

11 September 2007

CPL RESOURCES plc
Full Year Results for the Year Ended 30th June 2007

Record Results for Cpl; Profit before Tax up 82%; EPS up 80%

CPL Resources plc, Ireland's leading employment services group, today announced full year results for the year ended 30th June 2007.

Financial Highlights

• Sales €195.5 m	up 32%	(2006: €148 m)
• Net Fee Income €43 m	up 53%	(2006: €28.2 m)
• Profit before tax €19.3m	up 82 %	(2006: €10.6 m)
• Earning per share 45.1 cent	up 80%	(2006: 25.1 cent)
• Conversion ratio 44.7%		(2006: 37.5%)
• Cash €29.7m		(2006: €21.3 million)
• Dividend 4.0 cent per share		(2006: 2.9 cent)

John Hennessy Chairman of the Group said

"We are pleased to announce an outstanding set of results for the year ended 30 June 2007. This performance continues a five year trend of exceptional growth in the business. This continuation of very strong growth in profits reflects a highly successful business model involving talented and committed people delivering exceptional client service, a focused acquisition strategy that has added new sectors and countries to the Group's business and a sustained focus on cost control.

Development momentum continued in the year to June 2007 and our net acquisition spend for the twelve months amounted to €4.9 million. Cpl's strategy has been to develop robust and diversified revenue streams, and to enhance these through the addition of carefully selected acquisitions, which we work hard to integrate into the Group."

Commenting on the group's performance and outlook, Cpl Chief Executive, Anne Heraty, said:

"I am pleased to report another strong performance for Cpl in the year to 30 June 2007. Profit before tax increased by 82% to €19.3 million, this is our third consecutive year to deliver profit before tax growth of over 80%.

Our performance can be attributed to the ability and focus of our people in responding to the needs of our clients. In Cpl we recognise that our clients' needs are constantly changing and that flexibility is a key factor to developing and growing strong client relationships. We believe that our success comes from our core belief in candidate care and our commitment to delivering a high value service to all our clients

The year to June 2007 was an excellent year for the Group. We expanded our business in every sector and continued our international expansion with the opening of offices in key countries. As a result, we see great opportunity for growth of our international business. Cpl has sufficient financial and operational flexibility to respond to the needs of the marketplace as they arise. We maintain a strong balance sheet and healthy cash position, which will enable us to take advantage of any opportunities that the market may present."

About Cpl Resources plc

Cpl is a specialist provider of recruitment and employment services, operating through distinct specialist brands in a wide range of business sectors, including technology, accounting and finance, healthcare, pharmaceutical, sales, engineering, light industrial, and office administration.

Chairman's Statement

Once again the Group has delivered an outstanding set of results for the year to June 2007. Profit before tax of €19.3 million and earnings per share of 45.1 cent represent increases of 82% and 80% respectively. This continuation of very strong growth in profits reflects a highly successful business model involving talented and committed people delivering exceptional client service, a focused acquisition strategy that has added new sectors and countries to the Group's business and a sustained focus on cost control. The Chief Executive's review deals in some detail with the financial and business performance of the Group and each of its divisions.

The Group has generated excellent returns by maintaining a balanced client focused strategy. Increased revenue and gross profit reflect substantial increases in profitable activity across all sectors and markets, and a strong performance in each of our principal business areas, being the placement of contract, temporary and permanent employees with clients. Permanent placement net fee income in the year to 30 June 2007 increased by 52% over the prior year. All divisions have performed well. Our contractor and temporary fees have increased by 53%, reflecting growth in the demand for non-permanent staff in all areas. The Cpl Managed Services business, which manages selected business processes (including call centres, administrative services and recruitment solutions) on behalf of clients, now represents 17% of our net fee income.

The Group had cash balances of €29.7 million at 30 June 2007. Notwithstanding the working capital demands associated with strong growth in business activity, this figure is €8.4 million higher than the corresponding balance at 30 June 2006.

