

Empresaria Group plc

An international
specialist staffing group.

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

Annual Report and Accounts 2013



Balance and diversity runs through our business



About Empresaria

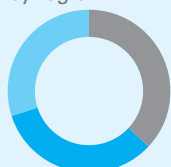
Empresaria is an international specialist staffing group, with a strategy to be diversified and balanced across geographies and sectors, with a focus on high-growth markets. The Group follows a multi-branded approach with 20 brands operating in 19 countries.

The Group is organised across three regions: UK, Continental Europe and Rest of the World.

We operate across six core sectors, with a focus on Professional and Specialist staffing services.

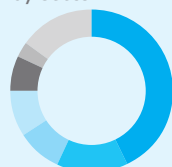
The Group applies a philosophy of management equity to align the interests of shareholders and key management through the sharing of risk and reward, with operating company management teams investing directly in their own businesses.

Net fee income % by region



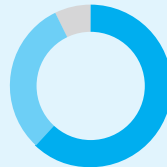
- UK – 37%
- Continental Europe – 33%
- Rest of the World – 30%

Net fee income % by sector



- Technical & industrial – 43%
- IT, digital & design – 14%
- Financial – 9%
- Retail – 9%
- Executive search – 7%
- Healthcare – 3%
- Other services – 15%

Net fee income % by service



- Temporary recruitment – 62%
- Permanent recruitment – 31%
- Other services – 7%

Net fee income % by job levels



- Professional – 30%
- Specialist – 48%
- General – 22%

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Cautionary statement

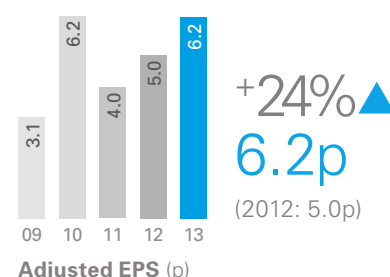
The Chairman’s statement and Strategic report (“the reviews”) have been prepared solely to provide additional information to shareholders to assess the Company’s strategies and the potential for those strategies to succeed. The reviews should not be relied on by any party or for any other purpose.

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.



London, United Kingdom

Financial Highlights



- Revenue of £194.4m level with 2012
- Net fee income down 3% on prior year, but 6% growth from Rest of the World region
- Conversion ratio increases to 14.2% from 12.0%
- Operating profit up 25% to £5.5m
- Profit before tax up 36% to £4.9m
- Earnings per share up 73% to 5.2p
- Singapore start-up businesses deliver profit after investments in last two years
- Turnaround in Chile to deliver profit
- Cost savings of £2.2m in Germany & Austria
- Net debt reduced by £2.3m to £5.8m
- Organic investments in 2014 in Hong Kong, Mexico and Malaysia
- Investment in March 2014 in Dubai based professional staffing company

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------------|-------|-------|-------|-------|--------|
| Revenue (£m) | 194.4 | 194.3 | 208.9 | 206.8 | 190.5 |
| Net fee income (£m) | 42.6 | 43.9 | 46.9 | 46.5 | 40.6 |
| Profit/(loss) before tax (£m) | 4.9 | 3.6 | 1.9 | 6.5 | (1.5) |
| Adjusted profit before tax (£m)* | 5.4 | 4.6 | 4.5 | 6.6 | 3.5 |
| Operating profit/(loss) (£m) | 5.5 | 4.4 | 2.8 | 7.2 | (1.0) |
| Adjusted operating profit (£m)* | 6.0 | 5.4 | 5.3 | 7.4 | 4.3 |
| Earnings/(loss) per share (pence) | 5.2 | 3.0 | (0.4) | 7.0 | (11.6) |
| Adjusted earnings per share (pence)* | 6.2 | 5.0 | 4.0 | 6.2 | 3.1 |
| Proposed dividend per share (pence) | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 |

* Figures based on underlying profits excluding amortisation of intangible assets, gains or losses on business disposals, movements on put and call options and exceptional items. See reconciliation in note 11.

Chairman's statement



“We will continue to invest in the business to deliver growth.”

Anthony Martin
Chairman

Overview of performance

The world economy has demonstrated further volatility throughout 2013, therefore I am pleased that despite these market conditions we have delivered an impressive growth in profit and enter 2014 as a stronger company. The economic recovery in the UK and Continental Europe has gained momentum during the second half of the year, in particular in the UK and Germany, our two largest territories and whilst the economic forecasts for the emerging markets are down on recent levels, the GDP growth rates remain positive.

In 2013 Group revenue was flat at £194.4m (2012: £194.3m) with net fee income down 3% to £42.6m (2012: £43.9m). This was in part impacted by the disposal of our UK payroll services business in August. On an underlying basis revenues increased 0.5% with net fee income down only 1.5%, as margins were squeezed on temporary sales and training services. Despite this, and due to a focus on cost control, operating profit increased 25% to £5.5m (2012: £4.4m) and with lower interest costs, profit before tax increased 36% to £4.9m (2012: £3.6m). Following our continued purchase of minority interests from management earnings per share grew 73% to 5.2p (2012: 3.0p). We expect to reduce the number of these minority interest acquisitions over the next few years which will help free up cash from operations to reduce our net debt and enable management to make selective investments to accelerate the growth of the business.

The Group generated cash from operations of £7.8m (2012: £5.2m) which helped reduce our reported net debt by £2.3m to £5.8m at year end (2012: £8.1m).

I am also pleased to report that our exposure to claims for retrospective pay and social security in Germany is largely resolved, with all worker claims having been settled and no new claims able to be made. We believe we have fully provided for the social security exposure, with the 2010 year remaining subject to audit.

People

The success of the Group is dependent on having the right people in the right place and the Board would like to thank all of the Group's staff for their hard work, commitment and contribution over the last year.

The Group strategy and success is underpinned by our philosophy of management equity. Operating company management teams invest directly in their own businesses, thereby aligning management and shareholder interests. When we acquire first generation management equity we actively pursue a strategy of issuing second generation equity to incentivise senior managers to drive the next stage of development of their companies. We expect to issue second generation equity within a number of brands in 2014. This will typically involve setting a threshold profit limit and allowing minority shareholders to benefit from increases in profit over this limit. I am pleased that during 2013 we added seven new management shareholders to the Group.



Sydney, Australia

Investments

We continue to invest in the business to grow future profits, with the organic development of the brands a key part of our strategy. During 2014 we will open new offices in Hong Kong, Kuala Lumpur and Mexico City. I am also pleased that in March 2014 we acquired a majority share in BW&P, a high quality search firm operating in Dubai and covering the Middle East region. The senior management team have an unrivalled experience in this territory and provides us with entry into a new geographic region and an opportunity to develop a leading brand.

Dividend

We continue to adopt a consistent dividend policy, whilst prioritising free cash flow for developing the Group and strengthening the balance sheet. For the year ended 31 December 2013, the Board is proposing to maintain the final dividend at 0.35p per share (2012: 0.35p per share) which, if approved by Shareholders at the Annual General Meeting, will be paid on 23 June 2014 to shareholders on the register at 23 May 2014.

Governance

The principle of sound corporate governance practices is core to our success as a Group. The diversified nature of the Group, now operating through 20 brands in 19 countries, means it is vital that a strong financial control culture and clear policies on corporate conduct and governance exist and are communicated and monitored effectively. The Board

develops the Group's corporate governance arrangements with reference to the UK Corporate Governance Code, making sure that the entrepreneurial freedom enjoyed by the operating companies is within a framework of clearly understood principles and controls. Further details on the corporate governance arrangements of the Group can be found in the Corporate Governance section of this report.

Values & culture

We believe the Group offers a unique proposition to entrepreneurial managers who want to retain some ownership in their company while enabling them to develop and grow within a group environment that supports them and provides access to finance and staffing expertise. We are committed to develop the Group further by attracting and working with the best talent in the industry.

Outlook

Overall in the year we did what we said we would do. We delivered a strong growth in profits driven by strengthened more experienced management and by operational improvements in Germany and Chile, continued investment in Singapore to deliver a profitable contribution and maintaining a tight control of costs. With key operational issues resolved and a reduction in net debt we are a stronger company than a year ago. The directors are cautiously optimistic about the year ahead. Market conditions are improving in the UK and Continental Europe and whilst the Rest

of the World is more challenging than in recent years, we continue to see good growth opportunities. We believe that the Group is well placed to deliver growth across our network and see exciting opportunities from the new investment in the Middle East. We will continue to invest in the business to deliver growth through a combination of organic development and external investments.

Anthony Martin

Chairman

10 March 2014

Multi-branded business model



Resources & relationships

- Financial**
 - Level and types of funds available to us
- People**
 - Our people, their skills and engagement with the business
- Expertise**
 - Our brands, their in-depth knowledge of their markets
- Relationships**
 - Providing value added services to clients and candidates
 - Impact of regulators
- Network**
 - Regional coverage allowing brands to service their clients around the world

Creating value... → Protecting value...

Recruitment services

Permanent:
31% of net fee income

We earn fees when a candidate is placed in a role with a client, with the fee typically being a percentage of the candidate's total salary.

Temporary:
62% of net fee income

A fee is earned for the time worked by the candidate with the client, again as a percentage of the salary earned in the period.

Other services:
7% of net fee income

Training & Offshore Recruitment Services

Diversified & Balanced

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 external shocks.

We also target **professional and specialist job levels** where our brands can offer value added services to clients.

Reinvesting for growth

Organic investment



Jakarta, Indonesia

Adding value...

Multi-branded model

The Group operates a multi-branded business model, with our brands having specific in-depth knowledge and expertise of their markets.

Operational mix

We have an overall bias for temporary recruitment as this is generally expected to be more stable throughout the economic cycle.

Being part of a Group

Our philosophy of management equity provides entrepreneurial managers the framework and support to grow their businesses.

Outcomes

Financial

- Conversion ratio
- Cash generated from operations
- Reported net debt
- Total debt as % of debtors

People

- Average staff numbers
- Number of managers with equity stake in their business

Expertise

- Brands operating in more than one country
- Organic operating profit growth by region

Relationships

- Temporary margin
- Net fee income growth
- % NFI from professional & specialist services

Network

- Number of countries in which we operate

Reinvesting for growth

External investment

Multi-branded business model continued

Creating value... → Protecting value...

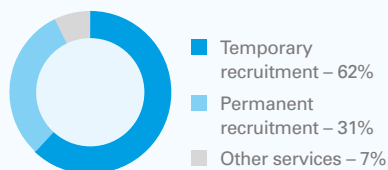
Providing staffing services

The majority of our business is from recruitment services, with 93% of our net fee income derived from permanent and temporary recruitment. Typically our fees for recruitment services are on a contingent basis, so fees are only earned when a vacancy is filled.

Overall we have a bias towards temporary recruitment, which is generally less volatile than permanent recruitment through the economic cycle. However in those countries where temporary recruitment does not exist or is marginal we focus on permanent recruitment. This is primarily in the emerging staffing markets in our Rest of the World region.

We also provide other staffing services, mainly being training in South East Asia and Offshore Recruitment Services in India.

Net fee income % by service



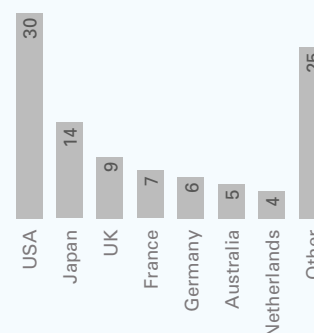
Balanced and diversified approach

Balanced and diversified – 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 external shocks. We also target professional and specialist job levels where our brands can offer value added services to clients.

We are present in three of the five largest staffing markets (Japan, UK and Germany) and these are the Group's three largest markets, representing 75% of net fee income. This provides us with a strong profit stream from the largest staffing markets whilst also having a significant exposure to other high growth emerging staffing markets.

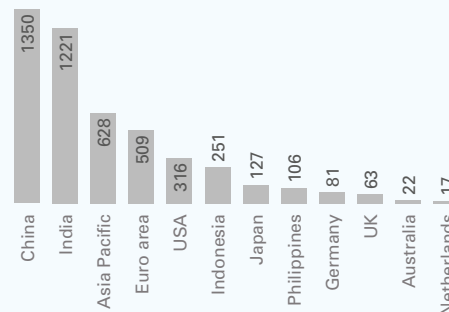
The emerging markets have delivered our fastest growth in recent years. As their staffing markets develop there is the potential to see long-term growth continue, as illustrated by the size of population in these countries, in particular in China and the Asia-Pacific region. They are significantly larger than the USA or Euro area but their staffing markets are currently much smaller in value. As the economies and skill base in these countries develop, the size of the staffing markets will increase in line with their populations and we are well placed to benefit from this.

Market size (%)



The graph shows the estimated annual sales for the major staffing markets (Source: Staffing Industry Analysts – Global Staffing Industry Size 2013).

Population (millions)



The graph shows the populations for selected countries (Source: CIA World Factbook 2013 estimates).

Regional diversity

We operate the business across three key regions: the UK, Continental Europe and Rest of the World (which incorporates Asia and South America). This gives us a balanced exposure to established staffing markets such as the UK, with more stable profit streams as well as access to high-growth



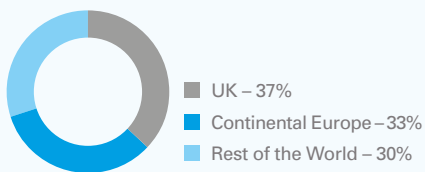
Jakarta, Indonesia

Adding value... →

developing staffing markets with better opportunities for faster profit growth.

Within each country we target the key economic centres with a high concentration of businesses which have the biggest need for recruitment services. We do not intend having a presence in all cities in our countries of operation but focus our attention where the return on investment is the greatest.

Net fee income % by region

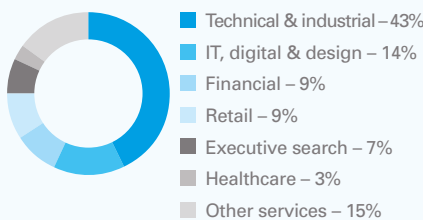


Sector coverage

We group our business into six core sectors which represent our areas of expertise. This includes the executive and senior search sector which is present in the emerging staffing markets, where there are currently no developed specialist niches. This covers a wide range of industries but we group it as its own sector to allow a better understanding of this important part of our business.

Overall we have a bias towards the Technical & Industrial sector and whilst we will continue to develop our brands operating in this sector, we would like to develop a more balanced spread of sector coverage by growing our presence in other sectors.

Net fee income % by sector



Job levels

We provide recruitment services across all levels of jobs. We define the different levels as follows:

Professional – senior management roles and executive search

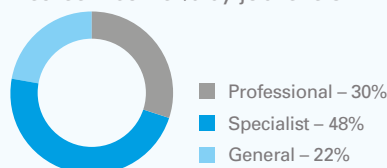
Specialist – roles that require skilled or semi-skilled workers

General staffing – unskilled or manual labour roles

We have a bias towards the Professional and Specialist job levels, as this is where the margins are highest and where the tailored service provided through sector specialist brands adds the most value to clients. A lot of labour markets are facing talent shortages for skilled professionals and with greater cross-border staff mobility the skills and experience of a recruiter are key for sourcing the best candidates.

In recent years the trend in General staffing has moved towards high volume and low margin process driven solutions so we are looking to limit our exposure to this part of the market.

Net fee income % by job levels



Benefits of a multi-branded model

What sets us apart from a lot of the staffing industry is our deliberate strategy to target different segments of the market with different brands. Each of our brands has specific in-depth knowledge and expertise in their markets, so helping them to provide a quality service and value added service.

This is integral to our success and means we tailor our brands to specific markets and business sectors, which gives us a competitive advantage in attracting candidates, something that is especially important in markets experiencing skills shortages. We have a highly decentralised structure, much more than most, with local managers typically holding equity in their own business, so acting as a long-term incentive that aligns their objectives with ours. This entrepreneurial culture helps our brand managers understand the local markets and allows them to react quickly to changes and developments in those markets.

Brand led growth

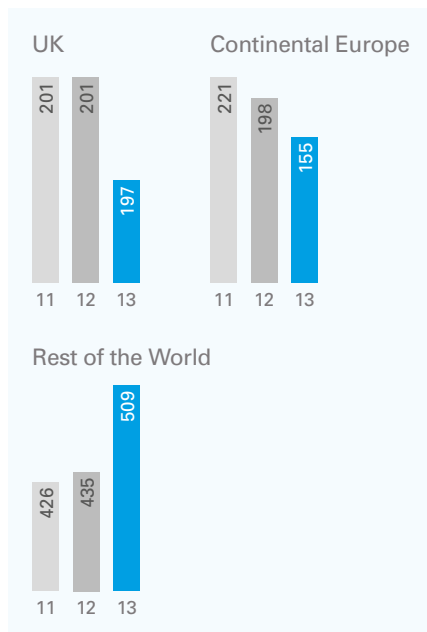
The Group focus is on developing strong specialist brands which are encouraged to grow their businesses organically by securing their existing market position and expanding into new geographies. Currently just over half of our brands operate in more than one country.

Multi-branded business model continued

→ Adding value...

Over the last five years the number of brands in the Group has been rationalised from 36 in 2008 to 19 at the end of 2013, with another divestment in August 2013 when we sold our UK payroll services business. Each of our brands must have the capacity to deliver a significant contribution to the Group.

As brands grow they need to take on more staff. This is an important driver of long-term growth for the Group and we monitor the investment in staff. The average staff numbers by region are shown below:



The decline in the UK is entirely due to a disposal in the year.

In Continental Europe the reduction is from Germany and Austria, where we have restructured our operations to focus the business on a smaller number of core branches. There is now a stable platform from which to grow the business.

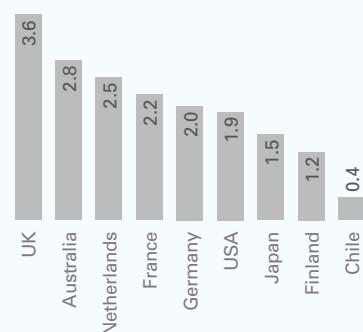
In the Rest of the World we see continued growth in staff numbers, in line with their growth in net fee income. The growth in 2013 was largely in our Offshore Recruitment Services business, but there was a 4% increase in our recruitment brands.

Operational mix

We have an overall bias for temporary recruitment as this is generally expected to be more stable throughout the economic cycle. However this is only possible where temporary recruitment exists in the marketplace. In the Rest of the World region we only operate any meaningful temporary recruitment in Japan and Australia, as in the emerging staffing markets temporary recruitment is generally the provision of low margin payroll services. Our operations in Chile are predominantly outsourced staffing solutions which are closely associated with temporary sales.

The mix between temporary and permanent services is influenced by the temporary penetration rate in each country. The temporary penetration rate represents the number of workers in a country that are contingent workers. The more established and deregulated staffing markets have a higher penetration rate, which also tend to be the larger markets by value. In Germany the temporary staffing market was only de-regulated in 2004, therefore it has a lower penetration rate than in the more developed staffing markets of the UK and Netherlands, but it is expected to increase as the use of staffing company personnel becomes more accepted. The rates in the emerging markets are currently very low but we would expect them to develop over time in line with the more established markets.

Temporary penetration rates (%)

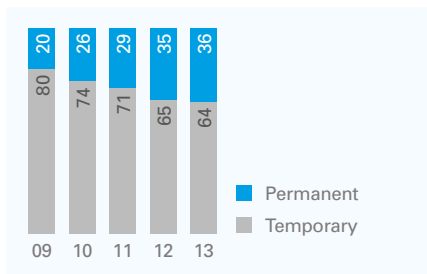


Source: Ciett estimates for 2011.

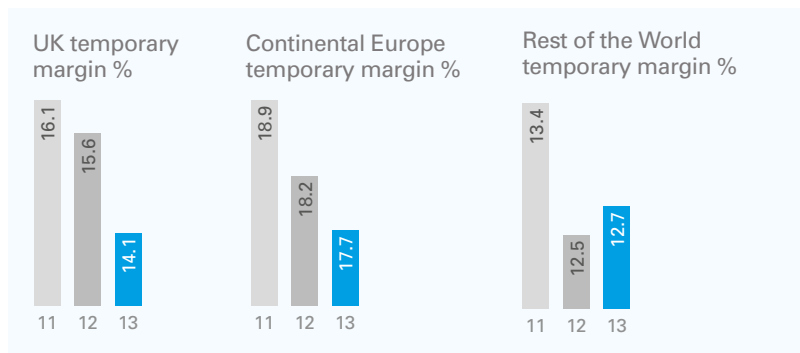


Jakarta, Indonesia

As a Group the proportion of net fee income from permanent recruitment has been increasing as the contribution from the Rest of the World region has grown and a focus on higher margin sales has led to a reduction in sales volume in the Technical & Industrial sectors in the UK and Germany.



Where we provide temporary recruitment we monitor the temporary margin:



The reduction in margin in the UK is due to the disposal of our payroll services business and increased competition in the Technical & Industrial sector.

In Continental Europe the introduction of equal pay legislation in Germany has reduced margins and in Finland there has been increased pressure on margins from competition and reducing temporary worker levels, however trends have stabilised.

