growth markets. The Group follows a multi-branded business model operating in 18 countries.**

The Group is organised across three regions: UK, Continental Europe and Rest of the World and operates across six key sectors. We target a balanced and diversified spread of operations across our regions and sectors to minimise the dependence on any single market, so reducing the impact from market fluctuations and other external factors. We also target professional and specialist job levels where our brands can offer value added services to clients.

The Group applies a philosophy of management equity to align the interests of shareholders and key management through the sharing of risk and reward, with operating company management teams investing directly in their own businesses. There is a decentralised structure with local management retaining operational autonomy and central functions focussing on financial planning and control, Group development and administration.

### Chairman's statement

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### Cautionary statement

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

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

## Highlights

- Revenue of £187.9m down 3% with negative currency impact and a focus on higher margin work
- Net fee income up 5% on prior year, despite currency impact
- Conversion ratio\* increases to 14.7% from 14.2%
- Operating profit up 16% to £6.4m
- Profit before tax up 20% to £5.9m
- Diluted earnings per share up 44% to 7.5p
- Strong recovery in German profits after restructuring in 2012 and 2013
- Continued growth of Offshore Recruitment Services in India
- Net debt reduced by 36% to £9.8m
- Organic investments in Chile, Hong Kong, Malaysia, Mexico and UK
- Investment in March 2014 in Dubai based professional staffing company
- Investment in December 2014 in UK based marketing recruitment company

**Net fee income**

+5%▲

**Adjusted profit before tax**

+13%▲

**Adjusted eps**

+29%▲

**Proposed dividend**

+100%▲

	2014	2013	2012	2011	2010
Revenue (£m)	187.9	194.4	194.3	208.9	206.8
Gross profit (£m)	44.6	42.6	43.9	46.9	46.5
Operating profit (£m)	6.4	5.5	4.4	2.8	7.2
Adjusted operating profit (£m) **	6.6	6.0	5.4	5.3	7.4
Profit before tax (£m)	5.9	4.9	3.6	1.9	6.5
Adjusted profit before tax (£m) **	6.1	5.4	4.6	4.5	6.6
Diluted earnings/(loss) per share (pence)	7.5	5.2	3.0	(0.4)	7.0
Adjusted diluted earnings per share (pence) **	8.0	6.2	5.0	4.0	6.2
Proposed dividend per share (pence)	0.70	0.35	0.35	0.35	0.35

\* Conversion ratio defined as the adjusted operating profit as a percentage of net fee income.

\*\* Adjusted measures exclude amortisation of intangible assets, gains or losses on business disposals, movements on put and call options and exceptional items.

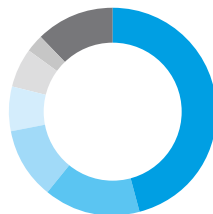
## Group at a glance

### 3 REGIONS



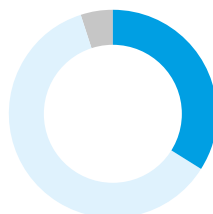
- UK – 35%
- Continental Europe – 34%
- Rest of the World – 31%

### 6 CORE SECTORS



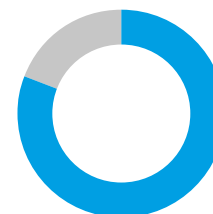
- Technical & Industrial – 46%
- IT, digital & design – 15%
- Financial – 11%
- Retail – 7%
- Executive search – 6%
- Healthcare – 3%
- Other services – 12%

### RECRUITMENT SERVICES



- Permanent – 34%
- Temporary – 61%
- Other – 5%

### SPECIALIST BUSINESS



- Professional & Specialist – 81%
- General – 19%

## UK

£'m	2014	2013	2012
Revenue	65.8	70.7	66.5
Net fee income	15.9	15.8	16.0
Adjusted operating profit	2.2	2.1	2.2
% of Group net fee income	35%	37%	36%
Average number of employees	197	197	201

## Continental Europe

Countries of operation: Germany, Austria, Finland, Estonia

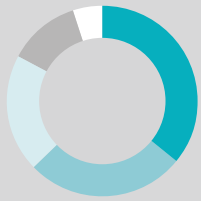
£'m	2014	2013	2012
Revenue	76.8	76.9	83.2
Net fee income	15.0	13.9	15.7
Adjusted operating profit	3.2	1.8	1.7
% of Group net fee income	34%	33%	36%
Average number of employees	132	155	198

## Rest of the World

Countries of operation: Japan, Indonesia, India, Australia, Chile, UAE, Thailand, Singapore, China, Hong Kong, Philippines, Malaysia, Mexico

£'m	2014	2013	2012
Revenue	45.3	46.8	44.6
Net fee income	13.7	12.9	12.2
Adjusted operating profit	1.2	2.1	1.5
% of Group net fee income	31%	30%	28%
Average number of employees	613	509	435

% Net fee income by sector



- Technical & industrial – 36%
- Financial – 27%
- Other services – 20%
- IT, digital & design – 12%
- Retail – 5%

