

Interim results – June 2008







































Desmond Doyle, Group Chief Executive
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Overview







Group overview - what sectors are we in?

<p>Nursing / Medical</p>   	<p>Hotel / Catering</p>  	<p>Education</p> 	<p>Technical / Engineering</p>   	<p>Accountancy / Financial</p>   	<p>IT / Computing</p>  	<p>Support Services</p>    
<p>Ind / Blue Collar</p>   	<p>Construction</p>  	<p>Driving / Logistics</p>   	<p>RPO / Vendor Mgmt</p>    	<p>Prof / Managerial</p>    	<p>Sec / Clerical</p>    	

Group overview – what segments are we in?

<p>UK commercial staffing</p> 	<p>UK professional & technical staffing</p> 	<p>UK healthcare staffing</p> 
<p>UK support services</p> 	<p>USA commercial staffing</p> 	

Group overview – what geographies are we in?

<p>United Kingdom</p> 	<p>New Zealand</p> 	<p>United States of America</p> 
<p>Ireland</p> 	<p>Australia</p> 	<p>Switzerland</p> 

Group overview



- Philosophy
- Pro forma financial information
- Trading overview
- Strategy
 - Integration
 - Improved operational performance
 - Review of business portfolio
 - Reduction in debt levels
 - Acquisitions
- Board changes
- Shareholder changes



Financial results

Group income statement

	June 2008 £m	June 2007 £m	Increase %
Turnover	516.9	463.4	11.6
Gross profit	96.4	89.2	8.1
Gross margin %	18.6%	19.3%	
Administrative expense	87.9	80.7	10.0
EBITDA	8.5	8.5	
Depreciation / amortisation	(2.2)	(2.4)	
Operating profit	6.3	6.1	
Amortisation of intangibles	(0.7)	-	
Exceptional items	(4.5)	0.2	
Net finance expense	(2.6)	(2.7)	
Finance expense on loan note redemption	-	(0.9)	
Taxation	(0.3)	(0.1)	
Profit / (loss) for the six months	(1.8)	2.6	

Turnover & operating profit analysis

	June 2008	June 2007	Local currency movement
	£m	£m	%
Turnover			
UK – commercial staffing	216.2	181.4	19.2
UK – professional & technical staffing	88.7	77.7	14.1
UK – healthcare staffing	64.7	51.9	24.7
UK – support services	60.4	57.2	5.6
Inter-group	(0.3)	(0.2)	
	<hr/> 427.7	<hr/> 368.0	
USA – commercial staffing	87.2	95.4	(8.4)
	<hr/> 516.9	<hr/> 463.4	11.6
Operating profit			
UK – commercial staffing	1.4	1.7	
UK – professional & technical staffing	1.8	1.2	
UK – healthcare staffing	2.2	1.8	
UK – support services	2.8	2.3	
	<hr/> 8.2	<hr/> 7.0	
USA – commercial staffing	0.8	1.8	
Corporate costs	(2.7)	(2.7)	
	<hr/> 6.3	<hr/> 6.1	

Group cashflow

	June 2008 £m	June 2007 £m	Dec. 2007 £m
Operating profit	1.5	6.3	(1.0)
Exceptional items – non-cash	-	-	19.1
Depreciation / amortisation	3.1	2.4	4.7
Other non-cash items	0.4	(0.2)	(0.3)
Share based payment charge / (credit)	0.1	0.2	0.4
Increase in debtors	9.6	(17.3)	(35.0)
Increase in creditors / provisions	(3.8)	10.0	26.4
Net cash inflow from operations	10.9	1.4	14.3
Acquisition of subsidiaries	(2.0)	(1.6)	(3.1)
Net interest paid	(2.3)	(3.4)	(6.1)
Net investing activities	(3.4)	(1.8)	(4.5)
Other movements	(0.6)	(0.4)	(0.9)
Dividends paid	(4.0)	-	(3.0)
Increase in net debt	(1.4)	(5.8)	(3.3)

Group balance sheet

	June 2008 £m	June 2007 £m	Dec. 2007 £m
Non-current assets			
Goodwill & other intangible assets	110.7	105.0	86.7
Fixed assets, investments & other assets	<u>16.0</u>	<u>14.6</u>	<u>16.1</u>
	126.7	119.6	102.8
Current assets			
Debtors & other receivables	182.5	172.2	192.3
Cash at bank and in hand	<u>7.4</u>	<u>4.9</u>	<u>8.3</u>
	189.9	177.1	200.6
Current liabilities			
Short term borrowings	(50.0)	(37.7)	(39.6)
Other creditors	<u>(142.0)</u>	<u>(125.9)</u>	<u>(144.5)</u>
	(192.0)	(163.6)	(184.1)
Non-current liabilities			
Long term borrowings	(22.1)	(33.0)	(32.0)
Other creditors	<u>(10.5)</u>	<u>(3.3)</u>	<u>(2.5)</u>
	(40.4)	(36.3)	(34.5)
Net assets	84.2	96.8	84.8
Net debt	(64.7)	(65.8)	(63.3)