Development momentum continued in the year to June 2007 and our net acquisition spend for the twelve months amounted to €4.9 million. Cpl's strategy has been to develop robust and diversified revenue streams, and to enhance these through the addition of carefully selected acquisitions, which we work hard to integrate into the Group. During the year we added important businesses in the healthcare sector through our purchase of Kate Cowhig International Recruitment Limited, and in the retail and light industrial sectors through our acquisition of Northside Recruitment Services Limited. We also enhanced the geographical spread of our business, both in Ireland (principally through the acquisition of the former regional operations of Richmond Recruitment) and internationally, further extending our presence in Eastern Europe. The quality of these select investments will be an important element in the continuing diversification of our business and in delivering further growth in the Group over the years ahead.

Just five years ago, the Cpl group operated principally in one business sector – the IT industry – and exclusively in the Irish market. Our turnover in the year to 30 June 2002 was less than €23 million and our earnings per share amounted to 2.7 cent. The corresponding figures for 2007 represent compound growth over 5 years of more than 50% per annum in turnover and more than 75% per annum in earnings per share. The sustained strength of the Irish economy has undoubtedly contributed significantly to this outstanding performance. However, the quality and commitment of our people, the loyalty of our customers and a successful strategy for organic growth, business development, diversification and acquisition have been the principal drivers of Cpl's success.

The achievements and success of Cpl are founded on the exceptional commitment and capability of the people who lead, manage and work in its businesses. Our ability to attract, develop, motivate and retain talented people is in many ways our most important competence. Our continuing efforts to deliver top class service to all our clients and customers have made us Ireland's leading provider of employment services. I congratulate the whole team on another outstanding set of achievements in 2007 and thank them for the commitment and contribution to the success of the Group. I would also like to extend the appreciation of the Board to our customers for their continued loyalty and support.

The Board is recommending a final dividend of 2.25 cent per share. The dividend will be payable on 26 October 2007 to shareholders on the company's register at the close of business on the record date of 21 September 2007. The final dividend together with the interim dividend of 1.75 cent per share, amounts to a total dividend of 4.00 cent per share.

John Hennessy
Chairman

11 September 2007

Chief Executive Review

I am pleased to report another strong performance for Cpl in the year to 30 June 2007. Profit before tax increased by 82% to €19.3 million, this is our third consecutive year to deliver profit before tax growth of over 80%. Considering that we operate in a highly competitive marketplace, our results can be attributed to the ability and focus of our people in responding to the needs of our clients. In Cpl we recognise that our clients' needs are constantly changing and that flexibility is a key factor to developing and growing strong client relationships. We believe that our success comes from our core belief in candidate care and our commitment to delivering a high value service to all our clients.

The Irish economy remained healthy in the year to 30 June 2007 providing a solid base for Cpl to achieve strong organic growth. The employment environment was favourable and unemployment remained low at just over 4%. A strong inward migration trend continued over this period and was a significant source of skilled candidates. However, recent labour market data seems to indicate that employment growth has begun to moderate. Employment is forecast to increase by 3% in 2007 down from 4.3 % in the last quarter of 2006 and to further decrease to 1% in 2008, with most of this deceleration resulting from job losses in the construction industry. Currently there is full employment in the professional and technical areas and skills shortages are being experienced. Over 74% of Cpl's gross profit is generated from professional and specialist recruitment, and key markets for the Group such as the services sector are expected to continue to experience job growth.

People

Cpl's reputation is built on the talent and commitment of the people who serve our clients. I want to take this opportunity to thank them for delivering for our candidates and clients and to acknowledge their contribution and achievements in making the year to 30 June 2007 an exceptional year. I am delighted to welcome those people who joined us during the year, especially those who were employees of the businesses we acquired, their efforts in the successful integration of these companies into the Group is greatly appreciated. I also want to thank our loyal customers for their partnership and support during the year.

Acquisitions

In January 2007 Cpl acquired 75% of the share capital of Key 6 Business Solutions S.r.o. Cpl wishes to expand and develop its business in the Central European Region. Key 6 Business Solutions S.r.o. currently has offices in both Prague and Bratislava and the company's vision is to grow and develop as a dynamic recruitment company in the Central European Region. This acquisition dovetails with our existing business in Poland.

