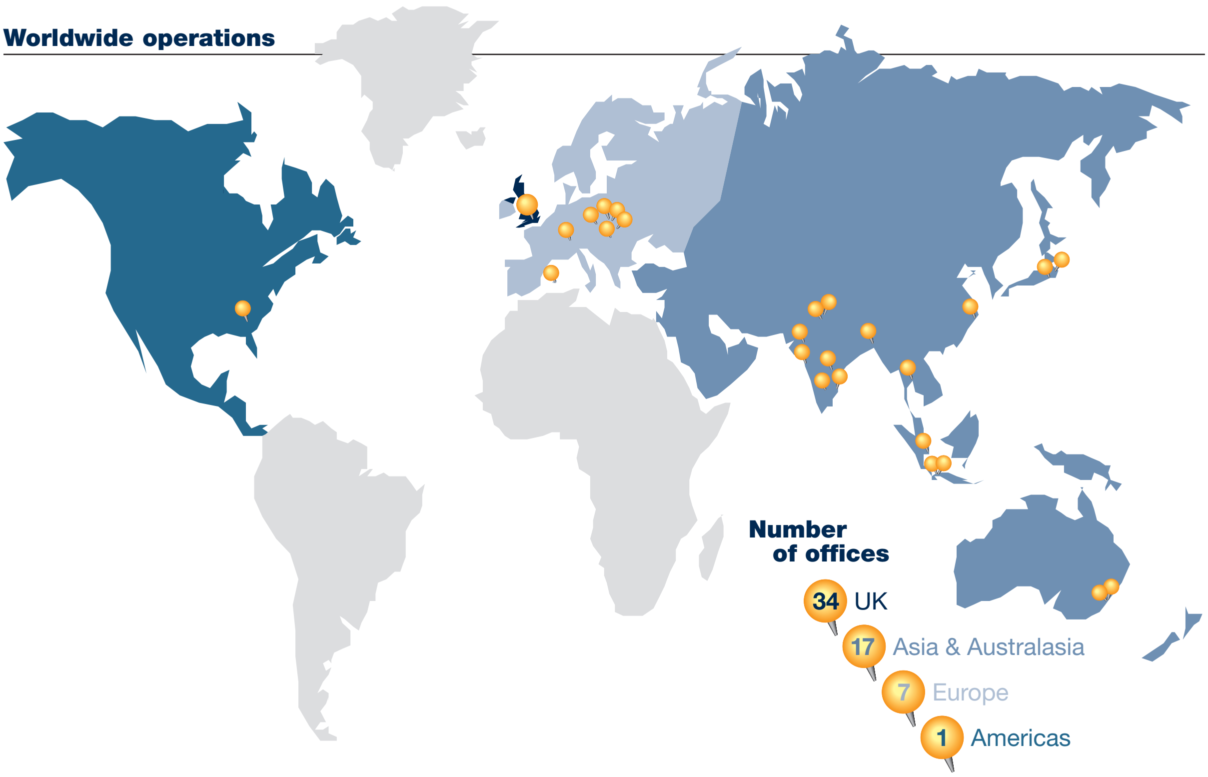
Report and Accounts 2006

Empresaria Group plc

Empresaria Group is an international specialist staffing company committed to expansion through investment in existing or start up businesses and through management-led acquisitions. Our operationally autonomous businesses are run by teams incentivised by management equity.

Our focus is on accelerating growth and reducing risk by building a balanced and diverse portfolio of operations and earnings across developing market sectors and geographies.

Worldwide operations



Contents

Headlines 2006

Revenues of **£75.5m**
(2005: £54.1m)
Up 40%

Gross profit of **£21.8m**
(2005: £15.4m)
Up 42%

Profit before tax of **£2.13m**
(2005: £1.61m)
Up 33%

Adjusted profit before tax* of
£2.89m (2005: £2.23m)
Up 30%

Earnings per share of **4.21p**
(2005: 3.12p)
Up 35%

Adjusted earnings per share*
7.2p (2005: 5.7p)
Up 26%

Operating cash inflow **£5.2m**
(2005: £2.5m)
Up 108%

Group cash at bank at year end **£3.3m** (2005: £2.4m)

Group net debt at year end **£1.3m** (2005: £2.4m)

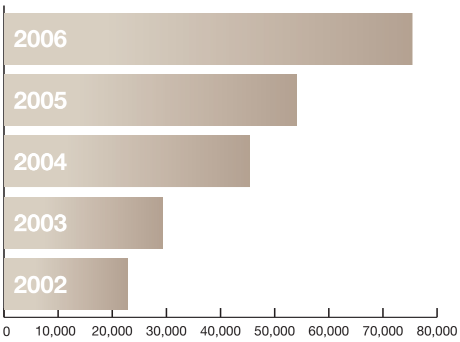
Proposed dividend **0.50p** (2005: 0.45p)

**Figures based on underlying profits excluding goodwill amortisation and exceptional costs. See reconciliation on page 41. In 2006 there were no exceptional costs.*

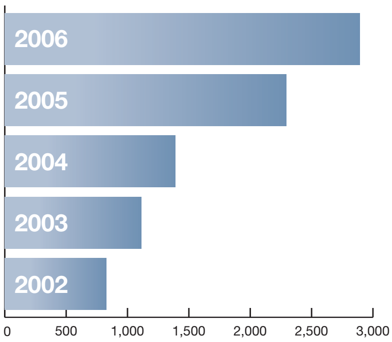
Financial highlights

Overview of Performance	2006	2005	2004	2003	2002
Revenue (£'000s)	75,459	54,060	45,430	29,367	22,902
Gross Profit (£'000s)	21,840	15,393	13,141	10,589	8,603
Total Operating Profit (£'000s)	2,743	1,914	1,067	817	709
Adjusted Operating Profit (£'000s)*	3,505	2,532	1,715	1,234	927
Adjusted Profit Before Tax (£'000s)*	2,894	2,225	1,390	1,113	830
Basic Earnings per share (pence)	4.21	3.12	1.38	1.85	0.4
Adjusted Earnings per share (pence)*	7.2	5.7	4.2	3.9	2.8
Dividend proposed per share (pence)	0.50	0.45	0.40	0.38	0.25

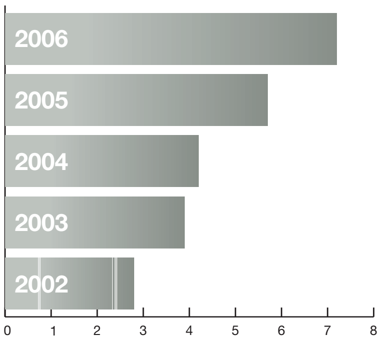
Group Revenue, 2002-2006 (£'000s)



Group Adjusted Profit Before Tax, 2002-2006 (£'000s)



Group Adjusted EPS, 2002-2006 (pence)



Operational highlights

- Strong organic growth from existing businesses
- Entry into new markets with investment in India, Indonesia, Malaysia, Poland, Czech Republic and Slovakia
- Asian operations exceeding expectations
- Management team strengthened to accelerate overseas expansion
- German acquisition agreed, subject to shareholders' approval
- Good start to 2007

**Figures based on underlying profits excluding goodwill amortisation and exceptional costs. See reconciliation on page 41. In 2006 there were no exceptional costs.*

Our UK businesses

The UK Group provides permanent and temporary staffing solutions across five main sectors: Construction and Property Services, Financial Services, Supply Chain, Public Sector and Other Brands.

The UK Group generated 81% (2005: 97%) of the Group's gross profit.

UK financial highlights	2006	2005
Revenue (£'000s)	65,976	52,841
Gross Profit (£'000s)	17,689	14,913
Adjusted Operating Profit (£'000s)*	2,732	2,387
Number of Employees	249	233

Our UK businesses include:

GREYCOAT PLACEMENTS

Reflex HR

TeamSales

THE RECRUITMENT BUSINESS

Our international businesses

The International Group has grown significantly during 2006. The Group now has interests in companies based in Japan, South East Asia, Australia, Continental Europe, India, China and America.

The international businesses contributed 19% of the Group's gross profit in 2006, compared with 3% in 2005.

International financial highlights	2006	2005
Revenue (£'000s)	9,483	1,219
Gross Profit (£'000s)	4,151	480
Adjusted Operating Profit (£'000s)*	773	145
Number of Employees	116	77

Our international businesses include:

Advanced Career INDONESIA

GiT

monroe consulting group

skillhouse STAFFING SOLUTIONS

The Group has enjoyed a strong start to 2007 and investments made in start up companies during 2006 are now bearing fruit.

Tony Martin
Chairman

There are now over 34 companies within the Group and each one, in each country, is characterised by management retaining a shared interest in long term success through a meaningful equity stake.

Overview 2006

The year 2006 has been one of strong performance with rapid progress being made in creating a balanced international specialist staffing group. Empresaria is a leading example of a new generation of international staffing company seeking to develop a multi-specialist sector, multi-geographical presence without the burden of a significant trading presence in the traditional clerical and industrial staffing markets.

It has now been just over two years since Empresaria began its transformation from a UK focused organisation to a truly international operation. Since moving from OFEX/Plus Markets to AiM in November 2004 the company has invested in 22 new companies in 13 different countries, targeting economies and staffing markets that the Board believes have high growth potential. Empresaria is now represented in India and China, in Japan and countries across South East Asia, in Poland and other Eastern European countries. The positive impact of this change in strategic focus is now beginning to be reflected in the Group's financial performance.

Financial performance

Revenues for the year ended 31 December 2006 increased by 40% to £75.5m and net fee income (gross profit) increased by 42% to £21.8m. Profit before tax (before goodwill amortisation) increased to £2.89m from £2.23m, a rise of 30%. For the first time we experienced the impact of the increasing contribution of international companies to Group net fee income. In 2005, contribution of non-UK companies was 3%. In 2006 it rose to 19%. This figure would have been higher but for the strong growth experienced in the UK and the excellent financial performance of a number of the Group's UK companies.

