**INTERIM RESULTS**

Impellam Group plc ("Impellam") - London AIM: IPEL; 30 July 2014

Impellam announces its interim results for the 26 weeks ended 27 June 2014.

**Key highlights**

- Revenue £612.3 million (2013: £591.7 million)
- Gross profit £91.0 million (2013: £83.8 million)
- Increase of 70bps in gross margin to 14.9% (2013: 14.2%)
- Permanent placement fees increased by 14.7% and represent 12.8% (2013: 12.0%) of Staffing gross profit
- Segment EBITDA from continuing operations of £20.3 million (2013: £17.3 million)
- Operating profit £14.8 million (2013: £11.8 million)
- Conversion of gross profit into operating profit of 16.3% (2013: 14.1%)
- Earnings per share of 28.0p (2013: 20.1p)
- Interim dividend increased by a quarter to 6.25 pence per share (2013: 5.0 pence per share) payable on 5 September 2014 to all shareholders on the register on 8 August 2014.
- Acquisition of Career Teachers during the period for a cash consideration of £20.3 million. Post acquisition operating profit contribution of £1.4 million.

Julia Robertson, Chief executive officer, commented:

"During the period, I am pleased to report that significant steps have been taken against the Group's strategic objectives which I set out at the end of 2013, thus for the first time, we are also reporting financial performance in our core staffing businesses by Specialist Staffing and Managed Services, including the spend we manage on behalf of clients. I am also happy to report that we have completed the rebranding of our UK Managed Services business, formerly Carlisle Managed Solutions, as Guidant Group. The Group now has a truly global Managed Services operation across the United Kingdom, North America and Australia and is able to extend services across multiple geographies. The acquisition of Career Teachers in March 2014 was the first step in strengthening and refining our portfolio of Specialist Staffing businesses into market leading positions and I am pleased to report that the business is delivering in line with the Board's expectations.

It is with great sadness that I report the passing of our Chairman, Andrew Wilson, in May 2014. Andy was a driving force in the creation of Impellam in 2008 and was a staunch advocate of our new Group strategy. His contribution to the Group has been significant and he is much missed."

**Managed Services**

Revenue in our Managed Services segment increased by 12.8%** to £309.1 million (2013: £277.4 million) whilst gross profit also increased by 13.2%** to £28.7 million (2013: £25.9 million). Operating profit, before shared costs, was £15.2 million (2013: £13.0 million). During the period, we rebranded our core UK operations as Guidant Group and brought the UK and US operations under common management to allow us to deliver a truly global offering to customers who are looking for visibility and control of large-scale workforces and recruitment campaigns. The period also saw significant progress within our Managed Service operations in Medacs in which we have taken a commanding early position in a rapidly evolving market where we estimate we have a market leading share. Across the portfolio, we manage as an agent, significant volumes of client spend and we are making progress in our key strategic objective of retaining more of this spend through delivery from our specialist brands.

**Specialist Staffing**

Revenue in our Specialist Staffing segment increased 2.1%** to £298.1 million (2013: £295.6 million) whilst gross profit increased by 7.9%** to £59.3 million (2013: £55.9 million). Operating profit was £18.6 million (2013: £18.1 million), before shared costs. Our Specialist Staffing business was complemented by the acquisition of Career Teachers in March and we continue to look to acquire other distinctive brands which will further strengthen the portfolio. Across the remainder of our Specialist brands revenue growth was held back by the exchange impact of a weaker US dollar and also by the increased penetration of the direct engagement model in the healthcare market where Medacs reports only the margin on temporary assignments with payroll costs met by the NHS directly.

Traditional network businesses such as Tate and Blue Arrow are seeing significant increases in demand which they are effectively converting, but the impact of this growth has been masked by underperformance in Carbon60, our engineering and technical business in which we have recently changed management and Hewitson Walker where we are re-engineering the business to focus on qualified staff. As the demand for skilled specialist staff increases in line with economic recovery we have invested in an additional 118 productive heads to ensure we take full advantage of market opportunities.