In March 2007 Cpl acquired Kate Cowhig International Recruitment Limited, a leading healthcare direct placement company which has been in operation since 1990. The company specialises in the recruitment of registered nurses, midwives and allied health professionals, for many of the largest teaching hospitals in Ireland and the UK. Located in Dublin, Kate Cowhig International Recruitment Limited also has local agents in India, Philippines, the Middle East and Eastern Europe. Cpl intends to expand and develop its international healthcare business.

In June 2007 Cpl acquired Northside Recruitment Services Limited ("NRS") and we purchased the assets in the Richmond Recruitment Group. NRS specialises in the Industrial and Retail sectors. The company is based in North Dublin and has grown an excellent business, working closely with local candidates and local clients. While predominately a temporary recruitment business there is an opportunity to grow permanent fees.

The Richmond Recruitment Group was established in 1990 and has offices in Limerick, Cork and Galway offering permanent and temporary recruitment services to a broad range of clients. Cpl has seen the value of having a number of regional offices and believe that these acquisitions present a significant opportunity to expand its presence throughout Ireland.

Cpl has a very professional and robust infrastructure and will apply our systems and processes to NRS and the Richmond Recruitment businesses. Cpl will use its established infrastructure to enable the local offices to offer a broad range of services to local employers. Cpl believe that the addition of both these businesses to the Cpl network will have a strategic benefit for the Cpl Group.

Subsequent to the year end, Cpl acquired Allied Nurses Agency Limited on 1 July 2007. Allied Nurses Agency Limited is located in Dublin, providing locum nurses and health care assistants to clients throughout Ireland. With its extensive operations in the nursing sector Allied Nurses Agency Limited is an excellent fit with Cpl's existing healthcare businesses, Medical Recruitment Specialists, Kate Cowhig International Recruitment Limited and Nursefinders UK Limited. Together these businesses will firmly establish Cpl's healthcare division as a major national player in the healthcare sector and will offer opportunities for operational synergies and an enlarged source of candidates for clients.

Helped by the acquisitions completed in 2007 Cpl is now even better positioned to offer exceptional quality services to our valued clients.

Financial results

Profitability and shareholder value

- Profit before tax of €19.3 million, up 82%
- Record earnings per share of 45.1 cent, an increase of 81%
- Total dividend of 4.00 cent

Delivering growth

- Revenue of €196 million for the 12 months, representing growth of 32% year on year
- Gross profit of €43 million, up 52 % from €28.2 million in the year to June 2006
- Cash balances of €29.6 million at 30 June 2007 (€21.3 million at 30 June 2006)
- Improved conversion ratio of 44.7%

Group revenue increased by 32% to €196 million in the year to 30 June 2007 (2006: €148 million). Gross profit increased by 52% to €43 million (2006: €28.2 million) yielding an 82% increase in profit before tax to €19.3 million (2006: €10.6 million). Operating expenses increased by 37% to €24.5 million (2006: €17.8 million). For the fifth year in a row the Group has delivered double digit earnings growth in excess of gross profit growth through rigorous cost control and a strong focus on productivity.

A key performance measure for the Group is the conversion ratio of gross profit to profit before tax. This was 44.7% in the year to 30 June 2007 (2006: 37.5%), an increase of more than 7% in a year when we increased our investment in headcount, training and infrastructure.

Fully diluted earnings per share were 45.0 cent, up from 24.9 cent in 2006, an increase of 81%.

The Group ended the year with cash of €29.6 million. Notwithstanding the working capital demands associated with strong growth in business activity, this figure is €8.3 million higher than the corresponding balance at 30 June 2006. It also worth noting that the closing cash figure is after paying €4.9 million for the acquisitions made during the year.

Operations review

The Cpl Group has delivered significant operational improvements in the year to June 2007. We have increased our level of efficiency. This is evidenced by a number of key performance indicators outlined below.