% Net fee income by services



- Permanent – 50%
- Temporary – 50%

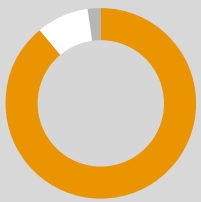
% Net fee income by job levels



- Professional & Specialist – 83%
- General – 17%

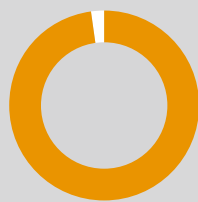


% Net fee income by sector



- Technical & industrial – 90%
- Healthcare – 8%
- IT, digital & design – 2%

% Net fee income by services

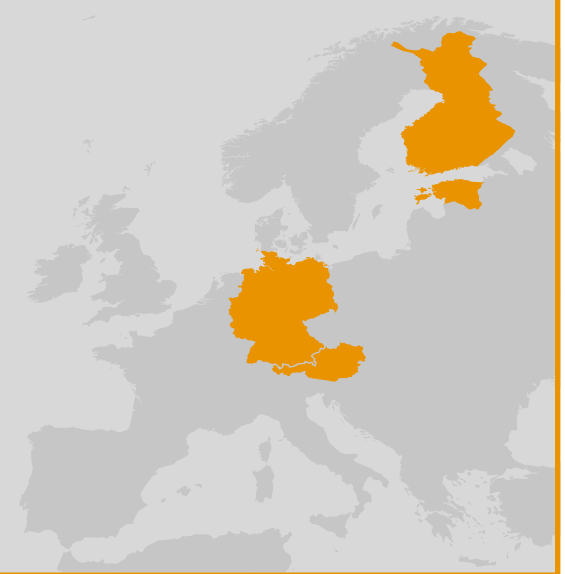


- Temporary – 98%
- Permanent – 2%

% Net fee income by job levels



- Professional & Specialist – 68%
- General – 32%



% Net fee income by sector



- IT, digital & design – 32%
- Executive search – 19%
- Retail – 17%
- Other services – 17%
- Technical & industrial – 10%
- Financial – 5%

% Net fee income by services



- Permanent – 50%
- Temporary – 34%
- Other – 16%

% Net fee income by job levels



- Professional & Specialist – 93%
- General – 7%

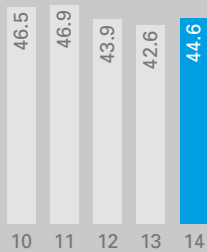


## Chairman's statement



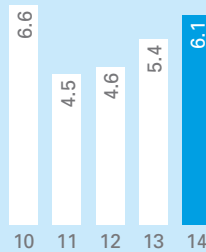
"The Group delivered a strong growth in profit and earnings per share in 2014, despite the negative impact of foreign exchange."

Net fee income (£m)



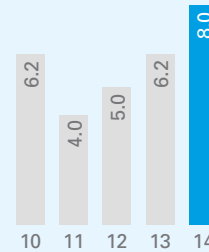
**+3% £44.6m**  
(2013: £42.6m)

Adjusted profit before tax (£m)



**+13% £6.1m**  
(2013: £5.4m)

Adjusted EPS (p)



**+29% 8.0p**  
(2013: 6.2p)

Diluted earnings per share grew strongly by 44% to 7.5p in line with our vision to deliver sustainable growth in earnings per share. On an adjusted basis it grew by 29% to 8.0p, increasing for the third year in a row.

**+44%**



## Performance overview

The Group delivered a strong growth in profit and earnings per share in 2014, despite the negative impact of foreign exchange.

In 2014, the Group generated revenue of £187.9m (2013: £194.4m). However, net fee income grew 5% to £44.6m (2013: £42.6m). There were three primary factors that influenced the small decline in revenue during the year: Firstly were adverse currency movements, in particular from Indonesia, Japan and the Euro-zone. On a constant currency basis revenue was up 2% and net fee income increased 11% on prior year. The second impact was lower volumes within the Technical & Industrial sector, due to the completion of a large airport project in the UK and a reduction in lower pay work in line with our strategy of focussing on professional and specialist job levels. Finally, the impact of the prior year disposal and branch closures outweighed revenues generated from the businesses acquired during the year.

Market conditions have generally been good during the year, particularly in the UK. However we are mindful that our markets continue to be influenced by uncertainty, illustrated by the recent drop in oil price and the impact of the Greek elections on the Euro currency.

We are pleased to report the gross margin increased to 23.8% (2013: 21.9%), helped by an increase in permanent sales of 7% and an increase in the temporary margin to 16.3% (2013: 15.3%), although temporary sales reduced by 4%. Permanent sales now account for 38% of net fee income (2013: 36%), helped by the new office openings in recent years being in markets that are primarily focused on permanent sales.

Operating profit grew by 16% to £6.4m (2013: £5.5m), with costs being tightly managed to help the conversion ratio improve to 14.7% (2013: 14.2%). Interest costs were down on the prior year due to the reduction in debt levels, resulting in profit before tax increasing 20% to £5.9m. On an adjusted basis, excluding amortisation, exceptional items and profit or loss on disposal of businesses, operating profit was £6.6m up 10% on prior year and profit before tax was £6.1m, up 13%.

Diluted earnings per share grew strongly by 44% to 7.5p in line with our vision to deliver sustainable growth in earnings per share. On an adjusted basis it grew by 29% to 8.0p, increasing for the third year in a row.

We have made good progress in reducing our debt. During the year the Group generated £6.7m of cash from operations which enabled a reduction in net debt from £15.2m to £9.8m during the period. This was achieved despite our continued investment in the business through opening new offices and purchasing stakes in two businesses in Dubai and the UK, the latter only being finalised in December 2014. The benefit of these investments

will be seen over the next few years. We are committed to developing our brands for long-term profit growth through organic and external investment.

## Operational performance

### UK

In the UK revenue declined by 7% due to a reduction in the Technical & Industrial sector which was predominantly driven by the completion of a large project coupled with the deliberate move away from low value work. This was partially offset by growth from Financial services and Domestic services, with the banking and insurance markets seeing a marked rise in confidence in the year. Net fee income grew by 1% to £15.9m (2013: £15.8m), but adjusting for the prior year branch closures and disposal of the payroll services business the underlying growth was 6%. An improvement in the conversion ratio resulted in adjusted operating profit growth of 4% to £2.2m (2013: £2.1m). We opened new offices in Manchester during the year in Technical & Industrial and Domestic services, so we now have three sectors operating in this market.

