

**HR GO PLC**

**Interim Report for the six months to  
30 June 2008**

## **CHAIRMAN'S STATEMENT**

### **RESULTS**

The results for the first half showed a healthy 13% growth in turnover to £45.9m (£40.6m) and a small increase in the operating profit margin which resulted in a profit before tax of £530k compared to £350k last year. Efforts continue to improve efficiency and again investment has been targeted at our own specialist businesses rather than acquisitions.

### **OUTLOOK**

A very satisfactory transaction to dispose of our shareholding in Human Engineering Limited (specialist ergonomics consultancy) was concluded at the end of July 2008 which has served to further strengthen the balance sheet, however, we are concerned about the effects of the recent financial turmoil and deteriorating economic conditions for the second half year.

# HR GO PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2008

	Note	Six months to 30 June 2008 (Unaudited)	Six months to 30 June 2007 (Unaudited)	Year to 31 December 2007 (Audited)
		£'000	£'000	£'000
<b>TURNOVER</b>	4	45,927	40,639	87,941
Cost of Sales		(34,307)	(30,322)	(66,314)
<b>GROSS PROFIT</b>		11,620	10,317	21,627
Administrative expenses		(10,938)	(9,822)	(20,347)
Other operating income		119	109	313
<b>OPERATING PROFIT</b>		801	604	1,593
Loss on sale of stakes in subsidiaries		-	(26)	(22)
Interest payable and similar charges		(271)	(228)	(539)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		530	350	1,032
Tax on ordinary activities		(257)	(167)	(317)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		273	183	715
Minority interests		(289)	(107)	(401)
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>		(16)	76	314
Basic (loss)/earnings per share	3	(0.09p)	0.46p	1.86p
Diluted (loss)/earnings per share	3	(0.09p)	0.45p	1.86p

1. The six months figures to 30 June 2008 and 30 June 2007 are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
2. The results for the year to 31 December 2007 are not statutory financial statements. A copy of the statutory financial statements for that year has been delivered to the Registrar of Companies and carries an audit report that is unqualified and includes no adverse comment.

The directors of the issuer accept responsibility for the contents of this announcement.

# HR GO PLC

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the six months ended 30 June 2008

	Six months to 30 June 2008 (Unaudited) £'000	Six months to 30 June 2007 (Unaudited) £'000	Year to 31 December 2007 (Audited) £'000
(Loss)/profit for the financial period	(16)	76	314
Currency translation differences on foreign currency net investment	16	2	7
Total recognised gains and losses relating to the period	<u>-</u>	<u>78</u>	<u>321</u>

# HR GO PLC

## CONSOLIDATED BALANCE SHEET 30 June 2008

	30 June 2008 (Unaudited) £'000	30 June 2007 (Unaudited) £'000	31 December 2007 (Audited) £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	476	517	514
Tangible fixed assets	1,569	1,414	1,620
	<u>2,045</u>	<u>1,931</u>	<u>2,134</u>
<b>CURRENT ASSETS</b>			
Stock	135	-	-
Debtors	18,857	17,779	18,282
Deferred taxation – asset	27	3	20
Cash at bank and in hand	175	185	105
	<u>19,194</u>	<u>17,967</u>	<u>18,407</u>
<b>CREDITORS: amounts falling due within one year</b>	<u>(18,989)</u>	<u>(18,476)</u>	<u>(18,738)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<u>205</u>	<u>(509)</u>	<u>(331)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,250	1,422	1,803
<b>CREDITORS: amounts falling due after more than one year</b>	<u>(561)</u>	<u>(393)</u>	<u>(502)</u>
<b>TOTAL NET ASSETS</b>	<u><u>1,689</u></u>	<u><u>1,029</u></u>	<u><u>1,301</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	168	167	168
Share premium account	662	650	662
Capital reserve	7	7	7
Profit and loss account	<u>(42)</u>	<u>(285)</u>	<u>(42)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u>795</u>	<u>539</u>	<u>795</u>
<b>EQUITY MINORITY INTERESTS</b>	<u>894</u>	<u>490</u>	<u>506</u>
	<u><u>1,689</u></u>	<u><u>1,029</u></u>	<u><u>1,301</u></u>

### RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	£'000	£'000	£'000
Opening shareholders' funds	795	461	461
(Loss)/profit for the financial period	(16)	76	314
Other recognised gains and losses relating to the period	16	2	7
Issue of ordinary shares	-	-	13
Reserves released on subsidiary leaving the Group	<u>-</u>	<u>-</u>	<u>-</u>
<b>Closing shareholders' funds</b>	<u><u>795</u></u>	<u><u>539</u></u>	<u><u>795</u></u>