In the Rest of the World the margin has improved on prior year, helped by a good performance in Japan. The margin is low as it includes our outsourced staffing business in Chile which operates at lower margins. Excluding this, the temporary margin for 2013 in this region is 19%.

Being part of a Group

The Empresaria philosophy of management equity provides entrepreneurial managers the framework and support to grow their businesses. We operate a highly decentralised structure, with only a small head office team that is focussed on strategy, financial reporting and corporate governance. This both requires and encourages brand management to take operational responsibility for their businesses and gives them autonomy to take decisions and react to changes in their local markets. This attracts managers who want to have the ability to hold an equity stake in their business whilst having the security of being part of a larger group, so providing:

- Operational freedom and commercial autonomy to run their business, within a framework of central financial controls and reporting requirements and sound corporate governance.
- Support and advice from the Board and other Group companies on strategy and business developments.
- Improved access to finance to fund and accelerate the organic growth of their business.
- Clear valuation mechanism for their shares if they wish to leave the business.

Multi-branded business model continued

Jakarta, Indonesia

→ Reinvesting for growth...

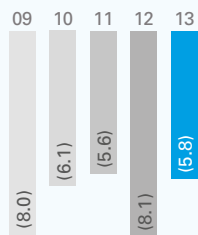
When value is created it is used to either invest in development or to reduce the net debt position. Our growth strategy is based on four strands of organic development and one of external investment.

| | | |
|----------------------------|---|--|
| Organic investment | Increase headcount in an existing brand | Overall the average headcount in 2013 increased by 27 to 861. Within the recruitment companies (excludes Other services) there was a reduction of 31 to 565, but excluding the impact of restructuring in Germany and Austria we saw a 2% increase in staff. |
| | Add a new sector in an existing brand | In the Finance sector we have started an Actuarial division to complement the existing general insurance and financial services teams. |
| | Enter an existing geography with an existing brand | In the Executive & Senior search sector we have launched in Malaysia in 2014. In IT, Digital & Design we are planning to open an office in Hong Kong in 2014. |
| | Enter a new geography with an existing brand | In the Executive & Senior search sector we are planning to open an office in Mexico City in 2014. |
| External investment | Invest in new opportunities | No investments were made in 2013 however in March 2014 we acquired 51% of a business in Dubai, focussed on Professional and Specialist staffing, primarily in Technical & Industrial sectors to clients across the GCC states. We will continue to review potential investment opportunities. |
| | This is used to enter into new geographies or sectors, or to help grow an existing brand. We do not intend to run multiple brands in the same sector across the Group | |

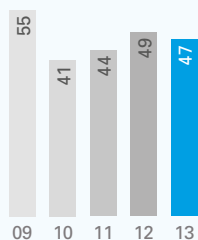
Our investment activity is dependent on the resources available to the Group. We are in a net debt position overall and want to decrease the total debt as a percentage of trade debtors (which stands at 47% as at 31 December 2013). Our target is to reduce this to 25% and we expect to see a balance between using operating cash flows for investing in growing the business and reducing debt levels. Since 2010 we have used operating cash flow to acquire equity from management shareholders in the Group, so helping to grow the earnings per share. The cash spend in this period was £7.6m. We expect a significant reduction in these equity purchases in the next few years, allowing the Group to have a focus on external opportunities.

It is our intention that investments are funded through equity or from operating cash flows.

Reported net debt (£m)



Total debt as % of trade debtors

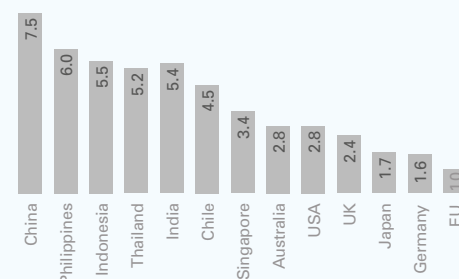


Growth driver of the staffing market

High levels of business confidence lead to increased hiring activity and economic growth creates the need for new roles. Candidate confidence leads to job churn as candidates move between roles.

Global economic conditions have been volatile since the 2008 financial crisis, but we are now seeing consistent forecasts of a global economic recovery which has led to improved business confidence levels in the second half of 2013. Whilst uncertainty and risks remain, the improving conditions in the established economies bodes well for a recovery in demand for labour in the UK and Continental Europe regions.

GDP growth forecast for 2014 (%)



Source: IMF World Economic Outlook Update October 2013 and January 2014.

Strategy

Santiago, Chile

The vision of the Group is to be a leading international, specialist staffing group that delivers a quality service to our customers and candidates and delivers sustainable growth in earnings per share.

We are following a brand led strategy to deliver to this vision, with a focus on creating a diversified and balanced business by geography and sector, with growth driven from Professional and Specialist job levels.

| Strategic focus | Key risks | Key Performance Indicators |
|--|--|---|
| <p>Operational performance We aim to deliver growth in top line net fee income and by operating efficiently and controlling costs, ensure a greater growth in earnings per share.</p> <p>Our long-term target is to deliver average net fee income growth of 10% and improve the conversion ratio to 20%.</p> | <p>Macro environment</p> <p>Financial – foreign exchange</p> | <p>Conversion ratio</p> <p>Net fee income growth by region</p> |
| <p>People focus With our management equity philosophy, we aim to attract and retain the best managers who are talented and ambitious. We encourage senior managers to hold equity in their company, so aligning their interests with shareholders and incentivising them to deliver long-term growth.</p> <p>Our target is for all brands to have key management holding equity in their brand.</p> | <p>Loss of key staff</p> | <p>Number of managers holding equity</p> |
| <p>Organic growth We will continue to invest in our brands, developing those with the potential to build scale and coverage, with a focus on the quality of sales rather than chasing sales volume.</p> <p>Our target is to deliver annual growth from each region and sector, with an increasing proportion of profit from professional and specialist levels.</p> | <p>Macro environment</p> <p>Labour regulations</p> <p>Social changes</p> | <p>% of net fee income from Professional & Specialist roles</p> <p>Organic operating profit (adjusted) growth by region</p> |
| <p>Cashflow used to reduce debt and accelerate growth In the last three years the cash generated from operations has been used to either reduce debt or purchase minority shares in Group companies. The scale of minority share purchases is expected to reduce significantly over the next few years so the cash generated by the Group will continue to be used to reduce net debt levels whilst also enabling investment in new sectors or geographies.</p> <p>Our long-term target is to reach a “debt to debtors” ratio of 25%. We will continue to invest in our brands to help them reach a scale and reach to deliver sustainable and significant profits. We will continue to look for external opportunities that will complement the Group.</p> | <p>Acquisitions poorly executed</p> <p>Financial – liquidity and funding</p> | <p>Reported net debt</p> <p>Debt as a % of trade debtors</p> <p>Cash generated from operations</p> |

Key Performance Indicators

| Measure | How it is calculated | What it demonstrates | Progress in 2013 | | | | | | | | | | | | | | | | |
|---|---|--|--|--------|------------|------|------|----|------|----|------|--------------------|-------|-------|-------|-------------------|-----|----|----|
| Net fee income growth by region | Net fee income is gross profit so this measures the % growth in each region over the prior year. | Sustainable profit growth in the long term must be driven by top line growth. Net fee income is the best measure of this as it looks at the margin earned by the business. | <p>In the UK the underlying growth is 4%. The reported decline of 1% includes the impact of the disposal of the payroll services business in August.</p> <p>In Continental Europe there is a further decline in net fee income, due to the restructuring in Germany & Austria and the lower sales in Finland & Estonia. The rate of decline has reduced from 2012.</p> <p>The Rest of the World region has grown 6%.</p> | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Net fee income growth by region</caption> <thead> <tr> <th>Region</th> <th>2011</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>5%</td> <td>0%</td> <td>1%</td> </tr> <tr> <td>Continental Europe</td> <td>(10%)</td> <td>(20%)</td> <td>(11%)</td> </tr> <tr> <td>Rest of the World</td> <td>19%</td> <td>9%</td> <td>6%</td> </tr> </tbody> </table> | Region | 2011 | 2012 | 2013 | UK | 5% | 0% | 1% | Continental Europe | (10%) | (20%) | (11%) | Rest of the World | 19% | 9% | 6% |
| Region | 2011 | 2012 | 2013 | | | | | | | | | | | | | | | | |
| UK | 5% | 0% | 1% | | | | | | | | | | | | | | | | |
| Continental Europe | (10%) | (20%) | (11%) | | | | | | | | | | | | | | | | |
| Rest of the World | 19% | 9% | 6% | | | | | | | | | | | | | | | | |
| Conversion ratio | The adjusted operating profit as a % of net fee income. | How efficiently the business is operating and how well the cost base is being managed. | The conversion ratio has increased from 12.0% to 14.2%. | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Conversion ratio</caption> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>09</td> <td>10.6</td> </tr> <tr> <td>10</td> <td>15.9</td> </tr> <tr> <td>11</td> <td>11.3</td> </tr> <tr> <td>12</td> <td>12.0</td> </tr> <tr> <td>13</td> <td>14.2</td> </tr> </tbody> </table> | Year | Ratio | 09 | 10.6 | 10 | 15.9 | 11 | 11.3 | 12 | 12.0 | 13 | 14.2 | | | | |
| Year | Ratio | | | | | | | | | | | | | | | | | | |
| 09 | 10.6 | | | | | | | | | | | | | | | | | | |
| 10 | 15.9 | | | | | | | | | | | | | | | | | | |
| 11 | 11.3 | | | | | | | | | | | | | | | | | | |
| 12 | 12.0 | | | | | | | | | | | | | | | | | | |
| 13 | 14.2 | | | | | | | | | | | | | | | | | | |
| Number of managers holding equity | Takes the number of individual minority shareholders across the Group as at 31 December, holding shares in their trading companies. | How many senior managers around the Group are incentivised through equity ownership. | This has increased despite 2 leaving with the disposal of the Bar 2 business. | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Number of managers holding equity</caption> <thead> <tr> <th>Year</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>12</td> <td>34</td> </tr> <tr> <td>13</td> <td>37</td> </tr> </tbody> </table> | Year | Number | 12 | 34 | 13 | 37 | | | | | | | | | | |
| Year | Number | | | | | | | | | | | | | | | | | | |
| 12 | 34 | | | | | | | | | | | | | | | | | | |
| 13 | 37 | | | | | | | | | | | | | | | | | | |
| % of net fee income from Professional & Specialist roles | Net fee income is split by reference to the job levels for roles being filled. | We target growth from the professional and specialist positions as this demonstrates our exposure to the higher margin sectors where specialist brands can offer added value services. | There has been a 2% improvement during the year, primarily coming from a change of mix in Germany. | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>% of net fee income from Professional & Specialist roles</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>12</td> <td>76</td> </tr> <tr> <td>13</td> <td>78</td> </tr> </tbody> </table> | Year | Percentage | 12 | 76 | 13 | 78 | | | | | | | | | | |
| Year | Percentage | | | | | | | | | | | | | | | | | | |
| 12 | 76 | | | | | | | | | | | | | | | | | | |
| 13 | 78 | | | | | | | | | | | | | | | | | | |



Santiago, Chile

| Measure | How it is calculated | What it demonstrates | Progress in 2013 | | | | | | | | | | | | | | | | |
|---|---|--|--|--------|------------|------|-------|----|-------|-----|-------|--------------------|-------|-----|-------|-------------------|-------|-----|-----|
| Organic operating profit (adjusted) growth by region | % growth in each region over the prior year, excluding exceptional items, gains or losses on business disposals, movements in the value of put and call options and amortisation of goodwill. | The underlying profit growth coming from each region of the business. | <p>In the UK there would have been 1% growth if you exclude the impact of the disposed business.</p> <p>In Continental Europe we see the benefit of the cost reduction measures.</p> <p>The Rest of the World includes the profit contribution from the Singapore companies and a turnaround from loss to profit in Chile.</p> | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Organic operating profit growth by region</caption> <thead> <tr> <th>Region</th> <th>2011</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>0%</td> <td>10%</td> <td>13%</td> </tr> <tr> <td>Continental Europe</td> <td>(44%)</td> <td>12%</td> <td>3%</td> </tr> <tr> <td>Rest of the World</td> <td>(27%)</td> <td>36%</td> <td>45%</td> </tr> </tbody> </table> | Region | 2011 | 2012 | 2013 | UK | 0% | 10% | 13% | Continental Europe | (44%) | 12% | 3% | Rest of the World | (27%) | 36% | 45% |
| Region | 2011 | 2012 | 2013 | | | | | | | | | | | | | | | | |
| UK | 0% | 10% | 13% | | | | | | | | | | | | | | | | |
| Continental Europe | (44%) | 12% | 3% | | | | | | | | | | | | | | | | |
| Rest of the World | (27%) | 36% | 45% | | | | | | | | | | | | | | | | |
| Reported net debt | The reported net debt excludes any non-recourse invoice financing. | The net level of debt in the business. | Reported net debt has reduced from £8.1m to £5.8m in line with our strategic goal to see this reduce year on year. | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Reported net debt</caption> <thead> <tr> <th>Year</th> <th>Value (£m)</th> </tr> </thead> <tbody> <tr> <td>09</td> <td>(8.0)</td> </tr> <tr> <td>10</td> <td>(6.1)</td> </tr> <tr> <td>11</td> <td>(5.6)</td> </tr> <tr> <td>12</td> <td>(8.1)</td> </tr> <tr> <td>13</td> <td>(5.8)</td> </tr> </tbody> </table> | Year | Value (£m) | 09 | (8.0) | 10 | (6.1) | 11 | (5.6) | 12 | (8.1) | 13 | (5.8) | | | | |
| Year | Value (£m) | | | | | | | | | | | | | | | | | | |
| 09 | (8.0) | | | | | | | | | | | | | | | | | | |
| 10 | (6.1) | | | | | | | | | | | | | | | | | | |
| 11 | (5.6) | | | | | | | | | | | | | | | | | | |
| 12 | (8.1) | | | | | | | | | | | | | | | | | | |
| 13 | (5.8) | | | | | | | | | | | | | | | | | | |
| Cash generated from operations | The operating profit of the Group, excluding non-cash items and including working capital movements. | How much cash is being generated from the operations of the business before investing and financing decisions. | This improved significantly to £7.8m (2012: £5.2m), due to both the higher profit in the year and from an unwinding of working capital. | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Cash generated from operations</caption> <thead> <tr> <th>Year</th> <th>Value (£m)</th> </tr> </thead> <tbody> <tr> <td>09</td> <td>3.4</td> </tr> <tr> <td>10</td> <td>8.3</td> </tr> <tr> <td>11</td> <td>3.9</td> </tr> <tr> <td>12</td> <td>5.2</td> </tr> <tr> <td>13</td> <td>7.8</td> </tr> </tbody> </table> | Year | Value (£m) | 09 | 3.4 | 10 | 8.3 | 11 | 3.9 | 12 | 5.2 | 13 | 7.8 | | | | |
| Year | Value (£m) | | | | | | | | | | | | | | | | | | |
| 09 | 3.4 | | | | | | | | | | | | | | | | | | |
| 10 | 8.3 | | | | | | | | | | | | | | | | | | |
| 11 | 3.9 | | | | | | | | | | | | | | | | | | |
| 12 | 5.2 | | | | | | | | | | | | | | | | | | |
| 13 | 7.8 | | | | | | | | | | | | | | | | | | |
| Debt as a % of debtors | The total net debt, including non-recourse invoice financing taken as a percentage of trade debtors after bad debt provision. | How leveraged the Group is. The target is to reduce this to 25%. | There was a reduction to 47% from 49% in 2012 despite December debtor days ending at 54 (2012: 51). | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <caption>Debt as a % of debtors</caption> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>09</td> <td>55</td> </tr> <tr> <td>10</td> <td>41</td> </tr> <tr> <td>11</td> <td>44</td> </tr> <tr> <td>12</td> <td>49</td> </tr> <tr> <td>13</td> <td>47</td> </tr> </tbody> </table> | Year | Value (%) | 09 | 55 | 10 | 41 | 11 | 44 | 12 | 49 | 13 | 47 | | | | |
| Year | Value (%) | | | | | | | | | | | | | | | | | | |
| 09 | 55 | | | | | | | | | | | | | | | | | | |
| 10 | 41 | | | | | | | | | | | | | | | | | | |
| 11 | 44 | | | | | | | | | | | | | | | | | | |
| 12 | 49 | | | | | | | | | | | | | | | | | | |
| 13 | 47 | | | | | | | | | | | | | | | | | | |

Risks and uncertainties

As part of the Board's annual risk review the following were identified as the key risks that could affect business operations and hence its financial results and delivery of strategy.

| Risk | Impact on business | Actions taken to mitigate risk |
|---|---|---|
| <p>Economic environment</p> <p>The performance of staffing businesses has historically shown a strong correlation with performance of the economies in which they operate.</p> | <p>An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.</p> | <p>The Group's strategy of geographic and sector diversification is designed to minimise the impact from a downturn in any one market. The Group is constantly looking at how it can further diversify its business. The Group also has a high proportion of its net fee income from temporary recruitment which typically is less volatile than permanent sales during the economic cycles. Nevertheless, a significant global economic downturn will impact all businesses.</p> |
| <p>Loss of key staff</p> <ul style="list-style-type: none"> – Incentivising managers – Choosing good staff – Succession planning <p>The Group's future success relies on recruiting, developing and incentivising its senior management and other key employees.</p> <p>The Group has a highly decentralised management structure, with operating company managing directors having commercial autonomy to run their businesses. This means it is imperative that the managers are incentivised and tied into the business, suitable for the role, able to make the decisions necessary to run the business and develop a team to help provide succession planning.</p> | <p>The loss of a key staff member without a suitable successor in place could lead to a deterioration in trading and profitability. The choice of the wrong manager for a business could lead to sub-optimal decision making and losing ground to competitors or failing to operate procedures properly and so being liable to fines or penalties.</p> | <p>The Group's philosophy of management equity helps to incentivise key management through equity ownership, with the aim of keeping people within the business for the long-term. If equity is acquired from management shareholders we have a policy of issuing second generation equity to incentivise key management for the next stage of development. Second generation equity typically has a threshold profit limit, with the value of the equity based on growth above the threshold limit, so incentivising management to grow the business above current levels.</p> <p>We monitor the number of managers with equity in their own businesses and work with existing shareholders to identify key staff to participate in equity in the future.</p> <p>Currently there are 5 companies in the Group with no minority shareholders and we are working on plans in 2014 to reduce this to nil.</p> |
| <p>Political & social changes</p> <ul style="list-style-type: none"> – Labour regulations – Social changes <p>The Group's businesses are subject to legislation and regulations in each of their operational locations. This is particularly important with temporary recruitment which is more heavily regulated to protect the rights and treatment of temporary workers and in developing staffing markets where new regulations are made as the market grows and develops.</p> <p>Social changes impact how people search for jobs and where they are likely to live.</p> | <p>Any changes to labour regulations could impact on the manner in which any business, or the Group as a whole, conducts its business and could therefore affect the financial performance of the Group. If local practices are not followed it could lead to sanctions being taken against the company, including penalties and fines.</p> <p>In some territories a recruitment licence is required so if local laws are not followed the licence, and so ability to operate in that country, could be revoked.</p> <p>Our businesses need to be based in the best locations where people want to work. They need to be able to identify and communicate with candidates to ensure job vacancies are filled.</p> | <p>The Group closely monitors the legal and regulatory situations in the markets in which it operates, in particular where we operate temporary recruitment as this is an area that generally has more rules and regulations. The Group is a member of many local industry associations which help identify arising issues and lobby on behalf of the industry. We also look to use professional advisers with good local knowledge and understanding of the relevant laws and labour regulations to ensure we are compliant in the territories in which we operate.</p> <p>In recent years we have seen high levels of regulatory change in Germany with the introduction of equal pay legislation for temporary workers and minimum wages introduced.</p> <p>Our focus on key economic centres helps deal with the trend for urbanisation. We also have a central digital media strategy to ensure Group companies are taking advantage of developing forms of communication with candidates and clients.</p> |



Santiago, Chile

| Risk | Impact on business | Actions taken to mitigate risk |
|---|--|---|
| <p>Investments poorly executed</p> <p>With the Group starting to look at external investment again, the risk of losing value from poorly executed investments arises. Acquisitions may be overvalued or poorly integrated into the Group.</p> | <p>If an acquisition is overvalued the Group will pay too much for it and risks a lower return in the future from profits being generated. Also a poorly executed integration into the Group could lead to poor decisions being made and lost value from the investment.</p> | <p>All investments must have Board approval and have a clearly defined integration plan, with responsibility for implementation of the plan with the executive directors. Due diligence findings need to be acted upon to minimise any risks identified pre-acquisition. Any funding requirements must be taken into account for Group cashflow forecasts to ensure sufficient and appropriate funding is in place.</p> |
| <p>Financial</p> <ul style="list-style-type: none"> – Funding & liquidity – Foreign exchange <p>The Group is reliant on debt financing to fund the working capital of the business.</p> <p>By operating in 19 countries the Group is exposed to movements in foreign currency rates.</p> | <p>If the Group was unable to secure funding at current levels it could be forced to dispose of parts of the business to repay the debt.</p> <p>An increase in interest rates will increase costs and so reduce the profit in the business.</p> <p>The Group reports in Sterling but has operations in countries with different currencies. Negative movements in exchange rates would impact the reporting of Group profitability and may devalue the cash and assets around the Group.</p> | <p>The Group finances its operations by a combination of cash reserves from retained profit and bank borrowings. Treasury management is led by the Group finance team, which manages and monitors external and internal funding requirements and maintains the key Group banking relationships. There are regular meetings held with the bank to update them on trading and to maintain a strong relationship and ongoing support from them.</p> <p>The Group is exposed to movements in interest rates for its primary facilities. The Group does not currently hedge this exposure but monitors movements in the relevant interest rates to be able to react if the rates move adversely.</p> <p>A proportion of the Group's business is transacted overseas and so is exposed to movements in exchange rates. The Group does not currently hedge translation risk as there is to some degree a natural hedge from operating in a wide range of countries. Intra-group balances are hedged using cash or overdraft balances to act as a natural currency hedge, for US Dollar, Euro, Japanese Yen, Singapore Dollar and Australian Dollars. No derivative instruments are currently used for hedging.</p> |