## Trading summary

£'m	2014	2013	% change	% change constant currency**
Revenue	187.9	194.4	(3%)	2%
Net fee income	44.6	42.6	5%	11%
Operating profit	6.4	5.5	16%	24%
Profit before tax	5.9	4.9	20%	31%
Adjusted operating profit*	6.6	6.0	10%	16%
Adjusted profit before tax*	6.1	5.4	13%	22%

\* The adjusted operating profit and adjusted profit before tax figures exclude exceptional items, profit or loss on disposal of businesses and intangible amortisation.

\*\* The like-for-like currency movement is calculated by translating the 2013 results at the 2014 exchange rates.

## Chairman's statement continued

### Continental Europe

The strongest profit growth in the year came from Continental Europe, with adjusted operating profit increasing to £3.2m, up 79% on prior year (2013: £1.8m). Revenue was marginally down in the year at £76.8m (2013: £76.9m) with net fee income up 8% to £15.0m (2013: £13.9m). Currency movements impacted on these results, with revenue up 5% and net fee income up 14% on a constant currency basis. Germany was the main driver for profit growth, which was particularly pleasing following the branch restructuring and cost reductions in previous years. All claims for retrospective pay and social security have been agreed with the completion of the 2010 audit, and no further claims are able to be made. We therefore released £0.1m of provision that was no longer required, concluding this matter. Whilst the changes to the business were difficult, the result is a much improved structure and solid foundation from which to grow the business. We are excited with the team we have in place and see opportunities to grow our presence in the market. In Finland, the business returned to profit in the year, although market conditions remain difficult due to the severe economic situation. In line with our strategy, in the beginning of 2015 we disposed of and closed down the underperforming small businesses in Czech Republic and Slovakia respectively.

### Rest of the World

In the Rest of the World region we saw revenue decline by 3% to £45.4m (2013: £46.8m). However, net fee income grew 6% to £13.7m (2013: £12.9m). Again we suffered from negative currency impacts, with revenue up 10% and net fee income up 9% in constant currency, excluding the positive impact from the investment in Dubai. There were particularly good performances in Japan, India, Thailand and Australia. Due to the costs associated with the

investments in new offices in Mexico City, Santiago, Kuala Lumpur and Hong Kong, adjusted operating profit reduced to £1.2m (2013: £2.1m), although £0.3m of this variance was due to adverse currency movements. We have started to restructure our training business in Indonesia and our executive search business in China, where less favourable economic conditions have had a short-term negative impact on profit. The standalone search business in Malaysia was sold to management in January 2015 following a small loss in the year. However, the opening of a new office in Kuala Lumpur by Monroe Consulting means we remain present in this market.

### Investments

As well as the organic investment in opening new offices we also brought two new high quality companies into the Group.

In March we purchased 51% of BW&P FZ LLC, a professional search firm operating from Dubai and servicing clients throughout the GCC states, which creates an exciting new growth market for the Group. The company specialises in construction and engineering but also covers a wider range of professional sectors. The region is benefitting from significant infrastructure spend, with key projects such as the Expo 2020 in Dubai leading to over US\$6.5bn of investment, as well as the 2022 football world cup in Qatar. The business is not directly reliant on the oil price and the experienced management team has a proven track record in the region. The business has been operating for three years and has demonstrated strong growth during that time. We believe it will become one of the key recruiters in the region.

In December we purchased 75% of Ball and Hoolahan Limited, a specialist UK based recruiter serving the marketing industry. Ball and Hoolahan

has been operating for 25 years and has a strong reputation in the market. It focuses on servicing the corporate marketplace working with a range of leading brands in the UK and Europe. Ball and Hoolahan is a complementary addition to our Become brand, which specialises in the creative, media and digital sectors, strengthening our offering in the Creative sector (part of IT, digital & design). We see exciting opportunities to expand the Ball and Hoolahan business across the Become offices, currently London, Manchester, Sydney, Melbourne and Hong Kong, as well as increasing their temporary and interim recruitment offering.

### People

A key part of our business model is management equity, aligning key management and shareholder interests. This approach enables Empresaria to attract and retain the best people and I am pleased that during the year the number of management shareholders with an equity stake in their business increased by 7 to 44. We expect to increase this further during 2015.

The success of the Group is down to the hard work and commitment of our staff and the Board would like to thank every individual for their contribution to the business.

### Governance

The Group adopts high standards of corporate governance which we believe is a core requirement for a successful business operating across different regions with separate brands. There is a strong culture of financial control in the Group, with clear policies covering corporate conduct and governance. The Board develops the Group's corporate governance arrangements with reference to the UK Corporate Governance Code.



### Dividend

The Board has reviewed the dividend in the light of the strengthening balance sheet and reduction in total debt. For the year ending 31 December 2014 the Board has proposed a final dividend of 0.70p per share (2013: 0.35p per share) which, if approved by shareholders at the Annual General Meeting, will be paid on 12 June 2015 to shareholders on the register on 22 May 2015.

### Our strategy

Our priority is to deliver a sustainable growth in earnings per share which we will achieve by developing leading specialist brands. We remain committed to being diversified by region and sector.

### Outlook

The Group has delivered a strong growth in profit and earnings per share, and has continued to deliver against the clear growth strategy. The Board is focused on driving further growth to build the business and enhance shareholder value. We see exciting opportunities for growth across our network, particularly from the investments made in 2014, and look forward to the year ahead with confidence.

**Anthony Martin**  
Chairman

4 March 2015



The Group has delivered a strong growth in profit and earnings per share, and has continued to deliver against the clear growth strategy.



## Key performance indicators

These are used to measure progress against objectives and strategy.

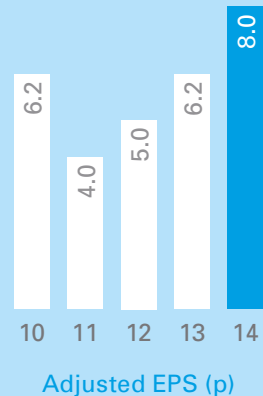
### Adjusted Earnings per share growth

This demonstrates the return to shareholders. Our strategy is designed to deliver a sustainable growth in earnings per share.

