



"cpl - Placing People First"

www.cpl.ie

Working for you



CHAIRMAN'S 2006 INTERIM STATEMENT

For the six months to December 2005

The Board of Directors of CPL Resources plc is pleased to announce an excellent financial and operational performance for the six months to 31 December 2005. Financial highlights for the period include:

- Earnings per share of 10.6 cent, compared with an earnings per share of 6.0 cent for the six months to December 2004
- Profit before tax of €4.6 million, an increase of 79% over the corresponding period in the preceding year
- Revenue of €66.3 million, representing growth of 34% year on year
- Gross profit of €13.1 million, up 41% from €9.3 million in the half year to December 2004

CPL has had an excellent first half, achieving growth in profit before tax of 79% year-on-year. Our gross profit, which represents our net fee income, was €13.1 million for the six months, an increase of 41% on the same period last year. This performance demonstrates the Group's ability to achieve increased earnings through market share gains, rigorous cost control and organic growth. It also reflects a strong performance in each of our principal business areas, being the placement of contract, temporary and permanent employees with clients, and in all business sectors.

Net fee income in our permanent placement business has increased by 50% over the corresponding period last year, with all divisions performing well. This performance has been helped by increased demand for IT, Telecoms and Finance professionals. Our contractor and temporary fees have increased by 33%, reflecting growth in the demand for non-permanent staff in all areas, including office management and administration, customer service, engineering, healthcare and manufacturing operations, and for temporary staff in the pharmaceutical, biotechnology, clinical research and medical device industries. Newer areas of our business also performed well in the period. These included BroadReach International, our Executive Search and Selection consultancy for the placement of senior executive level talent, and Cpl Managed Services, which manages selected business processes (including call centres, administrative services and recruitment solutions) on behalf of clients.

The Group continued to focus on cost control and efficiencies during the period. The conversion ratio of gross profit to profit before tax was 35% in the six months to December 2005 compared with 28% in the same period last year. We continually invest in our team and believe that we can continue to achieve increases in business activity without a proportionate rise in overheads.

The Group had net cash balances of €10.8 million at 31 December 2005. Notwithstanding the working capital demands associated with strong growth in business activity, this figure is €3.7 million higher than the corresponding balance at 31 December 2004. We are pleased that the efforts of our team to manage working capital tightly have resulted in an excellent level of net cash generation.

The second six months of our financial year to 30 June 2006 have begun well, with no significant adverse events currently expected to impact our business in the short term. We believe that we remain well positioned to continue to reap the benefits of a strong and robust business model operating in a favourable economic environment.

As we noted in our 2005 annual report, the Group's ability to generate growth and profits is linked closely to the performance of the Irish economy, and we have benefited from growth in most of the sectors in which we operate. Our management team continue to embrace market opportunities and convert them into shareholder value. Their skill, dedication and professionalism are the driving forces behind the Group's continued growth. CPL's success is a testament to the excellent leadership skills of our management team and the tremendous commitment of all of our people. Their continuing efforts to deliver top class service to all our clients and customers have made us Ireland's leading provider of employment services. I am very proud of their achievements and very grateful to them for their outstanding contributions, individually and collectively, to the success of our business. I would also like to extend my appreciation to our customers for their continued loyalty and support.

The Directors have recommended an interim dividend of 1.4 cent per ordinary share. The dividend will be payable on 3rd March 2006 to holders of ordinary shares at the close of business on the record date of 3rd February 2006.

John Hennessy
Chairman

24 January 2006

CONSOLIDATED INCOME STATEMENT

For the half year ended 31 December 2005

	Half Year ended 31-Dec-05 €000 (Unaudited)	Half Year ended 31-Dec-04 €000 (Unaudited)	Year ended 30-Jun-05 €000 (Audited)
Group revenue	66,333	49,619	105,265
Cost of sales	(53,206)	(40,326)	(85,193)
Gross profit	13,127	9,293	20,072
Administrative expenses	(7,774)	(6,127)	(12,845)
Distribution expenses	(818)	(621)	(1,528)
Operating profit	4,535	2,545	5,699
Financial income	77	33	108
Financial expenses	(7)	(5)	(25)
Profit before tax	4,605	2,573	5,782
Income tax	(691)	(359)	(666)
Profit for the financial period	3,914	2,214	5,116
Basic earnings per share	10.6 cent	6.0 cent	13.9 cent
Fully diluted earnings per share	10.4 cent	6.0 cent	13.8 cent