Regional review

UK

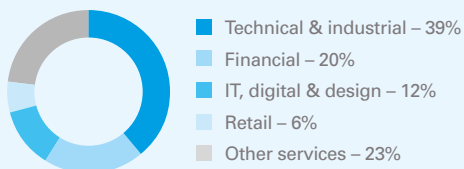


“The signs are more positive for an improved staffing market in 2014”

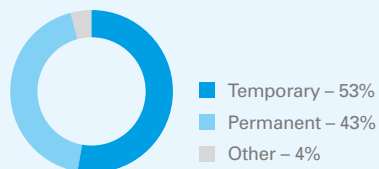
In figures

| £m | 2013 | 2012 | 2011 |
|-----------------------------|------|------|------|
| Revenue | 70.7 | 66.5 | 67.0 |
| Net fee income | 15.8 | 16.0 | 16.0 |
| Adjusted operating profit | 2.1 | 2.2 | 2.0 |
| % of Group net fee income | 37% | 36% | 34% |
| Average number of employees | 197 | 201 | 201 |

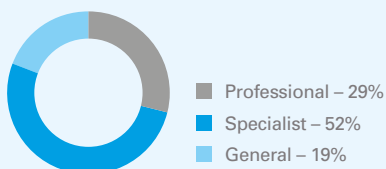
Net fee income % by sector



Net fee income % by service



Net fee income % by job levels



Market conditions

There were clear signs of an economic recovery in 2013, with GDP growth of 0.7% in the second quarter and 0.8% in the third quarter and the International Monetary Fund is predicting growth of 2.4% for 2014. The growth has been led by London and the service sector, although the manufacturing and construction sectors are now also showing signs of recovery. Consumer confidence has risen in the year, helped by increased house prices, which have benefitted from the Government's "help to buy" initiative. Business investment is still low but this is expected to change as the recovery takes hold. The Business Confidence Monitor (prepared by ICAEW and Grant Thornton) showed an improving trend throughout 2013 with the index rising from +4.2 in Q4 2012 to +37.2 in Q1 2014, the highest level in the monitor's 10 year history. After difficult market conditions over the last five years, the signs are more positive for an improved staffing market in 2014.



London, United Kingdom

Performance in 2013

Revenue grew 6% to £70.7m (2012: £66.5m) with permanent sales up 2% and temporary sales up 7%. The temporary margin reduced by 1.5%, so overall net fee income fell by 1% to £15.8m (2012: £16.0m). This decline was due to a reduction of 0.5% in the Technical & Industrial sector and also the disposal of the payroll services business in August 2013 which reduced the temporary sales for the year and was at a higher margin than normal recruitment services. Adjusted operating profit of £2.1m was slightly down on prior year however, the underlying operating profit of the retained business increased by 1%.

Within the Technical & Industrial sector both permanent and temporary sales increased. Both of our brands have concentrated resources into their key offices, with small satellite offices closed, to both reduce costs and also better manage staff and compliance procedures. The airport work continued well, with the building of the new Terminal 2 at Heathrow airport nearing completion. The rail sector has shown signs of improving through the year and in general the outlook is positive going into 2014.

In Financial services revenue was up 1%, with market conditions improving in the banking sector. Overall there

has been an investment in staff, including a new Actuarial team being developed in our Insurance brand and so costs were slightly up on prior year with a corresponding impact on the profit contribution.

In IT, digital & design the market conditions were positive and we delivered an 8% increase in sales. An investment in staff meant underlying profit was only marginally up on prior year.

In Retail we are selling new build properties. Profit was down on prior year as there was a lower overall quantity of new properties to market due to the success of the Government's "help to buy" scheme.

Within Other services, our recruitment-to-recruitment brand delivered a strong growth against prior year, albeit still much lower than historic profit levels. This is a useful barometer of the state of the recruitment market and we saw a broadening of the sectors taking on new staff through the year. Our other brand, providing staff for domestic services, saw a strong growth in sales and despite the costs of moving to new, larger offices delivered an increased profit. They have also invested in their catering services and are developing mainland European capabilities, initially for nannies.

Regional review

Continental Europe

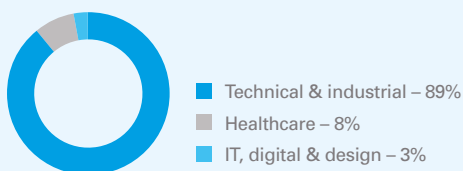


“Costs were controlled helping to deliver an increased adjusted operating profit of £1.8m”

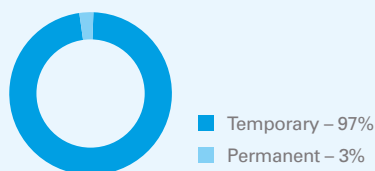
In figures

| £m | 2013 | 2012 | 2011 |
|-----------------------------|------|------|-------|
| Revenue | 76.9 | 83.2 | 102.7 |
| Net fee income | 13.9 | 15.7 | 19.7 |
| Adjusted operating profit | 1.8 | 1.7 | 2.2 |
| % of Group net fee income | 33% | 36% | 42% |
| Average number of employees | 155 | 198 | 221 |

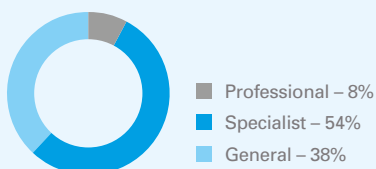
Net fee income % by sector



Net fee income % by service



Net fee income % by job levels

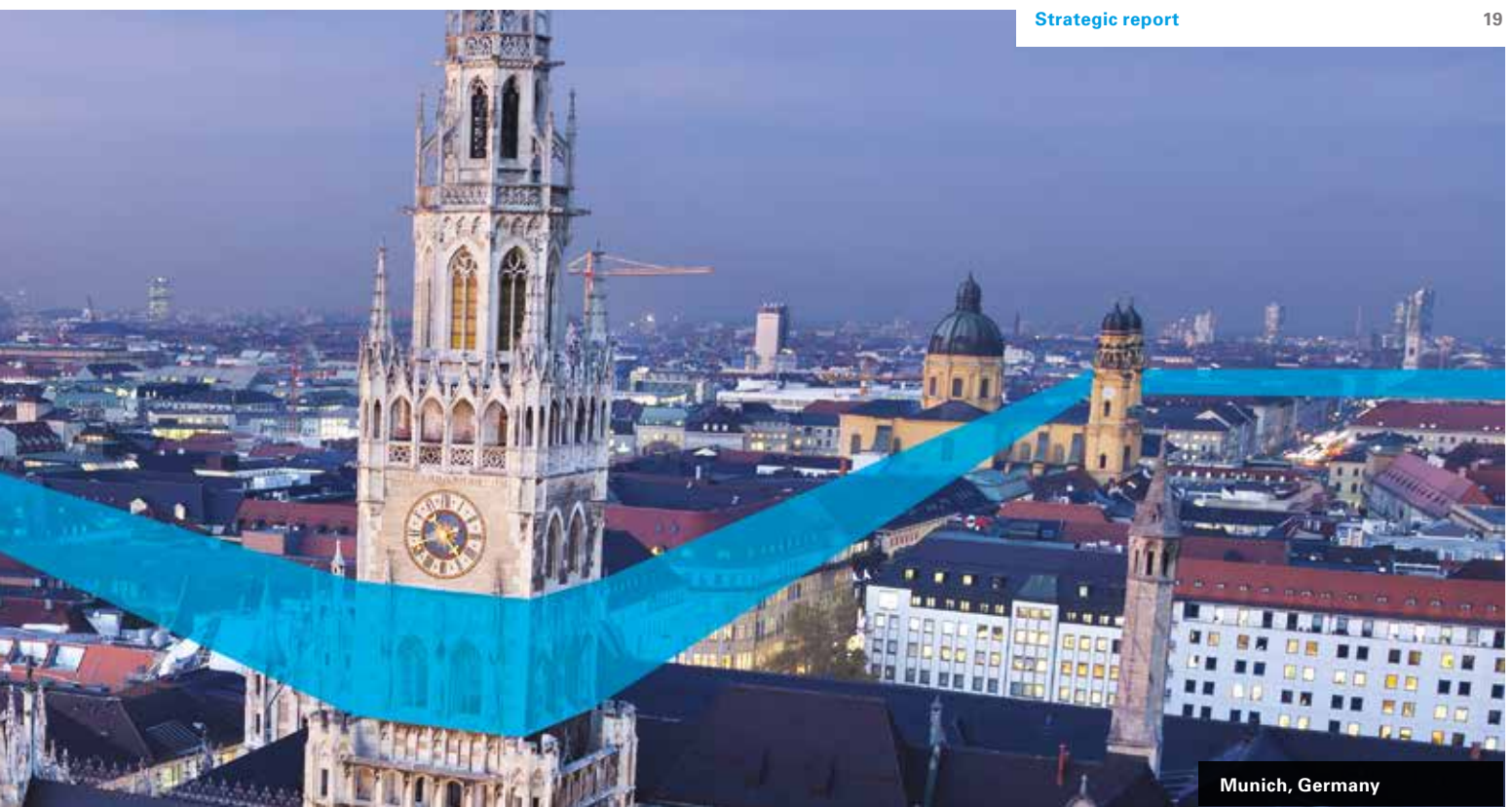


Market conditions

The Eurozone came out of recession in the year (which had lasted six quarters), driven by France and Germany and there were also general signs of improvement across the region, however the recovery remains fragile and growth rates generally low.

In Germany the GDP growth of 0.4% was lower than in 2012 but is forecast to grow in 2014 by 1.7% (source HSBC), with corresponding Purchasing Manager Indexes for services and manufacturing both above 50. Employment has been high with unemployment of 5.3% recorded in July 2013, the lowest level since reunification, leading to skills shortages across the economy.

Following the federal election in September a coalition was formed between the CDU party and the Social Democrats, which led to an agreement between the parties on how to shape the future of Germany. This agreement includes proposals to limit assignments of temporary workers to 18 months (except when formally negotiated in a collective bargaining agreement) and the introduction of a minimum wage of €8.50 per hour from 2015. This follows the introduction of equal pay legislation in November 2012. Our German business is already paying above the proposed minimum wage level.



Munich, Germany

In Finland, a declining economy, ageing population and rising unemployment has led to weaker public finances and spending limits being imposed. Whilst there remains a structural shortage of healthcare workers, the local authorities are under tight budget constraints and this is reducing current demand in the public health sector and creating pressures on margins.

Performance in 2013

Revenue decreased by 8% to £76.9m (2012: £83.2m), with net fee income down 11% to £13.9m (2012: £15.7m) as the introduction of equal pay legislation caused the temporary margin to reduce by 0.5%. Permanent sales fell 35%, after one-off sales in 2012. However the costs were controlled through the completion of the restructuring programme in Germany and Austria, helping to deliver an increased adjusted operating profit of £1.8m (2012: £1.7m), with average staff numbers down 22%.

In Germany and Austria sales and net fee income reduced due to the branch restructuring programme, with a further eight branches being closed or merged in 2013. The cost reductions improved the profit performance resulting in operating profit across Continental Europe increasing 6%. The business is now focussed on its core Bavaria region in Germany and key industrial areas of Austria. Profit continued to improve in the outsourced business,

with a focus in the year on getting new projects to profitability within the first three months and on overall cost control.

For the total business there was a further reduction in staff numbers, with average numbers and year end numbers both down 23% on 2012. These cost savings, with further reductions in car costs and other overheads, saved €2.6m over the prior year.

There has been a release of £0.3m of the provision held against claims for retrospective pay and social security contributions in Germany. The provision at year end is £0.7m, which is for the social security payments and related interest and legal fees. There were no new claims from workers during the year and they are now time barred. All claims that were made have been settled for an average 14% of the original claim value. The final outstanding issue relates to an audit of the 2010 social security position, but we are confident that the provision level in place is sufficient to cover this matter.

The healthcare business in Finland and Estonia has been in transition, resulting in a significant reduction in sales and small loss in the year. The core sales and marketing team has been replaced with more experienced staff which is already helping to

improve brand awareness and client numbers. They have also broadened the candidate base away from just Estonia, with Spanish doctors relocating to Finland at the end of Q4 after an intensive language training course. This will continue in 2014 as the opportunities for healthcare workers in Spain remain challenging. There is also a focus on sourcing from within Finland, with the first starters in January 2014. Whilst the economic conditions in Finland are constrained, we expect the business to deliver much improved results in 2014 after the investments made in the year.

Regional review

Rest of the World

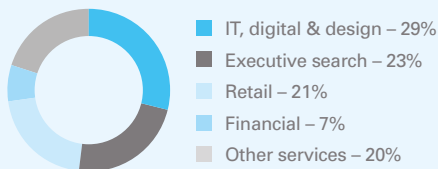


“Adjusted operating profit increased 40% to £2.1m”

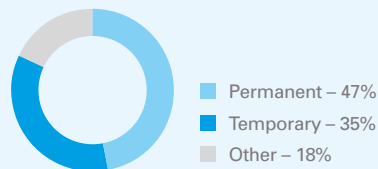
In figures

| £m | 2013 | 2012 | 2011 |
|-----------------------------|------|------|------|
| Revenue | 46.8 | 44.6 | 39.2 |
| Net fee income | 12.9 | 12.2 | 11.2 |
| Adjusted operating profit | 2.1 | 1.5 | 1.1 |
| % of Group net fee income | 30% | 28% | 24% |
| Average number of employees | 509 | 435 | 426 |

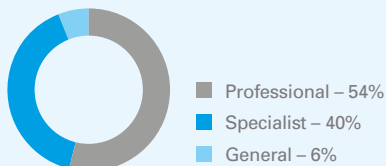
Net fee income % by sector



Net fee income % by service



Net fee income % by job levels



Market conditions

The emerging markets are no longer expecting the same GDP growth rates that they enjoyed in recent years. Whilst growth remains strong by Western Europe standards, the last quarter of 2013 highlighted some underlying weaknesses in a number of the economies.

In India and Indonesia there have been significant movements in exchange rates in 2013 and we expect them to remain volatile in 2014. Both countries have national elections coming up in 2014 and are suffering from the effects of economic slowdowns, current account deficits and a squeeze on foreign currency flows on the back of tapering from the US Federal Reserve.

In Japan the economy has responded well to “Abenomics”, a combination of a bold monetary policy, flexible fiscal policy and policies to promote private investment. The impact of the rise in consumption tax in April 2014 from 5% to 8% should be countered by an injection of Government spending of JPY 5trn. The economy now needs wages to rise to drive domestic consumption and help sustain the economic recovery, given that nominal wages have fallen by an average of 0.8% per year since 2000.

In Chile economic growth has reduced to 4.5% for 2013 and 2014, down from an average 5.7% in 2010-12 (source



Singapore

HSBC) but it remains healthy thanks to its mining and agriculture sectors. A new Government was elected in December with the left wing Michelle Bachelet re-elected with an agenda of radical reforms and expected tax increases.

In China there is an ongoing rebalance of the economy, from being driven by exports to focus on domestic demand, which should lead to a sustainable GDP growth rate of between 7-8%. Because of the size of its economy, any changes impact on its trading partners, being most of the world.

In general the exchange rates across the Rest of the World region have weakened against Sterling in the second half of 2013. Assuming constant profit figures in 2014 and using exchange rates as at the end of 2013 (against the average rates used for 2013) the reduction in Adjusted profit before tax would be £0.3m.

Performance in 2013

Revenue was up 5% to £46.8m (2012: £44.6m) with permanent revenue up 12% and temporary revenue up 3%. However the permanent margin only grew 5% as the costs for the training business, which is included in permanent sales for reporting, were higher than the prior year. The temporary margin was up 0.2% on 2012, helped by good results in Japan, our largest temporary market in this region. Costs were flat, so

helping adjusted operating profit to increase 40% to £2.1m (2012: £1.5m) with profit contributions from our investments in Singapore and Chile turning around a loss in 2012 to a profit in 2013.

In Japan both brands grew profits, with our IT, digital & design brand growing temporary worker numbers by 22% to offset lower permanent sales. The Retail brand invested in a new team of six recruiters for permanent sales, so growing these sales more than threefold. This helped offset the lower temporary margin as the costs of attracting candidates increased.

In South East Asia the profit from the businesses in Singapore helped offset the increased costs from the training business in Indonesia, where there was a change in mix towards lower margin services. In general the Indonesian markets were more difficult in the second half of the year due to worsening economic conditions and currency impacts. There was also a catch up cost on retirement benefits for the training business. External factors negatively impacted the region, with political unrest in Bangkok at the end of the year and natural disasters in the Philippines.

India had a good year with sales growth in the Offshore Recruitment Services business of 20%, predominantly driven by the USA and UK markets. There was also

the benefit of a foreign exchange gain as customers are billed in their local currency.

In China the first half was negatively impacted by the Government rebalancing the economy but we saw a much improved second half performance. Overall profit was down in the year.

In Australia the creative sector held up well, with sales and net fee income growing in local currency, although marginally down in Sterling. Investments were made in the back office structure and this reduced profit against prior year.

In Chile the restructuring in 2012 was successful and helped deliver a turnaround to profit after exiting all higher risk outsourcing business. Overall revenue grew by 8% plus there was a 0.5% increase in the gross margin. Costs were down on prior year so helping to deliver a much improved result.

Finance review

Revenue and net fee income

Revenue for the year was £194.4m (2012: £194.3m), with net fee income decreasing by 3% to £42.6m (2012: £43.9m). Gross margin was 21.9% (2012: 22.6%) with an increase in permanent revenue offset by a lower temporary margin. Permanent sales (including training and Offshore Recruitment Services) grew by 6% and accounted for 36% of net fee income (2012: 35%). Temporary revenue (including outsourced services) was down 0.5% on 2012, with the margin also reducing to 15.3% (2012: 16.2%).

The proportion of net fee income from non-UK operations reduced slightly to 63% (2012: 64%). On a constant currency basis, net fee income would have been 2% below 2012.

Trading summary

| | 2013 £m | 2012 £m | % change | % change like-for-like currency** |
|------------------------------|------------|------------|----------|---|
| Revenue | 194.4 | 194.3 | – | – |
| Net fee income | 42.6 | 43.9 | (3%) | (2%) |
| Administrative costs | (36.6) | (38.5) | (5%) | (5%) |
| Operating profit | 5.5 | 4.4 | 25% | 34% |
| Adjusted operating profit* | 6.0 | 5.4 | 11% | 15% |
| Net finance income and costs | (0.6) | (0.8) | (25%) | (25%) |
| Profit before tax | 4.9 | 3.6 | 36% | 49% |
| Adjusted profit before tax* | 5.4 | 4.6 | 17% | 23% |

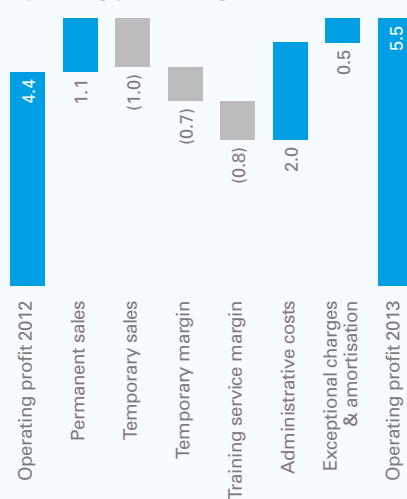
* The adjusted operating profit and adjusted profit before tax figures exclude exceptional items, intangible amortisation, gains or losses on business disposals and movements in the values of put and call options (see note 11 for details).

** The like-for-like currency movement is calculated by translating the 2012 results at the 2013 exchange rates.

Operating profit

Operating profit was £5.5m, up 25% on 2012. On an adjusted basis, it was up 11% at £6.0m. The conversion ratio of 14.2% was an improvement on 12.0% in 2012. This was due to a reduction in administrative costs, which at £36.6m were down 5% on 2012, with about half of the saving coming from staff costs. In the UK, costs were flat with the prior year, in Continental Europe were 11% down year-on-year, but were 5% higher in the Rest of the World.