Group strategy

Empresaria's strategy is to develop an international specialist staffing group, balanced in terms of sector, geographic and operational coverage, as well as organic and acquisitive growth.

Underpinning this strategy is the philosophy of management equity. Since the Group started operations ten years ago both strategy and structure have been shaped by the importance attached to aligning the interests of shareholders and management teams through sharing risk and reward through equity participation. There are now over 34 companies within the Group and each one, in each country, is characterised by management retaining a shared interest in long term success through a meaningful equity stake.

The Group structure reflects this philosophy. Operations are decentralised with day to day management autonomy remaining local. A small central operation focuses on financial planning and control, group development and administration. For individual management teams the arrangements offer a combination of support, responsibility and independence. For the Group, the structure offers the benefits of scale. Central costs will not rise over time in line with revenue growth. As Empresaria continues to grow the conversion rate of gross margin to net margin will improve.

Moving from strategy to objective, the Group's long term objective is to establish a geographic footprint in diverse markets and economies. The primary focus is on emerging markets or markets where structural changes have created staffing industry opportunities. In emerging markets it is often the case that there is little or no current sign of market segmentation into specialist sector operations. Where this is the case the Group's approach is to identify a partner that shares a common goal to develop specialist staffing niches as the market evolves. In the longer term, Empresaria will operate in both developing and developed economies, targeting business environments where the Empresaria management equity philosophy, structure and operational strategy are well received. The sequence and timing of investments across different countries will depend to a degree on where opportunities emerge.

The rationale for developing this portfolio of operations, diversified both by geography and market sector, is to maintain consistent, sustainable high growth whilst managing risk and reducing volatility.

Acquisition

On 5th April Empresaria announced that it had reached agreement, subject to shareholder approval and funding, to acquire 60% of headwayholding GmbH (Headway). Headway is based close to Munich in Germany. Germany has one of the most rapidly growing staffing markets in Europe moving from a €5.9billion per annum market in 2003 to an €8.6 billion per annum market in 2006. The market is characterised by recent regulatory liberalisation, a growing desire for flexibility amongst clients and an increasing acceptance of the concept of temporary and contract staffing which is beginning to extend to business professionals, facilitating further specialisation of the market in the future. The company has grown rapidly over the last two years, developing vertical market specialisations as the staffing market has evolved. As well as operating from 47 branches, most of which are in Germany, the company also has a presence in both Austria and the Czech Republic. This acquisition represents a significant accelerator in the Group's development and in Empresaria's expansion into new emerging markets.

Empresaria's people

As ever, the success we have enjoyed this year would not have been possible without the commitment and enthusiasm of all those working within the Group. We would like to take this opportunity to express our appreciation for all their hard work.

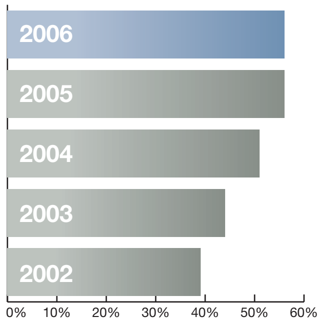
Current trading and outlook

As reported in our trading update in February, the Group has enjoyed a strong start to the year from most markets. Investments made in start up companies during 2006 are now beginning to bear fruit. When combined with the contribution from more established companies operating in growing markets, this potent mixture gives confidence for the current year.

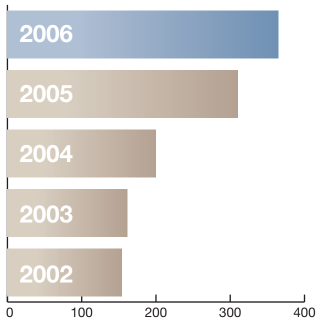
Tony Martin
Chairman
19 April 2007

The Group's long term objective is to establish a geographic footprint in diverse markets and economies with a focus on emerging markets.

Contribution of Temporary Businesses to Total Gross Profit, 2002-2006



Number of employees, 2002-2006



As service industries become a bigger part of the industrial mix the management of human resource expenses and the utilisation of a flexible work force will take on increasing importance.

Miles Hunt
Chief Executive

We are seeking partners who are motivated by our management equity philosophy, structure and the opportunity to create a new multi-specialist, multi-national staffing group with high growth prospects.

Performance review 2006

The last two years have proven to be a transition period as the Group has undertaken the transformation from a diversified, specialist UK staffing group to an international one. In financial terms the Group has taken a number of small steps in its overseas development. In terms of strategy and structure, however, several significant steps have been taken which will allow Empresaria to increase its scale of operations at a rapid pace as opportunities, such as the acquisition of Headway in Germany, emerge.

One of the features of the strong financial performance in 2006 has been the differential between profit growth and revenue growth. The explanation highlights the core of our "balanced growth" strategy. In the year we committed over £1m to fund start up operations in Asia, Europe and the UK, incurring start up losses during this period. In addition the Group invested in additional management, finance and technical skills and resource, to provide a platform for further growth. Where we have made small acquisitions in the year we have also made significant further internal investment in order to accelerate future growth. In making these investments in companies, people and infrastructure we are seeking to develop sustainable, long term, growing revenue streams. The consequence of investment now is expected to be strong organic growth in the future.

Highlights

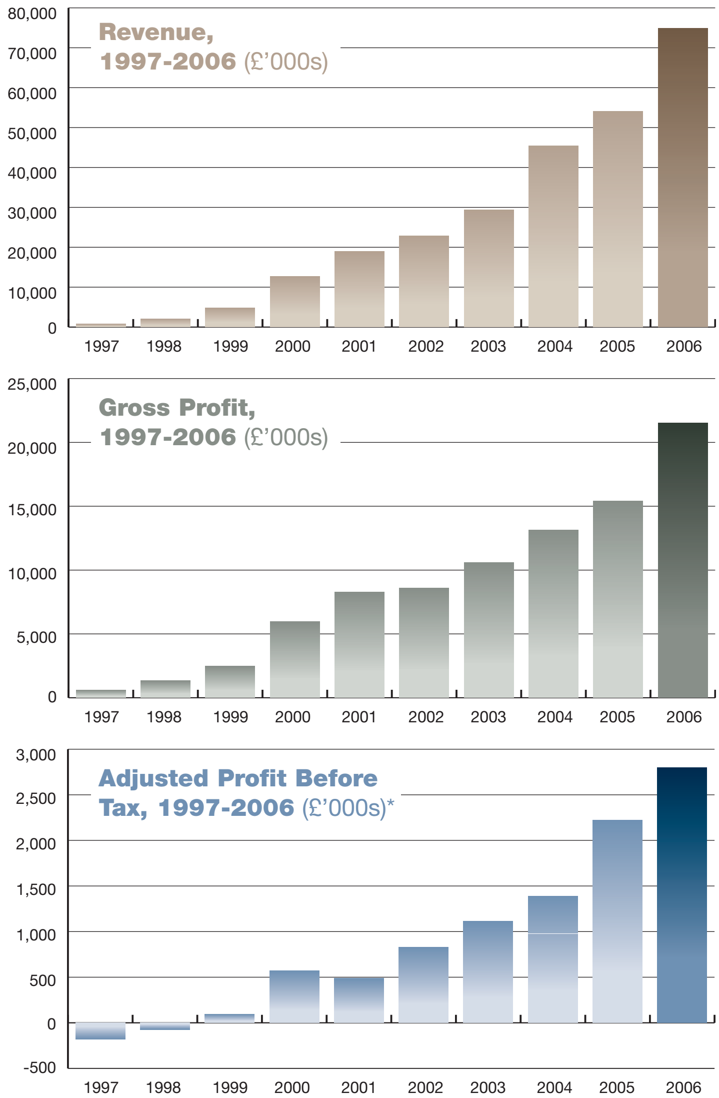
A number of regional and company performances stand out in the year. The fastest growth is, as expected, being experienced internationally. The Asian markets have all been buoyant. Our Japanese operations, with particular contribution from Skillhouse (IT staffing), experienced spectacular growth in revenues and gross margins from a small base. The Monroe Consulting operations, acquired in December 2005, saw growth in Asia both in terms of revenues but also sector diversification with new temporary and outsourcing services added in both Indonesia and Thailand and, following the end of the year, new operations launched in Malaysia.

In Europe, we have used the IT staffing platform offered by GIT (a Czech company acquired in early 2006) to launch new services in Slovakia. We have also invested further in ITC (a Polish company acquired in October 2006) to develop a broader regional branch presence in Poland.

While Group development focus has been concentrated on international opportunities, it is encouraging to see the UK companies deliver such a positive performance, particularly in the second half of the year. It is equally encouraging that these strong results were delivered by a combination of sectors, specifically Property Services and Construction, Financial Services and Other Brands. Within Other Brands our creative staffing company The Recruitment Business had a particularly successful year with contribution coming for the first time from the Manchester office set up in 2005 and with the successful launch of a new office in Australia.

Group structure

The Group is managed by a small, balanced board of directors with a Chairman, two executives and two non-executives. Historically there has been a direct line of reporting from individual managing directors to the Chief Executive. This flat structure is changing, reflecting the rapid development of our international operations. The appointment of Armin Preisig as head of European operations (a position he previously held with Vedior and Select Appointments) has resulted in an apportionment of both management and development responsibility across different regions. Separately, we have re-structured the central finance function bringing in additional skills and expertise both at central and regional level. The net result of these changes is that we have increased our capacity to manage growth.



*Figures based on underlying profits excluding goodwill amortisation and exceptional costs. See reconciliation on page 41. In 2006 there were no exceptional costs.