Shared costs are £15.4 million (2013: £14.7 million) and represent those operating costs that do not predominantly support either Managed Service or Specialist Staffing activities. As we move forward with the strategy, these costs will be further challenged.

**Impellam United Kingdom**

Revenue increased 10.5% to £411.0 million and gross profit increased by 12.2% to £56.9 million. Market indicators suggest a continued improvement in the outlook for the UK economy and we are seeing increased demand in both the temporary and permanent market, the latter now representing 17.3% (2013: 17.2%) of net fee income. Operating profit in the segment improved to £14.2 million from £12.3 million in the prior year, including a contribution of £1.4 million from Career Teachers. A conscious decision has been made to increase consultant headcount against positive market indicators. As a consequence, productivity has been flat with conversion of 25.0% (2013: 24.3%). We expect these investments to improve conversion in the second half.

**Impellam North America**

Revenue decreased 2.3%* to £86.0 million and gross profit decreased by 3.4%* to £16.9 million. The adverse weather in North America at the start of the year impacted the business and halted the run of seven quarters of year on year margin growth. Not only were our branch locations impacted, but many of our client's locations were closed with our associates unable to work. The weather also impacted momentum in sales activity which has impacted the business. However, local management are implementing a plan to deliver the changes required to return the business to year on year growth.

**Medacs Healthcare Group**

Revenue decreased 2.5% to £85.5 million. However, gross profit increased by 16.4% to £14.2 million. The business is experiencing improving market conditions with volumes increasing although demand in specific clinical areas continues to be a challenge. As previously reported, buying patterns in the NHS are also changing with shorter lead times and multiple buying frameworks for medical professionals alongside increased competition from new entrants, particularly those offering solutions aimed at enabling the NHS to reduce VAT related costs. This is evident in the revenue decline in this segment as the NHS is directly responsible for payroll costs under these direct engagement models.

Medacs has taken an early lead in the emerging managed services market, leveraging the Group's capability in this area, and is also reaping the benefit of a growing profile in the "Wellness" market. As a consequence, operating profit of the segment increased by nearly 60% to £3.3 million (2013: £2.1 million) with profit conversion improved to 23.2% in the period from 17.2% in the prior period.

**Carlisle Support Services**

Revenue decreased 12.0% to £32.3 million however gross profit increased by 50.0% to £3.0 million. Following a period of substantial upheaval, the new management team has made considerable progress in stabilising the business, exiting from poor contracts and improving the service delivery in others. We are also seeing recovery in the Retail sector after a number of years of decline in both demand and pricing. Accordingly, the business reported a much reduced operating loss of £0.7 million in the first half.

Importantly, we have also negotiated the exit of the onerous contract, the expected losses of which were previously provided for in full to the end of the contract. An orderly handover of the services is on-going with an agreed termination date at the end of September this year. As a consequence, the expected future losses have been reduced which has allowed £1.3 million of excess provision to be released to the income statement. As the set-up of the provision for the onerous contract was taken as a non-recurring item in the income statement in 2013, the release of provision has also been taken as a non-recurring item.

The outlook for this business continues to improve. However, the progress made with existing contracts and the conversion of contract wins into profitable long term income streams will take time to achieve. We are confident that the losses have been stemmed. We continue to evaluate options for this non core business and will update shareholders in due course.

**Board Changes**

As previously announced, Andrew Burchall will step down from the Board on 31 July 2014.

The Board is also pleased to announce the appointment of two Non-executive directors with immediate effect.

Michael Laurie (64) was an army officer for 34 years, holding the role of Major General at the Ministry of Defence, before retiring from the forces in 2003 and taking up the role of CEO at the Crimestoppers Trust where he led a period of transformation, significantly improving the organisation’s reputation through a number of ground-breaking initiatives, before retiring from the position in 2013. In early 2014 Mr Laurie became Non-executive Chairman of SUSD Limited, a company whose purpose is to promote sustainable architecture.