Operating profit bridge (£m)



Finance income and costs

Finance income was £0.1m (2012: £0.1m), all being bank interest income. Finance costs were £0.7m (2012: £0.9m), which all related to interest payable on invoice discounting, bank loans and overdrafts.

Exceptional charges

International Financial Reporting Standards (IFRS) require that items of income and expenditure that are material in terms of their nature or amount should be disclosed separately. Such items have been disclosed as exceptional charges in these accounts. The total net charge is £0.3m (2012: £0.7m). In Germany there is a charge of £0.6m for restructuring costs which relate to the closure or merger of branch offices and the termination of staff. This is partially offset by the release of £0.3m of the provision



Tokyo, Japan

for potential claims for retrospective pay and social security in Germany.

Finally there is a profit on disposal of the Bar 2 payroll services business of £0.5m, offset by an impairment loss of £0.5m.

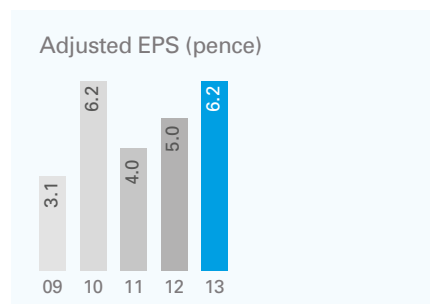
Taxation

The total tax charge in the year is £2.1m (2012: £1.7m) representing an effective tax rate of 43% (2012: 47%). Against the adjusted profit before tax and after excluding the tax on the exceptional items the effective tax rate reduces to 39% (2012: 39%). This remains high because of a combination of prior year tax charges, no tax benefit on certain losses and non-deductible costs in the year. 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.

Earnings per share

Basic earnings per share in the year ended 31 December 2013 was 5.2p (2012: 3.0p).

The Group achieved adjusted earnings per share of 6.2p (2012: 5.0p). This measure excludes exceptional items, intangible amortisation, gain or loss on business disposal and fair value movements on put and call options, so provides a better understanding of the underlying trading performance.



No shares were issued during the year. In total there are 2.2m LTIP share options outstanding at year end (see note 28 for further details).

Dividend

During the year, the Group paid a dividend of £0.2m in respect of the year ended 31 December 2012, amounting to 0.35p per share. For the year ended 31 December 2013, the Board is proposing to maintain a dividend of 0.35p per share, which if approved by shareholders at the Annual General Meeting, will be paid on 23 June 2014 to shareholders on the register on 23 May 2014.

Treasury

The Group's treasury function is centrally managed with responsibility for ensuring compliance with treasury policy and managing the daily treasury operations resting with the Group Finance Director. The treasury philosophy of the Group is that speculative transactions are not permitted and where possible debt should match the location and currency of the related assets. There are certain matters reserved for Board approval, including the following:

- 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 objectives are:

- to ensure that at all times the Group has access to sufficient cash resources as part of committed bank facilities to meet its financial obligations as they fall due, including taxes and dividends and to provide funds for capital expenditure and investment opportunities as they arise.
- bank facilities must have a maturity profile that matches the funding requirement of the Group.
- the Group must have sufficient liquidity to meet non-discretionary financial obligations in the event of unexpected business disruption.
- to ensure compliance with borrowing facility covenants and undertakings.
- to ensure the capital structure of the Group is appropriate for the Group's profile.

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 £30.2m (2012: £29.0m).

Finance review

continued

Bank facilities at 31 December

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Overdrafts (UK) | 2.8 | 2.8 |
| Revolving credit facility (UK) | 8.3 | 10.0 |
| Term loan (UK) | 1.4 | 2.0 |
| Overdrafts and other loans (non-UK) | 4.7 | 3.2 |
| Invoice financing facility (UK) | 13.0 | 11.0 |
| | 30.2 | 29.0 |
| Amount of facility undrawn at year-end | 7.1 | 4.8 |

The amount of facility undrawn of £7.1m (2012: £4.8m) excludes the headroom on the invoice financing facility. The invoice financing facility is available to the UK companies only.

The term loan of £1.4m (2012: £2.0m) expires in 2016.

The UK overdrafts are renewable annually and were last renewed in January 2014. The first facility is phased over the calendar year to match our funding requirements, with £4.0m from January to the end of June, £3.0m to the end of September and then £2.0m until the end of November, increasing back to £4.0m in December. The second facility is for Euro 1.0m (£0.8m) and is available for mid-month working capital funding in Germany.

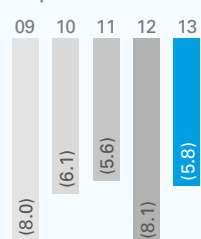
The revolving credit facility, renewed in March 2011 for a five year term, is capped at Euro 10.0m (£8.3m) and is allocated for German working capital financing with any drawdown limited to 66% of the German trade receivables and cash. A second revolving credit facility of Euro 2.2m was repaid in full before 31 December 2013.

Group net debt decreased from £8.1m at 31 December 2012 to £5.8m at 31 December 2013, as detailed below:

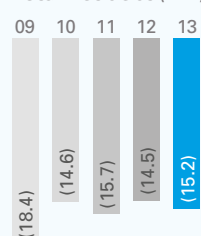
| | 2013 £m | 2012 £m |
|-----------------------------------|------------|------------|
| Cash at bank and in hand | 5.7 | 6.2 |
| Overdraft facilities | (2.1) | (3.2) |
| Invoice financing (with recourse) | (1.3) | (1.1) |
| Bank loans | (8.1) | (10.0) |
| Reported net debt | (5.8) | (8.1) |
| Non-recourse invoice financing | (9.4) | (6.4) |
| Total net debt | (15.2) | (14.5) |

The reported net debt excludes non-recourse invoice financing of £9.4m (2012: £6.4m) which is offset against trade receivables. The total debt, including the non-recourse invoice financing, is £15.2m (2012: £14.5m).

Reported net debt (£m)



Total net debt (£m)



The Group has 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 |
|--------------------|--------------|--------|
| Net debt:EBITDA | < 2.5 times | 0.8 |
| Interest cover | > 3.0 times | 10.6 |
| Debt service cover | > 1.25 times | 3.4 |

Interest rate risk

The objectives are to:

- Ensure compliance with interest cover covenants.
- Manage the Group's net interest rate exposure to ensure the Group can meet its profit targets.
- Manage the impact of adverse interest rate movements.
- Any surplus cash invested can never put the capital amount at 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).

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 paid to banks by repatriating surplus funds from around the Group to minimise the use of the overdraft facilities.

Finance costs were £0.7m (2012: £0.9m), which all related to interest payable on invoice discounting, bank loans and overdrafts. The effective interest rate for the year was 3.4% (2012: 3.8%).

Foreign exchange risk

The objectives are to:

- Manage the adverse impact of exchange rate movements to ensure budgeted profit is achieved, protect the financial outcome of large transactions or capital expenditure and protect the cash flows of the business.



Tokyo, Japan

- Minimise variances in the value of the Group's net foreign currency denominated assets by seeking to borrow in the same currency as the asset (natural hedges).
- Manage the foreign exchange impact of long-term investments through net investment hedges.

The overall purpose of hedging is to mitigate risks and achieve a known outcome.

There was a foreign exchange gain in the year of £457,000 (2012: £17,000). This arose on trade debtor revaluations (£81,000) and inter-company loan revaluations (£376,000). Before year end the most significant inter-company loans have been restructured to reduce the impact of foreign exchange and the potential reversal of these gains to the profit & loss account.

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 second half of 2013 we witnessed significant movements in exchange rates in the emerging markets, in particular the following exchange rates weakened against Sterling (based on the closing rate for 2013 against the closing rate for 2012):

| Currency | Decline in value versus Sterling in the year |
|-------------------|--|
| Japanese Yen | 25% |
| Indonesian Rupiah | 30% |
| Australian Dollar | 19% |
| Indian Rupee | 15% |
| Chilean Peso | 12% |

We do not expect these rates to strengthen in 2014 back to previous levels seen in 2012, so this will negatively impact on the profit reported from the Rest of the World region for 2014.

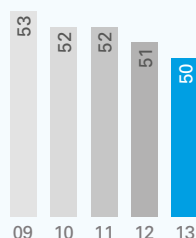
Credit risk

The objective is to ensure treasury transactions are undertaken with creditworthy counterparties and in accordance with approved limits.

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.

Debtor days are reviewed monthly with high balances followed up with local management. Average debtor days for the Group in 2013 were 50 (2012: 51), although at the end of the year the debtor days were 54 (2012: 51 days).

Average debtor days per year (days)



Cashflow

Reported net debt decreased by £2.3m in the year to £5.8m (2012: £8.1m).

| | 2013 £m | 2012 £m |
|--------------------------------------|------------|------------|
| Cash generated from operations | 7.8 | 5.2 |
| Tax and interest payments | (2.4) | (2.5) |
| Cash received on disposals | 0.2 | 0.2 |
| Capital expenditure | (0.8) | (0.5) |
| Purchase of shares in subsidiaries | (1.3) | (3.2) |
| Dividends to Group shareholders | (0.2) | (0.2) |
| Dividends to subsidiary shareholders | (0.2) | (0.4) |
| Net movements on loans | (0.8) | (1.1) |
| Decrease/(increase) in net debt | 2.3 | (2.5) |

Acquisitions and disposals

During the year, the Group made a number of acquisitions of shares in subsidiaries held by minority shareholders and disposed of a business, as summarised below:

- In January 2013, 10% of the shares in Skill House Staffing Solutions KK, a Japanese company specialising in placing IT professionals, for cash consideration of £0.45m taking the Group ownership to 100% (this has subsequently reduced back to 90% with a senior manager acquiring 10% second generation shares).
- In July 2013, 9% of the shares in the MediradiX companies (Finland & Estonia), which specialise in the placement of doctors, dentists and nurses in Finland, for cash consideration of €0.3m, of which €50,000 was deferred for a year. The Group now holds 95.7% of the shares of both these companies.
- In August 2013 the Group disposed of the business and trading assets carried on by Bar 2 Limited, which provided umbrella payroll services in the UK, for up-front consideration of £100,000 and contingent consideration of £660,000.

The Group received £0.2m in deferred consideration from the disposal made in 2011 of the supply chain business in the UK and the disposal of the Bar 2 business detailed above.

Finance review

continued

Tokyo, Japan

Balance sheet

The Group's net assets as at 31 December 2013 were £24.7m (2012: £24.0m). A summarised balance sheet is provided below:

| | 2013 £m | 2012 £m | Movement £m |
|--|------------|------------|----------------|
| Goodwill & intangibles | 26.0 | 26.6 | (0.6) |
| Property, plant & equipment | 1.0 | 1.3 | (0.3) |
| Deferred tax assets | 0.6 | 1.2 | (0.6) |
| Trade and other receivables | 27.2 | 27.4 | (0.2) |
| Net borrowings | (5.8) | (8.1) | 2.3 |
| Trade payables and other current liabilities | (23.1) | (23.5) | 0.4 |
| Deferred tax liability | (1.2) | (0.9) | (0.3) |
| Net assets | 24.7 | 24.0 | 0.7 |
| Share capital and premium | 21.6 | 21.6 | – |
| Equity reserve | (6.7) | (6.1) | (0.6) |
| Other reserves & retained earnings | 6.7 | 5.1 | 1.6 |
| Equity attributable to the owners of the company | 21.6 | 20.6 | 1.0 |
| Minority interests | 3.1 | 3.4 | (0.3) |
| Total equity | 24.7 | 24.0 | 0.7 |

Post balance sheet events

On 10 March 2014 the Group acquired 51% of the shares in BW&P FZ LLC, a Dubai based company specialising in permanent sales in the Technical & Industrial sector. Initial consideration is £300,000 with two further payments that are contingent on the performance of the company in the two years ended 31 December 2015.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Despite the uncertainty in the economy and its inherent risk and impact on the business, the Board has concluded, given the level of borrowings and bank facilities, that 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. Further details on going concern are found in note 1.

Corporate social responsibility

Turku, Finland

Empresaria believes that corporate and social responsibility is an important part of the Group's culture and looks to adopt good practice in these areas. The Board gives due consideration to risks arising from social, environmental and ethical issues as part of its ongoing risk review process.

Social interaction

The Group, as a diversified international business, recognises the importance of working in a culturally sensitive way with local communities and that its employment policies are non-discriminatory and encourage the employment of local nationals at all levels in the Group.

Employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability.

The Group recognises the need to provide a safe working environment for its staff and clients. Each office is responsible for ensuring that their business operates in compliance with Group policies and local health and safety legislation.

The Group operates an employee exchange programme, open to all employees within the organisation, designed to allow staff to spend between a week and a month working in an office of another Group company in another country, to learn how their business operates and to swap ideas and best practice.

The Group communicates with staff by providing regular group news updates through "Empresaria One", a Group-wide intranet. It also enables employees from different businesses to share ideas and develop initiatives and is used to publish key Group policies and procedures.

The Group and senior management are supportive of staff working with their local communities and charitable concerns.

Ethics

The Group actively promotes integrity in its dealings with employees, shareholders, customers and suppliers and the authorities of the countries in which it operates. Empresaria recognises that its reputation is a valuable asset gained over a long period.

The Group promotes high ethical standards in carrying on its business activities and has a Code of Conduct for dealing with gifts, hospitality, corruption, fraud and the use of inside information. All staff must comply with the laws and regulations of the country in which they operate.

The Group aims to provide a high-quality service to clients and candidates alike and seeks to build strong and lasting relationships with both parties. The Group ensures that advertising and public communications avoid untruths or overstatements. Empresaria builds relationships with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business.

The Group builds relationships with candidates based on trust and quality of service. It recognises that information about candidates is sensitive and confidential and must be kept securely and not disclosed without a candidate's permission.

Environment

Whilst it is recognised that the Group operates in a business sector that has a low environmental impact, the Group remains committed to minimising its impact on the environment. The Group is aware that this is an area of increasing

importance to employees, shareholders and customers alike. The Group is not involved in the manufacture of any tangible products and has identified the principal areas of environmental impact as energy use, waste recycling, paper and printing and travel.

The Group encourages the recycling of office waste and waste paper and has seen a continued reduction in the use of printed materials around the Group by increasingly relying on electronic media for its primary marketing activity.

As an internationally diverse group we recognise that some travel is inevitable and necessary for the effective management of the business, however, full use is made of telephonic conference facilities and working from home to minimise this as far as is practical.

Board of Directors



Anthony Martin (Chairman)

Appointed: July 2004

Skills & experience

Anthony 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

Committee Membership

None



Joost Kreulen (Chief Executive Officer)

Appointed: January 2012

Skills & experience

Joost 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

Committee Membership

None



Spencer Wreford (Group Finance Director)

Appointed: May 2010

Skills & experience

Spencer has over 10 years' experience in senior finance roles. 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

Committee Membership

None



Penny Freer
(Non-Executive Director)
Appointed: December 2005

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

Committee Membership

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

Zach Miles
(Non-Executive Director)
Appointed: October 2008

Skills & experience

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

Committee Membership

Audit Committee (Chairman),
 Remuneration Committee,
 Nomination Committee

Directors' report

The Directors present their annual report on the affairs of Empresaria Group plc, together with the financial statements and auditor's report, for the year ended 31 December 2013. The Corporate governance statement set out on pages 34 to 39 forms part of this report.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 29 to the financial statements. An indication of likely future developments in the business of the Company are included in the Strategic report.

Financial instruments

Information about the use of financial instruments by the Company and its subsidiaries is given in note 22 to the financial statements.

Dividends

For the year ended 31 December 2013 the Directors recommend a final dividend of 0.35p per ordinary share to be paid on 23 June 2014 to ordinary shareholders on the register on 23 May 2014. For the year ended 31 December 2012 a final dividend was paid of 0.35p per ordinary share on 24 June 2013.

Greenhouse Gas Emissions (GHG) Reporting

The regulations concerning the reporting of GHG do not apply to the Company.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. Shares which are allotted to satisfy consideration payments on the acquisition of minority interests in certain Group subsidiaries (pursuant to shareholders agreements) can be subject to a restriction on sale of up to two years. There are no issued shares subject to such restriction as at the date of this report. The Directors are not aware of any other agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Issue and acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions dated 23 May 2013, as follows:

| Resolution | Resolution number | Number of shares | Number of shares issued under the authority as at the date of the report |
|---|-------------------|------------------|--|
| Issue shares (1/3 of issued share capital plus additional) | 7a | 17,540,847 | – |
| Issue shares by way of rights issue (2/3 of issued share capital) | 7b | 29,708,565 | – |
| Purchase through the market (5% of issued share capital) | 9 | 2,228,142 | – |

All authorities expire on the earlier of 31 July 2014 or the conclusion of the next Annual General Meeting.

Details of employee share schemes

In 2008 shareholder approval was obtained for a Long Term Incentive Plan (LTIP) for the issue of share options in Empresaria Group plc to Directors and senior executives. During the year ending 31 December 2013 an award was made under the LTIP. Details of all awards made under the LTIP can be found in the Directors' remuneration report on pages 44 to 49 and in note 28.

Directors and their interests

The Directors, who served throughout the year, had the following interests in the Company's ordinary share capital:

| | 31 December 2013 | | 31 December 2012 | |
|---|---------------------------|--------------------|---------------------------|--------------------|
| | Number of ordinary shares | Percentage holding | Number of ordinary shares | Percentage holding |
| Executive Directors | | | | |
| Joost Kreulen, Chief Executive Officer | 60,000 | 0.13% | 60,000 | 0.13% |
| Spencer Wreford, Group Finance Director | 15,000 | 0.03% | 15,000 | 0.03% |
| Non-Executive Directors | | | | |
| Anthony Martin, Chairman | 12,924,595 | 29.00% | 9,690,546 | 21.75% |
| Penny Freer | 15,000 | 0.03% | 15,000 | 0.03% |
| Zach Miles | – | 0.00% | – | 0.00% |
| Total | 13,014,595 | 29.21% | 9,780,546 | 21.95% |

During the period between 31 December 2013 and 10 March 2014 no changes took place in the interests of the Directors. None of the Directors had interests in other Group companies.

Director changes

There were no changes in Directors during the year.

Appointment, retirement and replacements of Directors

The Company is governed by its Articles of Association (the "Articles"), the Companies Act 2006 and related legislation and AIM Rules. The Board support and comply with the principles of the 2012 UK Corporate Governance Code which requires that all Directors of the Company submit themselves for re-election at least every three years. The Articles of Association require that a third of the Directors retire by rotation. The Articles may be amended by special resolution of the shareholders.

At the next Annual General Meeting Anthony Martin retires by rotation and submits himself for re-election having been last appointed by shareholders on 7 June 2011.

Biographical details of all Directors can be found on pages 28 and 29.

Directors' powers

The Directors' powers are conferred on them by UK legislation and by the Articles of Association. Further details can be found in the Corporate governance statement on pages 34 to 39.

Directors' indemnities

The Company has made no qualifying third-party indemnity provisions for the benefit of its Directors during the year.

Directors' report continued

Substantial shareholdings

As at 31 December 2013, excluding the Directors, the following interests in 3% or more of the issued ordinary share capital in the register maintained under the provision of section 113 of the Companies Act 2006 were identified:

| Name of holder | Number of ordinary shares | Percentage holding |
|-----------------------------------|---------------------------|--------------------|
| Caledonia Investments plc | 9,814,264 | 22.02% |
| M W R Hunt (former Director) | 3,988,092 | 8.95% |
| Liontrust Asset Management | 3,573,468 | 8.02% |
| T J D Sheffield (former Director) | 2,049,307 | 4.60% |
| Ashcourt Rowan Asset Management | 1,873,403 | 4.20% |

During the period between 31 December 2013 and the 7 March 2014 the Company was notified of the following changes to substantial holdings.

| Name of holder | Number of ordinary shares | Percentage holding |
|---------------------------------|---------------------------|--------------------|
| Ashcourt Rowan Asset Management | 1,673,403 | 3.76% |

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Group's website and intranet.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Political contributions

The Group did not make any political donations during the year (2012: nil).

Auditor

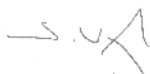
Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board:



Spencer Wreford
Company Secretary

10 March 2014

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the AIM rules and have chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group's financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.empresaria.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

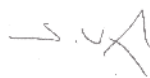
We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Joost Kreulen
Chief Executive Officer



Spencer Wreford
Group Finance Director

10 March 2014

Corporate governance statement

Corporate governance

Since listing on AIM in late 2004, the Group has developed in line with its strategic aims, increasing its spread in terms of both geography and sector. The Board recognises that with this growth comes the need to provide a sound framework of corporate governance and is committed to the continued review, development and implementation of corporate governance practices which will support the business as it continues to deliver its strategic objectives for the benefit of shareholders over the longer term.

Changes in regulations

During the year there have been changes to reporting regulations, a number of which are not a requirement for companies listed on AIM. The Directors have reviewed and carefully considered the new regulations and whilst they intend to follow best practice they do not believe it is appropriate to fully adopt the new regulations at this stage.

Corporate governance codes

The Board seeks to follow best practice in corporate governance appropriate with the size and regulatory framework that applies to AIM companies. The Board reviews and applies the principles and provisions of the 2012 UK Corporate Governance Code ("Code") where it is appropriate to do so to support the governance framework.