The remuneration of the executive directors (annual bonus and LTIP) is linked to this measure.

#### Progress

EPS grew by 29%.



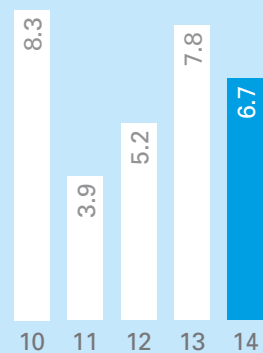
### Cash generated from operations

This demonstrates how much cash is being generated from the operations of the business before investing and financing decisions. To be able to reduce debt levels we need to generate positive cash flow. It is measured as the operating profit of the Group, excluding non-cash items and including working capital movements.

The remuneration of the executive directors (annual bonus) is linked to this measure.

#### Progress

This reduced to £6.7m (2013: £7.8m), due to an increase in funding for working capital.



### Net fee income growth

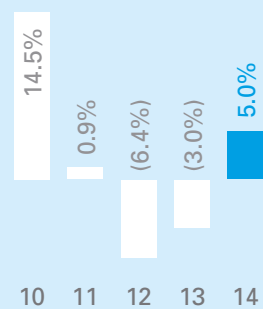
Sustainable growth in net fee income is needed to deliver long term growth in net profit and earnings per share.

#### Target

Average annual growth of 10%.

#### Progress

The growth in the year was 11% in constant currency, with a reported growth of 5%, representing a return to positive growth.



### Conversion ratio

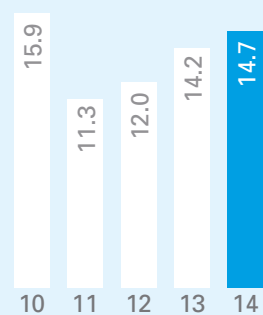
This demonstrates how efficiently the business is operating and how well the cost base is being managed. It measures the adjusted operating profit as a percentage of net fee income.

#### Target

Reach 20% ratio over 5 years.

#### Progress

The conversion ratio increased from 14.2% to 14.7%, the third consecutive year of increase.



### Number of managers holding equity

This demonstrates how many senior managers around the Group are incentivised through equity ownership in their companies which is a key part of our business model.

#### Target

All brands have management holding equity.

#### Progress

The total number of managers has increased by 7. Currently 3 brands have no management holding equity (2013: 5).

2014: 44

2013: 37

### % of net fee income from Professional & Specialist roles

This demonstrates how much of the business is from professional and specialist positions.

#### Target

We want to maximise our exposure to professional and specialist job levels as these are generally higher margin sectors where specialist brands can offer added value services.

#### Progress

There has been a 3 percentage point improvement during the year, helped by the investments made in the year and improvement in the Technical & Industrial sector in the UK and Germany.

2014: 81%

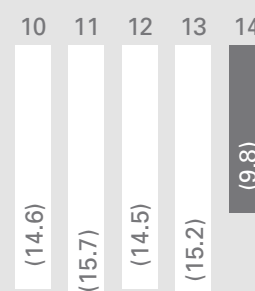
2013: 78%

### Total net debt

This demonstrates the financial strength of the business.

#### Progress

Total debt reduced by 36% to £9.8m from £15.2m.



Total net debt (£m)

### Debt as a % of debtors

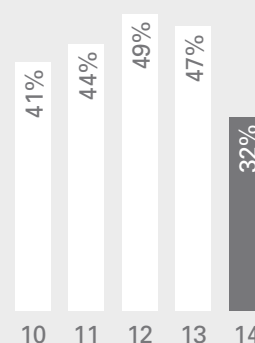
This demonstrates how leveraged the Group is. The Group needs a sound financial foundation for long-term sustainability and to be able to react to opportunities in the market.

#### Target

To reduce this to 25%.

#### Progress

This reduced to 32% from 47% in the prior year.



Total debt as a % of trade debtors

## Finance review



“The Group maintains a range of appropriate facilities to manage its working capital and medium-term financing requirements.”

Tax rate

**35%**  
(2013: 43%)

Total bank facilities

**£32.5m**  
(2013: £30.2m)

Proposed dividend

**70p**  
(2013: 35p)

Total net debt  
reduced to £9.8m  
(£15.2m)

**▼36%**



A description of the performance of the business in the year is included in the Chairman's statement.

### Finance income and costs

Finance income was £0.1m (2013: £0.1m), all being bank interest income. Finance costs were £0.6m (2013: £0.7m), which all related to interest payable on invoice discounting, bank loans and overdrafts.

### Exceptional items

In Germany there was the release of £0.1m of the provision for claims for retrospective pay and social security following an agreed position on this matter with the authorities.

### Loss on business disposals

In 2014 we entered into sale agreements to dispose of GiT in Czech Republic and Metis in Malaysia. The completion of these transactions took place during the first two months of 2015. We have recognised a £0.1m provision for the expected loss on disposal of these businesses. The underlying disposals were at nil gain or loss with the provision relating to the recycling of the cumulative currency reserve required on a disposal.

### Taxation

The total tax charge in the year is £2.1m (2013: £2.1m) representing an effective tax rate of 35% (2013: 43%). There is an ongoing tax audit in Germany covering the years 2007 to 2011 which we expect to conclude during 2015. The profits earned by the Group are subject to different tax rates in the countries in which the Group operates with the majority of profits being taxed at higher rates than in the UK.

### Dividend

During the year, the Group paid a dividend of £0.2m in respect of the year ended 31 December 2013, amounting to 0.35p per share. For the year ended 31 December 2014, the Board is proposing a dividend of 0.70p per share, which if approved by shareholders at the Annual General Meeting, will be paid on 12 June 2015 to shareholders on the register on 22 May 2015.