Sir Paul Stephenson (60) worked in the police service from 1974 and became a member of the Association of Chief Police Officers in 1994. He was appointed Chief Constable of Lancashire in 2002 and Deputy Commissioner of the Metropolitan Police Service in 2005. He became a Companion of the Chartered Management Institute in 2008 and was knighted later that year for his services to the country. He was appointed as Commissioner of the Metropolitan Police service in 2009, where he served for two years before retiring from the service in 2011. Sir Paul Stephenson also served as a Non-executive director of Restore plc between May 2012 and May 2014

Mr Laurie and Sir Paul Stephenson are currently, or have been, directors of the following companies in the last five years:

| **Mr Laurie** | **Sir Paul Stephenson** |
|---|---|
| SUSD Ltd. | Sir Paul Stephenson Ltd. |
| Arta Consulting Ltd. | Restore Plc* |
| | Impact Leadership Solutions |

*former director

There are no further disclosures required in accordance with Schedule Two paragraph (g) of the AIM Rules in respect of these appointments.

**Cash flow, net debt and net assets:**

The Group used £7.7 million of cash in operations in the first twenty-six weeks of the year (2013: £20.2 million), a principle factor in the improvement being the timing of quarter end VAT payments, with £7.5 million paid immediately after the period-end in 2014. Our main measure of working capital management, days sales outstanding (DSO), continue to be well controlled across the Group. DSO for the Group was 41.0 at 27 June 2014 compared to 37.2 at 27 December 2013 and 39.8 days at 28 June 2013. We are seeing increasing challenges in cash collection with NHS clients as Trusts reduce headcount or outsource their back office processes.

Net debt increased by £33.0 million to £25.0 million as at 27 June 2014 (27 December 2013: net cash £8.0 million, 28 June 2013: net debt £24.3 million). In the first half of 2014 the Group has utilised £2.5 million on capital expenditure (2013: £2.7 million), spent £20.3 million, net, on the acquisition of Career Teachers (2013: £1.0 million on a small in-fill acquisition in Singapore), and paid interest of £0.5 million (2013: £0.6 million). With continuing profitability and the utilisation of historic tax losses, the Group paid £1.3 million in Corporation tax in the period (2013: £1.9 million). During the first half of 2013 the Group also paid £15.4 million in special dividend.

In addition, the Group has outstanding letters of credit drawn against its US borrowing facilities amounting to $7.0 million (27 December 2013: $7.0 million).

At 27 June 2014, the Group had net assets of £123.7 million (27 December 2013: £112.1 million).

**Financial results for the twenty-six weeks to 27 June 2014**

The table below sets out the results for the Group by segment for the first half of 2014.

| Group results | Revenue | | | Gross profit | | | Operating profit | |
|---|---|---|---|---|---|---|---|---|
| £'million | 2014 | 2013 | % change | 2014 | 2013 | % change | 2014 | 2013 |
| Impellam United Kingdom | 411.0 | 372.1 | 10.5 | 56.9 | 50.7 | 12.2 | 14.2 | 12.3 |
| Impellam North America | 86.0 | 95.2 | (2.3)* | 16.9 | 18.9 | (3.4)* | 0.9 | 2.0 |
| Medacs Healthcare Group | 85.5 | 87.7 | (2.5) | 14.2 | 12.2 | 16.4 | 3.3 | 2.1 |
| Staffing Services | 582.5 | 555.0 | 5.0 | 88.0 | 81.8 | 7.6 | 18.4 | 16.4 |
| Carlisle Support Services | 32.3 | 36.7 | (12.0) | 3.0 | 2.0 | 50.0 | (0.7) | (2.0) |
| Intra-group revenue | (2.5) | - | | - | - | | - | - |
| | 612.3 | 591.7 | 3.5 | 91.0 | 83.8 | 8.6 | 17.7 | 14.4 |
| Depreciation and amortisation | | | | | | | 2.6 | 2.9 |
| EBITDA | | | | | | | 20.3 | 17.3 |
| Corporate costs | | | | | | | (2.9) | (2.6) |
| **Operating profit** | | | | | | | 14.8 | 11.8 |