Key actions during the year

| Section | Actions |
|------------------------------------|---|
| Leadership | <i>Role of the Board</i> |
| | <ul style="list-style-type: none"> • Increased number of formal Board and Committee meetings • Annual review and approval of the matters reserved for the Board's decision • Updated Terms of Reference for all Committees |
| Effectiveness | <i>Non-Executive Directors</i> |
| | <ul style="list-style-type: none"> • Strategy reviewed and approved |
| | <i>Appointments to the Board</i> |
| | <ul style="list-style-type: none"> • Nomination Committee formed |
| | <i>Commitment</i> |
| Accountability | <ul style="list-style-type: none"> • Annual review of independence and conflicts of interest |
| | <i>Evaluation</i> |
| | <ul style="list-style-type: none"> • Audit Committee performance evaluation • Executive director performance evaluation |
| Remuneration | <i>Risk Management and Internal Control</i> |
| | <ul style="list-style-type: none"> • Group risk management policy, framework and register approved |
| Relations with shareholders | <i>Audit Committee and Auditor</i> |
| | <ul style="list-style-type: none"> • External audit tender process completed |
| Relations with shareholders | <i>Level and components of remuneration and Procedure</i> |
| | <ul style="list-style-type: none"> • Executive director performance evaluation • Non-Executive time commitment reviewed • Subsidiary director remuneration packages reviewed |
| | <i>Dialogue with shareholders</i> |
| Relations with shareholders | <ul style="list-style-type: none"> • Appointment of Shore Capital as Company Nominated Adviser and broker • Appointment of Hardman & Co as Company analyst |

Leadership

The role of the Board

Every company should be headed by an effective board which is collectively responsible for the long-term success of the Company.

The Company is controlled through the Board of Directors which has established Audit, Remuneration and Nomination Committees to which it delegates clearly defined powers. Details of the board directors are as follows:

| Name | Roles | Independence | Tenure as board director * |
|-----------------|--|-----------------|----------------------------|
| Anthony Martin | Chairman of the Board | Non-independent | 9 years 5 months |
| Penny Freer | Chairman of the Remuneration Committee Chairman of the Nomination Committee Member of the Audit Committee Joint Senior Independent Director | Independent | 8 years |
| Zach Miles | Chairman of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee Joint Senior Independent Director | Independent | 5 years 3 months |
| Joost Kreulen | Chief Executive Officer | | 2 years |
| Spencer Wreford | Group Finance Director | | 3 years 7 months |

* From date of appointment to 31 December 2013.

The principal roles of the Board are the protection and advancement of shareholders' interests, providing overall direction for the Group and establishing and maintaining a framework of delegated authorities and controls which ensure the efficient and effective management of the Group's operations. A formal schedule of matters reserved for consideration by the Board gives it responsibility for the following:

Matters reserved for the Board

- overall Group strategy and objectives
- approval of the Group annual budget and progress towards achievement of this budget
- changes to the Group's capital structure
- changes to the Group's principal activities
- changes to the senior management structure
- approval of Group financing arrangements and treasury policy
- approval of major acquisitions, disposals and additional investments in existing operations
- approval of major unbudgeted expenditure

The schedule of matters reserved for the Board is reviewed by the Board annually to ensure it remains appropriate and complete. The Board has also approved the schedule of matters which are delegated to operational management.

The terms of reference for each of the Committees are available to view on the Company's website (www.empresaria.com). Details of the work carried out by the Audit, Remuneration and Nomination Committees can be found in the Audit Committee report on pages 40 to 43 and Directors' remuneration report on pages 44 to 49.

During the year the number of meetings of the Board and Committees and individual attendance by the members were as follows:

| | Main Board | Audit Committee | Remuneration Committee |
|--|------------|-----------------|------------------------|
| Number of meetings held | 7 | 6 | 3 |
| Anthony Martin (Chairman) | 7 | – | – |
| Joost Kreulen (Chief Executive Officer) | 7 | – | – |
| Spencer Wreford (Group Finance Director) | 7 | – | – |
| Penny Freer (Non-Executive Director) | 6 | 6 | 3 |
| Zach Miles (Non-Executive Director) | 7 | 6 | 3 |

Corporate governance statement continued

Division of responsibilities

There should be a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer. The statement of division of responsibilities was formally approved by the Board prior to the appointment of Joost Kreulen to the role of Chief Executive Officer and can be found on the Company's website (www.empresaria.com).

The Chairman is primarily responsible for the running of the Board. The Chief Executive Officer is responsible for implementing Group strategy.

The Chairman

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

The Board is led by the Chairman. It is recognised that the Chairman has not been considered as independent from appointment due to his significant shareholding in the Company.

All meetings have a pre-agreed formal agenda setting out those matters for discussion, together with supporting papers. Time is allocated at all meetings to discuss any other business which all directors are invited to raise.

Non-Executive Directors

As part of their role as members of a unitary board, Non-Executive Directors should constructively challenge and help develop proposals on strategy.

All Non-Executive Directors participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company. The Board collectively reviewed and approved the Group's strategy, objectives and actions as part of the 2014 budget process.

Effectiveness

The composition of the Board

The Board and its Committees should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The Board has a balance and depth of skills and experience and biographies of the Directors can be found on pages 28 and 29.

Independence of all Non-Executive Directors is reviewed on an annual basis, with reference to their independence of character and judgement and whether any circumstances or relationships exist that could affect their judgement. The Board considers that Penny Freer and Zach Miles continue to remain independent. For Penny Freer, who will have served for 9 years as a director before she is due for re-election, the Board specifically considered her skills and external experience as well as her involvement and insight in board meetings and consider that her period of service does not affect her independence. Anthony Martin, Chairman of the Company, is considered to remain non-independent due to his significant shareholding in the Company.

Conflicts of interest of all Directors are reviewed on an ongoing basis and on an annual basis. Situations which may create a conflict of interest are presented to the Board for review and approval as appropriate.

Appointments to the Board

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

In November 2013 a separate Nomination Committee was formed. Terms of reference define the role and duties of the Nomination Committee and can be found on the Company's website (www.empresaria.com).

Currently the Nomination Committee does not have a separate policy or objectives on diversity, including gender, however in making recommendations to the Board the Committee will give due regard to the benefits of diversity in the board room, including gender.

All Board Directors have the opportunity to independently assess the suitability of potential candidates for vacancies which arise. Final approval for Board appointments is given by the Board as a whole.

Commitment

All Directors should be able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Chairman and Non-Executive Directors serve under letters of appointment which are available for inspection at the Company's registered office and at the Annual General Meeting.

The annual time commitments are as follows:

- Chairman – not less than 25 days
- Non-Executive Directors – not less than 20 days

Following a review of the time commitments during 2013 the Remuneration Committee was satisfied with the current letters of appointment for the Chairman and Non-Executive Directors.

Neither Executive Director holds external Non-Executive Director roles.

Development

All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.

All Directors determine the training requirements appropriate to their role and the needs of the business. Examples of events attended include the attendance by the Chairman and Chief Executive Officer at the Staffing Industry Analysts conference in the USA, whilst the Chairman of the Audit Committee has attended seminars on Audit Committees and Corporate Governance delivered by Deloitte LLP. The Chairman of the Remuneration Committee maintains her knowledge of current issues regarding remuneration through attendance at seminars and regular contact with external remuneration consultants. Developments in corporate governance are reported to the Board by the Company Secretary.

It has not been deemed necessary to formalise a training and development programme for each Director.

Information and support

The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

At the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed before each Board meeting. All Directors receive sufficient relevant information on financial, business and corporate issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure ensures their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to be informed of developments on a regular basis.

The Directors are able to take independent professional advice in the furtherance of their duties if necessary.

Evaluation

The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors.

The Board have not deemed it necessary to conduct a formal review of its performance.

The Audit Committee completed a performance review in March 2013, following completion of the 2012 audit process. The evaluation measured performance against its terms of reference and identified areas for development. These results were presented to the Board.

The Remuneration Committee completed performance reviews in December 2011 and the first quarter of 2014.

Executive Director formal performance evaluations were conducted in preparation for the review and approval of the 2014 remuneration packages.

Corporate governance statement continued

Re-election

All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

All Directors, in accordance with the Code, will submit themselves for re-election at least once every three years. Any Directors appointed to the Board during the year will submit themselves for re-election at the next Annual General Meeting following their appointment. In accordance with the Company's Articles of Association one third of the Board is required to retire by rotation each year.

At the Annual General Meeting in 2013 Spencer Wreford was re-elected to the Board. At the forthcoming Annual General Meeting Anthony Martin will retire and offer himself for re-election having been last appointed by shareholders on 7 June 2011.

A summary of the Directors' appointments by shareholders is provided below:

| Director | Last appointed by shareholders |
|--|--------------------------------|
| Anthony Martin (Chairman) | 7 June 2011 |
| Joost Kreulen (Chief Executive Officer) | 29 May 2012 |
| Spencer Wreford (Group Finance Director) | 23 May 2013 |
| Penny Freer (Non-Executive Director) | 29 May 2012 |
| Zach Miles (Non-Executive Director) | 29 May 2012 |

Accountability

Financial and business reporting

The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.

The Board reviews and approves all reports on the Company's position. This includes reports of a statutory and regulatory nature, as required by the AIM rules, which are of a price-sensitive nature.

Risk management, internal control and auditor

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems.

The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor.

Risk management remains the responsibility of the Board of Directors. The Audit Committee has delegated responsibility to keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management system.

During 2013 the Board reviewed the governance framework and management systems in place to deliver the Group strategy. To strengthen and support the existing policies and internal control systems the Board approved the implementation of the Group risk management policy, framework and register.

At the Group level the Board has identified and evaluated the significant risks faced by the Group for the delivery of the Group strategy. The Board has agreed how each risk is to be addressed and the necessary actions to be taken. Details of the principle risks identified are set out in the Strategic report on pages 14 to 15.

The Audit Committee will meet specifically to review the effectiveness of the Group's risk management and internal control systems and to review the Group and subsidiary risks identified and progress of actions taken to manage the risks. Following the review, progress and actions will be reported to the Board. A separate Audit Committee report is set out on pages 40 to 43 and provides details of the role and activities of the Audit Committee and its relationship with the external auditor.



Remuneration

The level and components of remuneration and procedure

A separate Directors' remuneration report is set out on pages 44 to 49 and provides details of the remuneration policy, level and components of remuneration and procedure for fixing the individual remuneration packages of individual Directors.

Relations with shareholders

Dialogue with shareholders

There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders by:

- making annual and interim presentations to institutional investors, which are made available to all shareholders on the Company's website (www.empresaria.com);
- meeting shareholders to discuss long-term issues and obtain their views; and
- communicating regularly during the year.

During the year the Company appointed Shore Capital as the Company Nominated Adviser and broker, and Hardman & Co as the Company analyst to develop relationships with existing and potential shareholders.

Relations with shareholders are managed principally by the Chief Executive Officer and Group Finance Director. The views of shareholders are communicated to the Board as a whole through regular Board meetings and communication between meetings. Although primary responsibility for effective communication with shareholders lies with the Chairman, the Executive Directors prepare presentations for analysts and institutional investors following the interim and preliminary announcements.

Constructive use of the Annual General Meeting

The Board should use the Annual General Meeting to communicate with investors and to encourage their participation.

The Board seeks to use the Annual General Meeting to communicate to shareholders. Shareholders are encouraged to participate in the Annual General Meeting at which the Chairman will present an update on the Group's performance. The Board, together with the Chairmen of the Audit, Remuneration and Nomination Committees, will be available at the Annual General Meeting to answer questions from shareholders.

Audit Committee report

Role and composition of the Audit Committee

The role and terms of reference for the Audit Committee includes all matters indicated in the 2012 Code and can be found on the Company's website (www.empresaria.com).

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Audit Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors, one of whom should be a financially qualified member. Appointments to the committee are made by the Board and are for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee. The members of the Audit Committee are:

| Name | Date of appointment to the Committee | Qualification |
|-----------------------|--------------------------------------|----------------------|
| Zach Miles (Chairman) | 1 October 2008 | Chartered accountant |
| Penny Freer | 2 November 2011 | |

Zach Miles's biography can be found on page 29. It is the Board's position that both Zach Miles and Penny Freer continue to be independent.

Meetings

The Audit Committee is required to meet formally twice per year. During 2013 the following formal meetings were held:

| Meeting | Main purpose | Additional attendees |
|----------|---|--|
| January | 2012 audit planning follow up meeting | External auditor Group Finance Director |
| March | 2012 financial statements – review of judgemental areas 2012 audit – review of progress | External auditor Group Finance Director |
| March | 2012 audit report from the external auditor – review External auditor – review of performance and recommendation on re-appointment | External auditor Group Finance Director |
| July | Risk management and internal control systems Audit tender process | Group Finance Director |
| November | 2013 financial statements – review of judgemental areas | Group Finance Director |
| December | 2013 audit planning | External auditor Group Finance Director |

Since the beginning of 2014 to the date of this report the Audit Committee has met twice to fulfil its responsibilities relating to the 2013 audit process.

The Audit Committee invites the Group Finance Director and senior representatives of the external auditor to attend all of its meetings, although it reserves the right to request any of these individuals to withdraw from the meeting.

Principal activities since the beginning of 2013 to the date of this report

| Activity | Action |
|---|---|
| Financial reporting | Reviewed 2012 and 2013 financial statements Reviewed 2013 interim statement (unaudited) |
| Internal controls and risk management systems | Reviewed reports on control reviews conducted covering financial, operational and compliance controls Reviewed the risk strategy and implementation of risk management processes |
| External audit | Managed the relationship with the external auditor relating to the 2012 and 2013 audits Completed an external audit tender process |
| Reporting responsibilities | Reported to the Board following each meeting Compiled the 2012 and 2013 Audit Committee reports for inclusion in the Annual Reports |
| Other matters | Completed a performance evaluation Updated Terms of Reference |

Financial reporting

The reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements, including:

- going concern;
- carrying value of goodwill and investments;
- provisions relating to restructuring costs and claims for potential retrospective pay and social security; and
- deferred tax assets value;

as disclosed within notes 2 and 3.

For going concern and the carrying value of goodwill and investments, the Committee examined the assumptions supporting the Group's profit and cash flow forecasts and the sensitivities applied to those forecasts, the banking facilities available and the assessment of the Group's covenant compliance based on the forecasts. In preparing the forecasts growth rates were based on the GDP for the countries in which the Group operates except, for the purpose of determining the carrying value of goodwill and investments, growth rates were capped at 3%. Sensitivities applied included both increasing and reducing forecast revenues, with corresponding adjustments to cost of sales, reducing gross margin, increasing debtor days and for goodwill, increasing the cost of capital and the effect of nil growth. In each case the Group had sufficient headroom under its banking facilities, banking covenants were complied with and no goodwill impairment was indicated. Further details are included in notes 1 and 14 to the financial statements.

For the other key judgements and estimates, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

Internal controls and risk management systems

Risk management is the responsibility of the Board of Directors. The Committee's responsibility is to keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.

During 2013 the Audit Committee reviewed and approved the Group's risk management policy, framework and register. Actions have been agreed for each risk identified, with progress against those actions being monitored at a specific meeting held to discuss risk management and internal control systems.

Subsidiaries are required to complete risk registers for their businesses and monitor progress against the actions in line with the risk management policy.

Details of the principal risks and uncertainties that could affect business operations can be found in the Strategic report on pages 14 to 15.

Audit Committee report continued

Due to the size of the Group, and the costs involved, the Audit Committee continues to recommend to the Board that there is no requirement for an internal audit function. Internal control review processes are reviewed by the Committee and managed by the Group Finance Director assisted by the regional financial controllers.

The Group's whistle blowing policy contains arrangements for the Group Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

The Group has a mandatory Code of Conduct which sets out the minimum expected behaviours for all employees.

External auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The terms of reference assigns responsibility to the Committee for overseeing the relationship with the external auditor.

External audit tender process

The Committee determined that it was appropriate to conduct an external tender process, acknowledging that the Company's external auditor, Deloitte LLP, had been first appointed in October 2002.

In October 2013, an invitation to tender for the external audit services to Empresaria Group plc was issued. The four firms invited to participate in the tender process were required to submit their proposals against the following criteria:

| Area | Details |
|-----------------------------|--|
| Organisation and experience | <ul style="list-style-type: none"> • benefits of selecting the firm • organisation structure in relation to the Group • industry experience and client base • support to clients provided outside of audit process |
| Resourcing | <ul style="list-style-type: none"> • the core service team, location and relevant experience • fit with management team and culture • time the key team members will commit to this appointment • succession plans and staff continuity plans • references for each core team member |
| Audit approach | <ul style="list-style-type: none"> • understanding of the Group's business, risks and accounting issues • process and approach for delivering audit services • scope of audit services • how audit findings will be reported • use of technology to deliver audit service • added value to come from audit process |
| Transition plans | <ul style="list-style-type: none"> • process for transition from previous auditor |
| Quality assurance | <ul style="list-style-type: none"> • internal processes for quality assurance • approach to resolving accounting and financial reporting issues |
| Independence and governance | <ul style="list-style-type: none"> • internal practices to ensure compliance with independence requirements and freedom from conflicts of interest • confirmation that the firm will take all necessary steps to ensure its independence |
| Fees | <ul style="list-style-type: none"> • competitive fee quote for the global audit for 2014 year end • fee split between Group and subsidiary companies • list of subsidiaries that will be audited by the firm, other auditors or not at all • basis for determining fees in future years • overview of audit schedule and timing of billings |



The process comprised of the following stages:

- initial meeting with Audit Committee Chairman and Group Finance Director, to discuss the tender process;
- submission of written proposals; and
- presentation to the selection panel, comprising the Audit Committee members and Group Finance Director.

The Committee considered the approach and services of each audit firm and the fees proposed. The Committee concluded that Deloitte LLP, the Company's current auditor, was providing a good service currently and offered an improved service offering as part of the tender. The Committee concluded that there was no significant difference in quality of service and no cost saving from changing auditor and therefore the Committee has recommended that the Board propose to shareholders that Deloitte LLP be re-appointed as the Company's auditor for the 2014 audit.

Note 7 to the financial statements includes disclosure of the auditor's remuneration for the year, including an analysis of audit services, audit related services and other non-audit services under those headings prescribed by law.

Assessment of the Audit Committee

The Committee conducted a self assessment of its performance during the year, against its terms of reference. The Board concluded that the Committee has acted in accordance with its terms of reference and had ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

On behalf of the Audit Committee

Zach Miles
Chairman of the Audit Committee

10 March 2014

Directors' remuneration report

The Board has considered the principles of Schedule 8 to the Accounting Regulations under the Companies Act 2006 (The Act) and have complied where practical and where it supports the Board's policies. This report meets the relevant requirements of the AIM rules and describes how the Board has applied, where appropriate, the principles relating to Directors' remuneration in the 2012 UK Corporate Governance Code.

A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved. The Act requires the auditor to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Role and composition of the Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the 2012 UK Corporate Governance Code. During 2013 a separate Nomination Committee was formed specifically to consider those matters related to board appointments. The terms of reference of the Remuneration and Nomination Committees are available on the Company's website (www.empresaria.com).

The Remuneration Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The Remuneration Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors. No Director is involved in any decisions as to their own remuneration.

The members of the Remuneration Committee during 2013 were:

| Name | Date of appointment to the Committee |
|------------------------|--------------------------------------|
| Penny Freer (Chairman) | 13 December 2005 |
| Zach Miles | 1 October 2008 |

It is the Board's position that both Penny Freer and Zach Miles continue to be independent.

Meetings

The Remuneration Committee is required to meet at such times as the Chairman of the Committee shall require. During 2013 the following formal meetings were held:

| Meeting | Main purpose | Additional attendees |
|-----------|---|----------------------|
| July | Consideration of awards under the LTIP Consideration of formation of separate Nomination Committee | Chairman |
| September | Approval of LTIP awards | None |
| November | Approval of 2014 executive remuneration | Chairman |

Since the beginning of 2014 to the date of this report the Remuneration Committee has met twice to determine and approve the extent of annual bonus payable based on achievement of 2013 targets and to determine whether LTIP awards should be made during 2014.

Principal activities since the beginning of 2013 to the date of this report

| Activity | Action |
|------------------------------|---|
| Remuneration policy | Reviewed subsidiary managing director remuneration packages |
| Annual remuneration packages | Determined 2014 individual remuneration packages for executive directors Determined 2014 targets for annual bonus scheme for executive directors |
| Share awards | Approved the issue of awards under the LTIP scheme |
| Reporting responsibilities | Reported to the Board following each meeting Compiled the 2012 and 2013 Directors' remuneration reports for inclusion in the Annual Reports |

The Chairman has been invited to attend meetings where appropriate.

Remuneration practices

Remuneration policy for the Executive Directors

Executive remuneration packages are designed to attract, retain, motivate and reward Executive Directors whilst aligning rewards with the business objectives and performance and the interests of shareholders.

Link between business objectives and remuneration policy

It is the Company's policy for performance-related pay of Executive Directors to be linked to key performance indicators of the Company. One of the Company's key objectives is to see sustainable growth in earnings to shareholders, measured by growth in earnings per share (EPS). The chosen target to demonstrate the Company's ability to re-invest in existing operations and reduce the overall net debt position is cash generated from operations.