CONSOLIDATED BALANCE SHEET

At 31 December 2005

	31-Dec-05 €000 (Unaudited)	31-Dec-04 €000 (Unaudited)	30-Jun-05 €000 (Audited)
Assets			
Non-current assets			
Goodwill	5,622	5,527	5,622
Intangible assets	189	113	167
Property, plant and equipment	973	866	811
Total non-current assets	6,784	6,506	6,600
Current assets			
Trade and other receivables	18,673	13,086	13,372
Cash and cash equivalents	11,185	7,497	11,661
Total current assets	29,858	20,583	25,033
Total assets	36,642	27,089	31,633
Equity			
Issued capital	3,688	3,677	3,688
Share premium	1,671	1,656	1,671
Capital conversion reserve fund	57	57	57
Merger reserve	(3,357)	(3,357)	(3,357)
Retained earnings	21,597	15,444	18,051
Total equity	23,656	17,477	20,110
Liabilities			
Non-current liabilities			
Financial liabilities	367	311	300
Provisions	-	178	111
Total non-current liabilities	367	489	411
Current liabilities			
Financial liabilities	16	16	16
Trade and other payables	11,863	8,927	10,892
Corporation tax payable	589	58	85
Provisions	151	122	119
Total current liabilities	12,619	9,123	11,112
Total liabilities	12,986	9,612	11,523
Total equity and liabilities	36,642	27,089	31,633

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2005

	Half Year ended 31-Dec-05 €000 (Unaudited)	Half Year ended 31-Dec-04 €000 (Unaudited)	Year ended 30-Jun-05 €000 (Audited)
Cash flows from operating activities			
Cash generated from operations	365	2,115	7,671
Interest paid	(7)	(5)	(25)
Interest received	77	33	108
Income taxes paid	(187)	-	(736)
Net cash inflow from operating activities	248	2,143	7,018
Cash flows from investing activities			
Acquisitions – deferred consideration paid	(79)	-	(179)
Purchase of intangible assets	(22)	-	-
Purchase of property, plant and equipment	(322)	(130)	(333)
Net cash (outflow) from investing activities	(423)	(130)	(512)
Cash flows from financing activities			
Dividends paid	(368)	(221)	(516)
Increase in borrowings	90	-	-
Repayment of borrowings	(23)	(46)	(106)
Issue of ordinary share capital	-	-	26
Net cash (outflow) from financing activities	(301)	(267)	(596)
Change in cash and cash equivalents	(476)	1,746	5,910
Cash and cash equivalents at beginning of period	11,661	5,751	5,751
Cash and cash equivalents at end of period	11,185	7,497	11,661

NOTES SUPPORTING INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial information of the Group has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including interpretations issued by the International Accounting Standards Board (“IASB”) and its committees and endorsed by the European Commission. The Group’s first consolidated financial statements prepared in accordance with IFRS will be for the year ended 30 June 2006. Full details of the main changes arising from the transition to IFRS are set out in a separate document issued today. The Group’s IFRS accounting policies are also set out in that document.

The figures for the half year ended 31 December 2005 are unaudited. The comparative figures for the half year ended 31 December 2004 are also unaudited. The amounts for the year ended 30 June 2005 represent an abbreviated version of the Group’s full financial statements for the year on which the auditors issued an unqualified audit report and which have been restated in accordance with IFRS, as set out in the IFRS transition document issued separately today.

The restated 2005 preliminary financial information is subject to the issuance by the IASB of additional interpretations prior to 30 June 2006, which could have a retrospective effect. As a result, it is possible that further changes may be required to the 2005 financial information prior to its inclusion as comparatives in the 2006 financial statements.

The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

2. Dividends paid

	Half Year ended 31 December 2005 €000	Half Year ended 31 December 2004 €000	Year ended 30 June 2005 €000
Ordinary dividends:			
Interim dividend paid	-	-	295
Final dividend paid	368	221	221
	<u>368</u>	<u>221</u>	<u>516</u>

3. Earnings per ordinary share

The earnings per ordinary share is calculated on the basis that the weighted average number of shares in issue for the period ended 31 December 2005 is 36,880,825 (period ended 31 December 2004 - 36,784,825; year ended 30 June 2005 - 36,823,210). It has been calculated based on the profit for the financial period ended 31 December 2005 of €3,914,000 (period ended 31 December 2004 - €2,214,000; year ended 30 June 2005 - €5,116,000).

4. Cash generated from operations

Cash generated from operations

	Half Year ended 31-Dec-05 €000 (Unaudited)	Half Year ended 31-Dec-04 €000 (Unaudited)	Year ended 30-Jun-05 €000 (Audited)
Operating profit	4,535	2,545	5,699
Depreciation	160	121	275
Movement in debtors	(5,301)	(1,297)	(1,583)
Movement in creditors	971	746	3,280
Cash generated from operations	<u>365</u>	<u>2,115</u>	<u>7,671</u>

5. Analysis of net funds

	Cash at bank and in hand €000	Bank loan €000	Net Total €000
At 30 June 2005	11,661	(316)	11,345
Cash flow	(476)	(67)	(543)
At 31 December 2005	<u>11,185</u>	<u>(383)</u>	<u>10,802</u>



"cpl - Placing People First"
www.cpl.ie

Cpl Resources plc, 83 Merrion Square, Dublin 2. Tel: 614 6000 Fax: 614 6011 www.cpl.ie