### Treasury

The Group's treasury function is centrally managed. The treasury policy is that speculative transactions are not permitted and where possible debt should match the location and currency of the related assets. The following matters are reserved for Board approval:

- Changes to the Group's capital structure;
- Approval of Group financing arrangements or significant changes to existing arrangements;
- Approval of treasury policies and any activity involving forward contracts, derivatives, hedging activity and significant foreign currency exposures; and
- Approving the appointment of any of the Group's principal bankers.

Treasury is managed to deal with the following risk areas.

### Liquidity & Funding risk

The Group maintains a range of appropriate facilities to manage its working capital and medium-term financing requirements. At the year-end the Group had banking facilities totalling £32.5m (2013: £30.2m) with the increase coming from overdraft facilities.

	2014 £m	2013 £m
Overdrafts (UK)	4.8	2.8
Revolving credit facility (UK)	7.8	8.3
Term loan (UK)	0.8	1.4
Overdrafts and other loans (non-UK)	6.1	4.7
Invoice financing facility (UK)	13.0	13.0
	32.5	30.2
Amount of facility undrawn at year-end	10.2	7.1

The amount of facility undrawn of £10.2m (2013: £7.1m) excludes the headroom on the invoice financing facility. The invoice financing facility is available to the UK companies only. The term loan of £0.8m (2013: £1.4m) expires in 2016.

The Group has agreed in principle new facilities with HSBC which are in the process of obtaining credit approval. The UK revolving credit facility, which has been used for German working capital financing, will be replaced by a 3 year term loan of €5m and increased overdrafts of €8m provided directly to the business in Germany. In the UK the Sterling and euro overdrafts will be consolidated into a new £5m facility which applies across the whole year.

Group net debt decreased to £9.8m at 31 December 2014 (2013: £15.2m), as detailed below:

	2014 £m	2013 £m
Cash at bank and in hand	7.8	5.7
Overdraft facilities	(2.4)	(2.1)
Invoice financing	(8.1)	(10.8)
Bank loans	(7.1)	(8.1)
Total net debt	(9.8)	(15.2)

## Finance review continued

The Group had to meet certain bank covenant tests on a quarterly basis. These tests were all met during the year. The figures at year end were:

Covenant	Target	Actual 2014	Actual 2013
Net debt: EBITDA	< 2.5 times	0.4	0.8
Interest cover	> 3.0 times	14.4	10.6
Debt service cover	> 1.25 times	3.8	3.4

### Interest rate risk

The Group's bank facilities are subject to floating interest rates. This is expected to match the interest costs with the economic cycle (eg when interest rates are higher there is typically better economic growth and so for a cyclical industry such as recruitment, profits should be greater when the economy is performing positively). The majority of facilities are now in place to fund specific working capital requirements for temporary recruitment businesses. During a downturn there is typically an unwinding of working capital as trade receivables are collected, so reducing the financing requirement and subsequent interest cost.

Within the UK Group the majority of bank accounts are included in a cash pooling arrangement. An interest optimisation model allows currency balances (including overdrafts) to be included within the cash pooling arrangement. With interest income not generally paid on current accounts, the Group aims to minimise the external interest cost by repatriating surplus funds from around the Group to minimise the use of the overdraft facilities.

Finance costs were £0.6m (2013: £0.7m), which all related to interest payable on invoice discounting, bank loans and overdrafts. The effective interest rate for the year was 3.4% (2013: 3.4%).

### Foreign exchange risk

There was a foreign exchange loss of £11,000 (2013: gain of £457,000).

The Group remains open to translation risk from reporting overseas results in Sterling. We do not actively hedge

this exposure, with the diversity of operations across different countries providing an element of natural hedge. During the year, we witnessed significant movements in exchange rates, as detailed below:

Currency	Decline in value versus Sterling in the year using average rates (P&L)	Decline/ (increase) in value versus Sterling using closing rates (Balance Sheet)
Japanese Yen	14%	7%
Indonesian Rupiah	19%	(4%)
Australian Dollar	13%	3%
Indian Rupee	10%	(4%)
Chilean Peso	21%	9%

### Credit risk

The main credit risks arise through the use of different banks across the Group and on the Group's trade receivables. The credit ratings of the banks used within the Group are monitored with a target that no more than 10% of Group cash is held in banks with a rating below BBB (Fitch rating) or equivalent. This target was fully met throughout the year.

Debtor days are reviewed monthly with high balances followed up with local management. Average debtor days for the Group in 2014 were 52 (2013: 50), with a year-end balance of 51 (2013: 54 days). The debtor days in UAE are higher than the Group average, in line with typical business practice in this region. This is an area of particular focus to improve in 2015.

### Cashflow

Net debt decreased by £5.4m in the year to £9.8m (2013: £15.2m). The main areas of expenditure were on business investments and purchasing shares in existing subsidiaries, which was a net £1.6m. Dividend payments were £0.4m, of which £0.2m was to Group shareholders. There was a net funding of working capital of £0.5m in the year, against an unwinding of £1.8m in the prior year. The net tax and interest payment was £1.5m, down £0.9m on 2013, mostly due to the phasing of tax payments in Germany.

### Investments and disposals

During the year, the Group made the following investments and purchases of shares in subsidiaries held by minority shareholders:

- In March 2014, 51% of the shares in BW&P FZ LLC, A Dubai based recruiter specialising in the Technical & Industrial sector, for an initial cash payment of £0.3m. Two further payments are contingent on the performance of the company during the two years ended 31 December 2015. We do not expect to make any payments under this arrangement and no contingent consideration has been recognised.
- In July 2014, we increased our effective shareholding in Intelligence HR, our executive search company in Shanghai for initial cash consideration of £0.3m, with a further £0.1m deferred until 2015.
- In December 2014, 75% of the shares in Ball and Hoolahan Limited, a UK marketing recruiter in the IT, digital and design sector, for an initial cash payment of £1.0m. Cash

of £0.1m was acquired as part of the transaction. A further payment is contingent on the results for the twelve months ended 31 March 2015, with £0.4m recognised in the accounts at year-end.