Executive Directors' contracts

It is the Company's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of one year's notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of the basic salary for the notice period.

The details of the Directors' contracts are summarised in the table below:

| Director | Effective date of contract | Notice period |
|---|----------------------------|---------------|
| Chief Executive Officer (Joost Kreulen) | 1 January 2012 | 12 months |
| Group Finance Director (Spencer Wreford) | 4 May 2010 | 6 months |

Basic salary

The basic annual salary of each Executive Director is reviewed annually by the Remuneration Committee with changes taking effect on 1 January. For 2014 the Committee recognised the additional support the Group Finance Director is providing to the Chief Executive Officer, and recommended an increase in salary of 7% to £150,000. The salaries for the Executive Directors for the financial years beginning on 1 January are as follows:

| Director | 2014 £000 | 2013 £000 | 2012 £000 |
|-------------------------|--------------|--------------|--------------|
| Chief Executive Officer | 205 | 200 | 200 |
| Group Finance Director | 150 | 140 | 140 |

Directors' remuneration report continued

Pension and other benefits-in-kind

In addition to the basic remuneration payable under the service agreements, each of the Executive Directors is entitled to a pension provision and a range of other benefits, including private medical insurance and car allowance.

Currently the Company has agreed to make contributions into private pension schemes as follows:

- Chief Executive Officer – 15% of basic salary.
- Group Finance Director – 10% of basic salary.

The current pension arrangements for all UK eligible workers is under review and revised arrangements will be implemented in accordance with the requirements of the auto-enrolment of pensions.

Annual bonus

The Remuneration Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. For the financial year 2013 the targets and % of bonus payable for the Chief Executive Officer and Group Finance Director were as follows:

| | 2013 |
|-------------------------|-------------|
| Bonus at 80% of target | 0% |
| Bonus at 100% of target | 50% |
| Bonus at 120% of target | 100% |

Targets were as detailed below:

| Target | 2013 |
|--------------------------------|--------------|
| Cash generated from operations | 50% of bonus |
| EPS | 50% of bonus |

The maximum bonus that can be earned by the Chief Executive Officer and Group Finance Director is 50% of basic salary. 80% of both targets must be met for any bonus to be payable. The entire bonus is payable in cash.

Based on the delivery against the performance targets for the year ending 2013 a bonus is payable at an aggregate rate of 21.2% of base salary (equivalent to 42.4% of the maximum potential bonus).

For the year ending 2014 the bonus structure and targets remain the same as 2013, being:

| Target | 2014 |
|--------------------------------|--------------|
| Cash generated from operations | 50% of bonus |
| EPS | 50% of bonus |

Long-term incentive plan (LTIP)

In July 2008 the Company gained shareholder approval to introduce a LTIP for Executive Directors and senior executives within the business. The Remuneration Committee has responsibility for supervising the scheme and making awards under its terms. The maximum value of shares that could be awarded in the first year is 200% of basic salary and in any subsequent year is 100% of basic salary. The current policy is to review the final audited results of the Company prior to agreeing if awards are to be made.

Awards under the LTIP

First awards were made during 2011 and represented 100% of basic salary. Vesting of the Awards is subject to the achievement of the performance criteria of the LTIP over the holding period to March 2015, following release of the Company's preliminary results for the financial period 1 January 2014 to 31 December 2014.

The qualifying conditions with respect to performance are as follows:

| Performance level | EPS part of award (70%) | Share price part of award (30%) | Percentage of the relevant part of the award released for each level of performance |
|-------------------|---|---|--|
| | Annual growth in earnings per share over the holding period | Absolute share price growth over the holding period | |
| Threshold* | 10% + RPI | 10% | 20%* |
| Maximum | 30% + RPI | 15% | 100%* |

* Straight line release between points.

Performance below the threshold would result in no release of the award.

Second awards were made during 2013 and represented 100% of basic salary. Vesting of the awards is subject to the achievement of the performance criteria of the LTIP over the holding period to March 2017, following release of the Company's preliminary results for the financial period 1 January 2016 to 31 December 2016.

The qualifying conditions with respect to performance are as follows:

| Performance level | EPS part of award (70%) | Share price part of award (30%) | Percentage of the relevant part of the award released for each level of performance |
|-------------------|---|---|--|
| | Annual growth in earnings per share over the holding period | Absolute share price growth over the holding period | |
| Threshold* | 10% + RPI | 50% | 20%* |
| Maximum | 40% + RPI | 100% | 100%* |

* Straight line release between points.

Performance below the threshold would result in no release of the award.

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company. The details of shares held by Directors can be found in the Directors' report on page 31.

Directors' remuneration report continued

Chairman and Non-Executive Directors

Non-Executive Directors, including the Chairman, serve under letters of appointment and either party can terminate on three month's written notice. Their remuneration is determined by the Board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. The fees are reviewed each year as part of the annual budgeting process. The fees for the Non-Executive Directors for the financial years beginning on 1 January are as follows:

| Name | 2014 £000 | 2013 £000 | 2012 £000 |
|----------------|--------------|--------------|--------------|
| Anthony Martin | 58 | 56 | 55 |
| Penny Freer | 38 | 36 | 35 |
| Zach Miles | 38 | 36 | 35 |

Neither the Chairman nor the Non-Executive Directors have any right to compensation on the early termination of their appointment.

Neither the Chairman nor the Non-Executive Directors participate in the Group's LTIP. Nor do they receive other benefits.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Salaries, fees, bonuses and benefits-in-kind | 558 | 536 |
| Money purchase pension contributions | 44 | 49 |
| | 602 | 585 |

| Name of Director | Salary and fees £000 | Benefits in kind **£000 | Annual bonuses £000 | 2013 Total £000 | 2012 Total £000 |
|----------------------|-------------------------|----------------------------|------------------------|--------------------|--------------------|
| Executive | | | | | |
| Joost Kreulen | 200 | 11 | 42 | 253 | 204 |
| Spencer Wreford | 140 | 7 | 30 | 177 | 147 |
| Non-Executive | | | | | |
| Anthony Martin | 56 | – | – | 56 | 55 |
| Penny Freer | 36 | – | – | 36 | 35 |
| Zach Miles | 36 | – | – | 36 | 35 |
| Miles Hunt* | – | – | – | – | 60 |
| | | | | 558 | 536 |

* Miles Hunt was a Non-Executive Director until 31 March 2012.

** Benefits in kind include car allowance and private medical insurance for Spencer Wreford and private medical insurance and travel & accommodation costs for Joost Kreulen.

Long-term incentive plan (LTIP)

During the year there were awards of share options in the Company, pursuant to the Company's LTIP.

Details of the options for Directors who served during the year are as follows:

| Name of Director | Scheme | 1 January 2013 | Granted | Vested | 31 December 2013 |
|------------------|--------|----------------|---------|--------|------------------|
| Joost Kreulen | LTIP | 720,000 | 563,380 | – | 1,283,380 |
| Spencer Wreford | LTIP | 500,000 | 394,366 | – | 894,366 |

Directors' pension entitlements

The Executive Directors are paid a percentage of their basic salary as a contribution to their private pension schemes. Contributions paid by the Company in respect of such Directors were as follows:

| | 2013 £000 | 2012 £000 |
|----------------------------------|--------------|--------------|
| Joost Kreulen | 30 | 30 |
| Spencer Wreford | 14 | 14 |
| Miles Hunt (until 31 March 2012) | – | 5 |
| | 44 | 49 |

This report was approved by the Board of Directors on 10 March 2014 and signed on its behalf by:

Penny Freer
Chairman, Remuneration Committee

10 March 2014

Independent auditor's report

to the members of Empresaria Group plc

We have audited the financial statements of Empresaria Group plc for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 29. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the parent Company financial statements of Empresaria Group plc for the year ended 31 December 2013 and on the information in the Directors' remuneration report that is described as having been audited.

Ian Smith

(Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
Crawley, United Kingdom

10 March 2014

Consolidated income statement

| | Note | 2013 £m | 2012 £m |
|--|------|------------|------------|
| Continuing operations | | | |
| Revenue | 4 | 194.4 | 194.3 |
| Cost of sales | | (151.8) | (150.4) |
| Net fee income | 4 | 42.6 | 43.9 |
| Administrative costs | | (36.6) | (38.5) |
| Operating profit before exceptional items and intangible amortisation | 4 | 6.0 | 5.4 |
| Exceptional items | 5 | (0.3) | (0.7) |
| Gain on business disposal | 6 | – | – |
| Intangible amortisation | 15 | (0.2) | (0.3) |
| Operating profit | 4, 7 | 5.5 | 4.4 |
| Finance income | 9 | 0.1 | 0.1 |
| Finance costs | 9 | (0.7) | (0.9) |
| Profit before tax | | 4.9 | 3.6 |
| Tax | 10 | (2.1) | (1.7) |
| Profit for the year | | 2.8 | 1.9 |
| Attributable to: | | | |
| Equity holders of the parent | | 2.4 | 1.4 |
| Non-controlling interest | | 0.4 | 0.5 |
| | | 2.8 | 1.9 |
| Earnings per share: | | | |
| From continuing operations | | | |
| Basic and diluted (pence) | 12 | 5.2 | 3.0 |
| Adjusted (pence) | 12 | 6.2 | 5.0 |

Consolidated statement of comprehensive income

| | 2013 £m | 2012 £m |
|--|--------------|--------------|
| Item that may be reclassified subsequently to profit/(loss): | | |
| Exchange differences on translation of foreign operations | (1.2) | (1.0) |
| Net expense recognised directly in equity | (1.2) | (1.0) |
| Profit for the year | 2.8 | 1.9 |
| Total comprehensive income for the year | 1.6 | 0.9 |
| Attributable to: | | |
| Equity holders of the parent | 1.7 | 0.4 |
| Non-controlling interest | (0.1) | 0.5 |
| | 1.6 | 0.9 |

Consolidated balance sheet

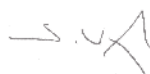
| | Note | 2013 £m | 2012 £m |
|---|------|------------|------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 1.0 | 1.3 |
| Goodwill | 14 | 24.3 | 24.8 |
| Other intangible assets | 15 | 1.7 | 1.8 |
| Deferred tax assets | 20 | 0.6 | 1.2 |
| | | 27.6 | 29.1 |
| Current assets | | | |
| Trade and other receivables | 17 | 27.2 | 27.4 |
| Cash and cash equivalents | 19 | 5.7 | 6.2 |
| | | 32.9 | 33.6 |
| Total assets | | 60.5 | 62.7 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 21.4 | 21.8 |
| Current tax liabilities | | 1.7 | 1.7 |
| Borrowings | 19 | 4.2 | 6.4 |
| | | 27.3 | 29.9 |
| Non-current liabilities | | | |
| Borrowings | 19 | 7.3 | 7.9 |
| Deferred tax liabilities | 20 | 1.2 | 0.9 |
| Total non-current liabilities | | 8.5 | 8.8 |
| Total liabilities | | 35.8 | 38.7 |
| Net assets | | 24.7 | 24.0 |
| Equity | | | |
| Share capital | 21 | 2.2 | 2.2 |
| Share premium account | | 19.4 | 19.4 |
| Merger reserve | | 0.9 | 1.5 |
| Retranslation reserve | | 2.6 | 3.3 |
| Equity reserve | | (6.7) | (6.1) |
| Other reserves | | (1.2) | (1.3) |
| Retained earnings | | 4.4 | 1.6 |
| Equity attributable to owners of the Company | | 21.6 | 20.6 |
| Non-controlling interest | | 3.1 | 3.4 |
| Total equity | | 24.7 | 24.0 |

These financial statements of Empresaria Group plc were approved by the Board of Directors and authorised for issue on 10 March 2014.

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 | Option reserve £m | Equity reserve £m | Other reserves £m | Retained earnings £m | Non-controlling interest £m | Total equity |
|---|---------------------|-----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|-------------------------|--------------------------------|--------------|
| Balance at 31 December 2011 | 2.2 | 19.4 | 1.5 | 4.0 | 0.8 | (2.4) | (1.1) | (0.3) | 3.5 | 27.6 |
| Profit for the year | - | - | - | - | - | - | - | 1.4 | 0.5 | 1.9 |
| Dividend | - | - | - | - | - | - | - | (0.2) | - | (0.2) |
| Currency translation differences | - | - | - | (0.7) | - | - | (0.3) | - | - | (1.0) |
| Share based payment | - | - | - | - | - | - | 0.1 | - | - | 0.1 |
| Non-controlling interest acquired during the year | - | - | - | - | - | (3.7) | - | - | (0.2) | (3.9) |
| Movement in put options | - | - | - | - | (0.8) | - | - | 0.7 | - | (0.1) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | - | - | (0.4) | (0.4) |
| Balance at 31 December 2012 | 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 | - | - |
| Balance at 31 December 2013 | 2.2 | 19.4 | 0.9 | 2.6 | - | (6.7) | (1.2) | 4.4 | 3.1 | 24.7 |

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.
- "Option reserve" relates to the initial recorded value of the liability relating to the put options held by non-controlling interests over the shares in the subsidiary companies net of the initial recorded value of the call options held by the Group over shares held by non-controlling interests.
- "Equity reserve" represents movement in equity due to acquisition of non-controlling interests under IFRS 3 (2008).
- "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 £0.2m.
- "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

| | Note | 2013 £m | 2012 £m |
|---|------|--------------|--------------|
| Profit for the year | | 2.8 | 1.9 |
| Adjustments for: | | | |
| Depreciation | | 0.9 | 0.9 |
| Intangible amortisation | | 0.2 | 0.3 |
| Taxation expense recognised in income statement | | 2.1 | 1.7 |
| Exceptional items | | 0.3 | 0.7 |
| Cash paid for exceptional items | | (1.0) | (1.0) |
| Share based payments | | 0.1 | 0.1 |
| Net finance charge | | 0.6 | 0.8 |
| | | 6.0 | 5.4 |
| Increase/(decrease) in invoice discounting | | 3.3 | (2.9) |
| (Increase)/decrease in trade receivables | | (4.2) | 6.0 |
| Increase/(decrease) in trade payables | | 2.7 | (3.3) |
| Cash generated from operations | | 7.8 | 5.2 |
| Interest paid | | (0.8) | (0.9) |
| Income taxes paid | | (1.6) | (1.6) |
| Net cash from operating activities | | 5.4 | 2.7 |
| Cash flows from investing activities | | | |
| Business disposals | | 0.2 | 0.2 |
| Purchase of property, plant and equipment and intangibles | | (0.8) | (0.5) |
| Finance income | | 0.1 | 0.1 |
| Net cash used in investing activities | | (0.5) | (0.2) |
| Cash flows from financing activities | | | |
| Further shares acquired in existing subsidiaries | | (1.3) | (3.2) |
| (Decrease)/increase in borrowings | | (1.1) | 1.9 |
| Proceeds from bank loan | | – | 1.5 |
| Repayment of bank and other loan | | (2.2) | (1.6) |
| Dividends paid to shareholders | | (0.2) | (0.2) |
| Dividends paid to non-controlling interest in subsidiaries | | (0.2) | (0.4) |
| Net cash from financing activities | | (5.0) | (2.0) |
| Net (decrease)/increase in cash and cash equivalents | | (0.1) | 0.5 |
| Effect of foreign exchange rate changes | | (0.4) | (0.3) |
| Cash and cash equivalents at beginning of the year | | 6.2 | 6.0 |
| Cash and cash equivalents at end of the year | 19 | 5.7 | 6.2 |

Notes to the consolidated financial statements

1 Basis of preparation and general information

Empresaria Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS. Its company registration number is 03743194.

The consolidated financial statements are for the twelve months ended 31 December 2013. The financial statements have been prepared in accordance with IFRS as adopted by the European Union (EU) and therefore the Group financial statements comply with AIM Rules.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain financial assets and liabilities. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£) because that is the presentational currency of the Group. Foreign operations are included in accordance with the policies set out in note 2.

Changes in accounting policies Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted:

- Amendments to IAS 12: Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
- IAS 27: Separate Financial Statements (2011)
- IAS 27: Investments in Associates and Joint Ventures (2011)
- IFRS 13: Fair Value Measurement
- Amendments to IFRS 7 and IAS 32: Offsetting financial assets and financial liabilities

No amendments to these financial statements have been made as a result of adopting new and revised standards and interpretations.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 9: Financial Instruments
- IAS 27 (amendments): Investment Entities
- IAS 36 (amendments): Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (amendments): Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation 21: Levies

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except for disclosure.

Going concern

The Group's activities are funded by a combination of long-term equity capital, term loans, a revolving credit facility, short-term invoice discounting and bank overdraft facilities. The day-to-day operations are funded by cash generated from trading and from invoice discounting facilities. The Board has reviewed the Group's profit and cash flow projections, and applied sensitivities to the underlying assumptions.

These projections demonstrate that the Group will meet its obligations as they fall due with the use of existing facilities. The Group's revolving credit facility was renewed in March 2011 for a period of 5 years. The Group's overdraft facilities are due for renewal in January 2015 and, based on informal discussions the Board has had with its lenders, we have no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future. The financial statements do not reflect the adjustments that would be necessary were the trading performance of the Group to deteriorate significantly or if the funding available from invoice discounting or overdrafts were to become unavailable. Thus the Group continues to prepare the financial statements on a going concern basis.

2 Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings as at 31 December 2013. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Intra-group transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liability incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the income statement as per IFRS3 (2008). Changes in the fair value of contingent consideration classified as equity is accounted for within equity.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (ie the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of. Once control has been achieved and acquisition accounting applied any subsequent transactions in subsidiary equity interest, which do not result in loss of control, between the Group and non-controlling interest are accounted for as equity transactions.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except for deferred tax assets and liabilities or assets related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits respectively. Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sales and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete, which are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect the new information obtained.

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired and is stated after separating out identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. If, after measurement, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is tested at least annually for impairment. Goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated against goodwill and then to the other assets of the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is carried at cost less accumulated impairment losses.

On disposal of a subsidiary, the attributable goodwill is included in the calculation of profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets acquired separately – intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

Intangible assets acquired in a business combination – intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (regarded as their cost). They are subsequently reported at cost less accumulated amortisation and accumulated impairment on the same basis as intangible assets acquired separately.

Amortisation of intangible assets

Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:

Customer relations
up to fifteen years

Trademarks
up to fifteen years

Software
up to three years

Impairment of tangible and intangible assets excluding goodwill

The carrying amounts of the Group's tangible and intangible assets are reviewed against their recoverable amount for any indication of impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that it does not exceed the carrying amount that would have existed had no impairment loss been recognised. The reversal of the impairment loss is recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and any recognised impairment loss.

Depreciation is calculated using the straight-line method to write off the cost or valuation of the assets less their residual values over their useful lives as follows:

Leasehold property
over the term of the lease
up to a maximum of 10 years

Fixtures, fittings and equipment
up to three years

Motor vehicles
up to five years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with any changes accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current liabilities – short-term borrowings.

Borrowing costs

Interest costs are recognised as an expense in the period in which they are incurred. Facility arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

Financial assets

Financial assets are recognised in the Group's balance sheet and, other than hedging instruments, can be divided into the following categories:

- loans and receivables
- financial assets at fair value through profit and loss
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether resulting income and expenses are recognised in profit or loss or charged directly against equity.

Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. For receivables, this is based on the latest credit information available, (ie. recent third-party defaults and external credit ratings). Financial assets that are substantially past due are also considered for impairment. All income and expense relating to financial assets are recognised in the income statement line item Finance costs or Finance income, respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest method, less any impairment. Any change in their value is recognised in profit or loss. The Group's trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due at the balance sheet date or when objective evidence is received that a specific third party will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a third party. The percentage of the write-down is then based on recent historical third-party default rates for each identified group. Trade receivables are reported net of non-recourse invoice financing liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through profit or loss upon initial recognition. By definition, all derivative financial instruments that do not qualify for hedge accounting fall into this category. Empresaria's management, however, does not consider any other financial asset for designation into this category.

Available for sale financial assets

Available for sale financial assets are measured at fair value with changes in value recognised in equity. Where the investment is disposed of or is determined to be impaired the gain or loss is reclassified to profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables (including finance lease liabilities). They are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in the profit or loss are included in the income statement line items Finance costs or Finance income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Restructuring provision

A restructuring provision is recognised when the Group has a detailed formal plan of the restructuring that has either started to be implemented or announced to those affected by it. The restructuring provision only includes those amounts related to the restructuring and not associated with the ongoing activities of the entity.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax, trade discounts, rebates and other sales-related taxes.

Permanent placement revenue is recognised at the point when the candidate commences employment. Contract placement revenue (including outsourced services) is recognised on the basis of actual work performed in the relevant period based on timesheets submitted. Training revenue is recognised at the point when the training is provided to clients.

Net fee income

Net fee income represents revenue less the remuneration cost of temporary workers. For permanent placements net fees are equal to revenue.

Employee benefits

Retirement benefit costs

Payments made to defined contribution retirement benefit schemes are charged to the income statement as they fall due.