Operating highlights

	2007	2006	Increase
Gross Margin	22%	19%	16%
Operation Margin	10%	7%	38%
Conversion Ratio	44.7%	37.5%	19%
Permanent Fees as % of total gross profit	51.8%	52.5%	
Temporary Fees as % of total gross profit	48.2%	47.5%	
Contractor and temporary staff headcount	4,145	3,459	20%
Number of Net Fee Earners **	237	166	43%
Average Fees per Net Fee Earner	€16,000	€15,000	7%

** June 2007 and June 2006

In the past Cpl has achieved revenue growth coupled with stringent cost control. This has continued in the year to June 2007 and we have increased our revenues by 32% while improving our conversion ratio of gross profit to profit before tax to 44.7%. Our gross margin has increased to 22%, 3% higher than last year. This is partly due to the improvement of 1% in our contractor and temporary margin and secondly by the growth in our managed service business. Managed service fees now account for 17% of Group's gross profit compared with 11% last year. We have achieved a 7% growth in the average fees per net fee earner to €16,000 in June 2007. We are especially pleased with this as the number of net fee earners has increased by 43% to 237 in the corresponding period.

Cpl operate through distinct specialist brands in a wide range of business sectors, including technology, accounting and finance, healthcare, pharmaceutical, sales, engineering, light industrial, and office administration.

All of our divisions grew their business during the year, with the strongest performance from Managed Services, ICT and Finance and Accounting. Performance by division is outlined below.

Careers Register provides experienced accounting and finance, risk management, internal audit and financial services professionals to clients on a temporary and permanent basis. The permanent placement division performed exceptionally well as a result of the strong demand for finance and accounting professionals. In the year to June 2007 gross profit grew by 23%, all of which represented organic growth. Temporary fees were up by 9% and Permanent fees grew by 24%. This excellent performance reflects Careers Register's growing presence in a strengthening financial services industry in Ireland driven by the ongoing focus of companies on internal controls and compliance. The quality and deep networks of the recruiters in Careers Register is particularly appealing to clients seeking talent in a scarce market.

Cpl Managed Services is focused on the provision of Recruitment Process Outsourcing, Call-Centre Operations, Technical Support, Back-Office and Assembly Services to the Information Technology and Pharmaceutical industries. Our plans for expanding this business include launching new service lines and penetrating new sectors in Ireland, as well as promoting our established service lines to our Central and Eastern European customers. The success of this part of our business is based on a combination of a focused and motivated sales organisation, with a committed and professional service delivery team that consistently meets and exceeds our clients' service level requirements. We see continued and growing demand from our customers for an efficient and cost-effective service to manage and resource high-volume people-based activities and we will continue to invest in building our capabilities in this area. Gross profit in this area has increased by 132% year on year. The Managed Services business now accounts for 17% of the Group's gross profit.

Medical Recruitment Specialists (MRS) provides qualified healthcare staff on a temporary and permanent basis to leading hospitals and healthcare facilities nationwide. Gross profit for the year to June 2007 has increased by 25%. Temporary fees from our agency nursing business have increased by 39%.

Many factors are contributing to the demand for flexible healthcare staffing services. These include a shortage of nurses with specialist skills, a greater demand for care professionals both in the home and in hospitals, and the rising demand for healthcare services with increasing life expectancy. The acquisitions of Kate Cowhig International Recruitment Limited and Alliance along with Medical Recruitment Specialists will allow us to build on our reputation as the leading provider of healthcare staffing services in Ireland. Following the successful integration of these key acquisitions, we will further develop our core central support services that allow us to deliver an exemplary service to our private and public sector healthcare clients.

Techskills Resources source contract and permanent engineering professionals for their clients. They recruit for a wide range of positions including Construction Managers, Project Managers, Estimators, Design and Structural Engineers, Architects and Technicians. Techskills experienced strong organic growth in the period, with gross profit increasing by 37%. While growth in the residential construction sector has slowed considerably, Techskills with an established network of loyal clients is well positioned to benefit from the infrastructure projects that are already underway and the infrastructure investment planned for Ireland over the coming years.

Cpl is the leading recruitment specialist in Ireland in the ICT contract and permanent market. The year to June 2007 was an outstanding year for this division. Gross profit increased by 46%, contractors working on client site were up by 11%, contractor margin increased by 1%, permanent fees increased by 56% and we had significant public and private sector client wins in 2006/2007. IT represents 20% of our gross profit in the year to June 2007. The market remains buoyant for permanent IT positions as skill shortages are apparent in some key areas. We are optimistic about the opportunities for this division in 2007/2008.