The Group received £0.1m in deferred consideration from the disposal made in 2011 of the supply chain business in the UK and the disposal in 2013 of the Bar 2 payroll business. There was also the final payment of deferred consideration for MediradiX following the purchase of management equity in July 2013.

#### Post balance sheet events

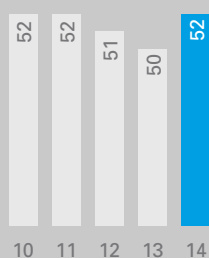
In January and February 2015 the Group completed the disposals of 55% of Metis Consulting and 100% of GiT Consult Czech SPA respectively.

#### Going concern

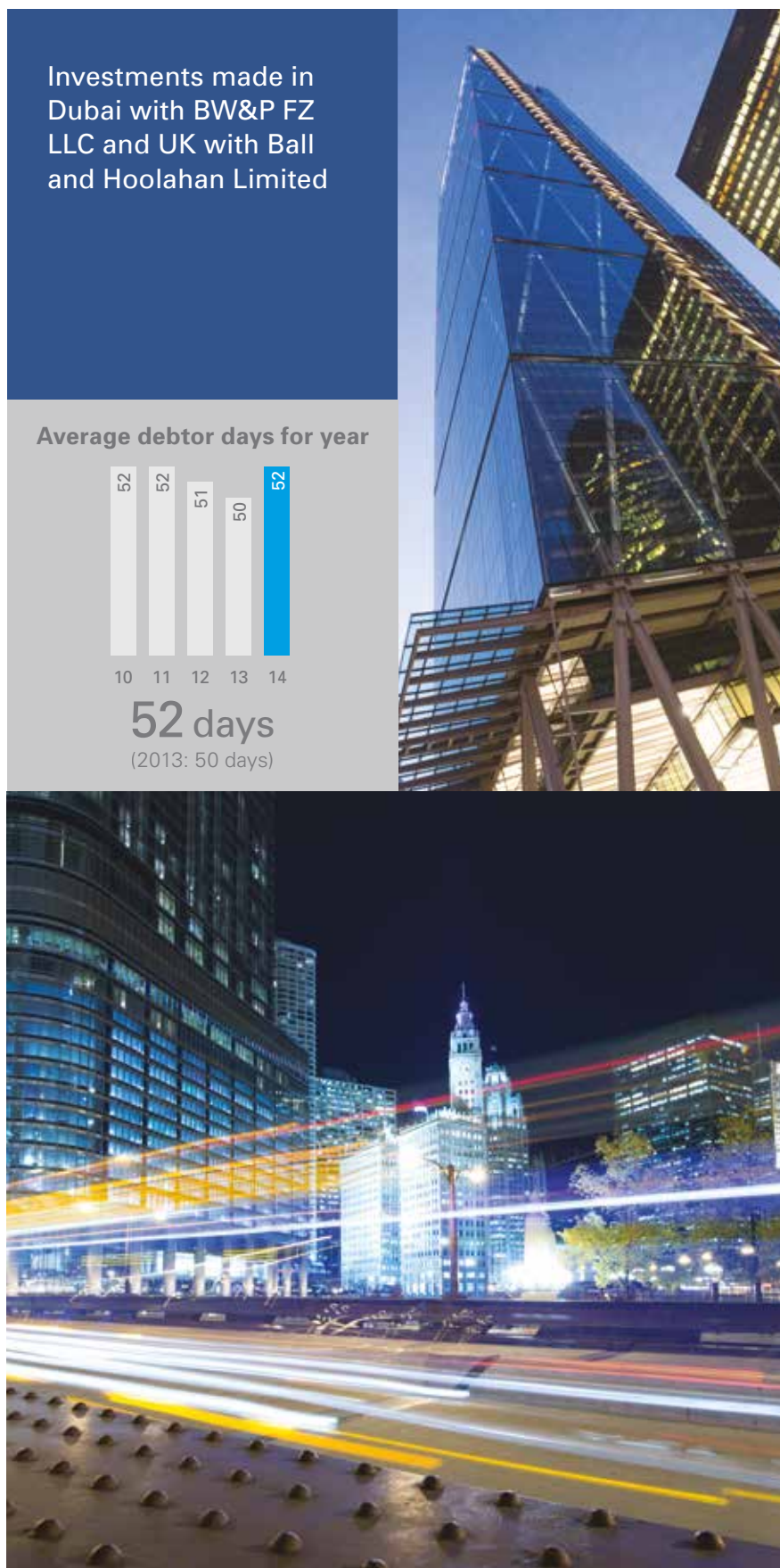
The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. The Group has an existing revolving credit facility in place until March 2016. Credit approval is in the process of being approved by the bank to replace this with a new term loan and overdraft in Germany and increased overdraft facilities in the UK. The Group has been fully compliant with its bank covenants during the year and based on forecasts this is expected for the remainder of the term of the revolving credit facility. Given these developments and the business forecasts, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

#### Investments made in Dubai with BW&P FZ LLC and UK with Ball and Hoolahan Limited

#### Average debtor days for year



**52 days**  
(2013: 50 days)



## Board of Directors



**Anthony Martin  
(Chairman)**

**Appointed: July 2004**

**Committee Membership:** None

**Skills & experience**

Anthony has over 30 years experience of running international specialist staffing companies. He served as Chairman and CEO of Select Appointments (Holdings) Plc from 1992 to 1999 when he became Vice Chairman and member of the Board of Management of Vedior NV, the world's third largest staffing services group. In August 2000 he assumed the role of Chairman and CEO, which he served until his retirement in February 2004. Anthony held the position of Executive Chairman at Corporate Services Group until standing down in September 2007.