Share based payments

The Group issues equity-settled share-based payments to certain key employees, which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of the options granted is measured using a Monte Carlo simulation model and Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Leases

Leases that result in the Group receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet and depreciated over the shorter of its estimated useful life and the lease term. Future installments net of finance charges are included within borrowings. Minimum lease payments are apportioned between the finance charge element, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the income statement and the principal element which reduces the outstanding liability.

Rental costs arising from operating leases are charged on a straight-line basis over the period of the lease. Where an incentive is received to enter into an operating lease, such incentive is treated as a liability and recognised as a reduction to the rental expense on a straight-line basis over the period of the lease.

Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is the tax currently payable based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences

will be able to be offset against future taxable income. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient future taxable profit to allow the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is calculated at tax rates that are expected to apply in the relevant period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each Group company are measured using the individual currency of the primary economic environment in which that subsidiary operates (its "functional currency"). The consolidated financial statements are presented in Pounds Sterling which is the Company's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of

such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in other comprehensive income. These exchange differences are reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(iii) Group companies

The results and financial position of Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(iv) Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group may use foreign exchange forward contracts to hedge the foreign currency exposures. The Group does not use financial instruments for speculative purposes. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

(v) Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of net investment hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses accumulated in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. The Group has elected to treat goodwill arising on acquisitions before the date of transition to IFRSs as Sterling-denominated assets and liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not clear from other sources. These estimates and judgements are continually evaluated and are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment. The recoverable amount is determined based on the value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Details of the impairment review calculation are set out in note 14.

Intangible assets (including goodwill)

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital.

In addition, management must assess the value of any contingent consideration that is due to the seller following the completion of the initial purchase. The value of this consideration is frequently based on the financial performance of the business post acquisition. Therefore management must assess the likely value of this performance and so give a value to the expected contingent consideration. Actual post-completion performance may vary from management's estimate.

Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly. Further details on the intangible assets and goodwill are disclosed in notes 14 and 15.

Provisions

The Group has a provision for social security contributions in Germany. The provision held at year end includes an amount of £0.5m for an agreed liability for the period 2005 – 2009. The 2010 position remains subject to audit by the tax authorities and has been estimated, based on the number of workers in that year and previous discussions with the tax authorities.

Recognition of deferred tax asset

The ability to use brought forward tax losses depends on future profitability in the company with the losses and the tax regulations in the country. Management must assess the likelihood of being able to use the losses and so whether to recognise a deferred tax asset. Details of the deferred tax balances are set out in note 20.

Notes to the consolidated financial statements continued

4 Segment analysis

Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance is based on geographic region. The Group's business is segmented into three regions, UK, Continental Europe and Rest of the World.

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

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

| Year ended 31 December 2013 | UK £m | Continental Europe £m | Rest of the World £m | Eliminations £m | Total £m |
|------------------------------------|------------------|--------------------------------------|-------------------------------------|----------------------------|---------------------|
| Revenue | 70.7 | 76.9 | 46.8 | – | 194.4 |
| Net fee income | 15.8 | 13.9 | 12.9 | – | 42.6 |
| Adjusted operating profit* | 2.1 | 1.8 | 2.1 | – | 6.0 |
| Operating profit | 2.1 | 1.3 | 2.1 | – | 5.5 |

* Adjusted operating profit represents operating profit before exceptional items, gain or loss on business disposal and intangible amortisation.

| | | | | | |
|--|--------|--------|-------|--------|--------|
| Goodwill | 7.2 | 13.8 | 3.3 | – | 24.3 |
| Segmental assets | 39.6 | 18.7 | 17.1 | (39.2) | 36.2 |
| Segmental liabilities | (35.8) | (23.0) | (8.9) | 31.9 | (35.8) |
| Net assets | 11.0 | 9.5 | 11.5 | (7.3) | 24.7 |
| Capital expenditure incurred (including intangibles) | 0.3 | 0.2 | 0.3 | – | 0.8 |
| Significant non-cash expenses (depreciation, amortisation and impairment) | 0.9 | 0.5 | 0.4 | – | 1.8 |

| Year ended 31 December 2012 | UK £m | Continental Europe £m | Rest of the World £m | Eliminations £m | Total £m |
|------------------------------------|------------------|--------------------------------------|-------------------------------------|----------------------------|---------------------|
| Revenue | 66.5 | 83.2 | 44.6 | – | 194.3 |
| Net fee income | 16.0 | 15.7 | 12.2 | – | 43.9 |
| Adjusted operating profit* | 2.2 | 1.7 | 1.5 | – | 5.4 |
| Operating profit | 2.2 | 0.8 | 1.4 | – | 4.4 |

* Adjusted operating profit represents operating profit before exceptional items, gain or loss on business disposal and intangible amortisation.

| | | | | | |
|--|--------|--------|-------|--------|--------|
| Goodwill | 7.7 | 13.5 | 3.6 | – | 24.8 |
| Segmental assets | 42.5 | 20.4 | 17.2 | (42.2) | 37.9 |
| Segmental liabilities | (43.3) | (22.8) | (9.4) | 36.8 | (38.7) |
| Net assets | 6.9 | 11.1 | 11.4 | (5.4) | 24.0 |
| Capital expenditure incurred (including intangibles) | 0.1 | 0.2 | 0.2 | – | 0.5 |
| Significant non-cash expenses (depreciation, amortisation and impairment) | 0.5 | 0.4 | 0.5 | – | 1.4 |

5 Exceptional items

Exceptional items are those which, in management's judgement, need to be disclosed separately by virtue of their size or incidence in order for the reader to obtain a proper understanding of the financial information.

Exceptional charges

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Continental Europe | | |
| Release of provision against potential retrospective pay claims and social security liability in Germany | 0.3 | 0.4 |
| Germany restructuring charges | (0.6) | (1.1) |
| | (0.3) | (0.7) |

In Germany the provision for potential claims from temporary workers and social security has reduced from £1.0m to £0.7m with a release of £0.3m.

In Germany restructuring costs of £0.6m have been incurred following the closure and merger of eight branch offices.

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Losses in respect of office cost and assets | 0.1 | 0.5 |
| Staff termination costs | 0.5 | 0.6 |
| | 0.6 | 1.1 |

6 Gain on business disposal

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Gain on disposal of business | 0.5 | – |
| Impairment of goodwill on disposal of business | (0.5) | – |
| | – | – |

In August 2013 the business of Bar 2 Limited was disposed of. A net nil position arose on disposal, being consideration of £760,000 less net assets disposed of giving a gain of £0.5m less the impairment of attributable goodwill of £0.5m. The consideration includes contingent amounts of £660,000 of which £29,000 was received by 31 December 2013.

Notes to the consolidated financial statements continued

7 Operating profit

Operating profit is stated after charging:

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Depreciation of property, plant and equipment | 0.9 | 0.9 |
| Amortisation of intangible assets | 0.2 | 0.3 |
| (Gain) on business disposal | (0.5) | – |
| Impairment on business disposal | 0.5 | – |
| Operating lease charges: | | |
| – Land and buildings (office) | 1.6 | 1.5 |
| – Motor vehicles | 0.5 | 0.6 |
| – Employee accommodation | 1.7 | 1.8 |
| – Employee transportation | 0.2 | 0.5 |
| Net foreign exchange gain | (0.5) | – |
| Share based payments | 0.1 | 0.1 |
| Exceptional charges | 0.3 | 0.7 |
| Trade receivable impairments | 0.2 | 0.3 |
| Auditor's remuneration | 0.1 | 0.1 |

The analysis of auditor's remuneration is as follows:

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Auditor's remuneration: | | |
| – Fee payable to the Company's auditor for the audit of the Company's annual accounts | 123 | 119 |
| – Other fee | 2 | 7 |
| Total auditor's remuneration | 125 | 126 |

Auditor's remuneration includes fees payable of £39,000 (2012: £37,000) for the audit of the Company's subsidiaries pursuant to legislation.

8 Directors and employees

| | 2013 £m | 2012 £m |
|-----------------------|------------|------------|
| Staff costs | | |
| Wages and salaries | 21.4 | 22.3 |
| Social security costs | 2.8 | 2.8 |
| Pension costs | 0.3 | 0.3 |
| Share based payments | 0.1 | 0.1 |
| | 24.6 | 25.5 |

Details of Directors' remuneration are given on pages 44 to 49.

| | No. | No. |
|---|-----|-----|
| Average monthly number of persons employed (including directors) | | |
| Sales, distribution and administration | 861 | 834 |

9 Finance income and cost

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Finance income | | |
| Bank interest receivable | 0.1 | 0.1 |
| | 0.1 | 0.1 |
| Finance cost | | |
| On amounts payable to invoice discounters | (0.2) | (0.2) |
| Bank loans and overdrafts | (0.5) | (0.7) |
| | (0.7) | (0.9) |
| Net finance cost | (0.6) | (0.8) |

10 Taxation

(a) The tax charge for the year is based on the following:

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Current taxation | | |
| Current tax charge | (1.5) | (1.1) |
| Adjustment to tax charge in respect of previous periods | (0.1) | (0.2) |
| Adjustment to tax charge in respect of exceptional item transferred from deferred tax | 0.3 | – |
| | (1.3) | (1.3) |
| Deferred tax charge – current year | (0.3) | (0.4) |
| Deferred tax charge – prior year | (0.2) | – |
| Deferred tax charge in respect of exceptional item transferred to current tax | (0.3) | – |
| | (0.8) | (0.4) |
| Total income tax expense in the income statement | (2.1) | (1.7) |

(b) Factors affecting the tax charge for the year

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Profit before taxation | 4.9 | 3.6 |
| Profit before tax at standard rate of corporation tax in the UK of 23.25% (2012: 24.5%) | (1.1) | (0.9) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (0.3) | (0.2) |
| Goodwill impairment on disposal of trading assets | (0.1) | – |
| Current year losses not recognised for tax purposes | (0.1) | (0.1) |
| Benefit of prior year losses not previously recognised for tax purposes | 0.1 | – |
| Write down of losses previously recognised for tax purposes | (0.2) | – |
| Adjustment to tax charge in respect of previous periods | (0.1) | (0.3) |
| Irrecoverable withholding tax | (0.1) | – |
| Overseas tax at different tax rates | (0.2) | (0.2) |
| Tax expense | (2.1) | (1.7) |

The movement in deferred tax is explained in note 20.

Notes to the consolidated financial statements continued

11 Reconciliation of Adjusted profit before tax to Profit before tax

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Profit before tax | 4.9 | 3.6 |
| Amortisation of intangibles | 0.2 | 0.3 |
| Exceptional items | 0.3 | 0.7 |
| Adjusted profit before tax from continuing operations | 5.4 | 4.6 |

12 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year. A reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

The calculation of the basic and diluted earnings per share is based on the following data:

| | 2013 £m | 2012 £m |
|--|-----------------|-----------------|
| Earnings | | |
| Earnings attributable to equity holders of the parent | 2.4 | 1.4 |
| Adjustments: | | |
| Exceptional items | 0.3 | 0.7 |
| Gain on business disposal | – | – |
| Amortisation of intangible assets | 0.2 | 0.3 |
| Tax on exceptional items and intangible amortisation | – | (0.1) |
| Earnings for the purpose of adjusted earnings per share | 2.9 | 2.3 |
| Number of shares | Millions | Millions |
| Weighted average number of shares – basic | 44.6 | 44.6 |
| Weighted average number of shares – diluted | 45.4 | 44.9 |
| Earnings per share | Pence | Pence |
| Basic (diluted) | 5.2 | 3.0 |
| Adjusted earnings per share (diluted) | 6.2 | 5.0 |

The dilution on the number of shares is from share options granted to the executive directors. Further details of these share options can be found in note 28 and the Directors' remuneration report on pages 44 to 49.

13 Property, plant and equipment

| | Leasehold property £m | Fixtures, fittings and equipment £m | Motor vehicles £m | Total £m |
|---------------------------------|-----------------------------|--|-------------------------|-------------|
| Cost | | | | |
| At 1 January 2013 | 0.2 | 6.9 | 0.2 | 7.3 |
| Additions | – | 0.7 | – | 0.7 |
| Disposals | – | (1.7) | – | (1.7) |
| At 31 December 2013 | 0.2 | 5.9 | 0.2 | 6.3 |
| Accumulated depreciation | | | | |
| At 1 January 2013 | 0.1 | 5.8 | 0.1 | 6.0 |
| Charge for the year | – | 0.9 | – | 0.9 |
| Disposals | – | (1.6) | – | (1.6) |
| At 31 December 2013 | 0.1 | 5.1 | 0.1 | 5.3 |
| Net book value | | | | |
| At 31 December 2012 | 0.1 | 1.1 | 0.1 | 1.3 |
| At 31 December 2013 | 0.1 | 0.8 | 0.1 | 1.0 |

Fixtures, fittings and equipment includes £nil (2012: £0.1m) of secured finance leases.

Notes to the consolidated financial statements continued

14 Goodwill

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Cost | | |
| At 1 January | 24.8 | 25.1 |
| (Impairment on disposal of business)/addition | (0.5) | 0.2 |
| Foreign exchange | – | (0.5) |
| At 31 December | 24.3 | 24.8 |

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit (CGU) at lowest level of cashflow, including goodwill, with the recoverable amount of that income-generating unit.

The recoverable amount of each cash-generating unit is determined based on the higher of value in use calculations and its fair value less costs to sell. The value in use calculations are based on cash flow projections derived from the Group budget for the year ended 31 December 2014 and growth forecasts extrapolated into perpetuity. The growth forecast uses growth rates based on the average five year GDP growth forecast for the relevant country, which ranged from 1.1% to 8.5%. Any growth rate in excess of 3.0% was capped for the purpose of this calculation. A discount rate of 12.5% (2012: 12.5%) has been applied in discounting the projected cash flows, being the estimated industry weighted average cost of capital.

As part of the impairment review, management has considered the sensitivity of the recoverable amount for each unit to changes in the growth rate and discount rate. This sensitivity analysis showed that the long-term growth rate could reduce to nil without giving rise to an impairment of goodwill. No impairment was indicated. None of these changes in the key assumptions are expected to reasonably occur. The discount rates were also increased in line with estimated country discount rates, ranging from 12.5% to 21.0%.

The carrying amount of goodwill has been allocated as follows:

| | 2013 £m | 2012 £m |
|---------------------------|------------|------------|
| Goodwill by region | | |
| UK | 7.2 | 7.7 |
| Continental Europe | 13.8 | 13.5 |
| Rest of the World | 3.3 | 3.6 |
| | 24.3 | 24.8 |

15 Intangible assets

| | Customer relations £m | Trade marks £m | Software £m | Total £m |
|---|--------------------------|-------------------|----------------|-------------|
| Carrying amount | | | | |
| At 1 January 2013 | 2.6 | 0.6 | 0.3 | 3.5 |
| Additions | – | – | 0.1 | 0.1 |
| Foreign exchange | – | – | – | – |
| Gross carrying amount at 31 December 2013 | 2.6 | 0.6 | 0.4 | 3.6 |
| Amortisation | | | | |
| At 1 January 2013 | 1.0 | 0.5 | 0.2 | 1.7 |
| Charge for year | 0.1 | 0.1 | – | 0.2 |
| Accumulated amortisation at 31 December 2013 | 1.1 | 0.6 | 0.2 | 1.9 |
| Net book value as at 31 December 2012 | 1.6 | 0.1 | 0.1 | 1.8 |
| Net book value as at 31 December 2013 | 1.5 | – | 0.2 | 1.7 |

Customer relations represents intangibles acquired during business combination as per IFRS3.

The remaining amortisation period for customer relations intangibles is 9 years.

16 Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 6 to the Company's financial statements.

17 Trade and other receivables

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Current | | |
| Trade receivables | 23.1 | 23.5 |
| Less provision for impairment of trade receivables | (0.2) | (0.2) |
| Net trade receivables | 22.9 | 23.3 |
| Prepayments and accrued income | 1.3 | 2.3 |
| Deferred and contingent consideration (including amounts falling due after more than one year of £0.4m (2012: £nil)) | 0.6 | 0.1 |
| Other receivables | 2.4 | 1.7 |
| | 27.2 | 27.4 |

Trade receivables include £1.4m (2012: £1.1m) on which security has been given as part of the invoice finance facility.

Trade receivables are stated after offsetting non-recourse invoice financing of £9.4m (2012: £6.4m).

All amounts are due within one year. The carrying value of trade receivables is considered to be a reasonable approximation of fair value.

Further analysis on trade receivables is set out in note 22.

Notes to the consolidated financial statements continued

18 Trade and other payables

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Current | | |
| Trade payables | 1.0 | 1.1 |
| Other tax and social security | 5.7 | 5.9 |
| Other payables | 3.8 | 3.6 |
| Accruals | 9.6 | 8.9 |
| Provision for exceptional items (note 5) | 0.9 | 1.5 |
| Deferred and contingent consideration | 0.4 | 0.8 |
| | 21.4 | 21.8 |
| | | |
| | 2013 £m | 2012 £m |
| Provision for exceptional items | | |
| Potential retrospective pay claims and social security liability in Germany | 0.7 | 1.0 |
| Germany restructuring | 0.2 | 0.5 |
| | 0.9 | 1.5 |

All amounts are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

19 Financial liabilities

a) Borrowings

| | 2013 £m | 2012 £m |
|--------------------------------------|------------|------------|
| Current | | |
| Bank overdrafts | 2.1 | 3.2 |
| Amounts related to invoice financing | 1.4 | 1.1 |
| Current portion of bank loans | 0.7 | 2.1 |
| | 4.2 | 6.4 |
| Non-current | | |
| Bank loans | 7.3 | 7.9 |
| | 7.3 | 7.9 |
| Total financial liabilities | 11.5 | 14.3 |

The bank loans include a revolving credit facility and a term loan of £1.4m which both expire in 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2013, interest was payable at 2.0% over UK base rate on the term loan and 2.0% over EURIBOR on the revolving credit facility.

The interest rate on the UK bank overdrafts was fixed during the year at rates up to 1.0% above applicable currency base rates. The value of the UK bank overdrafts at 31 December 2013 was £1.8m (2012: £1.2m). Other overseas overdrafts had interest rates of between 2.5% and 5.75% during the year.

The amounts above for invoice financing represent with-recourse facilities. The Group also has non-recourse invoice financing which is offset against trade receivables. The total amount of non-recourse invoice financing at 31 December was £9.4m (2012: £6.4m).

b) Movement in net borrowings

| | 2013 £m | 2012 £m |
|--|------------|------------|
| As at 1 January | (8.1) | (5.6) |
| Net (decrease)/increase in cash and cash equivalents | (0.1) | 0.5 |
| Decrease/(increase) in loans | 3.2 | (1.7) |
| (Increase) in invoice financing | (0.3) | (1.1) |
| Currency translation differences | (0.5) | (0.2) |
| As at 31 December | (5.8) | (8.1) |

c) Analysis of net borrowings

| | 2013 £m | 2012 £m |
|------------------------------------|------------|------------|
| Financial liabilities – borrowings | (11.5) | (14.3) |
| Cash and cash equivalents | 5.7 | 6.2 |
| As at 31 December | (5.8) | (8.1) |

Cash and cash equivalents at 31 December 2013 include cash with banks of £0.2m (2012: £0.3m) held by a subsidiary in China which is subject to currency exchange restrictions.

20 Deferred tax

| | Tax losses £000 | Exceptionals £000 | Capital allowances £000 | Holiday pay £000 | Timing differences £000 | Intangible assets £000 | Total 2013 £000 | 2012 £000 |
|---------------------------------|--------------------|----------------------|-------------------------------|------------------------|-------------------------------|------------------------------|-----------------------|----------------------|
| 1 January | 534 | 313 | 5 | 103 | (29) | (680) | 246 | 660 |
| (Charge)/credit to income | (303) | (315) | (99) | 15 | (110) | 3 | (809) | (397) |
| Paid on distribution | – | – | – | – | 114 | – | 114 | – |
| Transfer between categories | 81 | 2 | 169 | 14 | (86) | (180) | – | – |
| Foreign exchange difference | (50) | – | – | (21) | (17) | (10) | (98) | (17) |
| 31 December | 262 | – | 75 | 111 | (128) | (867) | (547) | 246 |
| Analysis of deferred tax | | | | | | | 2013 £000 | 2012 £000 |
| Deferred tax asset | | | | | | | 620 | 1,152 |
| Deferred tax liability | | | | | | | (1,167) | (906) |
| | | | | | | | (547) | 246 |

At the balance sheet date, the Group has unused tax losses of £2.8m (2012: £3.7m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £0.7m (2012: £2.2m) of such losses. No deferred tax asset has been recognised in respect of the remaining £2.1m (2012: £1.5m) as it is not considered probable that there will be future taxable profits available.

No deferred tax liability is recognised on temporary differences of £4.1m (2012: £4.5m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the consolidated financial statements continued

21 Share capital

| | 2013 | | 2012 | |
|--------------------------------|------------------|-----|------------------|-----|
| | Number of shares | £m | Number of shares | £m |
| Allotted and fully paid | | | | |
| Ordinary shares of 5p each | 44,562,847 | 2.2 | 44,562,847 | 2.2 |

22 Financial instruments

The principal financial assets of the Group are cash and cash equivalents and trade and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. The principal financial liabilities are trade and other creditors that arise directly from operations, amounts owed to invoice discounters and bank loans. Further information on the Group's treasury policy and activities during the year can be found in the Finance review on pages 22 to 26.