Market overview

The international staffing industry is expanding. Growth rates and market opportunities differ from country to country with each country retaining different regulatory environments, political and cultural perceptions, economic and market characteristics. Countries such as Japan and Germany represent mature economies but at the same time, mainly as a consequence of structural change, represent high growth staffing markets. India combines both a high growth economy and staffing market but, for reasons of demography, represents a completely different challenge in fulfilling the needs of local clients. China represents a high growth economy but with a small staffing industry still, for the moment, held back by legislative restrictions.

A common characteristic in all our geographic markets is the positive trading environment and the number of new opportunities at both local and at Group level. As service industries become a bigger part of the industrial mix the management of human resource expenses and the utilisation of a flexible work force will take on increasing importance.

Strategic focus

Group development focus is to strengthen and grow our existing businesses and look for new investment opportunities in growing international staffing markets. To date our resources have been applied to the developing economies and staffing markets of Eastern Europe and Asia. These regions remain a focus of attention and offer a number of incremental investment opportunities. In addition, we are researching and targeting opportunities in Western Europe and Latin America. In each case we are seeking partners who are motivated by our management equity philosophy, structure and the opportunity to create a new multi-specialist, multi-national staffing group with high growth prospects.

Miles Hunt
Chief Executive
19 April 2007

While Group development focus has been concentrated on international opportunities, it is encouraging to see the UK companies deliver such a positive performance.

In 2006 we took significant steps toward developing a balanced international specialist staffing group.

The structural changes experienced by the Japanese staffing industry, with the liberalisation of laws relating to temporary staffing, continue to fuel strong market growth.

UK operations

At Group level the development focus since moving to AiM has been on identifying investment opportunities in staffing markets outside the UK. At the same time, however, there is equal attention given to growing the existing operations in the UK. UK revenues grew in the year to £66m, up 25% and net fee income of £18m was up 19% in the period.

Construction and Property Services

This sector enjoyed high organic growth in the period with revenues increasing 36% to £37.8m and net fee income rising 36% to £5.3m on the back of strong demand in the London and South East region. Companies in the sector continued to invest for future expansion with FastTrack (construction trades) opening new branches and increasing headcount, Reflex (building management services) benefiting from both increased scale and new international candidate resourcing capability and TeamSales (sales staff for new build housing) extending their operations to Spain.

Other Brands

The UK "Other Brands" sector is made up of a number of specialist brands ranging from creative design recruitment to domestic staffing, PR and marketing and payroll services. In each case the company or the market it services is not of sufficient scale to warrant separate reporting. Revenues in 2006 were £10.2m, up 31% and net fee income increased 25% to £6.2m.

Financial Services

There are three UK financial services brands, two in the insurance and broader financial services sector and one supporting investment banking and asset management operations. Revenues in the year were £4.7m, up 31% with net fee income up 21% to £2.9m. 2006 was a year of investment and expansion with new fee earners being added within LMA (banking) and Mansion House (insurance).

Supply Chain

After two years of minimal growth, revenues grew in 2006 by 15%. This encouraging progress was offset, however, by an erosion in percentage gross margins with net fee income up only 2% to £2.2m. The sector consists of both permanent and temporary staffing operations. Historically, these different businesses have operated independently and separately. The decision was taken during the year to integrate the businesses into one network. The re-structuring was concluded at the end of 2006 and will generate both cost savings as well as enhanced business development opportunities. Early indications suggest that these structural changes are having a positive financial impact with clients appearing to support the integrated solution that the Group is now able to offer.

Public Sector

Public sector recruitment in the UK was difficult in 2006. The widely publicised reduction in government spending combined with customer buying decisions becoming price rather than service focused, resulted in a drop in revenues to £5.4m, down 20% with net fee income down 27% to £1.0m and a move from operating profit to loss. The pain was felt particularly in the allied healthcare market with the demand for physiotherapists and other second line professionals dropping significantly. As a reaction to the changing market the decision was taken in mid-2006 to integrate the Group's public sector operations. This resulted in changes being made to the management and operations teams. As with the Supply Chain sector, the early indications suggest that the structural changes made are having a significant positive impact on financial performance.

International operations

The shift in strategic focus from UK to international development took place at the end of 2004. In 2005 only 3% of net fee income was generated outside of the UK. In 2006 this increased to 19%. 2006 was a year of significant steps forward in developing a balanced international specialist staffing group. Total revenues generated in the year from outside the UK amounted to £9.5m up from £1.2m in 2005 and net fee income reached £4.2m up from £0.5m.

Japan

The Group's first overseas investment was made at the end of 2004 in Japan in the form of a start up operation in the IT staffing sector.

Total revenues generated in the year from outside the UK were up by 678%.

A second associate company operating in FMCG executive recruitment was added to the portfolio in early 2006. In the second year of trading Japanese operations contributed revenues of £5.2m and net fee income of £2.0m, excellent results from a start up business. The Japanese economy has returned to growth. The structural changes experienced by the Japanese staffing industry, with the liberalisation of laws relating to temporary staffing, continue to fuel strong market growth and provide opportunities for our existing businesses as well as for investment in new companies.

South East Asia and Australia

The second significant international investment was made at the end of 2005 through the acquisition of a majority stake in Monroe Consulting Group. Monroe started operations in 2001 in Sydney, focusing primarily on the IT staffing sector. In 2004 the company embarked on an expansion programme in South East Asia and it is this fledgling international network that offers substantial development opportunity. The Group now operates separately capitalised companies in Indonesia (2), Thailand (1) and Malaysia (1). These regional companies provide a combination of executive recruitment, large scale temporary staffing services and training solutions. In 2006 revenues from this regional group were £3.8m contributing net fee income of £1.8m. The original Australian operations have proven to be a challenge, necessitating management changes and investment in new systems and infrastructure. The South East Asian operations have, in contrast, demonstrated great potential, combining entrepreneurial management with buoyant economies and high demand for the services offered. Early indications in 2007 suggest that this region will be a strong contributor of organic growth this year.

Europe

Net fee income contribution of £0.4m in the year reflects the relatively small scale of the Group's European business but masks the progress that has been made since applying focus to the region.

At the beginning of 2006 the Group acquired a 60% stake in GIT Consult, a Czech based permanent IT recruitment company, representing Empresaria's first investment in Europe. A new operation was launched in Slovakia in May, with branches established initially in Bratislava as well as more recently in Kosice, Slovakia's second largest city. Increased focus has been given to temporary staffing operations with this area of the business expected to grow in 2007.

In October Empresaria acquired a 51% stake in ITC Group based in Krakow Poland. ITC has two primary focuses of operation: temporary staffing services to the local Polish market and work abroad services (finding and managing the logistics of migrant workers moving from Poland to other EU countries). ITC has recently launched a new branch office in Katowice.

Rest of the world

The Group's other operations are currently held as associate company investments. In each case, where the local legislation allows, there is an option to increase the Group's shareholding from a minority position to a majority position.

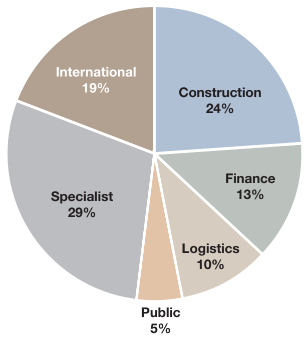
The most significant investment made and the most ambitious start up operation launched by Empresaria to date has been in India. From a standing start in April 2006, IMS Empresaria, the Indian investment vehicle has grown a branch network across 8 cities in India and developed services including permanent and temporary staffing, training and Recruitment Process Outsourcing (RPO) supported by a team of over 125 employees.

In China, Empresaria invested in Aston HR Consulting. Aston HR acquired an interest in a small existing Shanghai based outsourced staffing company and has gained additional licences to provide both permanent staffing and training solutions within the Shanghai region.

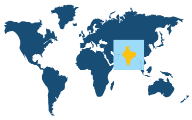
Both the Indian and Chinese staffing markets are growing strongly, reflective of the underlying economic success of both countries.

The Group's investment in the US, Gerard Stewart, is a permanent staffing business focused on supporting the US staffing industry. The company continued to trade profitably in the year.

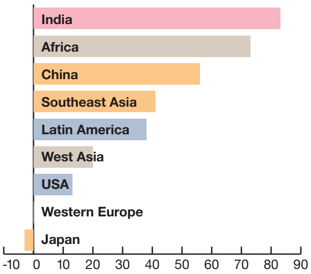
Net Fee Income Analysis by Sector, 2006



The South East Asian operations have demonstrated great potential, combining entrepreneurial management with buoyant economies and high demand for the services offered.



India's Expected Contribution to the Global Workforce by 2010[2]



"Good quality job done. IMS Empresaria are an extremely reliable service partner."

Amit Panwar, Branch Manager, Sales HSBC

IMS: a start-up success

India: A land of opportunity

- An economy that has consistently high GDP growth rates that have the potential to be sustainable in the long term. It is predicted India will have the third largest economy by 2050 at £27.5 trillion[1].
- A country rich in human resources; highly skilled and young. While the rest of the developed world is facing an imminent shortage of labour, due to an ageing population, India's age profile is young and is expected to remain so. Therefore India is expected to become the largest contributor to the future global workforce by 2010[2].
- A liberalising and rapidly developing domestic staffing market due to significant growth in many sectors including IT, Telecoms, Manufacturing, Retail and Banking. The high volume of local and international recruitment that these industries bring, correlates into high revenue opportunities.

Capitalising on the opportunity

In keeping with Empresaria's strategy of building an international staffing group with revenues generated across a range of economies, emerging staffing markets and industry sectors, the Group acquired, in May 2006, a 17% stake in specialist staffing business, Interactive Manpower Solutions Private Ltd ("IMS"). IMS specialises in temporary and permanent staffing, outsourcing human resource functions and corporate training. Since the acquisition, Empresaria's stake has been increased to 32%. It retains an option to increase its shareholding to 67.5% before 31st December 2007.