**Other key external appointments**

None



**Joost Kreulen  
(Chief Executive Officer)**

**Appointed: January 2012**

**Committee Membership:** None

**Skills & experience**

Joost has 28 years experience of working in the staffing sector. He has been with Empresaria since 2009. He was initially responsible for its Asian operations and more recently also for a number of its UK based businesses. He was appointed Chief Operating Officer and Chief Executive Officer designate on 7 September 2011. Prior to joining Empresaria, Joost had spent 20 years working in various roles for businesses which now form part of Randstad N.V., most recently as head of specialist staffing operations in the Netherlands.

**Other key external appointments**

None



**Spencer Wreford  
(Group Finance Director)**

**Appointed: May 2010**

**Committee Membership:** None

**Skills & experience**

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

**Other key external appointments**

None





**Penny Freer  
(Non-Executive Director)**

**Appointed: December 2005**

**Committee Membership:**

Remuneration Committee (Chairman),  
Nomination Committee (Chairman),  
Audit Committee

**Skills & experience**

Penny has worked in investment banking for over 25 years. She is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chairman of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Together with Zach Miles, Penny performs the role of Senior Independent Director.

**Other key external appointments**

Senior Independent Director,  
Advanced Medical Solutions plc;  
Non-Executive Director, Crown Place  
VCT plc.



**Zach Miles  
(Non-Executive Director)**

**Appointed: October 2008**

**Committee Membership:**

Audit Committee (Chairman),  
Remuneration Committee,  
Nomination Committee

**Skills & experience**

Zach has 27 years experience working in the staffing sector, as a Finance Director, CEO and Chairman. Before joining Empresaria Zach held the position of Chairman and Chief Executive Officer of Vedior N.V. He was a member of the Board of Management from 1999, and Chairman since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments (Holdings) Plc. His career in the recruitment industry began in 1988. He was formerly a partner in the international accountancy firm Arthur Andersen and is a qualified Chartered Accountant. Together with Penny Freer, Zach performs the role of Senior Independent Director.

**Other key external appointments**

Chairman of the Board of Trustees of  
The Abbeyfield Kent Society.

## Consolidated income statement

	2014 £m	2013 £m
<b>Continuing operations</b>		
<b>Revenue</b>	187.9	194.4
Cost of sales	(143.3)	(151.8)
<b>Net fee income</b>	44.6	42.6
Administrative costs	(38.0)	(36.6)
<b>Operating profit before exceptional items, loss on business disposal and intangible amortisation</b>	6.6	6.0
Exceptional items	0.1	(0.3)
Loss on business disposal	(0.1)	–
Intangible amortisation	(0.2)	(0.2)
<b>Operating profit</b>	6.4	5.5
Finance income	0.1	0.1
Finance costs	(0.6)	(0.7)
<b>Profit before tax</b>	5.9	4.9
Tax	(2.1)	(2.1)
<b>Profit for the year</b>	3.8	2.8
<b>Attributable to:</b>		
Equity holders of the parent	3.5	2.4
Non-controlling interest	0.3	0.4
	3.8	2.8
<b>From continuing operations</b>		
<b>Earnings per share</b>		
Basic	7.8	5.2
Diluted	7.5	5.2
<b>Earnings per share (adjusted)</b>		
Basic	8.3	6.2
Diluted	8.0	6.2

## Consolidated statement of comprehensive income

	2014 £m	2013 £m
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	(0.9)	(0.7)
Items that will not be reclassified to income statement:		
Exchange differences on translation of foreign operations of non-controlling interest	(0.1)	(0.5)
<b>Net expense recognised directly in equity</b>	<b>(1.0)</b>	<b>(1.2)</b>
<b>Profit for the year</b>	<b>3.8</b>	<b>2.8</b>
<b>Total comprehensive income for the year</b>	<b>2.8</b>	<b>1.6</b>
<b>Attributable to:</b>		
Equity holders of the parent	2.6	1.7
Non-controlling interest	0.2	(0.1)
	<b>2.8</b>	<b>1.6</b>

## Consolidated balance sheet

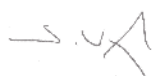
	2014 £m	2013 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1.2	1.0
Goodwill	23.7	24.3
Other intangible assets	2.3	1.7
Deferred tax assets	0.9	0.6
	28.1	27.6
<b>Current assets</b>		
Trade and other receivables	34.5	36.6
Cash and cash equivalents	7.8	5.7
	42.3	42.3
<b>Total assets</b>	70.4	69.9
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	21.9	21.4
Current tax liabilities	2.7	1.7
Borrowings	11.2	13.6
	35.8	36.7
<b>Non-current liabilities</b>		
Borrowings	6.4	7.3
Deferred tax liabilities	1.1	1.2
<b>Total non-current liabilities</b>	7.5	8.5
<b>Total liabilities</b>	43.3	45.2
<b>Net assets</b>	27.1	24.7
<b>Equity</b>		
Share capital	2.2	2.2
Share premium account	19.4	19.4
Merger reserve	0.9	0.9
Retranslation reserve	1.8	2.6
Equity reserve	(7.1)	(6.7)
Other reserves	(1.1)	(1.2)
Retained earnings	7.8	4.4
<b>Equity attributable to owners of the Company</b>	23.9	21.6
<b>Non-controlling interest</b>	3.2	3.1
<b>Total equity</b>	27.1	24.7

These financial statements of Empresaria Group plc were approved by the Board of Directors and authorised for issue on 4 March 2015.

