



IMPELLAM GROUP PLC

Trading update and Board change

Impellam Group plc, ('Impellam' or 'the Group'), a leading provider of staffing solutions and support services, today issues the following trading update and announces a board change ahead of the announcement of the Group's interim results for the period ending 30 June 2008 on 9 September 2008.

Impellam was created by the merger of The Corporate Services Group plc ("CSG") and Carlisle Group Limited ("Carlisle") and commenced trading on AIM on 7 May 2008. The process of integrating the two businesses has started well and is on-going. A fuller update on progress will be provided, along with an up-date on longer term strategy for the merged group, at the time of the interim announcement.

In order to enable a meaningful comparison, the interim results for the period ending 30 June 2008, including comparables for the period ending 30 June 2007, will be presented on a pro forma basis as if the merger had taken place on 1 January 2007. As such, the comment below on current trading for the first six months of the year, is based upon data prepared on a pro forma basis.

Going forward it is the Board's intention to provide trading up-dates on a quarterly basis.

UK Staffing

Healthcare Staffing combines CSG's Medacs and Chrysalis businesses together with Carlisle's Celsian Health and Social Care business. We continue to see good growth in gross profit in the combined healthcare businesses driven by the continued strong demand for locum doctors and further progress in our Nursing and Domiciliary care businesses. The Board remains confident that growth will continue throughout the second half of the year.

Commercial and Specialist staffing comprises all of the UK based staffing businesses of the Group except Healthcare. This segment operates across ten verticals; its main brands are, from Carlisle:

- SRG - scientific;
- S.Com - technical;
- Hewitson Walker - financial and accountancy;
- Chadwick Nott - legal;
- Tate - office and clerical;
- Celsian Education;
- Recruit - industrial and commercial; and
- Carlisle Managed Solutions

and from CSG:

- Blue Arrow High Street - office and industrial;
- Blue Arrow Catering;
- Blue Arrow Driving;
- Blue Arrow Managed Services; and
- ABC - construction.

We are pleased to report that, overall, gross profit from our UK Commercial and Specialist staffing businesses will show, on a pro forma basis, growth of around 10% over the prior year. This reflects the Group's continued focus on sales generation.

The rate of growth in the second quarter was, after adjusting for the timing of the Easter holiday, slightly lower than that seen in the first quarter and, specifically, we are seeing increasing uncertainty in the financial services, logistics and construction market sectors. Whilst the Board believes that the strength and breadth of our brand portfolio reduces exposure to weakness in any one particular sector and our relatively low permanent placement mix provides some resilience, any sustained economic weakness is likely to impact adversely upon our traditionally stronger second half.

US Staffing

Commercial and Specialist staffing in the US comprises CSG's Corestaff, Guidant and Specialty Services businesses and Carlisle's S.Com Inc and SRG Woolf businesses. We began to see signs of weakness in the US in our first quarter when gross profits were broadly flat compared to the prior year. The US remains a challenging marketplace and in the second quarter, although we improved our gross margin percentage, dollar gross profits were weaker. Overall gross profits were slightly lower compared to those achieved in the first half of 2007.

Support Services

The support services division comprises the former Carlisle cleaning, security, retail merchandising and events businesses and CSG's vendor procurement business Comensura. Overall, despite weakness in the retail sector, contract wins have resulted in good growth in gross profit. The Board believes that the longer term contracts within these businesses provide visibility of earnings and have some defensive qualities when compared to the Group's more cyclical staffing businesses.

Board Change

After ten years with Carlisle, and latterly Impellam, Richard Bradford has decided to stand down as Chief Operating Officer and will leave the Group at the end of July. We wish him well for the future. Richard Bradford, after a short break, will work closely with Shellproof plc (the company that was de-merged from Carlisle at the time of the merger with CSG) to identify suitable investment targets. Lord Ashcroft is the major shareholder in Shellproof plc.

Outlook

Overall, the Board expects that the Group's 2008 interim earnings will show good growth in gross profit and broadly comparable profitability when compared to 2007, on a pro forma basis. The Board continues to monitor developments in its core UK and US markets and is currently expecting to show underlying improvement, before synergy savings, in its traditionally stronger second half of the year.

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