Credit risk analysis

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Classes of financial assets – carrying amounts

| | 2013 £m | 2012 £m |
|-----------------------------|------------|------------|
| Cash and cash equivalents | 5.7 | 6.2 |
| Trade and other receivables | 27.2 | 27.4 |

The credit risk on liquid funds is limited because the third parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and customers.

Debtors ageing and impairment losses

The age of trade receivables net of impaired debts as of the reporting date is as follows:

| | 2013 £m | 2012 £m |
|--|-------------|-------------|
| 0–30 days | 12.9 | 12.5 |
| 31–60 days | 8.3 | 9.1 |
| 61–90 days | 1.0 | 0.9 |
| Over 90 days | 0.7 | 0.8 |
| Total trade receivables (note 17) | 22.9 | 23.3 |

Average debtor days during the year was 50 days (2012: 51 days).

All of the Group's trade receivables have been reviewed for indications of impairment and a provision of £0.2m (2012: £0.2m) has been recorded accordingly.

Included in the Group's trade receivable balance are debtors with a carrying amount of £1.7m (2012: £1.7m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The Group has non-recourse invoice financing which is offset against trade receivables. The total amount offset against trade receivable at 31 December 2013 was £9.4m (2012: £6.4m).

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| | 2013 £m | 2012 £m |
|-------------------------------|------------|------------|
| Balance as 1 January | 0.2 | 0.3 |
| Impairment loss recognised | 0.2 | 0.3 |
| Impairment loss utilised | (0.2) | (0.4) |
| Balance at 31 December | 0.2 | 0.2 |

Liquidity risk analysis

The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient undrawn committed borrowing facilities.

As at 31 December 2013, Empresaria's liabilities have contractual maturities which are summarised below:

| | Current within 6 months | | Current 6 to 12 months | | Non-current 1 to 5 years | |
|--|----------------------------|-------------|---------------------------|------------|-----------------------------|------------|
| | 2013 £m | 2012 £m | 2013 £m | 2012 £m | 2013 £m | 2012 £m |
| Long-term bank loans | 0.4 | 0.5 | 0.3 | 1.6 | 6.7 | 7.0 |
| Other loan creditors | – | – | – | – | – | – |
| Trade and other payables | 21.4 | 21.8 | – | – | – | – |
| Other short-term financial liabilities | 3.5 | 4.3 | – | – | – | – |
| Total | 25.3 | 26.6 | 0.3 | 1.6 | 6.7 | 7.0 |

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

All bank loans are on floating interest rates.

At the year end the Group had £7.1m (2012: £4.8m) of undrawn bank facilities (excluding invoice financing).

There was no loan repayment default during the year (2012: nil). At the year end past due loans were nil (2012: nil).

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt, which includes the borrowings and cash and cash equivalents disclosed in note 19 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 21 and in the Consolidated statement of changes in equity.

The Board reviews the capital structure of the Group on an ongoing basis, considering the cost of capital and the risks associated with each class of capital. The Group has a target debt to debtors ratio of 25% (including all invoice financing balances within debt). In 2013 this ratio was 47% (2012: 49%). The Board intend to reduce the level of borrowings each year through cash generated from operating activities.

Notes to the consolidated financial statements continued

22 Financial instruments continued

Debt to debtors ratio

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Total net borrowing including invoice financing balances | 15.2 | 14.5 |
| Trade receivable (gross) | 32.3 | 29.7 |
| Debt to debtors ratio | 47% | 49% |

Gearing ratio

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Gross borrowings | 11.5 | 14.3 |
| Less: Cash and cash equivalents | (5.7) | (6.2) |
| Net debt | 5.8 | 8.1 |
| Equity attributable to company shareholders | 21.6 | 20.6 |
| Net debt to equity ratio | 27% | 39% |

Foreign currency risk

Most of Empresaria Group plc's transactions are carried out in pounds Sterling. Most of the subsidiary companies transactions are carried out in the local currency of their respective countries. Exposures to currency exchange rates arising from the overseas sales and purchases are minimal.

To mitigate the Group's exposure to foreign currency risk, non-UK pound cash flows are monitored and if applicable, forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, Empresaria's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

During the year ended 31 December 2013 no forward exchange contracts were entered into (2012: nil).

The Group's main currency exposure is on the translation of subsidiaries results into pound Sterling. The Group does not hedge this exposure. There is an element of natural hedge by having operations in different countries. The amount of currency retranslation loss recognised in equity was £1.2m (2012: £1.0m).

The carrying amounts of the Group's significant non-Sterling denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Assets | | Liabilities | |
|---------------------------|------------|------------|-------------|------------|
| | 2013 £m | 2012 £m | 2013 £m | 2012 £m |
| Euro | 15.5 | 25.0 | 18.8 | 22.6 |
| Japanese Yen | 3.0 | 3.1 | 2.2 | 2.5 |
| Chilean Peso | 3.9 | 4.6 | 1.8 | 1.7 |
| Indonesian Rupiah | 1.9 | 2.3 | 0.8 | 0.9 |
| United State Dollar (USD) | 2.0 | 0.2 | – | – |

Sensitivity analysis

A 10% strengthening of pound Sterling against the following currencies would have (decreased)/increased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

| | 2013 | | | | | 2012 | | | | |
|-------------------------|------------|-----------------------|-----------------------|----------------------------|-----------|------------|-----------------------|-----------------------|----------------------------|-----------|
| | Euro £m | Japanese Yen £m | Chilean Peso £m | Indonesian Rupiah £m | USD £m | Euro £m | Japanese Yen £m | Chilean Peso £m | Indonesian Rupiah £m | USD £m |
| Net result for the year | (0.2) | (0.1) | – | (0.1) | (0.2) | (0.2) | – | – | (0.1) | – |
| Equity | (1.4) | (0.3) | (0.3) | (0.3) | (0.2) | (1.7) | (0.2) | (0.3) | (0.2) | – |

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Empresaria's exposure to currency risk.

Interest rate risk

The Group has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances and overdrafts.

The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing. Management monitors movements in interest rates to determine the most advantageous debt profile for the Group. At 31 December 2013, Empresaria is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. For further information see note 19.

| | 2013 | 2012 |
|---|------|------|
| Effective interest rate on borrowings in the year | 3.4% | 3.8% |

Sensitivity analysis

An increase of 100 basis points in interest rates would have decreased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | 2013 £m | 2012 £m |
|-------------------------|------------|------------|
| Net result for the year | (0.2) | (0.2) |
| Equity | (0.2) | (0.2) |

Fair value

The carrying value of all financial instruments equates to fair value.

23 Financial commitments

Operating leases

| | Motor vehicles | | Land and buildings | | Employee accommodation | |
|---|----------------|------------|--------------------|------------|------------------------|------------|
| | 2013 £m | 2012 £m | 2013 £m | 2012 £m | 2013 £m | 2012 £m |
| Total minimum operating lease payments due: | | | | | | |
| Within one year | 0.4 | 0.5 | 1.3 | 1.1 | 0.4 | 0.3 |
| One to five years | 0.4 | 0.6 | 1.7 | 1.4 | – | – |
| After five years | – | – | 0.2 | 0.1 | – | – |
| | 0.8 | 1.1 | 3.2 | 2.6 | 0.4 | 0.3 |

Notes to the consolidated financial statements continued

24 Dividends

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Amount recognised as distribution to equity holders in the period: | | |
| Final dividend for the year ended 31 December 2012 of 0.35 pence (2011: 0.35 pence) per share | 156 | 156 |
| Proposed final dividend for the year ended 31 December 2013 is 0.35 pence (2012: 0.35 pence) per share | 156 | 156 |

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

25 Contingent liabilities

Contingent consideration

Various contingent consideration payments have been deemed probable at 31 December 2013 totalling £0.4m (2012: £0.8m) which has been recognised as a liability. The fair value of contingent consideration is accrued once it is probable that all the conditions for payment will be met.

Guarantees

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies. Guarantees and contingencies exist in the ordinary course of business.

26 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, retained earnings of the parent company are not presented as part of these financial statements. The parent Company's profit for the financial year was £1.1m (2012: £1.0m).

27 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. These transactions include intra-group management charges and net interest charges to subsidiaries, which amounted to £2.2m (2012: £1.8m) and £0.5m (2011: £0.4m), respectively.

Remuneration of key management personnel

The remuneration of directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24. Further information about the remuneration of individual directors is provided in the audited part of the Directors' remuneration report on pages 48 to 49.

| | 2013 £m | 2012 £m |
|------------------------------|------------|------------|
| Short-term employee benefits | 0.6 | 0.6 |

There were share based payment costs of £79,000 in the year (2012: £55,000) and pension contributions of £49,000 (2012: £49,000) but no other benefits in the year.

Directors' transactions

Dividends totalling £34,232 (2012: £48,190) were paid in the year in respect of ordinary shares held by the Company's directors.

Empresaria Group plc transacted with 24/7 Translations Limited for the provision of translation services. Spencer Wreford, Group Finance Director, jointly owns this company with his wife. In total the services charged were for £902 (2012: £2,300).

28 Share based payments

The Company operates a share option scheme for directors and senior executives. During the year options were granted as detailed below. The options are forfeited if the employee leaves the Group before the options are exercised.

| | 2013 | |
|------------------------------------|-------------------------|-------------------------------------|
| | Number of share options | Weighted average exercise price (p) |
| Outstanding at beginning of year | 1,220,000 | – |
| Granted during the year | 957,746 | – |
| Outstanding at the end of the year | 2,177,746 | – |

All the options have a zero cost exercise price. The aggregate fair value of the options granted is £461,800. In 2013 a total expense of £79,000 (2011: £55,000) was recognised in the income statement. The fair value was estimated using a Black-Scholes model for the EPS element and a Monte Carlo model for the total shareholder return element. Details of the performance conditions can be found in the Directors' remuneration report on pages 44 to 49.

The inputs into these models are as follows:

| | Award in 2013 | Award in 2011 |
|---------------------------------|---------------|---------------|
| Share price at date of grant | 35p | 25p |
| Weighted average exercise price | Nil | Nil |
| Expected volatility | 45.0% | 46.5% |
| Expected life | 3.5 years | 3.5 years |
| Risk-free rate | 1.2% | 1.0% |
| Expected dividend yields | 1.0% | 1.5% |
| Vesting dates | March 2017 | March 2015 |

The expected volatility is determined from the daily log normal distributions of the Company share price over a period equal to the expected holding period calculated back from the date of grant. The risk free rate was the zero coupon bond yield derived from UK government bonds at the date of grant, with a life equal to the expected holding period.

29 Events after the balance sheet date

On 10 March 2014 the Group acquired 51% of the shares in BW&P FZ LLC, a Dubai based company specialising in permanent sales in the Technical & Industrial sector. Initial consideration is £300,000 with two further payments that are contingent on the performance of the company in the two years ended 31 December 2015.

Independent auditor's report

to the members of Empresaria Group plc

We have audited the financial statements of Empresaria Group plc for the year ended 31 December 2013 which comprise the parent Company Balance Sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Smith

(Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants
and Statutory Auditor
Crawley, United Kingdom

10 March 2014

Parent Company balance sheet

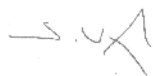
| | Note | 2013 £m | 2012 £m |
|---|--------|------------|------------|
| Non-current assets | | | |
| Tangible assets | 5 | 0.1 | 0.1 |
| Investments | 6 | 23.9 | 32.6 |
| | | 24.0 | 32.7 |
| Current assets | | | |
| Debtors (including amounts falling due after more than one year of £6.2m (2012: £6.9m)) | 7 | 17.5 | 12.2 |
| Cash at bank | | 1.9 | 9.5 |
| Creditors: amounts falling due within one year | 8 | (9.6) | (19.7) |
| Net current assets | | 9.8 | 2.0 |
| Total assets less current liabilities | | 33.8 | 34.7 |
| Creditors: amounts falling due after more than one year | 9 | (7.3) | (9.4) |
| Net assets | | 26.5 | 25.3 |
| Capital and reserves | | | |
| Called up share capital | 10, 11 | 2.2 | 2.2 |
| Share premium account | 10 | 19.4 | 19.4 |
| Merger reserve | 10 | 0.9 | 1.5 |
| Other reserve | 10 | 0.3 | – |
| Equity reserve | 10 | (0.2) | (0.2) |
| Profit and loss account | 10 | 3.9 | 2.4 |
| Shareholders' funds | 10 | 26.5 | 25.3 |

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 10 March 2014.

Signed on behalf of the Board of Directors



Joost Kreulen
Director



Spencer Wreford
Director

Notes to the parent Company financial statements

1 Basis of preparation and significant accounting policies

The financial statements are for the twelve months ended 31 December 2013. They have been prepared in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pounds Sterling (£).

The accounting policies have been applied consistently throughout the period for the purposes of preparation of these financial statements.

Going concern

Details of going concern are given in note 1 to the Group accounts.

Foreign currencies

(i) Monetary assets and liabilities

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the year end. Exchange rate differences are dealt with through the income statement.

(ii) Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of net investment hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gain and losses deferred in the foreign currency translation reserve are reclassified to profit or loss on disposal of the foreign operation.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment: between one and five years.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Fixed asset investments

The Company's investments in shares in Group companies are stated at cost less provisions for impairment. Any impairment is charged to the income statement as it arises.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

Pension costs are charged to the income statement and solely relate to contributions made to staff personal pension schemes. Contributions to the scheme are charged to the income statement as they become due for payment.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. The Company reported a profit after tax for the financial year ended 31 December 2013 of £1.1m (2012: £1.0m).

3 Directors and employees

| | 2013 £m | 2012 £m |
|--|----------------|----------------|
| Staff costs | | |
| Wages and salaries | 1.0 | 1.1 |
| Social security costs | 0.1 | 0.1 |
| Share based payments | 0.1 | 0.1 |
| | 1.2 | 1.3 |
| | | |
| | 2013 Number | 2012 Number |
| Average monthly number of persons employed (including directors) | 14 | 14 |

Pension contributions made in the year were £49,827 (2012: £89,383).

Details of Directors' remuneration are given on pages 44 to 49.

4 Dividends

During 2013 Empresaria Group plc paid a dividend of £0.2m to its equity shareholders (2012: £0.2m). This amounted to 0.35 pence per ordinary share (2012: 0.35 pence).

A final dividend is proposed for the year ended 31 December 2013 of 0.35 pence per ordinary share (2012: 0.35 pence). The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. If approved, the dividend will be paid on 23 June 2014 to members registered on 23 May 2014.

5 Property, plant and equipment

The following table shows the significant additions and disposals of property, plant and equipment.

| | Fixtures, fittings and equipment £m |
|---------------------------------|--|
| Cost | |
| At 1 January 2013 | 0.5 |
| Additions | 0.1 |
| At 31 December 2013 | 0.6 |
| Accumulated depreciation | |
| At 1 January 2013 | 0.4 |
| Charge for the year | 0.1 |
| At 31 December 2013 | 0.5 |
| Net book value | |
| At 31 December 2012 | 0.1 |
| At 31 December 2013 | 0.1 |

Notes to the parent Company financial statements continued

6 Investments held as fixed assets

| | Loans to subsidiary undertakings £m | Shares in subsidiary undertakings £m | Total £m |
|----------------------------|--|---|-------------|
| Cost | | | |
| At 1 January 2013 | 6.8 | 31.7 | 38.5 |
| Additions | – | 0.3 | 0.3 |
| Disposals | – | (0.2) | (0.2) |
| Repayment by subsidiary | (6.8) | (2.0) | (8.8) |
| At 31 December 2013 | – | 29.8 | 29.8 |
| Impairment | | | |
| At 1 January 2013 | – | 5.9 | 5.9 |
| At 31 December 2013 | – | 5.9 | 5.9 |
| Net book value | | | |
| At 31 December 2012 | 6.8 | 25.8 | 32.6 |
| As 31 December 2013 | – | 23.9 | 23.9 |

Investments comprise of the following principal subsidiary companies:

| Company | Class of share held | 2013 Effective % holding | Country of Incorporation |
|---|------------------------|--------------------------------|-----------------------------|
| FastTrack Management Services (London) Limited* | "A" Ordinary | 75 | UK |
| Greycoat Placements Limited* | "A" Ordinary | 90 | UK |
| LMA Recruitment Limited* | "A" Ordinary | 63 | UK |
| Mansion House Recruitment Limited* | "A" Ordinary | 65 | UK |
| McCall Limited* | "A" Ordinary | 82 | UK |
| Reflex HR Limited* | "A" Ordinary | 84 | UK |
| Teamsales Limited* | "A" Ordinary | 95 | UK |
| The Recruitment Business Limited* | "A" Ordinary | 80 | UK |
| Headway Holding GmbH | Ordinary | 100 | Germany |
| Interactive Manpower Solutions Private Limited* | Equity Share | 71 | India |
| Mediradix Oy* | Ordinary | 96 | Finland |
| PT Learning Resources | Shares | 51 | Indonesia |
| Marketing y Promociones S.A. 'Alternattiva' | Common | 56 | Chile |
| PT Monroe Consulting Group | "A" Ordinary | 80 | Indonesia |
| Monroe Recruitment Consulting | Ordinary | 70 | Thailand |
| Skillhouse Staffing Solutions K.K. | Ordinary | 90 | Japan |
| The Recruitment Business Pty Limited | Ordinary | 79 | Australia |

* These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December 2013.

The nature of each investment is the provision of staffing services and each entity operates in its country of incorporation.

7 Debtors

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Amounts owed by group undertakings (including amounts falling due after more than one year of £6.2m (2012: £6.9m)) | 16.0 | 11.1 |
| Other debtors | 0.2 | 0.4 |
| Prepayments and accrued income | 1.3 | 0.7 |
| | 17.5 | 12.2 |

8 Creditors: amounts falling due within one year

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Bank overdraft and loans due within one year | 7.3 | 16.2 |
| Trade creditors | – | 0.1 |
| Amounts owed to subsidiary undertakings | 1.0 | 2.2 |
| Deferred consideration and other creditors | 0.5 | 0.8 |
| Accruals | 0.8 | 0.4 |
| | 9.6 | 19.7 |

9 Creditors: amounts falling due after more than one year

| | 2013 £m | 2012 £m |
|-----------------------------------|------------|------------|
| Loan from subsidiary undertakings | 0.2 | 2.2 |
| Bank loans | 7.1 | 7.2 |
| | 7.3 | 9.4 |

The bank loans include a revolving credit facility and a term loan which expire in 2016. The bank loans are secured by a first fixed charge over all book and other debts given by the Company and certain of its subsidiaries. Interest rates vary over the term of the loan. In 2013, interest was payable at 2.0% over UK base rate on the term loan and 2.0% over EURIBOR on the revolving credit facility.

The interest rate on the UK bank overdrafts was fixed during the year at rates up to 1.0% above applicable currency base rates.

| | 2013 £m | 2012 £m |
|--------------------------------------|------------|------------|
| Bank loans | | |
| Repayable within one year | 0.6 | 2.5 |
| Repayable between one and two years | 0.6 | 0.6 |
| Repayable between two and five years | 6.5 | 6.6 |
| | 7.7 | 9.7 |

Notes to the parent Company financial statements continued

10 Reconciliation of movements in shareholders' funds

| | 2013 Share capital £m | 2013 Share premium £m | 2013 Merger reserve £m | 2013 Other reserve £m | 2013 Equity reserve £m | 2013 Profit and loss account £m | 2013 Total Shareholders' funds £m | 2012 Total Shareholders' funds £m |
|---|--------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|---|---|---|
| Profit for the financial year | - | - | - | - | - | 1.1 | 1.1 | 1.0 |
| Dividend paid | - | - | - | - | - | (0.2) | (0.2) | (0.2) |
| Transfer of merger relief | - | - | (0.6) | - | - | 0.6 | - | - |
| Movement in share options and net investments | - | - | - | 0.3 | - | - | 0.3 | (0.2) |
| Net (reduction)/addition to shareholders' funds | - | - | (0.6) | 0.3 | - | 1.5 | 1.2 | 0.6 |
| Opening shareholders' funds | 2.2 | 19.4 | 1.5 | - | (0.2) | 2.4 | 25.3 | 24.7 |
| Closing shareholders' funds | 2.2 | 19.4 | 0.9 | 0.3 | (0.2) | 3.9 | 26.5 | 25.3 |

Profit for the year after tax was £1.1m (2012: £1.0m).

11 Called up share capital

| | 2013 | | 2012 | |
|--------------------------------|---------------------|-----|---------------------|-----|
| | Number of shares | £m | Number of shares | £m |
| Allotted and fully paid | | | | |
| Ordinary shares of 5p each | 44,562,847 | 2.2 | 44,562,847 | 2.2 |

The Company has one class of ordinary share which carries no rights to fixed income. All ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the years ended 31 December 2013 and 31 December 2012 no ordinary shares were issued.

Officers and professional advisers

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Spencer Wreford
Anthony Martin
Penny Freer
Zach Miles

Secretary

Spencer Wreford

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Company registration number

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