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 30 June 2008**

	Note	Six months to 30 June 2008 (Unaudited) £'000	Six months to 30 June 2007 (Unaudited) £'000	Year to 31 December 2007 (Audited) £'000
<b>Net cash inflow from operating activities</b>	5	1,938	399	214
<b>Returns on investments and servicing of finance</b>				
Interest received		4	4	7
Interest paid		(255)	(217)	(515)
Interest element of finance lease and hire purchase payments		(20)	(15)	(31)
Dividend paid to minority interests		(58)	-	(207)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(329)	(228)	(746)
<b>Taxation</b>				
UK corporation tax paid		(102)	(107)	(362)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets		(278)	(106)	(587)
Receipts from sale of tangible fixed assets		241	95	224
<b>Net cash outflow from capital expenditure and financial investment</b>		(37)	(11)	(363)
<b>Acquisitions and disposals</b>				
Receipts from decrease in stake in subsidiaries		18	8	17
Payments to increase stake in subsidiaries		-	(18)	(31)
Payment to acquire subsidiary		-	-	-
Payments to acquire assets and trades of businesses		-	(15)	(66)
Net cash balances acquired with subsidiary undertaking		-	-	-
<b>Net cash outflow from acquisitions and disposals</b>		18	(25)	(80)
<b>Equity dividend paid</b>		-	-	-
<b>Net cash inflow/(outflow) before financing</b>		1,488	28	(1,337)
<b>Financing</b>				
Issue of ordinary share capital		-	-	13
Issue of ordinary share capital to subsidiary minorities		-	-	-
Receipt of loans		-	13	172
Invoice discounting advances		(1,158)	1,443	3,136
Repayment of loans		-	-	(7)
Capital element of finance lease rental payments		(230)	(290)	(471)
<b>Net cash inflow/(outflow) from financing</b>		(1,388)	1,166	2,843
<b>Increase/(decrease) in cash in the period</b>	6	100	1,194	1,506

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2008**

1. The six months figures to 30 June 2008 and 30 June 2007 are unaudited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
2. The results for the year to 31 December 2007 are not statutory financial statements. A copy of the statutory financial statements for that year has been delivered to the Registrar of Companies and carries an audit report that is unqualified and includes no adverse comment.
3. **EARNINGS PER ORDINARY SHARE**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares.

	<b>Six months to 30 June 2008 (Unaudited)</b>	<b>Six months to 30 June 2007 (Unaudited)</b>	<b>Year to 31 December 2007 (Audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial period being basic and diluted (loss)/profit attributable to ordinary shareholders	(16)	76	314
Weighted average number of ordinary shares ('000)	16,813	16,713	16,813
Effect of dilutive share options	-	53	-
Adjusted weighted average number of ordinary shares ('000)	16,813	16,766	16,813
Basic (loss)/earnings per share	(0.09p)	0.46p	1.86p
Diluted (loss)/earnings per share	(0.09p)	0.45p	1.86p

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2008**

**4. TURNOVER AND OPERATING PROFIT**

The Group's turnover and operating profit is derived from the supply of permanent and temporary staff.

	Six months to 30 June 2008 (Unaudited)	Six months to 30 June 2007 (Unaudited)	Year to 31 December 2007 (Audited)
	£'000	£'000	£'000
Geographical analysis of turnover:			
EU Countries	<u>45,927</u>	<u>40,639</u>	<u>87,941</u>
Geographical analysis of operating profit:			
EU Countries	<u>801</u>	<u>604</u>	<u>1,593</u>

**5. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Six months to 30 June 2008 (Unaudited)	Six months to 30 June 2007 (Unaudited)	Year to 31 December 2007 (Audited)
	£'000	£'000	£'000
Operating profit	801	604	1,593
Depreciation	381	358	734
Amortisation of goodwill	92	69	72
(Profit)/loss on sale of tangible fixed assets	(8)	-	(7)
Increase in stock	(134)	-	-
Increase in debtors	(633)	(1,195)	(1,688)
(Decrease)/increase in creditors	1,428	557	(504)
Other non cash movements	11	6	12
Net cash inflow from operating activities	<u>1,938</u>	<u>399</u>	<u>214</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2008**

**6. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Six months to 30 June 2008 (Unaudited)	Six months to 30 June 2007 (Unaudited)	Year to 31 December 2007 (Audited)
	£'000	£'000	£'000
Increase in cash in the period	100	1,194	1,506
Cash outflow/(inflow) from decrease/(increase) in debt and lease finance	1,400	(1,166)	(2,830)
Change in net debt resulting from cash flows	1,500	28	(1,324)
Other non-cash items:			
New finance leases	(281)	(167)	(377)
Movement in net debt in the period	1,219	(139)	(1,701)
Net debt at 1 January	(10,349)	(8,648)	8,648
Net debt at 30 June/31 December	<u>(9,130)</u>	<u>(8,787)</u>	<u>(10,349)</u>

**7. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 2008	Cash flow	Other non-cash changes	At 30 June 2008
	£'000	£'000	£'000	£'000
Cash at bank and in hand	105	70	-	175
Overdrafts	(161)	30	-	(131)
	(56)	100	-	44
Debt due after one year	(292)	4	-	(288)
Debt due within one year	(9,494)	1,166	-	(8,328)
Finance leases	(507)	230	(281)	(558)
	<u>(10,349)</u>	<u>1,500</u>	<u>(281)</u>	<u>(9,130)</u>