Building for the future

With a population of 1bn+ and hundreds of different dialects to cope with, IMS has put in place an infrastructure that places significant importance on its IT systems. A central support function at their main Ahmedabad office is the processing centre for the massive volume of information provided by offices located in Mumbai, Delhi, Bangalore and four other nationwide satellite operations. IMS has grown to over 125 employees in less than a year with future expansion plans including a network of 13 offices across the country.

[1] Source: Ministry of Commerce & Industry Report, 2005
[2] Source: Prudential ICICI, Population Estimates

Regional Value of Construction Activity, 2006

FastTrack: a fast growth story

The opportunity

In 2005 the construction industry accounted for 8% of the UK's GDP with an output of £120bn. A National Statistics Office survey showed that 1.4m were employed in the construction industry of which 0.8m were self-employed or temporary workers. With construction outputs continuing to rise in 2006, there are still significant opportunities for companies providing support services to this industry.

FastTrack Management Services provides comprehensive temporary and permanent recruitment solutions, to their nationwide UK clients, across four divisions – Trades & Labour, Facilities, Management and Maintenance.

The growth

Since joining the Group, Empresaria's Construction & Property Services brand, FastTrack Management Services has enjoyed rapid growth with turnover, margin and net fee income all increasing by over 100%. Empresaria's continued commitment to organic growth by reinvesting cash to develop existing businesses, if market conditions allow, has enabled FastTrack to develop their consultants, their branch network and new revenue streams.

The management team, which has been with the business since its inception 15 years ago, considers market knowledge and differentiation paramount in a highly competitive environment. Emphasis is placed on training, management and motivation of consultants and the development of a consultant base through career enhancement programs is considered extremely important to future growth. High consultant retention rates, increased market share and branding recognition are good indicators of success in this area.

The future

Understanding and anticipating where opportunities will present themselves is also key to continued revenue growth. Although FastTrack's cost base rose in 2006 due, in part, to the opening of an office in East London, its network of strategically placed UK branches, across the North, the Midlands and London, combine to provide a more robust platform, less susceptible to regional downturn, which is well positioned to take advantage of future opportunities, such as the 2012 Olympics.

"FastTrack provides Bouygues with valuable personnel services and has a pro-active approach. This combination has culminated in a strong partnership."

David Morin, Construction Manager, Bouygues UK

2006 saw the Group maintaining its successful strategy of expansion by a mixture of organic growth and acquisition.

Nick Hall-Palmer
Group Finance Director

Financial performance

Revenue

Group revenue rose by £21.4m (40%) in the year. Like for like sales increased by 26%.

Gross margin

The Group's gross margin increased to 29%, compared with 28% in 2005.

The Group's gross margin generated from the contract and temporary businesses stayed at the 2005 level of 56% of total gross margin. The Group aims to increase the level of temporary and contract revenue contribution in the future.

Profitability

The Group uses adjusted profit before taxation (PBT) (as defined and calculated on page 41) as its principal measure of operating performance. Profits before tax are adjusted to remove the effects of goodwill amortisation and any exceptional costs or gains incurred during the year. There were no exceptional costs in 2006. A reconciliation of the statutory and adjusted profit is provided on page 41.

Adjusted PBT for the year – for existing and continuing operations – rose by 30% to £2.89m (2005: £2.23m) for the whole Group.

Adjusted operating margin on revenues reduced slightly to 4.6% (2005: 4.7%).

Taxation

The effective rate of corporation tax to headline profit before tax has reduced from 45% in 2005 to 31% in 2006. The decrease is mainly due to the utilisation of deferred tax assets.

Deferred taxation has been provided on timing differences where required by FRS 19.

Minority interests

The Group's share of profit after tax reduced from 74% in 2005 to 66% in 2006. This reflects varying minority interests in each of the Group's operating companies and the effect of consolidated goodwill amortisation.

Earnings per share

Earnings per share (EPS), adjusted for the effects of goodwill amortisation and exceptional costs, were 7.2 pence, an increase of 26% over 2005 (5.7 pence).

In 2006, the Group's weighted average issued share capital, as used to calculate EPS, increased by 11% as a result of shares issued to acquire new operations or increase the Group's share in existing operations.

Dividend

The Directors have recommended the payment of a dividend of 0.50 pence per share (2005: 0.45 pence, representing an increase of 11%). If approved, the dividend will be paid on 20th August 2007 to members registered on 20th July 2007.

Acquisitions

Details of the main transactions are explained below:

Purchase of HEC

In April 2006, the Group acquired from SSR Personnel Services, through a special purpose vehicle, its operating division providing staffing services in the UK public sector for an initial cash consideration of £350,000.

Deferred consideration of up to £400,000 may be payable in 2007, based on the results to 31 March 2007.

Purchase of the ITC Group

In October 2006, the Group acquired 51% of the share capital of ITC PRACA Sp. Z.o.o., ITC APT Sp. Z.o.o. and ITC CS Sp. Z.o.o. for £632,000. Deferred consideration of up to Zl 4,340,000 (approx £0.8m) may be payable dependent on financial performance of the ITC Group in 2006 and 2007.

Based in Poland, the company specialises in three areas: the sourcing of Polish workers on behalf of overseas organisations in Western and Southern Europe, temporary staffing focusing on the Polish local market and providing training services to candidates.

Purchase of minority share holdings

During 2006, Empresaria acquired shares from the minority shareholders in a number of Group companies.

The companies involved and shareholdings held after the purchase were: LMA Recruitment Limited (80%), Healthcare First Limited (100%), TeamSales Limited (100%), McCall Limited (62%) and Lime Street Recruitment Limited (69%).

The purchases were satisfied by the payment of £144,650 in cash and the issue of 224,316 shares at a value of £187,300.

Post year end purchases

On 5 April 2007, the Group announced its intention to purchase 60% of the share capital of Headway for a consideration of €14.6m. Headway is a provider of temporary/contract staffing based principally in Germany.

The acquisition is subject to shareholder approval at an Extraordinary General Meeting to be held on 30 April 2007.

Intangible assets

The carrying value of intangible assets in the Group Balance Sheet increased by £1.7m, from £8.0m to £9.7m. The major constituents of this increase arose from the acquisitions and increase in the Group's shareholding in existing Group companies, as detailed above.

Goodwill is amortised over its useful economic life up to a maximum period of twenty years. The Directors regularly review the carrying value of goodwill for impairment.

Risk factors

The principal risks that the Group face are:

Growth management

The Group's growth strategy includes the investment in and management of start up businesses and acquisitions. This strategy has certain risks and failure to improve operating performance of start-up businesses and acquired businesses may adversely impact results, including the Group's cash flow.

Dependence on key executives and personnel

The Group's future success is substantially dependent on retaining and incentivising its senior management and certain key employees. The loss of the service of key personnel may have an adverse impact on the Group's business and relationships.

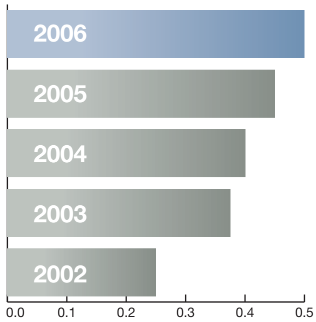
However, the Group's philosophy of management equity ensures that key management are appropriately incentivised through equity ownership.

Financial risks and treasury management

As the Group expands internationally, it will become more exposed to risks associated with currency fluctuations. The Directors intend to introduce appropriate exchange management strategies to address this risk.

With regard to credit risk the company has implemented policies that require appropriate credit checks on potential customers before

Dividend Per Share, 2002-2006 (pence)



Over the past four years Group revenues have grown by 36% and adjusted EPS by 27% annually.

Financial review

(continued)

As the Group expands internationally, the Directors will introduce appropriate exchange management strategies to address the potential risk associated with currency fluctuations.

contracts are commenced.

In respect of interest rate risk the Group has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances and overdrafts, all of which have interest rates applied which are commensurate with the scale of the Group's operations.

Cash flow

Net cash of £5.2m (2005: £2.5m) was generated from operating activities during the year. After returns on investments and servicing of finance and taxation flows of £1.5m, the surplus was reduced to £3.7m.

The Group spent £3.3m of cash on acquisitions and capital expenditure, resulting in a cash inflow before financing of £0.3m.

The Group raised £0.7m from financing activities, resulting in an overall decrease in net debt at the year end of £1.1m to £1.3m (2005: £2.4m)

Net operating cash flows are inflated due to an increase in the amount of invoice discounting subject to non-recourse arrangements.

The Group expects that the cash position over the next two years will be adversely effected by the changes in the Managed Service Company legislation (introduced on 6 April 2007). This will be partly offset by cash inflows from our growing operating activities but cash generation as a percentage of operating income for the coming two years is expected to be lower.

Management of liquidity risk

The Group maintains a range of facilities appropriate to fund its working capital requirements as well as its strategy of organic and acquisitive expansion.

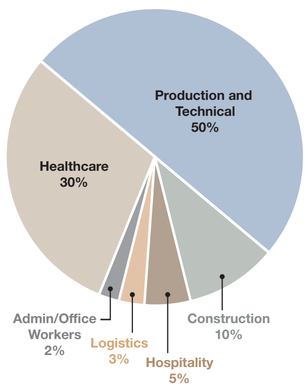
At the year end, the Group's financing arrangements comprised:

- **cash at bank of £3.3m;**
- **an unutilised overdraft facility £1.75m;**
- **a revolving credit loan facility of £2.5m, of which £0.7m has been utilised;**
- **outstanding term loans of £1.3m repayable over the next two years; and**
- **amounts owed in respect of invoice discounting agreements of £2.6m.**

The Group banks with HSBC plc.