** % change measured in local currency*

In addition the table below sets out the results of the United Kingdom, North America and Medacs staffing services by its strategically identified service types:

| | Revenue | | | Gross profit | | | Operating profit | |
|---|---|---|---|---|---|---|---|---|
| £'million | 2014 | 2013 | % change | 2014 | 2013 | % change | 2014 | 2013 |
| Spend under management | 555.9 | 558.1 | 4.9** | | | | | |
| Group Supply | 70.4 | 61.0 | 19.5** | | | | | |
| Managed Services | 309.1 | 277.4 | 12.8** | 28.7 | 25.9 | 13.2** | 15.2 | 13.0 |
| Specialist Staffing | 298.1 | 295.6 | 2.1** | 59.3 | 55.9 | 7.9** | 18.6 | 18.1 |
| Inter-segment revenues | (27.2) | (18.0) | | - | - | | - | - |
| Staffing Services | 580.0 | 555.0 | 4.5 | 88.0 | 81.8 | 7.6 | 33.8 | 31.1 |
| Shared costs | | | | | | | (15.4) | (14.7) |
| | | | | | | | 18.4 | 16.4 |
| Carlisle Support Services | 32.3 | 36.7 | (12.0) | 3.0 | 2.0 | 50.0 | (0.7) | (2.0) |
| Corporate costs | | | | | | | (2.9) | (2.6) |
| **Operating profit** | | | | | | | 14.8 | 11.8 |

*** % change measured at constant currency* rates

# Consolidated income statement

For the twenty-six weeks ended 27 June 2014

| | Notes | 2014<br>£m | 2013<br>£m |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | 612.3 | 591.7 |
| Cost of sales | | (521.3) | (507.9) |
| **Gross profit** | | 91.0 | 83.8 |
| Administrative expenses* | | (76.2) | (72.0) |
| **Operating profit** | 2 | 14.8 | 11.8 |
| Finance expense | | (0.8) | (0.7) |
| **Profit before taxation** | | 14.0 | 11.1 |
| Taxation | 4 | (1.7) | (2.3) |
| **Profit for the period attributable to owners of the parent Company** | | 12.3 | 8.8 |
| **Earnings per share for equity holders of the parent Company** | | | |
| Basic and diluted | 5 | 28.0 | 20.1p |

* Refer to note 3 for details of the non-recurring items in the year which net to zero.

# Consolidated statement of comprehensive income

For the twenty-six weeks ended 27 June 2014

| | 2014<br>£m | 2013<br>£m |
|---|---|---|
| **Profit for the period** | 12.3 | 8.8 |
| **Other comprehensive income:** | | |
| **Items that may be subsequently reclassified into income:** | | |
| Currency translation differences (net of tax) | (0.7) | 0.7 |
| **Total comprehensive income for the period attributable to owners of the parent Company** | 11.6 | 9.5 |

# Consolidated balance sheet

As at 27 June 2014

| | 27 June 2014 £m | 27 December 2013 £m |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 4.8 | 4.3 |
| Goodwill | 56.7 | 46.8 |
| Other intangible assets | 58.9 | 47.2 |
| Deferred tax assets | 3.4 | 2.9 |
| Financial assets | 1.8 | 1.7 |
| | 125.6 | 102.9 |
| **Current assets** | | |
| Trade and other receivables | 258.7 | 225.3 |
| Cash and short-term deposits | 32.3 | 35.1 |
| | 291.0 | 260.4 |
| **Total assets** | 416.6 | 363.3 |
| **Current liabilities** | | |
| Trade and other payables | 205.8 | 192.9 |
| Taxation liabilities | 2.5 | - |
| Short-term borrowings | 57.3 | 27.1 |
| Provisions | 11.4 | 7.0 |
| | 277.0 | 227.0 |
| **Net current assets** | 14.0 | 33.4 |
| **Non-current liabilities** | | |
| Other payables | 1.7 | - |
| Provisions | 3.3 | 15.3 |
| Deferred taxation liabilities | 10.9 | 8.9 |
| | 15.9 | 24.2 |
| **Total liabilities** | 292.9 | 251.2 |
| **Net assets** | 123.7 | 112.1 |
| **Equity** | | |
| Issued share capital | 0.4 | 0.4 |
| Share premium account | 15.6 | 15.6 |
| | 16.0 | 16.0 |
| Other reserves | 91.6 | 92.3 |
| Retained earnings | 16.1 | 3.8 |
| **Total equity** | 123.7 | 112.1 |