Operational review

Integration



Operational - very little overlap

- Domiciliary care - businesses compete, but no geographic overlap
- Blue Arrow High Street and Recruit – compete, little geographic overlap
- Managed services – complimentary offerings; Blue Arrow on-site industrial focus; Carlisle technology led office and clerical focus
- US – no overlap either by sector or geography

Back office

- Property rationalisation; PLC functions combined
- Staffing back office - consolidation of transactional activities only; tactical decisions remain with brands and local management

Benefits






- Savings £2.9 million identified and actioned, £1.0 million benefit in 2008
- Further £2.0 million identified, not yet actioned; requires investment in systems

UK – Commercial staffing

Catering	Managed Services	Premium Office	General Office & Industrial	Construction	Driving / Logistics
 	 Carlisle Managed Solutions <small>SPECIALISTS IN RECRUITMENT OUTSOURCING</small> 		  	 	

- Sales up 19.2%; GP up 10.6%; admin costs up 12%; conversion 3.7%
- Temporary markets holding up better than permanent
- Managed Services – good growth in both businesses
- Catering and premium office – holding up well
- General office / industrial - on the turn, September will be a key month
- Tough markets in driving / logistics and construction
- Investments in H2 2007 and Q1 2008 yet to pay back
- Gross profit conversion needs improvement

Professional & Technical staffing

Banking	Accounting	Legal	Education	Scientific	Technical
					








- Sales up 14.1%; GP up 13.7%; admin costs up 10.2%; conversion 10.5%
- Good growth in education, resilient market place
- Good underlying growth in SRG and S.Com, backed by longer term contracts
- Tough markets in banking, accounting and legal - but not getting any worse, September will be a key month
- Investments in heads in 2007 yet to pay back
- Professional businesses need to break even and benefit from upswing in cycle

Healthcare staffing

Locum Doctors	Nursing	Allied Health Professionals	Managed Healthcare	Domiciliary Care
				  <small>COMMUNITY CARE LIMITED</small>





- Sales up 24.7%; GP up 7.8%; admin costs up 4.9%; conversion 21.7%
- Locum doctors - strong demand from the NHS; higher pay rates and consistent £ per hour margin; new framework agreement from July 2008
- Managed Healthcare – new team and operational improvement
- New framework agreements for Nursing and AHP in second half
- Desire to strengthen Allied Health Professional areas
- Domiciliary care – little commercial overlap; synergy savings in front office applications and back office processing

USA – Commercial staffing

Office & Industrial	Scientific	Technical	IT	Vendor Neutral
 <small>Work With All the Possibilities</small>   <small>The timeliness people.</small>	 <small>SRG Woolf Group Placing People First</small>	 <small>thinking people</small>	 <small>A Division of CORESTAFF Services</small>	 <small>Now contingent labor works</small>

- Sales down 8.4%; GP down 3.9%; admin costs up 2.0%; conversion 4.7%
- Business under leadership of one country CEO
- Opportunity for back office rationalisation
- General office and industrial – tough market
- Technical and IT seeing year on year improvement in margin
- Vendor neutral business - performing well; exposure to resilient utility sector
- Further segmentation of the business into professional and technical markets

Support services

Procurement	Cleaning	Security	Retail Merchandising
 <p>comensura PROCURING A BETTER WAY</p>	 <p>Carlisle Cleaning & Support Services</p>	 <p>Carlisle Security</p>	 <p>Recruit Retail Services plc.</p>

- Sales up 5.5%; GP up 12.4%; admin costs up 11.3%; conversion 21.0%
- Procurement – public sector focused, longer term contract; wins and renewals in the period; new verticals to be established
- Cleaning – focused on retail, transport and airports; long term contracts; good visibility; new wins in airport sector
- Security – disposal of the loss making Irish joint venture; improved operational performance
- Retail merchandising – difficult market place; business right sized



Outlook

Outlook – current trading and prospects

- Adverse economic conditions in our two principal geographies
 - continued weakness in the financial services, logistics and construction sectors
 - traditional seasonal growth in the marketplace will be important - September will be a key month
- Strength and breadth of our brand portfolio reduces exposure to weakness in more traditional staffing sectors:
 - continued good growth in healthcare and education
 - good growth in managed services, catering and premium office
 - good visibility of revenues in technical, scientific and support services businesses based off longer term contracts
- Overall, the Board believes that trading in the second half will remain mixed and that, on a pro forma basis, earnings for the year will be broadly comparable to those in 2007