Nick Hall-Palmer
Group Finance Director
19 April 2007

ITC Business Sectors, 2006



ITC: a strategic acquisition

The overseas market

Migration of workers is nothing new. However, the opening of the borders on 1st May 2004 provided the competition that is contributing, in part, to growth in the domestic staffing sector of Eastern Europe. The acquisition of a majority stake in three Krakow based businesses, in October 2006, provided Empresaria with access to this dynamic staffing market. Through ITC Group ("ITC") Empresaria now has access to Poland's 38m population to fill skill shortages in other countries as well as the local labour market.

Through its Work Abroad brand, ITC has become Poland's market leader in providing large volumes of Polish labour to overseas clients. Since its incorporation in 1999, ITC has recruited approximately 10,000 workers to work in EU countries; 90% being placed in England and Ireland, 8% in France and 2% in Sweden.

The domestic market

In 2005 ITC APT, a new company, was established in Krakow to grow temporary staffing operations within the Polish market. Becoming part of Empresaria is enabling ITC APT to accelerate its development plan in this fast growing domestic market, symbolised by the investment in a second office in Poland's largest industrial region of Katowice in early 2007.

ITC also provides training services and has a candidate care operation that provides Polish contractors and migrant workers with insurance, travel and tax consultancy services.

"We have enjoyed a productive partnership with ITC since 2004, as the UK labour market is unable to supply an adequate number of candidates for the social care sector."

Peter Buckle, HR Director, Four Seasons Health Care

Corporate governance

The Board is committed to ensuring that sound principles of corporate governance are applied throughout the Group and is structuring its approach to achieve a position commensurate with the size of the business and its status as an AiM listed company.

As the Group increases the size and complexity of its operations, the Group adapts its approach to Corporate Governance. Whilst there is no requirement to provide corporate governance disclosures due to the company's AiM listed status, the major elements of the Group's approach are listed below:

Systems of internal control and its effectiveness

The directors acknowledge their responsibilities for the Group's system of internal control. Such a system can provide reasonable, but not absolute, assurance against material misstatement or loss. As in previous years the following key controls existed throughout the year:

- **Empresaria Group plc's operations are structured into profit centres. Annual budgets are prepared for each profit centre and approved by the Board of Directors. The performance of each profit centre against budget is monitored on a monthly basis. Significant variances against budget are thoroughly investigated and corrective action taken.**
- **The executive directors attend regular meetings with operating company management to review performance and agree future strategy.**
- **The Board of Directors meets every two months to review the performance of the Group. Members of the Board of Directors meet formally with operating company management on a regular basis to review business performance and to address operational and strategic issues.**
- **There existed within the Group throughout the year under review appropriate levels of delegated authority covering the key areas of the Group's operations.**

During 2006, with assistance from the central Group functions, a risk self-assessment was performed in all of the UK operating companies. Each Managing Director identified the key risks within their businesses and wrote action plans to address these risks. In 2007, the Group is planning to introduce regular operating and financial reviews where company risks will be discussed on a regular basis.

The Group continues to operate other initiatives to enable subsidiary company management to identify and manage their risk effectively, using seminars and forums. During 2006, the company's intranet site has also been in use and companies within the Group have been encouraged to see it as a mechanism to share information and good practice.

Improvements will continue to be made to embed internal control and risk management further into the operations of the business and to deal with areas of importance which come to management and the Board's attention.

Board of Directors

The Group has always sought to maintain a balance between Executive and Non-executive Directors in keeping with its size.

The Board currently has five directors, comprising of two Executive and three Non-Executive Directors.

The Board exercises full and effective control over the Group. The Board meets on a regular basis and its responsibilities include strategy and management of performance, acquisitions and safeguarding the Group's assets.

Board Committees

The Group has the following Committees in operation.

Audit Committee

The Audit Committee is chaired by a Non-Executive Director, Tim Sheffield and meets at least once a year to consider matters relating to accounting, internal control and the statutory audit. Tony Martin is also a member of the Audit Committee.

The Committee meets the external auditors without the presence of the Group Finance Director at least twice each year.

The Group does not currently operate an internal audit function as the directors do not believe that, given the current size and complexity of the Group, the cost would deliver appropriate benefits.

Remuneration Committee

The Remuneration Committee is chaired by a Non-Executive Director, Penny Freer, who is joined on the Committee by the Group's other Non-Executive Director, Tim Sheffield. The remuneration of the Executive Directors is reviewed annually and approved by the Committee Chairman.

Going concern

The directors have formed the judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going-concern basis in preparing the financial statements.

N C Hall-Palmer
Group Finance Director
19 April 2007

Statement of directors' responsibilities

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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- **select suitable accounting policies and then apply them consistently;**
- **make judgments and 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;**
- **prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.**

The directors are responsible for keeping proper accounting records that 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 1985. 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activities

The principal activity of the group is the provision of staffing services. The principal activities of the company were those of investing in subsidiaries, acting as a recruitment company and providing management services.

Review of the business and future prospects

This is covered by the Chairman's statement, Chief Executive's review and Financial review on page 6, 8 and 14 respectively.

Results and dividends

The results for the year are set out on page 22. The directors recommend the payment of a dividend of 0.50 pence per share (2005: 0.45 pence). If approved, the dividends will be paid on 20 August 2007 to members registered on 20 July 2007.

Directors

The following directors have held office since 1 January 2006 (or date of appointment):
Executive Directors: M W R Hunt; N C Hall-Palmer
Non-Executive Directors: A V Martin; T J D Sheffield; P A Freer

Financial instruments

The Group's policy and exposure to derivatives and other financial instruments is disclosed in note 25 and discussed in the financial review on page 15.

Directors' interests

The beneficial interests of the directors serving at the year end in the shares of the company were as stated below:

	Ordinary shares of 5p each	
	31 December 2006 No.	1 January 2006 No.
M W R Hunt	2,837,571	2,837,571
T J D Sheffield	2,049,307	2,254,307
A V Martin	2,610,848	1,652,807
N C Hall-Palmer	201,647	201,647

The interests of M W R Hunt include 446,700 (2005: 446,700) shares by virtue of the shares held by his wife. The interests of directors in other Group companies and in the Executive Equity Participation Plan (EEPP) are disclosed in note 26.

Substantial shareholdings

As at 31 December 2006, the following interests in 3% or more of the issued ordinary share capital appear in the register maintained under the provisions of section 211 of the Companies Act 1985:

	Ordinary shares of 5p each	
	No.	Percentage
Caledonia Investment plc	3,178,000	13.31%
Lion Trust	2,106,044	8.82%

Policy and practice on the payment of creditors

The company does not follow any specified code or standard on payment practice. However, it is the company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the company's policy to abide by these terms. Suppliers are paid on average within 30 (2005: 30) days.

Post balance sheet event

Following the end of the year, the Group agreed to purchase 60% of the share capital of Headway, a provider of temporary/contract staffing, principally in Germany. The acquisition is subject to shareholder approval at an Extraordinary General Meeting to be held on 30 April 2007.

IFRS impact statement

In accordance with the AiM reporting regime, the Group will adopt International Financial Reporting Standards ("IFRS") for the financial year ending 31 December 2007. The Group has completed a preliminary exercise to identify and document the differences between UK GAAP and IFRS and is in the process of quantifying the impact that IFRS will have on the consolidated financial statements. This project is on schedule and the interim results for the six month period to 30 June 2007 will be the first set of results reported under IFRS.

Employee communication and disabled employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the Group and company. This is achieved through formal and informal meetings, the company newsletter and the company's website. Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues.

Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that:
(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The auditors, Deloitte & Touche LLP, have expressed their willingness to continue in office and a resolution to reappoint them as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

M W R Hunt
Director
19 April 2007

Independent Auditors Report to the Members of Empresaria Group PLC

We have audited the Group and parent company financial statements (the "financial statements") of Empresaria Group PLC for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, notes to the consolidated cash flow statement, and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review and the Operating and Financial Reviews. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- **the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended;**
- **the financial statements have been properly prepared in accordance with the Companies Act 1985; and**
- **the information given in the Directors' Report is consistent with the financial statements.**

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom
19 April 2007

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occured to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Consolidated profit and loss account

Year ended 31 December 2006

	Note	£'000	2006 £'000	£'000	2005 £'000
Turnover	1, 2				
Existing operations		72,946		48,342	
Acquisitions	3	2,513		5,718	
Total turnover	2		75,459		54,060
Cost of sales			(53,619)		(38,667)
Gross profit			21,840		15,393
Administrative expenses			(19,097)		(13,479)
Operating profit	6				
Existing operations		2,667		1,217	
Acquisitions	3	76		697	
Total operating profit			2,743		1,914
Share of losses in Associated companies	12		(203)		(44)
			2,540		1,870
Interest payable and similar charges	7		(408)		(263)
Profit on ordinary activities before taxation			2,132		1,607
Tax on profit on ordinary activities	8		(663)		(726)
Profit on ordinary activities after taxation			1,469		881
Minority interests	19		(497)		(233)
Profit on ordinary activities attributable to the members of Empresaria Group plc and transferred to reserves	17		972		648
Earnings per share (pence)					
Basic and diluted	22		4.21		3.12

All results for the Group are derived from continuing operations in both the current and preceding years.

Consolidated statement of total recognised gains and losses

Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Profit for the financial year			
Group		1,045	692
Associates	12	(73)	(44)
Total profit for the financial year	17	972	648
Exchange difference on net assets of overseas subsidiaries	17	(28)	-
Total recognised gains and losses relating to the year		944	648

Consolidated balance sheet

Year ended 31 December 2006

	Note	£'000	2006 £'000	£'000	2005 £'000
Fixed assets					
Intangible assets	10		9,684		7,981
Tangible assets	11		790		535
Investment in associates	12		660		39
			11,134		8,555
Current assets					
Debtors	13	11,480		10,169	
Cash at bank and in hand		3,342		2,405	
		14,822		12,574	
Creditors: amounts falling due within one year	14	(13,744)		(10,992)	
Net current assets			1,078		1,582
Total assets less current liabilities			12,212		10,137
Creditors: amounts falling due after more than one year	15		(1,201)		(1,449)
Net assets			11,011		8,688
Capital and reserves					
Called up share capital	16		1,193		1,113
Share premium account	17		5,185		3,822
Other reserve	17		1,539		1,539
Profit and loss account	17		2,285		1,447
Shareholders' funds	18		10,202		7,921
Minority interests	19		809		767
			11,011		8,688

These financial statements were approved by the Board of Directors on 19 April 2007.

