

Interim results – June 2008







































**Desmond Doyle, Group Chief Executive**  
**Andrew Burchall, Group Finance Director**



# 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 &amp; 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

	<b>June 2008</b> £m	<b>June 2007</b> £m	<b>Increase</b> %
<b>Turnover</b>	<b>516.9</b>	<b>463.4</b>	<b>11.6</b>
Gross profit	96.4	89.2	8.1
Gross margin %	18.6%	19.3%	
Administrative expense	87.9	80.7	10.0
<b>EBITDA</b>	<b>8.5</b>	<b>8.5</b>	
Depreciation / amortisation	(2.2)	(2.4)	
<b>Operating profit</b>	<b>6.3</b>	<b>6.1</b>	
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)	
<b>Profit / (loss) for the six months</b>	<b>(1.8)</b>	<b>2.6</b>	

## Turnover & operating profit analysis

	June 2008	June 2007	Local currency movement
	£m	£m	%
<b>Turnover</b>			
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
<b>Operating profit</b>			
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
<b>Operating profit</b>	<b>1.5</b>	<b>6.3</b>	<b>(1.0)</b>
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
<b>Net cash inflow from operations</b>	<b>10.9</b>	<b>1.4</b>	<b>14.3</b>
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)
<b>Increase in net debt</b>	<b>(1.4)</b>	<b>(5.8)</b>	<b>(3.3)</b>

## Group balance sheet

	June 2008 £m	June 2007 £m	Dec. 2007 £m
<b>Non-current assets</b>			
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>
	<b>126.7</b>	<b>119.6</b>	<b>102.8</b>
<b>Current assets</b>			
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>
	<b>189.9</b>	<b>177.1</b>	<b>200.6</b>
<b>Current liabilities</b>			
Short term borrowings	(50.0)	(37.7)	(39.6)
Other creditors	<u>(142.0)</u>	<u>(125.9)</u>	<u>(144.5)</u>
	<b>(192.0)</b>	<b>(163.6)</b>	<b>(184.1)</b>
<b>Non-current liabilities</b>			
Long term borrowings	(22.1)	(33.0)	(32.0)
Other creditors	<u>(10.5)</u>	<u>(3.3)</u>	<u>(2.5)</u>
	<b>(40.4)</b>	<b>(36.3)</b>	<b>(34.5)</b>
<b>Net assets</b>	<b>84.2</b>	<b>96.8</b>	<b>84.8</b>
<b>Net debt</b>	<b>(64.7)</b>	<b>(65.8)</b>	<b>(63.3)</b>



# 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 &amp; 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