BroadReach International Executive Search, established in October 2004, operates at board level and across a range of senior management disciplines. Our executive recruiters target the top 10% of qualified candidates and provide our client companies with an in-depth service, to meet their need for leadership talent. The opportunity for Executive Search is immense, with the majority of CEO's reporting the scarcity of key talent as the one of significant limiting factors in growing their businesses. The number and value of assignments in BroadReach was encouraging particularly in the second half of the year.

Ann O Brien Office Support places skilled temporary and permanent administrative professionals with clients in all industries. This division has offices in Dublin City Centre, Blanchardstown, Stillorgan and Naas. Permanent fees increased by 52% in the 12 months to June 2007.

Multiflex is Ireland's leading supplier of Light Industrial and Technical staff. Established in 1998, Multiflex has pioneered the way forward in the delivery of flexible and permanent workforce practices. Multiflex has designed a variety of effective and efficient flexible and permanent workforce models to meet the ever changing demands of the client in today's market. Permanent fees increased by 27% in the year to June 2007.

Thornshaw Scientific and Cpl Science specialise in the placement of permanent and contract personnel in the pharmaceutical, biotechnology, clinical research and medical device industry. The combined business produced strong growth in gross profit of 63%. Fees earned on placing temporary workers more than doubled in the twelve months.

Strategy

We will continue to focus on delivering our long term strategy in 2008. Key elements of that strategy as outlined in last year's report include growing our business organically by winning market share and by increasing the range of services we offer to our existing clients, selective acquisitions provided they build on our capability to deliver to clients and they enhance shareholder value, geographic expansion and maintaining a balanced earnings stream.

In the year to 30 June 2007 we achieved organic growth in revenue of €44 million. We continued to develop our Managed Services business which now represents 17% of our gross profit. We continue to see opportunity for strong organic growth across the Group and remain focussed on this as a key element of our overall growth strategy.

We expanded our geographic reach during the year with development of our office in Poland and the acquisition of Key 6 Business Solutions S.r.o. Key 6 Business Solutions S.r.o. is our platform for expansion in Central Europe. While these offices provide a source of highly qualified candidates to meet the needs of our clients in Ireland our main focus is to provide our international client base in these regions with a strong local service and access to the range of innovative recruitment solutions that Cpl has to offer.

We are also committed to identifying acquisitions that deliver quality service and build on our capability to deliver market leading solutions to our clients. In the second half of the year to 30 June 2007 we completed five acquisitions, which further advanced our growth strategy for our Healthcare, Light Industrial, Regional and International businesses. Although it is early days we are very pleased with the way these businesses are performing and we are therefore very confident we will drive substantial growth through these businesses in the coming years.

Over the past several years we have continued to strengthen the business by building a robust and balanced earnings stream. We operate through specialist brands in several business sectors. We are not overly dependent on any one sector. Our gross profit in the year to June 2007 was made up of 47% from temporary recruitment and 53% from permanent recruitment. Specialist recruitment was 74% of our gross profit and general recruitment 26%.

Outlook

The year to June 2007 was an excellent year for the Group. We continued to demonstrate the fundamental quality of the Cpl business model and strategy. Cpl has sufficient financial and operational flexibility to respond to the needs of the marketplace as they arise. We continue to diversify our portfolio of services by sector, service-line and geographical location and maintain a strong balance sheet and healthy cash position, which will enable us to take advantage of any opportunities that the market may present. Our new acquisitions also provide us with the opportunity to expand and deliver quality long-term growth in Ireland and Central Europe.

**Group income statement
for the year ended 30 June 2007**

	Year ended 30-Jun-07 €000	Year ended 30-Jun-06 €000
Revenue	195,540	148,065
Cost of sales	<u>(152,530)</u>	<u>(119,898)</u>
Gross profit	43,010	28,167
Distribution expenses	(2,007)	(1,725)
Administrative expenses	<u>(22,456)</u>	<u>(16,111)</u>
Operating profit	18,547	10,331
Financial income	736	255
Financial expenses	(10)	(20)
Profit before tax	<u>19,273</u>	<u>10,566</u>
Income tax expense	(2,475)	(1,278)
Group Profit for the Financial Year	<u>16,798</u>	<u>9,288</u>
Profit attributable to equity shareholders	16,786	9,288
Minority interest	<u>12</u>	<u>12</u>
Group Profit for the Financial Year	<u>16,798</u>	<u>9,288</u>
Basic earnings per share	<u>45.1 cent</u>	<u>25.1 cent</u>
Diluted earnings per share	<u>45.0 cent</u>	<u>24.9 cent</u>