Signed on behalf of the Board of Directors



**Joost Kreulen**  
Director



**Spencer Wreford**  
Director

## Consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Merger reserve £m	Retranslation reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
<b>Balance at 31 December 2012</b>	2.2	19.4	1.5	3.3	(6.1)	(1.3)	1.6	3.4	24.0
Profit for the year	–	–	–	–	–	–	2.4	0.4	2.8
Dividend	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	(0.7)	–	–	–	(0.5)	(1.2)
Non-controlling interest acquired during the year	–	–	–	–	(0.6)	–	–	(0.1)	(0.7)
Disposal of business	–	–	–	–	–	–	–	0.1	0.1
Share based payment	–	–	–	–	–	0.1	–	–	0.1
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer of Merger relief	–	–	(0.6)	–	–	–	0.6	–	–
<b>Balance at 31 December 2013</b>	2.2	19.4	0.9	2.6	(6.7)	(1.2)	4.4	3.1	24.7
Profit for the year	–	–	–	–	–	–	3.5	0.3	3.8
Dividend	–	–	–	–	–	–	(0.2)	–	(0.2)
Currency translation differences	–	–	–	(0.8)	–	(0.1)	–	(0.1)	(1.0)
Non-controlling interest acquired during the year	–	–	–	–	(0.4)	–	–	(0.1)	(0.5)
Business acquisition	–	–	–	–	–	–	–	0.2	0.2
Share based payment	–	–	–	–	–	0.2	–	–	0.2
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(0.2)	(0.2)
<b>Balance at 31 December 2014</b>	2.2	19.4	0.9	1.8	(7.1)	(1.1)	7.8	3.2	27.1

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium account” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Merger reserve” relates to premiums arising on shares issued subject to the provisions of section 612 “Merger relief” of the Companies Act 2006.
- “Retranslation reserve” represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- “Equity reserve” represents movement in equity due to acquisition of non-controlling interests under IFRS 3 Business combination.
- “Other reserves” mainly 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 £0.4m.
- “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.

## Consolidated cash flow statement

	2014 £m	2013 £m
Profit for the year	3.8	2.8
Adjustments for:		
Depreciation	0.7	0.9
Intangible amortisation	0.2	0.2
Taxation expense recognised in income statement	2.1	2.1
Exceptional items	(0.1)	0.3
Loss on business disposal	0.1	–
Cash paid for exceptional items	(0.3)	(1.0)
Share based payments	0.2	0.1
Net finance charge	0.5	0.6
	7.2	6.0
(Decrease) / increase in invoice discounting	(2.6)	3.3
Decrease / (increase) in trade receivables	1.2	(4.2)
Increase / (decrease) in trade payables	0.9	2.7
Cash generated from operations	6.7	7.8
Interest paid	(0.6)	(0.8)
Income taxes paid	(0.9)	(1.6)
<b>Net cash from operating activities</b>	<b>5.2</b>	<b>5.4</b>
<b>Cash flows from investing activities</b>		
Cash acquired with business acquisition	0.1	–
Consideration paid for business acquisition	(1.3)	–
Consideration received for business disposals	0.1	0.2
Purchase of property, plant and equipment and intangibles	(1.0)	(0.8)
Finance income	0.1	0.1
<b>Net cash used in investing activities</b>	<b>(2.0)</b>	<b>(0.5)</b>
<b>Cash flows from financing activities</b>		
Further shares acquired in existing subsidiaries	(0.5)	(1.3)
Increase / (decrease) in borrowings	0.4	(1.1)
Proceeds from bank loan	0.1	–
Repayment of bank and other loan	(0.6)	(2.2)
Dividends paid to shareholders	(0.2)	(0.2)
Dividends paid to non-controlling interest in subsidiaries	(0.2)	(0.2)
<b>Net cash from financing activities</b>	<b>(1.0)</b>	<b>(5.0)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2.2</b>	<b>(0.1)</b>
Effect of foreign exchange rate changes	(0.1)	(0.4)
Cash and cash equivalents at beginning of the year	5.7	6.2
<b>Cash and cash equivalents at end of the year</b>	<b>7.8</b>	<b>5.7</b>

## Officers and professional advisers

### Directors

Joost Kreulen  
 Spencer Wreford  
 Anthony Martin  
 Penny Freer  
 Zach Miles

### Secretary

Spencer Wreford

### Registered office

Old Church House  
 Sandy Lane  
 Crawley Down  
 Crawley  
 West Sussex  
 RH10 4HS

### Company registration number

03743194

### Nominated Adviser

Shore Capital & Corporate Limited  
 Bond Street House  
 14 Clifford Street  
 London  
 W1S 4JU

### Nominated Broker

Shore Capital & Corporate Limited  
 Bond Street House  
 14 Clifford Street  
 London  
 W1S 4JU

### Solicitors

Osborne Clarke  
 2 Temple Back East  
 Temple Quay  
 Bristol  
 BS1 6EG

### Bankers

HSBC plc  
 West & Wales Corporate Banking  
 3 Rivergate  
 Temple Quay  
 Bristol  
 BS1 6ER

### Independent auditor

Deloitte LLP  
 London Gatwick Office  
 Global House  
 High Street  
 Crawley  
 West Sussex  
 RH10 1DL

### Registrars

Capita Registrars  
 Northern House  
 Woodsome Park  
 Fenay Bridge  
 Huddersfield  
 West Yorkshire  
 HD8 0GA

## Basis of preparation and general information

The financial information has been abridged from the audited financial information for the year ended 31 December 2014.

The financial information in this document does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 2013, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

Accounting policies have been consistently applied throughout 2013 and 2014.

Whilst the financial information included in this report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS'), this report does not itself contain sufficient financial information to comply with IFRS. The Group has published full financial statements that comply with IFRS on its website, [www.empresaria.com](http://www.empresaria.com). Alternatively you may request a full printed copy to be sent to you by writing to the Company Secretary at:

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FULTON<sup>+</sup>**  
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