Signed on behalf of the Board of Directors

M W R Hunt
Director

N C Hall-Palmer
Director

Company balance sheet

Year ended 31 December 2006

	Note	£'000	2006 £'000	£'000	2005 £'000
Fixed assets					
Tangible assets	11		11		9
Investments	12		11,872		9,408
			11,883		9,417
Current assets					
Debtors (including amounts falling due after more than one year of £285,000 (2005: £308,000))	13	5,252		2,025	
Creditors: amounts falling due within one year	14	(5,960)		(3,030)	
Net current liabilities			(708)		(1,005)
Total assets less current liabilities			11,175		8,412
Creditors: amounts falling due after more than one year	15		(1,043)		(1,329)
Net assets			10,132		7,083
Capital and reserves					
Called up share capital	16		1,193		1,113
Share premium account	17		5,185		3,822
Other reserves	17		1,539		1,539
Profit and loss account	17		2,215		609
Shareholders' funds	18		10,132		7,083

These financial statements were approved by the Board of Directors on 19 April 2007.

Signed on behalf of the Board of Directors

M W R Hunt
Director

N C Hall-Palmer
Director

Consolidated cash flow statement

Year ended 31 December 2006

	Note	£'000	2006 £'000	£'000	2005 £'000
Net cash inflow from operating activities	A		5,155		2,500
Returns on investments and servicing of finance					
Interest paid		(408)		(263)	
Dividends paid to minority shareholders in subsidiary undertakings		(333)		(196)	
Net cash outflow from returns on investments and servicing of finance			(741)		(459)
Taxation – corporation tax paid			(739)		(586)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(528)		(413)	
Net cash outflow for capital expenditure and financial investment			(528)		(413)
Acquisitions					
Purchase of businesses	D	(2,069)		(1,993)	
Cash acquired with subsidiary acquired		9		462	
Investment in associates		(694)		(21)	
Net cash outflow from acquisitions			(2,754)		(1,552)
Dividends paid			(106)		(84)
Net cash inflow/(outflow) before financing			287		(594)
Financing					
Issue of new shares		905		-	
Repayment of loan		(247)		(238)	
Raising of loan		725		-	
(Decrease)/increase in invoice discounting balances		(733)		316	
Net cash inflow from financing			650		78
Increase/(decrease) in cash in the year	B, C		937		(516)

Notes to the consolidated cash flow statement

Year ended 31 December 2006

A. Reconciliation of operating profit to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating profit	2,743	1,914
Depreciation of tangible assets	337	262
Loss on disposal of tangible fixed assets	-	73
Amortisation of goodwill	762	618
Increase in debtors	(940)	(433)
Increase in creditors	2,253	66
Net cash inflow from operating activities	5,155	2,500

B. Reconciliation of net cash flow to movement in net debt

	2006 £'000	2005 £'000
Increase/(decrease) in cash in the year	937	(516)
Cash outflow/(inflow) from change in debt	255	(78)
Change in net debt resulting from cash flows	1,192	(594)
Factoring debt acquired with subsidiary	-	(286)
Total movement in net debt during the year	1,192	(880)
Opening net debt	(2,447)	(1,567)
Closing net debt	(1,255)	(2,447)

C. Analysis of net debt

	1 January 2006 £'000	Cash flow £'000	Other non-cash changes £'000	31 December 2006 £'000
Cash at bank and in hand	2,405	937	-	3,342
Amounts owed to factors	(3,302)	733	-	(2,569)
Loans due within one year	(225)	(500)	(265)	(990)
Loans due after one year	(1,325)	22	265	(1,038)
	(4,852)	255	-	(4,597)
	(2,447)	1,192	-	(1,255)

D. Acquisitions

Acquisitions during the year contributed £64,000 (2005: £329,000) to the Group's net operating cash outflows, paid £8,000 (2005: £10,000) in respect of returns on investments and servicing of finance and utilised £88,000 (2005: £23,000) for capital expenditure.

Notes to the financial statements

Year ended 31 December 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies which have been consistently applied throughout the current and preceding period, with the exception of the policy for share-based payment, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-Group transactions and profits are eliminated fully on consolidation.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

Revenue recognition

Permanent placement revenue is recognised at the point when the candidate commences employment.

Contract placement revenue is recognised on the basis of actual work performed in the relevant year based on timesheets submitted.

Goodwill

Positive and negative goodwill represent the difference between the cost of acquisition and the fair value of the separable net assets of the businesses acquired. Positive and negative goodwill are amortised through the profit and loss account in equal annual instalments over their estimated useful lives, which are between 10 and 20 years. The directors review the period of amortisation of goodwill on an annual basis. Where it is believed the carrying value of goodwill suffers any impairment, the fall in value is charged immediately to the profit and loss account.

Costs of acquisition include a reasonable estimate of the fair value of the amounts of contingent consideration expected to be payable in the future.

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:

Leasehold property: over the term of the lease
Fixtures, fittings and equipment: between one and two years
Motor vehicles: over five years

Investments

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

Associates

In the Group financial statements investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Foreign exchange

The results of overseas associates and subsidiaries are translated into sterling at the average rate of exchange ruling during the year. 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 profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 charged to the profit and loss account relate to a defined contribution scheme. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the profit and loss account as they become due for payment.

Notes to the financial statements (continued)

Year ended 31 December 2006

1. Accounting policies (continued)

Share-based payment

The Group has applied the requirements of FRS 20 (IFRS 2) Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is 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 directors do not consider these to be material to the financial statements in the current year.

Equity instruments

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

2. Segmental reporting

Group undertakings

The geographical analysis of turnover, operating profit and net assets is shown below:

	Year ended 31 December 2006			Year ended 31 December 2005		
	*Turnover by origin £'000	Profit before tax £'000	Net assets £'000	*Turnover by origin £'000	Profit before tax £'000	Net assets £'000
United Kingdom	65,976	1,784	11,360	52,841	1,544	9,204
Rest of the world	9,483	348	(349)	1,219	63	(516)
	75,459	2,132	11,011	54,060	1,607	8,688

In 2006, the "Rest of the world" segment includes amounts from the following acquisitions:

- **ITC Group:** turnover £251,000, profit before tax £100 and net liabilities amounting to £35,000.
- **GIT Consult:** turnover £204,000, profit before tax £38,000 and net liabilities amounting to £3,500.

*Turnover by origin is not materially different from turnover by destination

3. Analysis of continuing operations

The amounts in 2006 for continuing operations include the following amounts in relation to acquisitions: turnover £2,513,000, cost of sales £1,702,000, administrative expenses £735,000 and operating profit £76,000.

4. Acquisitions

On 17 March 2006 the Group completed the acquisition of 60% of the share capital of GIT Consult Czech and GIT Consult Slovakia. In April 2006, the Group acquired from SSR Personnel Services, through a special purpose vehicle (HEC Resources Limited), its operating division providing staffing services in the UK public sector for an initial cash consideration of £350,000. On 25 September 2006 the Group acquired 51% of the share capital of EUResource Limited. On 4 October 2006 the Group acquired 51% of the share capital of ITC Group (ITC PRACA Sp. Z.o.o., ITC APT sp. Z.o.o., ITC CS sp. Z.o.o.).

The following table sets out the assets acquired. No fair value adjustments were necessary following a preliminary review of the assets acquired.

4. Acquisitions (continued)

	GIT Consult £'000	HEC Resources £'000	EUResource £'000	ITC Group £'000
Fixed assets				
Tangible fixed assets	-	50	5	16
Purchased goodwill	-	300	-	-
Preliminary goodwill	163	102	254	850
	163	452	259	866
Current assets				
Debtors	11	-	94	110
Cash	-	-	6	8
	11	-	100	118
Current liabilities	(31)	-	(84)	(152)
Net assets acquired	143	452	275	832
Satisfied by				
Cash consideration	90	350	200	632
Shares in Empresaria Group plc	-	-	50	-
Professional fees	53	102	25	200
Total initial consideration	143	452	275	832
Contingent consideration (maximum)	8	400	150	760

The contingent consideration is payable dependent on financial performance in 2006 and 2007.

The financial performance of the businesses prior to acquisition is summarised below:

	Two months ended 28 February 2006 GIT Consult £'000	Six months ended 30 September 2006 EUResource £'000	Nine months ended 30 September 2006 ITC Group £'000
Turnover	57	716	502
Cost of sales	(3)	(604)	(141)
Gross profit	54	112	361
Administrative expenses	(26)	(95)	(483)
Operating profit/(loss)	28	17	(122)
Interest payable and similar charges	-	-	(1)
Profit/(loss) before taxation	28	17	(123)
Taxation	(9)	(2)	-
Profit/(loss) for the financial period	19	15	(123)

Notes to the financial statements (continued)

Year ended 31 December 2006

4. Acquisitions (continued)

GIT Consult Czech was the only trading company when the purchase took place. The un-audited accounts for GIT Consult Czech are for the two months ended 28 February 2006.

HEC Resources Limited was a start up business during 2006 so comparative figures are not available.

The un-audited accounts for EUResource Limited are for the six months ended 30 September 2006.

The un-audited accounts for ITC Group are for the nine months ended 30 September 2006. During 2006, ITC Group was restructured. The main impact was that ITC Work Abroad, the largest business within ITC, converted from a partnership to a limited company.