Group Balance Sheet
for the year ended 30 June 2007

	Year ended 30-Jun-07 €000	Year ended 30-Jun-06 €000
Assets		
Non-current assets		
Property, plant and equipment	1,273	1,144
Goodwill and Intangible Assets	15,105	6,518
Deferred tax asset	13	42
Total non-current assets	16,391	7,704
Current assets		
Trade and other receivables	23,201	17,025
Cash and cash equivalents	29,653	21,292
Corporation tax refundable	37	81
Total current assets	52,891	38,398
Total assets	69,282	46,102
Equity		
Issued capital	3,734	3,714
Share premium	1,686	1,686
Merger reserve	(3,300)	(3,300)
Retained earnings	42,100	26,522
	44,220	28,622
Minority Interest	12	
Total equity	44,232	28,622
Liabilities		
Non-current liabilities		
Financial liabilities	42	317
Provisions	3,112	177
Total non-current liabilities	3,154	494
Current liabilities		
Financial liabilities	296	79
Trade and other payables	20,604	16,688
Corporation tax payable		
Provisions	967	219
Total current liabilities	21,867	16,986
Total liabilities	25,021	17,480
Total equity and liabilities	69,253	46,102

Group statement of changes in shareholders' equity
for the year ended 30 June 2007

	Share capital €000	Share premium €000	Capital conversion Reserve fund €000	Merger reserve €000	Retained earnings €000	Total €000	Minority interest €000	Total equity €000
Balance at 1 July 2005	3,688	1,671	57	(3,357)	18,051	20,110	-	20,110
Shares issued	26	15	-	-	-	41	-	41
Profit for the financial year	-	-	-	-	9,288	9,288	-	9,288
Dividends paid	-	-	-	-	(817)	(817)	-	(817)
Balance at 30 June 2006	3,714	1,686	57	(3,357)	26,522	28,622	-	28,622
Balance at 1 July 2006	3,714	1,686	57	(3,357)	26,522	28,622	-	28,622
Shares issued	5	15	-	-	-	20	-	20
Profit for the financial year	-	-	-	-	16,786	16,786	12	16,798
Dividends paid	-	-	-	-	(1,208)	(1,208)	-	(1,208)
Balance at 30 June 2007	3,719	1,701	57	(3,357)	42,100	44,220	12	44,232

Group cash flow statement
for the year ended 30 June 2007

	Year ended 30-Jun-07 €000	Year ended 30-Jun-06 €000
Cash flows from operating activities		
Profit for the financial year	16,798	9,288
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	209	223
Amortisation of intangible assets	106	54
Financial income	(734)	(255)
Financial expense	10	20
Income tax expense	2,475	1,278
Operating profit before changes in working capital and provisions	<u>18,864</u>	<u>10,608</u>
(Increase)/decrease in trade and other receivables	(5,186)	(3,620)
Increase in trade and other payables and provisions	3,251	5,715
Cash generated from operations	16,929	12,703
Interest paid	(10)	(20)
Income tax refund / (paid)	(2,411)	(1,493)
Interest received	734	255
Net cash from operating activities	<u>15,242</u>	<u>11,445</u>
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(4,888)	(194)
Deferred consideration paid	(151)	(234)
Purchase of property, plant and equipment	(319)	(550)
Purchase of intangible assets	(306)	(140)
Net cash from investing activities	<u>(5,664)</u>	<u>(1,118)</u>
Cash flows from financing activities		
Repayment of borrowings	(41)	(30)
Proceeds from new loan	-	93
Dividends paid	(1,208)	(817)
Proceeds from issue of share capital	20	41
Net cash from financing activities	<u>(1,229)</u>	<u>(713)</u>
Net increase in cash and cash equivalents	8,349	9,614
Cash and cash equivalents at beginning of year	<u>21,275</u>	<u>11,661</u>
Cash and cash equivalents end of year	<u>29,624</u>	<u>21,275</u>

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