# Consolidated cash flow statement

For the twenty-six weeks ended 27 June 2014

| | 2014 £m | 2013 £m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | 14.0 | 11.1 |
| Adjustments for: | | |
| Net interest charge | 0.8 | 0.7 |
| Depreciation and amortisation | 2.6 | 2.9 |
| | 17.4 | 14.7 |
| Increase in trade and other receivables | (31.9) | (11.8) |
| Increase / (decrease) in trade and other payables | 14.5 | (22.2) |
| Decrease in provisions | (7.7) | (0.9) |
| **Cash utilised by operations** | (7.7) | (20.2) |
| Taxation paid | (1.3) | (1.9) |
| **Net cash utilised by operating activities** | (9.0) | (22.1) |
| **Cash flows from investing activities** | | |
| Acquisition of subsidiary, net of cash acquired | (20.3) | (1.0) |
| Purchase of property, plant and equipment | (1.4) | (1.0) |
| Purchase of intangible assets | (1.1) | (1.7) |
| Net movement in other financial assets | (0.1) | 0.1 |
| **Net cash utilised on investing activities** | (22.9) | (3.6) |
| **Cash flows from financing activities** | | |
| Issue of ordinary share capital | - | 0.1 |
| Net movement in short-term borrowings | 30.2 | 21.3 |
| Dividend paid | - | (15.4) |
| Finance expense paid | (0.5) | (0.6) |
| **Net cash inflow from financing activities** | 29.7 | 5.4 |
| **Net decrease in cash and equivalents** | (2.2) | (20.3) |
| Opening cash and cash equivalents | 35.1 | 37.8 |
| Foreign exchange loss on cash and cash equivalents | (0.6) | 0.5 |
| **Closing cash and cash equivalents** | 32.3 | 18.0 |

**Consolidated statement of changes in equity**

| For the twenty-six weeks ended 27 June 2014 | Total share capital and share premium £ m | Other reserves £ m | Retained earnings £ m | Total equity £ m |
|---|---|---|---|---|
| **27 December 2013** | 16.0 | 92.3 | 3.8 | 112.1 |
| **Other comprehensive income** | - | (0.7) | - | (0.7) |
| Profit for the period | - | - | 12.3 | 12.3 |
| **27 June 2014** | 16.0 | 91.6 | 16.1 | 123.7 |

# Notes to the interim financial statements

## 1 Basis of preparation

I. Statement of compliance

The interim financial statements presented in this financial report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) interpretations as endorsed by the European Union that are expected to be applicable to the consolidated financial statements for the 53 weeks ending 2 January 2015. As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS 34 “Interim Financial Reporting”.

II. Statutory information

The financial information for the twenty-six weeks to 27 June 2014 does not constitute the statutory accounts of the Group for the relevant period within the meaning of section 434 of the Companies Act 2006.

The published annual report and accounts of Impellam Group plc for the 52 weeks ended 27 December 2013 were reported on by the auditors without qualification, did not contain an emphasis of matter paragraph, did not contain any statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies.

III. Accounting policies, new IFRS and interpretations

The accounting policies used in this report are consistent with those applied at 27 December 2013.

No new and/or revised IFRS and IFRIC publications that come into force in the period have any impact on the accounting policies, financial position or performance of the Group.

## 2 Segmental information

**Twenty-six weeks ended 27 June 2014**

| **Continuing operations** | Impellam United Kingdom | Impellam North America | Medacs Healthcare Group | Carlisle Support Services | Intra-group | **Group total** |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | **£m** |
| **Segment revenue** | 411.0 | 86.0 | 85.5 | 32.3 | (2.5) | **612.3** |
| **Segment EBITDA** | 15.5 | 1.7 | 3.6 | (0.5) | | **20.3** |
| Depreciation and amortisation | (1.3) | (0.8) | (0.3) | (0.2) | | **(2.6)** |
| **Segment Operating Profit** | 14.2 | 0.9 | 3.3 | (0.7) | | **17.7** |
| Corporate cost | | | | | | **(2.9)** |
| **Operating profit** | | | | | | **14.8** |
| Finance expense | | | | | | **(0.8)** |
| **Profit before taxation** | | | | | | **14.0** |
| Taxation | | | | | | **(1.7)** |
| **Profit for the period** | | | | | | **12.3** |