5. Information regarding Directors and employees

	2006 £'000	2005 £'000
Directors' remuneration		
Emoluments for qualifying services (including bonus £41,000 (2005: 30,000))	404	327
Company pension contributions to money purchase scheme	27	21
	431	348

The number of directors accruing benefits under money purchase pension scheme arrangements was two (2005: two).

	2006 £'000	2005 £'000
Highest paid director		
Remuneration (including bonus £23,000 (2005: £20,000))	197	161
Pension contributions	16	13
	213	174

	2006 No.	2005 No.
Average monthly number of persons employed (including directors)		
Sales and distribution	365	310

	2006 £'000	2005 £'000
Staff costs during the year (including directors)		
Wages and salaries	10,751	7,851
Social security costs	1,013	746
Pension costs	93	30
	11,857	8,627

6. Operating profit

	2006 £'000	2005 £'000
Operating profit is after charging:		
Depreciation of tangible assets – owned assets	337	262
Loss on sale of tangible fixed assets	-	65
Operating lease charges – land and buildings	641	756
Amortisation of goodwill	762	618
Auditors' remuneration:		
Audit fees for Company's annual accounts	32	23
Audit fees for Group's annual accounts	86	57
Other services: tax services	40	45
Other services: due diligence	-	81

7. Interest payable and similar charges

	2006 £'000	2005 £'000
On amounts payable to factors	371	247
Bank loans and overdrafts	37	16
	408	263

8. Tax on profit on ordinary activities

Tax on profit on ordinary activities	2006 £'000	2005 £'000
Current tax		
United Kingdom corporation tax at 30% (2005: 30%) based on the profit for the year	681	560
Adjustments in respect of prior periods	(142)	45
Foreign tax	340	-
Total current tax	879	605
Deferred tax		
Timing differences, origination and reversal	(86)	121
Share of deferred tax in associates	(130)	-
	663	726

Notes to the financial statements (continued)

Year ended 31 December 2006

8. Tax on profit on ordinary activities (continued)

Factors affecting current tax charge for the year

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below:

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	2,132	1,607
Tax on profit on ordinary activities at standard rate	640	482
Effects of:		
Disallowed expenses and non-taxable income	247	113
Capital allowances in excess of depreciation	6	10
Utilisation of tax losses	(70)	(39)
Movement in short term timing differences	21	-
Other	-	(6)
Adjustments to tax charge in respect of previous periods	(142)	45
Overseas tax at different tax rate	177	-
Total actual amount of current tax	879	605

9. Dividends paid

	2006 £'000	2005 £'000
Final dividend paid during the year – 0.45 pence per ordinary share (2005: 0.4 pence)	106	80

The proposed final dividend for year ended 2006 is 0.50 pence per ordinary share (2005: 0.45 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 dividends will be paid on 20 August 2007 to members registered on 20 July 2007.

10. Intangible fixed assets

The Group	Positive goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 January 2006	9,512	(401)	9,111
Additions	2,465	-	2,465
At 31 December 2006	11,977	(401)	11,576
Amortisation			
At 1 January 2006	1,531	(401)	1,130
Charge for the financial year	762	-	762
At 31 December 2006	2,293	(401)	1,892
Net book value			
At 31 December 2006	9,684	-	9,684
At 31 December 2005	7,981	-	7,981

11. Tangible fixed assets

The Group	Leasehold property £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2006	40	2,075	2	2,117
Acquisitions	-	92	-	92
Additions	-	554	-	554
Disposals	-	(112)	-	(112)
At 31 December 2006	40	2,609	2	2,651
Accumulated depreciation				
At 1 January 2006	23	1,557	2	1,582
Acquisitions	-	27	-	27
Charge for the financial year	2	335	-	337
Disposals	-	(85)	-	(85)
At 31 December 2006	25	1,834	2	1,861
Net book value				
At 31 December 2006	15	775	-	790
At 31 December 2005	17	518	-	535

The Company	Fixtures, fittings & equipment £'000
Cost	
At 1 January 2006	157
Additions	18
Disposal	(8)
At 31 December 2006	167
Accumulated depreciation	
At 1 January 2006	148
Charge for the financial year	16
Disposal	(8)
At 31 December 2006	156
Net book value	
At 31 December 2006	11
At 31 December 2005	9

Notes to the financial statements (continued)

Year ended 31 December 2006

12. Investments held as fixed assets

The Group	Investment in associate £'000
Cost	
At 1 January 2006	39
Additions	694
At 31 December 2006	733
Share of losses retained	
Loss before tax for the year	(203)
Share of deferred tax in Associates	130
	(73)
Net book value	
At 31 December 2006	660
At 31 December 2005	39

The Company	Shares in associate £'000	Shares in subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2006	21	9,744	9,765
Additions	554	1,910	2,464
At 31 December 2006	575	11,654	12,229
Impairment			
At 1 January 2006 and 31 December 2006	-	357	357
Net book value			
At 31 December 2006	575	11,297	11,872
At 31 December 2005	21	9,387	9,408

The additions in shares in subsidiary undertakings during the year include further investment and acquisition of minority interests in existing subsidiary undertakings.

The additions in shares in associates during the year include further investment and subscription of new shares in associates.

12. Investments held as fixed assets (continued)

The company holds shares in the following principal subsidiary trading companies:

Company	Share held Class	%	Nature of business	Country of registration
Financial Service Sector				
Mansion House Executive Limited	"A&B" Ordinary	100	Provision of staffing services	
LMA Recruitment Limited	"A&B" Ordinary	80	Provision of staffing services	
Lime Street Recruitment Limited	"A&B" Ordinary	69	Provision of staffing services	
Supply Chain Sector				
DriveLink Network Limited	"A&B" Ordinary	100	Provision of staffing services	
More Driving Limited	"A" Ordinary	67	Provision of staffing services	
MVP (Search & Selection) Limited	"A&B" Ordinary	69	Provision of staffing services	
Construction and Property Services Sector				
FastTrack Management Services (Midlands) Limited	"A&B" Ordinary	61	Provision of staffing services	
FastTrack Management Services (London) Limited	"A" Ordinary	72	Provision of staffing services	
TeamSales Limited	Ordinary	100	Provision of staffing services	
Reflex HR Limited	"A" Ordinary	84	Provision of staffing services	
Public Services Sector				
Healthcare First Limited	"A&B" Ordinary	100	Provision of staffing services	
Social Work Associates Limited	"A&B" Ordinary	100	Provision of staffing services	
HEC Resources Limited	Ordinary	100	Provision of staffing services	
Specialist Brands Sector				
Greycoat Placements Limited	"A, B & C" Ordinary	82	Provision of staffing services	
Bar 2 Limited	"A&B" Ordinary	71	Payroll services	
2nd City Resourcing Limited	"A" Ordinary	63	Provision of staffing services	
McCall Limited	"A&B" Ordinary	62	Provision of staffing services	
The Recruitment Business Limited	"A" Ordinary	65	Provision of staffing services	
EUResource Limited	"A" Ordinary	51	Provision of staffing services	
Resolve Interim Solutions Limited	"A" Ordinary	51	Provision of staffing services	
International Businesses				
Skillhouse Staffing Solutions K.K.	Ordinary	75	Provision of staffing services	Japan
Monroe Consulting Group pty Limited	Series A preference	60	Provision of staffing services	Australia
GIT Consult Czech s.r.o	"A" Ordinary	60	Provision of staffing services	Czech Republic
GIT Consult Slovakia s.r.o	"A" Ordinary	60	Provision of staffing services	Slovakia
ITC PRACA Sp. Z.o.o., ITC APT sp. Z.o.o., ITC CS sp. Z.o.o.	"A" Ordinary	51	Provision of staffing services	Poland
Monroe Recruitment Consulting Group Co Limited	"A" Ordinary	100	Provision of staffing services	Thailand
PT. Monroe Consulting Group	Ordinary	55	Provision of staffing services	Indonesia
PT. Advanced Career Indonesia	Ordinary	55	Provision of staffing services	Indonesia
Sun Search Recruitment SL	Ordinary	51	Provision of staffing services	Spain

With the exception of the international businesses, all companies are incorporated in Great Britain and are registered in England and Wales. All companies operate in the country of incorporation.

Notes to the financial statements (continued)

Year ended 31 December 2006

13. Debtors

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Trade debtors	7,588	7,740	-	-
Amounts owed by subsidiary undertakings	-	-	4,021	1,354
Other debtors	2,349	1,463	980	435
Prepayments and accrued income	1,543	966	251	236
	11,480	10,169	5,252	2,025

Group

The trade debtors balance above includes factored and discounted debts of £2,568,000 (2005: £3,301,000).

Included in other debtors is a deferred tax asset of £381,000 (2005: £295,000) for the Group. This comprises £101,000 (2005: £110,000) in respect of timing differences arising on the excess of depreciation over capital allowances, and £280,000 (2005: £185,000) in respect of trading losses and other short term timing differences.

Share of deferred tax in associates amounts to £130,000 (2005: Nil) in respect of trading losses. This amount is not included in other debtors.

Company

Amounts owed by subsidiary undertakings include amounts falling due after more than one year of £285,000 (2005: £308,000).

No deferred tax asset has been recognised in respect of unrelieved losses and short term timing differences at the year end in the individual company as the Directors do not believe there is sufficient evidence that suitable profits will be earned in the foreseeable future (2005: Nil).

14. Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Loans due within one year (note 15)	990	225	4,889	2,022
Amounts owed to invoice discounters	2,569	3,302	-	-
Trade creditors	1,171	812	144	160
Amounts owed to subsidiary undertakings	-	-	718	675
Current corporation tax	798	711	-	-
Other taxes and social security	1,598	1,028	29	22
Other creditors	3,691	3,128	55	54
Accruals and deferred income	2,927	1,786	125	97
	13,744	10,992	5,960	3,030

Bank loans, overdrafts and amounts owed to invoice discounters are secured by a fixed charge over the book debts of the Group and company.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2006	**2005**	**2006**	**2005**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans	1,038	1,325	1,038	1,325
Other creditors	163	124	5	4
	1,201	1,449	1,043	1,329

The bank loans are secured by a first fixed charge over all book and other debts given by the company and its subsidiaries. Interest is payable at 1.7% above HSBC plc base rate on £1,000,000 (2005: £1,000,000) and interest is payable at 1.64% above HSBC plc base rate on the next £550,000 (2005: £550,000).

	Group		Company	
	2006	**2005**	**2006**	**2005**
	£'000	**£'000**	**£'000**	**£'000**
Bank loan				
Repayable within one year	990	225	990	225
Repayable between one and two years	1,038	325	1,038	325
Repayable between two and five years	-	1,000	-	1,000
	2,028	1,550	2,028	1,550

Included within loans repayable within one year is £725,000 (2005: Nil) that relates to the drawdown against a revolving credit loan facility.

16. Called up share capital

	2006	**2005**
	£'000	**£'000**
Authorised		
60,000,000 (2005: 60,000,000) ordinary shares of 5p each	3,000	3,000
Called up, allotted and fully paid		
23,868,526 (2005: 22,256,819) ordinary shares of 5p each	1,193	1,113

During the year ended 31 December 2006 the Group issued a total of 1,611,707 ordinary shares for a premium of £1,363,000.

During the year ended 31 December 2005 the Group issued a total of 2,324,710 ordinary shares for a premium of £1,475,000. Of the total premium, the company took advantage of the provisions of section 131, Companies Act 1985 concerning merger relief for £548,000. Accordingly, this amount has been taken to another reserve with the balance being included in share premium account (note 17).

Notes to the financial statements (continued)

Year ended 31 December 2006

17. Statement of movement on reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
Group			
Balance at 1 January 2006	3,822	1,539	1,447
Profit for the financial year	-	-	972
Dividend paid (note 9)	-	-	(106)
Exchange difference on net assets of overseas subsidiaries	-	-	(28)
On issue of shares in the year (note 16)	1,363	-	-
Balance at 31 December 2006	5,185	1,539	2,285
Company			
Balance at 1 January 2006	3,822	1,539	609
Profit for the year	-	-	1,712
Dividend paid (note 9)	-	-	(106)
On issue of shares in the year (note 16)	1,363	-	-
Balance at 31 December 2006	5,185	1,539	2,215

Other reserves relate to premiums arising on shares issued subject to the provisions of section 131 "Merger relief" of the Companies Act 1985.

18. Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Group		
Profit for the financial year	972	648
Dividends paid (note 9)	(106)	(80)
Transfer to minority interests	-	(310)
Net proceeds from issue of shares	1,443	1,591
Exchange difference on net assets of overseas subsidiaries	(28)	-
Net addition to equity shareholders' funds	2,281	1,849
Opening shareholders' funds	7,921	6,072
Closing shareholders' funds	10,202	7,921

	2006 £'000	2005 £'000
Company		
Profit for the financial year	1,712	302
Dividends paid (note 9)	(106)	(80)
Net proceeds from issue of shares	1,443	1,591
Net addition to shareholders' funds	3,049	1,813
Opening shareholders' funds	7,083	5,270
Closing shareholders' funds	10,132	7,083

19. Minority interest

	£'000
Balance at 1 January 2006	767
Minority's share in current year profit and loss account	497
Acquired minority's shares during the year	(141)
Share of net assets on acquisition and shares subscribed	19
Dividend paid to minority	(333)
Balance at 31 December 2006	809

20. Financial commitments

At 31 December 2006 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2006	**2005**
	£'000	**£'000**
Leases which expire:		
Within one year	132	217
Within one to two years	131	111
Within two to five years	209	133
After more than five years	-	88
	472	549

21. Contingent liabilities

Cross guarantees exist in respect of bank loans and overdrafts between all of the Group companies. Details of the exposure to bank loans are set out in note 15.

Guarantees and contingencies exist in the ordinary course of business.

The fair value of contingent consideration is accrued once it is confirmed that all the conditions for payment have been met. Details of the contingent consideration are set out in the note 4.

22. Basic and diluted earnings per share

	2006	**2005**
	No.	**No.**
Ordinary shares of 5 pence each (weighted average)	23,102,238	20,798,075
	£'000	**£'000**
Profit for the financial year	972	648

Based on current trading conditions, the Directors are of the opinion that there would be no dilution to the earnings per share figure resulting from subsidiary minority shareholders trading up.

23. Profit of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,712,000 (2005: £302,000).

Notes to the financial statements (continued)

Year ended 31 December 2006

24. Related party transactions

There were no material related party transactions during the year, (2005: Nil).

Intra-Group management charges and net interest charges to subsidiaries, which have been removed on consolidation, amounted to £1,283,000 (2005: £882,000) and £285,000 (2005: £420,000) respectively. Intra-Group management charges to associates amounted to £16,000 (2005: Nil).

25. Derivatives and other financial instruments

The Group's policy is to make use of short term borrowings for all working capital requirements before long term finance is considered, in order to minimise the cost of capital, and accordingly, the only financial instruments within the financial statements (short term debtors and creditors being excluded) are amounts advanced under factoring agreements, bank loans and loan stock.

Details of the bank loans and loan stock are given in note 15 to the financial statements and bank overdrafts and amounts advanced under factoring agreements are detailed in note 14 to the financial statements. There are no material differences between the carrying and fair values of the Group's financial instruments.

The Group at 31 December 2006 and 2005 has no monetary assets and liabilities that are not denominated in the operating (or functional) currency of the operating unit involved.

At 31 December 2006, the Group had undrawn committed borrowing facilities (expiring within one year) of £3,525,000 (2005: £1,250,000).

26. Directors' interests

In addition to the shareholdings in the company disclosed in the Directors' report, N C Hall-Palmer had the following interests in subsidiary companies:

	Ordinary 'B' shares of 1p each		Deferred shares of £1 each	
	2006 No.	2005 No.	2006 No.	2005 No.
LMA Recruitment Limited	-	1,500	-	500
MVP (Search & Selection) Limited	-	1,000	-	-
FastTrack Management Services (Midlands) Limited	-	500	-	-
Healthcare First Limited	-	485	-	-
DriveLink Network Limited	-	-	-	400

In addition to the shareholdings in the company disclosed in the Directors' report, the Directors had the following interests in the Executive Equity Participation Plan (EEPP):

Director	Number of investment shares 2006	Number of investment shares 2005
A V Martin	23,076	23,076
M W R Hunt	96,153	96,153
N C Hall-Palmer	69,230	69,230

For all the shares in the EEPP, the date from when awards over the matching shares are exercisable is 1 January 2008 and the expiry date for the exercise of the awards is 27 October 2014.

27. Post balance sheet events

Following the end of the year, the Group agreed to purchase 60% of the share capital of Headway, a provider of temporary/contract staffing, principally in Germany for a consideration of €14.6million. The acquisition is subject to shareholder approval at an Extraordinary General Meeting to be held on 30 April 2007.

Additional information

Year ended 31 December 2006

The additional financial information on pages 41 and 42 is provided in order to reconcile from statutory financial information to the adjusted results disclosed in the financial highlights section on pages 3 to 5 and referred to in the Chairman and Chief Executive's Statement and the Financial Review. Whilst it has been prepared from the accounting records of the Group, it does not form part of the audited financial statements.

Reconciliation of statutory financial information to adjusted information included within the financial highlights

	2006 £'000	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Operating profit	2,743	1,914	1,067	817	709
Add back:					
Goodwill amortisation	762	618	345	273	84
Exceptional legal and professional costs	-	-	101	45	134
Exceptional reorganisation costs	-	-	67	99	-
Exceptional bad debt write off	-	-	135	-	-
Adjusted operating profit	3,505	2,532	1,715	1,234	927
Share of loss in associated company	(203)	(44)	-	-	-
Interest receivable and similar income	-	-	-	62	55
Interest payable and similar charges	(408)	(263)	(325)	(196)	(252)
Add back:					
Exceptional loss on deemed subsidiary disposal	-	-	-	13	100
Adjusted profit before tax	2,894	2,225	1,390	1,113	830
Taxation	(663)	(770)	(427)	(319)	(248)
Minority interests (*)	(562)	(275)	(288)	(217)	(184)
Adjusted profit after tax and minority interests	1,669	1,180	675	577	398
Adjusted earnings per share (pence)	7.2	5.7	4.2	3.9	2.8

(*) Adjusted as necessary for minority interest impact from goodwill and exceptional item adjustments.

Additional information

Year ended 31 December 2006

Reconciliation of statutory financial information to adjusted information included within the financial highlights

	2006 £'000	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Operating profit – continuing operations	2,743	1,914	1,246	1,039	793
Add back:					
Goodwill amortisation	762	618	345	273	84
Exceptional legal and professional costs	-	-	101	45	134
Exceptional reorganisation costs	-	-	44	-	-
Adjusted operating profit – continuing operations	3,505	2,532	1,736	1,357	1,011
Share of loss in associated company	(203)	(44)	-	-	-
Interest receivable and similar income	-	-	-	62	55
Interest payable and similar charges	(408)	(263)	(263)	(187)	(229)
Add back:					
Exceptional loss on deemed subsidiary disposal	-	-	-	13	100
Adjusted profit before tax – continuing operations	2,894	2,225	1,473	1,245	937
Taxation	(663)	(770)	(455)	(393)	(294)
Minority interests (*)	(562)	(275)	(288)	(217)	(184)
Adjusted profit after tax and minority interests – continuing operations	1,669	1,180	730	635	459
Adjusted earnings per share (pence) – continuing operations	7.2	5.7	4.5	4.3	3.3

(*) Adjusted as necessary for minority interest impact from goodwill and exceptional item adjustments.

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