**Twenty-six weeks ended 28 June 2013**

| **Continuing operations** | Impellam United Kingdom | Impellam North America | Medacs Healthcare Group | Carlisle Support Services | **Group total** |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | **£m** |
| **Segment revenue** | 372.1 | 95.2 | 87.7 | 36.7 | **591.7** |
| **Segment EBITDA** | 13.9 | 2.7 | 2.5 | (1.8) | **17.3** |
| Depreciation and amortisation | (1.6) | (0.7) | (0.4) | (0.2) | **(2.9)** |
| **Segment Operating Profit** | 12.3 | 2.0 | 2.1 | (2.0) | **14.4** |
| Corporate cost | | | | | **(2.6)** |
| **Operating profit** | | | | | **11.8** |
| Finance expense | | | | | **(0.7)** |
| **Profit before taxation** | | | | | **11.1** |
| Taxation | | | | | **(2.3)** |
| **Profit for the period** | | | | | **8.8** |

**Twenty-six weeks ended 27 June 2014**

| **Continuing operations** | Specialist Staffing | Managed Services | Inter-segment | **Staffing Services** | Carlisle Support Services | **Group total** |
|---|---|---|---|---|---|---|
| | £m | £m | £m | **£m** | £m | **£m** |
| **Segment revenue** | 298.1 | 309.1 | (27.2) | **580.0** | 32.3 | **612.3** |
| **Segment EBITDA** | 19.4 | 15.8 | | **35.2** | (0.5) | **34.7** |
| Depreciation and amortisation | (0.8) | (0.6) | | **(1.4)** | (0.2) | **(1.6)** |
| **Segment Operating Profit** | 18.6 | 15.2 | | **33.8** | (0.7) | **33.1** |
| Shared costs | | | | **(14.4)** | **-** | **(14.4)** |
| Shared depreciation and amortisation | | | | **(1.0)** | **-** | **(1.0)** |
| **Segment profit** | | | | **18.4** | (0.7) | **17.7** |
| Corporate cost | | | | | | **(2.9)** |
| **Operating profit** | | | | | | **14.8** |
| Finance expense | | | | | | **(0.8)** |
| **Profit before taxation** | | | | | | **14.0** |
| Taxation | | | | | | **(1.7)** |
| **Profit for the period** | | | | | | **12.3** |

**Twenty-six weeks ended 28 June 2013**

| **Continuing operations** | Specialist Staffing | Managed Services | Inter-segment | **Staffing Services** | Carlisle Support Services | **Group total** |
|---|---|---|---|---|---|---|
| | £m | £m | £m | **£m** | £m | **£m** |
| **Segment revenue** | 295.6 | 277.4 | (18.0) | **555.0** | 36.7 | **591.7** |
| **Segment EBITDA** | 19.2 | 13.6 | | **32.8** | (1.8) | **31.0** |
| Depreciation and amortisation | (1.1) | (0.6) | | **(1.7)** | (0.2) | **(1.9)** |
| **Segment Operating Profit** | 18.1 | 13.0 | | **31.1** | (2.0) | **29.1** |
| Shared costs | | | | **(13.7)** | **-** | **(13.7)** |
| Shared depreciation and amortisation | | | | **(1.0)** | **-** | **(1.0)** |
| **Segment profit** | | | | **16.4** | (2.0) | **14.4** |
| Corporate cost | | | | | | **(2.6)** |
| **Operating profit** | | | | | | **11.8** |
| Finance expense | | | | | | **(0.7)** |
| **Profit before taxation** | | | | | | **11.1** |
| Taxation | | | | | | **(2.3)** |
| **Profit for the period** | | | | | | **8.8** |

## 3 Non-recurring items

| | 2014<br>£m |
|---|---|
| Release of overprovided onerous contract provision | 1.3 |
| Abortive acquisition costs | (0.4) |
| Acquisition costs | (0.5) |
| Director termination payment | (0.4) |
| | 0.0 |

There were no non-recurring items in the prior period.

During the period the Group has successfully negotiated the exit of the onerous contract, the expected losses of which it had previously provided for in full to the end of the contract. An orderly handover of the services is on-going with an agreed termination date at the end of September this year. As a consequence, the expected future losses have been reduced which has allowed £1.3 million of excess provision to be released to the income statement. As the set-up of the provision for the onerous contract was taken as a non-recurring item in the income statement in 2013, the release of provision has also been taken as a non-recurring item.

Certain deal costs were incurred during the period in connection with a potential acquisition including associated fund raising costs. The costs have been taken to the income statement as non-recurring items due to their size and as they were not incurred in the normal course of trading.

The costs associated with the acquisition of Career Teachers have been expensed to the income statement as a non-recurring item due to the size of expense and as the costs are not incurred in the normal course of trading.

The director termination payment is in respect of Andrew Burchall who, as previously announced, will be leaving the Group at the end of July.

## 4 Taxation

Income tax expense is recognised based on management's best estimate of the effective annual income tax rate expected for the full financial year.

## 5 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to the equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated on the same basis, but after adjusting the denominator for the effects of dilutive options. There are no dilutive options in either period.

The weighted average number of shares calculated for the period from 28 December 2013 to 27 June 2014 for the basic calculation is 43,900,404 (2013: 43,885,881), excluding the shares owned by The Corporate Services Group Employee Share Trust.

## 6 Acquisition of subsidiary

On 6 March 2014 the Group acquired 100% of the share capital of Career Teachers Limited for total consideration of £22.3 million. Net assets of £2.7 million were acquired, of which £2.0 million was cash. In the four months since acquisition, the company has contributed £8.4 million to Group revenue and £1.4 million to Group operating profit. The Group has recognised £12.4 million of intangible assets from the brand associated with the acquisition less £2.6

million of deferred tax liability, leaving £9.9 million of goodwill which represents the ability to access the Greater London education market.

**7 Additional cash flow information**

| | 27 December 2013 £m | Cash flow £m | Foreign exchange £m | 27 June 2014 £m |
|---|---|---|---|---|
| Cash and short term deposits | 35.1 | (2.2) | (0.6) | 32.3 |
| Short term borrowings - revolving credit | (27.1) | (30.2) | - | (57.3) |
| Net cash / (debt) | 8.0 | (32.4) | (0.6) | (25.0) |

**8 Dividends**

During the period a final dividend in respect of 2013 of 7 pence per share (2013: 5 pence per share) was approved at the Annual General Meeting and was paid on 25 July 2014, amounting to £3.1 million (2013: £2.2 million).

The Board also announces the payment of an interim dividend of 6.25 pence per share (2013: 5.0 pence per share), amounting to £2.7 million (2013: £2.2 million) payable on 5 September 2014 to all shareholders on the register on 8 August 2014.


**Enquiries:** For further information please contact the appropriate individual below.

**Impellam Group plc**

Julia Robertson, Chief Executive Tel: 01582 692658

Andrew Burchall, Group Finance Director Tel: 01582 692658

**Cenkos Securities plc** (Nominated Advisor and Broker to Impellam)

Nicholas Wells Tel: 020 7397 8900


**Note to Editors:**

Impellam Group plc, traded on the AIM (Symbol: IPEL) is a leading provider of managed services and specialist staffing expertise and is primarily based in the UK and North America, with smaller operations in Australasia, Ireland and mainland Europe. Impellam Group plc provides fulfilling jobs at all levels, including doctors, lawyers, accountants, nurses, teachers, scientists, receptionists, drivers, chefs, administrators, engineers, cleaners, security guards, and manufacturing and warehouse operatives. Impellam Group plc is the 5th largest recruitment business in the UK and, 11th in Europe and 17th worldwide and employs around 6,000 employees including 2,556 managers and consultants - throughout our network of 15 market-leading brands, across 230 offices.

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